

**SUNUNU DENIES HE IS BLAMING JEWS  
FOR CONTROVERSY OVER HIS TRAVEL**

By David Friedman

WASHINGTON, June 26 (JTA) -- White House Chief of Staff John Sununu has denied that he blames Jews and other supporters of Israel for the controversy raging over his travel practices.

Sununu telephoned the Conference of Presidents of Major American Jewish Organizations on Wednesday after The Washington Post reported that Jews were among those he blames for his recent troubles.

Sununu's use of government jets and limousines for personal travel has sparked widespread calls for his resignation and has prompted President Bush to order strict controls on his travel.

The Post quoted sources saying that Sununu believes Jews are after him "because he is Lebanese-American" and because they "don't like my call for evenhandedness" in U.S. policy in the Middle East.

In a telephone call to the Conference of Presidents, Sununu said he never made the allegations quoted in the press and does not believe them, said Malcolm Hoenlein, the conference's executive director.

Sununu's call was a reply to a letter Hoenlein and Shoshana Cardin, the conference's chairman, sent after an earlier report said Sununu was blaming Jews for stirring up the controversy. The earlier report was contained in a piece by conservative syndicated columnists Rowland Evans and Robert Novak.

But Sununu also denied the statements attributed to him in Wednesday's Washington Post article, Hoenlein said.

**Uneasiness In Jewish Community**

The Post said that Sununu did not blame the Jews as much as the liberal media, and liberals in general, because he is considered the leading conservative conduit in the administration.

He also was quoted as blaming Republicans close to Bush, such as Robert Teeter, one of Bush's senior advisers; Peter Teeley, a former Bush aide; and Craig Fuller, Bush's chief of staff when he was vice president. All three are expected to play a crucial role in Bush's re-election campaign and may be viewed as rivals by Sununu.

While Jewish leaders are privately outraged that Sununu may have sought, despite his denials, to blame Jews for some of his problems, they have been uneasy about him since Bush named him as his chief of staff.

In 1986, as governor of New Hampshire, he was the only one of the 50 governors to refuse to sign a proclamation condemning the 1975 U.N. General Assembly resolution denigrating Zionism as a form of racism.

Sununu was active in the National Association of Arab Americans, a group that has been sharply critical of Israel. The Post noted that in a 1984 speech to the group, Sununu urged a more "evenhanded approach" to the Middle East.

"Others with perspectives very different from us have influenced the decision-making process" to the "detriment of this nation's foreign policy," Sununu said at the time.

But, as he did Wednesday, Sununu has sought

since coming to the White House to try to reassure American Jews that he is not anti-Israel. He apparently has never completely allayed these suspicions.

At the same time, most believe that Sununu is not a major player in the administration's Middle East policymaking. His chief influence appears to be over domestic policy and relations with Congress.

**Concern About White House Ceremony**

Concern about Sununu's position became public again earlier this month when he presided over a White House ceremony honoring surviving members of the USS Liberty, a Navy intelligence ship bombed by Israeli aircraft during the 1967 Six-Day War.

The Anti-Defamation League issued a statement expressing concern about the motivation for the ceremony, which was also attended by Brent Scowcroft, the national security adviser.

"ADL hopes that the reason for the White House reception was simply to honor the Liberty crew members, not to give a stamp of approval to those seeking to malign Israel," the statement said.

The group pointed out that while governor, Sununu signed a 1988 proclamation that called the attack on the Liberty "vicious and unprovoked" and the work of "belligerent aircraft and torpedo boats."

There has been astonishment in some government circles that Sununu, who is credited with having a genius IQ, has refused to accept that his own behavior may be responsible for his present difficulties.

The controversy began when it was revealed that Sununu used military planes for private trips, including one to see his dentist in Boston.

He then was also faulted for seeking private planes from corporations for his trips. This was capped when he had his government limousine take him to a stamp exhibition in New York.

Throughout the controversy, Sununu has maintained that he cannot use regular transportation since he must keep in constant contact with the White House.

