

**IRAQ WILL PAY AN 'AWESOME PRICE'
IF IT ATTACKS ISRAEL, SHAMIR WARNS**

By David Landau

JERUSALEM, Aug. 22 (JTA) -- Iraqi President Saddam Hussein "surely knows" that if he attacked Israel, his country would "pay a terrible and awesome price," Israeli Prime Minister Yitzhak Shamir declared Wednesday evening.

The Jewish people, he added somberly, is "schooling in suffering and losses. We are not prepared to play games with our destiny."

The tough-sounding statements, made in an extensive television interview, were the prime minister's first lengthy discussion of the Persian Gulf crisis since it erupted Aug. 2 with the Iraqi invasion of Kuwait.

Shamir said that given the present situation, it is natural for Israelis to be worried. He said he, too, was worried, because the situation is one of "emergency, although it is possible that nothing will happen."

Iraq could "do something to us," the premier said, "and we have to be ready and prepared to defend ourselves and prevent such action."

But Shamir assured the Israeli public that they could rely on the Israel Defense Force to protect the country. He extolled Israel's military might and warned Iraq of the disastrous consequences it would face if it dared attack the Jewish state.

Shamir stressed that Israel was in no way involved in the outbreak of the crisis but is "watching tensely, anxiously, but not passively. There are decisions made all the time, and our present posture in the crisis is a direct result of these decisions," he said.

The prime minister refused to comment on reports that Israeli intelligence had concluded Iraq does not at present have the capacity to arm its ballistic missiles with chemical warheads.

The Israeli public will be told what it "needs to know," he said.

Shamir said he was not surprised by Palestinian support of Iraqi President Hussein.

The Palestinians always sought a "savior" who would rid them of the Jews, Shamir said. But he predicted "the day will come when they will accept us here."

**EGYPT ABANDONS PLAN TO USE ISRAEL
AS ROUTE FOR NATIONALS FLEEING IRAQ**

By David Landau

JERUSALEM, Aug. 22 (JTA) -- Egypt began air and sea shuttle services Wednesday to bring home thousands of its nationals stranded in the Jordanian port of Aqaba after fleeing Iraq and Kuwait.

The move rendered moot an earlier plan to bus the refugees across Israeli territory near Eilat to the Taba border crossing in Sinai.

Israel had agreed for humanitarian reasons to facilitate the overland route after Egypt, pleading insufficient shipping, asked for help.

Foreign Minister David Levy, who consulted on the matter with Prime Minister Yitzhak Shamir, pointed out that the refugees were the nationals of a "friendly state," fleeing from an oppressive dictator.

But Cairo had second thoughts after a meeting Monday between Levy and the Egyptian ambassador, Mohammed Basiouny, became public knowledge.

The leak of the plan to the news media is understood to have embarrassed the Egyptians and possibly deterred Jordan from agreeing to let the refugees leave by way of Israel.

While Egypt has a peace treaty with Israel, Jordan is still technically at war with the Jewish state.

Shimon Peres, leader of the opposition Labor Party, called the news leak a "serious mistake."

Levy also was criticized anonymously by some of his fellow Likud ministers for premature disclosure of the plan.

But he was defended by a senior aide, Uri Oren, who was quoted by Davar on Wednesday as saying that "Israel is always expected to behave like a kept woman -- to provide its services and stay out of the picture."

After reports that the Egyptian refugees were demonstrating in Aqaba to protest the bureaucratic delays that kept them sweltering for days in that sun-baked port, the Egyptians managed to find civilian and military aircraft to fly them home.

In addition, two motor launches were pressed into service to transport refugees around the clock from Aqaba to the Sinai port of Nuqiba.

**ISRAELI MINISTERS POSTPONE DECISION
ON TIMING OF GAS MASK DISTRIBUTION**

By Hugh Orgel

TEL AVIV, Aug. 22 (JTA) -- Prime Minister Yitzhak Shamir has again put off deciding whether to issue gas masks to the public now or stick to the original plan to wait until year's end.

The Cabinet is split on the issue, which has become a major public concern here, in view of the Persian Gulf crisis and Iraqi President Saddam Hussein's threat to destroy Israel by chemical warfare.

