

**U.S. HOPES TO RELEASE LOAN GUARANTEES TO ISRAEL BY END OF WEEK, SAYS QUAYLE**  
**By Debra Nussbaum Cohen**

MIAMI, Feb. 19 (JTA) -- The United States hopes to release \$400 million in long-delayed loan guarantees to Israel "later on this week," Vice President Dan Quayle told an assembly of American Jewish leaders here Tuesday.

He characterized the problems holding up the release of the loan guarantees as "technical," adding that "there is no substantive dispute" between the Bush administration and the Israeli government.

One Israeli diplomat attending the annual plenum here of the National Jewish Community Relations Advisory Council, where Quayle made his remarks, said, "We are glad it's over."

"It's an important precedent for future loan guarantees," said Mordechai Yedid, deputy consul general at the Israeli Consulate in New York.

The guarantees, which will be used to finance the construction of housing for Soviet Jewish immigrants, were approved by Congress last spring.

But they have been held up by the Bush administration because of concern that the money will either directly or indirectly be used to expand Jewish settlements in the administered territories.

Israel has grown increasingly impatient over the delay. When Israel's ambassador to Washington, Zalman Shoval, expressed his frustration last week in an interview with the Reuters news agency, it led to a diplomatic fracas between the two countries. The White House publicly rebuked Shoval, calling his remarks "outrageous."

Quayle's remarks here Tuesday seemed to be an attempt to tone down the level of rhetoric and to reassure Israel and its Jewish supporters that the United States is eager to resolve the outstanding differences over the loan guarantees.

**'Baker Is Playing Hardball'**

There are still a number of questions Israel has not answered to the satisfaction of Secretary of State James Baker, according to Thomas Dine, executive director of AIPAC, the American Israel Public Affairs Committee.

These questions include the number of new settlements established in the administered territories during 1990, the amount of money spent by the Israeli government building new roads in the territories and the amount of money spent by each of the ministries in the territories.

"Baker is playing hardball, and the Israelis don't like these questions," Dine said in an address Monday to some 450 delegates to the NJCRAC plenum.

That same day, the NJCRAC delegates unanimously approved a statement urging the Bush administration to "implement expeditiously" its commitment to provide the loan guarantees.

Quayle's pledge Tuesday that the matter would be resolved shortly appeared to take some Israeli and American officials in Washington by surprise.

The State Department could not immediately confirm the remark, but a department official said that if the vice president had indeed given the

pledge, he must have known what he was talking about.

The Israeli Embassy said only that it had learned of Quayle's remark and hoped it was true.

Israel has also complained lately that it has received no promise of compensation from the United States for some \$3 billion in expenses it has incurred as a result of the war in the Persian Gulf. These include the costs of higher military readiness, damage to buildings caused by Iraqi missiles and loss of business as a result of the air raids.

In his now infamous Reuters interview, Shoval complained that Israel had "not received one cent in aid" from the United States to offset these losses.

**Reassurances On Peace Process**

While the administration was clearly put off by this remark, Quayle nevertheless promised Tuesday that Israel would not be forgotten.

The White House soon plans to submit to Congress an emergency supplemental appropriations bill requesting additional funds for military operations in the Persian Gulf.

Quayle said the bill would not include any aid for Israel, since the requested funds will be "primarily and categorically for military operations."

But he added that "Israel will be dealt with, even if not in this particular piece of legislation."

The vice president also tried to reassure Israel that it would not be forced to make concessions on the Middle East peace process that are not in its interest.

"We will always make clear to the world that we are a steadfast partner with Israel in the search for peace," he said.

Quayle restated the Bush administration's opposition to an international conference as the best way to solve the Israeli-Palestinian conflict, saying that "real peace must emerge between the parties themselves. It cannot and will not be imposed from outside."

"When this war is over, we will help find a real reconciliation between Israel, the Arab states and the Palestinians," he said.

**U.S. RESPONSE TO SOVIET PEACE PLAN BRINGS RELIEF, NEW WORRY TO ISRAEL**  
**By David Landau**

JERUSALEM, Feb. 19 (JTA) -- President Bush's initial negative response to a Soviet plan to end the Persian Gulf war has generated waves of relief in Israel.

