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PSYCHOLOGICAL IMPACT OF SCUDS**TAKING ITS OWN TOLL ON ISRAELIS**

By Hugh Orgel and David Landau

TEL AVIV, Jan. 24 (JTA) -- The Iraqi SCUD missiles that have three times wreaked havoc over the Tel Aviv area are a terror weapon that appear to have a more serious psychological than physical impact on Israelis.

But the shooting down of a SCUD Wednesday night over Haifa by a U.S. Patriot anti-missile battery has restored public confidence in the American weapon, which failed to neutralize the missile that hit Ramat Gan on Tuesday night.

It is hoped the new sense of reassurance will slow down the exodus from the greater Tel Aviv area, which has borne the brunt of the missile attacks, and reduce disruption to the economy caused by absenteeism and anxiety.

If those are indeed the results, they will strengthen Prime Minister Yitzhak Shamir's efforts to avoid being dragged into the Persian Gulf war by Saddam Hussein.

Militarily, the SCUDs are ineffective, with their 550-pound, high-explosive warheads having the destructive power of a car bomb, a terror weapon known to Israelis.

They leave a big crater in the ground and scatter metal splinters and glass shards over a wide area.

Psychologically, however, their effect has been to make many residents of the Tel Aviv area ardently wish they were elsewhere.

There has been a major exodus from the city's environs since the first SCUDs struck on Jan. 18. But it is hard to say just how many have departed Israel's largest urban area.

Just 'Visiting Friends'

Half the town has left, according to some, surely an exaggeration. Nevertheless, considerable numbers of Tel Aviv "refugees" are turning up at hotels in Jerusalem and Eilat, or at scattered kibbutzim, which are unlikely targets of missile attacks.

They usually say they are "visiting friends."

A corresponding phenomenon is the proliferation of bumper stickers in Tel Aviv announcing "I've stayed on."

The fortitude of the general population and its ability to weather the strains of the present situation without disrupting the economy are a key element in Shamir's policy-making considerations. He can more easily maintain the government's policy of restraint if he is confident the central area of the country is holding firm.

Before the Patriot success Wednesday night, this was palpably not the case, with droves of Tel Aviv residents flying out to Eilat, motoring up to the north with their families in tow, or checking in with friends and relatives in Jerusalem and the West Bank settlements.

Many breadwinners, in a pattern reminiscent of Londoners during the Blitz, have moved their families out of the Tel Aviv region while they themselves commute to work.

Homebound traffic jams are smaller, but the evening rush hour now begins in the afternoon.

Since the emergency began, banks, businesses and many shops close early.

Nightlife has come to a virtual halt. Movie houses have canceled their evening shows. Virtually no night clubs, restaurants or cafes are open because of lack of customers.

No bars stay open at night, except those frequented by singles who don't want to be alone.

Proud Tel Aviv residents cite Londoners who endured the Blitz 50 years ago and say, "They lived through six years of war. We can take it for a few weeks."

Decided In Principle To Retaliate

But beyond its effect on national morale, the Patriot success helped solidify the informal accord between Shamir and President Bush, whereby Israel will stay out of the war as long as the attacks remain conventional and as long as the United States and its allies can show concrete progress in reducing the missile threat.

Significantly, pollsters and reporters have found a high degree of support for Shamir's policy of restraint among the public.

The ordinary Israeli is fully aware of the military and political complexities facing the prime minister and the Israel Defense Force. Israelis seem as reluctant as Shamir to give Saddam Hussein the prize he seeks, which is Israeli involvement in the war.

On Thursday morning, U.S. Deputy Secretary of State Lawrence Eagleburger called on Shamir before leaving Israel, for what the prime minister's spokesman, Avi Pazner, described as a particularly friendly meeting.

It reflected in tone and tenor the steadily closer cooperation between Washington and Jerusalem that has evolved during this crisis.

Israeli leaders stress they have decided in principle to exact punishment from Iraq for its attacks.

But the clear signal emanating from Jerusalem is that Israel's move will be carefully planned and designed to achieve maximum effect. It will be launched only if and when it does not endanger the cohesiveness of the U.S.-led coalition or disrupt the ongoing allied campaign.