Shamir informed the weekly meeting of the Ministerial Defense Committee on Wednesday that he would assign a small group of ministers to maintain a close watch on the situation.

They will decide, on the basis of developments, when to start distributing the masks and anti-chemical-warfare kits, now held in storage by the Israel Defense Force.

The prime minister did not name the members of this inner group nor, according to Cabinet sources, did he allow any of the ministers present to offer an opinion.

Their deliberations were held under a tight cloak of secrecy. Reporters were not only excluded but kept at a distance from the Prime Minister's Office.

Normally when the ministers debate, reporters gather under an awning in the courtyard of the office compound, waiting for them to emerge. This time they were not let into the compound.

The ministers and IDF officers leaving the meeting were whisked away in their cars, without having to run a gauntlet of journalists.

Israel says it has sufficient gas masks and kits containing poison gas antidotes for the entire population.

It was planned some time ago to begin issuing them near the end of the year, first in the Tel Aviv area, then in the Galilee town of Safed and afterward in the rest of the country.

But Hussein's threats and the military confrontation in the Persian Gulf since Iraq invaded Kuwait on Aug. 2 have introduced a sense of urgency in Israel.

Concern About Misuse Of Masks

Earlier this week, Foreign Minister David Levy publicly called for the immediate distribution of gas masks to the populace. Although he apparently represents a minority view, his remarks intensified the debate.

Defense Minister Moshe Arens favors the original plan, unless an emergency arises.

He has the backing of the IDF high command, which is worried that premature distribution of gas masks would result in their misuse or damage by civilians, as was the case during an experimental distribution several years ago.

There is also serious concern that issuing gas masks could stir public panic and that it could be interpreted by Hussein as a signal that Israel was preparing a pre-emptive attack on Iraq.

Arens, meanwhile, is working closely with the head of the civil defense command at IDF headquarters.

On Tuesday, he announced the appointment of Maj. Gen. Ya'acov Lapidot, a battlefield veteran and recent head of the Defense Staff College, as his personal adviser on matters affecting the home front.

The defense minister is understood to want the personal counsel of an experienced officer on matters related to the home front, to balance the views offered by the IDF high command.

MAN JAILED FOR PRO-IRAQ BEHAVIOR AS SPATE OF ARAB ATTACKS REPORTED

By Gil Sedan

JERUSALEM, Aug. 22 (JTA) -- A 25-year-old Palestinian from the Gaza Strip drew a stiff sentence from a Kfar Sava magistrate Tuesday for loudly voicing his support of Iraqi President Saddam Hussein last week while riding in an Egged passenger bus.

The case was one of a string of security incidents linked in one way or another to the Persian Gulf crisis.

Sa'adi Ayyish, who got nine months in prison and another nine-month suspended sentence, admitted he and a companion beat a fellow passenger who told them to shut up.

His friend, Bani Ibrahim, 25, of Jaffa, has yet to stand trial. He reportedly shouted, "Saddam will burn the Jews and will finish with the state."

When a passenger angrily objected, they struck him on the neck. The bus driver headed directly for the Kfar Sava police station, where the two Arabs were taken into custody.

Magistrate Zvi Gurfinkel, who pronounced sentence, said, "Passengers in an Israeli bus are entitled, in these tense days, not to hear inflammatory comments connected with the situation in the area."

He was referring to the escalating Persian Gulf crisis and Hussein's threat to annihilate Israel with poison gas.

Ayyish, it turned out, faces another sentence on earlier charges of assault.

The confrontation with Iraq may also have

figured in the reported assault on South African tourist Paul Olsen, who was stabbed Tuesday in his leg, hand and face.

Olsen, 28, told police that two knife-wielding Arabs jumped him near Jaffa Gate in Jerusalem's Old City. They had yelled, "American, American."

Palestinian Arabs have staged anti-American demonstrations in recent days to protest the dispatch of U.S. troops to Saudi Arabia and the Persian Gulf.

In another incident Tuesday, Yair Saporadi, a 50-year-old Israeli who drives Arab laborers to work, said he was attacked by two Arabs while waiting for his passengers in a forest hut near Jerusalem.

