

**BAKER AND LEVY EXPRESS OPTIMISM
ABOUT CHANCE OF PROGRESS ON PEACE**

By David Landau

JERUSALEM, March 11 (JTA) -- Foreign Minister David Levy and Secretary of State James Baker seem to share the view that a fresh breeze is blowing in the Middle East that could be harnessed for Arab-Israeli peace, though it necessarily would be a slow, arduous process.

Both men appeared hopeful at a joint news conference here Monday evening, encouraged, according to the Israeli, by signs of change in Arab positions. They met reporters after a working dinner at the King David Hotel, accompanied by their aides.

Baker arrived here Monday afternoon from Cairo, making his first visit to the Jewish state since taking office in 1989. Prior to Cairo he was in Riyadh, Saudi Arabia, where he met with the foreign ministers of eight Arab nations.

Levy said the information relayed to him by Baker regarding the Arab attitudes showed "encouraging signs that did not exist before."

The United States would have to "work at developing" those signs, but "today we are closer than yesterday," he said.

Baker said he was "cautiously optimistic" that the United States could "catalyze" progress toward peace by capitalizing on the postwar situation in the region and the "historic opportunities" it presents. He spoke more circumspectly of "signs of new thinking" and "a readiness to consider new approaches."

Behind the euphemistic language of both diplomats was an awareness that the situation is delicate and that the immense power, prestige and influence Washington now enjoys in the region for its successful prosecution of the war against Iraq will not last forever.

No 'Specific Blueprint'

Some Israeli sources claimed Monday that Baker brought "little of substance" in the way of new Arab commitments to make peace with Israel. They said the most he procured was a willingness to recognize Israel in return for full withdrawal from the administered territories.

The sources admitted, however, that if Baker had something more substantive to report he would deliver it first to Prime Minister Yitzhak Shamir, with whom he was to meet Tuesday.

Baker stressed he did not carry "a specific blueprint" but came to the region to listen to ideas and explore his own with his hosts.

Levy described their initial meeting Monday as "frank, sincere and constructive," which in diplomatic parlance indicates a lack of agreement.

But Baker did make a point of expressing Washington's pleasure that the Israeli government had reaffirmed its May 1989 peace plan, which called for Palestinian elections in the administered territories leading to autonomy, and parallel negotiations with the Arab states.

Baker was to meet separately Tuesday with Shamir and Defense Minister Moshe Arens before taking a helicopter tour over the central and northern parts of the country. Political observers believe his key working session would be a private dinner at Shamir's home.

On Wednesday, before leaving Israel for Syria, Baker is to meet with Palestinian leaders, including nationalist activist Faisal Husseini of East Jerusalem and Elias Freij, the moderate mayor of Bethlehem.

Baker's itinerary immediately after his arrival Monday afternoon was reserved for formal and ceremonial events. The secretary paid a courtesy call on President Chaim Herzog.

He and his wife, Susan, visited Yad Vashem, the Holocaust memorial and museum, where they received a personal tour from its director, Yitzhak Arad. Mrs. Baker was seen weeping at a prayer and wreath-laying ceremony.

A guided tour of Jerusalem's Old City with Mayor Teddy Kollek was canceled because of the tense situation. Kollek instead visited Baker in his suite at the King David Hotel.

The mayor said later their meeting was "very relaxed and pleasant." He said that as a mayor he did not presume to dwell on broader aspects of the peace process.

**STABBING OF ANOTHER ISRAELI
CASTS SHADOW OVER BAKER VISIT**

By Gil Sedan

JERUSALEM, March 11 (JTA) -- A stabbing Monday in Ramallah following four fatal knifings in Jerusalem less than 24 hours earlier cast a pall of hate, fear and tension over Israel as U.S. Secretary of State James Baker arrived for diplomatic talks.

A 24-year-old Arab woman suddenly plunged a blade into an Israeli civilian outside the Ramallah police station. She was immediately shot and wounded by Israel Defense Force soldiers standing nearby.

The victim, identified as Yigal Lowenstein, a Jewish settler from Eli, near Ramallah in the West Bank, was hospitalized for wounds to the lung.

His assailant, also hospitalized, was reported in serious condition.

The attack occurred at the same time as the funerals of four women who were brutally knifed to death Sunday in a seemingly random attack by a Palestinian man from the Gaza Strip.

