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ISRAEL SAYS OCCUPATION OF BUILDING NOT AN ACT AGAINST ORTHODOX CHURCH By Gil Sedan

JERUSALEM, April 25 (JTA) -- The occupation of a building in Jerusalem's Christian Quarter by a group of Orthodox Jews is "an ordinary commercial real estate transaction" and of only minor political significance, according to Prime Minister Yitzhak Shamir.

His office issued a statement Tuesday defending the group's action and the \$1.8 million in housing assistance it received from Israel's Construction and Housing Ministry.

The statement stressed that the building, known as St. John's Hospice, is not a holy site. but an ordinary building to which the Greek Orthodox Patriarchate has claims.

"Presenting the leasing arrangement as an affront to the Greek Orthodox Church or an infringement of its rights contradicts the facts," the statement said. It added that Israel rejects the "attempt to slander its image on the sensitive issue of respect for the holy places."

The statement did not deal with the actual settlement of Jews inside the Christian Quarter, which has drawn criticism from the U.S. government and from a number of American Jewish organizations.

Much of the public criticism in Israel has been directed at Construction and Housing Minister David Levy.

"How dare a minister in Israel take such an unreasonable step?" Jerusalem Mayor Teddy Kollek said in an interview with the daily Ha'aretz.

Propriety Of Funds Questioned

Meanwhile, new questions have been raised about the propriety of the Housing Ministry allocation.

While the prime minister's statement said the money was part of the government's general assistance to building projects throughout the country, it turned out Wednesday that the funds came from a portion of the ministry budget earmarked for "evictions" so that new building can take place.

Israel's High Court of Justice was scheduled to hear an appeal Thursday of a lower court decision saying the group of Orthodox Jews should be evicted from the building.

But the Panamanian company that leased the place to the group has asked the court session be delayed until the Greek Orthodox Church suspends the demonstrations against the group's presence.

At the United Nations, a spokesman told reporters Tuesday that U.N. Secretary-General Javier Perez de Cuellar "was particularly disturbed to learn of the involvement of some Israeli officials in the financial transactions that led to the move of Jewish settlers to the Christian Quarter. Such actions can only impede efforts aimed at promoting a peaceful settlement."

Zehdi Terzi, the Palestine Liberation Organization's U.N. observer, sent a letter to Perez de Cuellar asking him to "reaffirm the illegality" of the settlement of Israelis in the Christian Quarter and to ensure their removal.

(JTA correspondent Allison Kaplan at the United Nations contributed to this report.)

AMERICAN JEWISH GROUPS TAKE ISSUE WITH VENTURE IN CHRISTIAN QUARTER By Allison Kaplan

NEW YORK, April 25 (JTA) -- Just a few weeks ago, American Jewish organizations took issue with the Bush administration for suggesting that Jews did not have the right to live in certain parts of Jerusalem.

This week, many of those same organizations found themselves criticizing the Israeli government for its role in establishing a Jewish presence in the Christian Quarter of Jerusalem's Old City.

Even groups that may otherwise have supported the right of 150 Orthodox Jews to move into a Greek Orthodox Church building called St. John's Hospice expressed frustration that the move took place during the Christian holy days preceding Easter.

They were also upset at the Israeli government's veiled role in the effort, which became public when the Construction and Housing Ministry confirmed that it had provided \$1.8 million in funds to obtain a lease on the building.

"We stand on the position of the right of Jews to live in any part of Jerusalem," explained Kenneth Jacobsen, international affairs director of

the Anti-Defamation League of B'nai B'rith. "That's not the issue. The issue has to do with the manner in which the settlement came

about," he said. ADL was one of a number of Jewish organizations that issued statements expressing deep reservations about the move to take over the building in the Christian Quarter.

Others included the American Jewish Congress, B'nai B'rith International and the Union of American Hebrew Congregations. The American Jewish Committee sent a message to Israeli leaders, but chose not to make it public.

Reich Telephones Shamir

One of the strongest reactions came from Rabbi Alexander Schindler, president of the UAHC, who said, "The Israeli government's role in the Jewish settlement of St. John's Hospice was unconscionable and self-destructive. The government must move immediately to undo the damage to Israel's reputation."

