

75th ANNIVERSARY YEAR**THURSDAY, MARCH 26, 1992****VOL. 70, NO. 59****ISRAELI SETTLEMENT EXPANSION CITED AS REASON FOR TOUGH STANCE ON LOANS****By Larry Yudelson**

BOSTON (JTA) -- The Bush administration's tough conditions for providing Israel with loan guarantees for \$10 billion are a direct consequence of Israeli settlement activities during the past year, a senior State Department official told a Jewish gathering here last week.

Dennis Ross, director of the State Department's policy planning staff, said President Bush took the hard line in part because there was "a tripling of settlement starts" after the administration provided Israel with guarantees for \$400 million last year.

"There were assurances, and in the aftermath of the \$400 million of guarantees, settlement activity tripled," Ross said in an address to the biennial convention of the American Jewish Congress.

The president has "felt strongly about the settlement issue from the beginning," Ross said, and "there's been no responsiveness to his concerns."

The guarantees for \$400 million were first authorized by Congress in the spring of 1990. But they were not released by the State Department until February 1991.

Ross, in remarks after his talk, recalled urging Bush to release the guarantees with the argument that the \$400 million was just the tip of what the Israelis want. They're not going to jeopardize future requests, Ross said he told the president.

In February 1991, reports had surfaced in the Israeli press of a plan by Israel's Housing Ministry to build 12,000 housing units in the administered territories over the next three years.

At the time, Knesset member Dedi Zucker of the left-wing Citizens Rights Movement charged that the United States was withholding the guarantees because of those reports.

No 'Wedge' Between U.S. And Israel

But a letter from Prime Minister Yitzhak Shamir's economic adviser assured the Americans that Israel planned to build only 1,000 to 1,200 units in the territories in the fiscal year ending Sept. 30, 1991, the Israeli daily Ha'aretz disclosed last year.

In fact, the actual number of housing starts for the first nine months of 1991 was 5,435, according to a Finance Ministry report.

Despite the conflict over the guarantees, Ross said he was confident that the U.S.-Israeli relationship would remain strong. While the temperature of relations between the two countries is rising, "the patient is not going to die," he said.

"There is not going to be a wedge driven between the U.S. and Israel," he said, adding: "I still hope we will be able to provide loan guarantees to Israel."

Ross said he did not understand why there had been no response from Sens. Patrick Leahy (D-Vt.) and Robert Kasten (R-Wis.) to the administration's final offer on the loan guarantees.

The deal would have provided initial guarantees for \$300 million and allowed an agreed-upon amount of construction already under way in the

administered territories to continue. But any further building would be cause to end the loan program.

The Leahy-Kasten proposal would have granted guarantees for more money up front. It would have provided the administration with broad leeway on guarantees for the remaining \$9 billion, and it would also have deducted from the guarantees an amount equal to that spent by Israel on the settlements.

But it would have explicitly permitted what the Israelis call "natural growth," meaning the occasional new house or public facility to be built in existing settlements.

'Not Only Because Of Settlements'

Asked about charges from American Jewish leaders that the Bush administration had "misled" pro-Israel forces by explicitly denying last summer and fall that it would link the guarantees to settlements, Ross pointed instead to remarks made at that time by Israeli Ambassador Zelman Shoval.

Shoval warned last June that the Israeli government would have "no choice but to decide if it is more important to continue settlement-building in Judea, Samaria and Gaza, or to obtain American aid for the absorption of Soviet immigrants."

Speaking Sunday morning at the AJCongress convention, Shoval referred to that prophecy.

"In retrospect, I'm not completely convinced in the accuracy of my prediction," he said, "because what we see now is about more than settlements."

"Let's not blame ourselves," he said. "The future will tell us why the loan guarantees didn't go through. Believe me, it's not only because of settlements."

"If Leahy-Kasten had gone ahead, in practice American policy (opposing settlements), erroneous as it is, would have achieved most of what it wanted to achieve," Shoval said.

But he did not spell out why the administration was not willing to guarantee the loans. "Each of us is smart enough to make our own judgment," he said.

He rejected the blame placed by Ross for not responding to the final administration proposal. "All the compromises were proposed by Israel and its supporters -- none by the other side," the ambassador said.

