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**PERES SAYS PEACE PROCESS
KEEPS GOVERNMENT TOGETHER**
By Gil Sedan

JERUSALEM, Jan. 25 (JTA) -- As long as there is a peace process, the Likud-Labor coalition government will remain intact, Vice Premier Shimon Peres said Thursday.

Peres, who appeared satisfied with his three-day visit to Egypt that ended Wednesday, spoke in response to critics who accused him of trying to dismantle the government in order to create a narrowly based alternative led by the Labor Party.

He stressed to reporters in Haifa that Labor joined in partnership with Likud primarily for the sake of peace.

"Without the peace process, I don't see why we need this unusual government," Peres said.

The criticism that greeted Peres' return from Cairo was aimed at statements he made there, which underlined Labor's basic differences with Likud over the peace plan.

Peres said, for example, that he unequivocally favors including two Palestinian deportees in a delegation representing the Palestinian side in a dialogue with Israel, a position adamantly opposed by Prime Minister Yitzhak Shamir.

Yediot Achronot commented in an editorial Thursday that "what Peres does in Cairo -- negotiations which have nothing to do with the guidelines of the government -- is neither collegial nor loyal, but it certainly advances the purpose of shortening the life-span of the government."

Similar criticism emanated from Likud. But Peres also seems to be at odds with his Labor colleague, Defense Minister Yitzhak Rabin.

Rabin, who was a co-author of the Israeli peace initiative Shamir unveiled last May, seems unhappy that Peres is pressuring Likud.

He told a group of hawkish Knesset members Thursday that as long as the peace process has a chance of success, the national unity government should not be dismantled.

Sources close to Rabin rejected reports circulated by Peres' aides that the two Labor Party leaders were in full accord on the peace initiative.

Rabin apparently wants to reassure Shamir of his support, as the prime minister approaches a crucial showdown in his own party.

The Likud Central Committee will convene on Feb. 7. Shamir says he will seek a blanket vote of confidence in his policies and leadership.

But he is being pressed by senior Likud ministers who opposed his peace plan from the outset, and who hope the party rank and file will reject it in an item-by-item vote.

**ISRAELI AIR FORCE JETS BOMB
ABU NIDAL BASE IN LEBANON**
By Hugh Orgel

TEL AVIV, Jan. 25 (JTA) -- Israeli air force jets blasted bases of the Abu Nidal terrorist group in southern Lebanon on Thursday, apparently in retaliation for the death of Israel Defense Force Col. Yitzhak Rahimov, who died in a gun battle with terrorists in the southern Lebanon security zone on Jan. 21.

The Nidal gang claimed credit for that encounter.

The air strike was the third over Lebanon this year. All aircraft returned safely to their bases, a military spokesman said.

Military sources said a missile attack by four fighter-bombers destroyed Abu Nidal's Fatah Revolutionary Council headquarters in Majdalyoun village, 25 miles south of Beirut.

Reports from Lebanon said at least one terrorist was killed and four wounded.

The Arab-owned Radio Monte Carlo reported that Israeli jets also struck installations of the Popular Front for the Liberation of Palestine, about four miles from Sidon.

The PFLP, headed by George Habash, and the Nidal group, known as the Fatah Revolutionary Council, both broke away from Yasir Arafat's mainstream Palestine Liberation Organization in the 1970s.

Abu Nidal, the nom de guerre used by Sabri Khalil al-Banna, is considered one of the most dangerous international terrorists.

**PALESTINIANS OBSERVE STRIKE
TO PROTEST SOVIET IMMIGRANTS**
By Gil Sedan

JERUSALEM, Jan. 25 (JTA) -- Palestinians observed a general strike in the West Bank and Gaza Strip on Thursday, the first held to protest the mass influx of immigrants, mainly from the Soviet Union, into Israel.

This time, the shutdown was called by the Islamic fundamentalist organization Hamas and was totally effective.

Hamas accused the Soviet Union of "assisting Zionism" by allowing the mass departure of Jews.

The issue has aroused fear throughout the Palestinian population that they may be dispossessed.

