

**SNUB TO SHARON IN WASHINGTON
IS MET WITH DEFIANCE AT HOME****By David Landau**

JERUSALEM, May 5 (JTA) -- The Bush administration's snub of Housing Minister Ariel Sharon in Washington last week seems to have bred only more defiance in Israel.

The drive to build settlements in the administered territories has accelerated, despite U.S. admonitions that they are an "obstacle to peace."

But Sharon's triumphant homecoming Sunday, to the cheers of right-wing admirers, has also exposed a serious rift at the top echelons of the Likud government.

Foreign Minister David Levy chose the time of his arrival to deliver a stinging public attack in Tel Aviv on "elements in the coalition" who are trying to "impose" their anti-peace policies on Likud.

Sharon confirmed claims that more settlements would soon go up in the West Bank. Sharon said the first mobile homes would arrive shortly at Har Manaoch, near Kiryat Arba.

He and the Gush Emunim activists who are his hard-core constituents insist it is not a new settlement but an expansion of Kiryat Arba that was begun years ago and then abandoned.

That sort of explanation does not sit well in Washington, which was embarrassed by the establishment of two new settlements in the midst of Secretary of State James Baker's recent peace mission to the Middle East.

One of them was also alleged to be an extension of an existing settlement, though it was set up on a hilltop two miles away.

Shamir Refuses To Discuss It

Apparently as a consequence of Sharon's open opposition to U.S. policies, the State Department and the White House intervened last week to have Housing and Urban Development Secretary Jack Kemp call off an official reception he had planned for Sharon at the HUD office.

The two met, but in private capacity under the auspices of the Israeli Embassy.

Sharon succeeded in convincing a majority of opinion at home that the slight was aimed at the sovereign State of Israel, not himself. Even opposition Knesset members took umbrage.

Israel lodged a formal protest with the United States on Thursday.

But that done, Prime Minister Yitzhak Shamir seemed anxious to put the episode behind him. He refused to be drawn into a discussion of it at Sunday's Cabinet meeting.

Political observers agreed that the snub to Sharon benefited the controversial minister's political position at home.

Several hundred settlers and a half-dozen right-wing and religious Knesset members were at the airport to greet Sharon on Sunday when he arrived from the United States.

Notable among them was Knesset Speaker Dov Shilansky, who admitted that the conventions of his office should have kept him away. But the occasion demanded a demonstrative gesture, said the speaker, a Likud hard-liner. "There are times in the life of a nation when people should rise above their differences," he said.

**ISRAELI ENVOY PLAYS DOWN STRAINS
BETWEEN U.S. AND ISRAEL OVER PEACE****By Aliza Marcus**

NEW YORK, May 5 (JTA) -- Israel's ambassador to Washington is disputing reports of a growing rift between the United States and Israel over the Middle East peace process, despite Secretary of State James Baker's apparent failure to produce any breakthrough during three recent swings through the region.

"The relations now, after the war and the crisis, have proven once again the close links between our two countries and our two peoples," Zalman Shoval told reporters after an address Sunday morning to the 85th annual meeting of the American Jewish Committee.

Shoval said that while there are disagreements between the two countries "on certain points," there is general agreement on the basic thrust of the peace process.

"If you are all part of the family," he said, "you can afford to have certain disagreements, and hopefully all these disagreements will be settled."

Shoval also denied that Israel felt it was being singled out by the United States as an obstacle to the peace process. "We haven't felt that Secretary Baker or the U.S. government as a whole puts the blame for the present situation in the peace process on Israel," he said.

But the perception that Israel is being blamed unfairly is clearly held by a number of officials in Israel and many supporters of Israel in the United States.

Cheney Speaks Of U.S. Commitment

Defense Secretary Dick Cheney was questioned by AJCommittee leaders on the subject last Thursday night, when he addressed their annual meeting.

He replied that he felt the United States had taken a "balanced approach" to the peace process, blaming one side no more than the other.

But he called the U.S. mediation effort a "thankless task" and warned that the United States "cannot impose peace in the Middle East."

