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SHAMIR DISMISSES PERES FROM CABINET, PROMPTING MASS DEFECTION FROM LABOR By David Landau

JERUSALEM, March 13 (JTA) -- Israel's national unity government took a decisive step toward dissolution Tuesday, when Prime Minister Yitzhak Shamir informed the Cabinet he was dismissing Vice Premier Shimon Peres.

All other Labor Party ministers responded immediately by announcing their collective resignation and walking out of the Cabinet room.

The move followed Shamir's refusal to call an Inner Cabinet vote Sunday on the latest U.S. proposal for Israeli-Palestinian talks on the peace process.

The Labor Party characterized the failure to take action as tantamount to a negative response. Its Central Committee met the following day and empowered the party leadership to "take the appropriate steps."

On paper, the dismissal and resignations only go into effect after a statutory cooling-off period of 48 hours. Shamir said Tuesday that he would use the time to pursue conciliation efforts.

But the consensus among political observers Tuesday was that the premier's action and the Labor ministers' inevitable response were irrevoc-

The next public testing-time in the political drama will come at 11 a.m. Thursday morning, when the Knesset is due to debate nine no-confidence motions. The latest of these was submitted by Labor itself at midday Tuesday, following the departure of the party's ministers from the government.

The outcome of the vote will depend largely on the Orthodox parties, which collectively hold 18 seats in the 120-member Knesset. Likud holds 40 and Labor holds 39.

Talks With Smaller Parties

If Agudat Yisrael alone joins with Labor and the other parties of the left, a block of 60 votes will be constituted, one short of a majority. Support from any one member of the other religious parties or a single defection from Likud would bring the sovernment down.

Labor's Peres announced midday Tuesday that his party would begin negotiations with all possible partners immediately after the Thursday vote, to build a "peace government."

In practice, though, Labor leaders are already engaged in intensive behind-the-scenes sessions with the various potential partners -just as Shamir and his Likud ministers are holding talks with many of the same Orthodox politicians,

in an effort to woo them away from Labor.

One prediction making the rounds of the Knesset halls Tuesday was that if Shamir feels Thursday that his government is about to fall in the confidence vote, he will pre-empt that scenario by tendering his resignation to President Chaim Herzos.

That would automatically trigger the resignation of the entire government. Herzog would then give the party leader with the best chance of putting together a government three weeks to do

Shamir, claiming he had the best chance,

would then attempt to set up a narrow, Likud-led coalition embracing the rightist parties Tehiya, Tsomet and Moledet.

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Under Israeli law, as soon as a government falls, it becomes a transitional administration, pending the creation of a new government. No minister can enter or leave such an administration until a new coalition is formed or until national elections are held.

Hammer Compromise Falls Through

Labor had hoped to remain in the government until Thursday's no-confidence votes, meaning that it would stay in power during the transition period. That is why its Central Committee had been circumspect in announcing the party's intentions Monday evening.

But Shamir said at a news conference Tuesday afternoon that it had been starkly clear that Peres and his colleagues were intent on bringing down the unity government.

"We weren't born yesterday," Shamir said of himself and his Likud colleagues. "We understood Labor's game."

Religious Affairs Minister Zevulun Hammer of the National Religious Party had worked strenuously Monday to get Likud and Labor to agree to a compromise on the American peace plan.

Its main elements, as Hammer explained Tuesday, were that the Inner Cabinet convene to endorse the U.S. plan but also issue the following declarations:

 The status of Jerusalem is not up for negotiation.

* Palestinians will never have autonomy in

• Israel will not negotiate in Cairo with any member of the Palestinian delegation that proclaims himself to be a representative of the Palestine Liberation Organization. If the entire delegation does so, Israel would walk out of the talks.

Under the Hammer plan, Israel would not allow any residents of East Jerusalem to run as candidates in the Palestinian elections Shamir has proposed holding in the West Bank and Gaza Strip. The issue of whether East Jerusalem Arabs could vote in the elections would be decided by the Cabinet before the talks in Cairo beain.

