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**BOMB EXPLODES NEAR JERUSALEM MALL, INJURING THREE, INCLUDING A CHILD**

By Gil Sedan

JERUSALEM, July 1 (JTA) -- A bomb exploded near a busy shopping mall in western Jerusalem Sunday evening, slightly injuring three people, including a 4-year-old girl.

Police cordoned off the area and detained scores of Arabs for questioning, which has become a standard procedure in suspected terrorist attacks.

The blast occurred shortly before 8 p.m. local time on the staircase of an apartment building on Ben-Hillel Street, which is perpendicular to the Ben-Yehuda Mall.

It was the latest incident in the escalation of violence in Israel and the administered territories since seven Palestinian workers were gunned down by an allegedly demented Israeli in Rishon le-Zion on May 20.

A bomb exploded at the Dead Sea resort of Ein Gedi on June 23, injuring two Israelis and two West German tourists.

On May 28, a bomb explosion killed an Israeli and wounded 10 people in the Machaneh Yehuda outdoor market in Jerusalem.

Meanwhile, Defense Minister Moshe Arens is trying to ease tensions in the territories. He ordered the early release of 416 Palestinian security prisoners Sunday on the occasion of the Moslem feast of Id el-Adha.

The prisoners all were convicted of participating in violent demonstrations, but not of terrorist acts. Israel normally releases a small number of prisoners before Moslem holidays as a goodwill gesture.

Palestinians and Jewish settlers in the territories met separately Sunday with Jean-Claude Aime, a ranking U.N. official visiting as an emissary of Secretary-General Javier Perez de Cuellar.

For the settlers, it was their first meeting with a senior U.N. representative, and they appear to have found a receptive ear.

He heard their arguments that human rights in the territories did not apply only to Arabs but to Jews as well.

The Palestinians with whom Aime met urged international custody over the territories.

**U.S. WON'T GIVE UP ON PEACE PROCESS, EVEN IF ISRAEL REJECTS BAKER PROPOSAL**  
By David Friedman

WASHINGTON, July 1 (JTA) -- The Bush administration has signaled that it intends to remain engaged in the Middle East peace process, whether or not it receives the cooperation it is seeking from Israel.

President Bush indicated Friday that his administration will keep trying to bring about an Israeli-Palestinian dialogue even if Israel continues to reject the current U.S. proposal for such talks.

"We are not going to give up on that kind of solution to this problem," Bush said in a nationally televised news conference at the White House. "We have to do that."

But the president added that "if we get totally stiff-armed" on the U.S. proposal to bring

about Israeli-Palestinian talks, "then we go back to the drawing board."

"We are not going to sit here and do nothing," he declared.

The president's statement was the first indication that the United States is willing to stay involved in the Middle East peace process whether or not current proposals to advance the process bear fruit.

Previously, Secretary of State James Baker, who hammered out the U.S. proposal for Israeli-Palestinian talks in Cairo, had indicated that the United States might withdraw from an active role in the peace process if his formula does not gain acceptance from both sides.

U.S. readiness to pull out of the peace process was voiced most succinctly by Baker himself, when the secretary told the House Foreign Affairs Committee on June 13 that the parties to the conflict should call the White House "when you're serious about peace."

**No Comment On Shamir Response**

His comment, which was widely viewed as a slap in the face to Israel, was followed the next week by a letter from Bush asking Israeli Prime Minister Yitzhak Shamir if the new Israeli government was committed to implementing his May 1989 peace plan.

The plan calls for Palestinians in the West Bank and Gaza Strip to elect representatives who would negotiate with Israel on limited self-rule and eventually the final status of the territories.

Shamir sent the U.S. president a lengthy response last Thursday. The letter, couched in friendly terms, expressed Israel's continued support for its peace plan. But it rejected Baker's proposal for Israeli-Palestinian talks on the modalities of the proposed elections in the territories.

The letter also stressed Israel's view that the Middle East impasse is not due to the Palestinian issue, but the "refusal of the Arab states to put an end to the state of belligerency with Israel."

Bush said Friday that he could not comment on the letter, because the analysis by the State Department and the National Security Council had just begun. He said he could not yet determine whether Shamir's letter should be considered a negative or positive response to the U.S. query.

