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**RABIN OUTLINES VIEW ON SETTLEMENTS
IN SPEECH TO WORLD JEWISH GATHERING
By Michele Chabin**

JERUSALEM, June 30 (JTA) -- Yitzhak Rabin began mending fences with the Bush administration Tuesday, with his first speech before an international Jewish gathering since his election victory last week.

While in the weeks prior to the election, the Bush administration made moves to repair its relations with the American Jewish community, the Labor Party leader's remarks represent the first Israeli effort at healing the wounds inflicted by the bitter battle over loan guarantees.

The battle was instigated by President Bush's opposition to the settlement policies of the outgoing Likud government, which Rabin opposes as well. Rabin has distinguished between "political" settlements and "strategic" ones, saying he would freeze construction of those that have no security purpose.

But in Washington, a senior State Department official refused Tuesday to make that distinction when pressed by lawmakers. The Bush administration has conditioned the loan guarantees on Israel adopting a complete settlement freeze.

Speaking before the Jewish Agency's Board of Governors here, Rabin stressed America's longstanding support for Israel.

"I've seen in this relationship a unique asset to Israel," he said. "For Israel, this relationship has opened and produced tremendous opportunities to strengthen our military capabilities, to enhance our stance on the international scene and to benefit us economically."

He attributed any strain in relations between the two countries to the Likud's settlement activities in the territories and added: "We have to forge a better relationship between the leaders of the two countries."

"It doesn't mean we have to agree with every one of America's policies," he said. "It means sometimes there can be ups and downs in the relationship."

'Must Change Our Priorities'

The Labor Party leader played down Washington's refusal to grant Israel the loan guarantees, which would cover \$10 billion Israel hopes to borrow to aid immigrant absorption.

"Let's not forget that in the last eight years, we received \$24 billion in grants from the United States, mainly to maintain our military strength," he said.

"I don't think the United States has offered any country in the world government guarantees for \$10 billion, especially not to a small country with 5 million people."

The presumed next prime minister warned that Israel cannot bank on getting the American loan guarantees, even with the change in government.

"I don't know what changes will take place in the international scene," he said. "I can foresee the U.S. turning inward to cope with its own socio-economic problems. Who knows what will happen with the readiness of the American people to continue to offer us the \$10 billion?"

Therefore, Rabin asserted, "we must change

our priorities and use our own money to create the environment that will encourage investment from outside. This will help us secure loans on a large scale."

In a clear attack on the Likud's policy of establishing settlements on the West Bank and Gaza Strip, Rabin stated, "You can argue about whether to return or not to return territory, but to spend the amount of money that was budgeted in the last 2¹/₂ years on political, rather than strategic settlements, is unacceptable.

"For us to spend money, it has to be clear that these are strategic settlements," he said.

U.S. Official Reacts Cautiously

But whether that distinction will be unacceptable to the Bush administration remains unclear.

In Washington, Assistant Secretary of State Edward Djerejian was asked at a congressional hearing Tuesday whether Rabin's policy of opposing political settlements while maintaining support of security settlements corresponds with the administration's view.

"We have made abundantly clear that U.S. policy is opposed to settlements as an obstacle to peace," replied Djerejian, who heads the Bureau of Near East and South Asian Affairs.

"Are you saying all statements?" asked Rep. Tom Lantos (D-Calif.).

"I'm just reiterating what U.S. policy is," replied Djerejian, adding that he was deliberately refraining from discussing specific policies while Rabin was still in the middle of assembling a governing coalition.

"We think it's prudent not to be commenting on these matters at this point," Djerejian told the House Foreign Affairs subcommittee on Europe and the Middle East.

NEWS ANALYSIS:**REPAIRING RELATIONS WITH U.S.
IS AT THE TOP OF RABIN'S AGENDA****By David Landau**

JERUSALEM, June 30 (JTA) -- While Yitzhak Rabin has yet to assemble a workable coalition government, Israelis and American Jews alike are already counting on him to mend the country's tattered relations with Washington.

They see the emerging government's thinking on issues of peace and security as much closer to Washington's perspective than that of Yitzhak Shamir's outgoing government.

