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**WHO POSTPONES INDEFINITELY
PLO APPLICATION FOR ADMISSION**

By Edwin Eytan and Tamar Levy

GENEVA, May 10 (JTA) -- The World Health Organization has put off consideration of an application by the Palestine Liberation Organization for admission to the U.N. agency as a self-proclaimed state of Palestine.

A resolution adopted by consensus at the World Health Assembly on Thursday shelved the issue indefinitely.

It called on WHO's director general, Dr. Hiroshi Nakajima, to continue to study the application and report back to the assembly "at the appropriate time."

No deadline was set, however, and there was virtually no debate.

Israel and the United States took the floor after the vote, to explain that they opposed the paragraph requesting the director general to continue his study of the application of "Palestine."

They objected to the reference to "Palestine" as representative of the Palestinian people.

Nevertheless, all parties seemed satisfied with the outcome, including the PLO, which led some observers to conclude that some sort of behind-the-scenes deal was made.

Nakajima is satisfied, because the assembly can address urgent world health issues instead of bogging down in a political controversy, as was the case at last year's session.

'Positive Achievement'

The Israeli minister of health, Ehud Olmert, told the Jewish Telegraphic Agency that "in the present circumstances, this is a positive achievement, and we have a lot to thank the strong and steady help of the United States."

John Bolton, the U.S. assistant secretary of state for international affairs, noted that for the second consecutive year, WHO has rejected the PLO's application, and hopefully, that organization has gotten the appropriate message.

But Dr. Fathi Arafat, president of the Palestinian Red Crescent, sounded cheerful when he said the PLO would try its luck next year.

The Red Crescent seeks to become the conduit through which WHO funnels an annual allocation of \$18 million for the health needs of Palestinians in the West Bank and Gaza Strip.

Israel forbids the Red Crescent to function, claiming it is a PLO front.

Fathi, a physician, is the brother of PLO chief Yasir Arafat.

The assembly's rejection of the PLO's membership bid was doubtless influenced by U.S. threats to withdraw its funding, which accounts for more than a quarter of WHO's annual budget, if the Palestinians were to gain entry.

The move was attributed in large measure to the determination by most of WHO's 167 member states to stick to global health issues instead of political disputes.

Nakajima, a physician from Japan, made that point in his address when the assembly opened here Monday. He reminded the delegates that "by its very mandate, WHO is a technical agency, not a political one."

**ARENS SAYS U.S.-ISRAELI RELATIONS
GOING THROUGH 'A PERIOD OF TENSION'**

By David Landau

JERUSALEM, May 10 (JTA) -- Israel is "going through a period of tension in our relations with the United States at this time," Foreign Minister Moshe Arens said Thursday morning.

Voicing concern, Arens told Israel Radio that "there is no doubt" that ties between the two nations are strained, particularly over the role the United States has taken in a U.N. Security Council resolution that would censure the settlement of Soviet Jews in the administered territories and East Jerusalem.

This "is not the first time, and I suppose not the last" there will be tension between the two countries, he said.

Arens made clear that Israel feels it is experiencing greater difficulties with the Bush administration than with its predecessor on the issue of Jewish settlement in the territories.

"This administration is more exercised by the issue than the previous administration," Arens said.

He summoned U.S. Ambassador William Brown to the Foreign Ministry on Wednesday, to protest the U.S. role in helping draft what the ministry called an "attack on the right of Jews to immigrate to Israel." They talked for an hour.

A government spokesman said Arens told Brown that American activities in the Security Council were "efforts to coordinate Washington's position with those of Arab states."

Coordinating With Hard-Line Country

He accused the United States of coordinating its efforts with, among others, the Republic of South Yemen, a country often described as hard-line, with a reputation for involvement in terrorism.

According to the spokesman, Arens said it was "intolerable 50 years after the Holocaust that there should be a desire to prevent Jews from returning to their homeland."

In Washington, the State Department characterized Arens' comments as "a little confusing" and maintained that the United States wholeheartedly supports Soviet Jewish immigration to Israel. But U.S. criticism of potential Jewish settlement of the territories was part of the official message.

