

**BUSH TRYING TO EASE CONFRONTATION  
WITH U.S. JEWRY OVER LOAN GUARANTEES**  
By David Friedman

WASHINGTON, Sept. 19 (JTA) -- Without yielding any ground, President Bush appears to be trying to ease a bitter clash with Congress and the American Jewish community over Israel's request for guarantees covering \$10 billion in commercial loans for immigrant absorption.

The organized Jewish community also does not want any confrontation with the president, knowing that even if it can outmaneuver the White House in the short term, it will lose in the long run.

But many community leaders and ordinary Jews have been affronted by some of the harsh language Bush has used in recent days, especially his remark last week, as more than 1,000 Jews from across the country were lobbying Congress for the guarantees, that he was "up against some powerful forces."

Concern about such remarks was voiced in a letter sent to the president last Friday by Shoshana Cardin, chairman of the Conference of Presidents of Major American Jewish Organizations.

Bush responded, in a letter sent to Cardin on Tuesday, that his remarks were not meant to be pejorative.

"As a veteran of many years in the governmental and political arena, I have great respect for the exercise of free expression in the democratic process," the president wrote.

"Politically organized groups and individuals are a legitimate and valued part of the decision-making process in a democracy."

Bush said he shared with Cardin the belief "that we can have honest differences on issues. I also share your belief that we are committed to the same principles and that our areas of agreement far outweigh our areas of disagreement."

**Congressional Effort Moves Forward**

Nevertheless, the Jewish community will continue to press for the U.S. loan guarantees without any ties to other issues, Malcolm Hoenlein, executive director of the Conference of Presidents, said Thursday.

While expressing hope for a compromise, Hoenlein said any negotiating would have to be done between the Bush administration and Congress or between the administration and the Israeli government.

Sens. Daniel Inouye (D-Hawaii) and Robert Kasten (R-Wis.), who are sponsoring the legislation for the loan guarantees, are continuing to gather co-sponsors.

But no decision has been made yet about whether or when to introduce the legislation officially, since Congress hopes to work out a compromise with the administration in advance.

Kasten has been on the phone with the administration continually, one of his aides said.

One strategy is to gather 67 or more co-sponsors for the legislation to demonstrate to the administration that the Senate would have the two-thirds vote necessary to override a presidential veto of the bill.

The focus is on the Senate, because the

House of Representatives is expected to adopt the legislation by a wide margin.

A parallel strategy is that Congress might approve the guarantees but delay implementation for the 120 days demanded by Bush.

Other courses are being considered, but nothing is expected to happen until Secretary of State James Baker returns from his current visit to the Middle East.

**Explicit Link To Settlements?**

Baker caused a furor Tuesday when reporters aboard his plane from Israel to Egypt quoted a senior administration official as saying that Israel would not receive the guarantees unless they were accompanied by a freeze on Jewish settlements in the administered territories.

The official, who it was learned was Baker himself, also threatened that if Israel rejected the 120-day delay, the United States would insist on severe restrictions on the settlements.

Bush, while repeatedly calling settlements an obstacle to peace, had continuously said that his call for a delay had nothing to do with the settlements. Rather, he said the delay was needed to prevent a divisive debate that might harm the Middle East peace process.

Israel, supported by the American Jewish community, insists that the loan guarantees are a humanitarian issue needed to help settle up to 1 million Soviet Jews expected to arrive in Israel over the next five years.

The administration on Wednesday backed away from Baker's threat, insisting that his comments were misinterpreted by reporters.

At a news conference in Damascus, Baker denied he had "discussed either publicly or privately a settlement freeze."

But he added that whether Israel receives absorption aid or loan guarantees, "we have a right to know and a right to ask how that aid and how those guarantees would be used, and we would expect to ask how that aid would be used."

White House spokesman Marlin Fitzwater appeared to try to soften the administration's stand Wednesday. He said that the administration was committed to supporting the loan guarantees but had not decided on the amount to guarantee.

Earlier in the week, Bush had said he supported helping Israel absorb its new immigrants, but was not committed to any method of doing it.