Perhaps the saddest funeral was that of Bella Levitsky, a 61-year-old French teacher from Moscow who immigrated to Israel with her husband, Noy, in January after waiting for decades to join their two sons and grandchild.

The other victims laid to rest Monday were Rose Elyafour, 32; Mercedes Banita, 57; and Miriam Biton, 20.

They were struck down in broad daylight at a bus stop near a playground with children in Jerusalem's Kiryat Yovel neighborhood.

Their killer, identified as Mohammed Mustafa Abu-Ghala, a 26-year-old nurse from the Jabalya refugee camp in Gaza, told police he was sending "a message to Baker."

That indicated a political motive behind the stabbings timed to coincide with Baker's visit.

The attacks are also believed by Israeli authorities to be a desperate attempt by Palestinian activists to revive the intifada, which was curbed by blanket curfews during the seven-week Persian Gulf war.

The fact that both assailants screamed

"Allahu akhbar" (God is great) as they attacked indicated the rising influence of Islamic religious extremists in the intifada.

In Ramallah on Monday, the assailant concealed her knife in a parcel of clothes, which she held as if cradling a child. She pulled it out suddenly, taking her victim by surprise.

Condemnation From Some Palestinians

Palestinian leaders publicly condemned the Jerusalem killings, notably Mayor Elias Freij of Bethlehem, a well-known moderate, and activist Faisal Husseini of East Jerusalem.

But privately, Palestinian dignitaries were heard to say they understood the motives. The attacks were "an expression of agony by an oppressed people," said one leader.

The attacks put a damper on the planned reception for Baker.

Jerusalem police sealed the city off from the administered territories Monday, bringing life to a virtual halt in East Jerusalem.

The Democratic Front for the Liberation of Palestine called a general strike to protest U.S. policy, which was largely observed. Most shops and businesses in East Jerusalem were shuttered and the streets empty, except for the heavy police presence.

A curfew was clamped on the Shuafat refugee camp, the only one within Jerusalem's city limits. Police Chief Haim Albaldes said disorders in East Jerusalem would be met by curfew.

SIX INFILTRATORS FROM JORDAN KILLED IN BATTLE WITH THE IDF

By Hugh Orgel

TEL AVIV, March 11 (JTA) -- Six heavily armed infiltrators from Jordan were killed early Monday morning in a running battle with Israel Defense Force soldiers in the Beit She'an Valley.

Three soldiers were wounded, two slightly and one moderately.

The encounter, the second in less than a month with infiltrators from Jordan, began about 1.5 miles southeast of Kibbutz Tirat Zvi.

IDF commanders said it appeared to be an attempt to stage a "showcase attack" on an Israeli settlement to coincide with the visit here of U.S. Secretary of State James Baker.

The intruders penetrated the border security fence under cover of darkness, after crossing the Jordan River on a makeshift rope bridge. They were confronted by an IDF patrol, and a brief exchange of fire ensued, during which three soldiers were wounded.

Reinforcements rushed to the scene engaged the infiltrators in a shooting chase that lasted until dawn, after all six members of the gang had been killed. Jewish settlements and villages in a wide area were put on alert during the battle.

The bearded intruders were armed with Kalachnikov assault rifles, rocket-propelled grenades and launchers and hand grenades. Each carried a copy of the Koran and scraps of paper with quotations from the Islamic holy book.

Two of the dead men carried certificates of discharge from the Jordanian army. Gen. Yitzhak Mordechai, the IDF commander of the central region, said all six fought "like well-trained soldiers."

One carried a photograph of Sheikh Ahmed Yassin, leader of Hamas, the Islamic resistance movement in the Gaza Strip, which has taken an aggressive role in the intifada.

FRANCE READY AGAIN TO TALK TO PLO, BELIEVING THERE IS NO ALTERNATIVE

By Edwin Eytan

PARIS, March 11 (JTA) -- France is ready once again to receive Palestine Liberation Organization chief Yasir Arafat as the representative of the Palestinian people, French Foreign Minister Roland Dumas said Monday.

For the time being, there is no other organization that represents the Palestinians, Dumas said in an interview with the daily Le Monde.