If the Patriots can ward off all or most of what Hussein can still fling at Israel, the impairment of its deterrent posture and the private pain and loss caused by attacks will be eased. The allies, meanwhile, can get on with their job without having to worry constantly over the political and military complications of an Israeli intervention.

**GERMAN FOREIGN MINISTER IN ISRAEL
HEARS CRITICISM FROM LEVY OVER GAS**
By Gil Sedan

JERUSALEM, Jan. 24 (JTA) -- Germany's foreign minister, Hans-Dietrich Genscher, arrived Thursday in Israel on a visit he called "moral, not political," and promptly received a tongue-lashing from his Israeli counterpart.

Foreign Minister David Levy, at a joint news conference with his guest, accused Germany of supplying Iraq with both conventional and chemical weaponry.

German aid to Israel will not change Germany's responsibility for Iraq's armament, Levy said. He seemed to be referring to the \$165 million grant announced Wednesday by Chancellor

Helmut Kohl to help Israel with its economic problems.

Levy said he had told Genscher months ago that it was shameful for Germany to supply Iraq with technology for its military industry.

He said he appreciated the Bonn government's efforts to track down and punish German businessmen who helped Saddam Hussein develop chemical weapons.

But Germany still is not doing enough, Levy complained. He said it was a "nightmare" that gas originating in Germany should be menacing the Jewish state.

Genscher said in response that his country never permitted the export of chemical weapons to Iraq. There were those who broke the law, he said, and vowed that his government would do its utmost to press charges against them.

He assured that Israel could rely on Germany "at this difficult hour."

Hostile Reception From Israelis

Immediately upon their arrival at Ben-Gurion Airport, Genscher and his entourage were given gas masks. The German foreign minister said his visit was motivated by the "historic and moral obligation of Germany to the Jewish people."

He joined Levy and Tel Aviv Mayor Shlomo Lahat on a tour of one of the sites hit by an Iraqi SCUD missile.

At the end of the tour, Genscher handed Lahat a \$3.3 million check, which he said was a "symbolic contribution" to rebuild the devastated area and to indicate that "Germany is affected by everything that happens in Israel."

The visitors then drove to Ramat Gan, a suburban township just east of Tel Aviv, which suffered the worst damage and casualties from a missile strike on Jan. 22.

Genscher received a hostile reception from many Israelis and pro-Israel activists from abroad as he toured the stricken areas.

The foreign minister is leader of the Free Democratic Party, Kohl's junior coalition partner. He was accompanied to Israel by Lothar Ruhl, secretary-general of the ruling Christian Democratic Union, and Carl-Dieter Spranger, a minister representing the Christian Social Union, the CDU's Bavarian sister party.

Hans-Jochen Vogel and Johannes Rau, leaders of the opposition Social Democratic Party, plan a separate visit to Israel.

ISRAEL NOT SEEKING BILLIONS MORE IN U.S. AID, AMBASSADOR MAINTAINS By David Friedman

WASHINGTON, Jan. 24 (JTA) -- Israeli Ambassador Zalman Shoval has labeled as a "canard" news reports that Israel has asked the United States for \$13 billion in additional aid.

Israeli Finance Minister Yitzhak Moda'i was said to have asked for that amount over five years during a meeting in Israel on Tuesday with visiting U.S. Deputy Secretary of State Lawrence Eagleburger.

Speaking to reporters Thursday at the National Press Club here, Shoval explained that what Israeli officials did was to outline to Eagleburger the costs of the Persian Gulf war and of absorbing tens of thousands of Soviet Jewish immigrants.

The war has cost Israel about \$3.2 billion from lost tourism, increased oil prices and increased costs for military preparations, such as

the around-the-clock manning of Israeli fighter planes, Shoval said. He said this figure does not include the cost of the damage from the Iraqi missile attacks on Israel.

Shoval did not say Israel would ask the United States to help recoup its costs. But he pointed out that the international community has been compensating Jordan and other countries that have been economically hurt by the war.

"Israel has a right to be compensated by the international community," he said.

\$10 Billion In Loans May Be Sought

Israel receives \$3 billion a year in economic and military aid from the United States, a figure that has remained constant for several years, despite inflation.