But it also has raised fears of the short-term consequences should a desperate Iraq, facing an imminent allied ground offensive, conclude it has nothing to lose and launch a chemical attack on Israel.

The U.S. president, about to meet with congressional leaders in Washington on Tuesday, told reporters that the secret plan proposed to Iraq by Soviet President Mikhail Gorbachev fell far short of U.S. requirements to end the conflict and that he was "not going to give."

Those remarks, while not a total rejection, satisfied Israelis that Bush shares their conviction

that Saddam Hussein must not be allowed to emerge from the war with his regime in place and his military machine intact. That stance is good for Israel in the long term.

But a more immediate cause for concern is the considered judgment of the Israel Defense Force that Iraq may still have the ability to mount chemical or biological warheads on its Scud missiles, despite the aerial pounding it has taken for more than a month.

Moreover, the belief here is that when the ground offensive begins, Saddam Hussein will unleash whatever non-conventional weapons he has, not only against U.S.-led coalition forces but at civilian targets in Saudi Arabia and Israel.

Neither Washington nor Moscow has disclosed the nature of Gorbachev's peace plan, which does not satisfy Bush.

#### **Soviets Deplore Iraqi Attacks**

The German news magazine Bild published what a Soviet spokesman indicated was a fair approximation.

According to Bild, the main points are that Iraq should withdraw from Kuwait without conditions; the Soviet Union would guarantee Iraq's state structure and borders; the Soviet Union would oppose any sanctions against Iraq or personal punishment of Hussein; and all further issues, including the Palestinian problem, would be discussed in due course.

An interesting sidelight was an interview broadcast Tuesday with Robert Markurian, an aide to Soviet Middle East troubleshooter Yevgeny Primakov.

Markurian, one of the officials present at Gorbachev's meeting Monday with Iraqi Foreign Minister Tariq Aziz, said the Soviet side made clear its "negative attitude" toward launching missiles at Israel and warned Iraq that the war could not end until that stopped.

Furthermore, the Soviets stressed that one condition for ending the war had to be "ensuring Israel's security," Markurian added.

He said Primakov spoke in a similar vein at his meeting with Saddam Hussein in Baghdad last week, which Markurian also attended.

#### **36TH IRAQI SCUD STRIKES ISRAEL, CAUSING NO CASUALTIES OR DAMAGE**

By Hugh Orgel

TEL AVIV, Feb. 19 (JTA) -- Another Iraqi Scud missile was fired into Israel on Tuesday night, causing neither injuries nor damage, an Israel Defense Force spokesman announced.

The IDF would not disclose the exact impact area. But it apparently landed in Zone 5, the civil defense's designation for the central region. The area extends from Hadera and Beit She'an in the north to Ashkelon and Ein Gedi in the south, and includes the Samaria region of the West Bank, but not the Greater Tel Aviv and Jerusalem areas.

Air raid sirens sounded at 7:53 p.m. local time, and the final all-clear was heard about 35 minutes later.

The attack was the 15th on Israel since the Persian Gulf war began on Jan. 17, and the missile was the 36th Scud to strike Israeli territory.

Like all previous missiles, it carried a conventional, high-explosive warhead.

The IDF announced earlier Tuesday that it had found the impact site of a missile Baghdad said was fired Saturday night at Israel's nuclear facility at Dimona in the Negev.

After a search of more than 48 hours, the debris was discovered in a remote, desolate area, far from habitation and nowhere near the declared target, the IDF said.

Tuesday's air raid alert sounded during a meeting four visiting U.S. senators were having with Defense Minister Moshe Arens and the IDF's top brass at the Defense Ministry in Tel Aviv.

But they were not interrupted, because the main conference room at the ministry is sealed against gas attack.

The visitors were Sens. Sam Nunn (D-Ga.), Ted Stevens (R-Alaska), John Warner (R-Va.) and Daniel Inouye (D-Hawaii).

They are members of the Senate Defense Leadership Group who have been visiting U.S. troops in Saudi Arabia. They stopped in Israel to inspect Scud missile damage and U.S.-operated Patriot anti-missile batteries before flying home early Wednesday.

