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**PERES CONCEDES HE CAN'T FORM COALITION;  
RABIN CALLS FOR NEW UNITY GOVERNMENT**

**By David Landau**

JERUSALEM, April 26 (JTA) -- The Labor Party's No. 2 leader, Yitzhak Rabin, sounded a strong call Thursday for a new national unity government, in an outspoken address to his party's Leadership Bureau meeting in Tel Aviv.

The former defense minister saw it as the only alternative to unfettered control of the government by a right-wing regime.

At the same time, he accused party leader Shimon Peres by implication of botching chances to set up a Labor-led government.

Peres was due to meet President Chaim Herzog at 10 p.m. local time Thursday to advise him officially that his 36 days of efforts to form a coalition government had failed.

The mandate is expected to be given to acting Prime Minister Yitzhak Shamir, leader of the Likud bloc, who has an appointment to meet Herzog at 9:30 a.m. Friday.

Shamir, like Peres, will be given an initial 21 days to try to form a government.

His chances for success brightened when Likud defector Avraham Sharir, who had transferred his allegiance to Labor, announced late Thursday that he was re-joining the Likud bloc.

Sharir's vote may be sufficient to break the present Knesset deadlock and provide a Likud-led coalition with a 61-59 majority.

Another defector, Yitzhak Moda'i, who had also flirted with Labor, announced Wednesday night that he was returning to Likud.

Moda'i's announcement was a lethal blow to whatever slim chances Peres retained to form a government.

**Urges Unity Government**

Rabin urged a unity government because a narrow Likud coalition incorporating the extremist right-wing parties would be a disaster for the country, he said.

He proposed, however, that the new unity government have a statutory life span of no more than six months, during which time it would enact electoral reforms providing for the direct election of the prime minister.

He said he would not hold it to any commitment to accept U.S. Secretary of State James Baker's formula for an Israeli-Palestinian dialogue.

Shamir's rejection of the Baker plan was partly responsible for the Labor-sponsored no-confidence vote that toppled the last unity government on March 15.

Minister of Labor and Social Affairs Ronni Milo said Thursday that Shamir would not invite Labor to join his new government "for the same reasons that he rejected Peres' invitation to join a unity government: differences in policy."

Rabin's speech seemed to be the opening gun in a long-expected campaign to displace Peres as party leader. Without mentioning Peres by name, he seemed to blame him for the "broch" (Yiddish for misfortune) that has befallen the party.

It appeared likely, meanwhile, that the only strictly Orthodox party in the Labor camp, the Agudat Yisrael, will abandon its agreement with Labor as soon as Peres hands in his mandate.

**HIGH COURT ORDERS JEWISH TENANTS  
IN CHRISTIAN QUARTER TO EVACUATE**

**By David Landau**

JERUSALEM, April 26 (JTA) -- The High Court of Justice on Thursday ordered Jewish tenants to evacuate buildings owned by the Greek Orthodox Church in the Christian Quarter of the Old City.

But it allowed the company holding the lease to retain control of the premises pending a lower court's ruling on its proprietary rights.

The mixed decision handed down by a three-judge panel did not satisfy the Greek Orthodox Patriarchate, which sought immediate repossession of the property. But it seemed to please the 150 Orthodox Jews, who took over the buildings known as St. John's Hospice on April 11.

They were given until next Tuesday to leave, and they promised to comply. But as many as 20 of them may remain on the site, until final adjudication of the dispute over the lease.

The High Court stipulated that the Panamanian-registered company under whose name the lease was taken could appoint up to that number of "representatives" to take care of "maintenance and security" while the legality of the lease is being determined.

The decision also gratified an American Jewish umbrella body, which had expressed concern to acting Prime Minister Yitzhak Shamir over the issue.

Seymour Reich, chairman of the Conference of Presidents of Major American Jewish Organizations, hailed the move by the Israeli judiciary, which, he said, "has again demonstrated its integrity and impartiality."

**Extreme Sensitivity Of Case**

The justices urged the Jerusalem District Court, which is hearing the arguments, to expedite its deliberations because of the extreme sensitivity of the case.

