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**BAKER VISIT LIKELY TO PUT PRESSURE
ON ISRAEL IN WAKE OF SYRIAN LETTER**
By David Friedman

WASHINGTON, July 15 (JTA) -- Israel is expected to come under heavy pressure from the United States to drop its objections to U.S. proposals for a Middle East peace conference when Secretary of State James Baker arrives in Jerusalem on Sunday night.

White House spokesman Marlin Fitzwater announced in London on Monday that Baker would make his fifth trip to the Middle East since the end of the Persian Gulf War because the United States had received a "positive" response from Syria to the U.S. proposals.

Syrian President Hafez Assad sent a letter to President Bush on Sunday that reportedly accepts the compromise formulation for convening a peace conference that the U.S. president outlined in a June 1 letter to Middle Eastern leaders.

Israeli Prime Minister Yitzhak Shamir rejected the proposal in a letter to Bush last month, sent shortly after he received the president's request for flexibility.

First reports from Israel indicate that while Jerusalem is waiting to see the contents of the Assad letter, it does not plan to back down from its rejection of Bush's proposed compromise.

Assad's reply to Bush came Sunday after weeks of asking Washington for various clarifications and assurances.

"This letter moves the Syrian government further than they have been willing to move in any peace process effort that I am aware of," Baker told reporters at the State Department late Sunday before leaving for London, where an economic summit meeting of the seven leading industrialized nations opened Monday.

Baker said that he did not see any conditions in his first look at the letter, which he said was a long one. "However, I do think there are in there some suggestions that we would want to probe, to determine whether or not they are in any way conditions," he said.

Bush Calls Letter 'Very Positive'

In London, Bush agreed with Baker that the letter is "very positive" but has to be studied further.

Fitzwater said that both Bush and Baker are now "hopeful that progress can be made and feel that it could be very useful for the secretary to meet again with the leaders in the region."

Baker will leave for the Middle East after the economic summit ends Wednesday, going first to Syria, then Egypt, Saudi Arabia, Israel and Jordan. He will therefore not accompany Bush on a scheduled trip to Turkey and Greece.

Baker presumably will disclose the contents of the Syrian letter when he arrives in Jerusalem at the end of Tisha B'Av, after having clarified it in Damascus.

In Jerusalem, the first public response was from Foreign Minister David Levy, who expressed the hope that the Assad letter represents a change "in the hard-line Syrian position."

Defense Minister Moshe Arens said the Syrian letter could be "a very positive development."

But they and other Israeli officials indicated

that a positive response would require Syria to agree to direct negotiations with Israel.

Prime Minister Shamir was quoted as saying that if "the Syrian response allows the opening of direct negotiations without interlocutors, we will look upon it favorably, because, after all, what Israel has always wanted is to sit with the Arab states without prior conditions."

Disagreement Over U.N. Role

The U.S. proposals rejected by Shamir were for a United Nations representative to sit as an observer at the peace conference, which would be under the auspices of the United States and the Soviet Union, and for the conference to reconvene periodically if no progress is made in direct negotiations.

Israel wants the conference to serve only as a ceremonial opening for direct negotiations involving Jerusalem, the Arab states and the Palestinians.

The Shamir government is also adamant against any U.N. presence, even just an observer.

Syria, meanwhile, has insisted on the Arab demand for the conference to be held under the auspices of the five members of the U.N. Security Council: the United States, Soviet Union, Britain, France and China.

A senior official at the Israeli Foreign Ministry said Monday that Damascus reportedly has agreed that the peace conference would be a one-time ceremonial event and that there be a U.N. observers without powers at the talks.

Supporters of Israel in the United States are taking a wait-and-see approach, since no one has seen the contents of the Syrian letter.

"We hope that the Syrians are prepared to end their state of war with Israel and sit down and negotiate," said Malcolm Hoenlein, executive director of the Conference of Presidents of Major American Jewish Organizations.

There is uncertainty about how the Bush administration will react if Baker returns from the Middle East without any real progress. Bush warned at a news conference last month that if he felt that hope for progress toward Middle East peace was fading, he would go before the American people and assess blame for the stalemate.

