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**REPORTED ISRAELI FLIGHTS OVER IRAQ  
PUT NEW STRAIN IN U.S.-ISRAELI TIES**

By Howard Rosenberg

WASHINGTON, Oct. 9 (JTA) -- U.S.-Israeli relations, strained in recent weeks over the issue of loan guarantees, hit a new snag this week with reports that Israeli air force jets had conducted a surprise reconnaissance mission over Iraq and illegally entered the airspace of several of the Jewish state's Arab neighbors.

At the United Nations, Iraq formally protested the flights, which it said occurred last Friday, when four Israeli F-15 fighter jets entered Iraqi airspace for about 30 minutes.

In Israel, officials would neither confirm nor deny Iraq's charges. Defense Ministry spokesman Danny Naveh said he had "no reaction."

Israeli Foreign Minister Ahmad Hussein said the planes entered Iraqi airspace from Syria and flew at low altitude. The F-15s then flew out of Iraq and entered Saudi airspace. The Washington Post said the F-15s apparently also flew over Jordan and Lebanon.

The last time Israel flew into Iraq was during its 1981 bombing of a planned Iraqi nuclear weapons plant at Osirak.

U.S. officials protested last Friday's flights at the "highest level," White House spokesman Marlin Fitzwater said Wednesday. The complaints were lodged both in Washington and Jerusalem.

The Israeli action comes at a sensitive time, as the United States and Soviet Union seek to put the finishing touches on preparations for a Middle East peace conference they want to convene, if possible before the end of October.

Secretary of State James Baker is returning to the Middle East on Saturday evening and plans to be in Israel on Oct. 16 and 17, after stops in Egypt, Jordan and Syria.

Fitzwater urged Wednesday that "actions not be taken that would disrupt the peace process."

**Baker 'Disturbed' About Flights**

Pro-Israel activists here took issue with speculation that the flights over Iraq were a signal of Israel's worries about the unfolding peace process.

They said the flights were designed to serve a military rather than political function and may have been carried out to learn more about recently unearthed Scud missile sites in western Iraq.

In Israel, Defense Minister Moshe Arens would not comment on the flights, but he stressed, "Israel takes whatever action it deems fit for its own defense and security."

At the Israeli Embassy here, spokeswoman Ruth Yaron also would not confirm the flights. But she said that if they did occur, they were "done solely for security reasons. It's totally cynical to try to portray that as something else."

"One cannot fault Israel for being suspicious of Iraq," she added.

In Washington, State Department spokeswoman Margaret Tutwiler said Baker was "disturbed" about the flights.

"We totally understand any Israeli concern about threats from Iraq," she said. But she said the United States believes it is best for the United Nations to "take care of this problem."

"There are teams that are going in and out of there constantly looking for" biological, chemical and nuclear weapons, she said. "To preserve the integrity and effectiveness of the U.N. mission, it is important that unilateral actions outside that process be avoided."

The United Nations has been conducting helicopter surveillance flights over Iraq. On Tuesday, U.N. inspectors found 16 previously undisclosed Scud missile sites.

But one pro-Israel activist disputed the value of helicopter flights, compared to those by jet fighters, which can take better aerial reconnaissance photographs and can fly at faster speeds.

**'Affront' To U.N. Effort**

Another activist said Israel undertook the flights because the Iraqi threat to Israel heightened in recent weeks when President Bush was contemplating whether to again authorize the use of force against Iraq.

The threat to use force came when Iraq initially refused to give documents on its purported nuclear weapons program to U.N. inspectors, who ended up camping out in an Iraqi parking lot for several days while the standoff continued.

One activist said Israel was basically satisfied with U.S. intelligence-sharing on Iraq until about a month ago when the inspector standoff took place.

At that point, "the need for stepped-up cooperation was greater," the activist said. "Some of it was done and some of it was not, and there were problems. But I think they are being resolved."

Asked about a possible Israeli follow-up mission, the activist said, "I have the impression that the need for it has gone down."

He added that U.S. officials view the Israeli mission as "an affront" not to the peace process but to the U.N. effort to dismantle Iraq's nuclear, chemical and biological weapons programs.

U.S. officials feel that "the United States is engaged in a delicate situation with Iraq, and when something unexpected happens, that complicates their lives," the activist explained.

