

**INNER CABINET PUTS OFF TILL SUNDAY
A VOTE ON BAKER COMPROMISE PROPOSAL**

By David Landau

JERUSALEM, March 7 (JTA) -- Despite another urgent appeal from Washington for a speedy decision, Israel has once again postponed responding to U.S. Secretary of State James Baker's compromise proposals for an Israeli-Palestinian dialogue.

The Inner Cabinet adjourned Wednesday without voting, after it failed to resolve conflicting Likud and Labor positions.

But when it meets again Sunday, the 12-member policy-making body will have to determine the future course of Israel's peace diplomacy and the fate of its unity coalition government.

The Labor Party Central Committee is scheduled to convene Monday to formulate the party's reaction to whatever the Inner Cabinet decides.

Labor already has made clear that a negative response to Baker will spell the end of its alliance with Likud. Baker himself has indicated he will drop his Middle East peace efforts and focus elsewhere.

But the Inner Cabinet declined to act Wednesday, even after Prime Minister Yitzhak Shamir revealed that he had received another urgent telephone call from Baker last weekend insisting that Israel reach a swift decision.

Shamir said he tried to explain to the secretary how seriously all parties in Israel regard the fateful decision they must make. He told Baker the parties need more time to debate the options.

Shamir Declines To Confide In Baker

Shamir said he had declined Baker's request to confide to him privately what his personal inclination was toward the U.S. proposals. The prime minister said he told the secretary of state he needed more time to formulate a position.

The core of the problem is the sharp split between Likud and Labor over which Palestinians can be included in initial talks with Israel.

The Likud bloc rules out including residents of East Jerusalem or Palestinians deported from the administered territories, saying it will only negotiate with residents of the West Bank and Gaza Strip. Labor is more flexible on those issues.

Baker's compromise attempted to overcome Likud objections by proposing that Israel readmit one or two deportees to the territories. The East Jerusalem residents, he said, could be residents of the territories who also maintain homes or offices in East Jerusalem.

The purpose of the talks, which would be hosted by Egypt, is to formulate rules for Palestinian elections in the West Bank and Gaza Strip, the showpiece of Shamir's May 1989 peace initiative. Israel would subsequently negotiate with the elected representatives over Palestinian self-rule in the territories.

Egypt, acting as a broker for the Palestinians, has accepted the Baker compromise, and the Palestine Liberation Organization reportedly has given its tacit blessing, as well.

The Labor Party is also prepared to accept the Baker formula, but Likud's position is somewhat murky.

After much agonizing and several meetings

at the Prime Minister's Office over the past two weeks, a majority of Likud ministers said late Monday night that they would agree in principle to Baker's formula.

But they conditioned that on the Labor Party abandoning its position in favor of allowing East Jerusalem residents to participate in the proposed elections.

Likud also demanded an advance undertaking from Labor that Israel would walk out of the preliminary dialogue in Cairo the moment that the PLO "takes over or penetrates" the talks.

Labor Party ministers, who met on Tuesday, flatly rejected the Likud conditions. They explained that the PLO could be expected to brag of its influence in the talks, but that should not be allowed to wreck the peace process.

Thousands Protest In Jerusalem

Vice Premier Shimon Peres, the Labor Party leader, read a draft resolution by Labor's ministerial delegation fully accepting Baker's proposals.

Peres pressed hard for a decisive vote at Wednesday's Inner Cabinet session. He agreed one of the six Labor members would not vote because of the absence of one of Likud's men, Economics and Planning Minister Yitzhak Moda'i.

Moda'i, who is abroad, has just quit Likud's Liberal Party wing because of his determined opposition to Shamir's peace diplomacy. But he retains his Inner Cabinet seat and is expected to be present when it meets Sunday.

Laborite Mordechai Gur, who holds no portfolio, said there is better than a 50 percent chance a coalition crisis will be averted Sunday.

But at least one of his Labor colleagues was less optimistic. "No decision will be tantamount to a negative decision," Energy Minister Moshe Shahal warned.

Likud's position received a boost Wednesday, when thousands of demonstrators poured into downtown Jerusalem, demanding that Shamir reject the Baker proposal. They were joined by a parade of other demonstrators who marched through the city from their protest site in front of the U.S. Consulate.

