

**75th ANNIVERSARY YEAR****WEDNESDAY, JANUARY 22, 1992****VOL. 70, NO. 14****REPORT PREDICTS DIRE CONSEQUENCES  
IF ISRAEL DOES NOT GET LOAN MONEY****By Hugh Orgel**

TEL AVIV, Jan. 21 (JTA) -- A 150-page report on Israel's economic outlook, due to be sent to Bush administration officials in Washington this week, predicts an unprecedented unemployment rate of 16.2 percent by 1996 if Israel does not receive U.S. guarantees for \$10 billion in desperately needed loans.

The dearth of investment capital would result in 360,000 jobless Israelis four years from now, when the number of immigrants, mainly from the former Soviet Union, reaches 1 million, the report says.

The report, analyzed extensively by the Israeli daily Ma'ariv, was prepared by Ya'akov Lifshitz, former director general of the Finance Ministry, at the request of Finance Minister Yitzhak Moda'i.

Its appearance in Washington will coincide roughly with the end of the 120-day waiting period during which Congress was asked to forgo consideration of Israel's request for the loan guarantees.

Without the infusion of capital through the guaranteed loans, the economy would likely achieve an annual growth rate of only 5.8 percent, and the per capita standard of living would drop one half of 1 percent a year, the report says.

The government would be forced to raise taxes. But an even bigger concern is that immigrants with technological potential would leave the country, and the emigration of young adults born in Israel would also increase.

The bright side of the report is its optimism about Israel's ability to repay the guaranteed loans. It stresses that Israel has met all of the commitments it took upon itself in the past.

**\$26.5 Billion Needed**

The document predicts an economic upturn in the second half of the 1990s, with exports rising at an average annual rate of 11.5 percent until the end of the decade.

Lifshitz's report, however, deals primarily with what will happen to the economy from 1992-96.

Its assumption is that 200,000 immigrants will arrive in each of the next three years. In 1995, the number of immigrants will drop to 70,000, and in the following year will return to the level that existed prior to the massive immigration wave.

Israel will need the enormous sum of \$26.5 billion for the absorption of 1 million immigrants, more than double the amount it is asking the U.S. administration to guarantee over the next five years.

Israel's balance of payments deficit would grow in that period to an unprecedented \$42 billion.

Ma'ariv observed that the report, though dealing with a state economy, is basically equivalent to the forecast of any company that wants to attract capital.

At the moment, the focus on the guarantees is mainly political, Ma'ariv said. But the govern-

ment understands that even if it overcomes the political obstacles, \$10 billion are not just given away. It is impossible to request such an amount without the ability to repay being appropriately presented.

The report therefore is a comprehensive work, not just an ad hoc effort.

The document is intended to explain to U.S. decision-makers why Israel needs this money and how it can use it as momentum for growth. It also seeks to convince the guarantor that Israel is a good risk.

Ma'ariv said that if there are no surprising revelations in Lifshitz's report, it stands as a professional forecast for the Israeli economy.

**SHAMIR SAYS GOVERNMENT CRISIS  
WON'T STALL MIDEAST PEACE TALKS****By David Landau**

JERUSALEM, Jan. 21 (JTA) -- Prime Minister Yitzhak Shamir used the occasion this week of his first meeting with the new U.S. ambassador, William Harrop, to reiterate his determination to continue the peace process, despite the political disarray surrounding his tottering government.

He said there was no truth whatsoever to Arab allegations that Israel is using the political crisis as a pretext to drag its feet in the bilateral peace talks with the Palestinians, which concluded their third round last week in Washington.

Foreign Minister David Levy, off to Beijing and a possible breakthrough in diplomatic relations with China, affirmed the prime minister's assurances.

The very fact that Shamir's government lost its parliamentary majority proves beyond doubt its commitment to the peace process, Levy said.

The Likud-led coalition was reduced to 59 seats in the 120-member Knesset when its two most extreme right-wing partners defected.

Science and Energy Minister Yuval Ne'eman, leader of the Tehiya Party, and Rehavam Ze'evi, a minister without portfolio who heads Moledet, resigned Sunday in protest against an alleged offer of limited self-rule to Palestinians in the administered territories.

Under Israeli law, the resignations became effective Tuesday.

