

75th ANNIVERSARY YEAR

TUESDAY, JANUARY 21, 1992

VOL. 70, NO. 13

**WITH GOVERNMENT COLLAPSE IMMINENT,
LABOR SEEKS DEAL ON EARLY ELECTIONS**

By David Landau

JERUSALEM, Jan. 20 (JTA) -- With the collapse of Prime Minister Yitzhak Shamir's government imminent, the Labor Party is trying to negotiate with Likud on a date for new elections.

The Likud-led coalition lost its parliamentary majority Sunday when two far-right ministers, Yuval Ne'eman of Tehiya and Rehavam Ze'evi of Moledet, submitted their resignations to the Cabinet, effective after 48 hours.

The two parties represent a combined total of five Knesset seats, sufficient to reduce the coalition's 64-seat edge to 59 in the 120-member house. They left the government to protest peace talks with the Palestinians.

Shamir is expected to submit his resignation to President Chaim Herzog, but not before the Knesset establishes a date for early elections and votes to dissolve itself. The outgoing government would remain in office as a caretaker regime.

Haim Ramon, chairman of Labor's Knesset faction, approached his Likud counterpart, Sara Doron, on Monday to discuss an election date. Doron told reporters later that she would consult with her party colleagues and respond.

Ramon indicated that Labor would not attempt to unseat Likud with a no-confidence motion, a sign that the party's chairman, Shimon Peres, has been overruled.

Peres had been pressing for a no-confidence vote on economic issues. A motion was expected on the Knesset floor this week, and were it to pass, Labor could attempt to put together an alternative coalition government.

But Ramon and other Labor leaders, including Peres' rival, Yitzhak Rabin, made clear they were not interested in cobbling together a new government, necessarily of short duration because the law mandates Knesset elections by November.

Peres got into further hot water with his party by proposing that peace talks be frozen for the duration of the election campaign.

Even though he urged a short campaign he was publicly castigated Monday by Rabin. The former defense minister said that while he had no doubt Likud was incapable of progressing toward peace, it would be wrong, and damaging to Labor to propose even a temporary cessation of talks.

**SHAMIR REFUSES TO HALT SETTLEMENTS
AS CONDITION FOR U.S. LOAN GUARANTEES**

By David Landau

JERUSALEM, Jan. 20 (JTA) -- Prime Minister Yitzhak Shamir vowed Monday that his government will not halt settlement-building in the West Bank and Gaza Strip in order to qualify for U.S. guarantees covering \$10 billion in loans desperately needed to resettle immigrants from the former Soviet Union.

Although Israelis say the U.S. underwriting is essential if Israel is to borrow the requisite sums from commercial banks at affordable rates, Shamir told Jewish militants in the West Bank that settlement-building will go on, even if it means a collision with the Bush administration.

He spoke at the Gush Etzion settlement bloc

south of Jerusalem after planting Tu B'Shevat saplings in nearby Betar.

"No power on earth" could bring Israel to stop Jewish settlements all over "Eretz Yisrael," Shamir told an appreciative audience.

At the same time, Finance Minister Yitzhak Moda'i was delivering a similar message to government officials, though in more measured terms.

Moda'i emphasized there is "no connection, repeat: no connection" between the loan guarantees and settlements.

Settlements are the subject of a political dispute "with the present administration" in Washington, while the loan guarantees are a humanitarian matter, Moda'i stressed. He said Israel would not make concessions on settlements because that would lead inexorably to other concessions.

Moda'i said Israel's formal request for the loan guarantees, to be submitted shortly, would predict unemployment rates of up to 16 percent and a drop in living standards if the loans are not forthcoming.

It is not clear whether Shamir and Moda'i were sending a message of defiance to Washington or merely attempting to reassure a militant minority voter bloc of their ideological commitment.

Shamir, who faces early elections, could have been fence-mending among his settler constituents, who are furious that the government is engaged in peace talks with the Palestinians.

He assured them they have nothing to worry about from the bilateral talks, which have been taking place in Washington.

No Need To 'Sacrifice' Principles

But whether he really intends to joust with the Bush administration and risk the loan guarantees remains to be seen. Large numbers of Israeli voters take the view that the successful integration of a million new immigrants in the next five years deserves priority over the demands of a relative handful of settler ideologues.