At a news conference Thursday afternoon, State Department spokeswoman Margaret Tutwiler said, "We want the immigration to take place and will oppose efforts by anyone to block it."

The United States, she said, backs the "absorption of these immigrants into Israel. We have and we will continue to press for steps that facilitate and expedite that immigration, such as direct flights."

However, she said, "we draw a distinction between absorption of Soviet Jews into Israel and their movement to the territories. The government of Israel is well aware of our concern that Soviet Jews not be encouraged to move into the territories."

She said Arens "knows very well what our policy is."

A final vote on the Security Council resolu-

tion was indefinitely postponed Wednesday, but the draft could be reintroduced at any time.

Tutwiler would not say how the United States would vote on the resolution until it saw a final text.

In his radio interview, Arens dismissed the idea that the tension between the two nations was aggravated by Israel's failure so far to respond to U.S. Secretary of State James Baker's proposal to engage in a dialogue with Palestinian representatives.

The United States knows it must wait for a new government to be constituted in Israel, "before there can be contacts with us on the diplomatic issue," the foreign minister said.

Asked how U.S.-Israeli relations might be affected if a narrow hard-line government is formed, which would include parties opposed to the peace process, Arens' response was that the basis of the relationship between the countries remained sound and firm.

Tutwiler of the State Department seconded this and commented on the differences.

"Our bilateral relationship is very, very strong. As with any strong friendship, there are differences of opinion on certain issues, but these can and should be managed in a mutually satisfactory fashion."

(JTA correspondent Howard Rosenberg in Washington contributed to this article.)

LABOR PARTY REACHING SHOWDOWN STAGE AS INTERNAL REPORT SAID TO SLAM PERES By David Landau

JERUSALEM, May 10 (JTA) -- The bitter power struggle within the Labor Party may soon reach the showdown stage, with the imminent publication of an internal report said to be sharply critical of the stewardship of party leader Shimon Peres.

The study analyzes Labor's poor performance in the 1988 Knesset elections, from which it emerged second to Likud, and media reports Thursday said its thrust would be that Peres was directly to blame.

Peres charged Thursday that there were biased leaks by certain members of the party's study panel writing the report, who acted "out of factional motives."

Peres' leadership of the Labor Party has been openly challenged by his longtime rival, former Defense Minister Yitzhak Rabin.

The authors of the report charge that Peres and his closest aides were in control of the party's campaign propaganda machinery, which they used to focus attention on Peres as the prime ministerial candidate, although the polls showed Rabin was more popular with undecided voters.

The panel's chairman, Professor Yoram Lass, said Thursday that the media reports were premature. They were unauthorized and did not reflect the finished report, he said.

Lass, however, did not categorically deny the veracity of the media leaks.

Ha'aretz reported Peres was bringing heavy pressure on the study panel to modify its language.

The tension between Rabin and Peres escalated Wednesday, when Rabin described the recent coalition negotiations as "a stinking exercise."

Rabin was implying that Peres and his aides wasted their time in hopeless dickering with the ultra-Orthodox Shas and Degel HaTorah parties

and a group of Likud renegades, the Zionist-Liberal faction, who have since returned to Likud.

But Shamir has also had scant success so far in forming a government, because the religious parties he needs to form a governing coalition are insisting that Likud and Labor try to establish a new unity government.

Labor Party Secretary-General Micha Harish threw cold water on the idea Thursday, when he made clear to the National Religious Party that the two blocs would have to be evenly balanced in a new alliance.

The NRP, apparently speaking for Likud as well, informed Labor that was not acceptable. The religious party will continue its efforts only over the weekend.

It has indicated that if it fails to catalyze a new unity government, it will cast its lot with Likud.

ISRAEL'S HIGH COURT ORDERS NEW PROBE OF BANK SCANDAL By Gil Sedan

JERUSALEM, May 10 (JTA) -- The High Court of Justice on Thursday ordered Attorney General Yosef Harish to re-open his investigation of senior bank executives involved in a 1983 financial scandal, with the possibility of criminal prosecution.

The court order was a rebuke to the attorney general, whose decision not to prosecute the bank chiefs touched off an uproar in parliamentary and financial circles when it was announced last November.