And they believe the personal chemistry between George Bush and Rabin, a former ambassador to Washington, will be much smoother than it was between the American president and the "other Yitzhak."

Observers caution that while Rabin can be expected to enjoy a lengthy honeymoon with President Bush -- certainly until the U.S. presidential election in November -- the two do not necessarily see eye to eye on the Middle East peace process.

But for now, the expectation here, and not only among Labor supporters, is that the basic government-to-government relationship will dramatically improve.

Bush's warm words about Rabin on Monday

were received with a pervasive sense of gratification by Israelis, for whom the American leader's less-than-close relationship with Shamir and outgoing Defense Minister Moshe Arens was an open secret.

Speaking in New York at a luncheon for Sen. Alfonse D'Amato (R-N.Y.), the president said he was "confident that we can work with that new Israeli government to deepen our partnership, to promote our common objective of peace with security for Israel."

Will Soon Be Invited To U.S.

The first tangible expression of the change for the better is expected to be a move by Washington toward fulfilling Israel's request for guarantees covering \$10 billion in loans needed to help absorb immigrants from the old Soviet Union.

Bush has already indicated that Rabin will soon be invited to visit America. Both men presumably will be interested in using that occasion to announce U.S. agreement to at least part of the Israeli request.

For Bush, in trouble in his own election campaign, there could be no better way to appeal to Jewish voters alienated by his ongoing feuding with Shamir.

But the visit to the White House or the president's Kennebunkport vacation home will be more than just an opportunity for the two politicians to gratify their respective electorates.

Observers expect intense and detailed discussion of the peace process, which has gone nowhere in particular since the opening conference in Madrid.

Rabin is committed to reaching agreement with the Palestinians on autonomy within nine months. Bush would obviously wish to assist in achieving as much as possible of that progress before his own Election Day in November.

But the two sides do not see eye to eye on the shape of the final peace agreement with the Palestinians. Nor do they agree on the disposition of the Golan Heights, which Rabin says is not at the top of his list of priorities.

There also probably will be disputes in the months ahead over details of the autonomy plan.

But on the broad concept of striving hard now for an autonomy accord leading to a five-year interim period of Palestinian self-rule, there is a profound desire in Washington to help Rabin make it happen.

This in itself represents a veritable sea change in the substance of the Washington-Jerusalem relationship.

A Warm Response From Baker

Whether or not Shamir meant what he was quoted as telling the Israeli daily Ma'ariv last week -- that he had intended to drag out the autonomy talks for 10 years -- there is little doubt that in the White House and State Department, he was suspected of trying to do just that.

This suspicion of the Israeli premier's motives regarding the peace process lay at the root of the troubled relationship. That has now changed, and hence there are high hopes here in Jerusalem that the whole tenor of the relationship will change with it.

Not surprisingly, Rabin's first move toward accelerating the peace process was warmly greeted by U.S. Secretary of State James Baker.

Rabin said Tuesday, in his first public speech since the election: "We must move now to have a continuous negotiation" with the Arab states and

Palestinians. "Let's sit down -- not every four, five, six weeks."

In Washington, Baker responded that he was "very pleased to see the statement by Mr. Rabin saying let's engage, and let's stay engaged and get something done."

The new era in U.S.-Israeli relations is likely to be shepherded by a new cast of characters than those put in place by Shamir, say political observers in Jerusalem.

While Israel, unlike the United States, has no tradition of switching ambassadors with every new administration, both Zalman Shoval, Israel's ambassador to Washington, and Yoram Aridor, the envoy to the United Nations, are political appointees and are expected to step down.

Aridor, in fact, has already informed his party that he wants to leave his post.

Strongly tipped to replace the Washington envoy is veteran Labor Knesset member Gad Ya'acobi, a former Cabinet minister who was 45th on the Labor list this time and therefore just missed getting back into the parliament.

Changes In Jewish Leadership?

And the personnel changes in Washington could extend well beyond the embassy gate, if the Israeli press is to be believed.