According to Saporadi, who required hospitalization, he was beaten with iron bars and wooden sticks. His assailants also stole his van.

NEW TEACHING CURRICULUM TO HELP CHILDREN COPE WITH FEAR OF WAR
By Hugh Orgel

TEL AVIV, Aug. 22 (JTA) -- The Education Ministry has published instructions for teachers to help children cope with the fear of war.

The new coping curriculum will be ready when the fall school term begins on Sept. 2.

"Children hear their parents talking about gas masks and the possibility of war, and it is bound to increase their anxiety," said Dr. Robert Asch, the ministry's chief psychologist.

Israel was under threat of gas attack by President Saddam Hussein of Iraq even before he invaded Kuwait on Aug. 2, precipitating an international crisis which has not abated.

While Israel has not been directly involved, there is widespread fear that it might be.

Asch believes there is little evidence that children are overly disturbed by the threat of war at present. "But as the situation continues, the anxiety felt by their parents will be passed on to them," he said.

The education system must be prepared to help them deal with their fears, Asch said.

Teachers have been instructed to provide their pupils with reliable information about what is happening, including simple facts about geography, how far Iraq is from Israel and what countries are involved in the conflict.

Children's natural anxieties can be eased by providing facts and holding classroom discussions, psychologists say.

According to Asch, young children should be encouraged not only to discuss their fears but to put them on paper in drawings.

"Issues that we avoid talking about are seen by children as 'bad,'" he said.

"When issues are talked about in a factual and relatively calm manner, the child will understand them in their correct perspective," he added.

Psychologists point out that anxiety and concern are not necessarily negative feelings, and indeed can be used to expose hidden fears that otherwise would fester and erupt in panic.

Asch pointed out that the education system and Israeli society as a whole has experience dealing with tense situations, including wars, terrorist attacks and multiple-death road accidents.

Education Ministry officials, meanwhile, completed their inspection of school air-raid shelters during the vacation period and found almost all of them to be in good condition.

U.S. AGREES TO HELP FINANCE HOMES BUILT IN U.S. FOR EXPORT TO ISRAEL
By Howard Rosenberg

WASHINGTON, Aug. 22 (JTA) -- The Bush administration, under pressure to help U.S. builders gain Israeli contracts for mobile and prefabricated homes, has agreed to match the financing arrangements being made available by other countries seeking the contracts.

Israel is looking to buy thousands of mobile and prefabricated homes from manufacturers abroad to meet a critical housing shortage caused by the influx of immigrants from the Soviet Union and other countries.

The Export-Import Bank, the U.S. agency responsible for helping American firms seeking trade opportunities abroad, wrote Israel's Finance Ministry on Aug. 16 that it soon would prepare a formal recommendation that would guarantee loans for the first 3,000 U.S.-made homes that the Israeli government purchases.

The assurance, made by Thomas Moran, the bank's vice president for Europe and Canada, was needed before the Israeli government would allow U.S. firms to bid on the contracts, an Israeli Embassy official explained.

An aide to Sen. Rudy Boschwitz (R-Minn.), who lobbied for the letter, said U.S. government financing of any Israeli housing purchase was needed because the Israeli government does not have "a lot of cash around."

The bank initially was hesitant to issue the so-called "comfort letter," because it was unclear whether it was needed following congressional approval this spring of \$400 million in housing loan guarantees for Israel.

Although President Bush signed legislation authorizing the guarantees in May, they have not yet been provided to Israel, meaning that it cannot use them to take out loans for the homes it wants to import.

The delay will be discussed when Secretary of State James Baker meets here Sept. 6 or 7 with Israel's new foreign minister, David Levy.

Israel Eliminates Import Duties

In a related development, Israel has accepted a U.S. request that it eliminate import duties as high as 12 percent on U.S.-made homes. At biannual trade talks in Jerusalem last month, Israel had balked at the request, on the basis that any trade concession to the United States should be reciprocated somehow.

It now appears that most of the prefabricated homes Israel hopes to import will come from the United States. That at least is what Housing Minister Ariel Sharon told a delegation of American Jewish Committee leaders who met with him in Israel on Aug. 14.