Some two dozen of their secular and religious leaders signed a petition to the Western countries this week appealing to them to make sure Israel will not settle its new immigrants in the administered territories.

The day was without incident, except for the murder of another Arab suspected of collaborating with the Israeli authorities.

Such homicides have become almost routine in the territories. The latest victim was identified as Mohammad Ibrahim, 35. His body was found Thursday in Zbeide village near Jenin.

Meanwhile, a ranking Israel Defense Force officer offered an unusual perspective on the intifada in a talk to high-school students in Sderot on Thursday.

Maj. Gen. Natan Vilnai, commander of the southern sector, observed that for the first time since the state was founded in 1948, Israelis and Palestinians are facing each other.

He said that while the IDF controls the situation in the territories, the Palestinian uprising will not be quickly or easily suppressed.

There are no shortcuts, he stressed. The immediate goal of the army is "to reduce the level of violence to the minimum."

Vilnai added that this can be done by exercising force "wisely and minimally."

OLIM NOT FLOCKING TO TERRITORIES

By Hugh Orgel

TEL AVIV, Jan. 25 (JTA) -- Only 2 percent of all immigrants who have arrived in Israel during the last five years live in the West Bank, Gaza Strip and the Golan Heights, according to a report in Ha'aretz on Thursday.

During the years 1984 to 1988, 92,000 immigrants arrived in Israel. Only about 2,000 of those now live beyond the Green Line, most of them in West Bank settlements or areas near Jerusalem.

According to an agreement reached by the Finance Ministry and the Ministry of Construction and Housing, 24,000 new homes will be built during the coming year for immigrants from the Soviet Union, of which only a few hundred will be built in the territories.

SOVIET ECONOMIC DELEGATION DUE IN ISRAEL FOR TRADE TALKS

By Hugh Orgel

TEL AVIV, Jan. 25 (JTA) -- A high-ranking Soviet economic delegation was due in Israel on Thursday for discussions of trade and economic development between the two countries.

The six officials, who will spend a week in Israel at the invitation of the Finance Ministry, are expected to help with preparations for next month's visit to Moscow of Vice Premier and Finance Minister Shimon Peres.

The Soviet delegation comes here on the heels of an accord reached in Moscow this week between representatives of the Soviet and Israeli chambers of commerce, who agreed to open offices in each other's countries.

The Soviets, who want to develop agricultural commerce, are interested in Israel's drip-irrigation method and importing Israeli agricultural products, which are in short supply in the Soviet Union.

According to Danny Gillerman, head of the Israeli Chamber of Commerce, Israel is interested in making use of the vast raw material resources available in the Soviet Union.

Gillerman told Israel Radio in a telephone interview Wednesday that his delegation did not raise the question of renewed diplomatic ties between Israel and the Soviet Union.

But he quoted a senior official in Moscow to the effect that "where there are trade and commercial pacts, politics and diplomacy follow quickly."

The Soviet economic delegation arriving in Israel is headed by Grigory Olshovikov, deputy chief of the Soviet National Planning Council.

The delegation includes a representative of Aeroflot, the Soviet state airline, which recently signed an agreement with El Al for joint service between Moscow and Tel Aviv.

The Soviet government has yet to ratify the airlines' accord. It is expected to be one of the subjects the Soviet visitors will discuss with Israeli officials.

ISRAELI ACTRESS LECTURES ON SHOAH TO STUDENTS AT CAIRO UNIVERSITY

By Hugh Orgel

TEL AVIV, Jan. 25 (JTA) -- Gila Almagor, one of Israel's leading actresses, seems generally to have succeeded in raising the consciousness of young Egyptians about the Holocaust.

Almagor, the daughter of a Holocaust survi-

vor, lectured in Cairo this week at the invitation of the Israeli Academic Center there.

The center, established in 1982 to facilitate research by Egyptians studying Hebrew and Jewish-related subjects, features weekly lectures by Israelis.

Almagor spoke in Hebrew. For most of her audience of about 60 Egyptian university students, it was their first exposure to the effects of the Holocaust on the survivors, their children and on Israelis in general.