Shamir may still believe he can find a way to continue building settlements without losing the U.S. loan guarantees.

"The absorption of immigrants is the sacred duty of our people," he told the settlers Monday in Betar, adding: "Our national duties are sacred at the same time, and I don't think we shall have to sacrifice any of our principles."

But reports from Washington tell a different story. According to sources there, the Bush administration is disinclined to accept compromises proposed by some members of Congress, such as deducting the amounts Israel spends annually in the territories from the amount of loans guaranteed.

The reports say President Bush will accept nothing less than a total freeze on new settlement-building before he recommends approval of the loans. More important, Bush believes he can carry Congress with him on this issue.

Shoshana Cardin, chairman of the Conference of Presidents of Major American Jewish Organizations, arrived here Monday for meetings with Shamir on the subject.

Having met with top White House and State Department officials last week, she is expected to convey the administration's viewpoint, as well as

the American Jewish community's assessment of what is at stake for Israel.

In Washington, Israeli Ambassador Zalman Shoval has been discussing the terms of a loan guarantee package with State Department and National Security Council officials. But with the demise of the Israeli government imminent, those talks may very well be put on hold.

A MEMBER OF BUSH'S CABINET PROMISES TO HELP GET LOAN GUARANTEES APPROVED By Brigitte Dayan

CHICAGO, Jan. 20 (JTA) -- A member of President Bush's Cabinet pledged here last week that he would do what he could to win approval for U.S. guarantees that would allow Israel to borrow \$10 billion for immigrant absorption.

"It is not a political issue -- it is a humanitarian issue, and this country owes it to Israel to help," Housing and Urban Development Secretary Jack Kemp told a State of Israel Bonds dinner here Jan. 15.

The wave of immigrants flocking to Israel from the former Soviet Union and Ethiopia poses "enormous challenges" for the Israelis, Kemp told the Israel Bonds leaders.

"They need our help," he said. "I plan to see to it that Israel works out a compromise with America to get those loan guarantees to house the Soviet and Ethiopian Jews."

The secretary's remarks were probably the strongest pledge of support for the loan guarantees made by a senior Bush administration official to date. But whether they reflect a determination by the administration to come through with the guarantees remains to be seen.

Kemp has been a steadfast supporter of Israel, while President Bush and Secretary of State James Baker have been highly critical of the Israeli government's settlement policies in the administered territories.

It is widely believed Bush and Baker will make an Israeli settlement freeze a condition for receiving the loan guarantees. Kemp's statements here could be seen as an indication that he will oppose such a move and lobby against it within the administration.

But the housing secretary suggested that Israel's biggest hurdle may not be the administration, but the "creeping American neo-isolationism" beginning to sweep the country that may erode public support for foreign aid.

Decries 'America First' Rhetoric

He decried the "America first" rhetoric being espoused by presidential hopeful Pat Buchanan, who has mounted a hard-hitting campaign against Bush in the New Hampshire primary.

"Of course, America first," said Kemp. "But America first with friends and allies."

Referring to the isolationist mood that allowed the Nazis to come to power unchecked, he said, "I pledge I will not let it happen again -- what happened to this country in the 1920s and 1930s, when we turned out back on our friends."

Kemp also spoke about the recent Middle East peace process, saying that peace cannot be reached until the Arab nations undergo democratic change. The United States should foster democratic reform in the Arab world as zealously as it does in Eastern Europe, he said.

Kemp, 54, visited Israel for the first time in 1972, while a U.S. congressman from Buffalo, N.Y.

That is when his "love affair" with the country started, he said.

Calling Israel and America "products of the same cloth of faith and freedom," he said it is the "American way" to support Israel.

Kemp lashed out at the United Nations for its record in condemning Israel.

"The U.N. strongly condemned Israel for deporting a dozen Palestinians recently, but two days later, I read a little article that the Chinese police rounded up and deported 15 Canadians who merely met with the families of the student dissidents. Did you hear a word from the U.N.?" he asked.

Chicago Mayor Richard Daley was also at the dinner. He told the audience of more than 600 people that "Israel always has a friend in me."