Harish said at the time that he based his decision on the possible lack of sufficient evidence to sustain criminal charges, and "a lack of public interest in the affair."

He also maintained that the bank managers had already paid a price by loss of their jobs and that in any event, state supervisory bodies had been equally lax.

But High Court Justices Meir Shamgar, Aharon Barak and Shlomo Levin brushed aside those arguments.

Acting on the basis of public petitions, including several from Knesset members, they expressed sharp criticism of Harish's reasoning and dismay over the fact that he never specified just what evidence there was against the banks and their managers.

Harish said Thursday that he accepted the High Court's order, "as a judge who receives an order by a higher hierarchy, even if the higher instance overturns his sentence."

He said he would consider all the implications of the ruling and make a decision based on a thorough study of the case.

The investigation will involve former managers of Bank Hapoalim, Bank Leumi, the Mizrahi Bank and Bank Igdud, which are among Israel's largest banking institutions.

The bank managers were charged with fraudulently inflating the value of their banks' shares, to mislead the public into investing in them.

Bank shares were for years the most popular form of saving for tens of thousands of Israelis, including many of modest income.

The shares, traded on the Tel Aviv Stock Exchange, collapsed on Oct. 6, 1983, because investors, panicked by a rumored 7.5 percent devaluation of the shekel, rushed to cash them in order to buy U.S. dollars and other hard currency.

**ANCIENT FRENCH JEWISH CEMETERY
BRUTALLY DESECRATED, BODY EXHUMED**

PARIS, May 10 (JTA) -- An ancient Jewish cemetery in Carpentras, in southern France, was brutally desecrated before dawn Thursday as some 34 gravestones were overturned. The corpse of an 82-year-old man, buried two weeks ago, was exhumed and thrown over another grave, impaled on an umbrella handle.

President Francois Mitterrand expressed "horror" at the criminal act. "Whoever the perpetrators, they must be found and punished," the president declared.

The act was denounced by virtually every political faction in France, and by outraged leaders of French Jewry.

According to the police, the vandalism was perpetrated by at least four people, who spent almost all night in the cemetery. The grounds were strewn with empty beer cans.

The Catholic churchyard in Carpentras has been desecrated repeatedly in recent years, but no one has been caught.

Interior Minister Pierre Joxe, who visited the scene Thursday, said, "One cannot but blush with shame to see what has been perpetrated in France."

"We thought such abominations could not happen in France," he added. Joxe appeared shocked by what he had seen.

Jean Kahn, president of CRIF, the representative body of French Jewish organizations, told the Jewish Telegraphic Agency that the Jewish community was "horrified by this unspeakable act."

"We ask for compensation for our dead and our communities," he said.

Kahn blamed mounting racial hatred and anti-Semitism in France. "Even the Nazis, in the darkest days of occupation, never picked on the corpses of our dead," he said.

Carpentras, a city of 26,000, is one of the most ancient Jewish communities in France. Its synagogue dates from 1367 and was rebuilt in 1741.

But only 10 Jewish families live there now, most of them Sephardim who came from North Africa after 1962 and are well integrated.

**CASE OF DEPORTED EX-NAZI SCIENTIST
SPARKS FUROR BETWEEN BACKERS, WJC
By Dan de Vise**

WASHINGTON, May 10 (JTA) -- The case of rocket scientist Arthur Rudolph, who was compelled to leave the United States 33 years after he was invited here because of his role in the Nazi war effort, has sparked a tug-of-war with his Huntsville, Ala., co-workers, an Ohio member of Congress and the World Jewish Congress.

On the eve of a May 12 visit to Huntsville by Rep. James Traficant (D-Ohio), who will speak in support of Rudolph's return to the United States, the Huntsville-based Friends of Arthur Rudolph is rallying support for the former NASA scientist.

Deported seven years ago to West Germany, Rudolph headed work on the Saturn 5 project at Marshall Space Flight Center in Huntsville during the 1960s.

"There is nothing to mitigate," Hugh McInish, leader of Friends of Arthur Rudolph, said in a telephone interview. "He was a German national, and he was a nominal member of the Nazi Party. When he was captured, he told the (U.S.)

government everything there was to know. They decided he had done nothing wrong."

