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ISRAELI RIGHT WING AND PALESTINIANS VOICE OBJECTIONS TO PEACE CONFERENCE By Gil Sedan

JERUSALEM, July 24 (JTA) -- Complications are emerging that could hurt the new opportunity for direct peace talks between Israel and the Arabs, which U.S. Secretary of State James Baker hailed Monday as a historic "breakthrough."

Opposition to the regional peace conference Baker hopes to convene is strong on the right flank of Prime Minister Yitzhak Shamir's governing coalition. It is convinced any talks with the Arabs would result in Israel yielding territory.

Equally obdurate are the Palestinians, who believe the United States sold them out by agreeing to let Israel veto certain members of the proposed joint Palestinian-Jordanian negotiating team.

At Israel's insistence, the United States has reportedly ruled out the participation of Palestinians who live in East Jerusalem or anywhere outside the West Bank and Gaza Strip.

In Washington, the State Department on Wednesday would not comment on whether the United States had agreed to such an arrangement. Richard Boucher, the department's deputy spokesman, would only say that the issue "continues to be under discussion."

The issue was a major obstacle in previous efforts to arrange talks between Israelis and Palestinians, and it precipitated the collapse of the Labor-Likud unity government in March 1990.

Palestine Liberation Organization chief Yasir Arafat charged Wednesday, in a Radio Monte Carlo interview from Tunis, that the U.S. peace plan "ignores the Palestinian people's rights and completely leaves out the question of East Jerusalem.'

Tehiya May Leave Government

Faisal Husseini, who led the Palestinian delegation that met with Baker on Sunday, said the exclusion of people from East Jerusalem, where Husseini himself resides, is unacceptable, He intimated the Palestinians would not participate on such terms.

Although Prime Minister Yitzhak Shamir has not yet given Baker his final reply, the Tehiya party is threatening to quit the coalition.

Its three-member Knesset faction said it would recommend such a step to the party's Secretariat next week because of an "erosion in the position of the government on issues concerning Eretz Yisrael and our right to this country."

Geula Cohen, who holds the sub-Cabinet rank of deputy minister, said a regional conference would lead to "disaster."

She had no doubt Tehiya would quit the coalition, even though Shamir promised it could count on him to defend the case for Eretz Yisrael -- meaning Greater Israel.

"But how much can you depend on one person, as devoted as he is to the cause of Eretz Yisrael?" Cohen asked.

Rehavam Ze'evi, a minister without portfolio who heads the extreme right-wing Moledet party, is also talking of quitting. Both Syria and Jordan, which have agreed to direct talks with Israel, are "unfit for marriage," Ze'evi said Wednesday.

A walkout by the right-wing Tsomet party,

headed by Agriculture Minister Rafael Eitan, is also anticipated if Shamir agrees to a conference.

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If the right bolts, the Likud government would lose the assured support of seven Knesset members, a possibility it is striving to avert. But a no-confidence motion to bring down the government is impossible before October, since the Knesset has recessed until then.

Foreign Minister David Levy and Justice Minister Dan Meridor, among others, are stressing U.S. agreement to Israeli terms.

Levy told the Knesset on Wednesday that Israel will not be required to stop building settlements as a precondition for peace talks. He said the issue had been raised in talks with the Americans, but in the end no such demand was made.

Levy added that the government does not intend to change its settlement policy in the territories and would stand steadfastly against any attempt to link a suspension of settlement-building to lifting the Arab economic boycott of Israel.

BRITISH PANEL CALLS ON THE U.S. TO PRESSURE ISRAEL FINANCIALLY London Jewish Chronicle

LONDON, July 24 (JTA) -- The Foreign Affairs Committee of the House of Commons has urged the United States to exert economic leverage on Israel to advance Middle East peace.

In a report published Wednesday, the allparty committee referred specifically to Israel's upcoming request for \$10 billion in U.S. loan guarantees to absorb immigrants.

It held Israel's settlement policy primarily to

blame for the failure of peace efforts to date. "We believe that, more than anything else, Israel's settlement policy calls into question the good faith of the Israeli government over negotiations," the report said.

It called on the British government to make strong representations to the Israeli authorities about the ill treatment of increasing numbers of Palestinians.