The other \$10 billion of the \$13 billion mentioned by Moda'i was part of the estimated \$20 to \$30 billion cost of absorbing Soviet Jewish immigrants over the next five years, Shoval explained.

"We do not want any direct financial aid from the United States for that," he stressed. Israeli taxpayers have shouldered a large part of this burden, Shoval said.

But Israel might ask the United States to guarantee loans of some \$10 billion to make it easier for Israel to get the money from private banks, Magen Altuvia, assistant economic minister at the Israeli Embassy here said Thursday.

The Bush administration last year approved \$400 million in loan guarantees to help Israel provide housing for Soviet Jewish immigrants.

Altuvia said Israel would try to seek the rest of the money needed for immigrant absorption, which includes the creation of jobs as well as housing, from other countries and Diaspora Jewish communities.

On the present war situation, Shoval said Israel cannot allow Arab enemies to believe the Jewish state can no longer defend itself, since this would invite aggression against it.

While not saying so directly, Shoval indicated that if such a perception develops, Israel might decide the time has come to retaliate for the SCUD missiles Iraq has fired at the Tel Aviv area over the last week.

Showers Of Praise From U.S.

"Israel's security depends on the ability to defend itself," the ambassador said. He claimed Israel still has the strongest army and the mightiest air force in the Middle East.

But "close relations with the United States are of strategic importance for the defense of Israel," the envoy added.

Those relations have become stronger since the start of Operation Desert Storm, as Israel has acceded to U.S. wishes to let the coalition arrayed against Iraq try to eliminate the SCUD missile launchers in Iraq.

Israel's restraint has been met with a shower of praise from President Bush, administration officials and members of Congress.

The Israeli government has stressed, however, that it retains the right to retaliate and plans to do so.

Israel will stay on the sidelines "up to a point," Shoval said Thursday. He said the government will make its decision when it concludes the disadvantages of not acting outweigh the advantages.

After all, Shoval said, "America won't be there (in the Middle East) forever. We will."

BELGIUM PROMISES AID TO ISRAEL AFTER JEWS CHIDE ITS ALOOFNESS

By Yossi Lempkowicz

BRUSSELS, Jan. 24 (JTA) -- The Belgian government has promised economic aid to Israel after being reproached by Jews for its aloof stance in the wake of the Iraqi missile attacks on Israel.

Prime Minister Wilfried Martens, who made the commitment at a meeting with Belgian Jewish leaders, said he would favorably consider a Jewish request that Belgium participate in an emergency fund to help Israel absorb the influx of immigrants from the Soviet Union and other countries.

Lazard Perez, head of the Coordinating Committee of Belgian Jewish Organizations, called the meeting "a good one, better than expected."

He said the issue of terrorist threats against the Jewish community here was raised with the prime minister.

The Jewish community has in fact set up a "crisis committee" to coordinate security efforts, among other things.

The committee includes representatives of all political and religious Jewish institutions in Brussels and Antwerp. It organized a rally in support of Israel at the Israeli Embassy here.

The Jewish group also urged the government to be "cautious" in the deliveries of "sensitive goods" to foreign countries, especially Libya and Iran. The government recently gave the green light for an economic accord with Libya.

The Coordinating Committee, the umbrella organization of Belgian Jewish institutions, demanded the meeting with Martens because Belgium, alone among the 12 member states of the European Community, failed to send an official message of sympathy to Israel after the first SCUD missile attack on Jan. 18.

Praising The Israeli Government

In recent days, Foreign Minister Mark Eyskens has made several statements condemning the Iraqi attack on civilians and praising the Israeli government for refusing to be drawn into reprisal attacks. He called Israel's restraint "an act of courage."

Eyskens said he met with Israeli Ambassador Avi Primor the day after the first missile attack to express solidarity with Israel and its people.

Local Jews have been particularly unhappy with Belgium's Middle East policy because of the added irritant of its recent prisoner-for-hostages exchange with the Abu Nidal terrorist gang.

Walid Khaled, a high-ranking member of the Abu Nidal group, was in Belgium last week on the eve of the war, quietly walking the streets of Brussels despite a security alert linked to the Persian Gulf situation.