Clearly, the emotion-laden atmosphere surrounding the affair has not been much relieved by the High Court's action.

The Patriarchate said it would continue to seek immediate evacuation of its buildings and their restoration to church use.

A protest scheduled for Friday involving the major Christian denominations all over Israel is expected to proceed as planned.

Christian holy places in Jerusalem, Nazareth and Bethlehem, focal points for tourists and worshippers, will be closed for 24 hours, an unprecedented action.

Church bells will be tolled every hour on the hour between 9 a.m. and noon.

St. John's Hospice is not a place of worship but living quarters. The occupation of the hospice, by singing, dancing, clapping Jewish religious activists, was nevertheless considered needlessly provocative, especially as it occurred on the holy days preceding Easter, the most sacred period of the Christian calendar.

The incident polarized Jewish opinion in Israel and abroad.

The High Court received affidavits from Mayor Teddy Kollek of Jerusalem and Regional Police Chief Rahamim Comfort, urging the swift

evacuation of the settlers on grounds that their presence was a source of needless friction.

The criticism became more opprobrious after the Likud caretaker government was forced to admit Monday that its Construction and Housing Ministry had surreptitiously provided a good part of the \$3.8 million used to purchase the lease from an Armenian tenant.

Ha'aretz reported Thursday that Israel's ambassador in Washington, Moshe Arad, sent a strong warning to the government this week that the episode was causing "unprecedented damage to Israel's position in the United States and is threatening our most important asset -- Jerusalem."

The government has defended its role, claiming it was a perfectly normal real estate transaction.

But that apparently did not impress some of Israel's most consistent supporters in the American Jewish community.

According to Ha'aretz, leaders of organized American Jewry are united in their condemnation of the settlement in the Christian Quarter and the government's handling of it.

#### INTERNATIONAL CHURCH BODY CONDEMNS JEWISH SETTLERS IN CHRISTIAN QUARTER By Tamar Levy

GENEVA, April 26 (JTA) -- The World Council of Churches has issued a blistering condemnation of the move by Jewish settlers into the Christian Quarter of Jerusalem's Old City, and has thanked Moslem leaders for "affirming their solidarity with the Christians."

The statement, published here by the church body's Ecumenical Press Service on Thursday, was the latest in the mounting international chorus of criticism aimed at Israel over the incident that began two weeks ago.

The declaration charged police brutality against protesters, including the Greek Orthodox patriarch, Diodoros.

About 150 Orthodox Jews, claiming they have a legal lease, have taken over two adjacent buildings known as St. John's Hospice, owned by the Greek Orthodox Patriarchate.

The move, on April 11, during the holy week preceding Easter, touched off protest demonstrations in the Old City, which were dispersed by police firing tear gas. Diodoros fell and was slightly hurt.

The international church body spoke of the "provocative behavior of the police, including the use of tear gas."

They charged that "this betrays all efforts toward reconciliation, rooted in the spiritual heritage of Jerusalem, and comes as further evidence of the violation of international agreements and of local traditions mutually recognized and observed by Jews, Christians and Moslems."

The World Council called for the immediate evacuation of the premises by the settlers.

In Jerusalem on Monday, the heads of the Christian churches and Christian communities issued their own stinging condemnation of the move, and the confirmation that the Israeli government had helped finance the move.

They ordered all Christian holy sites closed Friday, and announced that "all church bells throughout the country will ring a funeral toll every hour on the hour from 9 a.m. until noon.

Sunday has been declared a special day of prayer for the Christian community of Jerusalem.

#### STATE DEPT. VOICES ITS DISPLEASURE OVER NEW WEST BANK SETTLEMENTS By Howard Rosenberg

WASHINGTON, April 26 (JTA) -- The State Department said it was "dismayed" Thursday that Israel has started new settlement construction on two sites, one in the West Bank and one in the Gaza Strip.

The settlements, Alon, near the West Bank town of Kfar Adamim, and Dugit are "an obstacle to the achievement of a just and lasting peace," said deputy department spokesman Richard Boucher.

"We are dismayed by reports that Israel is going ahead with two new settlements in the occupied territories," he added.