Hammer's proposal appeared to have early support from Likud, which had balked at accepting the U.S. plan. But his compromise fell through when Likud and Labor could not agree when to hold the new Inner Cabinet session.

Parties Blame Each Other

Shamir demanded that the meeting take place Friday and that Labor, meanwhile, pledge not to support the no-confidence motions in the Knesset the day before.

Labor demanded that the Inner Cabinet meeting take place on Wednesday, so that the option of supporting the no-confidence motions remained open the day after. Both parties blamed each other Tuesday for

the failure to achieve compromise.

"They refused to withdraw their threat," Shamir said of the Labor ministers.

"They tried to twist our arm," Peres said of his Likud counterparts.

BUSH SAYS HE DOES NOT 'REGRET'

MAKING STATEMENT ON JERUSALEM Ry David Friedman

WASHINGTON, March 13 (JTA) -- President Bush denied Tuesday that his recent statement on East Jerusalem may have been responsible for the virtual collapse of the Israeli government.

"I don't regret it," Bush said of his March 3 remark that there should be no "new settlements in the West Bank or East Jerusalem."

"I think all the speculation and commentary of the last 10 days have blown the thing way out of proportion," Bush said at a news conference Tuesday.

Αt the State Department, spokeswoman Margaret Tutwiler was asked whether the administration was responsible for what she called a "political crisis" in Israel, "Absolutely not," she replied.

But several Middle East experts and American Jewish leaders have said Bush's statement exacerbated the bitter dispute in the Israeli Cabinet, where the Labor Party had demanded that the government accept Secretary of State James Baker's proposal for Israeli-Palestinian talks.

No Comment On Political Crisis

Likud would only accept the proposal on condition that Arabs living in East Jerusalem would not be allowed to participate in the negotiations.

Israeli Prime Minister Yitzhak Shamir viewed participation by East Jerusalem Arabs as threatening the unity of Jerusalem. Bush's statement on settlements seemed to enforce the view that Jerusalem's status might be up for negotiation.

Bush refused any comment Tuesday on the deteriorating political situation in Israel, "Right now in Israel, there's internal developments taking place in the political scene there, and I do not want in any way to mingle in the internal affairs of Israel," he said.

"It's so sensitive, it's so emotional, and I just think any further speculation on this ques-

tion would certainly not be useful," he said.

Tutwiler also said she would not inject herself into Israel's internal affairs, although "we

obviously will be watching this crisis closely." She rejected suggestions that the admin-

istration did not believe that Shamir was pursuing the peace process he initiated last spring, when he proposed a plan that included elections in the West Bank and Gaza Strip. "We have never assumed that he (Shamir)

was not working hard, that he was not actively pursuing this," Tutwiler said. If the Israelis 'weren't wrestling with this question, there would not be a crisis," she added.

Stony Silence Greets Cheney

Tutwiler was asked about a charge made Sunday night by Thomas Dine, executive director of the American Israel Public Affairs Committee, who said Bush's statement on East Jerusalem was evidence of a "new American tilt" against Israel.

She responded that Bush was only stating longstanding U.S. policy.

That policy was restated by Defense Secre-

tary Richard Cheney in a speech Tuesday to the United Jewish Appeal's seventh National Young Leadership Conference here.

When Chency told some 2,500 people attending the conference that Jerusalem should not be divided, he drew a standing ovation from the crowd. But when he added that the final status of Jerusalem should be decided through negotiations, there was stony silence.

The UJA young leaders unanimously adopted a resolution Monday night asserting that Jerusalem is Israel's capital and must never be divided "As proud Americans and proud Jews, we

call upon all Americans and our government to take all steps necessary to ensure the continued unity of Jerusalem as the capital of the sovereign State of Israel," the resolution said.