In Washington, visiting French Premier Michel Rocard agreed. While the PLO has lost credibility in the West because of its support for Iraq's Saddam Hussein, "the Palestinian people has no other representative," Rocard said at a news conference after meeting with President Bush.

The French position appears to be at odds with that of the rest of the European Community, which confirmed earlier this month that the E.C. was avoiding any contact with the PLO.

Dumas did not reveal any plans for Arafat to come to France. The PLO leader paid an official visit to France two years ago and was received by President Francois Mitterrand in what was interpreted by many as a European recognition of the PLO.

The French Jewish community energetically protested at the time with many accusing Mitterrand of breaking with his long pro-Israel position.

Dumas, who is a close confidant of Mitterrand, said that while Arafat's popularity has decreased in the West, his popularity has risen elsewhere and "certainly has not dropped in the occupied territories."

Arab countries would fail, as they have in the past, if they tried to set up an organization to compete with the PLO, Dumas predicted. He warned that if Arafat were replaced as the head of the PLO, "it would be by a far more extremist personality," perhaps moving the PLO in the direction of the Islamic fundamentalists.

No Differences With Bush

The Bush administration has for the present rejected Arafat and the PLO as a partner in the peace process and is again looking for alternative Palestinians with which to talk.

In Washington, at a news conference at the French Chancery, Rocard said he found no differences with President Bush during their discussions of the Middle East.

This includes France's earlier call for an international peace conference, which the Bush administration has ruled out for now, Rocard said.

A solution to the Arab-Israeli conflict requires a guarantee of security for Israel and a national identity for the Palestinians, Rocard said. He said that both France and the United States believe this should be brought about through direct talks between Israel and the Palestinians.

Rocard said France believes the best way to do this is through an international conference. But if negotiations come about via some other method, France will not be opposed, he said.

Asked if he was disappointed that Israeli leaders had rejected the idea of territorial concessions, Rocard said, "One must never despair."

The French leader said the Israeli government must make its own decisions, and until it does, he expects it to "retain its bargaining positions."

(JTA correspondent David Friedman in Washington contributed to this report.)

INTERRUPTION IN ETHIOPIAN ALIYAH AROUSES CONCERN IN ISRAEL AND U.S.

By Hugh Orgel

TEL AVIV, March 11 (JTA) -- A sudden interruption in the flow of Ethiopian Jews to Israel has aroused concern among some Israeli and American Jewish officials.

Ethiopian Jews had been arriving here at the relatively high rate of about 1,000 a month since the start of the year. But last week, for the first time since early November, not one planeload of Jews from Ethiopia landed in Israel.

The Jerusalem Post on Monday quoted an unnamed source "closely involved with bringing Ethiopian Jewry to Israel" as saying that Ethiopian leader Mengistu Haile Mariam halted the departure of Jews as a ploy to get military equipment and gasoline from Israel.

The article said Mengistu needs the war materiel for his army, which has suffered several costly defeats in recent clashes with rebel forces now said to be within 300 miles of the capital.

But the Post also quoted the political counselor at the Ethiopian Embassy here, who denied charges Mengistu was playing his "Jewish card" to extract needed military supplies from Israel.

"We are not selling people, not letting them go in exchange for anything," he said. "We are letting them go as part of a program of reunification of families, as a humanitarian gesture."

He said any interruption in the departure of Jews would be only for "technical reasons."

Foreign Ministry sources in Jerusalem concurred that the delay was only technical and suggested waiting a few days before drawing conclusions. The sources said Addis Ababa is experiencing severe shortages that are making the transportation of Jewish emigres very difficult.

"There is not enough fuel for military vehicles there, let alone planeloads of Jews," an Israeli official said.

Fate Uncertain If Mengistu Falls

But officials at various Jewish agencies in New York indicated the problem may be serious. One official said Ethiopian immigration authorities had suddenly gotten more exacting about the type of paperwork required to process immigrants.

And in Washington, the Bush administration reportedly was asked by Israeli officials and the Conference of Presidents of Major American Jewish Organizations to raise the problem with Ethiopian officials.

The flow of olim from Ethiopia has been an on-again-off-again affair since it resumed in March 1990, a few months after Ethiopia re-established diplomatic relations with Israel it severed during the 1973 Yom Kippur War.

About 2,000 arrived between March and May 1990, but the outflow was suddenly halted last summer. It resumed last November, after Prime Minister Yitzhak Shamir sent a special envoy, Uri Lubrani, to Addis Ababa.

