

ARGENTINA EXTRADITES SCHWAMMBERGER TO WEST GERMANY FOR WAR CRIMES TRIAL
By Richard Rubin

NEW YORK, May 2 (JTA) -- Accused Nazi war criminal Josef Schwammburger, held responsible for the killings of at least 5,000 Jews, was handed over to West German authorities Wednesday by Argentina.

Schwammburger, 78, accompanied by a prosecutor from Stuttgart, West Germany, boarded a plane in Buenos Aires Wednesday afternoon for his extradition to West Germany.

The former commandant of the Przemysl and Mielec concentration camps in Poland is to stand trial in August in Stuttgart for the murder in 1943-44 of at least 5,000 Jews.

Schwammburger was arrested in 1945 in Innsbruck, Austria, where he confessed to killing 35 Jews by shooting them in the back of the neck at point-blank range.

He escaped two years later from an Austrian prison and made his way to Argentina, possibly with the help of the Odessa organization of escaped Nazis. He became a citizen in 1965.

Rabbi Abraham Cooper, associate dean of the Simon Wiesenthal Center in Los Angeles, called Schwammburger "one of the most notorious 'hands-on' murderers in the Nazi period."

"The fact that there are in excess of 50 surviving eyewitnesses who saw him commit murder is an indication of how many people he killed," Cooper said.

"This marks the first time a Nazi war criminal has been extradited from Argentina," noted Abraham Foxman, national director of the Anti-Defamation League of B'nai B'rith, which assisted West German authorities by locating many eyewitnesses.

Hundreds of Nazis are believed to have found safe haven in Argentina after World War II, often blending in with the large German population there.

'Important Symbolic Statement'

The Argentine Supreme Court in March upheld the West German extradition order, which was filed in 1973 by a court in Stuttgart.

Schwammburger's extradition "is an important symbolic statement by Argentina to itself," Cooper said. "This could only happen in a democratic Argentina."

Schwammburger was arrested in November 1987 in rural Cordoba province, where he worked in a civil service job under his own name. His arrest came a month after the Wiesenthal Center called Schwammburger its "most wanted" Nazi war criminal and began circulating his photograph in the Argentine news media.

When caught, he expressed surprise at how long it had taken Argentine authorities to find him.

Schwammburger's trial will be more important than his expected life prison sentence, Cooper said.

"This is a time when young people in Germany, especially in East Germany, need to know what Nazism was all about," Cooper said. "Schwammburger's trial will go a long way to educate them about the Nazi period."

ISRAEL WILLING TO ENTER HOSTAGE DEAL, BUT ONLY IF ITS OWN POWs ARE RELEASED
By Hugh Orgel

TEL AVIV, May 2 (JTA) -- Israel has informed the United States and other countries that it would consider releasing Shi'ite prisoners as part of a deal to win the freedom of Western hostages held by Shi'ite groups in Lebanon, but only if those groups agree to release Israeli prisoners of war.

Under no circumstances will Israel make a unilateral gesture in order to get American or other Western hostages released, if Israeli prisoners are not included, Ze'ev Schiff, a well-informed political and military commentator, reported Wednesday in the Hebrew daily Ha'aretz.

That is the essence of Israel's policy, and it is well known in Washington and other countries whose citizens are being held hostage, Schiff said.

But Israel apparently felt the policy had to be restated in light of remarks made Tuesday in Teheran that concessions are expected from the other side, following the release of two American hostages by pro-Iranian groups in Lebanon in the last two weeks.

Robert Polhill was freed April 22, after three years in captivity. Frank Herbert Reed, kidnapped in 1986, was released in Beirut on Monday.

There was no known quid pro quo, and there has been no known direct appeal to Israel by any country for a one-sided gesture.

In Washington, the Bush administration continued to be coy Wednesday about whether it was signaling Israel to release some of the Shi'ite prisoners.

State Department deputy spokesman Richard Boucher said that when President Bush was asked about this Monday, he replied that "we would have no objection to their release, but it was a matter for others to determine."

Israel Prepared To Free Obeid

Boucher said the U.S. position remains that "we do not deal for hostages."

But he also said the United States favors the release of all hostages, which some interpreted to include the Shi'ites detained by Israel.