Sharon said that Israel would also purchase a large number of mobile homes from Britain. There were reports from Amsterdam on Wednesday that Israel had also made a bid to a Dutch firm for mobile homes.

Sharon told the AJCommittee delegation that although Israel had found that South Africa makes the cheapest homes, it will not buy them, in compliance with the Cabinet's 1987 decision to avoid entering into new contracts with Pretoria while apartheid continues.

The Housing Ministry is planning to receive the first homes by the end of September as part of a plan to buy 5,000 mobile homes and 15,000 prefabricated ones, said David Harris, AJCommit-

tee's director for government and international affairs.

They are in the first installment in a crash program to come up with 500,000 new housing units by 1996. Harris called the 500,000 figure "mind-boggling," since it would expand by more than a third Israel's current pool of 1.4 million housing units.

They are needed both for the stream of Soviet immigrants and for those living in tents or on the streets because they could not afford skyrocketing rents, pushed upward by the increased demand for housing.

Sharon told the AJCommittee group that his government had identified 2,204 homeless Israeli families this year, 547 of whom have since found housing.

The AJCommittee delegation in Israel also included Sholom Comay, its president; Shula Bahat, acting executive vice president; Alfred Moses, chairman of the board of governors; and Ron Kronish, director of the Israel office.

NEW OLIM LOOKING FOR JOBS FIND UNEMPLOYMENT CRISIS IN PROCESS
By Gil Sedan

JERUSALEM, Aug. 22 (JTA) -- An unemployment crisis appears to be in the making for newly arrived immigrants, the vast majority of them from the Soviet Union and many highly educated.

About 14,000 recent arrivals are registered with the Employment Service but have had no job offers so far, according to David Mena, the service's director general.

He predicted the unemployment rate among immigrants will soar at the end of the year, when many of them complete their Hebrew studies and enter the job market.

"Employment is more important than housing," Mena told a news conference here Tuesday, echoing a dire warning recently given by Finance Minister Yitzhak Moda'i.

Moda'i was overruled when a Cabinet majority voted in favor of Housing Minister Ariel Sharon's program to import prefabricated houses and mobile homes, though it gave Sharon nowhere near the funds he demanded for the purpose.

Mena agreed with Moda'i that "without creating new job opportunities, we will be facing serious problems."

Even without large-scale immigration, the country is in an employment slump. The number of jobless reached 165,000 this month, more than 10 percent of the work force -- a record high.

Only half of the 85,000 immigrants who arrived in Israel last year found jobs, Mena said, even though the newcomers were not selective and have been willing to accept almost any work offered them.

Mena cited cases of doctors who work as nurses and engineers who take jobs as electricians. "But I don't know if they will be willing to take those jobs a year from now," he said.

A disproportionate number of immigrants are highly educated. Mena said 85 percent of the immigrants are professionals and a third are university graduates. According to economists, their collective education represents a \$2 billion investment.

The Employment Service said that about 25,000 engineers, 7,000 physicians and 3,000 scientists will immigrate to Israel in the next 18 months. Among the scientists will be at least 180 of world renown, according to the prediction.

**BEHIND THE HEADLINES:
FEDERAL, STATE AND LOCAL GOVERNMENTS
HITTING JEWISH INSTITUTIONS FOR MONEY**
By Howard Rosenberg

WASHINGTON, Aug. 22 (JTA) -- American Jewish communal institutions are becoming concerned that they are being targeted as potential new sources of revenue by federal, state and local governments struggling to relieve their own fiscal problems.

Until now, the vast majority of Jewish institutions have been exempt from taxation because they serve educational, religious or health-related aims.

But increasingly, politicians at all levels of government are coming under pressure to balance budgets and reduce deficits. And in many cases, after painful cuts have been made, the only alternative is to generate additional revenue.

At the same time, politicians are being strongly lobbied by the small business community, which contends that tax-exempt institutions offering similar goods and services have an unfair tax advantage.

