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**HAVEL WON'T MEET WITH WALDHEIM,
BUT WEST GERMAN PLANS UNCLEAR**
By Elena Neuman

NEW YORK, July 24 (JTA) -- Czechoslovak President Vaclav Havel apparently has canceled plans to meet with Austrian President Kurt Waldheim this week in the Austrian city of Salzburg.

According to the World Jewish Congress, the former Czechoslovak dissident-turned-president has clarified that his visit to Salzburg will not be an official trip and that he will have no official or private meetings with Waldheim.

Havel and West German President Richard von Weizsacker had been invited to Salzburg to participate in the opening ceremonies of the famous music festival there, which are being held Thursday.

It was not clear Tuesday whether von Weizsacker would cancel his planned meeting with the Austrian president, who has been largely ostracized by Western leaders since his World War II service in the German army came to light. Waldheim served as an intelligence officer in an army unit linked to atrocities in the Balkans.

In Bonn, an aide to the president said Monday that he was planning to go ahead with the controversial meeting, despite vehement protests from Jewish citizens there.

In Washington, however, an official at the West German Embassy said Tuesday that a private meeting was not scheduled. The official said the embassy would not have further information on the subject from Bonn until Wednesday.

In Los Angeles, meanwhile, the Simon Wiesenthal Center reported a different version of events. The center said Havel had told Nazi-hunter Simon Wiesenthal last week in Prague that he had never planned to meet either in an official capacity or privately with Waldheim.

Havel said he had been invited to address the music festival two years ago when he was still a dissident under the former Czechoslovak Communist regime, and that the invitation had not come from Waldheim.

A Major Diplomatic Snub

Whether it was or was not a cancellation, Havel's decision not to meet with Waldheim is a major public snub to the Austrian president, as it is normal diplomatic courtesy for a visiting head of a friendly state to greet a country's titular chief officially.

The visit, had it occurred, would have been a significant feat for Waldheim, who has had little success breaking out of his diplomatic isolation since his election some three years ago.

"A meeting of this type would politically rehabilitate Waldheim at a point where it is questionable whether he will continue to be president," said Rabbi Abraham Cooper, associate dean of the Simon Wiesenthal Center.

Jewish organizations in the United States, Canada and Europe had voiced their alarm at the possible meeting.

B'nai B'rith Canada had written letters to both von Weizsacker and Havel urging them to cancel any scheduled meeting with Waldheim, which they termed "deeply disturbing, inappropriate and insensitive."

The WJC also had been pressuring the two statesmen to rethink the meeting. "It would send the wrong signal on the eve of German reunification for a German statesman to meet with an unrepentant Nazi," said Elan Steinberg, executive director of the WJC.

Von Weizsacker received numerous letters from West German Jews urging him to stay away from the meeting.

And an American Jewish protest group called the Coalition of Concern was to leave Tuesday for West Berlin and Salzburg to protest the meeting.

(JTA correspondent David Kantor in Bonn contributed to this report.)

**NEWS ANALYSIS:
LITTLE KNOWN ABOUT COURT NOMINEE,
BUT JEWS DISCOVER 'NO SMOKING GUN'**

By David Friedman

WASHINGTON, July 24 (JTA) -- When President Bush nominated federal appellate Judge David Souter to the Supreme Court on Monday, Jewish organizations knew nothing about his views on issues of concern to American Jews, such as the separation of church and state.

A day later, Jewish organizations were still not able to get a fix on the 50-year-old jurist from New Hampshire.

But there appears to be "no smoking gun," said Marc Stern, legal director for the American Jewish Congress.

Stern said Tuesday that he and his staff had gone over more than 185 opinions Souter had written while on the New Hampshire Supreme Court from 1978 to 1983. They found that not one dealt with the church-state issue.

Souter has been on the 1st U.S. Circuit Court of Appeals in Boston for only two months and has not taken part in any cases before the court.

But one incident that occurred when Souter was New Hampshire's attorney general could be of concern to Jews.

Meldrim Thomson, who was the state's conservative and controversial governor at the time, ordered the American flag flown at half mast on public buildings on Good Friday, to mark the death of Jesus.

