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**SHAMIR DENIES ISRAEL IS URGING U.S.
TO LAUNCH AN ATTACK AGAINST IRAQ**

By David Landau

JERUSALEM, Aug. 28 (JTA) -- Prime Minister Yitzhak Shamir denied Tuesday what he called "ugly" media reports in the United States that Israel is urging Washington to take military action against Iraq.

Shamir spoke hours after the publication here of parts of a warm letter from President Bush praising Israel's restrained role in the Persian Gulf crisis.

In assailing the media reports, the premier may have been referring to a statement made Sunday on NBC-TV by commentator and former White House aide Patrick Buchanan.

Appearing on the "McLaughlin Group," a talk show, Buchanan charged that Israel "and its 'Amen' corner in the United States are the only ones beating the drums for war" with Iraq.

Shamir told the Knesset Foreign Affairs and Defense Committee on Tuesday that Israel is not offering the United States any advice at all about how to proceed in the crisis, beyond expressing its support for the Bush administration's policies.

But Shamir would not go as far as to say that Israel would prefer to see a diplomatic resolution of the crisis. "I didn't say that," he was reported to have told the committee when pressed on this point.

Defense Minister Moshe Arens said outright this week that a solution that left Saddam Hussein in power and his military might intact would be "a cause of concern for Israel, for the Gulf region and, in my opinion, for the entire world."

Speaking on educational television, Arens said that one of the important and positive effects of the crisis was that Israel was now no longer alone in its awareness of the dangers posed by the Iraqi president.

Asked if the danger of war has receded, Arens was non-committal, but added: "I think Saddam is in deep trouble. If a few months ago he faced Israel alone, now he faces the whole world, led by the U.S., which is still daily enhancing its strength in the region."

Bush Suggests Closer Cooperation

Israel would rejoice if the crisis were resolved without bloodshed, Arens said. But it would be worried if such a resolution left Hussein, his armed might and his technological capacity all untouched.

Arens said his impression is that the Americans believe Hussein can be brought down by the economic blockade, but they are ready to use force if necessary.

Bush's letter to the premier -- his second during the crisis -- contained a proposal that the two countries intensify their cooperation and communications in the face of the Gulf crisis. The letter was delivered Monday by Ambassador William Brown.

According to media reports here Tuesday, the American diplomat was instructed to give the Israeli leadership verbal assurances that the U.S. position requiring Iraq to leave Kuwait remains firm, as does Washington's commitment to Israel's security.

On this last point, Defense Minister Arens confirmed Tuesday that Israel submitted to Washington some weeks ago a list of urgently needed military hardware. He said nothing would be arriving imminently, but indicated that he expected favorable American consideration of Israel's requests.

He gave no details, but media speculation here has focused on Patriot ground-to-air missiles, and more warplanes and helicopters.

Meanwhile, a special ministerial committee on civil defense, set up by the premier in the wake of a Cabinet dispute over the need to issue gas masks, held its first meeting here Tuesday.

The committee is empowered to decide when to issue the masks. Members of the panel are Shamir, Arens, Foreign Minister David Levy, Interior Minister Arye Deri, Police Minister Ronni Milo and Agriculture Minister Rafael Eitan.

NEWS ANALYSIS:**PLO'S SUPPORT FOR IRAQ CARRIES
A FINANCIAL AND POLITICAL PRICE**

By Howard Rosenberg

WASHINGTON, Aug. 28 (JTA) -- The Palestine Liberation Organization will suffer financially and politically because of its support for Iraq in the Persian Gulf crisis, Middle East experts say.

And it appears that Palestinian residents of the West Bank and Gaza Strip have already begun paying the bill for their enthusiastic backing of Saddam Hussein.

But the pundits say a sudden cutoff of funds from abroad does not necessarily mean there will be a diminution of the Palestinian uprising in the West Bank and Gaza Strip, which has been funded by the PLO and its Arab backers.

The PLO has been distributing a few hundred dollars annually to each Palestinian family in the territories. The money comes from a pool of hundreds of millions of dollars raised in Saudi Arabia, Kuwait and other Persian Gulf states through a 5 to 6 percent "income tax" that benefits the Palestine National Fund.