**ISRAELI TREASURY HAS FALLBACK PLAN  
IN CASE U.S. BALKS AT LOAN GUARANTEES**  
By Gil Sedan

JERUSALEM, June 26 (JTA) -- Israel's Treasury has prepared a contingency plan to pay for the absorption of Soviet immigrants in the event that Israel is unable to obtain U.S. government guarantees for \$10 billion in commercial loans it is seeking.

Such a plan is "on the shelf," Finance Minister Yitzhak Moda'i told reporters Tuesday. "We must prepare ourselves so that we won't be surprised," he said.

Moda'i made clear he believes the Bush administration's decision on the guarantees will hinge on Israel's cooperation in the peace process, including a freeze on settlement building in the administered territories.

His comments were not well received by the Prime Minister's Office. Sources there accused the finance minister of needlessly establishing a

linkage between the settlement drive and aliyah at a time when Israel is trying to convince the Americans that there is no connection.

Shamir has insisted in recent days that the two issues are unrelated. He said he could not conceive of the U.S. administration denying Israel humanitarian assistance because of what is primarily a political dispute.

But Moda'i's remarks echoed the recent warning by Israel's ambassador to the United States, Zalman Shoval, that Israel could be forced by the Americans to choose between settlements and the loan guarantees.

Shoval offered his bleak assessment in a series of radio interviews from Washington last weekend, which angered Shamir and the settlement advocates.

Israel is expected to ask the United States in September to underwrite \$10 billion in commercial loans over the next five years to help provide housing and other infrastructure for an anticipated 1 million Soviet olim.

#### Skepticism From Economists

The Bush administration has hinted strongly that its receptivity to Israel's request would depend on Israel halting its settlement drive.

One of Israel's best friends in Congress, Rep. Dante Fascell (D-Fla.), said Monday that if the administration did not support the loans, it would be "politically difficult" to get Congress to back them.

The contingency plan unveiled by Moda'i would put the financial burden mainly on Israelis. It calls for increased indirect taxes on goods and services, a further devaluation of the shekel, and reduced price subsidies, which would result in higher costs for transportation and basic foods and services.

But economists expressed doubt that Moda'i's plan is adequate. They said the absorption of 1 million olim over five years would require over \$20 billion, a sum unattainable without U.S. aid.

"There is no secret, practical economic program to absorb 1 million immigrants without American aid," wrote Sever Plotzker, economic analyst of the Israeli daily Yediot Achronot. "Without the aid, we would have to close the gates of the country."

#### **UJA COMBINING SPECIAL CAMPAIGNS INTO SINGLE, BILLION-DOLLAR DRIVE**

By Charles Hoffman

JERUSALEM, June 26 (JTA) -- The United Jewish Appeal is planning to combine its special campaigns for Soviet and Ethiopian aliyah into a single, billion-dollar drive that will run over the next three to four years, UJA National Chairman Marvin Lender announced here this week.

Lender told the annual assembly of the Jewish Agency for Israel here Tuesday that this mega-campaign combines the initial \$420 million target of last year's Operation Exodus drive; the \$450 million additional drive for Soviet aliyah approved recently, known unofficially as Exodus II; and a \$130 million campaign to cover the costs of rescuing and resettling the Ethiopian Jews airlifted here last month in Operation Solomon.

Some \$574 million has been pledged for Operation Exodus, Lender said, with \$478 million of it destined for Israel. The rest is being used by federations for the resettlement of Soviet Jews in America.

About \$283 million in cash was raised in one

year for Exodus, which Lender called a "major accomplishment." Cash collections got a big boost because of the concern for Israel generated by the Persian Gulf War, he said.

The regular annual UJA-federation campaign for 1990 brought in \$765 million, and this year's campaign is expected to top that figure by \$5 million, he said.

In the wake of Operation Solomon, UJA was asked to raise \$40 million in cash quickly. About \$29 million was raised in two weeks, Lender said, all of it "new money."

#### Creation Of Jobs Discussed

Keren Hayesod, which raises money for the Jewish Agency in countries outside the United States, brought in \$300 million in cash for Israel during the past 12 months.

Its chairman, Philip Granovsky of Toronto, told the assembly that this is a considerable sum, in light of the fact that there are only 2 million Jews in Keren Hayesod countries, and that fund raising for Israel is illegal in some of them.