Shamir, however, is in no hurry to quit himself, though he cannot govern long as a minority bloc. The usual scenario is for the Knesset to dissolve itself and set a date for early elections. Until the elections, Likud would head a caretaker regime.

The opposition Labor Party was rebuffed Monday, when it approached Likud to discuss an early election date. It then decided, at a raucous meeting of its Knesset faction, to try to topple the government with a no-confidence motion next week.

Although the motion's passage would give Labor a chance to try to form an alternative government, Shamir does not seem overly disturbed.

Labor is badly split. Shimon Peres and Yitzhak Rabin have renewed their perennial feud and were hurling invective at each other at the faction meeting.

Shamir has reason to be confident there will

be enough defections from opposition ranks to defeat the no-confidence measure.

The prime minister is under pressure within his Likud bloc from Housing Minister Ariel Sharon, who has challenged him for party leadership.

Sharon opposes the peace talks and is a power behind the accelerated settlement-building in the administered territories, which has seriously upset U.S.-Israeli relations.

#### Won't Rebuke Envoy To U.S.

Shamir has sounded just as militant on the settlements issue lately. But he made clear he intends to take no action against Israel's ambassador to Washington, Zalman Shoval, for a remark Monday on American public television's "MacNeil/Lehrer News Hour."

The envoy suggested that the prime minister's forceful pledges to continue settlement-building were electioneering speeches.

"Well, perhaps there was a touch of that," an uncharacteristically mellow Shamir told reporters Tuesday at a tree-planting ceremony on Mount Scopus.

Sharon, by contrast, demanded that Shoval be "called to order" for his "garrulousness."

He professed to be shocked by suggestions, emanating from Police Minister Ronni Milo, that the prime minister was preparing a discreet "deal" with Washington to put a freeze on settlements in exchange for U.S. guarantees covering \$10 billion in loans Israel needs to absorb new immigrants.

Meanwhile, two U.S. Jewish leaders arrived in Israel this week to brief Shamir on the climate in Washington.

Shoshana Cardin, chairman of the Conference of Presidents of Major American Jewish Organizations, and Malcolm Hoenlein, its executive director, were expected to give the Israeli leader a frank appraisal of the chances the loan guarantees have if his settlement policies continue.

#### **JORDANIANS, SAUDIS GOING TO MOSCOW, BUT PALESTINIANS ARE STILL UNDECIDED**

By Howard Rosenberg

WASHINGTON, Jan. 21 (JTA) -- While Syria and Lebanon are refusing to attend next week's summit in Moscow on Middle East regional issues, the Egyptians, Jordanians and the Saudis will be there, an Egyptian Embassy spokesman confirmed Tuesday.

But the Palestinians remain undecided. They have "not formally responded" to a U.S.-Russian invitation to attend the talks on Jan. 28 and 29, Richard Boucher, the State Department's deputy spokesman, said Tuesday.

Boucher said the Palestinians are still actively considering the invitation.

The Palestinians want to have a place at the Moscow conference separate from the Jordanian delegation, with whom they have been formally linked during the bilateral talks with Israel in Madrid and Washington.

Israel argues that the terms of reference for the bilateral talks also apply for the regional talks. But the Palestinians have argued for separate representation, since the regional talks will discuss Palestinian matters other than those concerning Israeli administration of the territories.

High among those items are the future of Palestinian refugees that now live in Arab countries.

Lebanon and Syria say they are refusing to

attend the summit because they are disappointed with the lack of substantive progress in their bilateral talks with Israel.

But Jordan "made it clear during the third round of bilateral talks that they will be attending," said Nabil Osman, the Egyptian Embassy's minister-counselor for press and information.

The Saudis will be attending through their membership in the Gulf Cooperation Council, a group of Persian Gulf countries, Osman said. Also attending will be the Maghreb nations: Morocco, Algeria and Tunisia.

More than 30 foreign ministers from European, North American, Asian and African countries will be in Moscow for the multilateral talks, which will focus on regional issues, such as arms control, economic development and the chronic water shortage.

Osman said Egypt is urging all parties, including the Palestinians, to participate in the Moscow conference. "Persuasion is the name of the game, but (there is) no coercion, no pressure, nothing of that sort," he said.