The AJCongress statement said the group was "appalled by reports that members of a narrow Israeli caretaker government, operating during a political interim without a democratic mandate, have participated in a clandestine effort to settle Jews in the Christian Quarter of Jerusa-

Seymour Reich, chairman of the Conference of Presidents of Major American Jewish Organizations, telephoned Israeli Prime Minister Yitzhak Shamir on Wednesday, following a meeting of the umbrella organization to express the Jewish community's concern on the matter.

Though the conference did not release a public statement of its own, "there was a consensus in terms of concern over the timing of the event, the disclosure of the utilization of the monies and the hurt caused to some Christians, who may have misunderstood the whole event," said Reich.

Reich said he reported to Shamir the Ameri-

can Jewish concern over "the harm" the Christian Quarter settlement "could do to Israel in terms of the Congress and the Christian community in the United States."

Reich noted that the House of Representatives on Tuesday had passed a resolution declaring Jerusalem to be Israel's capital. But he warned the prime minister he should not interpret that vote as "an endorsement of the situation" in the Christian Ouarter.

Shamir responded on a lighthearted note, according to Reich. "He came back at me and said, Seymour, you can't take away all moments of accomplishments from us. We need some positive reports."

Concern Over AIPAC Message

Some of the more right-wing groups in the Conference of Presidents criticized their fellow members for issuing public statements.

They also expressed concern over a report Wednesday in The New York Times that the preeminent pro-Israel lobby, the American Israel Public Affairs Committee, had sent a message to Israel warning that the move in the Christian Quarter would damage the Jewish state's relations with the United States.

Officials at AIPAC would not comment publicly Wednesday on the Times report. But knowledgeable sources said the warning was conveyed by telephone and that officials had no intention of it becoming public.

"AIPAC owes the American Jewish community an explanation for what it did," said an angry Rabbi Fabian Schonfeld, president of Poale Agudath Israel of America.

Schonfeld, while admitting that "maybe the timing may not have been right on the eve of Easter," said he was extremely concerned that "we are ignoring the basic fact that we have the right to live anywhere in Israel as Jews."

"The impression that is being given is that Jews have no right to move in next to a church. If there was such opposition to a similar situation in this country, liberal organizations like the American Jewish Congress would be the first to scream," he said.

GREECE PLEASED BY ISRAELI RESPONSE By Jean Cohen

ATHENS, April 25 (JTA) -- The Greek government expressed appreciation Wednesday for Israel's "prompt reply" to its protest over the move by Jewish settlers into a building in the Christian Quarter of Jerusalem's Old City, owned by the Greek Orthodox Church.

A message from Israeli Foreign Minister Moshe Arens promised that the "State of Israel will continue to respect the legal rights and privileges of the Greek Orthodox Patriarchate in Jerusalem," Greek government spokesman Vyron Polydoras disclosed at a briefing Wednesday.

Polydoras stressed that the message arrived in record time, since it was only on Tuesday that Foreign Minister Antonis Samaras conveyed his government's displeasure to the Israeli diplomatic representative in Athens, Moshe Gilboa.

Polydoras said the prompt response was "a result of the pressure put on the Israeli government on the matter."

Israel's High Court of Justice was expected to rule Thursday on whether the settlers should be evicted from the church property they claim to have leased.

A SETTLEMENT ARISES IN SAMARIA, OR IS IT MERELY A NEIGHBORHOOD? By Gil Sedan

KFAR ADUMIM, West Bank, April 25 (JTA) - Less than 24 hours after the final OK was given, 10 prefabricated houses were placed Wednesday on a barren hill about a mile away from this veteran settlement, in what some say is an attempt to establish a new Jewish enclave in the West Bank.

The scene looked like it was taken out of a motion picture on pioneer settlements in Israel, updated to include modern-day equipment.

A huge crane dropped the prefab houses one

by one on a plot previously straightened out by bulldozers. An electric generator gave the audio background with its monotonous humming. Young women were standing in the scorching desert heat, watching the scene, as if unable to

believe that this hill eight miles northeast of Jerusalem would soon become home.