In words clearly intended to soothe rather than blame, the defense secretary also spoke of America's long-term interest in a strong Israel. "Let there be no question about it," he said. "America's commitment to Israel's peace and security is unshakable."

But nonetheless, U.S. officials have expressed displeasure with Israel's position on Middle East peace negotiations.

Most recently, Israeli Housing Minister Ariel Sharon, a Likud hard-liner who opposes territorial compromise and favors the construction of additional settlements in the West Bank, was snubbed last week in Washington when a meeting with his American counterpart, Housing and Urban Development Secretary Jack Kemp, was protested by Baker.

The United States' post-Gulf war peace effort has run into trouble from both Israel and the Arab countries, with neither side so far willing to make sufficient concessions on the structure and content of the proposed peace negotiations.

The main sticking point now concerns the exact nature of the peace conference, to be jointly sponsored by the United States and the Soviet Union.

Israel wants it to be a ceremonial opening that immediately breaks down into direct negotiations with Arab countries, while the Arabs are pushing for a conference with greater scope and longevity.

According to U.S. officials, Baker's efforts to bring Israel and the Arab countries together were also made more difficult by the two new Jewish settlements that were established in the West Bank immediately prior to Baker's last two Middle East visits.

The United States has repeatedly stated that it views new settlements in the administered territories as obstacles to peace, while Israeli officials say Jews have the right to live anywhere in the Land of Israel.

"But this doesn't necessarily have any automatic implication with regard to the legal status of the territories," explained Shoval, who said he personally opposes a separate Palestinian state.

"What is still needed, of course, is to see a change of attitude on the part of the Arab world, and if that happens, I believe peace can be achieved," said Shoval.

Backing For \$10 Billion Urged

During his address to AJCommittee, Shoval also called upon U.S. Jewry to support Israel's upcoming request for up to \$10 billion in loan guarantees from the United States to aid in Soviet Jewish resettlement. Israel is expected to make such a request this fall.

One million Soviet Jews are expected to arrive in Israel by the end of 1993, and Shoval said that it will cost Israel an estimated \$40 billion over the next five years to fully integrate them into the economy.

He said this amount of money is beyond Israel's financial capabilities, and that Israel would also ask other countries for financial help for Soviet resettlement.

"The world does owe Israel a debt and owes the Jewish people a debt, to normalize Jewish history," he said.

"So we are going to approach the American government and we can only hope and pray," he said, that the response "will be a humanitarian one and that this will not be linked with political considerations of the moment."

There is some worry among Israeli officials that the United States, which gives Israel \$3 billion a year in military and economic aid, may use the new loan guarantee request as a way to pressure Israel into making some sort of compromise in peace negotiations.

Sharon, during his trip to the United States, warned against pressure on Israel to trade "land for Jews," meaning territory in exchange for money to help resettle immigrants.

LEFT-WING GROUP AIMS TO CONVINCE U.S. ISRAELIS ARE WILLING TO GIVE UP LAND By David Landau

JERUSALEM, May 5 (JTA) -- A group of opposition Knesset members departed Sunday for the United States, on a mission "to inform the American public that there is a majority in Israel for the land-for-peace principle."

Right-wing politicians charged their true

purpose was to persuade the U.S. government to tear away parts of the Land of Israel from the Jewish state.

And even some sympathizers had doubts.

Two prominent Laborites, Moshe Shahal, a former energy minister, and Uzi Baram, former secretary-general of the Labor Party, dropped out at the last minute.

Baram said he agreed with the positions articulated by the group but felt the timing was inappropriate because U.S. Secretary of State James Baker is still pursuing his peace efforts.

But left-wing Knesset members making the trip think differently. Baker's ongoing efforts make their mission more timely and important, they said.

The group consists of Arie (Lova) Eliav and Yossi Beilin of Labor, Dedi Zucker of the Citizens Rights Movement, Yair Tsaban of Mapam and Avraham Poraz of the Center-Shinui Movement.

They plan to hold public and private meetings with congressional and administration figures and with Jewish and non-Jewish groups all over the United States.

They say their purpose is to convince American officialdom and the public that the Likud government's policy of no territorial concessions does not reflect majority opinion in Israel.