Unlike official U.S. policy, Israel is willing to bargain with the kidnappers, because it feels it has a higher obligation to soldiers sent into Lebanon on military missions.

The missing soldiers include airman Ron Arad, shot down in Lebanon in September 1986; Israel Defense Force soldiers Rahamim Alsheikh and Yosef Fink, seized in an ambush; and three other soldiers missing after a bloody tank battle at Sultan Ya'acoub in Lebanon, during Israel's invasion of June 1982.

In exchange for them, Israel is prepared to discuss the release of Sheikh Abdul Karim Obeid, spiritual mentor of a faction of the Islamic fundamentalist Hezbollah, whom Israeli commandos seized from his home in Lebanon on July 28, 1989.

But "not even one hair of Sheikh Obeid, who is in our hands, will be returned without the release of the Israeli captives," a senior Israeli official told foreign representatives.

(JTA correspondent David Friedman in Washington contributed to this report.)

NEWS ANALYSIS:**WELCOME FOR MUBARAK IN DAMASCUS
IS A SOURCE OF CONCERN FOR ISRAEL**
By Gil Sedan

JERUSALEM, May 2 (JTA) -- Israel is watching with considerable concern the latest foray into inter-Arab diplomacy by Hosni Mubarak, president of Egypt, the only Arab country with which Israel is officially at peace.

Mubarak arrived Wednesday in Damascus, on the first visit to Syria in 12 years by an Egyptian head of state.

Syrian President Hafez Assad broke diplomatic relations with Cairo in 1979, when Mubarak's predecessor, the late President Anwar Sadat, signed a peace treaty with Israel. The Syrian leader vowed he would never forgive Egypt.

But the two countries resumed diplomatic ties last December.

But on Wednesday, Mubarak was welcomed in Damascus with a red carpet, a 21-gun salute and a warm hug from Assad. The arrival ceremony was broadcast live on radio, unusual for Damascus.

Israel's uneasiness stems from the main purpose of Mubarak's trip, which is to mediate a rapprochement between Syria and its neighbor Iraq, long bitter foes ruled by rival factions of the Socialist Ba'ath party.

Syria, in fact, was the only Arab country that supported Iran in its eight-year war with Iraq.

Israel fears that if Mubarak succeeds in ending their enmity, a new eastern front could develop, with the armies of Iraq, Syria and Jordan aligned against Israel, perhaps even with the passive cooperation of Egypt.

But on closer study, deep differences in the Arab camp become apparent.

Syria Sets Conditions For Talks

President Saddam Hussein of Iraq, who recently threatened to destroy "half of Israel" with chemical weapons, is trying to draw Jordan and the Palestine Liberation Organization under his military umbrella.

Although Mubarak went to Damascus with a message of detente between Syria and Iraq, he is keenly aware that he is competing with Baghdad for leadership of the Arab world. While Iraq is pushing a militaristic stand against Israel, Mubarak is pursuing a diplomatic option.

By joining ranks with the United States in speeding up the peace process, the Egyptian president hopes Israel can be cornered into making concessions. He would like Syria to be his ally, instead of an obstacle to his diplomacy.

The extent of his success so far can be measured by the message sent earlier this week by Syria to Egypt, expressing readiness to join the peace process.

Syria, of course, set conditions.

Israel would have to talk to all parties, including the PLO; withdraw to its 1967 borders; change its policies in the administered territories; and agree to an international peace conference under the auspices of the U.N. Security Council.

Iraq, meanwhile, is urging an Arab summit conference to discuss the "threats" posed by large-scale Soviet Jewish immigration to Israel.

Egypt so far has declined to give its blessings to such a conference. But Mubarak may do so if he is assured the summit will not undermine his efforts to restore Egypt to its one-time position as uncontested leader of the Arab world.

**NRP READY TO JOIN LIKUD GOVERNMENT,
BUT PREFERS NATIONAL UNITY COALITION**
By David Landau

JERUSALEM, May 2 (JTA) -- The National Religious Party decided Wednesday night to enter negotiations with Likud to join a new coalition government.

The decision, which was not a surprise, considerably improved Yitzhak Shamir's chances of wrapping up a Likud-led coalition with the religious and right-wing parties by the end of next week.

Until now, NRP has insisted on the broadest possible government or new elections.