A key topic of discussion at the assembly this week was the need to create new jobs for the immigrants at a time when Israel's unemployment rate stands at 10 percent.

Dov Lautman, president of the Manufacturers Association, told the assembly Israel has "the infrastructure to create new jobs. What is missing is the belief by industrialists that the government will implement the appropriate policies" to stimulate investment.

Many delegates to the assembly were disappointed that in his address, Finance Minister Yitzhak Moda'i did not present a plan for job creation, nor did he explain what steps had been taken to reduce bureaucratic obstacles for investors and to cut back government control of the economy.

Moda'i declined to answer questions from the floor after he finished his address, which dwelt on the "historic challenge" of the mass aliyah.

The chairman of the Jewish Agency Board of Governors, Mendel Kaplan, stressed that Jewish entrepreneurs like himself should invest in Israel for purely financial reasons. "There are ample opportunities to make profits here in advanced industries," he said.

#### \$92 Million Deficit

Kaplan was elected by the Board of Governors to a second four-year term as chairman, despite discontent with his candidacy within the World Zionist Organization. The WZO is a partner with UJA and Keren Hayesod in running the Jewish Agency.

The agency budget for this year is \$546 million, with 60 percent of it going for immigration and absorption. The 1991 budget is for nine months, because the agency's fiscal year is being switched to the calendar year. Last year's budget for 12 months was \$843 million.

To provide more money for immigration and absorption, allocations for other areas of agency activity -- settlement, youth aliyah, Jewish education and Project Renewal -- have been cut. Two departments, Rural Settlement and Project Renewal and Development, are to be merged by 1993.

The chairman of the Jewish Agency Budget and Finance Committee, Paul Berger of Washington, said the agency is projecting a deficit of at least \$92 million this year, because of the unexpected arrival of over 14,000 Ethiopian Jews in Operation Solomon.

# **JEWISH BOY FROM KIRYAT ARBA STABBED BICYCLING IN HEBRON** By Hugh Orgel

TEL AVIV, June 26 (JTA) -- A Jewish teenager from Kiryat Arba was stabbed and badly wounded Wednesday while bicycling through nearby Hebron, in the West Bank.

Israeli security authorities clamped a curfew on the Arab town as they searched for the masked assailant. The knifing was the first such incident in Hebron since the intifada began over three years ago.

The victim, Yossi Twito, 16, who was knifed in his side, was reported in stable condition and doing reasonably well at Hadassah Hospital in Jerusalem.

He was riding his bicycle to Beth Hadassah, a building occupied by Jewish activists in the heart of the Arab quarter, when he had a flat tire and pulled into a bicycle shop to have it repaired.

He was attacked by a masked person while standing in the doorway. The shopkeeper and the owner of a neighboring cafe who went to the youth's aid pulled the knife from his body. That is contrary to medical procedure because it only increases bleeding.

The youngster was rushed by car to a nearby Arab hospital. Doctors there were preparing him for surgery when an Israeli medical team arrived and took the youth by helicopter to the hospital in Jerusalem.

Although tensions have always run high between Jews and Arabs in Hebron, the Arab population has been generally quiescent. Until Wednesday's incident, no Jew was stabbed in Hebron, although random stabbings of Jews by Arabs have become commonplace in the administered territories and Israel proper.

Security forces said they clamped a curfew on Hebron to facilitate the search for the assailant and to protect Arabs from revenge attacks by the Jewish militants who inhabit Kiryat Arba.

Maj. Gen. Danny Yatom, commander of the central sector, met with Jewish and Arab residents in an effort to calm the situation.

## **ISRAEL EASING TAX BURDEN, RESTRICTIONS IN TERRITORIES** By Hugh Orgel

TEL AVIV, June 26 (JTA) -- Israel will ease restrictions on the administered territories because of the considerable decrease of intifada violence in recent months, defense sources say.

The relaxation includes financial burdens as well as ending body searches of Palestinians crossing the Allenby Bridge.

Income tax reforms for the territories have already been approved by the Finance Ministry, the Israeli daily Ha'aretz reported Wednesday. The upper tax bracket will be reduced from 52 to 48 percent, the prevailing level in Israel proper. There are plans to further reduce taxes to benefit the lowest income brackets.

