

**CONGRESS LOOKING TO WHITE HOUSE
TO TAKE LEAD ON LOAN GUARANTEES**

By David Friedman

WASHINGTON, June 24 (JTA) -- If the Bush administration does not back loan guarantees sought by Israel, Congress may not do so either, a key member of the House of Representatives has warned the Jewish community.

Israel is expected to ask the United States in September to guarantee \$10 billion in loans over five years to provide housing and other infrastructure for Soviet immigrants.

Support for the guarantees is "politically difficult," so if the administration did not support the loans, a "lot of people would hide behind it," Rep. Dante Fascell (D-Fla.) said Monday.

Fascell, who is chairman of the House Foreign Affairs Committee, spoke to members of the national board of advisers of the American Jewish Congress, who were in Washington for daylong meetings with administration officials and members of Congress.

Henry Siegman, the organization's executive director, said the 16-member delegation found that there is "frustration" in both the administration and Congress that Israel is continuing its policy of expanding Jewish settlements in the West Bank and Gaza Strip.

The group came to Washington after Israeli Ambassador Zalman Shoval caused a storm in Israel, when he said in weekend interviews that the administration may try to force Israel to choose between settlements and the guarantees, which are needed to help absorb Soviet immigrants.

No 'Formal Linkage'

Shoval said that administration officials have indicated a linkage between the settlements and U.S. approval of the guarantees.

The administration strongly opposes the building of new settlements and the expansion of existing ones, which Secretary of State James Baker last month called the "leading obstacle" to Middle East peace talks.

Siegman said that Brent Scowcroft, President Bush's national security adviser, told his group there is no "formal linkage," but he left the impression that in "the real world," such a linkage in fact exists.

Robert Lifton, AJCongress president, urged that the administration keep the two issues separate and that the loan guarantees be seen as, "above all, a humanitarian issue," Siegman said.

But he said the administration looks at the issue from the opposite perspective. Scowcroft gave the impression that the administration cannot understand why the Israeli government would "jeopardize" a critical humanitarian issue such as the successful absorption of Soviet immigrants for the sake of the settlements, Siegman said.

However, at a luncheon at the Israeli Embassy, Shoval told the AJCongress leaders that Israel cannot allow such linkage. He warned that if it did so, it would set a precedent.

"I do not think that it is advisable to give out signals that Israel can be pressured in matters vital to her, even where such important matters like the loan guarantees are concerned," the ambassador said in his radio interviews.

Shoval told the Jewish Telegraphic Agency on Monday that he was optimistic that Israel would ultimately get the loan guarantees. "In spite of everything, it will be approved," he said.

He said it is unthinkable that Congress "would not help in the effort to absorb" the Soviet Jews. At the same time, he pointed out that "even people in Congress who are favorably disposed link these two questions, which I think is unjustified."

**THREAT FAILS TO CONVINCE SHAMIR
IT IS TIME TO HOLD NEW ELECTIONS**

By David Landau

JERUSALEM, June 24 (JTA) -- Exuding confidence in the Likud-led government's stability and its ability to weather looming domestic and foreign policy crises, Prime Minister Yitzhak Shamir declared Monday that he is opposed to early elections and believes the present Knesset should serve out its statutory four-year term.

Shamir spoke to reporters only hours before the 30-member executive committee of the far-right Moleket party was to meet at an undisclosed location in Tel Aviv to hear its leader, Rehavam Ze'evi, urge an immediate break with the Likud government.

Ze'evi, a minister without portfolio who joined the Cabinet barely two months ago at Shamir's invitation, is threatening to quit because the prime minister refuses to consider his prescription for ending the intifada.

The Moleket platform calls for the "transfer" -- a euphemism for expulsion -- of the Arab population from the administered territories.

The loss of its two Knesset seats would reduce the coalition's parliamentary majority to 64 seats out of 120. While that is hardly fatal, it is a somewhat less comfortable margin, considering that either of two Orthodox parties, Shas or Agudat Yisrael, would be in a position to bring the government down.

Nevertheless, Shamir prefers not to address the Moleket threat directly. His aides said earlier that if Ze'evi wanted a meeting to discuss his complaints about the government's handling of the intifada, Shamir would see him.