In addition, Saudi Arabia, Kuwait and other Gulf states make direct contributions to the PLO that have been totaling another hundred million dollars annually.

Of the funds retained by the PLO, two thirds go to Al Fatah, the main branch controlled by Yasir Arafat, and one third go to other PLO constituent groups, said Helena Cobban, an expert on the PLO who is a visiting peace fellow at George Mason University.

Cobban said both the direct aid and the tax proceeds will likely be terminated because of the PLO's support of Iraq.

As a result, Palestinians in the territories are likely to receive significantly reduced aid from the PLO. In addition, a reduction is expected in contributions from relatives in the Persian Gulf.

Before the Iraqi invasion, at least 250,000 Palestinians worked in Kuwait and used to transfer funds to support their families in the territories. That support was estimated to be between \$120 million and \$200 million annually.

Now, many of those workers have fled. Cobban said she has heard some "terrible stories"

about Palestinians in Kuwait whose businesses have been "wiped out."

Meanwhile, Saudi Arabia, which is furious with the PLO, has frozen Palestinian assets in its banks. The estimated loss is another \$10 million.

Impact On The Intifada Unclear

As a result of these cutbacks, hospitals, development projects and welfare organizations in the administered territories that used to be flush with generous contributions from the Gulf states are now faced with empty cash boxes.

The Mokassed Hospital in East Jerusalem, which had been receiving 75 percent of its income from Kuwaiti sources, must now look elsewhere for funding.

But whether this funding curtailment will snuff out the intifada remains to be seen.

Leaders of the Palestinian uprising have already demonstrated their ability to absorb "strong economic blows," Cobban pointed out. "I don't think the economic situation can get a lot worse," particularly in the Gaza Strip, she said.

Barry Rubin, senior fellow at the Washington Institute for Near East Policy, said the intifada is "very much weakened" in that funding is being cut off for Palestinian institutions, ranging from schools to hospitals.

While he would not say there would be fewer demonstrations or less violence, Rubin did predict Palestinians would be less willing to "go on strike all the time" or quit their jobs.

A Middle East expert at the State Department said financial backing is not a key ingredient for sustaining the intifada. "It's hard for me to imagine it will fold just because the PLO funds are harder to come by," the expert said.

The intifada "has developed into a semi-permanent thing," the expert said. If PLO control over the intifada diminishes, some of the more radical factions, such as the Islamic fundamentalist Hamas movement, will become more powerful, the expert said.

Looking Elsewhere For Support

The PLO will now have to look elsewhere for its financial support, to countries such as Libya or Iraq, which has only begun providing funds to the PLO in recent months. In doing so, the PLO may be forced to make tradeoffs.

Financial aid from Saudi Arabia and the Gulf states came with "few strings attached, whereas other Arab states that have funded the PLO have added a lot of conditions," said Cobban.

Douglas Bloomfield, former legislative director of the American Israel Public Affairs Committee, said that unlike the Saudis, any radical Arab state backing the PLO would ask for "special favors," such as "kill this guy or blow up that building."

Even so, aid from Libya and Iraq could not possibly compensate for a decline in funds from the Gulf nations, Cobban and Rubin agreed.

With a growing reliance on aid from extremists, the PLO has lost one of its key assets, "the ability of the leadership to steer between all the different splits inside the Arab world," Cobban said. "This time, I'm afraid that they have abandoned their long-term policy of non-alignment," she said.

Rubin said the PLO will suffer from "internal fighting over who's fault this is" for the cut in aid. He implied that the PLO would become more radical, a process already begun by with its tilt toward Iraq.

But Cobban said Palestinians in the territories have shown a greater ability to "overcome splits" in the Arab world "than the Palestinians on the outside."

The PLO has made a "serious misjudgment," she said. It has "basically annihilated all of the PLO gains that they've made over the years in Europe and the United States, Egypt and the Israeli peace camp, by aligning with a policy that really doesn't at this stage appear to offer anything to the Palestinians."

Cobban called PLO's new closeness to Iraq "a marriage of convenience."

She said that the PLO is "well aware" that a decade ago, the Iraqis "wiped out huge numbers of Fatah supporters in Beirut and elsewhere. Some of the PLO's ablest diplomats around the world were killed by Iraqi goons," she said.