The protesters included Jewish settlers from the territories and activists in the right-wing Tehiya, Tsomet and Moledet parties. They waved Israeli flags and held posters denouncing American pressure to join talks with the Palestinians.

Knesset member Rehavam Ze'evi of Moledet suggested that Baker concentrate on Latin America and "leave us alone."

**JEWISH LEADERS REASSURED ON LOANS,
BUT TROUBLED OVER JERUSALEM STANCE**
By Howard Rosenberg

WASHINGTON, March 7 (JTA) -- American Jewish leaders now appear to feel reassured that Israel will be able to meet U.S. conditions for receiving \$400 million in loan guarantees that will be used to build housing for Soviet immigrants.

But there is lingering concern over statements made by senior officials of the Bush administration this week about U.S. policy on East Jerusalem, which Israel annexed in 1967 and regards as an integral part of the capital.

Last weekend, President Bush appeared to

imply that the United States opposes the settlement of Jews in East Jerusalem to the same degree that it opposes such settlement in the West Bank and Gaza Strip.

On Monday evening, after President Bush telephoned an American Jewish leader to clarify U.S. policy, the White House issued a statement saying Jews have a right to live in East Jerusalem, "in the context of a negotiated settlement."

The following day, Vice President Dan Quayle and White House Chief of Staff John Sununu assured separate American Jewish audiences that the United States has no problem with Jews or others living in East Jerusalem.

'Very Disquieting' Remarks

But on Wednesday afternoon, an official of the National Security Council told the Simon Wiesenthal Center's National Leadership Conference here that the United States has been concerned for many years about Israeli settlement activity in East Jerusalem.

"The concern about settlement activity in that area, as in the rest of the West Bank and Gaza, has also been there since 1967," said David Welch, director of Near East and South Asia affairs on the National Security Council.

Welch said that beginning in 1967 at the United Nations, U.S. Ambassadors Arthur Goldberg, Charles Yost, Bush and William Scranton, as well as Secretary of State Henry Kissinger, all raised that concern.

Dr. Adam Garfinkle, coordinator of the political studies program at the Foreign Policy Research Institute in Philadelphia, confirmed in a telephone interview Wednesday that those U.S. officials had made statements expressing U.S. concern about Jewish settlement of East Jerusalem, as well as the West Bank and Gaza Strip.

But Garfinkle said that no other U.S. president has taken a public stand on the issue. The fact that Bush chose a sensitive point in the peace process to do so, he said, "makes all the difference in the world."

Welch disagreed. "To say that President Bush made it an issue is just not right. Sorry, I disagree," he told the Wiesenthal Center group.

At the same time, Welch said the Bush administration is not now challenging the right of Jews to live in East Jerusalem.

"We don't want to make East Jerusalem an issue," he said. "We have merely said that we want to avoid unilateral acts that prejudice the (peace) negotiations."

In New York, Malcolm Hoenlein, executive director of the Conference of Presidents of Major American Jewish Organizations, said Wednesday he found Welch's comments "very disquieting."

He said the NSC staffer's remarks were "an apparent contradiction" to assurances Quayle gave the Conference of Presidents Tuesday afternoon.

No Moratorium On Settlements

Hoenlein said that despite Bush administration statements that there is no new policy on East Jerusalem, "there does appear to be a change in policy," and the American Jewish leadership is "very concerned" about it.

"To recognize a Green Line through Jerusalem" on settlement activity "is to divide the city," he said, adding that there is "no issue that more unites the Jewish community and Israel."

He said the Conference of Presidents would seek new clarifications from the administration.

At the same time, Hoenlein appeared to be

satisfied with the U.S. position on the housing loan guarantees.

Secretary of State James Baker reiterated Wednesday morning in testimony to a House Appropriations subcommittee that the Bush administration would support the loan guarantees, provided that the United States and Israel "are able to work out assurances that satisfy us on settlement activity."

Hoenlein explained that the basic assurance the United States has been seeking from Israel is that U.S. funds will be spent only within Israel's pre-1967 borders. That excludes East Jerusalem, as well as the West Bank and Gaza Strip.