Letters From Jewish Leaders The National Jewish Community Relations

Advisory Council, meanwhile, has sent a letter to Bush stressing that American Jews are "united in support of Jerusalem as the undivided eternal capital of the State of Israel." "The fundamental right of Jews to live in

this city must be respected," said the March 8 letter, which was signed by NJCRAC's chairman, Arden Shenker, and released to the news media late Monday. He stressed that Jews should be allowed to

live in "any part of Jerusalem." Rabbi Alexander Schindler, president of the Union of American Hebrew Congregations, sent a

letter of his own to Bush on Tuesday. It urged the president to "articulate our government's policy regarding Jerusalem clearly and consistently, so that there is no room for doubt, or fear that this administration considers

East Jerusalem a part of the West Bank." "I believe I speak for the overwhelming majority of Reform Jews in the United States in voicing dismay and regret at some recent statements from the administration that have served to create confusion and anxiety, not only in Israel, but within the American Jewish community as well," he wrote.

U.S. SAYS NO BAKER-ARAFAT SESSION SET By David Friedman

WASHINGTON, March 13 (JTA) -- The State Department on Tuesday denied media reports that Secretary of State James Baker would meet with Yasir Arafat when the two are in Namibia next

Department spokeswoman Margaret Tutwiler was asked if there was a possibility of either a formal or informal meeting with the Palestine

Liberation Organization leader. "None," was her curt reply. Baker and Arafat will be attending a mid-

night Independence Day ceremony March 21 for the former South Africa-controlled trusteeship, once known as Southwest Africa. Seymour Reich, chairman of the Conference

of Presidents of Major American Jewish Organizations, said Tuesday he did not believe Baker would meet with Arafat.

Malcolm Hoenlein, the conference's executive director, said he had received similar assurances from the Bush administration.

The PLO has sought to have a meeting with the secretary of state ever since the United States opened a dialogue with it in December

But the State Department has insisted that the only U.S. official who will meet with the PLO is Robert Pelletreau, the U.S. ambassador in

Tunisia, where the PLO is headquartered.



EAST GERMAN LEADER SAYS FEARS OF ANTI-SEMITISM ARE JUSTIFIED By Elena Neuman

NEW YORK, March 13 (JTA) -- East German Prime Minister Hans Modrow says Lews are "definitely justified" in fearing a resurgence of anti-Semitism in a newly democratic East Germany, as unification with West Germany becomes increasingly imminent.

In a March 5 letter written to Rabbi Marvin Hier, dean of the Simon Wiesenthal Center, by an aide to Modrow, the prime minister addressed the same American Jewish concerns over reunification that West German Chancellor Helmut Kohl had confronted two weeks ago.

According to Hier, however, Modrow's letter was markedly more "frank," and reflected a "remarkable difference in views" from that of Kohl.

The letter stated that "fears of a resurgence of the spread of nationalism, racism and anti-Semitism" in the German Democratic Republic are "definitely justified in the light of the formation of a multi-party landscape."

Specific reference was made to the Republican Party, which has recently been trying to gain a foothold in East Germany. The letter emphasized that the party has been forbidden in the GDR, and that the minister of police has been notified "to take action against any racist manifestations."

The significance of the letter, says Hier, "is that the East Germans are saying that all of our fears are justified. They have thereby added fuel to our argument that the Holocaust has a right to be discussed in a formal way."

In early February, Hier had written to Kohl and Modrow requesting formal assurances that in a united Germany a mechanism will be in put in place to ensure that the memory of the Holocaust and Nazi crimes is not forgotten.

Assurances Unnecessary

In a somewhat annoyed letter written Feb. 28, Kohl responded that such assurances were unnecessary.

"Kohl's response to us was 'Don't worry, you can rely on us without any special demands or assurances," said Hier. "At least the East Germans are frank enough to want to discuss it."

Modrow's letter addressed the American Jewish perception that East Germans have not been educated about the horrors of the Holocaust.

"Despite the complaints brought against the educational system, students have a remarkable knowledge of the events of the Nazi period, which can be conceptualized with the Holocaust," the letter said.

But Hier has his reservations. "I never said the East Germans don't know about the Nazi period," he said. "What they have is a generalized concept that the fascists were against the Communists. They don't know about the uniqueness of the Jewish aspects of the Holocaust about the Final Solution and Wannsee Conference."

Hier also has his misgivings about East German writers and artists re-educating the public. "The memory of the Holocaust should not be a cultural imperative. That's not good enough.