The Israeli action was "not a plus in the U.S.-Israel relationship," he said.

(JTA correspondent Hugh Orgel in Tel Aviv contributed to this report.)

**SETTLERS' MOVE INTO ARAB VILLAGE  
OPENS LIKUD RIFT WITH FAR RIGHT**

By Gil Sedan

JERUSALEM, Oct. 9 (JTA) -- A provocative move by Jewish settlers that could upset the Middle East peace process has opened a rift between the Likud leadership and some of its far-right coalition partners.

About 40 Jewish families occupied five houses in the Arab village of Silwan within the environs of Jerusalem early Wednesday morning. All but one of the houses was vacated by late afternoon, after prolonged negotiations with police.

The settlers claim the houses were lawfully acquired. State Attorney Yosef Harish, assigned the task of deciding if their claim is valid, promised a legal opinion within the next few days.

The clandestine move occurred four days

before U.S. Secretary of State James Baker was due in the region for another attempt to wrap up a Middle East peace conference.

But far-right Knesset members, who make no secret of their hope to sabotage peace talks, descended on the scene to encourage and support the settlers.

Police demanded that the settlers leave because of the delicate security situation. They were apparently acting under orders from Police Minister Ronni Milo, with the approval of Prime Minister Yitzhak Shamir.

Silwan, a center of intifada activity, has been under curfew since Monday to forestall possible disturbances on the first anniversary of the Temple Mount riots on Oct. 8, 1990.

Local residents warned that a violent reaction was inevitable if Jews remained at the site.

The village stayed quiet, even though police prevented Arab families from reclaiming the vacated houses. But riots broke out Wednesday in other Arab parts of Jerusalem. Roadblocks were set up and activists with loudspeakers urged the populace to protest the new settlement at Silwan.

Although Likud leaders are strong advocates of Jewish settlement everywhere in the biblical Land of Israel, Shamir said the Silwan settlers acted illegally.

#### **'Behind The Government's Back'**

Yossi Ahimeir, the prime minister's chief of staff, pointed out that unlike the West Bank, Jerusalem is not subject to future negotiations and there is no need for such demonstrative acts.

"No one can do such things behind the government's back," declared Foreign Minister David Levy.

And Deputy Defense Minister Ovadia Eli said the settlers acted "like thieves in the night."

Justice Minister Dan Meridor, a Likud moderate, was also critical.

Spokespersons for the left-wing opposition parties called the settlement a deliberate effort to jeopardize the peace process.

Although details were scarce, it appears that the houses in Silwan were purchased by the Ateret Cohanim yeshiva in the Old City, with government funds. The yeshiva claims the property was owned by Jews more than 60 years ago, before the 1929 Arab uprising in Palestine.

The government funds reportedly were funneled through the Himnuta real estate company and the Amidar housing company. Amidar is controlled by the Housing Ministry, headed by Ariel Sharon, an outspoken advocate of massive Jewish settlement in East Jerusalem.

The police said Knesset member Hanan Porat of the National Religious Party informed them Tuesday of the planned move into Silwan.

Porat, himself a settlement advocate, promised the operation would be postponed because of the tense political situation and Baker's visit.

He said later that he thought he had the word of the settlers on this and was surprised to learn Wednesday morning that it had been broken.

Four right-wing Knesset members rushed to the scene to lend moral support. Michael Eitan of Likud and three members of Tehiya -- Gershon Shafat, Geula Cohen and Elyakim Haetzni -- joined the settlers arguing with police.

Most of the settlers had departed by late afternoon. The one family that stayed behind, under heavy police protection, named the building Mayouhas House, after the Jewish family that occupied it in the 1920s.

#### **PROMINENT JEWS MEET WITH ENVOY TO URGE ISRAELI SETTLEMENT FREEZE** **By David Friedman**

WASHINGTON, Oct. 9 (JTA) -- Concern that the current controversy over Israeli settlements could lead to an erosion of support for Israel in the United States is one of the reasons that a group of Jewish leaders have called on Israel to freeze its expansion of settlements in the West Bank and Gaza Strip.

Theodore Mann of Philadelphia, a co-chairman of Project Nishma, gave this explanation after 10 members of the group met here Wednesday with Israeli Ambassador Zalman Shoval.