But the defense establishment, which administers the territories, has still not decided how to deal with the substantial aid which the Brussels-based European Community has approved in principle to improve economic and social conditions in the territories.

The E.C. Executive Commission recently allotted \$12 million to improve social and economic conditions in the West Bank. In addition, the

Palestinians will receive food aid from the E.C. in the amount of \$9.5 million.

In March, the E.C. approved a \$210 million loan to Israel and a \$90 million grant to the Palestinians, both to compensate for damage and losses incurred during the Persian Gulf War.

The E.C. conditioned its aid to Israel on Israel's acceptance of a European representative to the territories with diplomatic status and the authority to supervise the distribution of the grants in the territories.

Israel's Defense and Foreign ministries are strongly opposed to those conditions, on the grounds they would imply diplomatic recognition of some future Palestinian entity. The grant is still far from certain. A high-ranking E.C. official is due here soon to discuss the problem.

Nevertheless, 59 small enterprises in the territories have served notice that they will apply for grant money. Maj. Gen. Danny Rothschild, coordinator of government activities in the territories, said Tuesday that there is concern that some of the money may be used to finance intifada activities.

He warned that the E.C. would be held responsible if murders or other violence were to occur as a result of competition for grants.

Meanwhile, Ha'aretz reported that the security authorities decided to cease body searches of Arabs crossing the Allenby Bridge from Jordan into the West Bank.

Rothschild was quoted as saying that in the age of fax machines it was useless to search people for hidden messages.

## **SPANISH KING ACCEPTS INVITATION TO VISIT ISRAEL, HE TELLS LEVY** By Michel Di Paz

MADRID, June 26 (JTA) -- King Juan Carlos I of Spain has accepted an invitation from President Chaim Herzog to visit Israel next year.

The invitation was delivered by Israeli Foreign Minister David Levy, who met with the king Wednesday in Granada. Juan Carlos agreed that March 31, 1992, would be the symbolically appropriate date for his visit.

It will be the 500th anniversary of the signing by Queen Isabella of the decree expelling the Jews from Spain.

The date is subject to approval by the Spanish government.

Levy quoted the king as saying he recognized Spain's past mistakes and the resultant tragedy visited on the Jewish people. "The king told me that this statement may astonish many people," Levy said.

"The king is courageous enough to recognize" the wrongs done the Jews in 1492 and said Spain "looks forward to a partnership with the Jews and Israel," Levy reported.

He said he and the king discussed the situation in the Middle East and both agreed that King Hussein of Jordan and King Hassan of Morocco are under heavy pressure from Islamic fundamentalists.

The Israeli foreign minister also met Wednesday in Madrid with Prime Minister Felipe Gonzalez Marquez, who he said accepted an invitation to visit Israel next fall.

"So far, the meetings I had in Spain met all our expectations," Levy said. He said no controversial subjects were raised by either Gonzalez or Foreign Minister Francisco Fernandez Ordenez, with whom Levy met on Tuesday.

**POWERFUL BRITISH TRADE UNION  
URGING NEW BOYCOTT OF ISRAEL**

By Julian Kossoff  
London Jewish Chronicle

LONDON, June 26 (JTA) -- One of Britain's most powerful trade unions has urged its 850,000 members to boycott Israel because of its "continued illegal occupation of Palestinian land."

A motion calling for "economic and cultural sanctions against Israel" got almost unanimous approval from 2,000 delegates attending the annual conference in Glasgow of the National Association of Local Government Officers, whose members run the country's local authorities.

The motion instructed the union's leadership to "launch a campaign" of sanctions within the membership and the wider trade union movement.

A NALGO spokeswoman said, "The purpose is to bring public pressure on our government to convene a peace conference including the Palestine Liberation Organization, Israel and the United Nations."

She said the campaign to punish Israel was modeled on the longstanding boycott of South Africa. Anything carrying a "made in Israel" label, even Jaffa oranges, would be excluded from all NALGO premises, she said.

But Ami Gluska, labor affairs attache at the Israeli Embassy here, said he is not worried. "In the past year, there have been moves in the opposite direction among trade unionists who have gained a greater understanding of Israel because of the Gulf war," he said.