All kinds of exempted institutions, and not just Jewish ones, are being affected. But within the Jewish community, YMHAs and Jewish community centers are being singled out for challenge, because for-profit health club facilities view them as direct competition for business.

The Pittsburgh JCC, for instance, is now paying \$25,000 a year in property taxes on its health club facilities. In Cleveland, the JCC is paying \$13,000, not only on its health club, but on its cafeteria and gift shop, as well.

In both communities, the property taxes were assessed when they built new facilities a few years ago.

Richard Luschin, comptroller for Cleveland's JCC, said the state has made no attempt to tax the JCC's older structure. "We have the exact same facilities in the other building," Luschin said. "They appear to be only going after new construction."

Colleges And Camps, Too

Jewish institutions of higher learning, like their non-Jewish counterparts, are also being slapped with unexpected fees. In many cases, this takes the form of pressure to make direct contributions in lieu of tax payments.

In Waltham, Mass., this spring, the City Council approved a non-binding resolution that for the first time asked Brandeis University and neighboring Bentley College to make payments of \$1 million each to the city. Both schools refused.

Jewish camps have been targeted, as well. In 1988, the town of Fallsburg, N.Y., and surrounding Sullivan County denied a real estate tax exemption to Camp Kahal Bnei Emunim, which is affiliated with a Brooklyn yeshiva run by the Shopron Hasidic movement.

When the camp missed the application deadline for the tax exemption, "they said if you don't file it on time, you lose it," Judah Dick, the camp's attorney, related.

The camp has yet to pay the \$5,000 property tax, which Dick said would have a "big impact" on its budget. Instead, it is pursuing the matter in court. The camp has already lost a lower court battle and is now appealing the case to the New York Court of Appeals, the state's highest court.

In recent years, localities have tried to take away state sales tax exemptions that non-profit

charities, including Jewish community federations, have long enjoyed.

For example, Pennsylvania last year stripped the Jewish Federation of Reading of its state sales tax exemption, contending that the federation only indirectly supports charitable activities by funding constituent organizations.

A state review board later overturned the earlier decision, concluding that the federation serves "legitimate subjects of charity through its disbursement of funds to other charitable organizations." The ruling saved the federation about \$4,000 a year.

Tougher Regulation Of Charities

Jewish organizations are also having to contend with an increasingly dense web of regulations regarding fund-raising activities.

The laws generally require charities either to register their solicitors or to account for funds that they raise, forcing Jewish groups to spend more money on their accounting operations.

Forty states have such regulations on the books, 17 of which have been strengthened since the start of 1989, said Betsy Hills Bush, director of governmental affairs at the American Association of Fund-Raising Counsel.

The laws came largely in response to public demand for regulation of charities in the wake of various fund-raising scandals, including those involving several Christian television evangelists.

"It's just frustrating," said Irving Ginsberg, executive director of the Jewish Federation of Palm Springs-Desert Area, Calif. "The requirements that the state puts on you take its toll on the accounting office."

While most of the "direct hits" Jewish institutions have suffered in recent years have occurred at the state or local levels, there is some concern about potential congressional action at the federal level.

One of the biggest concerns is that Congress will impose various types of unrelated business income taxes, or UBITs, on tax-exempt groups as a way of generating new revenue to reduce the federal budget deficit.

The options, under review for more than two years by the House Ways and Means subcommittee on oversight, include taxing a group's travel packages; sales of clothing, jewelry, furnishings or common consumer items; or advertising revenue on publications.

Jewish Museums Hard Hit

Among Jewish institutions, museums have been hit the hardest in recent years by various congressional tax measures.

As part of the 1986 tax reform act, donations of artwork and securities began to be taxed based on their appreciated value. Previously, they were taxed at their original purchase price.

Seymour Fromer, executive director of the Judah Magnes Museum in Berkeley, Calif., said that as a result, his museum has received substantially fewer donations of paintings and antiques in recent years, while cash gifts have continued at about the same level.

Mark Stern, legal director of the American Jewish Congress, lamented the increasing financial pressure on the not-for-profit sector, observing that charitable institutions are "one of the things that's kept government in check in this country," particularly in delivering social services.

"Now the government's making it very difficult to keep that private sector," he said.