But Traficant's planned visit has enraged Elan Steinberg, executive director of the WJC. Steinberg has denounced the trip and questioned Traficant's intentions.

"We're concerned that a U.S. congressman would be supporting a self-admitted Nazi," Steinberg said in a phone interview, referring to a 1983 Justice Department document in which Rudolph pled "no contest" to charges that he knew slave laborers in his care were dying.

Rudolph, who joined the Nazi party in 1931, managed a V-2 rocket factory at the Dora-Nordhausen concentration camp in Germany during World War II. The camp housed slave laborers, many of whom died while under Rudolph's supervision, according to Steinberg.

The Justice Department's Office of Special Investigations deported Rudolph in 1983, after offering him the alternative of remaining here and facing a slate of criminal charges.

The OSI, which investigates suspected Nazi war criminals, has been a frequent target for Traficant, who opposed the OSI-enforced deportation of Cleveland auto worker John Demjanjuk. Demjanjuk is currently on death row in Israel, following a trial.

Meanwhile, opponents of Rudolph's return charge that the government knew of his crimes as early as 1949, but ignored the evidence because of his value as a military scientist.

Steinberg alluded to a 1949 Army document that spoke of Rudolph as "100 percent Nazi" and "a security risk."

**PROTEST AGAINST SOVIET WRITERS
LEADS TO CANCELLATION OF MEETING
By Elena Neuman**

NEW YORK, May 10 (JTA) -- "Russian Nazis out of New York!" and "No U.S. government money to anti-Semites!" was the greeting seven Soviet literary figures, some of whom are believed to be anti-Semitic, received upon arrival in New York.

Members of the Jewish Defense Organization, a small militant offshoot of the Jewish Defense League, demonstrated outside their hotel Wednesday night to protest their being in New York, as part of a United States Information Agency tour.

A Thursday meeting between the writers and a delegation from the Zionist Organization of America was canceled at the last minute. The ZOA says the cancellation was a direct response to the demonstration.

Vitaly Lekhter, president of ZOA's Soviet Jewish Division, said the United States Information Agency told him that "they are afraid to meet with us because Mordechai Levy staged a violent demonstration."

Not true, says the USIA, which is sponsoring the writers' national tour. "They were angry that too many meetings were pushed into their few days in New York. They were simply overbooked," said Donna Shirreffs, acting director of the New York Reception Center of USIA.

"They hadn't even arrived in New York yet," she added, explaining that the JDO demonstration occurred at around 7 p.m. and the plane didn't arrive until 10 or 11 p.m.

But JDO leader Mordechai Levy insists that the Soviet writers were there. "They just scurried for cover," said Levy. "They didn't know what would happen to them."

JEWISH AGENCY TURNING TO GOVERNMENT TO CLOSE FUNDING GAP FOR IMMIGRANTS

By Allison Kaplan

NEW YORK, May 10 (JTA) -- Millions of dollars being raised around the world for the resettlement of Soviet Jews in Israel are likely to fall far short of meeting the needs of the thousands of immigrants pouring into the country, officials of the Jewish Agency for Israel now say.

Recognizing this, the Jewish Agency is asking the Israeli government to shoulder a larger share of the financial burden of the immigrants' transportation and initial absorption costs.

Last November, the Jewish Agency asked Diaspora communities to mount a three-year campaign to raise \$600 million for the resettlement of Soviet Jews in Israel.

That amount was based on the Jewish Agency's projected budget for immigration and absorption, which in turn had been formulated on expectations of 70,000 Soviet Jews entering Israel this year.

But those estimates were made last November. Now, at least 150,000 immigrants are expected to arrive during the next fiscal year.

"All of the numbers are outdated," Norman Lipoff, chairman of the United Israel Appeal and the Jewish Agency Budget and Finance Committee, admitted Monday as he presented the agency's projected budget for the next two fiscal years.

The discrepancy leaves a minimum of 80,000 Soviet Jewish olim financially unaccounted for in the Jewish Agency's budget next year.