E.C. APPROVES ISRAEL AID PACKAGE, BUT PUTS CONDITIONS ON USE OF FUNDS By Yossi Lempkowicz

BRUSSELS, Jan. 20 (JTA) -- In a signal of displeasure with Israeli policies, the European Community's legislative body last week narrowly approved a financial aid package for the Jewish state but urged a freeze on the funds, pending an improvement of human rights practices in the administered territories.

The aid, in the form of a \$105 million European Investment Bank loan, was bound by conditions.

The European Parliament, which is based in Strasbourg, France, urged "with insistence" that the assistance be withheld as long as human rights practices in the territories do not improve and the pertinent U.N. Security Council resolutions are not implemented.

The parliament adopted a related resolution asking the European Commission, the E.C.'s executive arm, to monitor economic aid to Israel to make sure it is not used to finance its settlement policy, which the E.C. has repeatedly condemned.

Abel Matutes of Spain, the European commissioner in charge of Mediterranean policy, promised to "take account" of the parliament's recommendations.

In any event, Israel fared better than Syria and Morocco. The parliament rejected the financial protocols with those countries because of their poor human rights records.

Action on Algeria was postponed because of the political turmoil there. But aid to Egypt, Lebanon and Jordan was approved with large majorities.

The Jan. 16 vote for Israeli aid was 266-84, with 23 abstentions. Parliamentary approval requires a minimum of 260 votes in the 518-member legislature.

Israel squeaked by with the votes of Liberals and Christian Democrats. The 180-member Socialist bloc, the largest in the Parliament, was split. British Laborites, German Social Democrats, the Greens and leftist groups were opposed. The number of abstentions was unusually high.

The parliament's influential Political Affairs Committee added a disavowal. It said financial aid to Israel in no way should be considered an expression of unconditional support for Israeli government policies.

In 1988, the European Parliament blocked an earlier financial cooperation protocol with Israel for six months because Israel would not allow the direct export of Palestinian-produced agricultural goods to the European market.

**50 YEARS AFTER WANNSEE CONFERENCE,
GERMANY OPENS 1ST HOLOCAUST MUSEUM**
By David Kantor

BONN, Jan. 20 (JTA) -- At a time when polls show most Germans are eager to forget the past, the government has opened its first national memorial to the Jews murdered by the Nazi regime from 1933 to 1945.

The ceremonies took place in a once posh villa in the suburb of Wannsee on the shores of one of the scenic lakes outside Berlin. The building, on a street called Am Grossen Wannsee, has been renamed Memorial House of the Wannsee Conference.

That conference of the highest-ranking Nazis exactly a half century ago, launched the "Final Solution," the extermination of European Jewry, of whom some 6 million perished by the time the war ended in 1945.

Now it will serve as a museum housing a permanent exhibit of Nazi atrocities and a meeting hall for seminars and lectures about the Holocaust.

In a statement issued on the museum's inauguration Sunday, Chancellor Helmut Kohl said the date of the Wannsee Conference, Jan. 20, 1941, "perhaps more than any other reminds us of the darkest chapter in our history -- the genocide of Europe's Jewish population, systematically planned and executed by the Nazi tyrants.

"The secret minutes of the Wannsee Conference record in bureaucratic, pitiless language the outcome of a meeting attended by senior SS and ministerial officials on the "Final Solution of the Jewish Question," as it was called," Kohl said.

The chancellor pointed out that in actuality, the decision to exterminate the Jews had already been taken and plans were largely completed months earlier.

Berlin Mayor Eberhardt Diepgen said the Wannsee Villa, a symbol of unspeakable crimes, would now serve as a center to promote knowledge about the Holocaust and would also serve as a warning against the hatred and violence currently perpetrated by neo-Nazis against refugees and other foreigners in Germany.

A Desire To Forget The Past

Heinz Galinski, leader of Germany's Jewish community, warned of continued attempts to play down the crimes perpetrated by the Nazis.

Rita Sussmuth, president of the Bundestag, who attended the inaugural ceremonies, spoke of the latest opinion polls showing a majority of Germans would prefer to forget the past and substantial numbers harbor hostility toward Jews.

But, she added, whoever knows the dimensions of the Nazi crimes against the Jews would resist the temptation to forget and suppress a terrible chapter in the country's history.