#### **LEBANESE ARMY NOW TRYING TO OUST ISRAELI FORCES FROM SECURITY ZONE**

By Hugh Orgel

TEL AVIV, Feb. 19 (JTA) -- Israel and Lebanon may be approaching a standoff as the Lebanese army, the country's regular armed force, attempts to re-establish the authority of the Beirut government in southern Lebanon after 15 years of civil war.

President Elias Hwari was quoted Monday in Beirut as saying Lebanon would demand that Israel pull out of the security zone it established parallel to its border with Lebanon.

But Israel refuses to relinquish the zone as long as Palestinian and Shi'ite terror groups are mobilized in southern Lebanon, according to Uri Lubrani, coordinator for Israeli affairs in the area.

Lubrani claimed Monday that the Lebanese army agreed to allow freedom of movement to members of Al Fatah, the Palestine Liberation Organization's largest military faction, which has long been ensconced in southern Lebanon. According to Lubrani, the PLO moved some of its positions and camouflaged them to make observation difficult.

Another adversary of Israel, the extremist Shi'ite Hezbollah, said Monday that it turned over some positions to the Lebanese army but would retain others near the security zone to continue its attacks on Israeli troops and the South Lebanon Army, allied with Israel.

Beirut said, meanwhile, that it would press the U.N. Security Council to implement its Resolution 425, which calls for the complete, unconditional withdrawal of Israeli forces from the border security zone.

#### **MORE PATRIOTS SENT FROM HOLLAND**

By Henrietta Boas

AMSTERDAM, Feb. 19 (JTA) -- Holland is supplying Israel with eight Patriot anti-missile batteries and sending 70 air force technicians to operate them in defense against Iraqi missiles.

An advance party of 10 left Tuesday for Israel, and 60 others will follow in about a week.

The American-made Patriots, which the Dutch had stored at Blomberg, Germany, left the German port of Bremerhaven on Saturday and are due in Israel in a week.

They are expected to be deployed west of Jerusalem.

**NEWS ANALYSIS:****DESPITE ITS SUPPORT FOR IRAQ,  
PLO MAY SURVIVE GULF WAR INTACT**

By Aliza Marcus

NEW YORK, Feb. 19 (JTA) -- The Palestine Liberation Organization, long reviled by Israeli officials as a terrorist group but revered by Palestinians as their beacon of hope for statehood, may emerge from the Persian Gulf war relatively unscathed, some Middle East analysts and peace activists say.

Despite PLO leader Yasir Arafat's support for Iraqi President Saddam Hussein, and the widespread anger it engendered among Arab leaders opposing Iraq's occupation of Kuwait, the PLO continues to remain the one organization capable of negotiating on behalf of the Palestinians, analysts say.

And while Arafat may be replaced in an attempt to appease Arab anger with his stance, it remains unlikely the PLO will collapse or be totally estranged from postwar peace negotiations.

Nor does the antagonism now shown toward Arafat mean the Gulf states, along with Egypt and Syria, have ceased to support the creation of a Palestinian state, said Don Peretz, a political science professor at the State University of New York, Binghamton, and author of a book about the intifada, or Palestinian uprising.

"The antagonism is mainly due to the position taken by the (PLO) leadership, but due to the basic program of the PLO for a Palestinian state, I'm inclined to think Arab countries will continue their support," said Peretz.

Some analysts say the most likely postwar scenario is one in which the 61-year-old Arafat steps down and is replaced by one of the younger members of the Palestine National Council, the PLO's quasi-legislative body. Such a move would make it easier for Arab nations to again throw their support behind the PLO.

**'Choices Are The PLO Or Hamas'**

Analysts say a change in leadership would not harm the ability of the organization to function effectively. They point out that the PLO is not a monolithic structure, but an umbrella group encompassing everything from terrorist cells to student associations, insurance programs and investment portfolios.

Already, some European nations -- notably France and Germany -- seem to be acknowledging the necessity of including the PLO in any postwar discussion of the Palestinian issue.

Israeli Prime Minister Yitzhak Shamir maintains the PLO is finished as a negotiating partner, and a number of American Jewish organizational leaders have echoed that view.

But peace activists say that if Shamir is serious about reaching a settlement with the 1.75 million Palestinians living in the West Bank and Gaza Strip, he will have to deal with the PLO sooner or later.