When a federal court blocked the order on grounds that it violated the separation of church and state, Souter argued that Thomson was recognizing Jesus as a "historical figure" and not endorsing Christianity.

"It's hard to tell whether it means anything," Stern said of Souter's action. He noted that Souter was acting to defend his client, the governor, in his capacity as attorney general.

No Clue On Abortion Stand

It is also not clear whether Souter did the work on the case or whether it was done by one of his assistants, Stern added.

He said Souter should be questioned about the incident when he appears before the Senate Judiciary Committee for his confirmation hearings. They are expected to begin in September.

"His record will certainly be scrutinized by the Senate," agreed Samuel Rabinove, legal director for the American Jewish Committee. Souter is

an "unknown, and one has to reserve judgment," he said.

The main issue of general public concern, following Justice William Brennan's surprise announcement last Friday that he was retiring after 34 years on the court, has been where his replacement will stand on the issue of abortion.

President Bush, in announcing Souter's appointment, denied that he had made abortion or any other issue a litmus test in his decision.

As a state Supreme Court justice, Souter was involved in a decision on abortion. But his disposition in the case gives no clue as to whether he would vote to uphold or overturn *Roe vs. Wade*, the 1973 U.S. Supreme Court case that ruled women have a constitutional right to an abortion.

Federal and state court judges must rule in accordance with U.S. Supreme Court decisions. But once on the U.S. Supreme Court, a justice is free to decide according to how he interprets the federal Constitution.

Souter had concurred in a majority opinion of the New Hampshire Supreme Court that a doctor was negligent in failing to warn a pregnant woman of the possibility that her child would be born with birth defects, in which case she might have decided on an abortion.

Souter wrote a concurring opinion that if the doctor had "conscientious scruples against abortions," the patient should have been referred to another doctor.

JEWISH GROUPS PRAISE PRAVDA FOR REPORTING ON ANTI-SEMITISM By Allison Kaplan

NEW YORK, July 24 (JTA) -- Soviet Jewry advocacy groups have welcomed an article published this week in *Pravda*, the Communist Party organ, which denounced growing anti-Semitism and warned of the danger it poses to the well-being of Soviet society.

The mass emigration of Soviet Jews demonstrates that "the fear of pogroms is acquiring the scale of panic," said the *Pravda* article by historian Sergei Rogov, according to a translation by the *Los Angeles Times*.

"I think it is a hopeful sign and an indication that the recent conversations between President Bush and President Gorbachev regarding anti-Semitism are bearing fruit," Martin Wenick, executive director of the National Conference on Soviet Jewry, said of the article.

The article "is evidence that anti-Semitism in the Soviet Union is as severe as we've been saying," said Pamela Cohen, national president of the Union of Councils for Soviet Jews.

The article said anti-Semitism is not only a threat to Jews but is also destructive to Gorbachev's attempt at perestroika, the restructuring of Soviet society and the Soviet economy.

"This unprecedented anti-Semitism is of great concern, because we face an attempt to disrupt the process of social consolidation. A law-based state must protect people of every nationality," the article said.

The publication of the article is being viewed as unprecedented public acknowledgment of the problem of anti-Semitism by the Communist Party leadership, which has been reluctant to address the "Jewish question."

"This may be Gorbachev's way of addressing the problem without directly making a statement," said Cohen of the Union of Councils.

Though it spoke out strongly against anti-

Semitism, the *Pravda* article said that outlawing it outright would be not be a democratic solution.

The Soviet and American Jewish communities have been pushing for the Soviet government to take action against extremist anti-Semitic groups.

A statement issued Tuesday by the Anti-Defamation League of B'nai B'rith praised the *Pravda* article, but called upon the Gorbachev government to "implement immediate follow-up action assuring Soviet Jews that their security is safeguarded."

Wenick of the National Conference also said he hoped "words would turn into actual deeds."

ISRAEL AND E.C. DIFFER GREATLY OVER PLO ROLE IN PEACE PROCESS By David Landau

JERUSALEM, July 24 (JTA) -- Israel and the European Community remain far apart on the role of the Palestine Liberation Organization in the Middle East peace process.

