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**SOVIETS APPEAR READY TO VOTE
ON LONG-PROMISED EMIGRATION BILL**

By David Friedman

WASHINGTON, May 8 (JTA) -- Soviet Jewry advocates are watching with cautious interest as the Soviet legislature finally moves to adopt a bill that would codify long-promised reforms in emigration policy.

A debate on the bill, which has been on the drawing board for at least two years, began Tuesday in the Supreme Soviet, the nation's parliament, and a vote is expected Sunday.

Mark Levin, associate executive director of the National Conference on Soviet Jewry, said he hopes that if the law is adopted it will "lead to truly free emigration."

But he said the National Conference has always been more interested in actual emigration practices than in emigration laws. He pointed out that the flow of emigration from the Soviet Union is continuing.

The Union of Councils for Soviet Jews expressed concern with the draft now being considered by the Supreme Soviet, saying it is worse than previous drafts and would not bring "the USSR in line with international standards of freedom of movement."

For this reason, the Union of Councils said adoption of the law should not be used by President Bush to waive sanctions contained in the Jackson-Vanik Amendment to the Trade Act of 1974, which links U.S. trade benefits, such as credits and lower tariffs, with emigration reform.

At the very least, the Union of Councils argued, a Jackson-Vanik waiver should not be considered until the emigration law goes into effect in July 1992.

Bush has made clear to the Soviets that he will not consider a Jackson-Vanik waiver until the law is adopted. He also has said he will not send to Congress the trade treaty that he and Soviet President Mikhail Gorbachev signed at their Washington summit last spring, until the law is adopted.

'Catch-22' On State Secrets

However, the president granted a partial waiver of Jackson-Vanik sanctions last December, allowing the Soviets to get \$1 billion in credits to buy agricultural goods to prevent mass starvation during the winter.

The Supreme Soviet actually adopted a draft of the bill on its first reading in November 1989, but conservatives blocked any further action despite Gorbachev's repeated promises to Bush that it would pass.

The Soviet legislature is acting at a time when the country is in desperate need of Western credits and other economic assistance. The Soviets are now seeking an additional \$1 billion in agricultural credits.

Former Soviet Foreign Minister Eduard Shevardnadze warned during his visit to Washington this week that unless Moscow obtains the aid, the country will disintegrate.

Bush indicated at a news conference Wednesday that he wants to help Gorbachev deal with the Soviet Union's "difficult economic times."

Gorbachev's accomplishments "are enor-

mous," Bush said, citing the Soviet leader's willingness to let Eastern Europe break from Communist control.

"I don't want to see a breach in a relationship that is very strong, that's served us extraordinarily well in recent times during the (Persian Gulf) war itself, where for the first time, the Soviet Union and the United States worked in sync in these matters," Bush said.

In criticizing the emigration bill now before the Supreme Soviet, the Union of Councils pointed out that it still denies the right of traveling abroad or emigrating to anyone who possesses "state secrets," while not specifying what state secrets are.

Another problem, the group said, is that persons must fulfill their military obligations before emigrating. This results in a "Catch-22" situation, because many people are denied emigration visas once they have served in the military because of alleged access to state secrets.

Furthermore, the law would still require adults who want to emigrate to submit affidavits from their parents renouncing any financial obligations, the Union of Councils said. While a rejection can be appealed, the law does not list the procedures for appeal.

**BUSH PLAYS DOWN ISRAELI SETTLEMENTS,
EXPRESSES OPTIMISM ON PEACE PROCESS**

By David Friedman

WASHINGTON, May 8 (JTA) -- President Bush has rejected the suggestion that Israeli government officials misled him on the establishment of new settlements in the West Bank.

"I don't think that's the case, that somebody's saying one thing and then going off and just doing something behind his back," Bush said during an early morning news conference Wednesday at the White House.

The president has frequently emphasized that he considers the establishment or expansion of Jewish settlements in the territories as an obstacle to peace.

While not mentioning the settlements issue directly, Bush said, "There's plenty of room to critique this and to wish for more progress from one country or another."

"But there's a lot going on," he said, adding: "I want to stay personally involved myself."