**APPARENT U.S. MOVE TO LINK LOANS  
TO SETTLEMENTS ANGERS ISRAELI RIGHT**  
By David Landau

JERUSALEM, Sept. 19 (JTA) -- Prime Minister Yitzhak Shamir, locked in a struggle with the Bush administration over U.S. loan guarantees for immigrant absorption, is under mounting pressure from the right wing of his coalition government to back out of the U.S.-sponsored peace process.

He urged the United States on Thursday to be "objective" in its approach to regional issues.

Briefing visiting members of Congress, Shamir claimed current U.S. attitudes are being interpreted by the Arabs as distinctly anti-Israeli, which, he said, prejudices both the peace process and Israel's ability to absorb Soviet immigrants.

The right-wing parties, never happy with the

idea of a Middle East peace conference under U.S.-Soviet auspices, have been infuriated by Washington's apparent linkage of the loan guarantees to a freeze on settlement-building in the administered territories.

Their anger is shared by Shamir and most of his Likud bloc, though not by the opposition Labor Party and the small leftist factions in the Knesset.

On the other hand, Shamir faces criticism for jeopardizing relations with Israel's most powerful ally and for risking billions of dollars in badly needed loan money.

Nevertheless, Israel's official position, articulated Thursday night by Shamir's top aide, Yosef Ben-Aharon, is that a settlement freeze is not even under consideration.

Ben-Aharon, who is director general of the Prime Minister's Office, demanded that the United States differentiate between the humanitarian issue of Soviet Jewish refugees and the political dispute over the settlements.

He also reminded the Americans that Israel has yet to make its final commitment to join the peace conference.

#### **'Brutal American Pressure'**

Israeli officials admit, though, that they are resigned, albeit reluctantly, to a 120-day delay before Congress acts on Israel's request that the United States guarantee \$10 billion in loans so it can borrow the money on more favorable terms.

President Bush insists the waiting period will benefit the peace process.

The Israelis and their supporters in the United States acknowledge that a victory over Bush, if it were possible, would poison relations with the administration.

But the Shamir government in recent days has gotten signals from Washington that the administration will not recommend the loan guarantees even after the four-month delay, unless it is fully satisfied that none of the money will go directly or indirectly to settlement-building.

At the far right of the political spectrum, Shamir's coalition partners are urging him to "suspend" Israel's oft-stated willingness to participate in the peace process.

Geula Cohen and Elyakim Haetzni of Tehiya and Hanan Porat of the National Religious Party declared Thursday that this is the only way for the government to respond to the "brutal American pressure."

But key Laborites take a different view.

Uri Baram, former secretary-general of the Labor Party, called the American position "reasonable and fair."

Former Defense Minister Yitzhak Rabin, Labor's No. 2 man, told a party leadership meeting in Tel Aviv on Thursday that the Likud government had only itself to blame for the crisis because of its massive and provocative settlement-building program.

Rabin, a political centrist, said the pace of settlement-building is now almost five times what it was during the Labor-Likud national unity government that collapsed in March 1990.

The Likud government's order of priorities is topsy-turvy, given the present historic opportunities for aliyah and peace, and the urgent economic problems, Rabin declared.

Meanwhile, Shamir aide Ben-Aharon conceded that Israel had undertaken in the past to supply Washington with complete information about settlement-building, so that the Americans would

know that U.S. grants were not being used for that purpose.

But the United States was not satisfied, he said. That is because "government budgets do not distinguish between outlays on this side of the Green Line or the other," he said, referring to the boundary between Israel and the territories.

Israel is "hiding nothing," he declared.

#### **Assurances To Syria On Golan**

Another issue that has raised tension between Jerusalem and Washington is Baker's reported assurances to Syria this week that the United States supports the interpretation of U.N. Security Council Resolution 242 that would have Israel withdraw from conquered territories on every front, including the Golan Heights, West Bank and Gaza Strip.

Israel maintains its 1982 withdrawal from Sinai fulfilled the requirements of the resolution.

The American position prompted Golan Heights settlement leaders to telegraph Shamir demanding that he reiterate Israel's firm commitment to keep the Golan Heights.

Even Health Minister Ehud Olmert, a Likud moderate, warned Baker that his "unnecessary step" in Damascus might force Israel to "reconsider the method in which it will take part in the peace conference."

Baker, who was in Amman on Thursday, was scheduled to return to Damascus on Friday.