Meanwhile, Shamir instructed Likud Knesset member Tzahi Hanegbi to withdraw a private members bill calling for dissolution of the 12th Knesset, which was elected in 1988.

Some Favor Elections Soon

Political observers said Shamir's attitude reflects confidence that increasingly strained relations with Washington will not weaken Likud's standing with the electorate by the time elections are due in November 1992.

The prime minister told the Knesset's Foreign Affairs and Defense Committee on Monday that it is "inconceivable" to him that the United States would link the absorption of Soviet immigrants to Israel's position on the peace process or to its policy of expanding Jewish settlements.

Shamir also appeared confident that by the time elections are held, the twin crises of unemployment and lack of housing for immigrants will have been resolved.

But some Likud politicians are less sanguine

about those problems. They would like to dissolve the Knesset now and hold elections this fall, a year early.

They reason that an election campaign this summer would effectively "freeze" the peace process and the related disputes with Washington. At the same time, Likud and its allies could try to convince the voters that the economic and absorption problems are on the verge of solution.

The opposition Labor Party also appears to be divided over early elections. While party leader Shimon Peres is said to favor an early ballot, his chief rival, Yitzhak Rabin, prefers to wait.

Rabin is said to want to push an election reform bill through the Knesset, so that the next elections would be held under a system providing for a separate vote for prime minister. He seems to think his personal popularity would carry him to the highest office, regardless of which party won the most Knesset seats.

But seasoned politicians told the Jewish Telegraphic Agency on Monday that there is little hope for electoral reform at this stage. Likud is not wholeheartedly behind it and has promised its religious partners not to support reform without their approval.

The small parties are not likely to approve, because reform would strip them of the political power they now enjoy, far out of proportion to their numerical strength.

As proponents of reform stress, a directly elected prime minister would not have to make concessions to the minority factions to form a government.

At the moment, dissolution of the Knesset also seems unlikely. It would require an agreement between Likud and Labor, since neither of the big parties could muster a majority with their respective allies.

NEWS ANALYSIS:

THE INTIFADA IS CHANGING, AND SO ARE THE ARMY'S TACTICS OF DEALING WITH IT By Gil Sedan

JERUSALEM, June 24 (JTA) -- When a popular Israeli television program broadcast pictures last Friday night of army undercover agents using Arab disguises to arrest Palestinian agitators in the administered territories, it produced an explosion of diverse reactions here.

But it also highlighted the fact that after more than three years, both the nature of the intifada and the tactics Israeli security forces are using to cope with it are changing.

The local Palestinian leadership is calling for a critical review of the intifada. But first, it must find a way to end the bloody terror campaign being waged by Palestinian activists against fellow Arabs suspected of collaborating with the Israelis.

The Israel Defense Force, for its part, is zeroing in on individual troublemakers, instead of confronting entire populations. The Friday television broadcast showed pictures of IDF operatives in traditional Arab headdress quietly nabbing surprised suspects in the streets of Arab towns.

The defense establishment cooperated with the disclosure of the operation, which was hailed in some government circles for its "surgical" precision. But the Cabinet is split.

Some politicians and former defense chiefs think the expose, if not the tactic, was a serious mistake that could be used against Israel.

Israelis meanwhile are keeping a close watch on developments in the Palestinian community.

They wonder if the influence of the Palestine Liberation Organization is on the wane and, if so, whether it will be replaced by Arab pragmatists or by Moslem fundamentalists more violent and uncompromising than the PLO.

Local Palestinian leaders have called several meetings since the end of the Persian Gulf War to review the course of the intifada.

'More Losses Than Gains'

The debate has been conducted in the pages of the pro-PLO East Jerusalem daily Al Fajr and at political gatherings in the big Al-Hakawati theater in East Jerusalem.

There has been much self-criticism. A new political organization, the National Palestinian Union, has emerged to oppose the violence that has claimed the lives of hundreds of Palestinians.

The Israeli authorities are keeping to the sidelines to see if the new group will give rise to a rational local alternative to the PLO.

"If the new organization will prompt more people to abandon the way of violence, I welcome it," said Maj. Gen. Danny Rothschild, coordinator of government affairs in the territories.

"The intifada is not dying out, but people are reconsidering its pros and cons," he observed. "The majority of the population understands that there have been more losses than gains."