In an illustration of the media's sense that an old order has passed, the Labor-affiliated daily Davar called this week in an editorial for a shakeup at the top of the American Israel Public Affairs Committee, the key pro-Israel lobby.

The paper, which will take on renewed importance now that Labor is back in power, believes AIPAC's present leadership has been promoting a Likud line in excess of what pro-Israeli loyalty requires.

Similarly, the left-leaning Ha'aretz carried a front-page story this week reporting that pressures were now mounting for "changes at the top" of the Conference of Presidents of Major American Jewish Organizations.

Specifically, the story said that the umbrella group's executive director, Malcolm Hoenlein, was perceived as having drawn the organization much closer to the Likud than was required or warranted by its traditional support for the government of the day in Israel.

Hoenlein denied the reports, telling Israel Radio on Tuesday that neither Labor nor U.S. Jewish leaders were interested in his dismissal.

"We work with the government of Israel," he said. "It is true that I work with the premier's office," said Hoenlein. But he added that this was true when Labor's Shimon Peres was prime minister as well.

In New York, Henry Siegman, executive director of the American Jewish Congress, one of the more dovish constituents of the Conference of Presidents, also dismissed the report.

The Ha'aretz story further speculated that Shoshana Cardin, who chairs the conference, would be replaced when her term expires at the end of the year by AJCongress President Robert Lifton, described by the paper as "close to Yitzhak Rabin."

But Siegman said that as far as he knew, Lifton was not campaigning for the post.

Regardless of the truth of these stories, their prominence in the Israeli press is noteworthy in and of itself. By paying attention to American Jewish politics during the post-election frenzy of coalition bargaining, Israel is certifying that Washington tops Israel's international agenda.

JEWISH SETTLERS IN TERRITORIES PROMISE A STIFF FIGHT UNDER RABIN GOVERNMENT
By Gil Sedan

JERUSALEM, June 30 (JTA) -- One day after the elections, 19 families moved into a new settlement on the West Bank, just outside Kfar Adumim.

The Council of Jewish Settlements in the administered territories claimed that the cluster of new homes technically constituted a new neighborhood of Kfar Adumim.

But the message to the newly victorious Yitzhak Rabin was clear: The struggle over the settlements had just begun.

Leaders of the settlers have sworn they will do everything "legal" to prevent the implementation of a Palestinian autonomy plan, one of the hallmarks of the Labor Party's platform.

And although they stressed "legal," only slightly beneath the surface lurked the threat of real trouble.

After a Jewish resident of Hebron was stabbed by an Arab woman on Saturday, Jewish settlers took to the streets, smashed windshields of cars owned by Arabs and caused damage to several houses.

Radical elements within the Jewish population in the territories, particularly those associated with the late Rabbi Meir Kahane's Kach movement, said the reaction was just a minor reminder to the Arabs not to be led to believe that the victory of Labor would weaken the local Jewish population.

If, under an autonomy plan, which Rabin has promised within nine months of taking office, "the Arabs receive the powers to authorize building and zoning, and approve housing on our account, we shall simply demolish their buildings," said Benny Katzover, mayor of the regional council of Samaria.

Rabin has said he would support settlements in the territories that have security value, but not those established solely for political purposes.

Settlement leaders have warned that once Rabin marked a certain group of "political settlements" as "beyond the fence," Jews in those areas would be marked by the Arabs as targets for murder.

Mass Demonstrations Possible

Aharon Domb, spokesman for the Council of Jewish Settlements, said the stabbing in Hebron, which is considered a "political" settlement, and another Saturday in the Jordan Valley settlement of Ro'i, thought of as more vital to security, should prove to Rabin that there is no difference between "political" and "non-political" settlements as far as the Arabs are concerned.

Following the elections, heads of settlers in the territories met in Jerusalem for an emergency meeting. Moderate settlers urged their friends not to lose hope.

For the time being, they said, no one talks of removing Jewish settlements. The only possible development within the next nine months can be restricted implementation of the Palestinian autonomy.

Furthermore, the 120,000 Jews already living in the administered territories have created a powerful status quo that will be difficult to change, certainly for a government that seeks the broadest possible support.