The Hamburg-based weekly Der Spiegel published poll results last week showing that 13 percent of Germans have anti-Semitic biases.

The poll showed that 36 percent of the respondents agreed that "Jews have too much influence in the world"; 18 percent agreed "Jews are trying to draw benefits from the past and make Germans pay"; and 19 percent hold Jews guilty of killing Jesus.

Another 15 percent think reports of atrocities at concentration camps were exaggerated.

According to the poll, 12 percent of Germans between 18 and 29 have anti-Semitic biases.

Such tendencies are four times more preva-

lent in democratic former West Germany than in former East Germany, which just emerged from 40 years of Communist rule.

The poll-takers believe the anti-Israel policy of the former East German regime had little effect on popular attitudes, while the government's official anti-Nazi attitude influenced people.

**CZECH AUTHORITIES ARREST MAN
WHO THREATENED JEWISH SITES**

By Josef Klansky

PRAGUE, Jan. 20 (JTA) -- A 40-year-old man with a long criminal record was arrested Friday in Brno, Moravia, in connection with anonymous telephone calls threatening to attack synagogues and other Jewish institutions unless the government immediately broke diplomatic ties with Israel.

His calls were taken seriously because the caller said he would use weapons recently stolen from a police academy.

According to the police, who did not disclose the suspect's identity, he has four previous convictions for criminal offenses but no connection with Palestinian or other foreign organizations.

Nor can he help recover the 70 submachine guns and 12 pistols stolen three weeks ago from the police academy in Holesov, southern Moravia, the police said.

The arrest was made six days after the first telephone threat was received by the Czechoslovak News Agency in Brno.

The caller said the attacks on Jews would begin on Jan. 17 unless his demands were met. They included suspension of direct flights to Israel and denial of transit privileges to Israel-bound Jews from the former Soviet Union.

The caller said he represented the "Marxist People's Front for the Liberation of Palestine" and referred ominously to the Dec. 23 car-bomb attack on a busload of Israel-bound immigrants in Budapest, Hungary.

The police said the suspect is disgruntled with the social security system and wants publicity. He has been charged with attempted extortion.

HUNGARY CRACKS DOWN ON NEO-NAZIS

By Agnes Bohm

BUDAPEST, Jan. 20 (JTA) -- The Hungarian police are investigating an international neo-Nazi ring active here.

Police spokesman Gyorgy Suha confirmed its existence and, according to local newspapers, several members have been arrested recently.

Hungarian neo-Nazis are believed to be linked to neo-Nazi organizations in neighboring Austria. The chief commissioner of the Hungarian police, Sandor Pinter, went to Vienna on Monday to discuss the problem with Austrian authorities.

Neo-Nazi propaganda leaflets have been seized by the Hungarian police and their printing presses have been confiscated. According to press reports, the neo-Nazi chain is international. But its membership is limited and consists mostly of young people.

Nazism, past and present, was condemned by Rabbi Istvan Doman, who spoke Friday outside Budapest's famous Dohany Street Synagogue.

The occasion was the 47th anniversary of the liberation of the city's Jewish ghetto from Nazi occupation. The president of Hungary, Arpad Goncz, attended, along with senior members of the diplomatic corps.

ARROW PROJECT MANAGER SUSPENDED AMID CHARGES OF BRIBERY, ESPIONAGE

By Hugh Orgel

TEL AVIV, Jan. 20 (JTA) -- One of the key officials involved in the U.S.-funded Arrow missile development program has been suspended in the wake of allegations that he pocketed tens of thousands of dollars in bribes.

News of the scandal surfaced as Israeli officials strongly denied unrelated charges of industrial espionage against an American defense contractor by Israeli air force personnel.

At the center of the bribery scandal is Dov Raviv, general manager of Israel Aircraft Industries' top-secret Malam factory, where the Arrow anti-missile missile, known in Hebrew as the Hetz, is being developed as part of America's "Star Wars" program, known formally as the Strategic Defense Initiative.

Raviv, 56, is widely regarded as the brain behind some of Israel's most advanced weapons projects. But he is not suspected of having endangered state security, according to reports here.

Raviv claims that the alleged bribe money was in fact consulting fees he earned as a technical adviser for foreign aerospace firms.