The exact status of the new settlement

remained unclear.

Although one could tell from miles around that this was a new Jewish presence in the area, its founders -- eight couples and two bachelors-insisted this was merely a new neighborhood of Kfar Adumim.

"Pay no attention to the distance," Moshe Weissman, the secretary of the new settlement, said with a smile. "Soon we will have houses lined up from here all the way to the old settlement."

There was good reason why the settlers might not want to admit this was a new settlement, since it was not one of the eight locations on which the now-defunct national unity government agreed to build new settlements.

Extensions of existing settlements, however, do not require government approval.

A Diplomatic Visitor Appears

It was also no mere accident that after years of applying to build housing in this particular spot, the settlers finally obtained all the necessary permits in the six weeks since the Labor Party left the government.

As soon as the army issued the final permit Tuesday, the bulldozers hit the road. "This is the resumption of the settlement

drive in Eretz Yisrael," Knesset member Elyakim Haetzni of Tehiya exclaimed with pride as the houses were erected.

Also on hand to celebrate the occasion were Rabbi Moshe Levinger of Hebron and Knesset member Hanan Porat of the National Religious Party, both leaders of the Gush Etzion settlement movement.

Just as they were raising wine glasses in a toast to the new settlement, a van bearing a diplomatic license plate appeared on the seene, and a shy-looking American diplomat came out, asking naively: "What's happening here?"

The man, who refused to be identified, was a representative of the political section of the U.S. Consulate in East Jerusalem, which functions as a quasi-embassy to the West Bank.

A spokesman for the consulate later gave the following brief statement regarding the visit of the American diplomat on the settlement site:

"Because of U.S. government concern about settlement activity, the American consulate general in Jerusalem pays close attention to the settlement issue."

PROMINENT EX-REFUSENIKS CHARGE ISRAEL IS SLOWING SOVIET ALIYAH By David Landau

JERUSALEM, April 25 (JTA) -- An angry controversy has erupted over charges by three-well known aliyah activists that Israeli authorities are deliberately slowing the pace of emigration from the Soviet Union.

The Jewish Agency retorted by claiming that 24,000 immigrants have arrived in the last three months.

The statistic was disclosed by Jewish Agency spokesman Gad Ben-Ari. The agency and the government have been refraining for months from revealing the numbers of olim or the routes they take, reportedly for security reasons.

But this time, official ire was aroused by the allegations of Ida Nudel, Yosef Mendelevich and Professor Yirmiyahu (Herman) Branover, all former long-term refuseniks whose struggles to get to Israel made them living legends.

The three held a news conference here this week, at which they leveled charges Ben-Ari denounced as "grotesque falsehood and chutzpah."

Nudel blamed "all political parties" for alleged delays in aliyah and absorption. But she singled out the Labor Party, contending that it feared that the preponderance of newcomers from

the Soviet Union would vote for the right-wing factions.

She demanded to know why Israeli officials insist they migrate only by way of Budapest or Bucharest, which inevitably reduces their numbers because of the paucity of flights.

"Why can't they go through Vienna or Helsinki? Why can't they leave by rail, or on foot?" she asked.

Branover called the situation "a crime against the nation." Declaring that the potential aliyah from the Soviet Union included hundreds of thousands of academically trained persons who were "a gift worth \$20 billion" to the Jewish state, he said the initial welcome of the newcomers was warm and friendly.

But after six months, he said, Soviet Jews suffered from neglect and depression, as they tried to find housing and jobs.

Branover warned of spontaneous outbursts of anger and frustration, if the situation does not improve. He also warned that olim would advise their relatives and friends in the Soviet Union not to come to Israel.

Mendelevich called on settled Israelis and newcomers alike to "sweep through the streets of our cities, demanding action."

BAKER RAISES CONCERN ABOUT THREAT FROM IRAQ, AS ENVOY DEFENDS POSITION By Howard Rosenberg

WASHINGTON, April 26 (JTA) -- Secretary of State James Baker expressed concern Wednesday about the growing military threat posed by Iraq.

But Iraq's ambassador here accused Israel, Britain and the United States of engaging in a "smear campaign" against it because of President Saddam Hussein's threat to use chemical weapons if attacked first by Israel.