#### **ISRAELI NEGOTIATING PRISONER SWAP QUILTS POST, CITING PERSONAL REASONS**

By Hugh Orgel

TEL AVIV, Jan. 21 (JTA) -- One of the key Israeli officials who has been negotiating a swap of Arab prisoners held in Israel for Israeli soldiers missing in Lebanon resigned Monday, citing personal and professional reasons.

Defense Minister Moshe Arens accepted "with regret" the resignation of Uri Slonim, a lawyer who served for six years as the Defense Ministry's adviser on prisoners of war.

While Slonim's departure appears to be amicable, it nevertheless focused attention on the mounting dissatisfaction among the families of MIAs over Israel's inability to bring them home, dead or alive.

Yehuda Baumel, father of one missing IDF soldier, suggested in a radio interview last week that the entire Israeli negotiating team should be replaced by people who might come up with fresh ideas, just as police personnel are replaced when a criminal investigation reaches an impasse.

Baumel did not mention Slonim. But he suggested the replacement of, among others, Uri Lubrani, Israel's longtime official liaison with the United Nations and other bodies trying to engineer hostage and prisoner exchanges.

The efforts of former U.N. Secretary-General Javier Perez de Cuellar, before he left office at the end of 1991, succeeded in securing freedom for the last Americans and Britons held hostage by Shi'ite groups in Lebanon.

But no progress was made on the Israeli prisoners and, as many here feared, the issue has since dropped out of sight internationally.

Slonim reportedly had differences of opinion with Lubrani over handling the negotiations. But the lawyer insisted that had no influence on his decision to resign.

Associates of Slonim said he had virtually abandoned his private practice, was rarely able to spend time with his family and had forfeited "very large incomes."

Nevertheless, Slonim asked to be kept in the picture of the continuing prisoner exchange negotiating process and said he planned to keep in contact with the families of the missing men. Only one of them, Capt. Ron Arad, is believed to be alive.

**ARENS PRESSURED BY SETTLERS  
TO STEP UP WEST BANK SECURITY**  
By Gil Sedan

JERUSALEM, Jan. 21 (JTA) -- Jewish settlers in the West Bank this week stepped up pressure on Defense Minister Moshe Arens to rectify the deteriorating security situation in the administered territories.

They also embarked on an ad hoc settlement-building drive of their own, reflecting impatience with the government's process of authorizing new sites.

The settlers have blamed the defense establishment and the Israel Defense Force for the recent spate of armed attacks on civilians by Arab gunmen.

The latest was the murder Sunday of Dr. Albert Gluck, an American who headed the archaeology department at Bir Zeit University in the West Bank. He was shot to death by two bullets as he was about to visit the residence of his assistant.

Police suspect Palestinian nationalists, since Shabiba, the youth movement of the Palestine Liberation Organization's Al Fatah faction, had opposed the recent renewal of Gluck's term, insisting that a Palestinian be appointed head of the department.

Four other civilians have been killed in the territories since the end of October, when the peace talks opened in Madrid.

Settlers demonstrated outside Arens' residence in the Savyon suburb of Tel Aviv this week and dogged him around the West Bank, complaining of the "poor state of security in the territories."

Hundreds, including women and children, tried to prevent an army helicopter from landing near Hebron, because they believed Arens was aboard.

**'Doing What Needs To Be Done'**

The settlers say they have nothing against the defense minister personally or politically. Arens' nationalist credentials are not in question, and Prime Minister Yitzhak Shamir expressed his full support and confidence in him Monday.

In fact, the IDF has reinforced troops in the territories in recent days. But Arens denied Tuesday that the move was related to the settlers' demands.

"We are simply doing what needs to be done," he said.

In any case, the settlers are not satisfied. They are determined to build a new settlement called Yad Yair in the Ramallah area, despite Arens' orders that no settlement can be built on that site.

They call it Yad Yair in memory of Yair Mendelsohn, a settler from nearby Dolev who was fatally shot there by Arab gunmen last year.

Meanwhile, 90 new mobile homes were deployed this week to expand Beit El, a Jewish settlement north of Ramallah.

But Jewish militants buying up Arab property in the Old City of Jerusalem ran into a snag this week, when Attorney General Yosef Harish barred their Company for the Development of the Jewish Quarter from buying property elsewhere in East Jerusalem.