Bush said he is "moderately optimistic" about the chances of reaching an Arab-Israeli peace.

"I want to be a part of this, because I think we have an opportunity now," the president said. "And I think countries that the United States has helped recognize that. And I think Israel understands that," as do Saudi Arabia and Egypt, he said.

But Bush said he did not decide to send Secretary of State James Baker back to the Middle East on his fourth trip to the region since the end of the Persian Gulf War because he sees any chance of a "breakthrough."

However, the "negative reports" in the media after Baker's last trip to the region were not justified, the president said. "I think there's still a real opportunity here," he added.

Bush said he made this assessment after

being briefed by Baker "and talking to some leaders around the world."

Baker leaves for the Middle East on Friday night and will meet with Syrian President Hafez Assad in Damascus on Sunday. He then goes to Egypt, where he will meet Sunday with Egyptian President Hosni Mubarak and with Soviet Foreign Minister Alexander Bessmertnykh, who began his own Middle East tour Wednesday.

The next stop is Amman, Jordan, before going to Israel on May 15 and 16.

PERES SAYS ISRAEL MUST COMPROMISE ON PEACE TO AVOID WORLD ISOLATION
By Aliza Marcus

NEW YORK, May 8 (JTA) -- Israel must not allow itself "to be isolated in the world" by refusing to move forward on the Middle East peace process, Shimon Peres, leader of Israel's opposition Labor Party and a former prime minister, warned here this week.

"The Arabs have to compromise, we have to compromise," said Peres, who spoke Tuesday afternoon to leaders of the American Jewish Committee and Wednesday morning to the Conference of Presidents of Major American Jewish Organizations.

The role of the United States is crucial to promoting the peace process, said Peres, citing former President Jimmy Carter's role in brokering peace between Israel and Egypt through the 1978 Camp David accords.

"I do believe that President Bush will contribute as much as he can to bringing the parties together -- neither the Arabs nor us have another choice," said Peres.

When asked whether he thinks Secretary of State James Baker is likely to meet with any success during his upcoming fourth trip to the region to promote negotiations, Peres quipped: "I think we can provide the difficulties; he has to provide the solution."

Then he added, "I know that Secretary Baker has to negotiate a great deal of difficulties, and I hope he will not lose his hope and dedication."

Despite reports of a possible rift between the United States and the Likud government over proposals for a peace conference, Peres said he does not believe U.S. aid to Israel is threatened.

"I don't think the United States will threaten us economically," Peres said at the AJCommittee gathering. "We need peace not to avoid an American threat. We need peace for our existence."

The United States has recently expressed its displeasure over the recent establishment of new settlements in the administered territories, calling it an "obstacle to peace."

Gaza Strip Is A 'Burden'

Israel receives \$3 billion annually from the United States -- the largest amount given to any country -- and is poised to request \$10 billion in guarantees for commercial loans to help the resettlement of Soviet Jewish immigrants. Some Israeli officials have warned the United States not to use financial pressure to bring Israel to the peace table.

Peres, whose Labor government presided over the initial settling of the West Bank in the 1970s, said he does not understand why Ariel Sharon, Israel's hawkish housing minister, wants to build more settlements.

He said believing in "no land for peace" is an illusion, because, at least in the Gaza Strip, "we don't give land we own; the owners of the land are the people residing in it."

The administered Gaza Strip, which is not heavily populated with Jewish settlers, is not where the future of Israel lies, said Peres.

"Gaza is not a territory and Gaza is not an asset. And from the Israeli point of view, it is a burden," he said, adding that he supports territorial compromise on the West Bank as well.

"We don't feel the territories are in our hands," said Peres, whose party withdrew from the Labor-Likud national unity government in March 1990 because of Likud's refusal to compromise on the specifics of peace negotiations.

In laying out his idea for the peace process, Peres referred to the need for a joint Palestinian-Jordanian delegation, which would negotiate with Israel for a confederation that would include the Gaza Strip, portions of the West Bank and Jordan.

Peres dismissed the idea of an independent Palestinian state, saying, "The land we can offer them is not sufficient for an independent state, and the guarantees they can offer are not sufficient for people worried about their security."