NEWS ANALYSIS:**STRAIN IN U.S.-ISRAELI RELATIONS BECOMING CAMPAIGN ISSUE IN ISRAEL****By David Landau**

JERUSALEM, March 25 (JTA) -- Israeli leaders are at odds over how to handle the current crisis in relations with the United States. In fact, they do not even agree how serious it is.

Jewish Agency Chairman Simcha Dinitz described the crisis this week as "the worst in the history" of the State of Israel.

Dinitz is well qualified to make that judgment. He is a former Israeli ambassador to Washington and maintains close personal relationships with key figures in the Bush administration and Congress.

But Dinitz is also a politician. Formerly a

Labor Party Knesset member, his present post as head of the Jewish Agency and the World Zionist Organization is also a party appointment.

His comment in a radio interview Tuesday immediately raised hackles in government quarters, where it was seen as part of the ammunition the opposition plans to fire at the government in advance of the June 23 elections.

As Dinitz spoke, Cabinet ministers quarreled publicly over how the government should deal with the crisis.

Interior Minister Arye Deri declared it was "criminal" for ministers to speak of "boycotting" the United States or "tearing the mask" off Washington.

The mask-tearing came from an impassioned speech against Washington delivered by Economics Minister David Magen at Sunday's Cabinet meeting, which was quickly leaked to the news media.

Such extreme expressions and conduct would do grave disservice to Israel's most vital interests, the interior minister and leader of the Orthodox Shas party warned.

The "boycott" Deri referred to was the subject of a headline story in the daily Ma'ariv. It reported that Finance Minister Yitzhak Moda'i had ordered his top officials to boycott economic talks in Washington next week because of the U.S. refusal to grant Israel the loan guarantees.

Moda'i later denied the story. But he took the opportunity to bitterly criticize the United States for sending a team of military inspectors here to investigate charges that Israel illegally sold Patriot anti-missile technology to China.

"What are we, Iraq?" Moda'i demanded in a speech to high-school students in Tel Aviv. "This American behavior toward us is very strange, to say the least."

Need To Reorder National Priorities

Political sources say the ministerial exchanges reflect an intense debate behind the scenes, especially within the Likud, over how to "play" the deterioration of ties with Washington in the election campaign.

Some Likud strategists are urging a line that would brand Washington an enemy of Israel. It would portray Likud as the only party capable of withstanding American pressures aimed at pushing Israel back to its 1967 borders.

So far, Labor has avoided soft-pedaling its own differences with Likud in the face of the rupture with Washington.

The party's new chairman, Yitzhak Rabin, set the tone in his speech last week to United Jewish Appeal young leaders in Washington, when he distinguished between Labor's policy of limited settlement in strategic areas and what he calls the government's "political settlement" policy.

Rabin and other Labor figures have made it clear that if they are returned to power, they would scale down settlement building and hope to reopen negotiations over the loan guarantees.

Dinitz seemed to be following this Labor line when he criticized the government's "order of national priorities" as a cause of the standoff with Washington over the loan guarantees.

While he faulted the Bush administration for "dictating political conditions to Israel," he said "the magnitude of the crisis is also due to the government's inability to establish a set of national priorities."

First among these, the Jewish Agency chairman said, should be "the aliyah and the absorption of 1 million immigrants."

BEHIND THE HEADLINES:

ISRAELIS ON THE STREET PONDER COUNTRY'S RELIANCE ON U.S. AID
By Michele Chablin

JERUSALEM, March 25 (JTA) -- Whether waiting in line to buy movie tickets or standing in line at the unemployment office, Israelis this week were talking about their country's strained relations with the United States.

The heated but good-natured discussions, sometimes among complete strangers, often focused on Israel's economic dependence on Washington and ways to overcome it.

While op-ed pieces in the newspapers debated whether the country would be able to absorb immigrants without the U.S. loan guarantees, many people on the street said they favor even further cutbacks of American aid as a way of decreasing what they perceive to be Israel's "unhealthy" reliance on foreign assistance.

"Israel is an independent country and has to learn to deal with its own problems," asserted Rikki Epshtein, an advertising representative who lives in Beit Shemesh.

Epshtein, who immigrated from the United States seven years ago, believes "we must gradually loosen our ties to America's purse strings if we want to make our own decisions and policies."