The change of mind by the party's 31-member Executive reflected sharp divisions between hard-liners, who prefer a narrow, right-wing regime led by Likud, and moderates, who still hope Likud and Labor will join forces in a new unity government.

NRP veteran Zevulun Hammer, speaking for the moderate wing, said, "We will try sincerely to convince both big parties" to get together, but "will seriously consider" joining a narrow Likud government if that fails.

He observed that the NRP's five Knesset votes could not prevent Likud from forming a narrow regime.

Shamir, who was given 21 days by President Chaim Herzog last Friday to try to form a government, rejected a unity coalition with Labor at the outset.

He said, however, that once he has a government in place, Labor could join as a junior partner.

Shamir, who met with local Arab authorities in Nazareth on Wednesday, said he was devoting himself entirely to forming a new government of the right-wing and religious parties.

"In the fullness of time," it might become a unity government, because "I have always been a believer in that method," he said. But he said that was not his initial aim.

He also remarked that the previous government did, in fact, accept in principle U.S. Secretary of State James Baker's five-point peace plan for Israeli-Palestinian talks, though subject to certain "assumptions" laid down by Likud.

Shamir and the Likud negotiating teams had what were described as "friendly" talks Wednesday with three potential coalition partners on the political right: Tehiya, Tsomet and Moledet. The three parties said they discussed Cabinet portfolios, but refused to go into details.

SOFIA RESTORING TIES; BELGRADE NEXT?
By David Landau

JERUSALEM, May 2 (JTA) -- Foreign Minister Moshe Arens has flown to Bulgaria, where he will sign protocols Thursday marking the re-establishment of diplomatic relations between that country and Israel.

It will be the fourth Eastern European country to restore ties with Israel broken after the 1967 Six-Day War.

Hungary, Poland and Czechoslovakia already have done so. And Yugoslavia, which was never under Moscow's domination, may soon follow suit.

As Arens was airborne to Sofia, Deputy Foreign Minister Binyamin Netanyahu and other Foreign Ministry officials were meeting in Jerusalem with Mila Zupan, an official emissary from Belgrade, the Yugoslav capital.

**SENATE BACKS LOAN GUARANTEES
TO BUILD HOUSING FOR SOVIET JEWS**

By Howard Rosenberg

WASHINGTON, May 2 (JTA) -- The Senate on Tuesday approved \$400 million in investment guarantees to provide housing loans for newly arrived Soviet emigres in Israel.

The \$400 million was contained in a \$3.4 billion supplemental appropriations bill for this fiscal year, which began Oct. 1.

The House of Representatives approved the \$400 million on April 3, as part of a \$2.4 billion version of the bill.

Differences in the two bills must now be ironed out by a House-Senate conference committee before final passage by Congress.

President Bush has threatened to veto the measure if the conference committee adopts a Senate rider to the bill allowing the District of Columbia to pay for abortions for poor women.

Both the Senate and House bills contain \$35 million to help Jewish groups bring Soviet Jews to the United States or resettle them in Israel.

Of the \$35 million, \$30 million would go to the Hebrew Immigrant Aid Society and the American Jewish Joint Distribution Committee, which assist Soviet Jews seeking entry to the United States.

Both houses also approved \$5 million for the United Israel Appeal, which distributes funds raised by the United Jewish Appeal for the absorption of immigrants in Israel.

UIA earlier received nearly \$25 million to resettle Soviet Jews in Israel this year. The money was directed to the Jewish Agency for Israel.

Thousands Still Coming To U.S.

Congress is providing the funds to meet the demand created by an unprecedented exodus of Jews from the Soviet Union.

More than 27,000 Soviet Jews have arrived in Israel so far this year, over 10,000 in April alone. By comparison, just over 12,000 Soviet Jews arrived in Israel during all of 1989.

At the same time, a large number of Soviet Jews are still coming to the United States on American visas. A total of 9,434 Soviets, mainly Jews, arrived here in March, said Pamela Lewis, spokeswoman for the State Department's refugee affairs bureau.

A maximum of 50,000 Soviets will be allowed to come to the United States as refugees this fiscal year, which began Oct. 1. As of March 31, 37,592 Soviets had arrived, the vast majority of them Jews, according to Lewis.