A political storm was generated over the Foreign Ministry's granting of a visa to Khaled, who apparently negotiated the recent exchange of another Abu Nidal member, a prisoner who killed a Jewish boy, for four Belgians kidnapped in November 1987.

The Foreign Ministry announced Monday that Jan Hollants van Looche, the ministry's political director, and Alex Reyn, chief of the minister's Cabinet, had resigned. Khaled apparently came to Belgium to negotiate the final stages of the prisoner-hostage exchange with van Looche.

The prime minister has called the Foreign Ministry's granting of a visa to Khaled a "grave error of judgment."

JEWISH GROUPS REGISTER CONCERN ABOUT HARASSMENT OF ARABS IN U.S.

By Aliza Marcus

NEW YORK, Jan. 24 (JTA) -- At least two American Jewish organizations have voiced concern about harassment of Arab-Americans stemming from the conflict in the Persian Gulf.

Since the start of the Gulf crisis five months ago, Arab-Americans say they have been subjected to discrimination on the basis of their ethnic and religious backgrounds. Some have encountered merely greater mistrust, while others have been threatened or physically attacked.

The Iraqi invasion of Kuwait led to a rise in anti-Arab sentiment here, which translated into a large jump in the number of hate crimes against Arab-Americans, according to the American-Arab Anti-Discrimination Committee, or ADC.

The ADC has also expressed fear that recent interviews of Arab-Americans by the Federal Bureau of Investigation work to promote the misconception that Arabs are anti-American.

FBI agents have been conducting interviews with Arab-American leaders as part of its domestic anti-terrorist campaign. But the interviews, which concentrate on racist attacks against Arab-Americans, also include questions about personal and political views, say ADC officials and those who have been interviewed.

Such questions, they believe, unfairly question the loyalty of Arab-Americans.

The American Jewish Congress and the American Jewish Committee have joined the ADC in issuing statements questioning the interviews.

The interviews, which took place in the wake of threats that Iraqi terrorists might attack U.S. sites, brought up old fears of dual loyalty and the worst excesses of U.S. policy during World War II, when Japanese-Americans were interned in camps for the duration of the war.

'A Danger To All Groups'

"This could happen again," David Harris, AJCommittee's executive vice president, said in a statement issued Jan. 11.

"It must not. Necessary actions taken by our law enforcement authorities to protect U.S. security must at the same time be protective of the civil rights and liberties of Arab-Americans."

AJCongress has called upon FBI officials to exercise "sensitivity and respect" as they carry out their interviews, and in a letter urged the FBI director to ensure the interviews were in fact essential to prevent terrorist attacks.

"We recognize, as a minority community, that when the federal government steps in and starts identifying minority communities it raises grave concerns," said Mark Pelavin, the group's Washington representative.

Overall, the ADC has catalogued 72 incidents of racist behavior and violent attacks against Arab-Americans, ranging from negative portrayals in the media to bomb threats. Many of the incidents are reminiscent of hate crimes against Jews.

Kenneth Stern, an AJCommittee specialist on anti-Semitism and extremism, said discrimination against Arab-Americans is something that has to be monitored during the Gulf war, as "times of great stress" lead to minority targeting.

"I think it's important for everyone concerned with pluralism and what it means to live in a multicultural society to speak out about this," he said, "because when one minority group is picked out it is a danger to all groups."

**WHEN THE CHIPS ARE DOWN,
AMERICANS CHIP IN FOR ISRAEL**

By Aliza Marcus

NEW YORK, Jan. 24 (JTA) -- In times of crisis for Israel, the American Jewish community, its own financial constraints notwithstanding, tends to rally behind Israel with whatever money it can find, according to the results of a new study which, as seen this week, is backed up by real-life events.

"Israel is among the strongest motivators for participation in Jewish philanthropy in times of peace and becomes even more compelling for American Jews if they feel that Israel's security is threatened," Gary Tobin, director of the Cohen Center for Modern Jewish Studies at Brandeis University, says in a statement about his study.

But the study found that the almost reflexive tendency of older American Jews to support Israel cannot be taken for granted among the younger Jews.

"Among these younger, more Americanized Jews, basic good feelings for Israel are present, but building on these feelings and translating them into financial support for Israel can be a greater challenge," writes Tobin.