That was made abundantly clear at the separate meetings Prime Minister Yitzhak Shamir and Foreign Minister David Levy held with a delegation of three E.C. foreign ministers here Monday night and Tuesday.

While the Israeli leaders maintained that the PLO can have no part in the process because it seeks the physical elimination of Israel, the European diplomats insisted it is the necessary Palestinian partner with which Israel eventually must negotiate.

But the E.C. ministers, who hold high political rank in their countries, did not press for immediate direct talks between Israel and the PLO, acknowledging that it is not now a practical possibility.

And the Israelis were gratified with a pledge by their guests to work for abrogation of the 1975 U.N. General Assembly resolution equating Zionism with racism.

Israeli sources said the European ministers also responded favorably to Levy's urging that the E.C. desist from threatening sanctions against Israel because of its alleged mistreatment of the Palestinians in the administered territories.

In fact, an Israeli spokesman described the talks here as "friendly."

The E.C. ministers also met Monday night with Shimon Peres, leader of the opposition Labor Party. He told them the E.C. could best contribute to regional peace by helping to develop a Middle East common market that would embrace Israel and the Arab states.

The E.C. delegation was headed by Italian Foreign Minister Gianni de Michelis, who presently holds the rotating chairmanship of the E.C. Council of Ministers.

He was accompanied by the immediate past chairman, Foreign Minister Gerard Collins of Ireland, and Jacques Poos, the foreign minister of Luxembourg, who will assume the chairmanship on Jan. 1, 1991.

They comprise the E.C.'s so-called "troika," devoted to Middle East diplomacy.

They have come here in the wake of an E.C. announcement that it will set up a mission in East Jerusalem to monitor its aid to the Palestinians in the West Bank and Gaza Strip.

The ministers, together with their entourage of aides and E.C. officials, flew directly from Tel Aviv to Tunis on Tuesday to meet with Arab League officials and with the PLO's foreign policy spokesman, Farouk Kaddoumi.

**WHITE HOUSE, FEARING INTENTIONS,
BLOCKS SALE OF FURNACES TO IRAQ****By Howard Rosenberg**

WASHINGTON, July 24 (JTA) -- The White House decided last week to block the export of five industrial furnaces to Iraq, based on concern that they might be used to make metals for nuclear weapons.

The decision overrides a Commerce Department decision last year that Consarc Corp., based in Rancocas, N.J., did not require a validated export license on the rationale that the furnaces had no "strategic significance," said Raymond Roberts, Consarc's president.

But last week, Bush administration officials told Consarc that "it's not the nature of the equipment but the intentions of the end user that are unclear at this point," Roberts said. Iraq drew world attention earlier this year when it threatened to use chemical weapons against Israel if attacked first.

At the time, the United States and Great Britain collaborated to thwart what they claimed was an Iraqi attempt to smuggle nuclear trigger devices from the United States to Iraq.

Iraqi officials first expressed interest in Consarc's furnaces a few years ago at a trade show, Roberts said. They said the furnaces would help them manufacture artificial hips and knee joints, and help conduct research in the material sciences.

"The nature of the equipment that they requested was certainly consistent with those two objectives," Roberts added. United Press International estimated the value of the furnaces at \$13 million.

Consarc has since submitted the more formal, validated export license request, but has yet to discuss the possibilities of gaining approval with U.S. officials, Roberts said.

U.S. Criticizes Iraq

Meanwhile, the State Department criticized Iraq on Tuesday for amassing troops on its border with Kuwait, which the Washington Post estimated at 30,000.

Iraq, which is trying to pay off war debts incurred in its recent 10-year war with Iran, has accused Kuwait of driving down world oil prices by selling barrels beyond limits agreed to by the 13-nation Organization of Petroleum Exporting Countries. OPEC is scheduled to meet later this week.

There is "no place for coercion and intimidation in a civilized world," said department spokeswoman Margaret Tutwiler.

Tutwiler said that there has been a troop build-up on both sides near the Kuwaiti-Iraq border, but she refused to say which country began the build-up.

Tutwiler also confirmed that the United States has been conducting joint military exercises this week with the United Arab Emirates at the other end of the Persian Gulf.