The State Department has also refused to give an immediate reaction to the Shamir letter. This is "too important" for the United States to "come out with some snap reaction," department spokeswoman Margaret Tutwiler explained Friday.

But Bush did say Friday that he is "very concerned" about the deadlock in the peace process, and he expressed hope that the United States would "find some material in the response (from Shamir) to permit us to get these talks going again."

"It is essential; the status quo is unacceptable to everybody," Bush said.

The president said that Baker proposed a "sound plan" to bring about an Israeli-Palestinian dialogue, and "I want to see it go forward."

"There has got to be discussions with Palestinians," he said. The United States "will push and find ways to make it happen if we can."

## SHARANSKY MEETS WITH MANDELA, BUT FAILS TO SWAY HIM ON THE PLO

By Tom Tugend

LOS ANGELES, July 1 (JTA) -- Natan Sharansky reminded Nelson Mandela on Friday that Israel was one of the first nations to condemn apartheid, and he expressed the hope that the terrorist nature of the Palestine Liberation Organization and Libya would ultimately become apparent to the black South African leader.

The two former prisoners of conscience met privately for half an hour at Mandela's hotel after a series of on-again, off-again arrangements that the Anti-Defamation League of B'nai B'rith negotiated with Mandela's entourage.

Although Sharansky participated in the meeting as a private person, he served as the de facto ambassador of Jews who had been disturbed by Mandela's earlier praise of PLO leader Yasir Arafat, Libya's Moammar Gadhafi and Cuba's Fidel Castro as comrades in arms.

In a nationally televised program two weeks ago, at the beginning of his triumphant U.S. tour, Mandela said the African National Congress identifies with the PLO, "because, just like ourselves, they are fighting for the right of self-determination."

Mandela, who is deputy president of the ANC, left immediately after the meeting with the former refusenik. Sharansky then conducted an impromptu news conference, which he cut short, because "Shabbat is starting in 20 minutes, and I don't want to go by foot for two hours."

Sharansky said Mandela had embraced Arafat, literally and figuratively, because the PLO had aided him in difficult times. He said Mandela did not accept his argument that the PLO and the Arab nations are out to destroy Israel.

"I pointed out that the Western countries in World War II were allies of Stalin and that for a long time they didn't understand the real nature of the Soviet regime," Sharansky said.

### Reform Movement Registers Support

In the same vein, he said, when it becomes clear to Mandela that Arafat and Gadhafi are men who can destroy but not create, the South African leader will start to change his attitude.

Sharansky also told Mandela that Jews had backed the struggle for human rights over the centuries and that they had not weakened their support by settling in Israel.

These differences notwithstanding, Sharansky said his meeting with Mandela and his wife, Winnie, was "very warm." Mandela said that he had avidly read Sharansky's book, "Fear No Evil," while imprisoned.

"Despite different circumstances, we found that our experiences as political prisoners were more or less the same," Sharansky said. "We agreed that to survive, there could be no compromise with our basic principles and beliefs."

Sharansky said he invited Mandela to visit Israel. The black leader said he would be happy to consider an official invitation.

Mandela was imprisoned for 27 years by the South African authorities, while the Soviets held Sharansky as a prisoner for nearly nine years.

During a two-minute photo session, Mandela jokingly apologized for towering over Sharansky by almost a foot.

Sharansky responded that in prison, where issued clothing was always too small, it was an advantage to be short, because the uniform cov-

ered his entire body during the cold winters.

"Where I was, it was very hot," Mandela shot back with a smile.

Earlier, during a reception at City Hall, Rabbi Harvey Fields met briefly with Mandela in his capacity as co-chairman of the Black-Jewish Clergy Alliance of Los Angeles.

When Fields told Mandela he had just come from a meeting of the Reform movement's Central Conference of American Rabbis in Seattle, which had reaffirmed its support for him and the ANC, Mandela responded, "Your support means a great deal, more than you can possibly imagine."

Mandela concluded his visit here with an evening rally for 70,000 people at the Los Angeles Coliseum. Before it began, a small twin-engine plane circled above the stadium, trailing a banner that said, "Palestinians Welcome Mandela."

