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**BUSH CLARIFIES WEEKEND REMARKS
ON THE STATUS OF EAST JERUSALEM**

By David Friedman

WASHINGTON, March 5 (JTA) -- President Bush telephoned an American Jewish leader Monday afternoon to calm mounting concern in American Jewish circles and in Israel over remarks he made last weekend about the status of united Jerusalem.

Bush appeared to imply at a news conference Saturday in Palm Springs, Calif., that the United States opposes the settlement of Jews in East Jerusalem, an area Israel annexed in 1967.

But on Monday afternoon, the president assured Seymour Reich that his administration supports the right of "Jews as well as others" to live in a "united Jerusalem," in the "context of a negotiated settlement," according to a statement released by the White House.

Reich, who is chairman of the Conference of Presidents of Major American Jewish Organizations, confirmed Monday evening that the call had taken place and said the president's comments had been "reassuring."

But earlier in the day, it appeared that the issue might exacerbate tensions between the United States and Israel at a time when Washington is trying to persuade the Jewish state to accept a compromise formula on negotiations with Palestinian Arabs.

Reich said that during a morning conference call of members of the Conference of Presidents, there had been "extreme concern about a perception of change in U.S. policy."

"We were concerned there was a linkage of East Jerusalem with settlements in the West Bank," he said.

The controversy erupted when Bush was asked, during a joint news conference Saturday with Japanese Prime Minister Toshiki Kaifu, whether the United States was equivocating over its policy of not allowing U.S. aid to be used in the West Bank and Gaza Strip.

"My position is that the foreign policy of the United States says we do not believe that there should be new settlements in the West Bank or East Jerusalem," Bush responded.

Restriction On U.S. Funds

The United States has consistently opposed the building of additional Jewish settlements in the West Bank and Gaza Strip. But the president's remarks were believed to be the first time the U.S. government has taken a stand on Jewish settlement of East Jerusalem, which Israel regards as an inseparable part of the capital.

Bush's remarks, broadcast by the Cable News Network, drew a strong response Monday from Israeli Prime Minister Yitzhak Shamir, who addressed a delegation from the State of Israel Bonds Organization visiting Jerusalem.

"There is no settlement in Jerusalem, which is part of Israel and will never be divided again," Shamir told the Bonds leaders.

"Jerusalem is not a subject for negotiations," he said, "and we will not agree to any action which puts in question the status of Jerusalem as the capital of Israel and the heart and soul of the Jewish people."

State Department spokeswoman Margaret Tutwiler explained at her daily briefing Monday that the U.S. position has always been that Jerusalem should remain united, but that its final status must be decided through negotiations.

She said that the United States currently bars the use of its funds in East Jerusalem and that such a restriction would apply to the \$400 million in loan guarantees the United States has offered to provide Israel so that it can build housing for Soviet immigrants.

Those positions were reiterated by Bush in his telephone call to Reich later in the day. According to the White House statement, "the president expressed his administration's support for proposed housing investment guarantees, provided the United States and Israel can work out assurances that satisfy the United States on settlement activity."

How the U.S. condition squares with Israeli intentions is unclear. Shamir told reporters Monday that Israel wants "to have as many Soviet Jewish immigrants in Jerusalem as possible."

He added that there is no distinction between East and West Jerusalem. "For us," he said, "there is one Yerushalayim, the capital of Israel."

(JTA correspondent David Landau in Jerusalem contributed to this report.)

**PALESTINIANS INSIST ONLY THE PLO
CAN REPRESENT THEM IN PEACE TALKS**

By Gil Sedan

JERUSALEM, March 5 (JTA) -- Palestinian leaders stated unequivocally Monday that only the Palestine Liberation Organization could represent them in proposed peace talks with Israel.

A petition signed by 34 prominent Palestinian nationalists from the West Bank and Gaza Strip said it would be up to the PLO to appoint and announce the members of a Palestinian delegation to meet with the Israelis for preliminary talks in Cairo.

The delegation must consist of Palestinians from abroad and from East Jerusalem, as well as from the administered territories, the petition said.

It appears to have raised yet another obstacle to the Israeli-Palestinian dialogue the United States and Egypt have been trying for months to arrange.