She used as the centerpiece "The Summer of Aviya," an autobiographical movie in which she starred and directed. It deals with a girl's relationship with her mother, who is mentally scarred by the Holocaust.

Almagor explained that in 1951, the period depicted in the movie, "we were trying to build the state and a new life and did not want the dust of the Holocaust to cling to what we were creating."

But later, Israelis became more open about discussing the Holocaust. She wrote and later filmed her story in the spirit of that openness, she said.

Jerusalem Post correspondent Ben Lynfield reported from Cairo that Almagor's film and appearance were warmly received by most of her audience.

He quoted Yahya Said, a student of Hebrew at Cairo University, who said she had "only read a little bit about the Holocaust before seeing the film. Now I see that we really must study the Holocaust to understand who the Israelis are."

But an Egyptian journalist in the audience suggested that Israelis' preoccupation with the Holocaust causes them to abuse the Palestinians. To make peace, he said, they should distance themselves from memories of the Holocaust.

Almagor responds to such views by noting that her father was murdered by an Arab assailant just before she was born.

"We can decide whom to forgive, but remembering the past is an obligation," she stressed.

THATCHER TO ADDRESS BRITISH BOARD

London Jewish Chronicle

LONDON, Jan. 25 (JTA) -- Prime Minister Margaret Thatcher will address the Board of Deputies of British Jews, the representative body of British Jewry next month.

Thatcher will be the second incumbent prime minister to speak before the board. The first to do so was Labor Prime Minister James Callaghan, in 1977.

FROM SHUL TO MOSQUE?

London Jewish Chronicle

LONDON, Jan. 25 (JTA) -- The Princess Road Synagogue in Liverpool, architecturally acclaimed as one of the most beautiful in Europe but seriously damaged by fire in 1979, may become a mosque.

An energetic appeal raised the funds to restore the interior of the 116-year-old building to its original splendor, but an aging and declining membership cannot be restored. Few Jews still live in the area.

The membership will meet on Feb. 18 to decide whether to accept an offer from the Moslem community for the building, which is for sale.

U.S. JEWISH GROUPS NOW SEEKING EXTRA \$70 MILLION FOR REFUGEES

By Howard Rosenberg

WASHINGTON, Jan. 25 (JTA) -- With Congress back in session, one of the top priorities for Jewish social service agencies is to secure an additional \$70 million for the State Department's refugee budget.

The money will bridge a shortage of funds needed to bring 40,000 Soviet refugees to the United States this fiscal year with full government aid. An additional 10,000 refugees will be admitted with private assistance.

A \$55 million shortfall in the State Department's overall refugee budget emerged last fall, when Congress appropriated only enough money to pay for 84,000 of the 111,000 refugees worldwide to be admitted this fiscal year with full government funding.

The gap grew worse when the State Department recently cut its refugee admissions budget by \$15 million to provide additional funds for a Health and Human Services Department program that assists newly arrived refugees with initial resettlement costs.

In effect, the State Department cut funds from the program used to bring refugees to the United States so it could help resettle the ones who have already arrived here.

That move brought some financial relief to Jewish community federations, which receive roughly \$1,000 in cash and medical assistance from HHS for each newly arrived refugee. The federations match that amount with an average of \$2,500 per refugee.

But the \$15 million transfer angered relief agencies that are short of funds to help bring the refugees to the United States.

'Community Relations Problems'

Because a number of these relief agencies work on behalf of non-Jewish refugees, the Jewish community has now been hit with "an enormous number of community relations problems," said an executive of one Jewish agency involved.

The transfer to the HHS matching-grant program looks bad, because "80 percent of that program is ours," said the executive.

Donald Hammond, director of U.S. ministries at World Relief, which, among other things, brings Soviet Evangelical Christians as refugees to the United States, said he would have preferred that the \$15 million had stayed in the State Department's refugee budget.

"It's my feeling that it would be much better spent on getting people into the country than in using it for a matching grant program," said Hammond.

"Let's get people here into the country, out of the refugee situations they are in, rather than worrying about a matching grant program once they are here," he said.