The report, based on hearings by the House of Commons committee and a tour of the Middle East by its members, cited Israel's restraint when under Scud missile attack by Iraq in the Persian Gulf War.

"In recognition of its self-restraint during the Gulf war, as well as the costs of absorbing Soviet immigrants, Israel is now asking to receive further help from the United States, including \$10 billion in loan guarantees," the report said.

"This provides an opportunity for stronger American pressure on Israel, and it is an opportunity which the U.S. government should be prepared to use," the parliamentary report said.

It supported President Bush's "framework for peace" and the efforts of Secretary of State James Baker to arrange a peace conference.

But a "continuing climate of bitterness and mistrust" is hampering Baker, it said. The committee found "little sign that enough flexibility is available to start negotiations."

It referred to testimony given by Israel's ambassador to Britain, Yoav Biran, who stressed the importance of "strategic depth" -- meaning territory -- to self-defense.

That was the same "uncompromising mes-

sage" the members received from private meetings in Israel, the report stated.

"While this emphasis on holding territory for 'strategic depth' remains, it seems unlikely at this stage that, if a conference is set up and negotiations begin, the gap between Israel and the Palestinians can be bridged."

'Denial Of Rights To Palestinians'

The report said the situation in the Israeliadministered territories is deteriorating and the instability is spilling over into Israel.

It said that since the intifada began in December 1987, 900 Palestinians have been killed by Israeli security forces and about 400 by other Palestinians, plus many thousands injured.

"Not only does the continuing violent confrontations between Palestinians and the Israeli authorities lead to tragic injuries and deaths, but also the denial of rights to Palestinians by the Israeli authorities in the name of public order," the report said.

It said Israel sees the conflict as a struggle for survival against 21 Arab states which, except for Egypt, remain in a state of war with it.

It is seen by the Arabs as a struggle for statehood, sovereignty and independence for the Palestinian people, with regional acceptance of Israel to ensure its security.

The parliamentary committee was pleased by the European Community's growing role in the peace process. The report said the panel is encouraged by the Arabs, who see the E.C. as more sympathetic to their cause than the United States.

PALESTINIANS AND ISRAELIS CONVENE IN CALIFORNIA, ISSUE PEACE BLUEPRINT By Julie Freestone and Sue Barnett Northern California Jewish Bulletin

SAN FRANCISCO, July 24 (JTA) -- Ten Palestinians and Israelis who met privately in the Santa Cruz Mountains last week emerged with a document they hope will serve as a model peace treaty for the Middle East.

Titled "Framework for a Public Peace Process," it envisages Israel and an independent

Palestinian state existing peacefully side by side.

The Palestinian state would be partially demilitarized, and the two would share united

None of the Israeli participants has any official status, but at least one Palestinian ranks high in the Palestine Liberation Organization.

Jerusalem as their capital.

The group, which included East Jerusalem newspaper editor Hanna Siniora and Hebrew University Professor Moshe Maoz, was brought together by the Stanford University Center on Conflict and Negotiation and the Beyond War Foundation.

Harold Saunders, an assistant secretary of state in the Carter administration who was involved in the Camp David talks, served as an adviser to the participants.

One of them, Nabil Shaath, is an adviser to PLO chief Yasir Arafat and a representative of the Palestine National Council, the PLO's quasilegislative body.

According to Beyond War spokeswoman Judy Kramer, Shaath was authorized by the PLO to accept the new document as a basis for a future peace discussions.

But it was firmly dismissed by the Israeli consul general here, Harry Kney-Tal, who thought it was "not that unusual" a tract to emanate from "the political wing of the PLO and private Israelis who believe they are taking the high ground in terms of Jewish ethics and morality."

He faulted the document for putting the entire burden of concessions on Israel, while the "Arabs are only on the receiving end."

"There's not even one line that addresses the possibility they also have to make a contribution and maybe bear responsibility for the intractable Arab-Israeli conflict," the Israeli diplomat said.

A Role For Private Citizens

But Moshe Amirav, a member of the Jerusalem City Council and former member of the Likud Central Committee, was enthusiastic. "I believe this document, maybe the exact document, will be the basis of the peace agreement," he said.

Shaath said current peace efforts by U.S. Secretary of State James Baker should be encouraged, but "until there is a government in Israel that is willing to sit down and have a dialogue," the only partner is "the people who are here today."