"Is it not the duty of every head of government to warn the pre-emptive attacker not to attack?" Ambassador Mohammed al-Mashad said at a news conference Wednesday at the National Press Club.

Iraq has been under fire in the West since late March, when four Iraqis were indicted in the United States on charges of smuggling through Britain 40 U.S.-made devices that can be used to detonate nuclear weapons. British and U.S. agents intercepted the operation.

On April 2, Hussein threatened to "let our fire eat half of Israel if it tries to wage anything against Irag."

Baker told Congress on Wednesday that Iraqi threats to use chemical weapons against Israel are "quite disturbing," particularly because they are "threats coming from a country that has used chemical weapons."

But the secretary, testifying before a Senate Appropriations subcommittee, noted that Hussein later told a visiting U.S. Senate delegation that his warning about "using chemical weapons was made on the assumption that Iraq would have been attacked by (Israel), with nuclear weapons." Baker said Hussein told the five senators, "We will respond with the only thing we have.

which is chemical weapons."

Sen. Alfonse D'Amato (R-N.Y.) introduced a
bill last week that calls for sweeping U.S. sanctions against Iraq unless it allows international
inspection of "suspect" biological, chemical ornuclear facilities, and ratifies the 1972 Geneva
Convention on Biological Weapons.

In New York, the Anti-Defamation League of B'nai B'rith issued a statement praising a House version of the bill, introduced Monday by Rep. Howard Berman (D-Calif.).

But Ambassador Mashad called the sanctions bill "very unfair and unjust," and said it would damage U.S.-Iraqi relations.

ISRAELI INTELLIGENCE TIPS OFF GREECE TO MORE SUSPECT PARTS BOUND FOR IRAQ By Jean Cohen

ATHENS, April 25 (JTA) -- A reported tip from the Israeli intelligence agency, the Mossad, has led the Greek authorities to impound steel forgings alleged to be part of a "super-gun" manufactured in Britain for Iraq.

The truck driver who brought them to Greece has been questioned and faces a hearing Saturday.

The suspicious cargo was seized April 19 at the port of Patras, in western Greece. The truck arrived there in a car ferry from Brindisi, in southeastern Italy.

The weekly To Vima claimed that after British customs agents confiscated probable gun parts earlier this month, as they were about to be loaded aboard ship at the northern England port of Middlesborough, the Iraqis decided to transport the rest overland.

According to the paper, the Mossad knew the routes and had the truck under surveillance.

The driver, Paul Ashwell, identified as a Norwegian resident of Northampton, England, reportedly told customs he was to deliver his load to Mersin. Turkey, for the final leg to Iraq.

Ashwell's documents describe the cargo as steel pipe for oil-drilling machinery consigned to the Iraqi Ministry of Industry.

British investigators have determined that the pipes seized in Middlesborough were intended for military use, probably to form a three-stage rocket launcher that could boost weapons into orbit. The alleged super-gun is capable of hurling nuclear or chemical missiles at distant targets in Israel or Iran.

HAVEL BEGINS ISRAEL VISIT AMID TALK OF CZECH WAY STATION FOR SOVIET JEWS By Cathrine Gerson

JERUSALEM, April 25 (JTA) -- President Vaclav Havel of Czechoslovakia began his three-day official visit to Israel on Wednesday, amid expectations of close cultural and political relations developing between the two countries.

A strong possibility was said to exist that Czechoslovakia would serve as a way station for Soviet Jews immigrating to Israel.

Havel was welcomed by President Chaim Herzog in ceremonies at the Rose Garden, near the Knesset.

"You are among friends," Herzog told the playwright, who became president of his country in January, after it ended more than 40 years of Communist rule.

"The people of Israel welcome you and your delegation with open arms, as the dark clouds of despair, despotism and tragedy recede from the skies of Czechoslovakia," he said.

One of Havel's first commitments when he took office was the restoration of diplomatic relations with Israel.

That pledge was honored Feb. 9, when Czechoslovakia became the second Eastern European country, after Hungary, to resume diplomatic ties with Israel, broken in 1967.