(JTA correspondent Gil Sedan in Jerusalem contributed to this report.)

**BONIOR'S ELECTION AS MAJORITY WHIP
NOT EXPECTED TO HURT ISRAEL IN HOUSE**
By David Friedman

WASHINGTON, July 15 (JTA) -- Rep. David Bonior (D-Mich.), elected by Democrats last week to become the party's new whip in the House of Representatives, is generally regarded as a critic of Israel.

But pro-Israel lobbyists doubt his election to the party's third-ranking leadership post in the House will have much impact on the level of congressional support for Israel.

They stress that Israel was not an issue when Bonior defeated Rep. Steny Hoyer (D-Md.) by a 160-109 vote in the Democratic Caucus.

Bonior, 46, whose ethnic, blue-collar district includes many Arab Americans, will become whip in September, when Rep. William Gray (D-Pa.)

leaves to become head of the United Negro College Fund.

Bonior is considered close to the National Association of Arab Americans and in 1982 met with Yasir Arafat, chairman of the Palestine Liberation Organization.

But Jewish groups have worked with Bonior and believe they can continue to do so, said Jess Hordes, director of the Washington office of the Anti-Defamation League.

Hordes said there is no reason to believe that there is any change in the "bedrock of support" for Israel in Congress.

Most observers believe that Bonior was elected in the secret ballot because he is better liked than Hoyer and because he is considered less conciliatory toward the Bush administration than are House Speaker Thomas Foley (D-Wash.) and Majority Leader Richard Gephardt (D-Mo.).

Bonior differs from most of his Democratic colleagues not only on Israel but in his opposition to abortion.

Supporters of Israel point to Bonior's remarks on how he plans to deal with the abortion issue in his new job, which entails lining up members behind the party's positions and counting the votes.

He said as whip he will support the view of the vast majority of Democrats who support women's right to reproductive choice. "But I will reserve to myself the ability to vote my conscience on the issues," he added.

ANTI-BOYCOTT LEGISLATION INTRODUCED **By David Friedman**

WASHINGTON, July 15 (JTA) -- Legislation to prohibit the U.S. government from awarding contracts to foreign companies that comply with the Arab boycott against Israel has been introduced in the Senate and House of Representatives.

The bill, originated by Sen. Timothy Wirth (D-Colo.) and Rep. Sam Gejdenson (D-Conn.), would require foreign firms bidding on U.S. government contracts to certify that they do not comply with the Arab boycott.

Wirth and Gejdenson said the Arab boycott is "pure poison" for the Middle East peace process. "If the State Department wants to get serious about 'confidence building measures' in the Middle East, reversing the Arab boycott is the place to start," they said in a statement.

ARAB WOUNDS 3 IN NETANYA WITH AX **By Hugh Orgel**

TEL AVIV, July 15 (JTA) -- An ax-wielding Arab wounded three people in the center of Netanya on Monday afternoon.

The most seriously hurt was a tourist from France, who was struck on the head. She underwent major surgery at Beilinson Hospital in Petach Tikva.

The other two victims sustained what were described as moderate injuries. None was immediately identified to the media.

The attack took place in Independence Square in the center of the seaside city.

Police arrested the assailant, a 37-year-old Israeli Arab from Taiba village, not far from Netanya. He gave no reason for the attacks.

Police said the man had been stopped and questioned earlier on the Netanya beach by a member of the civil guard but fled, apparently with the ax concealed in a bag.

NEWS ANALYSIS: **SANCTIONS DID LITTLE DAMAGE** **TO ISRAELI-SOUTH AFRICAN TIES** **By Gil Sedan**

JERUSALEM, July 15 (JTA) -- The economic and cultural sanctions against South Africa that the Israeli Cabinet voted to lift Sunday appear to have done little practical damage to dealings between the two countries during the four years that they were in effect.

Commercial, cultural and even military contacts continued, as long as they were conducted on the basis of contracts signed prior to March 1987, when Israel imposed the sanctions.

Political analysts say that while Israelis genuinely oppose apartheid, the government-imposed sanctions may have had more to do with satisfying U.S. demands than protesting the policies of the minority government in Pretoria.