Because Israel will have nothing whatever to do with the PLO directly or indirectly, the Americans and Egyptians had hoped to disguise to the point of invisibility the PLO's involvement in the scenario.

The Palestinian delegation would be selected by Egypt, with Israel's approval, and announced by Egypt. Israel would be expected to go along without too much scrutiny.

But Prime Minister Yitzhak Shamir has not yet indicated whether he is prepared to negotiate with a delegation that includes residents of East Jerusalem or Palestinians from abroad, such as those deported by Israel.

By refusing, Shamir would risk a confrontation with Washington and dissolution of his coalition government with the Labor Party, which is more flexible on the issues.

**SHAMIR FACING GROWING DISSENT
WITHIN RANKS OF HIS LIKUD BLOC**

By David Landau

JERUSALEM, March 5 (JTA) -- The conspicuous absence of Deputy Premier David Levy from a crucial consultation of Likud ministers at the prime minister's residence Monday night raised speculation that yet another major Cabinet defection may be imminent.

The meeting was the second in 24 hours to consider the latest American compromise formula for an Israeli-Palestinian dialogue.

But according to Levy, who opposes Shamir's diplomacy, "we're dealing with faits accomplis."

He charged that Foreign Minister Moshe Arens and U.S. Secretary of State James Baker "evolved these formulas between them, and we are being asked to rubber-stamp them."

Levy, who is minister of construction and housing, is the last of the three dissenters in the Cabinet to remain in Likud or in the government.

Ariel Sharon, the former minister of industry and trade, resigned Feb. 19, after an inconclusive showdown with Shamir before the Likud Central Committee a week earlier.

Yitzhak Moda'i stayed on as minister of economics and planning, but bolted Likud's Liberal Party wing and is trying to set up an independent Knesset faction with other former Likud Liberals.

Levy has spoken vaguely of resigning, but if he leaves the government, his political fortunes may slump. As deputy premier, he is in effect a shadow prime minister, who would take office if Shamir resigned while Likud still governed.

Popular With Rank And File

If Levy resigns, he would find himself on a collision course with Sharon, who is already pursuing his ambition to displace Shamir as Likud leader and prime minister.

Many observers believe Levy compromised his position with the Likud hard-liners by staying in the government after Sharon left. He aroused their ire by having several private meetings with Shamir, which seemed to bring them close to a reconciliation.

But those sessions eventually broke up in mutual recrimination. Shamir widened the rift by passing over several of Levy's closest supporters when he reshuffled the Cabinet to fill the vacancy left by Sharon.

Levy is immensely popular with the party rank and file. Political observers say that if he decides to quit the government, he could precipitate a disastrous split in Herut, the main component of Likud.

Meanwhile, Sharon, who is chairman of the Central Committee, is trying to reconvene the 2,600-member body for the second time in less than a month, in the hope that it will reject Shamir's peace initiative toward the Palestinians.

Shamir maintains that the party's constitution requires his consent, which he refuses to give. Sharon, for his part, argues that decisions taken by Likud ministers are invalid unless the Central Committee endorses them.

Nor is all running smoothly in the Labor half of the government.

Vice Premier Shimon Peres attacked Shamir's inflexibility at a Labor foreign policy forum Sunday night and intimated he is ready to end the coalition with Likud.

But Defense Minister Yitzhak Rabin cautioned the group against acting in "haste."

**ISRAELI LEADERS ASK BONDS GROUP
FOR HELP WITH ABSORPTION EFFORT**

JERUSALEM, March 5 (JTA) -- Israeli leaders abandoned party politics to present one message to the 40th anniversary conference of the international State of Israel Bonds Organization at its various sessions here during the past week.

The message was that Israel needs the Diaspora's help in creating jobs and housing for Soviet Jews and other immigrants, who are arriving in greater numbers than at any time since the earliest years of statehood.

The price tag was put at more than \$1 billion for every 100,000 olim.

The conference, which opened in France on Feb. 26 and closed here Sunday, was assured by Finance Minister Shimon Peres that all of the money mobilized by the Bonds Organization will be devoted to the absorption of immigrants.

It will be used to build the infrastructure, to pave the roads, to construct power stations and houses, "and to make the exodus from Russia and its implementation in Israel as agreeable, as quick and as promising as we can," Peres said.