Among the other relief groups he said are adversely affected by the transfer are the American Council for Nationality Services, American Foundation for Czechoslovakian Refugees, Church World Service, Episcopal Migration Ministries, International Rescue Committee, Lutheran Immigration and Refugee Service, Polish American Immigrant Rescue Committee, Tolstoy Foundation and U.S. Catholic Conference.

The impacted Jewish agencies are the Hebrew Immigrant Aid Society, which assists Jewish

immigrants in coming to the United States, and the American Jewish Joint Distribution Committee, which provides various services for Jewish refugees in transit to the United States.

Political Ploy By State Dept.

Mark Talisman, director of the Washington Action Office of the Council of Jewish Federations, said his group is the victim of a political ploy by the State Department.

He said Foggy Bottom decided to take \$15 million from its refugee admissions budget, "where they thought it would hurt the most."

A State Department official confirmed this week that it decided to cut its refugee admissions budget by \$15 million to compensate for the transfer.

But the official stressed that only the admissions budget was cut, not the assistance provided to refugees abroad after they have left their countries of origin. This was done because the department attaches higher priority to keeping people alive by providing food and shelter.

Talisman, however, said that the State Department should have come up with the funds from sources other than the refugee admissions budget. But he did not say where the money should have come from.

Talisman said the \$15 million transfer from the State Department was necessary, because there was no other way to get additional money this year for HHS.

He said the Bush administration has so far opposed a supplemental appropriations bill for HHS. The prospects are much greater for getting one approved for the State Department.

Sens. Patrick Leahy (D-Vt.) and Robert Kasten (R-Wis.), chairman and ranking Republican on the Senate Appropriations subcommittee on foreign operations, wrote President Bush on Monday, asking him to request a supplemental appropriations bill of at least \$75 million for the State Department.

The controversy over the \$15 million came despite a concerted effort by Jewish groups to refrain from requesting additional government funds and to avoid clashes with non-Jewish relief organizations.

Jewish Groups Will Pay \$16 Million

For instance, despite a sharp rise in the number of Jews seeking to emigrate from the Soviet Union, American Jewish groups decided not to ask the administration to increase its refugee quota for this fiscal year, fearing that it would come at the expense of other nationalities.

Jewish groups also resigned themselves to not seeking U.S. government funding for 10,000 of the 50,000 refugees from the Soviet Union.

An estimated 8,000 Jews will be among those 10,000 privately funded refugees, costing the Jewish community \$16 million, said Phillip Saperia, assistant executive vice president of HIAS.

Talisman, too, pointed to the consideration Jewish agencies have tried to show toward their non-Jewish counterparts.

Last year, when Congress approved a supplemental \$100 million for the State Department refugee budget, \$70 million had been slated for HIAS and the Joint Distribution Committee.

But of that \$70 million, HIAS received just \$4 million, and JDC got \$8 million. The remaining \$58 million has been "pro-rated against other deficiencies" in the refugee budget, helping non-Jewish groups, said Talisman.

JEW IN TWO GERMANY'S FAVORING REUNIFICATION OF TWO COUNTRIES

By David Kantor

WEST BERLIN, Jan. 25 (JTA) -- Jews in both East and West Germany are now actively in favor of reunification, convinced it is imminent and that it will be in their best interests.

This view was heard in interviews conducted last weekend in East and West Berlin and among Jews elsewhere in the two Germanys.

Their pervasive fear is the inroads that extreme right-wing parties and neo-Nazi groups might make if reunification is stalled and conditions become unstable.

It was expressed by Gerhard Loewental, a retired journalist who described himself as a "German Jew" rather than "a Jew who lives in Germany," on a television talk show Monday.

Loewental warned that any attempt to block reunification would result in the destabilization of East Germany and an increased mass flight from that country to the West.

No one could benefit from such a development, he said. "Destabilization would boost extremists on both sides. It won't help anyone who is interested in peaceful, smooth development here in the heart of Europe."

A 50-year-old Jew in East Germany told the Jewish Telegraphic Agency that the situation there was "boiling over" because of a lack of hope and general mistrust of the Communists.