"The basic American public support for Israel is waning," said Mann, a former chairman of the Conference of Presidents of Major American Jewish Organizations.

"That troubles us more than anything else, because in the end, you cannot separate the United States Congress from the American people."

Project Nishma, a group of more than 100 prominent Jews, including many former heads of major Jewish organizations, issued a statement last week calling on Israel to announce a temporary freeze on settlements and to extend it if there is a reciprocal response from the Arab states and the Palestinians.

Mann conceded that members of Project Nishma had long been opposed to Israel's settlement policy. But he said the statement was issued out of concern that the controversy over Israel's rapid expansion of settlements is jeopardizing the peace process, Israel's attempt to win U.S. loan guarantees and even foreign investment in Israel.

He said the controversy during the last three weeks has escalated to such an extent that it is endangering the continuation of Israel's annual U.S. economic and military aid.

"It might indeed become popular to vote differently on aid to Israel" in Congress, which has long overwhelmingly supported such aid, Mann warned.

#### **Private Warnings From Jewish Leaders**

He said Project Nishma's statement is aimed primarily at the Israeli public, which it hopes to convince that the settlements are jeopardizing Israel's relations with its key benefactor.

The off-the-record meeting with Shoval was held in part to explain Project Nishma's views to the Israeli government.

Project Nishma is made up mostly of former chairpersons, presidents and executive directors of Jewish organizations, who formed the organization as a platform to speak out on issues involving Israeli peace and security.

Mann said current leaders can only speak in the name of their organizations and, except for a few, most Jewish organizations have not taken a position on the settlements.

But he said that many Jewish leaders have warned Israeli officials privately of the difficulties the settlements are causing. He said he would not be surprised if they do decide to speak out publicly on the issue, as has Abraham Foxman, national director of the Anti-Defamation League.

At a conference here this week sponsored by the Wilstein Institute of Jewish Policy Studies, Shoshana Cardin, chairman of the Conference of Presidents, said Tuesday night that the settlement issue had not been discussed by the conference. But she indicated the subject may be taken up.

**BEHIND THE HEADLINES:**

**ISRAEL TRYING TO COUNTER CHARGES  
IT WON'T BE ABLE TO REPAY LOANS**

By David Friedman

WASHINGTON, Oct. 9 (JTA) -- Israel is seeking to deflect charges in the United States that it will not be able to pay back the \$10 billion in loans Washington has been asked to guarantee.

Critics have been warning that could mean U.S. taxpayers would get stuck with the bill for the interest and principal on the loans, which Israel needs to help absorb Soviet and Ethiopian immigrants.

But these critics overlook the contributions to the growth of the Israeli economy from the wave of Soviet immigrants, expected to total nearly a million within five years, says Amnon Neubach, economics minister at the Israeli Embassy here.

At an embassy briefing Tuesday, Neubach explained that the huge immigration, coupled with investment in commerce and industry, is expected to stimulate an 8 percent annual growth in Israel's economy.

This includes an expected growth in the gross national product from \$51 billion in 1990 to between \$75 billion and \$80 billion in 1995-96 and an expected 9 to 10 percent annual increase in exports for the next five years.

In addition, the economics minister stressed Israel's flawless record in paying back its debts.

Neubach said he did not know whether numerous negative articles about the Israeli economy in the last two weeks were orchestrated by some in the White House and Congress, as Israeli newspapers have charged.

The articles began appearing after President Bush threatened he would veto any legislation authorizing the loan guarantees, in defiance of his request for a 120-day delay in action on the bill.

To avoid a clash with the president, the legislation was introduced in the Senate with 70 co-sponsors, but action was delayed until January.

Neubach said he preferred to believe the articles were due to a "misconception" by American reporters who do not understand that Israel's is a small economy, not like those of the United States or the nations of Western Europe.

**'We Are A Free-Market Economy'**

He particularly rejected the view in some of the articles that Israel is incapable of making needed changes in its economy.

He pointed out that since 1985, Israel has been making such economic reforms as privatization of government-owned companies and loosening government control over foreign exchange and the capital market. It also has eliminated all subsidies except for transportation and water.

"We are a free-market economy," he maintained.