#### **U.N. ELECTS SAUDI AMBASSADOR PRESIDENT OF GENERAL ASSEMBLY By Jackie Rothenberg**

UNITED NATIONS, Sept. 19 (JTA) -- Saudi Arabia's low profile at the United Nations moved center stage this week with the election of Samir Shihabi as president of the General Assembly.

There is little indication yet as to how the election of the Saudi ambassador will affect Israel, which had supported Papua New Guinea's foreign minister, Michael Somare, for the post.

The other candidate in the three-way race was Abdullah Saleh al-Ashtal of Yemen. Shihabi won handily with 83 of 150 votes cast; Somare followed with 47 votes, and Saleh al-Ashtal trailed with 20.

Israeli Ambassador Yoram Aridor declined to comment on Shihabi's election, other than to reiterate that Israel had supported Somare.

Shihabi himself was cautious this week on answering questions related to the Middle East.

When asked at a news conference about the possibility of rescinding or altering the 1975 General Assembly resolution branding Zionism as racism, he responded: "I don't think the president of the General Assembly has the right to speak about rescinding or discussing resolutions of the General Assembly until they come to the floor."

Shihabi answered a question about the proposed Middle East peace conference in a similar fashion, saying it would be premature for him to comment until the matter was taken up by the General Assembly.

However, Shihabi expressed his hope that "steps to find a peaceful solution will continue."

Dr. Harris Schoenberg, director of U.N. affairs for B'nai B'rith International, said Saudi Arabia's move from behind the scenes, where it normally operates, to the limelight constitutes a "remarkable change."

Shihabi, born in Jerusalem, has served as Saudi Arabia's U.N. envoy since 1983.

## MILITANT GROUP BARRED FROM LAYING 'CORNERSTONE' ON THE TEMPLE MOUNT

By Hugh Orgel

TEL AVIV, Sept. 19 (JTA) -- Jerusalem police have intervened to prevent a provocative act by the Temple Mount Faithful, a group of religious militants who want to take possession of the Temple Mount in the Old City of Jerusalem.

The police said the group would be barred from airlifting a five-ton "cornerstone" for the "Third Temple" to the Temple Mount.

Gershon Salomon, the group's leader, was quoted Thursday by the Jerusalem Post as saying that an unnamed American Jew had contributed the money to hire a giant sky-crane helicopter for the task.

Police are also preventing the group from entering the huge, elevated compound where the Temples of Solomon and Herod are believed to have stood. It is now the location of Al Aksa Mosque and the Dome of the Rock, two of the holiest shrines of Islam.

The group planned a series of demonstrations in and around the Old City during the Sukkot holiday, which begins at sundown Sunday. Police have restricted the group's activities to the area in front of the Mughrabi Gate, a principal entrance to the Temple Mount, and to the Pool of Shiloah, in the nearby Kidron Valley.

## SHARPTON PAYS QUICK VISIT TO ISRAEL, BUT FAILS TO SERVE SUMMONS ON HASID

By Hugh Orgel

TEL AVIV, Sept. 19 (JTA) -- The Rev. Al Sharpton, the radical black activist from New York, paid a four-hour visit to Israel on the eve of Yom Kippur and failed in his attempt to serve court papers on a Lubavitcher Hasid.

Sharpton, representing the family of a black child accidentally killed by the Lubavitcher's car, ended his whirlwind trip Tuesday by scrambling to leave Israel before its airport shut down for the Day of Atonement.

He landed at Ben-Gurion Airport on Tuesday morning and was back at the airport for the noon flight to Frankfurt.

Sharpton was unable to locate the driver, Yosef Lifsh, whose car struck and killed 7-year-old Gavin Cato in the Crown Heights section of Brooklyn on Aug. 19.

The incident triggered racial violence in the ethnically diverse neighborhood, which culminated in the fatal stabbing of Yankel Rosenbaum, a 29-year-old Hasidic student from Australia.

Immediately after a grand jury found no basis for charging Lifsh in the child's death, the 22-year-old Hasid left the United States, reported by some to have gone to Israel.

But Israeli officials denied he was in the country. Some American news reports speculated he may have gone to Canada.