## E.C. CRITICIZES ISRAELI POLICIES AS PARLIAMENT HEAD VISITS ARAFAT

By Yossi Lempkowicz

BRUSSELS, July 1 (JTA) -- The European Community has affirmed more explicitly than ever its recognition of the Palestine Liberation Organization as the representative of the Palestinian people.

At its summit meeting in Dublin last week, the heads of the 12 E.C. member states condemned Israel for "violations of human rights" and reiterated their support of an international conference for Middle East peace under U.N. auspices, with the participation of the PLO.

The summit was followed almost immediately by an official visit to PLO headquarters in Tunisia by Baron Enrique Crespo, president of the European Parliament, the E.C. legislative body.

The baron, a Spanish Socialist, was responding to an invitation from PLO chief Yasir Arafat.

The growing comity between the E.C. and the PLO contrasts with the increasingly strained relations between Israel and the United States over Israel's refusal to accept the American formula for peace talks with the Palestinians.

Arafat reportedly praised the E.C. summit statement as "global, balanced and thorough." He also extolled the "role of balance and peace" played by the European Parliament in the Middle East dispute.

### Withdrawal Of Israeli Forces Urged

Crespo stressed that an end to repression and the withdrawal of Israeli forces from the territories have been urged several times by the European Parliament, the E.C. legislative body that meets in Strasbourg, France.

"The chairman of the European Parliament hopes that Israel will finally give a positive answer to the European position adopted in Dublin," Crespo said in a written statement.

"All parties concerned must understand that peace doesn't come from armed violence," he added, nor is it "by violating human rights that this grave problem will be solved."

Crespo and Arafat reportedly agreed on the need for more substantial and direct aid to the Palestinians in the territories and on improved conditions for the entry of Palestinian agricultural products into the European market.

Arafat seems to be angling for an official invitation to the European Parliament, which so far has eluded him. He went to Strasbourg in September 1988, but as a guest of only the Socialist faction, the largest in the Parliament.

## FUND-RAISING BODIES WILL SPEED UP CAMPAIGN FOR IMMIGRANT ABSORPTION

By Charles Hoffman

JERUSALEM, July 1 (JTA) -- Leaders of the major fund-raising organizations of world Jewry have agreed to accelerate their campaign to help Israel meet the costs of absorbing the rapidly rising tide of immigrants from the Soviet Union.

Diaspora leaders who gathered here last week for the Jewish Agency Assembly laid the groundwork for a \$1 billion campaign over three years for the absorption of close to half a million Soviet Jews in Israel.

Their decision came in response to urgent appeals for more cash from the Jewish Agency, which works in partnership with the Israeli government to transport the immigrants and absorb them in Israeli society.

Last fall, the Jewish Agency asked Diaspora fund-raising bodies to raise \$600 million over three years for immigrant absorption. The United Jewish Appeal agreed to raise \$420 million in the United States and Keren Hayesod agreed to raise \$180 million from other countries, in what became known as Operation Exodus.

The campaign, which was begun early this year, set out to raise the full amount in just one year, but donors would have three years to pay out their pledged contributions.

Last week, leaders of UJA and Keren Hayesod agreed to urge their donors to pay off their Operation Exodus pledges over two years, thereby making \$300 million a year available to the Jewish Agency, rather than \$200 million.

The plan is then to begin a new special drive once the current one is completed.

### Already Talk Of Exodus II

"We are now in the midst of what we call Operation Exodus I. People will yet be called on for increased giving in Exodus II," said Phil Granovsky, a United Israel Appeal leader from Canada who chairs Keren Hayesod.

"When we get home," he said, "we have to set the mood for the next stage of the campaign. It is urgent to prepare people for this."

Granovsky, who chairs the World Income Committee of the Jewish Agency, spoke at the closing session of the agency Board of Governors meeting here. He said the Jewish Agency would need \$1 billion over the next three years.

Agency and government leaders last week agreed on a \$2.3 billion plan for the aliyah and absorption of 150,000 Soviet Jews in Israel this year. It is estimated that similar numbers of Soviet Jews will be coming to Israel each year over the next three years.

The agency pays transportation and shipping costs for the immigrants, part of an absorption grant they receive during their first year in Israel, and certain social services for newcomers.