He also ruled out a role for the Palestine Liberation Organization because of the group's terrorist activities.

Referring to the 1 million Soviet Jews expected to immigrate to Israel by the end of 1993, Peres said peace between Israel and its Arab neighbors would aid the Jewish state in successfully absorbing the new immigrants.

He suggested that Israel develop as a medical and engineering center for the whole Middle East, utilizing the tens of thousands of Soviet doctors, scientists and other professionals streaming into the country.

"Our future doesn't lie in the Gaza Strip but in the Middle East," Peres declared.

TWA TO RESUME FLIGHTS TO ISRAEL
By Hugh Orgel

TEL AVIV, May 8 (JTA) -- Trans World Airlines, the American carrier that has cut back much of its international service for economic reasons, will resume flights to Israel on June 1, the airline announced Wednesday.

The flights were suspended when the Persian Gulf War began in January, and the financially strapped airlines never denied rumors that they would not be resumed.

TWA flies from New York to Tel Aviv via Paris.

SOVIET ENVOY VISITS ISRAELI COLLEAGUE
By Tamar Levy

GENEVA, May 8 (JTA) -- The thaw in Soviet-Israeli relations was evident this week when the Soviet ambassador to the United Nations here visited the home of his Israeli colleague.

It was the first such visit since the Soviet Union broke diplomatic relations with Israel in 1967.

The Israeli envoy, Yitzhak Lior, invited his Soviet counterpart, Evgeni Makeyev, to a reception he gave in honor of Israel's minister of health, Ehud Olmert.

Olmert heads the Israeli delegation to the annual General Assembly of the World Health Organization, which opened here this week.

**SOME ARAB STATES SENDING SIGNALS
THEY ARE PREPARED TO EASE BOYCOTT**

By David Landau

JERUSALEM, May 8 (JTA) -- There are now strong indications that key Arab states may be ready to ease the 43-year-old economic boycott of Israel and of foreign firms doing business with the Jewish state, according to well-placed Israeli trade officials.

A senior official at the Ministry of Commerce and Industry confirmed reports from Kuwait that the country is edging away from the boycott and is urging other Persian Gulf states, including Saudi Arabia, to review their positions.

"There are a great many indications of late that the Arab boycott has indeed weakened," said Zohar Perry, head of the ministry's overseas trade division.

Reuters news agency quoted a ranking Kuwaiti official as saying in effect that it is Kuwait's political duty toward the United States, in the aftermath of the Persian Gulf War, to re-examine its position on the boycott.

Another Kuwaiti official told the news agency that "Israel is a fact of life" and that Iraq had committed far worse human rights abuses during its occupation of Kuwait than what the Israelis do to the Palestinians.

Another sign that the Arabs are easing boycott pressure came from the Israeli commercial attache in Tokyo, Max Livnat.

Livnat told the Israeli daily Ha'aretz that he is suddenly inundated with inquiries from Japanese firms seeking information about potential markets for their products in Israel.

Japan's long compliance with Arab boycott demands has been attributed to its heavy dependence on Middle East oil.

The ice began to break, according to Livnat, when Toyota Motor Corp., Japan's largest manufacturer of cars and trucks, announced last month that it would soon begin selling its vehicles in Israel.

Nissan Confirms Plans To Sell

Nissan Motor Corp. has also indicated it is ready to start selling cars to Israel, though no formal announcement has been made.

A company spokesman reached Wednesday in Los Angeles said the exports would probably begin "within this calendar year."

But other Japanese auto firms were blasted here this week for their continued compliance with the Arab League boycott.

"Japanese firms cannot demand free trade in the West and get away with boycotting Israel," Israel Singer, secretary-general of the World Jewish Congress said at the organization's ninth plenary assembly here Monday.

"Jews are buying their cars, and these companies are getting rich. If they don't treat (Israel) properly, we are going to find American-made cars that cost less," he said.

"This is not a boycott, it is free trade," he added.

Japanese firms have also maintained they are not engaging in a boycott of Israel.