They suggest that Israel imposed the sanctions largely because the United States threatened in 1987 to cut off aid to any country that continued dealings with South Africa.

President Bush decided last week that South African President F.W. de Klerk's regime had met the five conditions set by the U.S. Congress to end sanctions. Taking its cues from Washington, Israel has now followed Bush's lead in lifting sanctions.

But the decision appears to mean only that what was being done covertly after the sanctions were applied can now be done openly.

Since the sanctions applied only to new contracts, Israel never really ended its trade relations with South Africa. Earlier contracts were not affected, and most were long-term, in effect at least through 1991.

The Histadrut-owned Yiskur Co., for example, has continued to import iron and steel from South Africa during the last four years, as if economic sanctions did not exist.

De Klerk Plans To Visit Israel

Nor were cultural sanctions retroactive. The twin cities relationship between Haifa and Cape Town, signed before March 1987, continued to prosper. Cultural delegations also were exchanged as per earlier agreements.

As for sports, only the captains of the Israeli boxing team were reprimanded for appearing in South African rings.

Foreign publications reported that Israel continued its military ties with Pretoria, regardless of the freeze. Israel Aircraft Industries, hard hit when U.S. pressure forced the government to abandon the Lavi jet fighter project, is said to have recouped by helping South Africa develop its own fighter jets.

Foreign publications also alleged that nuclear cooperation between the two countries continued, including joint experiments, though the Israeli government denied this.

Perhaps because of the close ties between the two countries, some Cabinet ministers, including Commerce and Industry Minister Moshe Nisim, had argued earlier that Israel should not wait for the United States and lift sanctions on its own. But the Foreign Ministry's view, that Israel should wait for a green light from Washington, ultimately prevailed.

Foreign Minister David Levy plans to visit South Africa and may become the first Western-allied diplomat to show up in Pretoria. In turn, de Klerk is expected to visit Israel by year's end.

**ABIE NATHAN FREE ON \$12,000 BAIL
FOLLOWING INQUIRY ON PLO MEETINGS
By Hugh Orgel**

TEL AVIV, July 15 (JTA) -- Peace activist Abie Nathan was released on \$12,000 personal bail at midnight Sunday, after a three-hour grilling by detectives from the serious crimes unit.

Both of Nathan's passports -- Israeli and British -- were confiscated, and he was instructed to be available for further questioning.

Nathan was arrested as he stepped off a plane from Paris at Ben-Gurion Airport on Sunday evening, after his most recent meeting with Palestine Liberation Organization chief Yasir Arafat, which took place in Tunis in late June.

He faces the possibility of serving a one-year suspended sentence for previously violating the law banning Israelis from contacts with PLO figures.

In a vain effort to have the law repealed, Nathan staged a hunger strike for 40 days, which he ended in June, shortly before going to Tunis.

He expected to be arrested on his return to Israel.

Nathan told reporters on leaving the local police station that he had been treated "correctly and courteously" by his interrogators.

He said the questioning took three hours because the police closely examined the masses of documents in his possession, including telex and fax messages he exchanged with Arab leaders in Jordan, Yemen and elsewhere while he was in Tunis and Paris.

As in the past, Nathan insisted he would continue to seek meetings with Arafat and other PLO figures. He has repeatedly said Israel must talk to its enemies if it is to make peace with them.

He expressed deep disappointment with his abandonment by traditional supporters on the political left.

"They are making a mistake," he said referring to Knesset members Amnon Rubinstein, Shulamit Aloni, Haim Ramon and others, who made clear last month that while they sympathized with his aims, they were fed up with Nathan's repeated violations of the law.

Members of the extreme right-wing Moledet party and the leftist Yesh Gvul (There's a Limit) movement demonstrated outside the police station while Nathan was being questioned.

The two groups shouted invectives at each other, but police kept them apart. None of the demonstrators got a glimpse of Nathan.

**HEAD OF A U.N. PANEL MAKES IT KNOWN
THE 'MATZAH OF ZION' SHALL NOT RISE
By Tamar Levy**

GENEVA, July 15 (JTA) -- The president of the U.N. Human Rights Commission has belatedly condemned a blood libel accusation against Jews made by the Syrian delegate on the floor of the Geneva-based commission.