The furnace export application joins a growing number of unapproved requests by U.S. companies to sell industrial and other advanced equipment to Middle East countries. Among the applications that have not gained approval are several requests by U.S. companies to sell supercomputers to research facilities in Israel.

Some of the applications, by Cray Research Inc. of Minneapolis and the International Business Machines Corp. of Armonk, N.Y., are more than

two years old, and have not been approved out of fear that Israel would use the supercomputers to design nuclear weapons.

The Israeli facilities for whom export applications are pending are Bar-Ilan University, the Technion-Institute of Technology and the Weizmann Institute of Science.

On another front, the Pentagon last month rejected an Israeli appeal to allow it to spend \$60 million in U.S. foreign aid dollars in West Germany to build "combat information centers" for Dolphin-class submarines being built for Israel.

The Pentagon had earlier allowed Israel, which receives \$1.8 billion annually in U.S. military aid, to spend \$180 million of it on two Dolphin-class diesel submarines made in West Germany, on the basis that no U.S. shipyard makes such submarines.

But the Defense Department's Paul Wolfowitz, assistant secretary of defense for international security affairs, rejected the latest request, arguing that U.S. companies can make the combat information centers, principally the Raytheon Corp.

Instead, Israel has decided to use \$60 million in its own taxpayer money to have the sonar, or guidance component, made primarily by a West German firm, Krupp Atlas Elektronik. It will spend an additional \$40 million in U.S. military aid for electronics work by the New York-based Loral Corp.

**ABU NIDAL BELIEVED TO BE DEAD
OR DETAINED AS PRISONER IN LIBYA****By Edwin Eytan**

PARIS, July 24 (JTA) -- The notorious Palestinian terrorist known as Abu Nidal is either dead or a prisoner in Libya, and his once-dreaded organization, the Fatah Revolutionary Council, has been dismantled and its top leaders killed, the usually reliable Le Figaro reported Tuesday.

According to the French daily, Abu Nidal, whose real name is Sabri al-Banna, met his fate at the hands of Palestine Liberation Organization forces loyal to Yasir Arafat.

They fought a pitched battle with Abu Nidal's troops in southern Lebanon late last month, killing 150 of his 350 men. Another 50 were taken prisoner and 10 defected, Le Figaro said. The rest are reportedly in flight.

The paper reports that the PLO victory has given Arafat complete control over the Palestinian diaspora, especially in Lebanon, and has improved his standing in the West Bank and Gaza Strip.

The heaviest fighting was said to have occurred in the two main Palestinian refugee camps in southern Lebanon, Ein Hilweh and Rashidiya, according to Le Figaro.

The newspaper, which quoted no sources for its information, is known to have good contacts with the French secret service.

It believes Abu Nidal is a prisoner in the remote Tokra region of Libya but says another reliable source reports him dead.

Abu Nidal founded the Fatah Revolutionary Council in 1972 and was almost immediately in conflict with Arafat's wing of the PLO, which he considered too soft.

In addition to being held responsible for some of the worst terrorist outrages in recent years, including the massacres at the El Al counters at the Rome and Vienna airports in December 1985, Abu Nidal's group has assassinated several top PLO officials.

BEHIND THE HEADLINES:

**SHARP PRICE INCREASES COME AS SHOCK
TO ALREADY BURDENED ISRAELI CONSUMER**
By Hugh Orgel

TEL AVIV, July 24 (JTA) -- Israelis shopping for food were shocked and angered Tuesday morning to find a standard loaf of dark bread costing 55 cents and a standard loaf of white at 60 cents, overnight increases of 29 and 33 percent respectively.

The price hikes on those and many other basic consumer products and services took effect at midnight Monday.

They are a consequence of Finance Minister Yitzhak Moda'i's crash program to reduce government subsidies, which have kept marketbasket prices relatively low and stable until now.

Moda'i introduced a \$1.25 billion supplemental budget Tuesday. It contains a \$235.5 million cut in regular government expenditures in order to finance the absorption of tens of thousands of immigrants from the Soviet Union this year.

Moda'i told the Knesset Social Welfare Committee that only \$62.5 million, less than a quarter of the total cuts, would come from ministerial budgets that benefit low-income families.

