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BAKER REPORTEDLY MAKING PROGRESS ON RESOLVING LOAN GUARANTEES ISSUE

By David Landau

JERUSALEM, July 20 (JTA) -- U.S. Secretary of State James Baker apparently has made progress here with Israeli leaders in removing the obstacles to the United States providing guarantees for billions of dollars in loans sought by Israel.

But it is apparently President Bush who will make the final decision about whether Israel gets the loan guarantees, which it hopes to use to help finance the absorption of hundreds of thousands of immigrants from the former Soviet Union.

The president is expected to announce an agreement on the loan package during Israeli Prime Minister Yitzhak Rabin's upcoming visit to Bush's vacation home in Kennebunkport, Maine.

That is the scenario that emerged here Monday evening from a session Baker held with Israel's top political and economic leadership, which was largely devoted to discussion of the loan request and the general state of the Israeli economy.

Participating on the Israeli side were Rabin, Foreign Minister Shimon Peres, Finance Minister Avraham Shohat and the governor of the Bank of Israel, Jacob Frankel.

Later in the evening, Baker was to meet alone with Rabin for further and deeper discussion of the Middle East peace negotiations. On Tuesday, after breakfasting with Peres, the secretary was to fly out for the continuation of his Middle East trip, with stops in Jordan, Egypt, Syria and Saudi Arabia.

Rabin To Meet With Mubarak

Rabin, meanwhile, was to leave Tuesday for meetings in Cairo with Egyptian President Hosni Mubarak.

Speculation that Baker would join the two leaders was apparently unfounded. Both Israel and Egypt are anxious to underscore the importance of this visit, the first by an Israeli premier in six years.

A senior Israeli official pointed out that it was both significant and symbolic that the new premier's first trip abroad should be to Egypt.

Baker's meeting with Israeli political and economic leaders took place at the Prime Minister's Office.

Speaking to reporters afterward, the secretary said the discussion focused on "the re-ordering of national priorities that the new government is undertaking," the "reformation and revitalization of the economy of Israel," and the importance that the United States attaches to the absorption of new immigrants by Israel.

He stressed Washington's interest in closely observing Israeli economic developments in the context of the loan guarantees issue and the Israeli commitment to cut back on settlement building in the administered territories.

The Bush administration has made a settlement freeze a condition for receiving the loan guarantees, a proposition rejected by the previous Israeli government under Yitzhak Shamir.

Earlier Monday, Baker and his top aide

Dennis Ross, who is director of the State Department's policy planning staff, lunched alone with Rabin and Peres at the King David Hotel.

Observers here saw that event as something of a farewell, given the widespread speculation that Baker will quit his post and move over to Bush's campaign headquarters for the duration of the presidential race.

It was not immediately clear whether the Israeli and American sides had reached full agreement on the extent of the settlement freeze that the Rabin government is proposing, and specifically whether Baker is comfortable with the distinction that Rabin draws between "political" and "security" settlements in the territories.

The Palestinians and other Arab delegations are trying to persuade the United States that this distinction is spurious. But there was no indication, after Baker met with a Palestinian delegation Monday, that they had succeeded in driving a wedge between Israel and the Americans on this issue.

Plainly, the discussions with Baker have been held here on the assumption that Israel will be getting some loan guarantees, though how much is still unclear.

Shohat was reported to have told the secretary that Israel needs guarantees for \$2 billion this year and \$2 billion next year, and that after that, it would reassess its needs in light of the pace of immigration then prevailing.

For their part, Baker and his aides were anxious to stress that the United States wants to see progress in economic reforms in Israel, including wide-scale privatization of government-owned or partly owned concerns.

NEW FINANCE MINISTER PLEDGES

TO CUT SPENDING ON SETTLEMENTS

By Michele Chabin

JERUSALEM, July 20 (JTA) -- The new Israeli government's commitment to restricting settlement activity in the administered territories was underscored here this week by Finance Minister Avraham Shohat during a meeting with a group of North American Jewish leaders.

Speaking on Sunday night to 250 participants in the Israel Bonds New Leadership mission, the newly appointed minister promised to "shift spending away from settlements in the territories toward the creation of jobs."

Just hours after U.S. Secretary of State Baker arrived in Israel to meet with Prime Minister Rabin, Shohat said, "At this moment, the two are sitting together and discussing the political situation, the loan guarantees and the future relationship between Israel and the United States."

"Israel's government," he said, "is committed to shifting national priorities and the political situation in this country."

The finance minister criticized the Shamir government's settlement policy in the territories.

"With the last government, when the choice was between investing in housing in the territories or creating jobs and fighting unemployment in Israel, they chose to build houses in the West Bank and Gaza Strip," he said.

"They thought that in order to reach a political solution, they had to dramatically in-

crease the number of Israelis in the territories. We have paid a high price for this policy."