"The expectation is that the Israeli assurances will be sufficient to allow the housing guarantees to be given," said Hoenlein.

He said Quayle had assured the Conference of Presidents that the United States would not require a moratorium on Jewish settlement across the Green Line as a condition for receiving the \$400 million in guarantees.

That matter "has been put to rest," he said.

He said the administration also has indicated it will not balk at the \$400 million request if Israel spends money of its own on settling Soviet Jews in the territories.

Congressional action on the \$400 million loan guarantee is not expected until late April.

SHAMIR COMPLETES CABINET RESHUFFLE By David Landau

JERUSALEM, March 7 (JTA) -- Prime Minister Yitzhak Shamir has completed his Cabinet reshuffle, made necessary by the resignation last month of Industry and Trade Minister Ariel Sharon.

Sharon, who quit Feb. 19 because he opposed Shamir's peace diplomacy, has been replaced by Moshe Nissim of Likud's Liberal Party faction, who previously held no portfolio in the Cabinet.

Knesset member David Magen of Likud's Herut wing has taken Nissim's place as one of four Cabinet ministers without portfolio.

Transport Minister Moshe Katsav has been given Sharon's seat in the 12-member Inner Cabinet, the government's top policy-making body.

The changes, approved Wednesday in a telephone poll of ministers by the Prime Minister's Office and later by the Knesset, also resolved a nagging dispute between Likud and Labor over the labor and social affairs portfolio.

While Shamir technically has held the portfolio himself since the government was formed, Moshe Ze'ev Feldman of Agudat Yisrael assumed the duties as deputy minister until he resigned six months ago.

The post now goes to Ronni Milo of Likud's Herut wing, who was previously minister for environmental protection. Laborite Rafi Edri, who had no portfolio, will replace Milo.

5,788 JEWS LEFT USSR IN FEBRUARY

NEW YORK, March 7 (JTA) -- A total of 5,788 Jews left the Soviet Union on Israeli visas in February, of whom 5,749 went to Israel, the Soviet Jewry Research Bureau of the National Conference on Soviet Jewry announced here Wednesday.

Departures in January amounted to 4,713, for a cumulative total of 10,501 Jews who have left the Soviet Union during the first two months of 1990, the NCSJ reported.

NEW CENSORSHIP PROMPTS PROTESTS, BUT SURVEY SHOWS IT HAS SUPPORT

By Gil Sedan and Hugh Orgel

JERUSALEM, March 7 (JTA) -- The decision to apply military censorship to news stories about Soviet aliyah has focused attention on the widespread suppression of news and opinion, especially in the East Jerusalem Arabic press.

The most vigorous protests against censorship come from the news media, civil rights groups, and from liberal and leftist Knesset members.

But they are bucking a popular trend. The most recent opinion poll shows substantial majorities favor censorship for reasons of security and image preservation.

Israelis are demonstrating a discernible trend away from democratic norms, according to a new poll conducted among 1,006 Israeli adults last month for the Israel-Diaspora Institute.

This propensity includes a willingness to accept censorship, in order to preserve Israel's image, and readiness to accept discriminatory practices against Arabs in the West Bank and Gaza Strip, the poll indicates.

Pollster Mina Zemach, director of the Dahaf Research Institute, said, "The results are an expression of the growing sense of insecurity among Israelis, who are willing to sacrifice some of the basics of democracy in order to achieve what they perceive as security in the period of the intifada."

But the announcement on March 2 that stories on Soviet aliyah would henceforth have to be submitted to the military censor has raised a hue and cry in the media and Knesset.

Until the imposition of censorship last week, the subject had been freely reported, even courted. The authorities are now arguing, however, that the censorship is a protective measure enacted in response to an Arab campaign to curtail the immigration of Soviet Jews.

Knesset Debates The Issue

Likud Minister Ronni Milo defended the censorship in Knesset on Wednesday, raising the specter of terrorist attacks on olim. He maintained that the censored reports touched on "sensitive issues," such as immigration routes, their protection, the number of immigrants and projected numbers, and the agencies involved in the aliyah operation.

Milo was responding to Knesset member Yossi Sarid of the Citizens Rights Movement who attacked censorship. Sarid argued that it would neither "lower the profile nor protect aliyah."