"Our stance has always been that it was an economic decision," Don Spetner, the Nissan spokesman in Los Angeles, said Wednesday, adding: "Israel's not a huge market."

(Contributing to this report were JTA correspondent Charles Hoffman in Jerusalem and JTA staff writer Aliza Marcus in New York.)

**ISRAELI ECONOMY IS ROCKED BY DECLINE
IN SHEKEL RATE, PASSAGE OF LOAN BILL**
By Gil Sedan

JERUSALEM, May 8 (JTA) -- Israel's economic establishment suffered two jolts this week: a sharp decline in the market rate of the shekel and the Knesset's passage of a liberal housing loan bill the Treasury says the government cannot afford.

The shekel, which the government has gradually devalued by nearly 15 percent over the past two months, dropped by another 1.72 percent on the currency market Wednesday.

The bank rate is now 2.36 shekels to the dollar.

But there has been no new official devaluation and none is contemplated at this time, according to Finance Minister Yitzhak Moda'i and Professor Michael Bruno, governor of the Bank of Israel, the country's central bank.

Moda'i warned speculators that anyone counting on a devaluation is throwing away his money.

Although the government establishes the official rate, the exchange rate at which the banks trade fluctuates daily in response to domestic and international developments.

Israeli industrialists have been pushing for a devalued shekel to stimulate exports. But Moda'i insists there is no need for further devaluation, since Israel's hard currency reserves are holding steady at about \$6 billion.

Meanwhile, the Histadrut labor federation and the Israeli Manufacturers Association, which represents the business sector, reached an impasse Tuesday night over proposals to reduce the cost-of-living allowance. But late reports said they are closer to agreement on a plan to revive the job market to absorb massive new immigration.

Loans Bill Could Cost \$2 Billion

The desperate need for affordable housing for immigrants and other Israelis was behind the Knesset's surprise passage Tuesday of a private member's bill providing much easier terms on housing loans. It was introduced by Ya'acov Shamai, a Likud Knesset member who heads the party's faction in Histadrut.

He saw to it that the gallery was filled with hundreds of rank-and-file members of the Likud Central Committee who support his bill.

The fear of reprisals in internal elections helped build a strong Likud majority for the measure, which passed with only nine dissenting coalition votes.

But Prime Minister Yitzhak Shamir was livid. "You have raped the coalition," he shouted at Shamai.

Moda'i was even more upset. The new bill calls for government-subsidized mortgages of up to \$67,000 at 4 percent and only 80 percent linked to the consumer price index.

According to Treasury officials, that could cost the state \$2 billion that is not in the budget.

The Treasury promptly ordered the banks to freeze mortgage lending. But they were back in business Wednesday, though on the old terms.

The Finance Ministry, meanwhile, is considering a new bill that would nullify the one passed Tuesday.

And in another development, the Peace Now movement charged that the government somehow is never short of funds when it comes to easy loans for settlers in the administered territories.

**BRITISH ARISTOCRAT IS CHARGED
WITH DISTRIBUTING HATE MATERIAL**

By Anne Sacks

London Jewish Chronicle

LONDON, May 8 (JTA) -- A titled widow associated with the extreme right wing was charged in magistrates court Tuesday with 10 counts of incitement to racial hatred for distributing anti-Semitic literature imputing ritual murder to Jews.

The Dowager Lady Birdwood, 77, who is contesting the charges, was released on unconditional bail, pending a hearing scheduled for June 11.

She was charged under the 1986 Public Order Act, which relates to the possession or distribution of "threatening, abusive or insulting" literature. If found guilty, she could face a maximum penalty of two years in jail on each count, an unlimited fine or both.

Birdwood, a resident of the Eastvale section of West London, is the widow of the second baron and stepmother of the present Lord Birdwood.

She heads English Solidarity, a far right-wing patriotic group. She stood for Parliament in a 1983 by-election, attracting a total of 69 votes.

The leaflets named in the charges against her are titled "Jewish Tributes to our Child Martyrs," "Another Blood Libel or Ritual Murder?" "The Snides of March" and "The Ultimate Blasphemy -- Revelations from the Talmud."