Arafat was driven to support Iraq because of his hatred for Syrian President Hafez Assad, a staunch enemy of Iraq, his "feeling of humiliation at the hands of the United States and Israel," and his willingness to play "to a kind of lowest common denominator frustration among his people," Cobban said.

"I think the Palestinians better be positioning themselves for the post-crisis diplomacy, otherwise they will certainly end up like the Kurds and other strong nations that got cut out of big deals," she said.

(JTA correspondent Gil Sedan in Jerusalem contributed to this report.)

ISRAELI ARAB PHYSICIAN SUBJECTED TO TRAVEL BAN FOR POLITICAL TIES **By Gil Sedan**

JERUSALEM, Aug. 28 (JTA) -- An Israeli Arab physician was subjected Tuesday to restrictive measures by security forces because of his known contacts with the Palestinian political community.

Dr. Ahmad Tibi, a Jerusalem gynecologist, received notice from the Interior Ministry that he was banned from leaving the country for two months.

The ban was empowered under 1948 emergency regulations, based on "concern that Tibi would use his trip overseas to meet with hostile elements," said Interior Minister Arye Deri.

Tibi said he had no intention to meet with people whom the law forbids meeting. Israeli law bans meetings between Israelis and members of the Palestine Liberation Organization.

"The use of emergency regulations against Arab citizens of Israel is faulty, and amounts to a grave violation of democracy," he said.

The restriction against Tibi follows a similar move last week against East Jerusalem activist Faisal Hussein, who is not an Israeli citizen.

Security forces in the past month have stepped up restrictive acts against Israeli Arabs since many Palestinians have expressed support for Iraqi President Saddam Hussein.

Last week, exit bans also were issued against two activists of the radical group Sons of the Country. Other Israeli Arabs were summoned for police interrogations on their positions.

One of these, Ibrahim Hussein, the mayor of Shfar'am and chairman of the National Committee of Arab Mayors, issued a statement Tuesday condemning the warrant against Tibi. He described it as a "dangerous turning point in the attitude toward Israel's Arabs. Such steps will jeopardize the relations between Jews and Arabs."

LIBYA HELPED PLF PLAN FAILED ATTACK ON TEL AVIV BEACHES, SAYS STATE DEPT.**By Howard Rosenberg**

WASHINGTON, Aug. 28 (JTA) -- Libya provided "direct support in all phases of preparation" for the failed May 30 terrorist raid on Tel Aviv beaches by the Palestine Liberation Front, the State Department has determined.

The finding, contained in a report issued Monday by the department's Office of Counterterrorism, concurs with claims previously made by Israel about Libya's role in helping to plan the raid.

The raid was to be conducted by six assault boats carrying PLF personnel to the Tel Aviv shoreline. But Israel intercepted them, killing four would-be terrorists and capturing 12 others. No Israelis were injured.

Libya helped in "planning the attack," providing "personnel who accompanied the ship from which (the raid) was launched," said the report, which was entitled, "Libyan Support for Terrorism Threatens the Middle East."

According to the State Department, PLF members began preparing for a seaborne operation "at least as early as October 1988. From late 1988 until the operation was launched, training and preparations took place in Libya at several locations, including a Libyan naval base," the report found.

The six assault boats were carried by a larger merchant ship, called "Tiny Star." After unloading the boats west of Israel, the larger ship "probably traveled west to southwest, to blend in with the hundreds of merchant ships to and from the Suez Canal," the report found.

The report said that "Tiny Star's unusual movements in Libyan waters between late April and mid-June coincided with activities of the PLF in preparing for the May 30 attack and in demobilizing after the failed operation."

Could Have Killed Civilians

The ship was detected in Tripoli harbor in early May. On May 24, six assault boats were loaded onto Tiny Star at a Libyan naval base. The ship then sailed to the port of Ras el-Hilal, to pick up the PLF members who were to launch the attack, the report said.

After the raid, the Palestine Liberation Organization, of which the PLF is a constituent group, refused to discipline PLF leader Mohammed (Abul) Abbas, as demanded by the United States. It said it could not take such action without the consent of the Palestine National Council, the PLO's so-called parliament in exile, which would not meet again until the fall.

As a result, on June 20, the Bush administration suspended its dialogue with the Palestine Liberation Organization, which had begun 18 months earlier.