Prime Minister Yitzhak Shamir, who delivered the principal address at a dinner in the Knesset building, said that on the basis of the present rate of arrivals, "we estimate that we will have to build about 35,000 housing units, 300 new classrooms in our schools and bigger ulpan facilities for thousands of adult students."

"The people of Israel will cover the major share of the costs," Shamir said. "But we are relying on world Jewry to make extraordinary efforts to help this great national enterprise."

The delegates, representing Jewish communities in the United States, Canada, Latin America and Western Europe, were greeted by President Chaim Herzog at the presidential residence.

"We are confronting a tremendous and unexpected drama," Herzog told them.

"We must rise to the challenge with all our hearts and with almost superhuman energy. Providence has vouchsafed us a miracle. We must ensure we never have regrets about how we responded to that opportunity," he said.

**PROFESSIONALS AMONG OLIM
HAVE TROUBLE FINDING WORK**

By Hugh Orgel

TEL AVIV, March 5 (JTA) -- Israel has a problem finding jobs for highly educated professionals, including a large number of the immigrants now arriving from the Soviet Union.

The situation has David Mena, director general of the government's Employment Service, writing to universities and government agencies to question the wisdom of educating more students in professions where no jobs are available.

There are 70 unemployed mathematicians and statisticians for every job opening and 61 candidates for each job in physics, according to Mena.

Conditions are better in the social sciences and humanities, where the ratio of job applicants to jobs is 15-1.

According to Mena, the overall number of unemployed college graduates rose from 6,117 in October 1988 to 6,457 in October 1989. But the available jobs also increased, so the ratio of applicants to jobs remained a steady 6-1.

Mena has asked the Finance Ministry to consider reducing subsidies to universities that educate students in already overcrowded fields.

NEW LIST OF HOLOCAUST VICTIMS REIGNITES DISPUTE OVER FIGURES

By Elena Neuman

NEW YORK, March 5 (JTA) -- Recent political developments in Eastern Europe have drawn back the iron curtain of secrecy that for 40 years concealed knowledge of Nazi concentration camps.

One result has been that newly available documents from the Soviet Union listing thousands of names of victims of the Holocaust has reignited the historical controversy over an accurate estimate of the total number of Jews killed in the Holocaust.

In West Germany, the Red Cross last week completed a monthlong project of putting on microfilm 46 bound volumes from Auschwitz called "Sterbebuch," or "death books," which contain detailed data of about 70,000 prisoners who perished in the Polish death camp.

A full page in the death books was devoted to each victim listed, complete with an SS doctor's certification of the cause of death and the exact hour and minute of expiration.

The volumes, acquired when the Soviet Union liberated Auschwitz on Jan. 27, 1945, had been kept in a central Soviet archive in Moscow for 40 years, out of the public eye.

Until recent months, the Soviets had refused to make available the Nazi books, which could have been helpful in determining the fates and identities of Auschwitz victims, in addition to determining a more accurate death-toll figure for the Nazi genocide.

Certain documents, however, were submitted as evidence during the Nuremberg Trials in 1945, and a number of official government offices have had access to the Auschwitz books.

The Office of Special Investigations, for example, has had access to the Auschwitz records for 10 years. "We have used such materials in our prosecutions," an OSI source said. "We're thrilled that these records are available to scholars now."

Reopens Longstanding Controversy

But the availability of the records for scholarly appraisal has reopened the longstanding controversy among Holocaust historians over the 6 million figure long accepted as the estimated number of Jews killed during the Holocaust.

"I think the number (of Jews killed) must be higher than 6 million," Dr. Shmuel Krakovski, Yad Vashem's chief archivist, was quoted as saying Monday in the New York Post.

In light of the new information made available by the Auschwitz death books, he estimated that the number of Holocaust victims could rise by 500,000.

But according to Raoul Hilberg, John G. McCullough Professor of Political Science at the University of Vermont and an eminent historian of the Holocaust, such estimates are "ludicrous. Krakovski doesn't know what he's talking about."

"We know that Jews were not registered if they went to the gas chamber, so these books document only a small minority of those killed."

Hilberg estimates that the number of Jews killed at Auschwitz is probably closer to 1 million, rather than the 4 million commonly cited -- 2.5 million Jewish victims and 1.5 million others.