Sharpton, accompanied by attorney and fellow activist Alton Maddox, said he intended to serve Lifsh with a summons from the Brooklyn Supreme Court ordering him to appear Friday for pretrial depositions in a \$100 million civil lawsuit brought by the Cato family.

Unable to find Lifsh, Sharpton presented the summons to U.S. Embassy officials here. He said the officials advised him of the avenues open to prosecute Lifsh under the U.S.-Israeli extradition treaty. They told him, however, that the treaty does not provide extradition for civil proceedings.

## ABIE NATHAN APPEALS COURT ORDER FORBIDDING HIM TO LEAVE COUNTRY

By Hugh Orgel

TEL AVIV, Sept. 19 (JTA) -- Peace activist Abie Nathan has asked the Tel Aviv District Court to overturn a magistrate's order last week forbidding him from leaving the country.

The 64-year-old Nathan is awaiting sentencing for meeting with Yasir Arafat and other Palestine Liberation Organization members in Tunis in June.

The Ramla Magistrates Court convicted him Sept. 12 of violating the law that forbids such contacts.

Nathan, who recently served four months of a seven-month prison sentence for a 1989 meeting with Arafat, said he is committed to several public appearances abroad.

He said there is no risk he would not return to Israel for sentencing because he has always been ready to stand trial and take the consequences of his pro-peace activities.

The court is expected to announce its decision shortly.

Nathan was scheduled to leave for Montreal next week to participate in an international conference on the war against drugs, of which he is chairman.

From there he would go to New York to accept an award for his peace activities. He has also been invited to address the Parliament of India, the country where he was raised, on the occasion of the 122nd birthday anniversary of the late Mohandas Gandhi, the father of Indian independence.

## ANNE POLLARD NOW ISRAELI CITIZEN, SAYS SHE PLANS TO JOIN LIKUD PARTY

By Hugh Orgel

TEL AVIV, Sept. 17 (JTA) -- With the permission of her parole officer in New York, Anne Henderson Pollard, divorced wife of Jonathan Pollard, acquired Israeli citizenship Monday and was granted immigrant status by the Interior Ministry.

She told reporters she planned to join the Likud party.

Pollard came to Israel in August 1990 after being paroled from federal prison, where she served 40 months of a five-year sentence for aiding her ex-husband's espionage activities.

Jonathan Pollard is serving a life term at the federal prison in Marion, Ill. He was sentenced in March 1987 after confessing that he passed secret information to Israel when he was a civilian employee of the U.S. Navy analyzing intelligence data.

Faced with imminent arrest, both Pollards had sought asylum at the Israeli Embassy in Washington but were not admitted.

Anne Pollard was sentenced to two five-year terms to run concurrently. She suffered from a debilitating intestinal disorder and spent most of her time in prison hospitals.

Although her physical condition apparently improved after release from prison, Pollard became involved in an angry dispute with Israeli authorities when she was confined to a psychiatric hospital at Bat Yam, near Tel Aviv--according to her, against her will.

Health Ministry officials insist she committed herself voluntarily. A Tel Aviv district psychiatric committee ordered her release.

## GERMAN PROSECUTOR EXAMINES FIRMS FOR EXPORTING ARMS GEAR TO LIBYA

By David Kantor

BONN, Sept. 19 (JTA) -- The state prosecutor in Wiesbaden is investigating two companies that allegedly tried to provide Libya with high-tech equipment for weapons production, which they tried to export in violation of German law.

The materiel, manufactured by the Fritz Werner Co. and prepared for shipping by the Degussa Konzern, was confiscated in Hamburg in July. It was said to consist of special equipment to produce extra-hard metals useful in building missiles and cannons.

Degussa is alleged by the prosecutor to have falsified the customs manifests to mislead the authorities as to the nature of the shipments.

Degussa owned a large share of the World War II company that provided Zyklon B to the Nazis. The gas was used to kill Jews.

During the war, Degussa reportedly bought gold, silver and other precious metals taken from Jews in Poland.

## BARBIE, SUFFERING FROM BLOOD CANCER, IN 'DESPERATE' CONDITION IN HOSPITAL

By Michel Di Paz

PARIS, Sept. 19 (JTA) -- Convicted Nazi war criminal Klaus Barbie, serving a life sentence in Lyon, is possibly near death.