"The attack, had it succeeded, would have killed Israeli civilians and other nationalities, perhaps including Americans, on Tel Aviv's public beaches," the report concluded.

A fact sheet accompanying the report disputed Abbas' claim that the attack was aimed at military targets only.

"Anyone familiar with the beach at Tel Aviv where these boats were headed can tell you this claim is false," the fact sheet said.

"At the time of the attack, the beach was crowded with civilians, Israelis and tourists, enjoying the sun."

GERMAN JEWISH LEADER PROTESTS GOVERNMENT DRAFT OF UNITY TREATY**By David Kantor**

BONN, Aug. 28 (JTA) -- The leader of West Germany's Jewish community has sharply protested the government's failure to include specific reference to the Nazi era in a draft of the treaty that will formally unite the two Germanys on Oct. 3.

The government draft, released last week by Interior Minister Wolfgang Schauble, says that the unified German state will be conscious of the continuity of German history and the resulting special responsibility for human rights and peace. But it does not specifically mention the Nazi era.

Heinz Galinski, the chairman of the community, said at a news conference Tuesday that Chancellor Helmut Kohl had assured him last month that words in the treaty would emphasize Germany's moral debt to Nazi victims.

Galinski met with Kohl earlier this month to present the proposal for the preamble.

Since the draft was released last week, the government has refused to follow up on inquiries from the Jewish community, Galinski charged. He called it "a terrible situation, an absolute disregard of not just the Jewish community but everyone victimized by Nazism."

Galinski released the text of a letter he has sent to Kohl, which says the government's behavior has aroused deep concern among Jews here.

In the letter, Galinski, who is a survivor of Auschwitz, said the community could not understand why a unified Germany apparently refused to adopt the text it had proposed. This is not a good omen for a unified Germany, he said.

Kohl has said many times that he would not answer letters made available to the news media before they reached his desk.

He made an exception to his rule in March, when Rabbi Marvin Hier, dean of the Simon Wiesenthal Center in Los Angeles, sent him an open letter expressing anxiety over the impending reunification of German states.

Meanwhile, members of the Bundestag, West Germany's parliament, began debate Monday on the text of the proposed treaty. The Jewish community has urged all factions in the parliament to consider its request to include a strong anti-Nazi statement in the preamble.

EL AL TO FLY INTO EAST BERLIN**By Hugh Orgel**

TEL AVIV, Aug. 28 (JTA) -- El Al, Israel's national airline, will begin regularly scheduled direct flights to East Berlin next Tuesday, the airline reported Monday.

This fulfills an agreement made some months ago between El Al and Interflug, the East German state airline.

Interflug will begin reciprocal service in a few weeks. The delay is due to a present shortage of planes, the East German carrier said.

Israel's Civil Aviation Authority plans to propose to West German authorities that the present air agreement between the two countries be amended to include flights between Israel and both East and West Germany following the planned unification of the two Germanys, which will take place Oct. 3.

Although the countries will be united, the name of East Berlin will remain for the time being and a separate airport will remain to serve East Berlin.

**BEHIND THE HEADLINES:
MOVE FROM 515 PARK AVE. SIGNALS
END OF AN ERA IN AMERICAN ZIONISM**
By Debra Nussbaum

NEW YORK, Aug. 28 (JTA) -- Thirty years of Zionist history will come to an end Friday, when World Zionist Organization officials close the doors to 515 Park Ave. for the last time.

Truckloads of cartons and file cabinets filled with the detritus of three decades of Zionist history will be moved to the new headquarters of the WZO-America Section and other Zionist groups at 110 East 59th St.

The debt-laden Jewish Agency sold the building at 515 Park Ave. 18 months ago to the Zeckendorf Co. for \$38 million. The ubiquitous New York real estate development firm currently has no plans for the property, according to a Zeckendorf spokesperson.

The sale raised desperately needed funds for the Jewish Agency, which are going to repay loans and fund housing and services for tens of thousands of new Soviet immigrants in Israel.

After a long search for another building to buy, the WZO settled on leasing two floors at the new address, with about 40,000 square feet of space, one-third less than at 515 Park Ave.