In the wake of the Persian Gulf war and the Iraqi SCUD missile attacks on Israel, American Jews have galvanized in support of Israel, holding rallies nationwide, raising cash anew for the embattled Jewish state and besieging the Israeli consulates with calls offering everything from masking tape to help for the army.

A whole new round of money hunting also has begun, with an emergency \$100 million campaign for State of Israel Bonds and a move by the United Jewish Appeal to call in campaign pledges totaling \$400 million. Officials say they are optimistic about the results.

More Emphasis On Visits To Israel

Tobin's study, which brought earlier demographic research on American Jewish communities together with personal interviews and new research among Jewish leadership and others, found that despite people's concern over particular Israeli governmental policies, Israel remains an important part of their lives.

According to the study, "Israel and American Jewish Philanthropy," which appeared in the "Policy and Planning Papers" published by the Cohen Center, those interviewed said Israel made them feel stronger and prouder as Jews.

The survey found that caring about Israel remains a crucial aspect of American Jewish identity, and that overall, the stronger the tie to Israel, the larger the level of giving to all Jewish philanthropies.

Tobin's study has isolated a few areas in which emphasis should be placed to increase American Jewish ties to Israel, with the side effect of positively influencing the rate of philanthropic giving.

The study suggests that an emphasis should be placed on visits to Israel as part of the Jewish educational program in the United States to help combat assimilation and strengthen Jewish identity.

In addition, special Israel missions must be expanded to reach a broader audience.

"It is incumbent upon the organized Jewish community to convert latent good feelings about Israel into active philanthropy and involvement," concludes the study.

**SERIOUS HOUSING SHORTAGE EXPECTED
IN ISRAEL BECAUSE OF BUILDING LAG**

By Charles Hoffman

JERUSALEM, Jan. 24 (JTA) -- Israel will face a serious housing shortage during the second half of this year, according to a report issued by the Finance Ministry earlier this month.

The report found that the emergency immigrant housing program adopted by the Israeli government last August has fallen behind schedule.

It also found that the massive wave of Soviet immigrants that arrived in Israel over the last year has pushed up the number of jobless.

The housing and employment situations are expected to worsen as an estimated 300,000 to 400,000 Soviet immigrants arrive here this year.

By comparison, a total of 199,751 immigrants arrived here last year.

Anticipating a larger flood of immigrants in 1991, the government launched a crash housing program last August. It set a target of 45,000 housing starts for the current fiscal year, which ends March 31.

By the end of December, however, preliminary planning was completed for only 25,000 of these units. Land for only 12,900 of these units had been allocated by the end of December.

The government's program included plans for 49,500 temporary housing units for 1990 and 1991, to provide shelter until regular housing is built. By the end of December, only 680 mobile homes and 110 prefabricated ones had been set up.

Only 10,000 orders for temporary housing had been placed by this time, about 60 percent of them abroad.

Jobless Rate Rising

To meet demand for increased construction of permanent units this year, another 50,000 workers are needed. On Jan. 13, the Cabinet approved a proposal by Housing Minister Ariel Sharon to bring in 3,000 foreign construction workers experienced in rapid building techniques.

The use of foreign workers comes at a time when the unemployment rate in Israel is around 10 percent and rising, mainly because of the influx of new immigrants.

In November, 109,900 persons came to the state employment service in search of work, while in December the number rose to 112,000. And those levels are about 20 percent higher than the rate of a year ago.

The increase in the number of job-seekers reflects the fact that the tens of thousands of Soviet immigrants who came during the first few months of last year have now finished their Hebrew studies and have entered the labor force.

The Finance Ministry report found that along with an increase in job seekers, there also was a significant increase in requests from employers for workers -- but not enough to keep pace with the rapid expansion of the labor force.

About 55 percent of the Soviet immigrants are expected to join the labor force after their first year in the country, and the number will eventually rise to 60 percent.

The report projected that about 180,000 new jobs will be created during 1991 and 1992. About 100,000 veteran Israelis are expected to enter the labor market during this time, along with about 200,000 immigrants. According to these projections, there will be a shortage of about 100,000 jobs in two years' time, unless the economy grows at a much faster rate.