A State Department source said Dugit is among the eight locations on which the now-defunct national unity government agreed in 1988 to construct new settlements. The department has previously issued statements criticizing construction activity at Dugit.

The source said the United States considers Alon to be a new Jewish settlement, which is not on the list of eight. But Israel's interim government considered it as the extension of an existing settlement about a mile away from one at Kfar Adamim, thereby not requiring approval.

The construction permits for the Alon settlement were obtained after the Labor Party left the government March 15.

Boucher called it "disturbing" that Israel's interim government "is taking steps the national unity government was unwilling to take on settlements."

Boucher had no response to the argument that by building more settlements, Israel may feel strong enough to take risks for peace.

He said U.S. officials would be raising settlement concerns with Israel, but will not respond with any cut in U.S. aid.

#### WHITE HOUSE: JERUSALEM RESOLUTION COULD HAVE 'UNINTENDED CONSEQUENCES' By Howard Rosenberg

WASHINGTON, April 26 (JTA) -- The Bush administration warned Thursday that House passage of a resolution declaring Jerusalem as Israel's capital could have "unintended consequences."

White House spokesman Marlin Fitzwater made the statement when asked if the vote Tuesday, 378-34, could make it more difficult to gain the release of the seven remaining U.S. hostages in Lebanon.

"The Congress needs to consider these resolutions more seriously than they have in the past," Fitzwater said. "They can have unintended consequences."

In Lebanon on Wednesday, Hussein Mousawi, a top official in the Hezbollah, the Party of God fundamentalist group which holds some of the hostages, said, "The American decision declaring Jerusalem a capital of Israel will complicate the issues of hostages . . . I expect the kidnappers not to release any more hostages."

Ruth Yaron, spokeswoman for the Israeli Embassy, had no immediate reaction to Fitzwater's statement. "This is an internal American affair that we would not be commenting on," she said.

At the State Department on Thursday, deputy spokesman Richard Boucher said Congress is "entitled to express its point of view."

## UNREST IN TERRITORIES LEAVES THREE DEAD, OVER 100 WOUNDED

By David Landau

JERUSALEM, April 26 (JTA) -- Clashes in the West Bank and Gaza Strip left at least three Palestinian youths dead and well over 100 injured Thursday.

Violence at the Jabalya refugee camp in the Gaza Strip was described by Israeli sources as one of the worst -- if not the worst -- incidents of the 28-month-old Palestinian uprising.

In addition to two fatalities there, official Israel Defense Force figures reported on television Thursday night put the toll of injured at 117.

Palestinian sources claimed 150 injured, 30 seriously.

An IDF officer appeared on television to explain that soldiers holding positions in the refugee camp had to open fire when they were struck by a hail of stones from all directions that threatened life and limb.

Disturbances erupted in the territories following services at mosques Thursday celebrating Id el-Fitr, the Moslem holiday that marks the end of the month-long fast of Ramadan.

The stoning at Jabalya became so intense that the IDF had to send for re-enforcements, including gravel-spraying trucks.

Reports of the incident spread to the West Bank triggering a violent outburst in Kabatiya village in the Samaria district.

One youth was killed and at least five were injured, according to Israel Radio.

## PALESTINIAN STATE ON WEST BANK COULD BE DESTRUCTIVE, STUDY WARNS

By David Friedman

WASHINGTON, April 26 (JTA) -- Israel cannot allow the establishment of a Palestinian state on the West Bank because it would lead to the destruction of the Jewish state, a study by a Jerusalem-based think-tank warns.

There is a consensus in Israel that for strategic and military reasons, it is "unthinkable" to agree to a Palestinian state, said Robert Loewenberg, president of the Institute for Advanced Strategic and Political Studies.

While the study assumes that such a state would be controlled by the Palestine Liberation Organization, Loewenberg said that a Palestinian state would mean that Israel would be held "hostage to the good will even of a benign state."

Rabbi Marvin Hier, dean of the Simon Wiesenthal Center, which sponsored the English-language edition of the study, said that a similar consensus exists among American Jews. He said no mainstream Jewish leader or organization was "an advocate of a PLO state on the West Bank."