Meanwhile, hundreds of members of the dovish Peace Now movement hiked through Jewish settlements in the West Bank and Gaza Strip on Saturday chanting, "This is the place where they have buried the peace and where they have buried the money."

According to Peace Now, about 20 percent of the Housing Ministry's budget is spent in the administered territories.

But Peace Now efforts to expose fiscal favoritism may have backfired. Settlement leaders in the Gaza Strip said they are getting more inquiries from potential settlers since Peace Now spread the word that housing loans are easier to get in the territories.

The mayor of the burgeoning West Bank settlement of Ariel thanked the protesters for drawing attention to the settlers "success."

ABIE NATHAN WEAKENED BUT FIRM ON FAST TO PROTEST TERROR LAW By Hugh Orgel

TEL AVIV, May 5 (JTA) -- Peace activist Abie Nathan was in a weakened condition Sunday as he entered the ninth day of a fast he began on his 65th birthday.

But he says he will continue to subsist on water and orange juice "until I drop" or until the "foolish law" banning contacts between Israelis and representatives of the Palestine Liberation Organization is rescinded.

Nathan has already served time in jail for violating that law, and charges are pending against him for subsequent violations.

He is using the international fame he has gained by his unconventional exploits for peace, and efforts on behalf of disaster victims worldwide, to make his point that Israel has to talk to its enemies if it wants to make peace with them.

The Indian-born Nathan told a visitor that he was trying to emulate the late Indian nationalist leader Mohandas (Mahatma) Gandhi, who resorted to non-violent protest.

Nathan is fasting at a Tel Aviv hotel. His weakened condition caused him to slip in the bathtub, but doctors said he was not hurt.

ISRAELI CABINET SUSPENDS TAX TO GET MORE HOUSING ON MARKET

By Gil Sedan

JERUSALEM, May 5 (JTA) -- Israel's Cabinet on Sunday offered landlords an incentive to put more housing on the market, in a move intended to provide relief to young couples and immigrants searching for affordable places to live.

But Knesset critics said the decision, made during a Cabinet session devoted largely to economic measures, would do nothing to solve the burning economic issue of the day, which is creation of more jobs for immigrants.

Under the plan adopted Sunday, which was proposed by Finance Minister Yitzhak Moda'i and must now be approved by the Knesset Finance Committee, the capital gains tax on apartment sales would be eliminated for three years.

The Treasury hopes that by removing the tax, which inhibited sales, hundreds of units will hit the market and prices will drop.

Moda'i said his ministry is preparing several "interim plans" for the economy, which will be presented to labor and management this week to enlist their cooperation.

But the head of the Labor Party's Knesset faction, Haim Ramon, criticized Moda'i's priorities.

The urgent need is jobs for thousands of unemployed Israelis, many of them recent immigrants from the Soviet Union, Ramon said. He cited predictions that another 10,000 people would join the ranks of the unemployed this month.

DRUSE SILENT PROTEST TURNS ANGRY OVER GOVERNMENT'S FAILED PROMISES

By Gil Sedan

JERUSALEM, May 5 (JTA) -- A silent demonstration outside the Prime Minister's Office briefly turned violent Sunday morning. But no one went to jail.

The protesters were leaders of Israel's Druse community, a non-Moslem Arab group that has long pledged allegiance to the Israeli flag. The protesters came to complain, during Sunday's Cabinet meeting, that the government has failed to keep its promise to cover the financial deficits of their towns.

Tempers suddenly flared and, as the crowd surged toward the gate, police fired tear-gas canisters. Three policemen and one demonstrator were hurt.

Later, several Cabinet ministers came down to talk to the Druse.

They are one of Israel's two minorities subject to compulsory military service, the other being the Circassians, a Moslem people of Soviet Caucasian ancestry.

Both groups receive preferential treatment, compared to Israel's 750,000 Arab Moslem and Christian citizens, who do not serve in the armed forces. The authorities prefer to avoid confrontations with the Druse.

The Druse live in villages near the northern Israeli border and, like similarly located Jewish towns, are supposed to receive more grants and lower taxes. The Druse say, however, that most of their benefits exist only on paper.