Attorney General Sir Patrick Mayhew authorized Birdwood's prosecution in March after public complaints and the police seizure of thousands of allegedly racist leaflets last December.

The police began their investigation when the leaflets appeared on car windshields and were mailed to libraries, universities and other institutions, mainly in the Westminster area of London.

On Birdwood's first court appearance two weeks ago, the public gallery was filled with members of the British National Party, who were ordered out after chanting "Free speech for England."

On Tuesday, the seats were occupied by elderly friends of the accused and members of her Rightwing Choice, an anti-immigration group.

NEO-NAZIS ACTIVE IN BERLIN AREA

By David Kantor

BONN, May 8 (JTA) -- The federal state of Brandenburg, surrounding Berlin, has become a hotbed of neo-Nazi activity, and its prime minister, Manfred Stolpe, has promised a crackdown.

The neo-Nazi National Democratic Party, long active in what was formerly West Germany, just announced it would open local headquarters in Potsdam, the state capital.

National Democrat officials believe they can recruit large numbers of extreme right-wing activists in former East Germany.

Stolpe told a meeting of local officials that his government will employ tougher measures to deal with fascist groups from western Germany and nearby Berlin who provoke violence against foreigners.

Dozens of neo-Nazi youths marched through Potsdam recently, shouting "Jews and Poles out."

At least 40 Polish visitors have been attacked by neo-Nazis in the last six weeks. Seven required hospitalization, and a few were permanently injured.

**GERMAN JEWS PROTEST FAILURE
TO TAKE NOTE OF REICH'S FALL**

By David Kantor

BONN, May 8 (JTA) -- The German Jewish community fired off a sharp protest Wednesday over the failure of any politician or the national media to take note of the 46th anniversary of the capitulation of the Third Reich, on May 8, 1945.

The omission was "shameful and damaging," said Heinz Galinski, the community's chairman.

The television channels ignored the anniversary, as did the newspapers, except for a few in former East Germany. Those said that the Communist regime imposed after World War II distorted Germany's surrender to imply acceptance of a new, left-wing dictatorship.

The collective amnesia was in sharp contrast to last year, when the 45th anniversary was marked by television documentaries and debates.

France alone among the European nations officially marked the event. President Francois Mitterrand and Prime Minister Michel Rocard reviewed troops standing at attention under the Arc de Triomphe.

The review was followed by a parade of mechanized units along the Champs Elysees, featuring vehicles used in Africa during the war.

**BRITISH JEWS HAPPY WITH DECISION
NOT TO LABEL KOSHER SLAUGHTER**

By Simon Rocker

London Jewish Chronicle

LONDON, May 8 (JTA) -- Jewish groups expressed satisfaction this week that the Agriculture Ministry has rejected proposals by animal rights groups to label meat produced by kosher slaughtering methods to be sold to the non-kosher market.

The fear is that if meat were labeled, some non-kosher retailers would refuse to stock it, causing economic difficulty for the kosher trade, explained Berel Berkovits, a dayan, or religious court judge, of the Federation of Synagogues.

Therefore, the Agriculture Ministry's decision is "good news."

"They didn't see that labeling would bring any benefits, either in terms of animal welfare or consumer needs," Berkovits said.

But the federation, which monitors new shechita regulations, is seriously concerned that other restrictive measures, including a similar labeling proposal, could be adopted by the European Community, making it binding on Britain.

The Conference of European Rabbis has been waging an ongoing struggle to preserve the right to slaughter animals according to kashrut laws.

A Council of Europe decision to drop all proposed measures to ban or restrict shechita was reported in Jerusalem last month by Rabbi Avraham Guigui of Brussels, who represents the rabbinical conference on shechita issues.

Berkovits said he "heard that the council was going to drop the proposal, but I've yet to have it officially confirmed."

The council, which includes the 12 E.C. states plus Switzerland and the Scandinavian countries, can only recommend policies, whereas E.C. decisions are binding on all members.

The E.C. is proposing that animals killed after slaughter should not be moved for 30 seconds or until cessation of brain stem reflexes.

"This would cause practical problems, because it would slow up shechita," Berkovits said.