The Ethiopian government said on Nov. 1 that all Jews were free to leave for Israel and pledged their movement would not be interrupted. That pledge appeared to be holding until the flights to Israel came to a halt last week amid the deteriorating situation in the capital.

Ethiopian Jewish leaders here have expressed fear that Jews still in Ethiopia may be in serious danger if rebel forces overrun Addis Ababa. The rebels blame Israel for arming Mengistu.

Most of the Ethiopian emigres arriving here

are reuniting with family members brought to Israel by the clandestine airlift from Sudan in 1984, known as "Operation Moses."

It was halted by the Sudanese authorities early in 1985 because of leaks to the media. "Operation Moses" brought an estimated 10,000 Ethiopian Jews to Israel.

\$1.5 BILLION IN INVESTMENTS NEEDED EACH YEAR FOR OLIM, SAYS ECONOMIST
By Debra Nussbaum Cohen

NEW YORK, March 11 (JTA) -- In order to create the housing and jobs needed for the estimated million Soviet immigrants expected to settle in Israel by 1995, world Jewry must invest \$1.5 billion in Israeli businesses each year in addition to what is raised through philanthropy, an Israeli economist said at a conference here Sunday.

From 1990 through 1994, creation of housing for the new immigrants and young Israeli adults will have cost \$17.5 billion, and the creation of new jobs will cost \$42 billion, according to Dr. Haim Ben-Shahar, an economics professor at Tel Aviv University.

In order to raise the capital necessary to ensure the successful absorption of the Soviet olim, "the Jewish people must come forward and place at the disposal of the Israeli economy, through loans and equity, an additional sum of at least \$1.5 billion per annum," he said.

The balance of the capital can be obtained "only with the U.S. government," he said. While an increase in the current \$1.2 billion U.S. economic assistance program for Israel is unlikely, commercial loans can be obtained with U.S. government guarantees.

Israel needs up to \$3 billion in these guaranteed loans each year, he said.

Ben-Shahar shared this information with 100 leading American and Israeli economic, business and government leaders who gathered here Sunday and Monday for a conference organized by the North American Jewish Forum and the Center for Foreign Policy Options, a think tank.

The North American Jewish Forum, a project of the United Jewish Appeal and the Charles Bronfman Foundation, brings together Israeli and Diaspora leaders to exchange ideas and expertise on a range of topics.

\$45 Billion In Foreign Capital

Of the \$60 billion total that will be required to create the necessary housing and jobs, about one-quarter can be provided by the Israeli government "if a proper economic policy is implemented," Ben-Shahar said.

The rest, \$45 billion in capital investment, must be imported.

Some \$25 billion of that will be available through private, institutional and government channels, mostly from the U.S. government and the United Jewish Appeal.

The remaining \$20 billion must be raised from other sources, which, according to Ben-Shahar, will be a very difficult task.

"The massive mobilization of resources can only be achieved with the participation of worldwide Jewry at a level hitherto unknown," agreed Richard Rosenbloom, an economist at the Harvard University School of Business.

"Money must be mobilized as business investments, not philanthropy," he said, "not to provide a dole for the needy but to provide employment for 500,000 people."

**GERMANY NOW TURNING AWAY
MOST SOVIET JEWISH EMIGRES**

By David Kantor

BONN, March 11 (JTA) -- The Bonn government has virtually cut off the continued immigration of Soviet Jews to Germany, a policy that satisfies Israel and is not unappreciated by the German Jewish community, which found its resources strained to the limit by the recent influx of newcomers.

The cutoff brings the policy of the former West Germany to bear over that of the former East Germany, which, prior to unification, had decided that every Jew who wished to come to Germany would be admitted and made eligible for government aid.

The new united Germany struggled with the problem, saying that only those with relatives here or who could prove German ethnic origin would be eligible for repatriation to Germany.

Under a policy adopted last month, Soviet Jews already in the country, estimated at 10,000, were granted legal status and access to government programs. Others have to apply for visas at German consulates in the Soviet Union.

Until the controversial decision, more than 100 Soviet Jews were registering daily at the government office, which was inherited from the East German regime. Bonn came under pressure from Jerusalem, which feared Soviet Jews were being diverted from Israel.