Israeli taxpayers will be expected to pay most of the costs of long-term absorption, which means primarily job creation and housing. The Israeli government must also build new schools and expand the infrastructure to cope with the added population.

The chairman of the Jewish Agency Board of Governors, Mendel Kaplan, said Friday that because of the upsurge in immigration, the agency had doubled its budget this year from \$360 million to \$740 million, "with most of it going for aliyah and absorption."

He lauded Diaspora leaders for contributing

generously to help the Jewish Agency meet the ensuing cash shortfall.

Noting that UIA-Canada had agreed to borrow \$30 million to help fill the gap, Kaplan said, "Both individuals and communities are borrowing funds to pay campaign pledges. They are extending themselves in peacetime, which is unheard of."

### Government To Pay Larger Share

Agency leaders admitted, however, that even if cash receipts from Operation Exodus rise this year from \$200 million, as originally planned, to \$300 million, the agency will still not be able to pay its previous share of absorption costs.

Simcha Dinitz, chairman of the Jewish Agency Executive, said the agency has asked the government to pick up a larger share of the initial absorption grant provided to the immigrants.

Until now, the agency and the government have split the cost evenly. The agency now wants to reduce its share to 25 percent, with the government picking up the rest.

Finance Minister Yitzhak Modai last week urged delegates at the Jewish Agency Assembly to reduce services in their own communities, borrow funds and make cuts in other areas of agency activity, so that more Diaspora funds would be available for aliyah and absorption.

But Kaplan said that the willingness of Diaspora leaders to launch a new phase of the Operation Exodus campaign would depend in part on progress made in Israel by October, when the Jewish Agency Board of Governors next convenes.

"The credibility of the government is linked to what happens on the ground," Kaplan said. "If there is no housing or job creation, our task will be more difficult."

Many attending the assembly were dismayed to learn that most of the declarations made over the past six months by former Housing Minister David Levy about housing starts for new immigrants were groundless.

Relatively little new construction had actually started because of feuding between Levy and former Finance Minister Shimon Peres, and because contractors had stalled, in an attempt to extract more incentives from the government.

The assembly delegates applauded a plan by the new housing minister, Ariel Sharon, to eliminate bureaucratic obstacles and import 3,000 prefabricated houses now to meet immediate needs.

### **SHARON GIVEN EMERGENCY POWERS TO IMPORT 3,000 PREFAB HOUSES**

By Gil Sedan

JERUSALEM, July 1 (JTA) -- The Cabinet gave Housing Minister Ariel Sharon emergency powers Sunday to immediately import 3,000 prefabricated houses, to meet the urgent needs of large-scale immigration.

The houses will be installed at seven separate locations around the country.

Standard planning laws and procedures will be suspended in recognition of the housing emergency, the Cabinet decided. Sharon's powers will be in effect for three months.

The 15-2 vote, with one abstention, was Sharon's first victory since taking office in the new Likud-led government last month.

Absorption Minister Yitzhak Peretz announced Sunday that 57,743 immigrants had arrived since the beginning of the year, 50,000 of them from the Soviet Union.

**CHARGES ARE BROUGHT AGAINST LE PEN  
FOR REMARK ABOUT INTERNATIONAL JEWRY**  
By Edwin Eytan

PARIS, July 1 (JTA) -- An anti-Semitic remark by Jean-Marie Le Pen has resulted in formal charges being brought against the leader of the National Front, an extreme right-wing party in France.

Le Pen was quoted in a recent interview as saying that "international Jewry is partly responsible for reducing national patriotism."

He is expected to go on trial in a Paris court this fall for slander and spreading racist propaganda.

Prosecution of Le Pen was made possible earlier this year, after the European Parliament stripped him of the immunity he enjoys as a deputy to the 12-nation legislative body.

Le Pen, who has frequently denied he is anti-Semitic, has demeaned the Holocaust as a "footnote" to history and claimed in a Radio Luxembourg broadcast several years ago that gas chambers never existed.

The right-wing leader suffered a political setback in Nice last week when his former ally, Mayor Jacques Medecin, refused to approve the nomination of two National Front members to the City Council. Nice is a National Front stronghold.