Shohat told the visiting delegation that the Rabin government "is going to stop building houses in such quantities." He pointed out that three days earlier, he and Housing Minister Binyamin Ben-Eliezer had imposed a freeze on all new public housing starts throughout the country.

The freeze, which was immediately condemned by opposition factions and settlers groups in the territories, is seen as the first step toward diverting resources away from settlements in the West Bank and Gaza Strip.

'We Want To Stop Whatever We Can Stop'

According to the Housing Ministry, there are 14,000 units now under construction in the territories. As to the fate of these units, Shohat said, "We are doing a survey of housing now in progress. We want to stop whatever we can stop."

Shohat appeared hopeful that the United States would grant the loan guarantees for immigrant absorption that Israel has long been seeking.

"I hope that the negotiations with Mr. Baker and Prime Minister Rabin's upcoming visit to the U.S. will close this matter," he said. "We need this money for the country's infrastructure. We need this money to raise other money, from European countries and from commercial banks."

Until now, he said, people have been reluctant to invest in Israel "because of the political situation and due to the feeling that there was no government policy dealing with the economy."

The Rabin government, Shohat declared, "will put an end to these beliefs. We must work rapidly to reach an autonomy agreement with the Palestinians. We must also introduce an economic policy that will say to investors, 'You have the chance to come to Israel and make a profit.'"

"If we get the guarantees and grant autonomy to the Palestinians, Shohat said, "Israel will be a place where investors want to come."

After the speech, Howard Goldstein, Bonds New Leadership chairman for North America, expressed hope that the United States would provide the loan guarantees.

But he added that as far as his group is concerned, "whether or not the guarantees come through, our agenda will not change."

"Our main interest," he said, "is to support the infrastructure of the State of Israel through bond purchases."

KACH ACTIVISTS DISRUPT A BRIEFING BY PALESTINIANS WHO MET WITH BAKER **By Gil Sedan**

JERUSALEM, July 20 (JTA) -- A news conference with members of the Palestinian delegation to the Middle East peace talks burst into chaos Monday when an activist of the militant Kach movement tried to use his Uzi submachine gun to disrupt the event.

The Palestinians convened the news conference at the Hakawati theater in East Jerusalem to brief the media on their three-hour meeting with U.S. Secretary of State James Baker. During the session, a group of five Kach activists entered the theater compound, carrying anti-Palestinian posters.

The Palestinians and the Kach activists were on the verge of fistfights when Kach activist Tiran Polak pulled out his gun. According to one

report, Polak even tried to shoot, but the gun failed to fire.

A police force summoned to the scene arrested the five activists, followers of the late Rabbi Meir Kahane, who founded the anti-Arab Kach movement.

Hanan Ashrawi, spokeswoman for the Palestinian delegation, said at the news conference that Baker spoke of how impressed he was with Israel's present readiness to limit the settlements in the territories.

She, too, admitted that there is a change in the tone coming out of Jerusalem. But, she added, Palestinians still want to know what exactly Israel means when it refers to curtailing settlement activity in the territories.

Ashrawi said the Palestinians are not demanding a total settlement freeze before resuming the peace talks, although they continue to reject the distinction drawn by Prime Minister Yitzhak Rabin between "political" and "security" settlements.

The Palestinians did not go into the details of the meeting with Baker, but said in general terms that they discussed the ways and means to speed up the peace process.

They told Baker the onus for jump-starting the peace process is on the Israeli government. Israel must show it is serious about peace, by such steps as releasing political prisoners and lifting censorship, they said.

Asked repeatedly what concessions the Palestinians are willing to make, Ashrawi said they had already made concessions by living under Israeli rule.

She said that if she were invited for a meeting with Rabin, she would accept the invitation, assuming that the meeting would help the peace process.

FINAL FLIGHT OF ETHIOPIAN JEWS TO ISRAEL SCHEDULED FOR MONDAY **By Gil Sedan**

JERUSALEM, July 20 (JTA) -- The last of a long series of weekly flights carrying Ethiopian immigrants to Israel is scheduled to arrive here next week, according to Simcha Dinitz, chairman of the Jewish Agency for Israel.

Dinitz, who also chairs the World Zionist Organization, made the announcement Monday at the WZO Executive's weekly session.

The July 27 flight is expected to carry 40 immigrants. About 300 Jews will remain behind in Ethiopia, scattered in villages in the northern region of the country, which will only become accessible in September, after the rainy season. They will be brought to Israel in family groups or individually.

Dinitz reported that since the inception of the regular immigrant flights in September 1991, some 4,035 Ethiopian Jews have arrived here, at the rate of 100 to 130 a week. After next week's flight, the total number of Ethiopian Jews who will have arrived in Israel since the airlifts of the 1980s will be 45,000.