\$250 Million In Unplanned Costs

Resettlement of each Soviet immigrant costs \$3,300. That leaves the agency with at least \$250 million in unplanned costs this year alone.

Mendel Kaplan, chairman of the Jewish Agency Board of Governors, told the Jewish Telegraphic Agency that negotiations are now under way between the agency and the government to have the government bear a larger part of immigration costs.

Currently, the Jewish Agency is paying the full price of transporting Jews from the Soviet Union; supporting the operation of absorption centers; and paying 50 percent of the costs of direct absorption, a scenario in which new immigrants move directly into subsidized apartments, rather than absorption centers.

Kaplan said that asking the government for relief is part of a three-pronged strategy to cover the funding gap. The other two moves, he said, will be stepped-up fund raising around the world and trimming the Jewish Agency's budget.

Neither will be easy.

In the United States, the United Jewish Appeal is reluctant to enlarge its \$420 million Operation Exodus goal. After failing to reach its \$75 million Passage to Freedom mark last year, UJA is hoping to retain an Operation Exodus target that will allow it to achieve success.

But the Jewish Agency has received "voluntary additional amounts" from other countries, said Kaplan. Canada has raised its Operation Exodus goal from \$75 million to \$100 million.

To aid the resettlement effort, the Jewish Agency committed itself to finding \$200 million from other portions of its budget for absorption needs. But so far, it has only managed to cut \$100 million from other areas.

Therefore, even before the larger emigration numbers were factored in, the agency was expect-

ed to rack up a deficit of \$100 million by the 1991-1992 fiscal year.

Diaspora leaders who have been pushing for years to streamline the entire Jewish Agency-World Zionist Organization enterprise are using this financial crisis as ammunition to push their efforts forward.

A Move To Eliminate WZO?

The agency's Budget and Finance Committee resolved in February that, in view of the present fiscal situation, there should be immediate "unification of certain activities and other efficiencies within the administrative, personnel and finance units of both the WZO and the Jewish Agency."

It also called for a "review of possible merger of departments or changes in their areas of activity."

One initiative to help slim down the Jewish Agency is the creation of a Joint Authority for Jewish-Zionist Education. Its purpose will be to bring the Jewish education programs of the Jewish Agency and the WZO under one budgetary and administrative umbrella.

Negotiations between the two organizations have been delicate. Many in the American Jewish community have commented privately that the Joint Authority could be the first step toward eliminating the WZO as an autonomous organization, since the WZO derives most of its identity from its official role of coordinating worldwide Jewish education efforts.

But WZO leaders involved in crafting the plan insist that is not the case.

"I really think it's supposed to unify, eliminate duplication of efforts, streamline all the efforts in education and the youth programs under the education umbrella," said Bernice Tannenbaum, head of the WZO-America Section and a member of the WZO Executive. "It does not mean taking control of the WZO," she stressed.

NEW CONGREGATION IN MOSCOW GIVES SOVIET JEWS A NON-ORTHODOX OPTION

London Jewish Chronicle

LONDON, May 10 (JTA) -- A sign of the growing tolerance of religion in the Soviet Union is the recent establishment in Moscow of the first Progressive Jewish congregation in that country.

It is called Congregation Hineni and was established two months ago under the aegis of the World Union for Progressive Judaism, which represents Reform, Liberal and Reconstructionist Jewish congregations around the world.

Hineni presently has only 150 members and meets in an apartment that cannot hold more than 30 people. That necessitates a rotation system, which permits a member to attend services only once every three or four weeks.

But the congregation plans to acquire more commodious quarters as soon as the Soviet Ministry of Religious Affairs formally approves its application for recognition.

Hineni already has a rabbi, Robert Feinberg, a Russian-speaking American from Norfolk, Va., who will serve from Aug. 1 to July 31, 1991.

According to the World Union, Soviet Jews will now have the same options as Jews in the West to choose how and where they will worship.

The famous Choral Synagogue in Moscow and the 36 institutions run by the Hasidic Lubavitch movement all over the Soviet Union separate the sexes for prayer. At Hineni, for the first time, Soviet Jewish men and women can worship together.