Many Holocaust survivor groups were also opposed to relocating Soviet Jews in Germany.

The local Jewish community on the other hand, anxious to increase its numbers, had been urging unlimited immigration for Soviet Jews. But its local infrastructure was also severely taxed by the increased demand and now seems to be relieved, at least for the time being.

**COURT FINES LE PEN \$2,000
FOR SLUR ABOUT GAS CHAMBERS**

PARIS, March 11 (JTA) -- A French court has imposed a \$2,000 fine on Jean-Marie Le Pen, the leader of the extreme right-wing National Front, for insults he made three years ago about a member of the French government which included a slur on gas chambers.

The court, in the Parisian suburb of Nanterre, imposed the fine for remarks Le Pen made in September 1988 in which he mockingly used the last name of Michel Durafour in conjunction with the word "crematoire," which means crematorium, or gas chamber. The word "four" means oven.

Le Pen made his remarks about Durafour, a centrist politician who was at the time minister in charge of public service, at a National Front meeting. They were made in response to Durafour's call for voters to ensure defeat of the National Front, known for its racism, in an upcoming election for Parliament.

The suit against Le Pen was brought by the French government for insulting a member of the government after the National Front leader made his comments. The justice minister announced the suit, which was based on a 19th-century law that is rarely applied.

At a court hearing on the case in 1989, Le Pen denied having abused Durafour, saying his "game of words was part of the political debate."

The court in Nanterre rejected Le Pen's explanation and fined him after nearly two years of deliberation.

**FRENCH MINISTRY PAYS \$1 MILLION
FOR ZOLA'S 1898 'J'ACCUSE' LETTER**

PARIS, March 11 (JTA) -- The French Ministry of Culture has paid \$1 million for the original manuscript of Emile Zola's famed "J'Accuse," the author's open letter to the French president, asserting the innocence of Alfred Dreyfus.

The 39-page letter, written in 1898, was purchased for the Bibliotheque Nationale, the state library.

In December 1894, Capt. Dreyfus, a Jewish officer attached to the French general staff, was convicted of treason on the basis of falsified evidence. He was found guilty by a military court and sentenced to public degradation and banishment for life to Devil's Island.

Zola's letter, which was written after a military appeals court reaffirmed Dreyfus' conviction, accused the French military of anti-Semitism.

It was published on Jan. 13, 1898 on the front page of L'Aurore (The Dawn), a daily founded by Georges Clemenceau, a member of Parliament and future prime minister of France.

Clemenceau chose the title of the letter, which means "I accuse."

The document charged that the War Office and General Staff, which had convicted Dreyfus in camera, was inspired by anti-Semitic and other improper motives. The letter named the true culprit, Maj. Ferdinand Esterhazy, as having provided secret documents to the German military attache to Paris.

Following publication of his letter, Zola was found guilty of libel in a trial, at which the question of Dreyfus' innocence was not admissible. The writer was sentenced to a year in prison but fled to England.

Led To Change In Jewish Thought

The Dreyfus case split French society as no other event since the 1789 French Revolution. The country came close to civil war. Anti-Semitism was rampant and pogroms occurred in Marseille, Bordeaux and Algiers, which was then under French control.

The case was indirectly responsible for a radical change in Jewish thought. Its influence on Theodor Herzl, a young Viennese journalist in Paris at the time of the trial and condemnation of Dreyfus, can be said to have planted the seeds of political Zionism.

In 1899, Dreyfus was reconvicted and sentenced to a year in prison. But 10 days later, the president pardoned Dreyfus. In 1906, his full rights were restored and he was promoted to major.

Zola's manuscript remained with his family until its sale last week by the widow of his grandson, Francois Emile-Zola, and his great-granddaughter, Brigitte Place.

In 1987, Francois Emile-Zola sued to stop the sale of the manuscript, which Place had asked Sotheby's to sell. The letter had originally been scheduled to be auctioned in December 1987.

Francois Emile-Zola charged that his daughter had no right to sell the manuscript, according to his father's will of June 12, 1961, which said, "I ask that the mementoes left to me by father and mother never be sold."

But the father, Jacques Emile-Zola, added, "If my inheritors cannot keep all or part of my collection, I ask them to donate it to the Zola Museum or to the Bibliotheque Nationale."