This estimate is in concurrence with that of Yehuda Bauer, the director of the division of Holocaust studies at the Hebrew University's Institute of Contemporary Jewry in Jerusalem. In a Sept. 27 article in the Jerusalem Post, Bauer

estimated the Jewish death toll at Auschwitz to be 1.35 million.

"There is a proclivity to insist that there were 6 million killed" in the Holocaust "because that's what was said in 1945," says Hilberg. "People don't want to let go. But these numbers were calculated quickly and inaccurately at the time." He estimates the total number of Jewish victims of the Holocaust to be around 5.1 million.

Hilberg said the Nazis "shoved people into the gas chambers without even counting. The only count they had was of people not gassed. They were kept inside the camp as slave labor and they were counted and counted and counted. And if they died, a record was kept."

Ex-Inmate Estimates 7.5 Million

But there was one inmate at Auschwitz who claims to have kept an accurate count. Rudolf Vrba, a professor of pharmacology at the University of British Columbia in Vancouver, was a Jewish prisoner at Auschwitz whose job was to count the number of people arriving each day by transport.

Vrba managed to escape from the death camp in April 1944. His estimates of the number of Jews killed at Auschwitz were used as key testimony during the Eichmann trials.

"Hilberg's estimate of 1 million killed is a gross error bordering on ignorance," says Vrba. "According to my observations, there were 1,765,000 victims which I counted."

Vrba estimates the total number killed in Auschwitz at roughly 2.5 million, bringing the total Holocaust death toll closer to 7.5 million.

"Yehuda Bauer simply doesn't know what he's talking about, but with his impressive title, he thinks he can throw around the figures without doing any research. Hilberg and Bauer just don't know enough about the history of Auschwitz or the Einsatzgruppen," Vrba says.

Rabbi Marvin Hier, dean of the Simon Wiesenthal Center in Los Angeles, sounded a word of caution. "We have to be very careful that statistics added on account of the death books are not counted twice. We have to carefully analyze how the 6 million figure came up. In a time when revisionism is prevalent, we have to be very careful about reassessing the question (of how many Jews died)."

(JTA correspondent David Kantor in Bonn contributed to this report.)

YUGOSLAV IMMIGRANT PLEADS GUILTY TO PASSING INFORMATION TO FATAH

By Gil Sedan

JERUSALEM, March 5 (JTA) -- A Jewish immigrant from Yugoslavia pleaded guilty to a series of security violations in Haifa District Court on Monday and will be sentenced April 1.

Victoria David, who immigrated to Israel in 1987, admitted to membership in an illegal group and to passing "information to the enemy."

According to the charge sheet, David was recruited in her native country in 1985 by Al Fatah, the branch of the Palestine Liberation Organization headed by Yasir Arafat.

After arriving in Israel, she photographed military installations, including the air force base at Ramat David and the naval base in Haifa. The photographs were seized before she could send them to her handlers, the news agency Itim reported. But she did manage to send other photos by sea to her family home in Yugoslavia.

BEHIND THE HEADLINES:

U.S. JEWISH LEADERS HEAR RANGE OF VIEWS ON ISRAEL'S CHALLENGES

By Allison Kaplan

JERUSALEM, March 5 (JTA) -- For three days last week, a group of American Jewish leaders were bombarded with conflicting views on a host of challenges facing the State of Israel.

Seventy-five members of the Conference of Presidents of Major American Jewish Organizations engaged in intensive dialogue with Israelis of nearly every political stripe on such issues as the Middle East peace process and the economic consequences of the flood of Soviet immigrants.

And then they had an encounter of an entirely different kind.

It took place around midnight last Wednesday at Ben-Gurion Airport, where a planeload of Soviet immigrants had just arrived from Romania.

They were greeted in English, Yiddish and Hebrew by the organizational leaders. Those who understood none of those languages were simply showered with candy, flowers and Israeli flags.

"I am overwhelmed by the possibilities of the Soviet aliyah," Milton Shapiro of the Zionist Organization of America exclaimed after the visit to the airport.

But while the visit left many in the delegation inspired and optimistic about Israel's future, others remained troubled by the enormity of such concerns as the status of the peace process.