Sarid warned further that censorship of aliyah stories created the impression that Israel had something to hide, such as the settlement of immigrants in the administered territories.

Censorship of military matters came under fire this week from B'tselem, the Jerusalem-based center for human rights.

B'tselem revealed that the censor had deleted in full or in part more than a third of the material submitted by two East Jerusalem Arabic dailies, A-Sha'ab and Al-Biader A-Siasi.

The censored material included dozens of stories already published in the Hebrew press and translated verbatim.

Among them were statements by Israeli politicians, reports by human rights organizations and stories that had appeared in other East Jerusalem newspapers, B'tselem said.

East Jerusalem newspapers are subject to much stricter censorship than the rest of the country, although legally they should not, since the same laws apply to them as to the Israeli Hebrew press.

B'tselem described two items kept out of the East Jerusalem Arabic newspapers. One was an interview in the Hebrew daily Al-Hamishmar with Amir Abramson, who was severely injured in a terrorist attack on an Egged bus last year.

He was quoted as urging Israelis to "talk to the Palestinians."

63 Percent Favor Some Censorship

The other item was a cartoon in the Jerusalem Post, showing Prime Minister Yitzhak Shamir removing an Arab from a bench to make room for a Russian immigrant.

Military censorship in Israel is a holdover from the Emergency Regulations promulgated by the British Mandate authorities in 1945.

According to a military spokesperson, "It is the practice of censorship not to approve publications which amount to initiating or encouraging civil disobedience, resistance to government and order, or incite or express solidarity with terrorist activity, as well as publications which can cause real damage to the state's security."

The spokesperson admitted that the ban often extended to material already published "either because of different versions, different circumstances or a mere human error by the censorship officials."

In the Israel-Diaspora Institute poll, fully 63 percent of the respondents agreed that "reports or pictures depicting soldiers mistreating residents of the territories should be banned because they harm Israel's image."

Over half of those questioned, or 51 percent, thought that the internal security service, Shin Bet, should employ different interrogation methods for Jews and Arabs.

A plurality of 49 percent favored the demolition of Arab homes as a form of punishment.

BRITISH FOREIGN SECRETARY'S MEETING WITH ADVISER TO ARAFAT ANGERS ISRAEL

London Jewish Chronicle

LONDON, March 7 (JTA) -- Israel has lodged a protest with the British Foreign Office over what it considers to be a change of policy favorable to the Palestine Liberation Organization.

Israeli officials are furious over a March 1 meeting between Foreign Secretary Sir Douglas Hurd and Bassam Abu Sharif, a senior political adviser to PLO leader Yasir Arafat.

The meeting followed bestowal of the title "delegation" on the PLO office in London.

Ehud Olmert, a Likud Cabinet minister without portfolio, raised the issue at a meeting with William Waldegrave, minister of state at the Foreign Office.

The Board of Deputies of British Jews also has protested.

A spokesman for the Israeli Foreign Ministry in Jerusalem said, "It is regrettable that Britain has departed from its traditionally more prudent policy regarding the PLO."

Citing evidence of PLO cross-border raids, terrorist acts and the murder of Palestinians alleged to have cooperated with Israel, the spokesman said, "Understanding of the PLO's true nature is a prerequisite for advancement of peace and reconciliation in the Middle East."

EAST AND WEST GERMAN DIPLOMATS ADDRESS FEARS OVER GERMAN UNITY

By Elena Neuman

NEW YORK, March 7 (JTA) -- East and West German representatives pledged today that the crimes of Germany's Nazi past will not be forgotten or overlooked in a unified German state.

But on the question of formal assurances in this regard, which various American Jewish organizations have been seeking, East and West consensus parted company.

"I would be in favor of giving assurances," said Dr. Norbert Reemer, deputy chief of mission of the East German Embassy. "In the constitution and penal code of the unified German state, there will be clauses forbidding anti-Semitism and racism.

"But a clear legal basis is not enough. The education of young Germans of past Nazi crimes is more important. The past should be made more concrete and visible to the people."

West German Ambassador Juergen Ruffus, on the other hand, said that formal assurances were not necessary. "We have made considerable reparation payments. In addition, we have been giving considerable sums of favorable currency to Poland and Yugoslavia to shoulder our responsibility for crimes of the past.