They spoke at a news conference at the National Press Club Tuesday at which the 164-page study, called "Can Israel Survive a Palestinian State?" was released.

Hier said the report seeks to correct the "false perception" that two states west of the Jordan River are an option rather than a formula for Israel to "commit political suicide."

Loewenberg and Hier said that the study did not consider how peace could be achieved, including the "land for peace" formula.

"We want first to establish what is 'no,' " Loewenberg said, "and then we will be able to talk about what is 'yes.' "

Michael Widlanski, editor of the report and

project coordinator of the study, said that a Palestinian state would be a danger to Israel "even if it were ruled by the Boy Scouts of America."

He explained that it would become the advanced state for such Arab rulers as Iraq's Saddam Hussein and Syria's Hafez Assad, while "leaving Israel with an indefensible territorial depth. That would be an invitation for war."

Israel's main military edge today is the geography provided by the West Bank, Widlanski said. "The West Bank is a natural tank trap, it deters the entrance of troops," he argued. "As such it deters war."

Eugene Rostow, undersecretary of state for political affairs in the Johnson administration and one of the contributors to the study, said that the unconventional weapons "are so threatening and so dangerous that a mutual paralysis would set in" similar to one that has existed between the United States and the Soviet Union on nuclear weapons.

Rostow, who is one of the authors of U.N. Security Council Resolution 242, reiterated the argument that he has continually made that the U.N. resolution does not require Israel to withdraw from the territories gained in 1967 until the Arab countries make peace with it.

## TRILATERAL COMMISSION REPORT SAYS SYRIAN-ISRAELI PACT SHOULD BE FOCUS

By David Friedman

WASHINGTON, April 26 (JTA) -- A report submitted to the Trilateral Commission has predicted little chance for success for Secretary of State James Baker's efforts to bring about an Israeli-Palestinian dialogue.

Instead, the report's author, Garret Fitzgerald, former prime minister of Ireland, said the United States and the Soviet Union should work toward bringing about negotiations between Israel and Syria.

If they were successful at that, it could lead to Israel's acceptance of a Palestinian state, he said.

FitzGerald, who is also the Trilateral Commission's European deputy chairman, also urged the United States to liberalize its immigration laws to allow more Soviet Jews to enter the country.

This would "reduce significantly tensions in the occupied territories and among neighboring Arab states."

FitzGerald's report, which was prepared as a "discussion draft" for a luncheon session Monday at the commission's annual meeting here, was reportedly greeted coolly by the more than 200 delegates attending the session.

The commission is a nongovernmental body with more than 300 members from North America, Western Europe and Japan. Its stated aim is to promote mutual understanding and greater cooperation between the countries from which its members come.

The Trilateral Commission countries could aid the peace process "by pursuing issues of nonproliferation of chemical, biological and atomic weapons and of conventional disarmament in the region," FitzGerald says.

Pursuit of these issues coupled with an agreement between Israel and Syria "could facilitate Israeli agreement to a peace settlement involving a Palestinian state," FitzGerald concludes.

# EAST GERMANY TO ESTABLISH ISRAELI TIES BY SUMMER, FOREIGN MINISTER ANNOUNCES By David Kantor

BONN, April 26 (JTA) -- East Germany will establish diplomatic relations with Israel "before the summer," the East German foreign minister, Markus Meckel, announced Wednesday.

He did not specify the level of diplomatic representation.

However, he said the East German diplomat soon to be stationed in Israel would operate out of the West German Embassy in Tel Aviv.

With the impending unification of the two German states, there is no need for a separate embassy, Meckel explained.

He and West German Foreign Minister Hans-Dietrich Genscher have already discussed future diplomatic cooperation.

The two Germanys plan to merge their embassies abroad, and Israel may become the first country where this is done.

Meanwhile, the issue of reparations is being pursued.

East German diplomats reportedly have renewed contacts with their Israeli counterparts, to set a date for negotiations on that and other subjects.

Experts in Bonn and East Berlin believe East Germany will pay only a nominal amount of the reparations it has pledged to victims of Nazism before its monetary union with West Germany on July 2.

East Germany will then give up its sovereignty in financial matters and merge its currency with the deutschmark.