"If no quick signal is given that this country is going to be united, East Germany will fall apart," he said.

"It is then that we should have to fear from right-wing extremists. Moderate politicians should act now to respond to the wishes of the people, who clearly want the two Germanys to come together as soon as possible," he said.

An official of the Jewish community in Dusseldorf warned that "as more and more refugees from the East pour into West Germany, that will cause social tensions here and may result in an upsurge of extremist parties such as the far-right Republicans, as has happened to a degree already."

A young member of the West Berlin Jewish community, Hanna Schier, was greatly impressed by the pro-reunification mood she found on a visit to East Germany last week.

"I believe there is no way and no need to halt the movement toward reunification," she told JTA.

EXTRADITED NAZI CAMP GUARD APPEARS IN COURT IN W. GERMANY

By David Kantor

BONN, Jan. 25 (JTA) -- Bruno Karl Blach, a former California resident, was ordered to be kept in custody by a court in Duisburg, West Germany, on Thursday, where he will stand trial for multiple murders committed in Germany and Austria during World War II.

The 69-year-old suspect was flown to Dusseldorf from the United States on Wednesday, after agreeing to extradition.

According to Hans-Joachim Roeseler, a member of the prosecution team, Blach's American lawyers said he preferred to face charges in Germany rather than continue his legal battle against deportation.

Blach, a native of Czechoslovakia, joined the Nazi party in 1939 and served as an SS guard at

the Dachau and Wiener Neudorf concentration camps.

He was a member of the Notorious SS Totenkopf (Death's Head) battalion, and is accused of murdering camp inmates between April 2 and 14, 1944, on the way from Neudorf to the Mauthausen concentration camp.

Blach entered the United States in 1956 but never took out citizenship. He lived in La Habra, a suburb of Los Angeles, and had worked as a grocery clerk.

WEST GERMAN MINISTER DEBATES PUTTING REPUBLICANS UNDER WATCH

By David Kantor

BONN, Jan. 25 (JTA) -- Interior Minister Wolfgang Schaueble is reported to be hesitating over recommendations to place the extreme right-wing Republican Party under close surveillance.

But he has come under mounting pressure to monitor the Munich-based party headed by former Waffen SS officer Franz Schoenhuber, a party widely regarded in West Germany as neo-Nazi.

Experts of the Verfassungsschutz, the federal agency combatting political extremism, have just concluded that the Republican Party is dangerous to democratic institutions and warrants scrutiny.

The Bundestag's Interior Affairs Committee asked the government Thursday to make its report available without delay. Parts of the report have already been leaked to the news media.

Heinz Galinski, chairman of West Germany's Jewish community, urged the federal authorities Thursday to have the intelligence agencies keep close tabs on the Republicans.

Galinski, who has frequently traded barbs with Schoenhuber, accused the Republicans of damaging West Germany's image abroad.

Schaueble can ignore this advice and risk criticism for being soft on right-wing extremists, or he can place the party under strict observation, thereby alienating its supporters.

The Republicans have done unexpectedly well in local and regional elections in the past year, largely at the expense of Chancellor Helmut Kohl's ruling Christian Democratic Union coalition.

Schaueble is said to be convinced that hundreds of thousands of voters who deserted the CDU for the Republicans can be enticed back if they are not branded extremists.

CRACKDOWN ON GERMAN NEO-NAZIS

By David Kantor

BONN, Jan. 25 (JTA) -- A few light weapons and large quantities of anti-Semitic propaganda material were seized by police Wednesday in a nationwide crackdown on a major neo-Nazi organization.

Police said they raided 40 houses and apartments belonging to members of the National Socialists/National Activists in 26 towns, mainly in the federal states of North Rhine-Westphalia and Baden-Wuerttemberg.

No arrests were announced, but observers believe the group's leaders will be brought to court for arraignment shortly.

The NSNA is headed by Michael Kuehn, who has a long record of convictions for neo-Nazi activities.

The police are believed to have been ordered to deter Kuehn and his lieutenants from reactivating their organization.