"We would like to have this taken into consideration and not have the thorny issue of reparations come up in the next month. The East Germans will learn from us" regarding German Holocaust awareness, he added. "You can count on us to use our influence" for education programming in the German Democratic Republic.

The East and West German representatives fielded questions from American Jewish leaders and academics about the political, economic and strategic implications of German reunification, and its possible effects on East and West German Jewish communities, at a symposium under the auspices of the American Jewish Committee.

'Fear Is Unjustified'

Issues discussed included everything from reparations payments and education programming about Nazi crimes to diplomatic relations with Israel and concern over the reappearance of right-wing neo-Nazi parties.

"We Germans are aware," said Ruffus in an opening address, that "a stronger German role, a Germany growing together, will be viewed in some parts with concern. We are convinced that this fear is unjustified in respect of Germans living in freedom and democracy.

"I feel encouraged by the situation in the GDR," he added in the question-and-answer period, "of East Germans standing up for democracy and human rights.

"I would think that in growing together, our past experiences and knowledge will be spread into the GDR," he said.

Reemer agreed, adding that a statement by East German Prime Minister Hans Modrow that recognized East German responsibility for the Nazi crimes of the past "is a major step in solving the anxieties of the Jewish populations all over the world."

Stating that anti-Semitic or racist parties have been outlawed in East Germany, Reemer admitted in an interview that "there are tendencies of anti-Semitism" in East Germany "which cannot be ignored. The legal process must be used to fight against anti-Semitism."

U.N. COMMISSION CONDEMNS ISRAEL, REVIEWS 1975 ZIONISM RESOLUTION

By Tamar Levy

GENEVA, March 7 (JTA) -- The U.N. Human Rights Commission condemned Israel on Wednesday for alleged violations of human rights in southern Lebanon, and ordered it to withdraw completely from that territory.

The resolution was adopted by a vote of 41-1. The United States cast the sole negative vote. Swaziland abstained.

It followed by a day the opening of a U.S. campaign to rescind the 1975 U.N. resolution equating Zionism with racism.

The American ambassador, Morris Abram, branded it a "disgrace" and a "blight" on the world organization "and each of its sponsors."

Abram noted that "in the modern era, Zionism became the name for the national movement of the Jewish people.

"The modern State of Israel is the realization of the Zionist idea," Abram explained. "Whatever its failings, it cannot be branded racist."

The issue was also raised by Israel's ambassador to the United Nations in Geneva, Yitzhak Lior. He said that "one of the few criteria that distinguish right from wrong in international relations is the attitude to the Jewish people.

"The infamous 'Zionism-racism' resolution demonstrates to what depth the level of international morality has sunk, only 45 years after the end of the second World War."

The resolution was adopted by the U.N. General Assembly in New York in Nov. 10, 1975, and it would be up to that forum to rescind it.

The Human Rights Commission resolution on Lebanon accused Israel of the arbitrary detention of civilians in southern Lebanon, the destruction of their homes, bombardment of villages and the expulsion of civilians from the occupied areas.

The resolution demanded "the immediate, total and unconditional withdrawal of Israel from all Lebanese territory and respect for the sovereignty, independence and territorial integrity of Lebanon."

U.S. POLICE TALK SHOP WITH ISRAELIS

By David Landau

JERUSALEM, March 7 (JTA) -- Eleven police chiefs from cities all over the United States discussed crime, counterterrorist activities and other mutual concerns with their Israeli counterparts here Tuesday.

They are attending the first board meeting of the International Association of Police Chiefs ever to be held outside North America.

The five-day meeting, combined with tours of the country, is being sponsored by the Anti-Defamation League of B'nai B'rith.

Following a study tour of security arrangements at Ben-Gurion Airport, New York State Police Chief Thomas Constantine left early, called home because of the killing of a New York state trooper during a drug bust shootout Monday in lower Manhattan.

The meeting was briefed by Supt. Yair Must, police commander in Jerusalem's Old City.

Must observed that the tiniest incident in Jerusalem becomes magnified into international proportions because of the special sensitivities in the city. He praised the cooperation of Jewish, Moslem and Druse police officers on his force.