"The question is, can the other side deliver?" said Drora Kass, an Israeli-born peace activist who is director of the U.S. office of the International Center for Peace in the Middle East.

"We might want to fantasize that the Palestinians may pick some representative who we love, who is just like us, but that's not going to happen," she said. "Realistically, our choices are the PLO or Hamas."

Hamas, an Islamic fundamentalist group opposed to a settlement with Israel, controls

almost half the population in the Gaza Strip and is vying for leadership in the West Bank.

The less support Arab and European countries give to the PLO, the more likely groups such as Hamas will increase their power base, said Adam Garfinkle, an analyst at the Foreign Policy Research Institute in Philadelphia.

That would further fragment the Palestinians and make negotiations with Israel virtually impossible, he said.

**Arafat Is 'Mr. Palestine'**

Right now, Arafat remains the only Palestinian leader who can deliver on a promise, said Garfinkle. But if Arafat's support dwindles beyond recovery, it will be years before any person can again speak for all the Palestinians.

"He is Mr. Palestine, and nobody else can do that," said Garfinkle.

Some analysts say Arafat's decision to embrace Hussein was less an ideological choice than a bad political move aimed at raising the profile of the Palestinian problem. Arafat may also have been trying to appease the more radical factions in the PLO that felt it was no longer possible to have Israeli-Palestinian negotiations.

A peace plan presented by Israel in May 1989 included holding elections to appoint Palestinian representatives, who would then negotiate limited autonomy for the administered territories. The plan collapsed a year later when Shamir rejected a U.S. proposal to hold preliminary negotiations in Cairo on the modalities of the elections.

The theory behind the Israeli peace plan, which Shamir maintains is still alive, is to let the Palestinians in the territories speak for themselves, instead of having their future decided by outside forces, such as the PLO.

But Mitchell Cohen, a political science professor at City University of New York, said Israeli policy in the territories has thwarted an indigenous Palestinian leadership from surfacing.

Activities such as the recent detention of Bir Zeit University Professor Sari Nusseibeh discourage the development of an indigenous, West Bank leadership, making the PLO all the more important, said Cohen, who is also an editor of the left-wing journal Dissent.

**'PLO Has Damaged Its Credibility'**

In the end, the PLO's future will likely be determined by the U.S. government, which can either embrace the PLO as the sole negotiating voice of the Palestinians or demand a different partner in peace talks with Israel.

The U.S. government, which broke off talks with the PLO last summer after a PLO faction attempted to launch a terrorist attack on Tel Aviv beaches, can play an important role in pressing the Israeli government to move on the Palestinian issue, analysts say.

Still, the final vote is up to the Israelis, who are now more wary about sitting down with the same Palestinians who cheered while Iraqi missiles smashed into Tel Aviv.

"I certainly think the PLO has damaged its credibility enormously with the Gulf states and the Western world," said Jonathan Jacoby, executive director of Americans for Peace Now. "But I think we should keep in mind that it has always been and continues to be an extremely powerful symbol for the Palestinians."

He added, "Those who have a problem with the PLO are likely to have many of the same problems with its successor."

## AGENCY PLAN TO GIVE OLIM LOANS INSTEAD OF GRANTS IS CRITICIZED

By Charles Hoffman

JERUSALEM, Feb. 19 (JTA) -- A plan by the Jewish Agency for Israel to convert part of the aid it gives immigrants from grants to loans has come under fire from senior members of the Israeli government involved in immigrant absorption.

But Jewish Agency leaders defend the plan, saying it would actually increase the amount of cash available to immigrants, the vast majority of whom come from the Soviet Union. They said the loans would be made on easy terms.

The issue was raised Sunday night at a meeting of the government-Jewish Agency Coordinating Committee, whose members include Israeli Cabinet ministers and the top leaders of the agency, a non-governmental body that receives most of its funding from Diaspora Jewry.

Among those strongly opposed to the plan, which is supposed to take effect March 1, were Absorption Minister Yitzhak Peretz and Housing Minister Ariel Sharon. Peretz has vowed to fight the plan, which requires approval of the Finance Ministry to be implemented.