Gluska said the NALGO move was "obnoxious" and charged that hard-left activists have taken control of the union's foreign policy.

He believed they were out of touch with the rank and file. The attache said the embassy has received dozens of calls from union members who expressed unhappiness with the resolution.

Peter Grunberger, director of the Labor Friends of Israel, said the NALGO move was consistent with the hostile line it has taken since 1987, when it severed links with Histadrut, the Israeli trade union federation.

**LAWMAKERS URGE U.N. CHIEF TO LEAD  
FIGHT TO REPEAL ZIONISM RESOLUTION**

By Howard Rosenberg

WASHINGTON, June 26 (JTA) -- Seventy members of the U.S. House of Representatives are urging U.N. Secretary-General Javier Perez de Cuellar to lead the fight to rescind the 1975 General Assembly resolution that denigrated Zionism as a form of racism.

"While we know that your calling is to implement U.N. policy, you have a profound effect on its content and direction," they said, in a letter organized by Reps. Henry Waxman (D-Calif.) and Benjamin Gilman (R-N.Y.).

The lawmakers referred to Perez de Cuellar's May 13 statement that the resolution is a "wrong and unfair interpretation of what Zionism is." They urged him to "speak out about the detrimental nature of this resolution."

The House last week passed a foreign aid bill calling on the Bush administration to use "every available means to obtain rescission" of the resolution.

But neither the United States nor the Israeli government has decided to actively seek the resolution's repeal when the 46th U.N. General Assembly convenes in late September.

"We have to make sure that once this kind of an issue is going to be introduced on the agenda, we are going to win," an Israeli diplomat explained.

There are "no indications than anyone in the administration in the United Nations or the secretary-general is actively pushing this resolution on the agenda," he said. But he said securing Perez de Cuellar's backing is not a prerequisite for seeking repeal.

The diplomat conceded that any repeal of the resolution could create new pressure from world governments on Israel to accede to an enhanced U.N. role in Israeli peace talks with Arab countries and Palestinian representatives.

But the diplomat said Israel has never taken the stance that repeal would automatically persuade Israel to allow the United Nations to play an active role at a peace conference.

Meanwhile, the United Nations was silent earlier this month on the 10th anniversary of the U.N. resolution that condemned Israel's June 7, 1981, attack on Iraq's planned nuclear reactor at Osirak.

As is the case with the Zionism resolution, Congress is ahead of the administration and the Israeli government in calling for an immediate repeal of that resolution.

The Foreign Aid Authorization Bill passed by the House states that the U.S. administration should seek the resolution's repeal.

The bill says Israel engaged in a pre-emptive strike against the reactor, which it called a "legitimate and justifiable exercise of self-defense."

The bill also states that there is "no evidence" that the Israeli strike "delayed efforts to resolve the Arab-Israeli conflict."

The Israeli diplomat said no speeches were given this June at the United Nations about the resolution, which he indicated is unlikely to be repealed given its lack of prominence.

He said that the lack of fanfare marking that resolution's 10th anniversary was positive in a way, because U.N. members refrained from engaging in another "ritual of condemnation" of Israel.

**INDIAN JEWS MAKING ALIYAH VIA CAIRO**

By Hugh Orgel

TEL AVIV, June 26 (JTA) -- Jews from India are immigrating to Israel by way of Cairo, according to a report Wednesday in the Israeli daily Yediot Achronot.

According to the newspaper's Arab affairs correspondent, Smadar Peri, the Egyptian authorities confirmed for the first time Tuesday that immigrants from India are using Cairo as a transit point.

The Egyptian government was denying the movement up to 10 days ago.

The Egyptian opposition magazine Al Sha'ab disclosed this week that 130 Jews from Bombay have landed in Cairo this month on the way to Israel. It published their names and passport numbers.

According to the magazine, 70 Jews from Bombay passed through Cairo on June 16 and another 60 on June 23.

Israel and India have low-level diplomatic relations. Israel maintains a one-man consulate in Bombay, but has no representation in New Delhi, the capital. India has no mission of its own in Israel.