He was hospitalized Monday in the prison ward and may never be returned to his cell.

Barbie, 77, has been receiving chemotherapy for blood cancer. His condition is "desperate," according to his lawyer, Jacques Verges.

Last year, Verges requested his client's release from prison to be treated for terminal cancer. The lawyer also asked a prominent Jewish doctor to treat Barbie. No answer was reported.

The former SS officer was found guilty in 1987 on 17 counts of war crimes committed when he served as Gestapo chief in Lyon from 1942 to 1944, earning the title "butcher of Lyon."

His offenses, for which he expressed no remorse, included deporting Jewish children to the Auschwitz death camp, arresting thousands of the city's Jews for deportation and the arbitrary torture of countless others.

Barbie is still under investigation for his part in the torture-murder of French resistance leader Jean Moulin. But his illness kept police officials from questioning him in recent weeks.

Barbie managed to escape from Europe after the war. He was sentenced to death in absentia by French courts in 1952 and 1954.

But France abolished the death penalty in 1981, several years before Nazi-hunter Serge Klarsfeld traced Barbie to Bolivia, where he had lived for years under the alias Klaus Altmann.

## SS KILLER HANGS HIMSELF

By David Kantor

BONN, Sept. 19 (JTA) -- Ernst August Koenig, sentenced in January to life imprisonment for killing Gypsies at Auschwitz-Birkenau, was found hanged in his jail cell Thursday morning, the German Press Agency reported.

His death was ruled a suicide.

Koenig, who was 72, had been sentenced to a life term in January for murdering Gypsies at the Auschwitz-Birkenau death camp in Poland during World War II.

His 44-month trial took place in Siegen, a town east of Bonn. He was imprisoned in Bochum, western Germany, between Essen and Dortmund.

Koenig was the first Nazi sentenced explicitly for killing Gypsies. Trials had been conducted in the 1950s against Nazis accused of killing Gypsies, but the cases had all been abandoned for various reasons.

## YOM KIPPUR TRANQUILITY IN ISRAEL BROKEN ONLY BY KIDS AND CAR ALARMS

By Hugh Orgel

TEL AVIV, Sept. 19 (JTA) -- Most Israelis observed Yom Kippur solemnly on Wednesday. The peaceful silence that enveloped the country was broken by the occasional rush of an ambulance on emergency call or by bicycle-riding and roller-skating youngsters who had free run of the empty streets on the holiest day of the Jewish calendar.

The Magen David Adom, Israel's equivalent of the Red Cross, was kept busy. Its paramedics dealt with 1,962 emergencies from the time the fast began at sundown Tuesday until it ended Wednesday evening.

MDA first-aid stations treated 539 patients in that period, and its doctors made 574 house calls.

The 112 people who fainted from heat exhaustion during the fast were far outnumbered by the 433 injured cyclists, roller skaters and skateboard riders who required the MDA's attention.

During the 24-hour period, MDA personnel resuscitated 10 heart attack victims and delivered 15 babies.

In the course of its duties, every effort was made not to disturb worshippers. Ambulances, ordered not to use their sirens, relied on flashing red lights as they sped through streets empty of normal traffic.

There were only five incidents of young religious zealots hurling stones at the vehicles, fewer than in previous years. But one paramedic was hit in the head. He was treated by his colleagues.

A source of annoyance in many neighborhoods was the accidental activation of car burglar alarm systems. With the car-owners in synagogue or refusing to touch a switch, they wailed on for the entire day.

But not all Israelis are religious. The long lines at video-rental stores before the holiday reflected the secular side of the country, as people selected home entertainment for the 30 hours during which the state-run radio and television would be off the air.

Israel Radio resumed broadcasting Thursday with a telephone interview with an Israeli woman who teaches Hebrew in Zagreb, capital of the strife-torn Yugoslav republic of Croatia.

The largest number of Croatia's 2,000 Jews live there. But few of them went to Yom Kippur services, which were held in the Old Age Home far from the center of town, the teacher reported.

There were three air raid alerts during the day. No bombs fell but residents spent hours in shelters near their homes.

Sniping in the streets also forced people to stay indoors, she said.

Because of Sukkot, the JTA Daily News Bulletin will not be published Tuesday, Sept. 24.