In addition to voting against the two National Front members, the mayor issued a statement condemning racism and affirming his friendship for the Jewish community.

Medecin apparently was trying to mend fences after two Jewish aldermen, Andre Sfar and Jill-Patrice Cassuto, resigned in April to protest the reception he held for delegates to the National Front's convention in Nice.

That incident became a national scandal after Medecin made a number of statements thought to contain veiled anti-Semitic references.

**TWO EL AL TECHNICIANS SUSPECTED  
OF SMUGGLING ELECTRONICS FROM U.S.**  
By Cathrine Gerson

JERUSALEM, July 1 (JTA)-- Two technicians employed by El Al Israel Airlines were arrested last week in connection with a large-scale smuggling operation.

Moshe Ramos, 54, and Moshe Keren, 43, were ordered held in custody Friday for seven days, pending criminal proceedings.

They are suspected of smuggling video cameras, video recorders and other high-tech electronic equipment from the United States to Israel.

The two men may be part of a large smuggling ring involving dozens of people in business, the police said Sunday. The two are believed to have smuggled in millions of dollars of electronic equipment during their more than five years of employment by El Al.

Customs investigators who searched two El Al Boeing 747 jets on a tip-off late last Thursday night, found large numbers of video cameras and other equipment, valued at hundreds of thousands of dollars, concealed in false ceilings and the tails of the two planes.

Searches of the suspects' homes and their lockers at the airport also yielded large amounts of electronic equipment, including video cameras and Cobra police radar detectors. The contraband is believed to have been loaded on the planes at Kennedy Airport in New York.

**INTERFAITH CENTER NEAR AUSCHWITZ  
WILL BE READY TO HOUSE NUNS IN 1991**  
By Ruth E. Gruber

ROME, July 1 (JTA) -- Work is progressing on the interfaith prayer and education center under construction near the site of the former Auschwitz concentration camp, according to a Jewish official who recently visited there.

It should be ready next year to house the Carmelite nuns who presently occupy a convent on the camp grounds, according to Stanislaw Krajewski, Polish representative of the American Jewish Congress.

"It is progressing, the workers are there and the foundations have been built. It should be finished by next year," he said in a telephone interview from Warsaw.

The convent within the perimeter of the death camp, where nearly a million Jews perished during World War II, has been a source of deep controversy between world Jewry and the Catholic Church for several years.

The long-delayed work on the proposed interfaith center began late last year.

Krajewski visited the site with other members of an international committee studying how to reorganize the Auschwitz museum.

He said the committee agreed that the statement of the museum's purpose would be changed to "the commemoration of the martyrdom of Jews, Poles, Gypsies and others."

At present it commemorates "the martyrdom of the Polish nation and other nations."

**SATURDAY HORSE RACES IN ISRAEL  
GET LOUD 'NAY' FROM THE ORTHODOX**  
By Hugh Orgel

TEL AVIV, July 1 (JTA) -- Israel's first race track opened Saturday at Kibbutz Ga'ash, north of Tel Aviv, much to the dismay of Sabbath observers, whose vociferous protests were credited with doubling the expected turnout.

About 70 horses, a few from abroad, competed in 10 races of five to 10 furlongs for a \$1,000 purse offered by promoter Rafi Rafaeli.

He charged \$7.50 for admission to makeshift stands, which quickly filled, forcing thousands of fans to sit on the ground under the hot sun.

The races were purely a spectators' sport as no arrangements were made for placing bets.

Nevertheless, the event drew more than 20,000 people, causing massive traffic jams on the Tel Aviv-Haifa highway. Between 10,000 and 15,000 had been expected.

But it was the opponents of the race who called public attention to it.

A spokesman for the Committee for the Sanctity of the Sabbath went on Israel Radio to complain that "the secular kibbutzim and moshavim have already spoiled our sons and daughters, and now they are spoiling the horses by making them run on Shabbat."

The religious community persuaded the Labor Ministry to hire Druse "inspectors" as "Shabbas goyim" to monitor the track. It was their duty to report anyone working on the Sabbath without a special permit from the ministry.

Because of the Independence Day holiday in the United States, JTA will not publish the Daily News Bulletin on Thursday, July 5.