Harish acted on a complaint from Knesset member Dedi Zucker of the Citizens Rights Movement that the company was buying property in the Christian Quarter.

**COURT UPHOLDS ORDER TO DEPORT  
7 PALESTINIANS FROM GAZA STRIP**  
By Gil Sedan

JERUSALEM, Jan. 21 (JTA) -- A military review board in the Gaza Strip decided Monday to uphold deportation orders against seven Palestinian activists accused of inciting violence.

A similar panel in the West Bank concluded hearing the appeals of five other Palestinians slated for deportation, but did not immediately announce its verdict.

The 12 men were ordered expelled by Defense Minister Moshe Arens on Jan. 2, after a series of fatal attacks on Jewish settlers by Arab gunmen in the administered territories.

Although not directly linked to the murders, the activists were ordered expelled on grounds that they contributed to the climate of violence against Israelis.

They have final recourse to Israel's High Court of Justice. But chances are that the deportations will stand there, too.

The high court has upheld all 66 expulsion orders issued since the Palestinian uprising, known as the intifada, began in December 1987.

**ARAFAT GETS INDIAN PEACE PRIZE,  
TO JEWISH ORGANIZATIONS' DISMAY**

NEW YORK, Jan. 21 (JTA) -- An Indian organization's presentation Tuesday of a new peace prize to Palestine Liberation Organization leader Yasir Arafat has drawn sharp protest from Jewish organizations and a newspaper serving the million-strong Asian Indian community in the United States.

Arafat received the first Indira Gandhi Award for International Justice and Harmony of the Indian Council of World Affairs at a ceremony Tuesday in New Delhi.

Malcolm Hoenlein, executive director of the Conference of Presidents of Major American Jewish Organizations, pointed out that the award is named for India's two-time prime minister, who was "cut down by a terrorist's bullet" in 1984.

"Yasir Arafat is the world's leading terrorist," said Hoenlein, who administers the umbrella group of 48 national Jewish organizations. "Honoring him for his contributions to 'international justice and harmony' is a bizarre travesty that reminds one of George Orwell's '1984,'" he said.

Rabbi Alexander Schindler, president of the Union of American Hebrew Congregations, said that the group presenting the award "has brought shame to itself, dishonored the name of Gandhi and embarrassed the Indian government."

John Perry, editor of the English-language weekly News India sent a letter of protest to Indian Prime Minister P.V. Narasimha Rao.

The Jan. 19 letter said, in part: "As we are all aware, the PLO and its leaders are responsible for initiating acts of terrorism and kidnapping that have become commonplace in our world today. News India does not acknowledge that Yasir Arafat has made any contribution toward world harmony and justice, which is the stated purpose of the award."

Arafat arrived in New Delhi on Monday for a stay described locally as a "state visit."

The president of the Indian Council of World Affairs, Harcharan Singh Josh, acknowledged that the award presentation had been scheduled for last March 15 but was canceled by the V.P. Singh government "for political reasons."

## JEWISH WOMEN'S GROUPS HOPING COURT WILL INVALIDATE STATE ABORTION LAW

By David Friedman

WASHINGTON, Jan. 21 (JTA) -- Jewish women's groups are hoping the U.S. Supreme Court will declare unconstitutional a Pennsylvania law that places stringent regulations on abortion.

At the same time, there is fear that the court could use a legal challenge to the law to overturn Roe vs. Wade, its 1973 decision establishing a constitutional right to an abortion.

But in deciding Tuesday, on the eve of the 19th anniversary of the landmark decision, to hear the case, Planned Parenthood vs. Casey, in late March or early April, the court indicated it will not deal with whether Roe vs. Wade is still the law of the land.

Instead, the court will limit itself to ruling on the sections of the law found constitutional last year by the U.S. Court of Appeals for the 3rd Circuit in Philadelphia.

These include requirements that a woman notify her husband if she plans an abortion, that there be a 24-hour waiting period and that a woman planning an abortion be shown material on alternatives, as well as pictures of aborted fetuses.

While expressing hope that the Supreme Court will overturn the appeals court ruling, Joan Bronk, president of the National Council of Jewish Women, urged all women to become aware of the importance of the case for preserving their reproductive rights.