Five months after he was urged to do so by 30 member states, Enrique Bernales Ballesteros of Peru observed, "Any declaration that could provoke racist or discriminatory sentiments must not be tolerated in the Commission on Human Rights."

He added that "neither myself nor anyone in the commission could share such extreme views, which deserve unequivocal condemnation and rejection."

Bernales Ballesteros made his statement in a

July 3 letter addressed to Morris Abram, the U.S. ambassador to the United Nations in Geneva, who had refused to let the matter rest.

In February, the Syrian delegate, Nabila Shaalan, addressing her fellow delegates from the floor, recommended a book called "The Matzah of Zion," written by the Syrian defense minister, Maj. Gen. Mustafa Tlass.

The book presents as truth a blood libel against Jews in Damascus 150 years ago, repudiated at the time by the sultan of Turkey, of which Syria was then a province.

According to Shaalan, the "valuable book" confirmed and "unmasked the racist character of Zionism."

The Bernales Ballesteros letter said that "such propositions are both contrary to the basic principles which inspired the Universal Declaration of Human Rights and threaten to neutralize the considerable work that the international system has accomplished since its adoption."

The United States and Israel were joined by 28 other countries in a letter of protest to Bernales Ballesteros. U.N. Geneva headquarters did not respond immediately, apparently hoping the matter would be forgotten.

But Abram was tenacious. His Israeli colleague, Ambassador Yitzhak Lior, said that without his persistence, the letter probably never would have been sent.

According to Lior, Israel has gained support at the United Nations since the Persian Gulf War, especially among the Eastern and Central European states.

The Arab states have lost some of their confidence and Israel has more political room to maneuver, he said.

Meanwhile, there is a movement among non-governmental organizations accredited to the United Nations to have Shaalan removed from her post.

**UNEMPLOYMENT AND COST OF LIVING
ARE BOTH ON THE RISE IN ISRAEL
By Gil Sedan and Hugh Orgel**

JERUSALEM, July 15 (JTA) -- Israelis got some troubling news Monday. Unemployment rose by 8 percent in June and the cost of living took an unexpected 2 percent jump.

The jobless include 4,400 newly arrived immigrants. The demand for workers dropped 21 percent last month. Employers apparently prefer cheap Arab labor from the administered territories to Israelis, either veterans or newly arrived.

The increase in the consumer price index, announced Monday by the Central Bureau of Statistics, was the highest for the month of June in six years. Fully half was the result of a 4.4 percent rise in rents, home purchase costs and mortgage payments.

Economists had predicted a 1.2 to 1.3 percent rise in June which was, in fact, considered pessimistic.

The Central Bureau reported that the monthly living expenses of an average urban family of four now amount to \$1,645, of which \$370 goes for housing.

The last time the index increased so sharply in June was in 1985, when annual inflation was running at a 200 to 300 percent rate, and the cost of living jumped 14.9 percent.

Drastic economic measures reduced inflation to single digits, but it is climbing again. The rate for the first six months of 1991 was 9.5 percent.

GORBACHEV ASKS SOVIET PROSECUTOR TO LOOK INTO CASE OF SOVIET JEW

By Susan Birnbaum

NEW YORK, July 15 (JTA) -- Soviet President Mikhail Gorbachev has personally asked the top prosecutor's office in Moscow to review the case of Dmitri Berman, a 26-year-old-Jewish man who Soviet Jewry advocates say was falsely accused of the 1988 murder of a Moldavian soldier.

Gorbachev intervened at the request of Canadian Jewish businessman Albert Reichmann, who met with him last week, according to the Union of Councils for Soviet Jews in Washington, which quoted Soviet Foreign Ministry spokesman Vitaly Churkin.

The report was independently confirmed.

Berman has been staying at the Canadian Embassy in Moscow since January, after his case was reopened following an appeals court's dismissal of charges against him.

Soviet Jewry groups, as well as the U.S. State Department, are giving the case high priority and viewing it as an act of anti-Semitic harassment.

The National Conference on Soviet Jews has said that "the evidence seems to be fabricated against Berman."

And a State Department source said Berman's name had been raised with the Soviets "at the highest levels."