On the use of the loans itself, Neubach said the money will be used to finance housing mortgages for the Soviet immigrants, create jobs for the newcomers and provide infrastructure for new residential and industrial developments.

Neubach was most confident about the housing situation. He pointed out that a year ago, there were charges that Israel was unprepared to house the immigrants, which now have totaled 350,000. Today, he said, there is a surplus of immigrant housing.

Of the \$400,000 in U.S.-guaranteed loans

Israel received earlier this year, \$200,000 has already been spent in the United States to buy prefabricated and mobile homes and materials for housing, he said.

Neubach said providing jobs for the immigrants will be harder, since some 350,000 new jobs must be created in the next five years, of which only some 50,000 will be with the government.

He said the government will help the private sector create the bulk of the jobs by making it easier for commercial banks to finance investment in capital goods, machinery and equipment, and by building highways, roads, sewage and water installations to new industrial parks.

Ruth Yaron, the embassy spokeswoman here, said that for Israel, absorption is not a question of money.

"We will absorb as many Jews as want to come from wherever they come," she said. "The question is whether their absorption will be successful in the long run."

**EL AL TO BEGIN DIRECT FLIGHTS  
FOR OLIM FROM RUSSIA AND LATVIA**  
By Susan Birnbaum

NEW YORK, Oct. 9 (JTA) -- El Al is planning to begin direct flights to Israel for emigres from Russia and Latvia on Dec. 1, airline President Rafi Harlev announced here Wednesday.

He said an agreement on weekly flights from Riga and St. Petersburg -- formerly Leningrad -- is expected within a matter of days.

"The Soviet Foreign Ministry has decided not to be against aliyah," said Harlev, who was just in Moscow.

He made the announcement at a news conference called here Wednesday morning to introduce Leon Hasdai, El Al's new general manager for North and Central America. Hasdai replaces David Shein, who becomes an El Al vice president.

The El Al agreement, which the airline has been negotiating for years with the Soviet government, comes on the heels of the inauguration of direct flights for olim from Moscow by a new airline, Aerolicht. The airline is a joint venture of Aeroflot, the Soviet national carrier, and an Israeli businessman, arms dealer Ya'acov Nimrodi.

Aerolicht's initial attempt to fly immigrants to Israel failed after Turkey refused permission to overfly its airspace.

"The problem was there was no security over Turkey," said Harlev. That complication has now been rectified, he said.

Another positive bit of information announced was El Al's profit for 1991, which will at year's end be somewhere between \$27 million and \$32 million, Harlev projected.

The windfall follows on a year that began, to say the least, disappointingly. In January and February, preceding and during the Persian Gulf War, tourism to Israel was virtually nonexistent.

Travel picked up after the war, however, and lately, El Al planes have been flying completely full, said Sheryl Stein, the airline's spokeswoman here.

El Al has introduced packages that will make Israeli travel more attractive. As of Nov. 12 and good until Dec. 15, El Al will provide a round-trip ticket from New York for \$833 for a stay of up to 21 days. The deal will also be in effect from Dec. 25 to March 15.

**MOMENTUM BUILDING FOR REPEAL  
OF U.N. RESOLUTION ON ZIONISM**

By Jackie Rothenberg

NEW YORK, Oct. 9 (JTA) -- Momentum for repealing the 1975 U.N. General Assembly resolution denigrating Zionism as racism has been picking up steam, buoyed by President Bush's recent endorsement.

Sixteen years after it surfaced, the resolution remains on the books at the United Nations as a constant reminder of the challenge to Israel's very existence.

The Bush administration has been voicing its commitment toward repeal since December 1989. That commitment was reinforced last week, when John Bolton, assistant secretary of state for international organization affairs, said the administration was pushing for a vote during the current General Assembly session.

While Bush called for the repeal in his Sept. 23 address to the General Assembly, he did not specify a timetable for pursuing such action.

In meetings last week with members of the Conference of Presidents of Major American Jewish Organizations and the World Jewish Congress, Bolton said the administration is "ready to go" and is intent on pursuing a repeal before the end of the current session, according to Malcolm Hoenlein, executive director of the conference.

Elan Steinberg, executive director of the WJC, said no "magic date" surfaced, but that Bolton noted the possibility of introducing a repeal resolution on Nov. 10, which would have symbolic meaning in that it is the date the Zionism resolution passed in 1975.