If an autonomy does seem near approval, settlers said they plan to stage mass demonstra-

tions in order to stir Israeli public opinion against any changes.

Israelis still remember painfully the violent struggle waged by settlers of Yamit, in northern Sinai, who were forced to abandon their town in 1981 after the Camp David accords went into effect and most of Sinai was returned to Egypt.

In the near future, the settlers intend to try to prevent undesirable developments by going on with settlement projects, according to old plans.

Settlers in the Gaza Strip are even more nervous about the possible halt to settlements. Although in their view, the Gaza Strip is an integral part of Eretz Yisrael, just like the West Bank, they are well aware of the fact that the Jewish settlements in the strip are further from the national consensus than the West Bank.

One exceptionally moderate voice among the settlers is that of Yinon Ahiman, the mayor of Efrat, a settlement just south of Bethlehem.

In an open letter to residents of the settlements, Ahiman sharply criticized the "boastfulness" of the Council of Jewish Settlements and urged the local Jewish population to say "yes" to Arab autonomy in the territories. Ahiman, an activist in the National Religious Party, urged the right-wing parties to join the Rabin coalition, to counteract the left bloc.

Ahiman seems to be a minority among the Jewish settlers, but the very fact that one of their public figures made a point of supporting autonomy is an indication that the projected debate on the future of the territories will not only take place between the government and the settlers, but also among the settlers themselves.

LUBAVITCHER REBBE LEAVES HOSPITAL AND IS RECOVERING LIKE 'YOUNG MAN'
By Debra Nussbaum Cohen

NEW YORK, June 30 (JTA) -- The Lubavitcher rebbe has returned home.

Twelve days after he underwent emergency surgery to remove a gangrenous gallbladder, Rabbi Menachem Mendel Schneerson was released from New York's Mount Sinai Hospital 3 p.m. Tuesday. About 45 minutes later, he reached his home in the Crown Heights section of Brooklyn, which also serves as the headquarters of the international Lubavitch movement.

He is once again comfortably ensconced in his office, which has been turned into the equivalent of an intensive care unit since his stroke four months ago.

The rebbe recovered from the gallbladder surgery "like a young man," according to Rabbi Yehuda Krinsky, his spokesman, but is still feeling the effects of the stroke.

But his speech and mobility remain impaired, said Krinsky, though they have improved since the stroke, thanks to speech and physical therapy.

Doctors have made no prediction of how long it will take for the rebbe to fully recuperate from the stroke. "We're going to have to be patient," said Krinsky.

As they had done since he was hospitalized on June 18, hundreds of the rebbe's followers gathered Monday at Mount Sinai Hospital.

Monday's gathering was held to celebrate the 51st anniversary of his arrival in the United States, to pray for his complete recovery and to express gratitude to the hospital staff.

"They made it possible for the Hasidim to spend time near the rebbe," said Krinsky. "The care was exceptional."

DEMOCRATIC PLATFORM COMMITTEE APPROVES PRO-ISRAEL LANGUAGE

By Cynthia Mann
States News Service

WASHINGTON, June 30 (JTA) -- The Democratic Party's full platform committee approved a staunchly pro-Israel Middle East plank last weekend after a failed effort by an Arab-American delegate to amend the language.

The rules require a vote of 15 delegates to debate an amendment, but Salam al-Marayata of California could muster only 14. As a result, the deliberations here were a sharp contrast from platform committee meetings in prior years, when Middle East language provoked some of the most fractious and bitter debate.

Tom Dine, executive director of the American Israel Public Affairs Committee, said this week that the final document's strong language and the lack of opposition to it reflect Israel's "special relationship with the U.S. as a core value within the heart of the Democratic Party."

He said it also points to "the tremendous growth of participation at every level of government and politics on the part of thousands of activists in the Jewish community."

Roughly 40 of the 186 members of the platform committee are Jewish, as are 10 percent of the delegates to the party's national convention, scheduled to open July 13 in New York.