The overwhelming desire to see Soviet aliyah proceed smoothly seemed to intensify the American Jewish leaders' hope that Israel's political and diplomatic problems could be overcome.

Met With Palestinian Leaders

Most seemed anxious for the peace process to move forward, as conference Chairman Seymour Reich urged Prime Minister Yitzhak Shamir during a private meeting Feb. 22.

Members of the conference had ample opportunity during the three-day Israel seminar to discuss their concerns with government leaders and officials of the Jewish Agency for Israel. But they also got to hear a number of unofficial points of view.

"We have tried to bring as many varying points of view before the delegates," said Malcolm Hoenlein, conference executive director.

"These are such complex issues -- only by being exposed to as broad a range of views as possible, can we do justice to them," he said.

As they had in previous years, the participants met with a panel of Palestinian leaders, including Professor Sari Nusseibeh of Bir Zeit University, the mayor of Jericho, and the deputy mayors of Bethlehem and Ramallah.

But this year for the first time, members of the conference met with left-wing Israeli activists affiliated with the Peace Now movement. The activists spoke candidly about the group's advocacy of a two-state solution to the Israeli-Palestinian conflict and accommodation with the Palestine Liberation Organization.

One of the activists, Professor Sidra Ezrachi, welcomed the exchange, though she felt the questions coming from some of the American Jewish leaders were "hostile" and "antagonistic."

The fact that the session had been scheduled by the Conference of Presidents, she said, reflected "an opening up of the leaders of the American Jewish community" to varying Israeli points of view.

Ezrachi's fellow activist, Professor Amiram Goldbloom, disagreed. The conference "tries still to present a point of view which is dying," he said. "Both they and we are losing the good will of the United States as a result."

Arguing heatedly with Goldbloom was Rabbi Reubin Gruenbaum of the National Council of Young Israel, who said he "totally disagreed" with what the activists had to say. Yet he said he "could understand and appreciate their position as they expressed it, because they live here."

A Visit To The West Bank

But after a visit to Gush Etzion, a cluster of Jewish settlements in the West Bank, Gruenbaum said he had changed his mind.

During the visit, the delegates viewed an emotional film on the struggle to defend the settlements on the eve of Israel's independence. The film depicted the bloody attack and slaughter of the Jewish settlers by invading Arab fighters.

"I can't fathom compromising with those who committed such acts," Gruenbaum said.

The conference members got a real window on the intifada during a bus ride through Bethlehem past the Dehaishe refugee camp to hear a briefing by Gen. Yitzhak Mordechai, the Israeli army commander in charge of the West Bank.

The streets of the Palestinian villages were barren, and all doors and windows shut tight as part of a general strike against Israel's announcement that day that West Bank universities would remain closed for three more months.

Along with the peace process, the issue that continued to crop up during the seminar was the settlement of Soviet Jews in the territories.

Every Israeli leader who addressed the American delegation -- from Shimon Peres and Yitzhak Rabin of the Labor Party to Yitzhak Shamir and Justice Minister Dan Meridor of Likud -- stressed the principle of "free choice."

The Soviets would not be deliberately settled in the West Bank, nor would they be banned from living there.

There was disagreement among the American Jewish leaders, however, over a widely publicized recommendation made last month at the National Jewish Community Relations Advisory Council plenary in Phoenix on the inadvisability of building housing for immigrants in the West Bank.

A Right To Criticize Israel?

American Jewish Congress President Robert Lifton hailed "a new openness" in the organized American Jewish community. "There are no more 'treif' topics or opinions," he said.

But Reich insisted that the wide play given the NJCRAC decision in the Israeli press "was an example of the negative implications of American Jews giving Israel advice on security matters."

The issue was debated during a "town meeting" between the American Jewish leaders and 30 Israelis, organized by the Israel Forum, a group promoting Israel-Diaspora relations.

Many of the Israelis said they thought American Jews should publicly criticize Israel when they disagreed with its policies.

"We want your advice," said Israel Forum member Shlomo Cohen. "You've been restraining yourselves on speaking out."

But Rabbi Joseph Glaser, executive vice president of the Central Conference of American Rabbis, said he was not "sure I have a right to speak out on the issues that affect the lives of the people who live here."