He was suspended last month on the orders of Defense Minister Moshe Arens. IAI announced only that "the manager of Malam, Dov Raviv, has taken a vacation for personal reasons."

The Jerusalem Post on Monday quoted a senior police officer as saying, "We suspect Raviv of taking bribes, but we have checked and cleared him of all suspicions regarding the sale of secret information to foreign companies or sabotaging the Arrow project."

The paper quoted Raviv as saying that "the entire affair has no connection with U.S. companies involved with the (Arrow) project."

A police investigating team is expected to complete its work shortly and recommend whether to press criminal charges against Raviv.

Lt. Gen. Robert Hammond, commander of the U.S. Army Strategic Defense Command, visited Israel recently in connection with continued U.S. participation in the Arrow project, which began during the Reagan administration.

Charges Of Stealing Technology

Hammond, who witnessed the test-firing of the third Arrow prototype, was quoted as saying that though it was "less than totally successful," the project retained the "unshaking support of the highest levels of the U.S. government."

But it appears that the real purpose of Hammond's visit was not the Arrow test but the suspicions against Raviv.

The defense establishment has also been rocked by reports in The Wall Street Journal concerning possibly illegal activities by high-ranking Israeli military personnel in contact with U.S. defense contractors.

The Journal reported in a front-page story last Friday that Israeli air force officers stole secret information from Recon/Optical Inc., a Chicago-based company that was under contract to build a top-secret airborne spy-camera system for Israel.

Then on Monday, it published another front-page story reviewing the bribery and kick-backs scandal involving former Israel air force Gen. Rami Dotan.

Dotan was stripped of rank and dishonorably discharged after he confessed to fraud while

heading the air force's U.S. purchasing mission in New York in the mid-1980s.

The Journal story focused on the role of American companies in the scandal, including General Electric Co., United Technologies Corp. and General Motors Corp.

In last Friday's story, the Journal reported that for more than a year, three Israeli air force officers worked in the Recon plant, monitoring execution of the contract. Following a dispute over costs, Recon halted its work and ordered the Israelis out of the building.

"But as they left, carting off 14 cardboard boxes of documents, they were stopped by Recon security officials, who grew suspicious and confiscated most of the material," the Journal reported.

"Among the contents," the paper said, were "documents written in Hebrew describing plans to steal Recon's secret and commercially valuable spy-camera technology."

An Attempt To Defame Israel?

In Washington, the Israeli Embassy called the newspaper's allegations a "distortion of the truth."

And Recon's president, William Evans, expressed deep concern that the story created a mistaken impression about a business dispute with Israel. According to Evans, the dispute was strictly commercial and there were no acts of theft or industrial espionage involved. It was resolved by agreement of the two parties after an arbitration process.

A senior Israeli defense official, quoted by the Israeli daily Ma'ariv, accused the U.S. administration of planting the story to defame Israel.

"Behind the publications regarding Israeli espionage in the United States are U.S. administration officials who lately want to defame Israel and to hurt it at any cost, and for this purpose all means are appropriate, even fabricated stories," the paper quoted the official as saying.

The paper said its investigation showed that Israel never received a complaint of espionage or any other kind of complaint in connection with a business dispute with Recon.

Ma'ariv said the case involved a foolish act by a low-ranking air force officer acting on his own, who was eventually punished but never accused of spying.

The officer, Maj. Moti Harkabi, a project representative, was reprimanded and relieved of his duties by the air force commander.

STORMS THWART HOLIDAY TREE-PLANTING

JERUSALEM, Jan. 20 (JTA) -- Inclement weather put a damper on the Jewish National Fund's ambitious nationwide tree-planting program Monday, on the occasion of Tu B'Shevat, the Jewish festival of trees.

Plans called for outdoor events all over Israel involving tens of thousands of children and new immigrants.

But the winter would not cooperate. Many ceremonial tree-plantings had to be canceled because of the steady downpour that turned the soil into a quagmire.

Israel is experiencing one of the worst winters on record. More than a quarter-million trees have been uprooted or fatally damaged by freak winds and snowstorms that hit the country earlier this month, JNF reported.

Mordechai Ruah, head of JNF's forestry department, called the damage "unprecedented."