"The Shamir government," she said, "must realize that as long as we take money from the U.S. -- or any country for that matter -- the giver has the right to say how it will be used."

"It's time Israel stood on its own," agreed Yair Sherman, an optometrist from Netanya. "Till now, we have been living like shtetl Jews relying on a strong guy."

To get the country on its feet in the long term, and to assist aliyah in the short term, "we must make financial sacrifices," said Sherman.

Few Ready To Lower Living Standard

This view was shared by Jerusalemite Sharon Hadad, a jewelry store employee. "If Israel wants a free hand in running its affairs, it must stop taking money from abroad," she said. "I'm ready to lower my standard of living and to pay higher taxes."

Hadad may be in the minority, however.

A recent survey by the Guttman Institute for Social Research found that half the younger generation of Sephardim, and a slightly higher number of Ashkenazim, would be prepared to lower their standard of living to absorb new immigrants.

Though some government officials hope that Jews in the Diaspora will fill the gap left by the loan guarantees, few Israelis expect it to happen.

"It would be great if Jews around the world could secure the loans we need, like the guarantors who co-signed my mortgage," said Sherman, the Netanya optometrist. "Realistically, though, they're not obliged to."

One person not interested in the public debate is Masha Moldavskaya, who immigrated here from the Soviet Union a year ago with her husband and 8-year-old son. Both she, an English teacher, and her husband, a musician, are unemployed and "almost out of money."

Despite the hardships, Moldavskaya said, "I'm really not interested in the politics related to loan guarantees or aliyah. Perhaps it's a reaction to the Soviet Union, where there was always pressure to express views that weren't our own."

With a sigh, she added, "Right now, I'm much more worried about paying the rent."

DEMOCRATIC JEWISH VOTE STILL SPLIT, WITH BROWN WINNING EDGE ON TUESDAY

By David Friedman

WASHINGTON, March 25 (JTA) -- Arkansas Gov. Bill Clinton, the front-runner for the Democratic presidential nomination, continues to divide the Jewish vote almost evenly with his leading opponent.

This happened Tuesday in Connecticut with the surprise victory of former California Gov. Jerry Brown, who also edged out Clinton in the Jewish vote.

Brown is believed to have picked up supporters of former Sen. Paul Tsongas of Massachusetts, who dropped out last week.

Tsongas had done better than Clinton among Jewish voters, except in Florida, where a majority of the Jewish vote went to Clinton. But in all cases, the vote was almost evenly divided.

In Connecticut, Brown received 37 percent of the total vote Tuesday; Clinton won 36 percent; and Tsongas got 20 percent, even though he was no longer running.

There was no immediate indication of how Jewish Republicans voted in Tuesday's primary. President Bush won 67 percent of the overall vote, while conservative columnist Patrick Buchanan, who has been accused by Jewish groups of making anti-Semitic statements, got 22 percent.

Louisiana state Rep. David Duke, a former neo-Nazi and Ku Klux Klansman, got 2 percent of the Republican vote.

The real test of the appeal of Brown and Clinton to Jewish voters will come April 7 in the all-important New York primary, where Jews make up a significant percentage of the voters. There Clinton has the decided edge, according to David Ifshin, the Clinton campaign's general counsel and adviser on Jewish affairs.

Ifshin said that Jews in higher income brackets tended to back Tsongas before he dropped out and then Brown in Connecticut. These were the same people who supported former Sen. Gary Hart of Colorado in 1988.

But the New York Jewish community is much more diverse and is likely to be responsive to Clinton's message on urban affairs and the healing of rifts between communities, such as blacks and Jews, Ifshin said.

He said that when Clinton appeared before the Conference of Presidents of Major American Jewish Organizations earlier this year, most of his speech focused on Israel. But when he was asked questions, they chiefly dealt with urban problems.

But Israel is expected to come to the fore as an issue in the New York state primary, even though so far there has been little discussion in the campaign of the Middle East or other foreign affairs issues.

VISITING CHINESE OFFICIAL DENIES ISRAEL GAVE IT U.S. ARMS TECHNOLOGY

By Gil Sedan

JERUSALEM, March 25 (JTA) -- A senior official of the Chinese Communist Party visiting here has offered an equivocal denial of allegations that Israel transferred U.S. Patriot anti-missile technology to his country.