Steinberg said that, according to Bolton, the only factor that would keep the administration from pursuing a repeal this session would be a determination that it did not have the votes to win.

Bolton told the Jewish leaders that the United States is seeking a broad-based geographical group of countries to co-sponsor the measure, including nations that have previously opposed Israel on this topic.

**Concern Over Egyptian Position**

In his remarks before the General Assembly, the president said the standing resolution negates the ability of the United Nations to function as a peace-seeking body.

"To equate Zionism with racism is to reject Israel itself," Bush said. "This body cannot claim to seek peace and at the same time challenge Israel's right to exist."

The resolution, among the most controversial adopted by the General Assembly, characterizes Zionism as "a form of racism and racial discrimination."

In bilateral meetings during the past few weeks with various world leaders, Israeli Foreign Minister David Levy lobbied -- successfully, for the most part -- for support of the resolution's repeal.

Some world leaders taking the rostrum at the General Assembly have followed Bush's lead in calling for repeal. The Israelis got an additional boost last month when the Soviets announced their support of such an effort.

But Egypt, Israel's only ally among the Arab states, continues to reject the notion.

When Levy and Egyptian Foreign Minister Amre Moussa emerged together from a meeting at the United Nations on Oct. 3, Moussa was asked

about the resolution. He responded that the issue was not yet before the General Assembly.

Moussa said "this is not the time" for Egypt to act on it, reflecting the position he has taken that the confrontational nature of a debate on the resolution could jeopardize the peace process.

In Jerusalem, Israeli Prime Minister Yitzhak Shamir said last week that by opposing the move to rescind the resolution during preparations for a peace conference, Egypt is maintaining an "anti-peace atmosphere."

And in Los Angeles, the Simon Wiesenthal Center charged that Egypt is "actively working to thwart" efforts to rescind the resolution.

In a telephone interview, Rabbi Abraham Cooper, the center's associate dean, questioned the feasibility of Arab leaders sitting across the negotiating table from Israelis while at the same time supporting a resolution that "legitimizes anti-Semitism."

The question of support for the resolution's repeal is a "litmus test" of whether the Arabs are serious about peace, Cooper said.

Cooper maintained that siding with Israel on this issue would cost the Arabs nothing in terms of economics, political standing or negotiating power.

**RECEDING WATERS OF KINNERET  
REVEAL ARCHAEOLOGICAL TREASURE**  
By Hugh Orgel

TEL AVIV, Oct. 9 (JTA) -- The abnormally low rainfall in recent years has deeply troubled Israeli farmers. But archaeologists are delighted by what the receding waters of Lake Kinneret, Israel's largest natural reservoir, have yielded.

As the level of the fresh water lake deep in the Galilee hills fell, a treasure trove of human remains, artifacts and structures emerged from the muddy bottom, casting new light on the life and habitats of Stone Age man.

The well-preserved skeleton of a 35-year-old man was uncovered last year. Carbon-14 dating put its age at 19,000 years.

Along with the bones were 30 species of seeds, including the oldest grains of wild wheat and barley found anywhere in the world.

Now, archaeologists of the Israel Antiquities Authority and the Stekelis Prehistoric Museum in Haifa report discovery of the encampment where the prehistoric man lived.

It was a seasonal camp on the southwestern shore of the Kinneret, near Ohalo, and is believed to have housed the first people ever to fish in the lake, also known as the Sea of Galilee. The campsite covers over 120 square feet and is believed to have been inhabited by about 20 people.

Dany Nadel, who is in charge of the dig, said the finds indicate Stone Age people sustained themselves by hunting, fishing and food-gathering.

They probably stayed at the lake shore for about six months a year and made an annual trek to the Mediterranean coast, as evidenced by the seashell beads found in the campsite.

Lake Kinneret, nearly 700 feet below sea level, is the second lowest point on Earth after the Dead Sea, which is more than 1,000 feet below sea level.

Both are part of a great fault in the Earth's crust that extends from central Africa.

The harp-shaped lake itself is believed to be no more than 20,000 years old. Before it was formed it was part of a huge salt lake extending from present-day Galilee to present-day Eilat.