Acknowledging that they have no negotiating power, the participants nevertheless argued that private citizens have a vital role to play in the peace process.

"Citizens play just as much a role as their governments, which cannot do the whole job themselves," Saunders agreed.

He said the current peace efforts "will not be able to stay the course unless there is support from the body politic, from like-minded people who believe it is time to move to peace."

Galit Hasan-Rokem, literature and folklore professor at Hebrew University and a founding member of the Women's Network for Peace in Israel, said, "The authentic voices of a culture are not necessarily those of the government. The words of the prophets endured in Israel, not the words of the kings."

Professor Maoz, an expert on Islamic and Middle Eastern studies, said, "We have to give credit to the peace process going on now between governments, but the people in Israel are ahead of the government in pragmatism."

Oded Megiddo, a licutenant-colonel in the Israel Defense Force, sounded a similar note. "The Jewish community in the United States should always support Israel but learn to distinguish between the government of Israel and the people of Israel," he said.

Except for the Friday night signing, the seminar was closed to the public for security reasons. The State Department and the Israeli Consulate were informed in advance of the event.

ISRAELI JETS AGAIN STRIKE LEBANON

TEL AVIV, July 24 (JTA) -- Israeli air force jets on Wednesday struck guerrilla targets close to Beirut. The raids were described as pre-emptive, to forestall attacks on pro-Israel elements.

The Israel Defense Force said a boat belonging to the Popular Front for the Liberation of Palestine-General Command, an extremist faction led by Ahmed Jabril, was hit in the area of Damour, seven miles south of Beirut

The announcement stressed that the attack had nothing to do with the recent deployment of the Lebanese regular army in southern Lebanon.

Witnesses said Israeli aircraft also bombed a position occupied by the radical Palestinian group near the coastal road.

ISRAEL ACCEPTED IN U.N. COMMISION, BECOMES FIRST NON-EUROPEAN MEMBER By Tamar Levy

GENEVA, July 24 (JTA) -- Israel scored a significant diplomatic victory in the United Nations when its Economic and Social Council, known as ECOSOC, voted Tuesday to admit the Jewish state as a full member of its Economic Commission for Europe.

Israel is its first non-European member.

The overwhelmingly favorable vote -- 32-14, with four abstentions -- was attributed to radically changed attitudes toward Israel in Eastern Europe and many Third World nations.

According to Yitzhak Lior, Israel's U.N. ambassador here, Israel's success was due in large measure to divisions among the Arab countries and erosion of the Palestine Liberation Organization's influence since the Persian Gulf War.

Israel had been applying for membership in the ECOSOC panel, one of five regional commissions of the U.N. council, since 1986. It was always rejected because of objections from the Eastern bloc nations.

The matter was dropped until the Economic Commission for Europe, or ECE, met in April and adopted a statement saying it would gladly accept

Israel if its parent body concurred.

The 54-nation ECOSOC is holding its biannual meeting here. Last Friday, Israel was
accused at that forum of seizing water resources
to the detriment of the Arab populations of the
administered territories and neighboring countries.

The charge was based on a report prepared by ECOSOC's Commission for Western Asia.

An entirely different atmosphere prevailed Tuesday when a statement was adopted saying, "The ECOSOC, considering the wide range of economic relations that exist between Israel and the ECE member states, decides to change the terms of reference of the ECOSOC by adding Israel to the list of members of the commission."

Favorable votes were cast Tuesday by, among others, the Soviet Union, Ukraine, Japan and Turkey. Of the former Communist countries,

only Yugoslavia was opposed.

Lior said the consensus was better than he had hoped for considering it included the Eastern bloc and such African states as Cameroon, Rwanda and Kenya.

The envoy told the Jewish Telegraphic Agency that last Friday evening he was approached by the Hungarian delegate, who told him, using the Hebrew Sabbath greeting: "We decided to sign on. Shabbat Shalom."

FIGHT ERUPTS OVER DUTCH CHAPLAIN By Henriette Boas

AMSTERDAM, July 24 (JTA) -- The Dutch Defense Ministry has not quite resolved a bitter dispute in Holland's Jewish religious community over a replacement for the former chief Jewish chaplain, Rabbi Michael Nager, who quit the Dutch armed forces to go to Israel.