That means that in the last five months of the 1990 fiscal year, only a few thousand Soviet Jews will be allowed to enter the United States as refugees.

The Hebrew Immigrant Aid Society estimates that 40,000 Soviet Jews will be entering the United States this fiscal year, about 8,000 of whom will be coming without government funding.

Phillip Saperia, assistant executive vice president of HIAS, said approximately 35,000 will come to the United States via Rome, where the United States has a refugee processing center.

The United States has been trying to clear refugees out of the processing center, which it hopes to close by early June. Saperia said that as of April 26, there were roughly 4,500 Soviet Jews left in Rome.

While Saperia expects nearly all of them to

enter the United States by the end of the year, there are signs of a growing backlog in Moscow that cannot be accommodated until the next fiscal year begins Oct. 1.

Royce Fichte, director of the State Department's Washington processing center, which handles paperwork for Soviet refugees wanting to be interviewed at the U.S. Embassy in Moscow, said that between January and June, 10,421 Soviets have been scheduled for interviews there.

But Lewis said that since Oct. 1, the United States has distributed 500,000 applications to potential Soviet refugees and has received back 200,000 completed forms.

Saperia said that for the next fiscal year, Jewish groups will ask Congress and the administration to reauthorize the 50,000 refugee ceiling, but find necessary funding so that none would have to come with private aid.

This fiscal year, 10,000 Soviet refugees are being admitted to the United States without government funding.

**INTERIM REGIME HAS RECIPE FOR ECONOMY:
TAKE VITAL REFORMS, SPUR COMPETITION**

By David Landau

JERUSALEM, May 2 (JTA) -- The Likud caretaker government has come up with a recipe to invigorate Israel's sluggish economy and create the tens of thousands of jobs needed to absorb new immigrants.

It calls for significant reforms as a prerequisite for investment, more competition and privatization of the economy. But no decisions were made, and none are expected until a new government is formed.

The Cabinet nevertheless devoted much of its regular weekly meeting Tuesday to discussing a report by senior Finance Ministry officials. The meeting was postponed from its usual Sunday slot because of Yom Hashoah.

The economists reported that the recession had already ended in many areas of the economy at the end of 1989. There were signs of stability but little evidence of solid economic growth.

For that reason, the high rate of unemployment -- about 9.5 percent -- has not improved.

The Treasury economists stressed the need to create jobs to match the rapid rise in available manpower in the months and years ahead.

The economists proposed boosting exports by making them more profitable and reducing inflation by unlinking prices from the cost-of-living index.

The experts insist on matching cutbacks in overall government spending before the budget for immigrant absorption is increased.

Other measures advocated include income tax reform, especially for companies to increase incentives for investment, and structural reforms in the marketing of farm products, banking and transportation to increase competition in those areas.

The economists would reduce tariff barriers to expose more Israeli products to competition from imports.

They would continue to peg wages and salaries to the cost-of-living index, but would freeze wage increases in the public sector for now.

The policy of a floating shekel, introduced Feb. 28, would be retained, and no devaluation should be contemplated at this time.

Finally, the economists would sell off many government-owned companies to private buyers.

WJC CLAIM THAT WALDHEIM'S NAZI CREED FORMED EARLY DENIED BY SCHOOL CHUM
By Howard Rosenberg

WASHINGTON, May 2 (JTA) -- The World Jewish Congress, in pursuit of what it calls "the moral case" against Austrian President Kurt Waldheim, alleged this week that he held strong Nazi convictions during his teen-age years.

WJC's new information about Waldheim is based on information that Waldheim, in applying for a scholarship from the Austrian Chamber of Commerce to help pay for his studies at the Consular Academy, said he had four Aryan grandparents.

In addition, the academy's director wrote in a letter to the Chamber of Commerce that Waldheim "has been a convinced Nazi for years (but) has not been able to be politically active since 1936, as he was doing military service."

The letter by the academy's director was found by a U.S. graduate student studying in Vienna, said Elan Steinberg, executive director of the WJC.

If Waldheim had "feigned being a Nazi, that would be one thing," Steinberg said. But Waldheim has maintained that he was "stridently anti-Nazi in college," said Steinberg.

However, a prominent British Jew maintains that Waldheim was a friend of Jews and anti-racist.