Some aspects of the new relationship were discussed during visits to Prague earlier this year by Foreign Minister Moshe Arens and Shimon Peres, who was vice premier and finance minister in the now defunct Likud-Labor government.

Arens said Wednesday that he expected Israeli-Czech "relations to deepen in the coming years" and "to become close, friendly and maybe even special."

But he refused to identify the topics that will be discussed during Havel's visit.

Agreement On Artifacts

There has been speculation that Czechoslovakia could be a transit point where Jews from the Soviet Union would board direct flights to Israel.

Havel is reported to have told the visiting Israeli minister for religious affairs, Zevulun Hammer, who was in Prague a few days ago, that a final agreement on that awaits only the completion of security measures.

Agreement already has been reached on the great treasures of Judaica still in Czechoslovakia, where Jews have lived for nearly 1.000 years.

Israeli officials have expressed hope that some of those treasures will be transferred to Israel on loan, to be catalogued and displayed to a wider audience.

Havel, who is accompanied by his foreign minister, Jiri Dienstbier, another former dissident, is scheduled to meet with members of the caretaker government, including acting Prime Minister Yitzhak Shamir and with Peres.

Havel will visit the Israel Museum and the Diaspora Museum, and is expected to make an appearance at the Congress of Czechoslovak Jews in Israel, to be held in Jerusalem.

He may also visit Kibbutz Kfar Masaryk near Haifa, a kibbutz established mainly by Czech Jews and named for Czechoslovakia's first president, Tomas Masaryk.

Havel is the first Czechoslovak chief of state to visit Israel. Masaryk visited Palestine in 1928.

EAST GERMANY GRANTS \$3.6 MILLION TO ISRAELI HOLOCAUST FOUNDATION Elena Neuman

NEW YORK, April 25 (JTA) -- The new East German government has followed up its April 12 declaration of a moral responsibility for the crimes of the Third Reich with a monetary pledge to Jewish victims of the Holocaust.

On Monday, East Berlin announced a stipend of \$3.65 million to AMCHA, an Israeli foundation that provides psychological care and aid to victims of the Nazi Holocaust.

An East German branch of the foundation that is being set up to service the approximately 400 registered Jews in that country will receive an additional \$59,000.

Although the grant is not being called reparations, the award represents the first gesture of East German aid to Holocaust victims.

The former Communist regime had previously accepted no responsibility for the crimes of the Third Reich, saying that East Germany became a national entity only in 1949, years after the end of the Holocaust.

West Germany, on the other hand, has already accepted moral culpability for its Nazi past, and has awarded in excess of \$47 billion in reparations to Jewish Holocaust survivors.

Jewish claims organizations are not all satisfied with the East German gesture, however.

The New York-based Conference on Material Claims Against Germany, the organization that has overseen West German reparations and is initiating formal reparations negotiations with the East German government, feels that the AMCHA grant may be misinterpreted as official reparations.

A Call For Talks To Begin

According to the conference, calls have already been received in their New York office requesting information about individual reparations payments in response to Monday's announcement.

The conference also says that the AMCHA grant cannot be called a serious response to the issue of moral and material responsibility to the victims of the Holocaust.

"The making of a modest contribution to a social agency in no way responds to the resolution of the East German parliament to bring about a just solution to the Jewish claims," said Dr. Israel Miller, president of the claims conference.

On April 13, Miller wrote to East German Prime Minister Lothar de Maiziere welcoming the government's declaration of responsibility and calling for reparations talks to begin promptly.

A joint committee of the claims conference and the Israeli government was set up in February for that purpose, but no headway could be made until after the East German elections.

ISRAELI ORCHESTRA FLIES TO USSR By Hugh Orgel

TEL AVIV, April 25 (ITA) -- The Israel Philharmonic Orchestra left Wednesday night for the Soviet Union, where it will give five performances under the baton of its longtime conductor and musical director, Zubin Mehta.

It will be the first-ever concert tour of the Soviet Union by Israel's world-famous ensemble, which is slated to play in Moscow, Riga and Leningrad.

The 100-member orchestra flew on a special direct flight by El Al to the Soviet capital.