Stuart Eizenstat, who was domestic policy adviser in Jimmy Carter's White House and a founder of the National Jewish Democratic Council, said there has been a "sea change" since the 1988 convention in Atlanta, when a "full-blown Palestinian state" plank was taken to the floor and supported by one-third of the delegates.

"Jewish Democrats were mobilized as a result, and were determined to fill the vacuum created in part through their own laxity and taking things for granted."

Since then, Eizenstat said, Jewish groups such as the new Democratic council and AIPAC have organized at the grass-roots level to raise the visibility of issues of concern to the pro-Israel community.

Attacked As 'Puerile Pandering'

Eizenstat said the absence of the Rev. Jesse Jackson from this year's presidential campaign also played a role because there were no Jackson delegates with a Palestinian state on their agenda.

He said the campaigns of Arkansas Gov. Bill Clinton and former Sen. Paul Tsongas of Massachusetts had instructed their delegates to vote against amendments on the Middle East plank.

And finally, Eizenstat said, the Labor Party victory in the Israeli elections last week "helped head off steam" on the issue.

Rep. Nancy Pelosi (D-Calif.), co-chair of the platform committee, said the language was a reaffirmation of the work of the state parties and a reflection of Clinton's priorities.

James Zogby, president of the Arab American Institute, said his faction did not have the candidates or the delegates to press their agenda in the campaign-controlled platform drafting process.

Zogby authored the amendment offered at the weekend meeting. He had offered it to the platform drafting subcommittee, which rejected it, and had not planned to bring it up again, but he said Marayata wanted to submit it for the record.

The amendment, said Zogby, "offered minor modifications to make the language more of a

policy statement and less a piece of puerile pandering."

The final document, which was drafted and approved by a platform subcommittee in Santa Fe earlier this month, is an unequivocal affirmation of support for Israel.

The "end of the Cold War does not alter America's deep interest in our longstanding special relationship with Israel," the plank says.

A 'Signal Of Reassurance'

It also affirms the importance of the Middle East peace process "rooted in the tradition of the Camp David accords." It says "direct negotiations between Israel, her Arab neighbors and Palestinians, with no imposed solutions, are the only way to achieve enduring security for Israel and full peace for all parties in the region."

The plank chastises the Bush administration for tilting toward the Arab parties. "The United States must act effectively as an honest broker in the peace process," it says.

"It must not, as has been the case with this administration, encourage one side to believe that it will deliver unilateral concessions."

Finally, the document states that Jerusalem is "the capital of Israel and should remain an undivided city accessible to people of all faiths."

At a weekend news conference, Democratic National Committee Chairman Ron Brown refused to address the specifics of the language, but he defended the plank.

"I don't think there is anything in the platform that will have a negative impact on the peace process," he said.

Eizenstat said the language is a deliberate "signal of reassurance" that there "is not going to be a continuation of the past 3 1/2 years of a tilt" to the Arabs. "The assurance is necessary if Israel is to engage in the peace process," he said.

PEROT SAYS HE OPPOSES SCHOOL PRAYER

By Cynthia Mann
States News Service

WASHINGTON, June 30 (JTA) -- Texas billionaire Ross Perot, who has remained vague on many issues, came out for the first time in opposition to prayer in school during an appearance on an ABC news program late Monday night.

"If it's going to disrupt the school system," the would-be president said, "let's do it at home and when you get to school. Let's stick to the strong moral and ethical standards that create a great society."

Perot touched on several other issues in the 90-minute question-and-answer show, including his views on Iraqi leader Saddam Hussein.

"Slam that (oil) embargo in on that guy hard and let him twist in the wind," said the maverick though still-undeclared candidate when asked what he would do if Saddam Hussein invaded Saudi Arabia.

Perot also spent time trying to refute the White House's recent characterization of him as a paranoid sleuth with a penchant for investigating people's private lives.

The recent feuding over this question between President Bush and Perot may have stopped Perot's surge of popularity in the polls. On Tuesday, The Washington Post reported that for the first time a Post-ABC News poll shows Arkansas Gov. Bill Clinton leading the presidential race, with Perot second and Bush last. But the margins are statistically insignificant.