Moreover, even though the bread subsidies have been abolished, the price of a loaf will remain under government control.

But that is hardly likely to mollify consumers, for whom the higher prices come at a time of economic hardship.

Unemployment is running at close to 10 percent of the work force. And at least 1,500 Israeli families, rendered homeless by soaring rents, are living in tent cities that have sprung up all over the country.

Resentment Toward The Newcomers

They feel resentment toward the Soviet newcomers, whose housing subsidies are responsible for rent hikes that many Israeli wage-earners simply cannot afford.

A spokesman for the tent-dwellers said, "While we welcome the newcomers, their arrival should not drive up our rental costs and should not send our food prices rocketing."

The homeless also complained that food prices are going up at a time when political parties and Knesset members are awarding themselves higher state allocations to rebuild or redecorate the offices of newly appointed ministers.

The subsidies for fresh and frozen chickens, a staple of the Israeli working class diet, have been reduced by 7 percent. As a result, prices have gone up by 6 and 10 percent respectively.

The price of margarine rose 3 percent Tuesday. Price hikes for eggs, milk, other basic foods and public transportation will be announced shortly.

Moda'i also plans to reduce child allowances paid by the National Insurance Institute. But he had to back off from plans for a shorter school day, after Education Minister Zevulun Hammer objected vehemently.

Other plans by the Treasury include a 1.7 percent across-the-board budget reduction that will affect all ministries and save about \$80 million; a reduction in the number of families eligible for second-child allowances from the National Insurance Institute, expected to save \$45 million; and a \$500 reduction in the "absorption basket" for new immigrants.

In addition, the Treasury expects to save \$15 million a year by shifting security costs for El Al Airlines from the government to the airline itself.

Histadrut, Israel's labor federation, is sharply critical of the finance minister's austerity program.

Haim Haberfeld, head of its Trades Union Department, complained that the government was "taking away with the right hand," by way of reduced subsidies, "what it was supposedly giving with the left," through tax reforms.

The Bank of Israel, Israel's central bank, also criticized the Treasury's moves, which it described as a "patchwork, piecemeal" attack, rather than the comprehensive economic plan needed to cope with current social problems as well as immigrant absorption.

**PEOPLE OF NEW ZEALAND REACH OUT
TO JEWS AFTER ATTACK ON SCHOOL**
By Jeremy Jones

SYDNEY, Australia, July 24 (JTA) -- The Jewish community in New Zealand has been overwhelmed by the extraordinary display of solidarity by their non-Jewish neighbors since four children were stabbed July 16 by an apparently demented woman at Auckland's small Jewish day school.

Many Christian New Zealanders attended Sabbath services devoted to the families of the young victims, all of whom are recovering.

Moreover, a record number of inquiries have been received for enrollment at the Auckland Hebrew Kadimah lower school and kindergarten. Most of them are from non-Jews who want to show their support, according to Russell Jaffe, chairman of the school's board of governors.

Jaffe said the incident, which sent three 6-year-olds and an 8-year-old child to the hospital, was expected to have a dampening effect on enrollments.

Instead, the response has encouraged the school board's plan to expand next year by adding intermediate and senior high school classes, he said.

There are presently 205 children enrolled, from preschoolers to 13-year-olds. Just over half are not from within the Jewish community.

Jaffe said people in Auckland, where half of New Zealand's 4,000 Jews live, understand that the attack did not indicate an upsurge of anti-Semitism in country. But they rallied nonetheless to demonstrate their good will after the attempted murders.

Three of the children are now back with their families and the fourth is expected to leave the hospital by the end of the week.

They suffered knife wounds in the stomach and lungs, and other cuts and lacerations, but all are expected to make a full physical recovery, Jaffe said.

He said the youngsters were receiving the best available psychological help for the traumatic effects of the attack.

Meanwhile, Pauline Janet Williamson, 52, who has been charged with the attempted murders, was ruled medically unfit to stand trial at this time. She had been due to appear in court July 23.

Williamson, who was reported to have screamed anti-Semitic epithets when she attacked the children, acted similarly during her preliminary hearing last week.

She refused legal representation on grounds that "there will be no more bloody Jews for me."

Williamson has a history of mental illness.