While the level of violence may have dropped, most Palestinians have not distanced themselves from the PLO. Their disenchantment with the Gulf war may have accelerated the emergence of a local leadership in the territories. But it will not act without the PLO's approval.

The emerging Palestinian leadership is of a younger generation. It consists of people in their 30s: journalists, university professors, trade union leaders and former security prisoners. They are an educated social strata that cannot be accused of lacking nationalist zeal.

Adnan Damiri of Tulkarm in the West Bank served seven years in Israeli jails and spent additional months in administrative detention. Recently, he published two sharply worded articles against the intifada's masked men, the hit squads who go after alleged collaborators. They generated an unprecedented public debate on the course of the intifada.

Intifada Violence Continues

But the argument and self-appraisal have by no means ended intifada violence.

Serious disturbances Monday in Khan Yunis caused the army to clamp a curfew on the Gaza Strip town. A curfew also was imposed on the Shati refugee camp adjacent to the city of Gaza.

Last week, the IDF seized an armed gang of Arab youths in the Gaza Strip town of Rafah who called themselves the Black Panthers. They are believed responsible for the brutal murders of 13 Arabs suspected of collaboration and other crimes of violence.

Meanwhile, the Civil Rights Association said Monday that it welcomed disclosure of the IDF's undercover tactics in the territories.

But Professor David Kretzmer, the group's chairman, complained at a news conference here that the publicity was intended to serve the interests of the IDF, not the public right to know.

Yehoshua Schoffman, a lawyer for the association, said there was at least one case in which undercover units are suspected of beating a resident of Adik village in the West Bank without provocation. The incident is being investigated.

MAN IN INQUIRY ON CHURCH-NAZI ROLE IS KIDNAPPED IN LYON FOR TWO HOURS

By Michel Di Paz

PARIS, June 24 (JTA) -- A key figure in an investigation of the role the Catholic Church played in helping a convicted Nazi collaborator evade justice for years after World War II was kidnapped for two hours Saturday night in Lyon.

Charles Favre, 63, vice president of the Jewish-Christian Friendship Association, was released unharmed at about 2 a.m.

The two men who forced him into a car near his home at midnight stole the keys to his apartment and files he kept on Paul Touvier, head of the pro-Nazi militia in Lyon during the war.

Favre told police he was blindfolded and driven through the streets of Lyon while his captors questioned him about his research into the church in Lyon and the help it gave Touvier.

Favre has been guiding a commission of historians through the archives of the archdiocese of Lyon. They were opened for study 18 months ago by Cardinal Albert Decourtray, the archbishop of Lyon, who agreed to an investigation.

Elements of the Catholic Church in France and other countries have long been accused of helping wanted Nazi war criminals escape.

Touvier was twice tried in absentia and sentenced to death in 1946 and 1947. But the police never managed to apprehend him.

He and his wife reportedly hid out in various convents until, in 1971, he was secretly pardoned by President Georges Pompidou.

That infuriated former Resistance fighters and the families of people whom Touvier and his militia helped to deport.

Nevertheless, he was a free man until new evidence led to reopening his case. Touvier, still in hiding, was arrested in May 1989 at the St. Francis convent in Nice. As he was being taken away, he shouted, "I regret nothing."

Favre suspects that Touvier remained at large for so many years because the police were reluctant to arrest him. The former collaborator is said to know much about the Lyon police's involvement with the Nazis during the war.

ROMANIAN LEADER PROMISES RABBI JEWS CAN COUNT ON PROTECTION

NEW YORK, June 24 (JTA) -- Romanian Jews can count on their government to protect them from rising manifestations of anti-Semitism, President Ion Iliescu has assured Chief Rabbi Moses Rosen.

Rosen, who has been threatened personally, was received by Iliescu to discuss the worsening situation, according to a report on the meeting the World Jewish Congress had from Bucharest.

The chief rabbi asked bluntly whether the country's remaining 18,000 Jews could hope to continue their lives in Romania, where about 800,000 Jews lived before World War II.

Jewish fears peaked last month when the Romanian Parliament officially honored the memory of pro-Nazi dictator Ion Antonescu on the 45th anniversary of his execution for war crimes, which included the deportation of at least 250,000 Jews to Nazi death camps.