B'nai Brith Canada has urged Canadian Prime Minister Brian Mulroney to press the Soviets on the Berman case when the prime minister meets with Gorbachev in London this week.

Last year, an appeals court threw out Berman's initial conviction for killing the serviceman, a murder that took place in the Ukrainian city of Nikolayev.

Prevented From Making Aliyah

Berman's family told the Union of Councils that in all, there have been nine trials against him, which were "convened and postponed because none of the witnesses showed up," or for lack of evidence, said Kim Lamberty, the group's assistant director.

In August 1990, the Ukrainian procurator's office confirmed in writing that the charges against Berman had been dropped. He then applied to immigrate to Israel, along with his family.

In December, just days before he was scheduled to make aliyah, Berman was told the case had been reopened.

His documents, which he had surrendered for an expected full visa to leave for Israel, were seized by the OVIR emigration bureau in Nikolayev, and he was not permitted to leave the country, Lamberty said.

Berman fled to Moscow and sought the help of the Union of Councils' Moscow bureau.

The bureau appealed to Western embassies in Moscow for help. Berman went on his own to the Canadian Embassy, which offered him a place to stay, said Lamberty, who was working at the Moscow bureau at the time.

Since then, he has been awaiting what had been claimed was "new evidence" for reopening the case.

Lamberty said that all along, the evidence against him has been "really sketchy. They changed the facts around the murder several times."

She said that Berman, a factory worker, had

an alibi that placed him "at a completely different place. Then the officials said, 'Well, the murder actually took place a half-hour earlier.'"

Micah Naftalin, national director of the Union of Councils, who visited Berman at the Canadian Embassy, said that Berman had originally confessed to the crime, but "under drugs and beatings while he was in jail."

Lamberty said the procurator's office is now saying that "his alibi has disappeared, that the people who originally gave him an alibi have taken it back."

NEWS ANALYSIS:

AUSTRIAN CHANCELLOR'S STATEMENT ON HOLOCAUST SEEN AS A BOLD MOVE

By Marta Halpert

VIENNA, July 15 (JTA) -- Some Austrians were disappointed by the sparse international attention paid to Chancellor Franz Vranitzky's strong statement last week acknowledging Austrian collusion with the Nazis.

Heads of government do not frequently risk arousing the ire of their citizens by apologizing "to survivors and relatives of the dead" for Austria's participation in the Holocaust.

Vranitzky, a Socialist, took a political risk by dredging up an unsavory part of Austria's past in a July 8 speech to the Austrian Parliament.

Some of his fellow citizens did not want to hear it, especially members of the younger generation, who wondered why they should feel guilty about events that occurred before they were born.

But more than a few Austrians welcomed Vranitzky's blunt recital of Austria's Nazi past as a necessary purging of the national psyche.

"It is better late than never," wrote Michael Lings of the financial weekly *Wochenpresse*.

Like other commentators, he saw at least three reasons for Vranitzky's painful candor.

First, President Kurt Waldheim, whose long-concealed Nazi past is now well documented, announced last month that he would not run for a second term. Therefore, speaking openly about the Holocaust was possible without being construed as a political tactic by Waldheim's rivals for the presidency.

Second, Jorg Haider, 38-year-old leader of the right-wing, populist Freedom Party who recently praised the Third Reich for its employment policies, was voted out of office last month as governor of the province of Carinthia.

Vranitzky wanted to make clear that no politician with fond recollections of the Nazi regime -- which ceased to exist before he was born -- is acceptable in Austria today.

The Freedom Party faces ouster from the International Union of Liberal Parties.

Finally, as Lings noted, Vranitzky is well aware that in applying for membership in the European Community, Austria must demonstrate a realistic attitude toward its past.

While the Jewish community was pleased and relieved by his speech, some provincial circles rejected the chancellor's use of the collective pronouns "we" and "us" when he referred to past misdeeds.

"Why does he ask for forgiveness in our name?" one commentator wanted to know. "We were not born yet and we are not guilty therefore," he protested.

A Vienna journalist replied to that complaint by asking, "How come he identifies with Wolfgang Amadeus Mozart? He was not alive then either."