Lee Cheng Veng, head of a delegation invited to Israel by Mapam and the Israel Communist Party, said Wednesday that "to the best of his knowledge" there was no such transfer.

He hastened to add, however, that since he

was not an expert on the subject he could not elaborate.

The visit coincides with the presence in Israel of a 15-person team of U.S. Army experts investigating recent charges that Israel sold China a Patriot anti-missile battery or provided it with the technology without U.S. authorization.

While Israel is cooperating with the investigators, the issue has further aggravated its badly strained relations with Washington.

The Chinese Communists met with the Palestinian negotiating team that participated in the recent bilateral talks with Israel in Washington, as well as with Palestinian leftists.

They expressed support for the Palestinian cause and said China's establishment of diplomatic relations with Israel in January was aimed at advancing the peace process.

A five-member agricultural delegation from China was due here Thursday on a study mission. Their visit is the result of an initiative undertaken by the American Jewish Joint Distribution Committee and the Israeli Ministry of Agriculture.

Aryeh Cooperstock, head of JDC's International Development Program, visited the Chinese province of Hebei last year. The farmers there expressed interest in Israeli agricultural know-how and international funding to develop the region.

The Chinese already have planted Israeli hybrid cotton seeds, which are harder than other types of cotton and mature in a shorter time. Farmers therefore can reap two harvests from the same plot of land.

RED CROSS HEAD PLANS ISRAEL TRIP TO PLEAD FOR PALESTINIAN DETAINEES

By Tamar Levy

GENEVA, March 25 (JTA) -- Asserting that his organization has been unable to get satisfactory replies from the Israeli authorities, the president of the International Red Cross, Cornelio Sommaruga, plans to go to Israel himself to plead the cause of Palestinian detainees in Israeli custody.

Many complaints about their alleged mistreatment have been brought to the attention of the Israeli Mission to the United Nations in Geneva and to the government in Jerusalem by Red Cross representatives but to no avail, Sommaruga told the Jewish Telegraphic Agency in an interview here.

The head of the humanitarian organization travels only when all other approaches fail, he explained, saying that he hoped Prime Minister Yitzhak Shamir would agree to meet with him.

Sommaruga recalled that after seeing Shamir two years ago, the Red Cross found some improvement in the Israeli attitude.

But it is still concerned with what is happening in the administered territories, and it intends to be much tougher in its condemnation of Israeli practices, which violate the Fourth Geneva Convention, the Red Cross head said.

He said the number of security detainees Red Cross representatives have been authorized to visit regularly has risen from 4,000 in 1987 to 16,000 in 1990.

Sommaruga maintained that two factors responsible for deteriorating conditions in the territories were the very duration of the military occupation and "the settlement policy pursued in violation of humanitarian law."

Both, he said, have had an impact "on the life and sense of identity of the Palestinians."

SLOVAK JEWRY RECALLS SHOAH 50 YEARS AFTER DEPORTATIONS

By Josef Klansky

PRAGUE, March 25 (JTA) -- The government and news media joined Jews this week in marking the 50th anniversary of the first deportations of Jews from Slovakia.

On March 25, 1942, the first transport, made up of young Jewish women, was dispatched to death camps in Poland.

Slovakia, nominally independent, was in fact a Nazi puppet state at the time headed by an anti-Semitic Roman Catholic priest, Jozef Tiso, handpicked by Adolf Hitler for the job.

Several articles in the Slovak press this week acknowledged that Slovak collaborators were as guilty as the Nazis of crimes against the Jews.

One such article appeared Tuesday, written by the strongly nationalistic columnist Igor Cibula in the Bratislava daily Narodna Obroda. It was especially significant because Slovak nationalism is often accompanied by expressions of nostalgia for the Tiso regime.

Moreover, Czechoslovak national television screened a 20-minute documentary Monday on the tragedy of Slovak Jewry during World War II.

Produced by a Slovak filmmaker, it featured interviews with Holocaust survivors and photographs of Jews suffering at the hands of Slovak Nazis.

The documentary also referred to cases of Slovaks helping Jews escape deportation. It contained an interview with the former director of the Lutheran orphanage in Modra, who saved 25 Jewish children.