Nager and all of his predecessors belonged to the Orthodox Ashkenazic Congregation, the country's largest Jewish denomination. But the much smaller Liberal (Reform) congregation insisted on a Liberal chaplain as well.

Undersecretary of Defense Bernard Baroin van Voorst tried to settle the dispute by dividing the position three ways.

In addition to the Ashkenazic candidate for

chief chaplain, Jacob Boosman, he named an Orthodox and a Liberal rabbi to alternate as army chaplain, which is a part-time position.

They are Ashkenazic Rabbi Willem van Dijk and Liberal Rabbi Menno ten Brink.

Since the Orthodox chaplain also represents the Dutch Sephardic congregation, the Jewish military chaplaincy will be three-quarters Orthodox and one quarter Liberal.

But that does not satisfy the Orthodox elders, who will not countenance cooperation with a Liberal chaplain in the military. They are planning to challenge the decision.

KNESSET BILL WOULD REQUIRE OFFICIALS SILENT UNDER INQUIRY TO STEP ASIDE By David Landau

JERUSALEM, July 24 (JTA) -- The Knesset approved, over government objections Wednesday, a private member's bill that would require a public official who exercises his right of silence under police investigation to relinquish his office pending completion of the investigation.

The measure, which passed its first reading and must pass two more before becoming law, was introduced by Laborite David Libai, chairman of

the Knesset's State Control Committee.

It was clearly aimed chiefly at Interior Minister Arye Deri, who has been under police investigation for the better part of a year for alleged financial improprieties.

Its reading in the Knesset coincided with the release of a report by State Comptroller Miriam Ben-Porat which not only excoriated the practices of which Deri has been accused but charged Deri with mishandling huge sums of government funds.

The comptroller and the interior minister crossed verbal swords at a hearing before Libai's panel Wednesday. Deri said he accepted the report and vowed to implement its recommendations.

Ben-Porat, a former member of the High Court of Justice, openly doubted his sincerity.

Her report charged that the Interior Ministry handed out some \$38 million in government funds to religious institutions, mainly those affiliated with Deri's political base, the Shas party.

According to the comptroller, those monies were disbursed without following proper legal procedure. In some cases, Deri's purpose was to win votes for his movement, the report alleged, noting that significant funds were transferred around election time.

Ben-Porat said she made her findings available to the police.

Deri accused the police of deliberately leaking material intended to discredit him in public opinion and timing it to coincide with the comptroller's report.

He insisted he accepts the report in principle and said he has appointed a high-level independent committee to see to its implementation within three months.

The system Ben-Porat criticized allows the Interior Ministry to funnel public funds to favored institutions through local authorities, who depend on the ministry for their subsidies.

Deri, who says he would submit to questioning by senior police officials, told the Knesset members he believed it was his task to "correct years of discrimination" against haredi institutions and Sephardic-haredi ones in particular.

Haredi is the term used to describe the most strictly Orthodox communities. Shas is a haredi party with a mainly Sephardic constituency.

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YUGOSLAVIA'S JEWS TAKING MEASURES AS PRECAUTION AGAINST CIVIL WAR By Ruth E. Gruber

ROME, July 24 (JTA) -- Yugoslavia's 6.500member Jewish community is taking emergency measures as a precaution against the all-out civil war that threatens to tear apart this Balkan nation composed of several ethnic groups.

But while the danger of being caught in the middle of the armed conflict is always possible, the Jews have not been singled out for attack.

"Jewish community members are not in any more danger than any other people here," said Melita Svob, secretary of the Jewish community in Zagreb, capital of separatist-minded Croatia.

But some Jewish families live in areas where bloody fighting is going on between Croats and Serbs. Emergency services, including a telephone hotline, have been set up in Zagreb to help those people, she said.

More than 1,000 Jews live in Zagreb, which is one of the best organized and most active Jewish communities in Yugoslavia.

Only a handful of Jews live in the breakaway republic of Slovenia. But there are more than 200 in and around Osijek in eastern Croatia, where some of the worst fighting has occurred.

"We have to help them, especially elderly, the poor, the sick who live alone in small towns and villages. We are trying to organize places in the Jewish old age home in Zagreb where these people can come and stay during hard times," the community official said.