After the scuffle, the group received a sympathetic ear from Finance Minister Yitzhak Moda'i, Interior Minister Arye Deri and Foreign Minister David Levy.

The ministers listened sympathetically, but the Druse left as empty-handed as they had come.

JEAN KAHN OF FRANCE ELECTED EUROPEAN JEWISH CONGRESS HEAD

PARIS, May 5 (JTA) -- Jean Kahn, a leader of French Jewry, was elected president of the European Jewish Congress at its plenary session in Jerusalem on Sunday, and promptly announced an ambitious agenda.

Kahn, president of CRIF, the representative council of major French Jewish organizations, succeeded Lionel Kopelowitz, president of the Board of Deputies of British Jews, as EJC president.

The Paris-based congress, an affiliate of the World Jewish Congress, represents the Jewish communities of 26 European countries and Egypt.

Kahn told the Jewish Telegraphic Agency that he hoped the European countries, which are uniting economically, will coordinate their legislation outlawing racism, anti-Semitism or any form of exclusion.

He said the Jewish communities represented by the European congress would collaborate with a greater Europe for human rights.

Kahn said the congress would join with non-governmental organizations accredited to the United Nations to advance humanitarian work in the world generally and in Eastern Europe in particular.

The congress would also demonstrate its solidarity with Israel, Kahn said, especially in the absorption of Soviet Jews.

He said the congress is also concerned with the condition of Jewish communities deprived of their liberty in countries like Syria.

The organization also will contribute to the establishment of a Jewish cultural and religious identity in countries where the notion of "Jewish community" has yet to be recognized, such as the Soviet Union.

ISRAEL WINS THIRD PLACE IN EUROVISION SONG CONTEST

By Hugh Orgel

TEL AVIV, May 5 (JTA) -- Israel, a three-time winner in the Eurovision song contest, placed third in this year's competition, broadcast worldwide from Rome on Saturday night.

Sweden took first prize and France was second in the global competition, which is organized by the European Broadcasting Union and televised annually.

The Israeli entry was a song titled "Kan" (Here), about the joys of living in Israel. It was performed by Orna and Moshe Datz, a husband-and-wife duo.

It was a tight race, in which 22 national juries awarded points on a scale of 1 to 8, and panels selected by local national broadcasting authorities gave up to 10 and 12 points.

Israel compiled a total of 139 points. France and Sweden tied with 144 points, but the judges gave first prize to Sweden because Sweden placed first with more of the juries.

The Israeli entry led the race until halfway through the competition when it slipped behind, after the German, Austrian and Italian juries failed to award any points to Israel.

Israeli viewers accused the Germans and Austrians of political motivation in not awarding Israel any points. Neither country has ever awarded Israel any points in past competitions.

Israel took first prize in the Eurovision contest on three previous occasions.

AUSTRALIAN ANTI-ZIONISTS BLAMED FOR DIPLOMATIC STRAIN WITH MALAYSIA

By Jeremy Jones

SYDNEY, Australia, May 5 (JTA) -- The influence of an anti-Zionist extremist organization headed by a former neo-Nazi leader is behind recent diplomatic tension between Australia and Moslem-ruled Malaysia.

There is no rational explanation for the extent of Malaysian governmental ill-will toward Australia, an Australian diplomatic analyst observed.

He spoke after the powerful youth wing of Malaysia's governing United Malay National Organization claimed "the Zionist movement in Australia is trying to harm the Moslem leadership of Malaysia."

The charge, called "bizarre" by an Australian Foreign Ministry official, originated with the Australian Peoples' Congress, also known as Australian Peoples' Conference, which is headed by Robert Pash.

Pash, who has been described in the federal Parliament as "a far-right racist loony," has links with anti-Semitic groups abroad, including England's fascist National Front.

The APC is active in promoting trips by Australian public figures to Libya.

Its influence in Malaysia came to light after UMNO's powerful youth wing charged that "the Zionist movement in Australia is trying to harm the Moslem leadership of Malaysia," a claim straight out of the APC's propaganda kit.

UMNO's youth wing is a significant political force in Malaysia, a government spokesman told the Jewish Telegraphic Agency.