"We believe this case has the potential to overturn the legality of abortion for all women in the United States," Bronk said.

Ann Lewis, chair of the American Jewish Congress Commission for Women's Equality, said the case "refocuses attention on the crucial issue of the extent to which women's reproductive choices can be regulated by the government."

"The American Jewish Congress strongly believes that women have the moral capacity to make this most personal decision of whether to terminate a pregnancy," Lewis said.

### 'Gravely Concerned'

Harriet Horwitz, president of B'nai B'rith Women, said that because of the composition of the court, "we are gravely concerned that Roe vs. Wade may be eroded."

Only two supporters of Roe vs. Wade are still on the court, Justices Harry Blackmun and John Paul Stevens. Four members of the court are known to be ready to overturn the landmark ruling.

This could leave the decision with Justice Sandra Day O'Connor and the court's two newest members, Justices David Souter and Clarence Thomas. Any one of them could supply the deciding fifth vote to overturn Roe vs. Wade, while all three would be needed to uphold it.

Bronk of the National Council of Jewish Women said most supporters of abortion would like a decision that would decide once and for all whether a woman's right to abortion is guaranteed by the Constitution.

This is what Planned Parenthood was seeking when it brought the case to the Supreme Court.

It is not yet clear what stance Orthodox Jewish groups will take in the case. Neither the Union of Orthodox Jewish Congregations of America nor Agudath Israel of America is ready to announce a position.

## VATICAN-ISRAELI RELATIONS WARMING, SAYS RABBI WHO MET WITH THE POPE

By Debra Nussbaum Cohen

NEW YORK, Jan. 21 (JTA) -- The Vatican's attitude toward Israel has greatly improved, according to a prominent New York rabbi who recently met with the pope.

"There is a clear sense apparent that there is a more positive attitude that has emerged between the Holy See and Israel," said Rabbi Arthur Schneier, president of the Appeal of Conscience Foundation, a group that works to advance the cause of religious freedom.

Direct talks on establishing diplomatic relations between the Vatican and Israel can be expected "sooner rather than later," Schneier said, though he declined to estimate more specifically when they might take place.

When Schneier met with Pope John Paul II on Jan. 8, the pontiff did not indicate there were any remaining stumbling blocks to the establishment of formal diplomatic relations, the rabbi said, though the topic was just one of several covered during their brief meeting.

The issue was discussed in greater detail during a longer meeting Schneier had the day before with Archbishop Jean-Louis Tauran, secretary for relations with states of the Vatican's Secretariat of State.

"There is a more pragmatic approach than there has been in the past," the rabbi said.

There appears to be a growing understanding that the Vatican "has to have open communication with Israel and that there doesn't have to be a similarity of views" in order to do so, he said.

The Vatican has long granted de facto recognition to Israel, while maintaining that full diplomatic relations cannot be established until several concerns are addressed. These include the right of Palestinians to their own national home, the position of the Catholic Church in Israel and the status of Jerusalem.

### O'Connor Trip Made Progress

The lack of official relations with Israel has continued to be a thorn in the side of world Jewry, topping the agenda of the Diaspora's dealings with the Vatican.

Signs of an improvement in the Vatican's approach toward Israel also emerged this month during a visit to Israel by Cardinal John O'Connor, the Roman Catholic archbishop of New York.

O'Connor met with President Chaim Herzog, Prime Minister Yitzhak Shamir and Jerusalem Mayor Teddy Kollek, in what appeared to be Vatican-sanctioned meetings. The cardinal bookended his tour of the Middle East with stops at the Vatican.

In Jerusalem, O'Connor told reporters it is "possible that circumstances are more congenial toward forming diplomatic relations" with Israel.

Schneier, who was on the same flight as O'Connor from Rome to New York, said that the archbishop had told him that progress in Vatican-Israel relations was made during his trip.

As recently as a year ago, the Vatican issued a statement listing "the annexation of the holy city of Jerusalem" as one of the reasons for its difficulties with Israel.

But now the Vatican's focus has shifted from the issue of jurisdiction over Jerusalem to requiring internationally backed guarantees that Israel will allow open access to all Moslem, Christian and Jewish holy sites.