Not only in Zagreb, but throughout the country, the larger Jewish communities are organizing to help Jews in outlying areas who may be in distress.

"We are always in contact by telephone, discussing what steps we can take." Luci Petrovic. secretary of the Federation of Jewish Communities, said by telephone from Belgrade.

'Don't Know What Tomorrow Will Bring'

Svob in Zagreb said international Jewish organizations such as the American Jewish Joint Distribution Committee are active. But she stressed that Jews feel in no greater peril than other citizens as they try to steer clear of ethnic conflict.

Perhaps the worst element is uncertainty, Svob said. "All our activities are based on the fact that we don't know what tomorrow will bring," scholar Eugen Werber said by telephone

from Belgrade. More than 1,500 Jews live in and around Belgrade, which is the capital both of Serbia and of the fragmenting Yugoslav federation. So far, the city has not seen the serious fighting that has taken place in Slovenia and Croatia in recent weeks.

About 80,000 Jews lived in Yugoslavia before World War II and at least 65,000 of them perished in the Holocaust after the Nazi invasion in 1941.

Yugoslavia's major communications outlets last week broadcast a special appeal for peace from Chief Rabbi Cadik Danon to his countrymen.

The rabbi, a Resistance fighter during the war, said in a statement dated July 12 that he felt "an obligation, being the spiritual leader of the Jewish community in Yugoslavia, to raise my voice with the message to all citizens of our country -- to be reasonable and of good will, and to try to solve the mutual disputes and misunderstandings in agreement and peace."

PRO-ISRAEL REPUBLICAN INCUMBENTS POSE DILEMMA FOR JEWISH DEMOCRATS By David Friedman

WASHINGTON, July 24 (JTA) -- Should Jewish Democrats support pro-Israel Republicans seeking re-election to Congress or back their Democratic challengers?

That was one of the thornier questions discussed here this week by some 200 delegates attending the two-day summer conference of the newly formed National Jewish Democratic Council.

The support of pro-Israel incumbents against pro-Israel challengers has long been a smoldering issue within the Jewish political community.

In the last few congressional elections, major Jewish political contributors have told potential Democratic challengers to pro-Israel Republican senators that they would not receive any financial support. In many of these cases, the challengers, some of them Jewish, have decided not to run. Good congressional candidates who want to

challenge pro-Israel incumbents have been "simply cut out of access to the organized structure" of the Jewish community, Rabbi David Saperstein, co-director of the Religious Action Center of Reform Judaism, maintained Monday at a session on Jewish involvement in American politics.

Esther Leah Ritz of Milwaukee, who chaired the session, said she could never vote for one of her state's senators, Republican Robert Kasten, because of his conservative views, despite his overwhelming support of Israel.

But Thomas Dine, executive director of the American Israel Public Affairs Committee, said that while he has no doubt that persons considering running against Kasten will be pro-Israel, the incumbent's importance has to be considered.

The senator from Wisconsin "is at the center of everything good that takes place in the U.S.-Israel relationship," Dine said.

Together with Sen. Daniel Inouye (D-Hawaii), Kasten has agreed to co-sponsor the bill to provide Israel with U.S. guarantees for \$10 billion in commercial loans to help resettle Soviet and Ethiopian Jews.

Good People Being 'Shut Out'

Saperstein said he is not bothered that there pro-Israel support for Kasten, despite the Jewish community's tendency to support Demo-cratic candidates. But he said he does regret that good people are being "shut out" of this support.

Hyman Bookbinder, former Washington representative of the American Jewish Committee and a founder of the new Jewish Democratic group, said he also is not concerned about Jewish support for Kasten and other Republicans.

But he said when the "incumbency rule" was invoked last year to support conservative Sen. Jesse Helms (R-N.C.) because he cast a few pro-Israel votes, "that is nothing less than obscene."

Morton Mandel of Cleveland, chairman of the National Jewish Democratic Council, stressed that while individual members are free to act on their own, the new council will only support Democrats.

The two-day conference here featured addresses by a number of prominent Democrats, including Senate Majority Leader George Mitchell, House Speaker Thomas Foley, Democratic National Committee Chairman Ron Brown, Texas Gov. Ann Richards, several members of the Senate and House, as well as the leading prospective Democratic presidential candidates.