Lord George Weidenfeld, a publisher of Waldheim's memoirs, said, in a statement released by the Austrian Embassy here, that he and Waldheim had been classmates at the Consular Academy, and that Waldheim "voiced definitely anti-racist views and had many Jewish friends" there.

Link To Deportation Of Italians?

Steinberg concedes there is no possibility of any legal action against Waldheim, beyond the April 1987 U.S. decision to place him on the "watch list" of persons barred from U.S. soil because of probable involvement in Nazi crimes.

Austria, which has not tried alleged Nazis for decades, has said it will not try Waldheim for any possible war crimes.

An Austrian Embassy official said Waldheim came from a Christian socialist and conservative Catholic background, which did not strongly back the Nazi cause.

"One really cannot say that Waldheim was a Nazi or that he held Nazi convictions," the official said.

The official said that the academy director who assisted Waldheim "wanted to do him good" and that such recommendations were written to help those students who were not "outright Nazis" gain scholarships.

The WJC made another accusation, that Waldheim, as a German army officer in Greece during World War II, transmitted an order conveying a covert Nazi plan for rounding up Italians for movement to German slave labor camps.

A document supporting this was obtained by a WJC researcher rummaging through the U.S. National Archives.

Waldheim has previously denied any involvement in the deportation of Italian soldiers. Rather, he has said he believed those Italians were being sent home to freedom.

Ulf Pacher, a spokesman at the Austrian Embassy, dismissed what Waldheim may have done in Italy as minor, because he was only "a second lieutenant" at the time.

FRENCH LAWMAKERS TO VOTE SOON ON MEASURES PUNISHING RACIST ACTS
By Edwin Eytan

PARIS, May 2 (JTA) -- The National Assembly is expected to vote shortly on a series of measures that would toughen existing laws against racism and make denials of the Holocaust a felony punishable by a mandatory prison term.

A not-so-veiled threat of civil war emanated from Jean-Marie Le Pen's racist National Front, the extreme right-wing organization bound to be most affected by the proposed legislation.

The new measures would designate racism, anti-Semitism, xenophobic agitation and denial of the Holocaust as felonies punishable by prison sentences.

The legislation would strip citizens of their civic rights, including the right to vote or to be elected to office, if found guilty of incitement to racism. It provides mandatory prison sentences for incitement to racial or anti-Semitic crimes.

The bill would modify existing laws on freedom of the press, and for that reason is opposed by the National Federation of French Publishers and by several journalists unions.

Originally proposed by the Communist Party, but extensively amended by the Assembly's Law Committee, the measure has received cautious support from the governing Socialist Party of President Francois Mitterrand.

But the two main opposition parties -- the Union for French Democracy of former President Valery Giscard d'Estaing, and the neo-Gaullist Rally for the Republic of former Prime Minister Jacques Chirac -- announced Wednesday they would vote against the bill as it now stands.

National Front Stages Protest

The most vociferous opposition to the proposed legislation came from Le Pen's National Front, which staged a mass protest demonstration outside Parliament while the measure was being debated in the lower chamber Tuesday.

Police estimated the crowd at 4,000 demonstrators. The National Front claimed 40,000. They carried placards reading "France for the French," "Le Pen to the Elysee" -- the presidential palace -- and "Mitterrand to the Museum."

Le Pen warned the deputies that if the law is adopted, his followers might resort to "extra-parliamentary" methods to express displeasure.

Le Pen, who has publicly questioned the authenticity of the Holocaust, said nothing about Jews, but alluded to "international pressures and lobbies" that threaten French sovereignty.

His speech, as usual, focused on France's large influx of immigrants, which has become a major domestic political issue.

The National Front is believed directly or indirectly involved in the recent wave of violent racist incidents directed generally against Arab immigrants from North Africa.

More than a half-dozen temporary residents, known as "guest workers," have been killed during the last six months by firearms or bombs planted in hostels for foreign workers.

Although Le Pen has usually refrained from overt anti-Semitic statements, some of his closest followers are rabid anti-Semites.

The French Jewish community has energetically opposed him since the National Front gained national stature 10 years ago. The Jewish community has urged all French political parties to shun direct or indirect collaboration with Le Pen.