"The legacy of the Holocaust in a united Germany should be institutionalized. It should be on the conscience of every German from cradle to grave in a formalized way," he said.

TRIALS AGAINST NAZI WAR CRIMINALS COULD BEGIN IN BRITAIN BY SUMMER London Jewish Chronicle

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LONDON, March 13 (JTA) -- The British government believes that alleged war criminals living in Britain could be brought to justice as early as this summer.

"Investigations could start as soon as the bill receives royal assent, hopefully in the summer," said a source in the.

The bill referred to is the War Crimes Bill, a draft of which was introduced in Parliament on Friday. Parliament will vote on the bill, which has only three clauses, again on Monday.

When the subject was debated in Parliament, an overwhelming majority of members were in favor of legislation.

But the bill encountered resistance in the House of Lords, the upper house, and is considered likely to run into some difficulties there again, where a substantial number of peers have expressed strong reservations about prosecuting elderly people whose crimes were committed over 40 years ago.

Some members have also expressed belief that such trials will elicit anti-Semitic expression in Britain.

With approval of this bill, Britain will follow Canada in trying alleged Nazis or Nazi collaborators who tried to find a haven after World War II

Australia Also On The Verge

Recently, Australia signaled that it, too, was about to begin the process of trying war criminals living there.

A spokesman for the Parliamentary All-Party War Crimes Group said, "We are delighted that the bill is so short and that it has been introduced so early. It should mean a minimum delay in getting investigations under way."

In Los Angeles, the dean of the Simon Wiesenthal Center for Holocaust Studies, who initiated British investigations into alleged Nazi war criminals living in Britain, expressed cautious hope that trials could begin soon.

"We hope that the government acts expeditiously," said Rabbi Marvin Hier.

He believes "it should be possible to begin proceedings within three to six months after the legislation is adopted. Any unnecessary delay beyond that point would be counterproductive and send the wrong signal."

In October 1986, Hier wrote to Prime Minister Margaret Thatcher listing Nazi war criminals believed to be living in Britain. The list was leaked to British newspapers, and Scottish Television produced a program about the suspected war criminals.

On Feb. 8, 1988, then Home Secretary Douglas Hurd announced the appointment of an inquiry under the auspices of Sir Thomas Hetherington, a former director of public prosecutions, and William Chalmers, his Scottish counterpart.

The inquiry ruled out some of the entries on the list as cases of mistaken identity. "At least three of the suspects are known

to us," the Home Office source said, "and others need investigating. The only delay may be in collecting evidence from witnesses living abroad." Inquiries will be conducted by a special

police unit along the lines of Scotland Yard's special fraud squad. In addition, the unit will comprise historians, interpreters and lawyers.

CHENEY SAYS FRIENDS OF ISRAEL SHOULD NOT BACK DEFENSE CUTS By Howard Rosenberg

WASHINGTON, March 13 (JTA) - Defense Secretary Richard Cheney said Tuesday that supporters of Israel who want drastic cuts in U.S. defense spending hold "fundamentally incompatible" positions.

"Some people who like to portray themselves as great friends of Israel are in the forefront of those who want to cut the defense budget drastically to cash in on a peace dividend," Cheney exid

"You should listen to that kind of posturing with a great deal of skepticism," Chency told the United Jewish Appeal's seventh National Young Leadership Conference here.

Leadership Conference here.

"I believe those two positions are fundamentally incompatible," he said.

On other topics, Chency, who is to visit Israel in May, said the United States has "not yet finalized" a sale to Israel of Patriot air-defense missiles and the use of intelligence from U.S. early-warning satellites. The sale is estimated to cost \$200 million.

Israel is due to begin receiving its third order of F-16 aircraft in 1991, "and we expect the Israeli Defense Force to be getting its first Apache attack helicopters soon," he reported.

Chency also defended U.S. arms sales to Arab countries other than Egypt.

"To the extent that the U.S. has influence throughout the region, that's also important from the standpoint of Israel's security interests," said Cheney.