The presumably democratically elected body which replaced Nicolae Ceausescu's Communist dictatorship rose for a minute of silence in memory of Antonescu on May 1.

Anti-Semitism is endemic to Romania, and its

latest manifestations seem to have permeated all levels of society.

Observers attribute its resurgence to nationalism and xenophobia, which have intensified in proportion to the severity of the economic and social disruptions caused by the sudden overthrow of the Communist regime in December 1989.

Iliescu and Prime Minister Petre Roman, whose father was Jewish, denounced the rehabilitation of Antonescu. But their statements were all but swamped in the media by praise for the fascist leader of a half-century ago.

The president told Rosen that his statement appeared in only two newspapers and had been misinterpreted by both.

Romanian Jews will mark the 50th anniversary of the Holocaust on July 1 and 2. The ceremonies will be attended by, among others, Israel's minister of education and culture, Zevulun Hammer, and Nobel Peace laureate Eli Wiesel, whose place of birth, Sighet, is in Romania.

The U.S. government will be represented by Assistant Secretary of State Richard Schifter.

Rosen has been invited to Kishinev for July 3 to July 4 for a memorial to the 150,000 Jews killed by Antonescu's army in Bessarabia.

KING OF THE ZULUS VISITS ISRAEL AS IT PONDERS SANCTIONS POLICY

By David Landau

JERUSALEM, June 24 (JTA) -- Israel is playing host this week to the king of the Zulu nation in South Africa, as it considers whether to lift sanctions against the Pretoria regime.

King Goodwill Zwelithini Kabhekuzulu met separately Monday with Prime Minister Yitzhak Shamir and Foreign Minister David Levy. He was promised Israeli help in developing agriculture and irrigation in the territory he rules.

The king paid a courtesy call on President Chaim Herzog and visited the Western Wall. He will visit the Yad Vashem Holocaust memorial later in the week.

Israel's policy-making Inner Cabinet is due to take up the question of economic sanctions against South Africa, mandated by the United Nations because of its apartheid policies.

The Ministry of Industry and Commerce has strongly recommended sanctions be phased out now that the government of President F.W. de Klerk has begun to dismantle the racist structure.

Shamir was quoted Monday as telling visiting South African Zionist leaders that an Israeli waiver of sanctions against their country is "a matter of a few weeks away."

Israel is known to be carefully coordinating its policy on South Africa with the United States. President Bush is said to be pressing for the relaxation of U.S. sanctions.

De Klerk has visited Washington and is expected to visit Israel later this year.

Political observers have linked the visit of the Zulu king to Israel's ongoing efforts to improve its relations with all African states.

Last week, Levy welcomed the foreign minister of Kenya, Wilson Ndolo Ayah, who came here on the first visit by a high-level Kenyan official since that East African nation broke diplomatic relations with Israel in 1973. It restored ties in December 1988.

Ndolo Ayah observed publicly in Jerusalem that the international system of sanctions against South Africa is being eased as the South African government moves toward racial equality.

**ISRAEL SAID TO BE MAKING PROGRESS
IN SOLVING IMMIGRANT HOUSING CRISIS**
By Aliza Marcus

NEW YORK, June 24 (JTA) -- Israel is "on the road" to solving its immigrant housing problem and has already made tremendous progress in the construction of new apartments, according to a top leader of Diaspora Jewry.

"The problem is well on the way to solution," Mendel Kaplan said Monday during a trans-Atlantic telephone conference from Jerusalem.

Kaplan was elected Sunday to a second term as chairman of the Board of Governors of the Jewish Agency for Israel. The Jewish Agency, which works with the government to help absorb immigrants, is holding its annual assembly this week in Jerusalem.

During the telephone hookup, Kaplan reeled off a list of places he had recently visited where housing construction was under way.

He said that 100,000 "housing solutions" would be completed this year and that between 80,000 and 100,000 new units would be needed each year for the next five years.

In some areas, he said, there is now actually concern about over-building. That is a dramatic reversal of the situation that existed as recently as six months ago, when construction on new units had barely begun and Israelis rendered homeless by wildly escalating rents started pitching tents in public squares all over Israel.

Kaplan said the big problem now is providing jobs for the thousands of immigrants pouring into the country each month, including Soviet Jews and the more than 14,000 Jews who arrived from Ethiopia in late May.