Its reiteration of Pash's propaganda line has "added to the difficulty Australia faces in re-establishing a positive relationship with Malaysia," the spokesman said.

Individual Jews Named

A statement issued April 19 by UMNO's spokesman, Mustapha Yaakub, accused "Australian Zionists" of infiltrating Malaysia to bring down the prime minister, Dr. Mahathir Mohammad.

The APC alleged that was the aim of "international Zionism."

The English-language Malaysian newspaper New Straits Times said Australian Jews have been attacking Malaysia for the past five years.

It named Michael Danby, editor of the Australia/Israel Review; Isi Leibler, a vice president of the World Jewish Congress; and Justice Marcus Binfield, the former human rights commissioner.

Their names came from APC dossiers.

The Australian Jewish community had in fact criticized Mahathir's government for refusing in 1984 to allow the New York Philharmonic Orchestra to perform in Malaysia if music by Ernst Bloch was on the program.

The orchestra canceled its stop in that country.

Australian Jews also have condemned Malaysia for alleging that Israel practices "state terrorism" against Palestinians and for denying a visa to an Australian soccer coach who held an Israeli passport.

The APC blamed "Australia's powerful Zionist lobby, many of whose leaders had direct and intimate contact with Australian Prime Minister Bob Hawke" for "the current anti-Malaysian campaign."

NAZI WHO WAS WELCOMED IN AUSTRIA AFTER PRISON RELEASE IS DEAD AT 75

NEW YORK, May 5 (JTA) -- Walter Reder, a Nazi war criminal who received an official welcome home from an Austrian Cabinet official after he was released early from an Italian prison, has died in Vienna at the age of 75.

The time or cause of death was not reported by the Austrian Press Agency, which indicated only that he had died in a Vienna hospital.

Reder, who spent 37 years in an Italian prison for war crimes, made international news in January 1985 when he was secretly freed. He was greeted with deference in Graz, Austria, by Austrian Defense Minister Friedhelm Frischenschlager, the son of a Nazi and himself a member of the right-wing Freedom Party.

Frischenschlager, who previously embarrassed the Austrian government by appearing at an SS memorial, received Reder just prior to a highly publicized meeting of the World Jewish Congress in Vienna.

The turmoil in the Austrian government that erupted was followed by more furor when it was disclosed that Reder had been receiving a war pension from the Austrian government since 1970, retroactive to 1964.

The Austrian Ministry of Social Welfare had said a private association of war victims had applied for the pension on Reder's behalf because he had been injured during the war. The payments had been suspended but then resumed.

Reder, who was a major in the Nazi SS, was taken prisoner in 1948 by British occupation forces in the Austrian province of Styria and extradited to Italy to stand trial for sending hundreds of Italians to their deaths in 1944.

He was convicted in 1953 of authorizing the killings of at least 600 of 1,830 residents of the northern Italian village of Marzabotto, in reprisal for partisan attacks on German troops.

He was sentenced to life in prison and incarcerated in a military prison in Gaeta, north of Naples. In 1980, his sentence was reduced. He was to have completed it in July 1985.

His release followed several Austrian government requests for clemency and a letter he wrote in December 1984, in which he expressed "profound repentance" for the killings and acknowledged his personal role in the massacre.

Two days after his letter was made public, relatives of his victims were asked to vote on his release. They opposed it 237-1. But the Italian government disregarded this.

Reder was the last Nazi war criminal held in Italy. Its decision to release him was viewed as a means to improve relations with Austria.

LORDS OVERRULED ON WAR CRIMES BILL **London Jewish Chronicle**

LONDON, May 5 (JTA) -- The House of Commons has invoked the Parliament Act for the first time in 42 years, to overrule the latest attempt by the House of Lords to block legislation that would allow British courts to try suspects of Nazi war crimes living in Britain.

The Parliament Act has not been used since 1949. It became necessary after the peers voted April 30, for the second time in less than a year, to reject the war crimes bill, which the House of Commons had passed overwhelmingly March 20.

The bill has been sent to the queen for royal assent, which is expected Thursday.