While Zionist leaders acknowledge that the Jewish Agency had a pressing need to raise the money, people at 515 Park Ave. are mournful about the sale.

"This building has been more than an address, more than an asset," said Bernice Tannenbaum, chairwoman of the WZO-America Section. "To me, it has been the American Zionist home."

The building has been the bustling center of American Zionist activity for the past 30 years, serving 150 to 200 visitors on an average day, with a large number and range of programs.

A Place To Study And Camp Out

It became so synonymous with Zionist activity and organizations that all over the world, people knew the location as just "515 Park Ave." No further explanation was needed. Everyone knew what that address meant.

Young people passed through the doors seeking information about American Zionist Youth Foundation programs. Older people often came to hear speakers at the Herzl Institute. People of all ages have studied Hebrew in the ulpan programs and have planned their aliyah in the offices of the Israel Aliyah Center shlichim.

Every year, New York's Israel Day parade, with its dozens of floats and marching bands, has been planned and organized from offices at 515 Park Ave.

Teen-agers on their way to programs in Israel have been known to camp out in the lobby, resting on their duffel bags. In some years as many as 11,000 people passed through 515's doors on their way to programs in Israel. These days, that number is more like 5,000 a year.

Other WZO departments and organizations that have made their home at 515 Park Ave. include the American Zionist Federation, the Department of Torah Education, Midstream magazine, the Herzl Press, the United Israel Appeal and the Conference of Presidents of Major American Jewish Organizations. All but the Herzl Press are moving to the 59th new location.

The extensive library, a valuable resource for students and researchers, is being moved to the new offices. But archives containing historical

documents that date to the days before Israeli statehood are being transferred to the Jewish Agency archive building in Jerusalem. Microfilms of the documents will be kept in New York.

A Magnet In Times Of Crisis

In times of crisis, 515 Park Ave. was a magnet for concerned Jews. During the Six-Day and Yom Kippur wars, hundreds camped out on the doorstep for days, Tannenbaum recalled.

Some boarded airplanes to volunteer in Israel, some donated money and, for some people, the paperwork and red tape of aliyah were expedited so they could go to their new homes as quickly as possible.

"Suddenly Israel was at peril," Tannenbaum reminisced, "and the American Jewish community was frightened and wanted to help in any way possible. They didn't go to the (Israeli) Consulate," she pointed out, "they came to us at 515."

The Park Avenue building's penthouse has held many gatherings of world leaders, who often have addressed the organized American Jewish leadership from that site. Just about every prime minister, president and head of state from countries friendly with Israel has spoken there, according to Tannenbaum.

And of course, so has every major Zionist leader, starting with Nachum Goldmann, as have all of Israel's prime ministers.

The sale of the building and the move to a new location reflects, perhaps, the evolution that has taken place in the relationship between the American Jewish community and Zionism.

Today's priority is funding Operation Exodus and working to make sure that the latest aliyah, of Soviet Jews, is successful. While thousands of American Jews travel to Israel each year to participate in programs, only 2,000 to 3,000 make aliyah. By contrast, over 10,000 Soviet Jews are now arriving in Israel each month.

But it would be a "mischaracterization to say that this represents the end of the Zionist movement in America," said Malcolm Hoenlein, executive director of the Conference of Presidents. "Perhaps it is part of the maturation of the relationship between the American Jewish community and Israel.

"We look forward," he said, "to continuing the tradition, activities and involvement of the American Jewish community at our new location."

**WITH THE CHANGING OF THE CLOCKS
COME THE FIRST SHOWERS OF WINTER**
By Hugh Orgel

TEL AVIV, Aug. 28 (JTA) -- If Israelis, who set their clocks back to standard time last weekend, needed any more proof that summer was over, they got it Sunday morning.

The weatherman says it was pure coincidence that the first rains of the winter season fell in the Haifa and Galilee areas early Sunday morning, only a couple of hours after the clocks were set back to "winter time" at midnight Saturday.

But the precipitation proved to be only a few drops, lending credence to the meteorological service's insistence that Israelis would still have another month of summer to enjoy.

The termination of summer daylight time was ordered by the Orthodox-controlled Interior Ministry, not because of climatic conditions but to make life easier for observant Jews reciting the pre-High Holiday Selichot penitential prayers before dawn each day during the month of Elul.