He charged it would further reduce aliyah from the Soviet Union, which has decreased since the Persian Gulf war began. Many prospective immigrants would be reluctant to enter into a situation in which they would have to take out loans, he said.

Michael Kleiner, the outspoken Likud chairman of the Knesset's Immigration and Absorption Committee, said, "This proposal means that the Jewish Agency is bankrupt as an institution. This is what is implied when the leaders of the agency say that they cannot afford to pay the grant."

### 'Unable To Fulfill Its Basic Function'

"When only a small number of immigrants were arriving, the agency could manage," Kleiner said. "But now, with the 'disaster' of hundreds of thousands of immigrants coming, it turns out that the agency is unable to fulfill its basic function of absorbing immigrants. The government should either dismantle the agency or replace its current leadership."

Simcha Dinitz, chairman of the Jewish Agency Executive, and Mendel Kaplan, chairman of the agency's Board of Governors, said Monday that the Israeli government, too, should consider providing loans, not grants, to the newcomers.

A year ago, the agency provided 50 percent of the initial absorption grant given to new immigrants from countries of distress, with the government funding the rest.

But during the past year, with the crush of newcomers from the Soviet Union, the Jewish Agency's share was cut to 30 percent. And the total grant given to the immigrants was reduced from 22,000 shekels for a family of four to 14,000 shekels, a decrease from about \$11,250 to \$7,150.

The loan plan, prepared over the past few months by the agency and the Council of Jewish Federations, the American confederation of Jewish community welfare funds, calls for the agency's share to be provided as an optional loan rather than a grant. The loan would be provided by Israeli banks and guaranteed by the federations.

Dinitz and Kaplan said a family of three, which now gets \$900 per person from the agency as part of the absorption grant, would instead get \$1,000 per person in the form of a loan.

The loan would have to be paid back over a

period of 10 years, beginning three years after the loan is taken. Under the terms of the loan, only the interest would have to be paid during the subsequent two years, with both the principal and interest due in the last five years.

The reason given for the change of policy is a gap of some \$113 million in the Jewish Agency budget for the nine months between April and December 1991.

Kaplan said the shortfall was a direct result of a "blessed" rise in the number of Soviet immigrants.

Dinitz said the Jewish Agency would not have enough money to give cash grants to the 300,000 immigrants expected to arrive this year.

## U.N. PANEL CRITICIZES ISRAEL FOR SENDING OLIM TO TERRITORIES

By Tamar Levy

GENEVA, Feb. 19 (JTA) -- The U.N. Human Rights Commission adopted a resolution last Friday condemning Israel for settling immigrants in the administered territories.

The United States abstained, as it did on a similar resolution last year.

Israel is not a member of the commission but its observer, Rafael Walden, flatly denied allegations his government was settling immigrants deliberately in the territories.

The resolution, supported by 38 member states, including many European countries, urged Israel not to allow immigrants to settle in the administered territories or on the Golan Heights, which Israel annexed in 1980.

The resolution asserted that large-scale settlement could alter the physical character and demography of the territories in violation of the Fourth Geneva Convention of 1949, which forbids an occupying power from transferring populations into or out of seized territory.

The United States opposed and most Western countries abstained on a resolution dealing with human rights abuses, which contained a reference to Israeli "concentration camps" in the territories.

Walden contended the Arab countries oppose all Jewish immigration to Israel, regardless of where the newcomers settle.

## SOVIET JEWS CAN REMAIN IN GERMANY

By David Kantor

BONN, Feb. 19 (JTA) -- The estimated 6,000 Soviet Jews who arrived in Germany over the last several months will be allowed to remain permanently and have the right to legal employment, Heinz Galinski, chairman of the German Jewish community, told reporters here Monday.

But Soviet Jews seeking to immigrate since last Friday will have to apply for visas at German consulates in the Soviet Union.

According to Galinski, that is the agreement the community reached with the German authorities, and he considers it a great success.

It is understood that from now on, entry visas will be granted only to Soviet Jews who can prove ethnic German origin, have relatives already in Germany or fit the category of "hardship cases."

That, in part, is a concession to Israel. The Israeli government, anxious that every Jewish emigre come to Israel, has approached Bonn openly in recent months to deny entry to Jews from the Soviet Union.