The role of the Vatican and of Catholic bishops in halting deportations between October 1942 and late 1944 was also stressed. But the film made no reference to Tiso, who was hanged as a war criminal after the war.

Memorials Unveiled

Other events included an international symposium of scientists from Czechoslovakia, Israel and other countries on the tragic events of the war years. It opened Wednesday and will continue through Friday in Banska Bystrica, a town in central Slovakia.

It is co-sponsored by the Slovak Ministry of Culture, the Moreshet Archives of Givat Haviva in Israel, the Museum of the Slovak National Uprising, the Czechoslovak Society of Friends of Israel and other institutions.

A memorial tablet to the victims of the Holocaust was unveiled Wednesday in the Museum of the Slovak National Uprising. An exhibition of documents on the persecution of Slovak Jews opened at the same time.

A memorial was unveiled Wednesday in the synagogue in Poprad, a town at the foot of the Tatra mountains from where the first trainload of Jewish deportees left a half century ago.

Between March 25 and Oct. 20, 1942, when initial deportations ended, 57 trains departed carrying 57,628 Jewish men, women and children to Nazi death camps in Poland.

Estimates of how many survived varies from 280 to 800.

Most of the remaining Jews in the Slovak state fell victim to the second wave of deportations after an unsuccessful anti-Nazi uprising in summer 1944.

About 12,000 Jews were deported and 2,700 Jews were executed in Slovakia itself.

DUTCH NAZI, SOON TO BE EXTRADITED, BEGS FORGIVENESS FOR WARTIME CRIMES

By Henriette Boas

AMSTERDAM, March 22 (JTA) -- One of Holland's most wanted Nazi collaborators, who may soon be extradited to stand trial here for war crimes, was interviewed by Dutch television last week from Argentina, where he found refuge 43 years ago.

Jan Olij, whom a Dutch court sentenced in absentia to 20 years in prison, said he was sorry for what he had done and begged forgiveness.

He submitted to the interview reluctantly after the Argentine government announced it was prepared to extradite him and another Dutch war criminal sought for years by the authorities in the Netherlands.

Earlier requests for extradition had failed because Argentina did not have an extradition treaty with the Netherlands until December.

Now 71, Olij lives in a Buenos Aires suburb. His whereabouts were unknown until 1981 when, apparently homesick, he advertised for a pen pal in the local newspaper in the village where he was born.

Olij and his brother joined the Waffen SS soon after the German invasion of Holland in 1940 and were trained at a barracks in Munich. Jan Olij served on the eastern front, where he allegedly participated in killing Jews.

On his return to Holland in 1943, he joined the so-called Green Police, which hunted down people hiding to avoid deportation.

Olij was arrested after the war but escaped to Spain, from where he sailed for Argentina in 1949. He became an Argentine citizen in 1952.

His father, Sam Olij, was an even more notorious Nazi collaborator. A policeman in Amsterdam during the Nazi occupation, he was a relentless Jew-hunter.

ALLEGED NAZI WINS COURT COSTS

By Gil Kezwer

TORONTO, March 25 (JTA) -- An Ontario court judge has awarded alleged war criminal Michael Pawlowski \$126,895 to cover the expenses of defending himself in a trial the same judge was responsible for aborting earlier this month.

In a 26-page judgment, Justice James Chadwick ordered the Crown to reimburse the retired Renfrew, Ontario, carpenter who was charged in 1989 with eight counts of war crimes and crimes against humanity.

The charges were based on Pawlowski's involvement in the 1942 killings of 410 Jews and 80 Poles in the Minsk region of Nazi-occupied White Russia, now known as the republic of Belarus, where the accused was a policeman.

But the case was crippled by Chadwick's ruling last May against the government's application to send an evidence-gathering team to the Soviet Union to hear and videotape testimony from elderly witnesses unable to come to Canada to testify.

Without the testimony, the Justice Department was forced to stay proceedings against Pawlowski for lack of evidence.

The decision to stay proceedings rather than drop the charges means the prosecution could be reopened if new evidence arises, but that is considered unlikely. The case is being called the third unsuccessful prosecution by the department's war crimes unit since it was established in 1987.