He estimated that 80,000 new jobs are needed for each batch of 200,000 immigrants that arrives annually. A total of 1 million Soviet Jews are expected in Israel by the end of 1993.

Departments To Be Merged

He asserted that Israel's 10 percent unemployment rate is not "phenomenal," pointing out that it had only been about one percentage point lower before the influx of Soviet Jews began at the end of 1989.

Kaplan called for more international investment, vocational training and privatization of Israeli industries to aid job creation.

"We must restructure" Israel's economy-- "that's our challenge," said Kaplan, who has sought to convince people that Israel's socialist-based economy needs to be overhauled.

Israel can be transformed from a "place that's a haven for Jews to a place that's a magnet for all Jews, including those in America," he said.

But for now, "we don't have an overall plan in Israel and we don't yet have sufficient investment by Israelis" and foreigners, he said.

Since coming into office, Kaplan, a wealthy South African businessman who represents the interests of Diaspora philanthropists, has received considerable praise for his willingness to streamline the Jewish Agency's huge bureaucracy.

He announced Monday that two agency departments -- one dealing with rural resettlement and the other with neighborhood development -- would be merged into one new department by 1993.

"We felt that it was more strategically correct and effective to put them together. Of course, there was a lot of resistance," he said.

**SIR ISAAC WOLFSON, DEAD AT 93,
REMEMBERED FOR HIS MAGNANIMITY**
By David Landau

JERUSALEM, June 24 (JTA) -- Funeral services were to be held Tuesday in Rehovot for Sir Isaac Wolfson, a prominent British Jewish philanthropist who died at his home there June 20 at the age of 93.

Wolfson, who also had a home in London, had been inactive due to illness and old age for the past several years. He lived to see his name grace institutes throughout Israel.

Wolfson, who owned Great Universal Stores, a vast retail empire in Great Britain, was one of Britain's richest men and best-known philanthropists. He contributed to Jewish, Israeli and British causes with great magnanimity through the Wolfson Foundation, which he founded in 1955.

He is believed to have given about \$200 million to various causes.

Wolfson also donated his personal service to Israel and to British Jewry. He was leader of the Joint Israel Appeal for many years and was president of the United Synagogue from 1962 to 1973.

He was made a baronet in 1962.

Wolfson was born Sept. 17, 1897, in Glasgow, Scotland, one of 11 children of Solomon and Necha Wolfson, who were Orthodox Jews. His mother was an immigrant from Bialystok, Russia.

Wolfson began his commercial life in his father Solomon's store, where he made cabinetry and picture frames. One of his first jobs was selling frames at 5 shillings per week.

His father once said, "I am not much good at business, but I have a son who is a financial genius." Isaac was then 9 years old.

Wolfson became managing director of Great Universal Stores in 1932 and by 1946 was chairman of the company, a title he held for 38 years.

The business swelled, acquiring such companies as Burberry's, Waring's, Jay's, Hope Brothers and Global Tours.

Latecomer To Zionist Enterprise

He established the Wolfson Foundation to benefit health, education and youth activities in the United Kingdom and British Commonwealth.

He laid the foundation stone for the replacement of London's Central Synagogue, which was destroyed in the bombing of London during World War II, and renamed the Bayswater Jewish Schools in London as the Solomon Wolfson Schools.

Wolfson joined Zionist endeavors in 1949 at a dinner for the Joint Palestine Appeal, forerunner of the Joint Israel Appeal. Admitting he had not taken an active part earlier, he said, "I must now throw myself wholeheartedly into the ranks of the builders of the Jewish state."

In Israel, some of the most famous landmarks associated with Sir Isaac are Heichal Shlomo, in Jerusalem, the seat of the Chief Rabbinate, named for his father; and the nearby Great Synagogue built in the early 1980s.

Near the Knesset stands Kiryat Wolfson, one of his several real estate projects in the country.

A special love of Sir Isaac was the Weizmann Institute of Science in Rehovot. The biology institute there is named for him.

Wolfson served on the boards of numerous institutions in Britain and the United States.

He won the Einstein Award for Philanthropy in 1967 and the Lehmann Award in 1968.

(The Jewish Chronicle of London contributed to this report.)