East Berlin announced Monday that it would contribute \$3.65 million to AMCHA, an Israeli foundation that provides psychological care and aid to Holocaust survivors.

Although the grant is not being called reparations, the award represents the first gesture of East German aid to Holocaust victims. West Germany has awarded in excess of \$47 billion in reparations since 1952.

An additional \$59,000 would be allocated to help establish an East German branch of the foundation, which would serve the 400 registered Jews there.

That may well be the extent of East German payment to Nazi victims, except for making property available for an Israeli diplomatic mission in East Berlin.

According to diplomats here, former Jewish property will be given to Jewish groups or to Israel as part of a reparations agreement.

# HAVEL TALKS WITH ISRAELI OFFICIALS, SIGHTSEES ON FIRST ISRAELI TRIP By Hugh Orgel

TEL AVIV, April 26 (JTA) -- President Vaclav Havel ended his first full day in Israel Thursday with an appearance before nearly 3,000 Jews of Czechoslovak origin attending a mass meeting at the Binyenei Ha'uma convention hall in Jerusalem.

The Czechoslovak president, the first Eastern European chief of state to visit Israel, arrived here Wednesday for a three-day official visit.

Although his itinerary includes talks with top Israeli officials as well as an hour meeting with a delegation of Palestinians at an East Jerusalem hotel, Havel has been mainly sightseeing.

After lunching with acting Prime Minister Yitzhak Shamir, the Czech leader toured the Old City and was led around the Israel Museum by Mayor Teddy Kollek.

Earlier, he was shown around the Yad Vashem Holocaust Memorial by its director, Yitzhak Arad, and placed a wreath at the eternal flame in the Remembrance Hall.

Havel is scheduled to visit the Diaspora Museum in Tel Aviv on Friday, where a special exhibition on Czech Jewry has been mounted.

He will also take a trip to Kfar Masaryk, a kibbutz founded by Czech Jews and named for Tomas Masaryk, Czechoslovakia's first president.

The playwright-president was awarded an honorary Ph.D. on Thursday by the Hebrew University, where Tomas Masaryk visited 63 years ago.

# CZECH JEWS FOUND CULTURE SOCIETY, WILL SERVE NEEDS OF NON-RELIGIOUS By Josef Klansky

PRAGUE, April 26 (JTA) -- The Society of Jewish Culture, founded here Tuesday, will serve the needs of non-observant Jews but may also help revive Jewish religious communities in Czechoslovakia, says its newly elected president, Bedrich Nosek.

The society was officially inaugurated at ceremonies in the ancient Jewish Town Hall on Tuesday. The packed hall was addressed by Zevulun Hammer, Israel's minister for religious affairs, who is on an official visit to Czechoslovakia.

Nosek, who is of mixed ancestry, holds a Ph.D. in Judaism and Hebrew. He told the Jewish Telegraphic Agency that the idea for the society arose from the need to give people who do not attend synagogue services an opportunity to participate in Jewish cultural and social life and learning traditions.

He noted that during the more than 40 years of Communist rule, which formally ended in January, any specifically Jewish activity except religious services was forbidden.

Now the time is ripe for change, Nosek said. He stressed, however, that the society is not competing with religious institutions.

On the contrary, studying Jewish culture, dealing with Jewish traditions and reading Jewish literature may help some people find their way back to religion, he said.

He said the society was considering opening a book shop and possibly even a printing press. He also said non-Jewish participation in its activities was welcome.

There is an active interest in Judaism and in the common Czechoslovak-Jewish cultural heritage in intellectual and academic circles in Prague, Nosek said.

Describing his own background, he explained he was raised in a gentile family but knew that some of his ancestors were Jewish.

His grandmother, a half-Jew, was forced to wear the yellow Star of David during the Nazi occupation. His father, his only relative with four Jewish grandparents, was persecuted.

He said his interest in the fate of the Jews and their traditions was first stimulated when his parents took him to the former Theresienstadt concentration camp.

Nosek, who earned his doctorate at Charles University, in Prague, is employed by the Jewish Museum in Prague. He is fluent in Hebrew and has many academic contacts in Israel.