When Arab countries are "able to satisfy their legitimate security requirements by meeting with the U.S., instead of some other major foreign power or arms supplier, that's in our interest as well as in Israel's interest," he said.

Chency also defended the recent U.S. decision to send Egypt 700 MI-AI tanks that were going to be destroyed otherwise as part of a U.S.-Soviet arms reduction program.

In return, Egypt will destroy older Sovietmade tanks on a one-for-one basis.

Pro-Israel lobbyists have criticized the transfer as setting a bad precedent for other weaponry that may be retired and then shipped to the Middle East by both superpowers.

Chency said the Israeli government has not objected to that practice.

LOUISIANA GOP REFUSES TO CENSURE DAVID DUKE

NEW YORK, March 13 (JTA) -- The Louisiana State Republican Party refrained Saturday from moving to censure state Rep. David Duke, saying such a move would make the avowed white supremacist a martyr.

It was the third time in nine months that the party's Central Committee had attempted to censure Duke, who is running for U.S. Senate on the Republican ticket despite the lack of party endorsement.

"To censure him is to make a maggot into a martyr," Ben Bagert, the official Republican candidate for the Senate, told 140 members of the party's Central Committee in Baton Rouge, La. "Duke must be censured, all right, but the censure must come from below, from the people themselves, not from the party Central Committee."

The meeting had been called specifically to censure Duke as a racist and anti-Semite. Duke, defeated by Bagert at both the Republican state caucus and party convention, is nonetheless running as a Republican in the Oct. 6 Senate primary.

"Let's point out the differences at the polls," Bagert insisted. "Let's show we're the party of Reagan, not Adolf Hitler."

Duke himself declined to attack anyone. "I will speak no evil of my fellow Republicans," he said. He added that he was "bringing tens of thousands of conservative Democrats into the Republican Party."

Last year, the American Jewish Committee and the Center for Democratic Renewal released a joint report stating that Duke's Republican campaign was part of a concerted national strategy of extreme right-wing forces to gain entry into the legitimate political process.

legitimate political process.

Duke, a former grand wizard of the Imperial

Knights of the Ku Klux Klan, ran as a Republican
last year for the position of Louisiana state
representative. He was elected to a seat from

Metairic, a suburb of New Orleans.

Declaring his candidacy for the U.S. Senate, he was soundly defeated at both the Louisiana Republican caucus in December and at the state party convention in January.

Duke's office number is the same as that of the National Association for the Advancement of White People, a group he founded. He has, at least until very recently, sold racist, anti-Semitie books from the same office.

Alluding to this, Bagert said, "Leave David Duke -- with his Nazi books and his programs of hate -- leave him to me and the voters of Louisiana."

Louisiana voters, Bagert said, "will repudiate Duke in October, just as our party did last January and December."

THREE WIN DUBIOUS HONOR: BBI'S 'HAMAN OF THE YEAR' By Allison Kaplan

UNITED NATIONS, March 13 (JTA) -- There were no gold statuettes, no applause and no acceptance speeches.

In fact, none of the winners of B'nai B'rith International's seventh annual "Haman of the Year" Awards -- Chinese leader Deng Xiaoping, Iraqi President Saddam Hussein and the Islamic Jihad -- even showed up at the B'nai B'rith Purim party Monday night to claim their prize.

The dubious award is presented every Purim by BBI to one or more individuals who have made "a unique contribution to the random suffering of humanity."

humanity."

Deng garnered the honor for brutally suppressing the budding democracy movement in China; Hussein won for reportedly gassing to death 5,000 Kurds; and Islamic Jihad took the award for its attack on an Israeli tour bus in

northern Egypt.

Dr. Harris Schoenberg, director of U.N.
affairs for B'nai B'rith, noted that this was the
first time that "Haman of the Year" had been

shared between multiple oppressors.

He added that former Romanian President
Nicolae Ceausescu had also been a strong contender for the prize, but the judges felt Ceauses-

cu "no longer needed the recognition."

As usual, Schoenberg said, B'nai B'rith's choices were "arbitrary, prejudiced and final."