Dinitz also reported that some 23,798 Ethiopians are still housed in temporary quarters, 7,723 in absorption centers, 10,812 in mobile homes and 5,263 in hotels. Only 481 of those who arrived during and since the 1991 Operation Solomon airlift are already in their permanent homes. On Sept. 1, the Jewish Agency will transfer responsibility for absorbing the new immigrants of Operation Solomon to the government.

REPUBLICANS LAUNCH CAMPAIGN TO WIN JEWISH VOTES FOR BUSH

By Cynthia Mann
States News Service

WASHINGTON, July 20 (JTA) -- The Bush-Quayle campaign won less than 30 percent of the Jewish vote in 1988 and has no expectation of winning a majority this time around.

But GOP campaign operatives made clear this week the re-election team is determined to win back disaffected and undecided Jewish voters by laying out a record of accomplishment they will find hard to dismiss.

"I wouldn't suggest it won't be an uphill battle in the Jewish community," Tony Mitchell, the campaign's deputy press secretary, said at a small briefing Monday for the Jewish press, "but a lot has been accomplished (and) a lot can happen between now" and November.

Pointing out that Secretary of State James Baker was in Jerusalem this week and that Israel's new prime minister, Yitzhak Rabin, "portends great change," Mitchell said, "We're talking about a dynamic, not a static situation."

Said another campaign official: If Democratic nominee Bill Clinton "thinks he's going to get 90 percent of the Jewish vote," he is mistaken.

The center of the Bush-Quayle campaign's effort to woo Jewish votes is a deal over Israel's longstanding request for billions of dollars of U.S.-guaranteed loans to help aid immigrant absorption.

Hammering out such a deal was said to be high on Baker's agenda this week during his visit to Jerusalem. Baker said that Rabin's willingness to curtail settlement activity in the territories would facilitate an agreement on the guarantees, and he hinted he would exact concessions from Arab leaders in return.

But campaign officials emphasized at the briefing Monday that the loan issue is only part of the sales pitch. They said the campaign will work in the next few months to convince Jewish voters not only that Bush has a solid record of performance but that he has close Jewish friends and Jews at the highest levels of influence in the administration and the campaign.

May Be Hard To Erase Ill Will

They will remind voters that Bush exerted his leadership to win repeal of the 1975 U.N. General Assembly resolution condemning Zionism; that he helped secure the secret airlift of Ethiopian Jews to Israel and the emigration of Jews from the former Soviet Union; that he guaranteed Israel's security during the Persian Gulf War and led a coalition that crippled Saddam Hussein, whom campaign officials called "the No. 1 security threat to Israel."

They will also point out that Bush spearheaded the Arab-Israeli peace process, which they say is "in Israel's best interest in the long run."

But the Republicans have their work cut out for them. Tensions have run high since last September, when Bush criticized the pro-Israel lobby for agitating on behalf of the loan guarantees.

And while Jewish leaders have responded to administration efforts to defuse those tensions, it may be hard to erase the ill will created by Bush's insistence that former Prime Minister Yitzhak Shamir halt Jewish settlements in order to receive the loan guarantees.

Clinton has exploited Bush's inflexibility on the guarantees as evidence his administration has

a pro-Arab tilt and has inflicted serious damage on the "special" U.S.-Israel relationship.

The Arkansas governor has won a warm response from Jewish audiences for promising to repair the damage and restore Israel's faith in America's friendship.

Meanwhile, Democratic Party officials have taken great pains to welcome Jews, disaffected by the prominence of pro-Palestinian forces in the party in previous years, back to their fold. They drafted the most pro-Israel platform in recent memory and orchestrated a convention in which Jews and Jewish groups were highly visible.

No Pro-Arab Tilt

But a Bush campaign official at Monday's briefing urged Jews to be cautious, saying they should judge Bush's performance rather than Clinton's promises.

"It is nonsense to say that Bush has an Arab tilt," said the official, who spoke on background.

He argued that the Arab-Israeli peace talks are a direct result of Bush's personal involvement and that it is "not in the Arab interest to sit down face to face with Israel."

The official also challenged whether Jews and the Jewish agenda have been authentically integrated by the Democrats or are being manipulated for political gain.

He said Jews should find it troubling that of all the speakers at last week's Democratic convention, the only one who mentioned Israel was Jesse Jackson, despite a Clinton speech he called "almost a U.N. roll call."

"We're willing to put our message front and center," he said.

Some of the most prominent participants in the Jewish outreach campaign will include Vice President Dan Quayle, Housing Secretary Jack Kemp, former Sen. Rudy Boschwitz of Minnesota and Republican Jewish leader Max Fisher.

The campaign official also stressed the "inherent sensitivity" toward Jews of those at the top of the re-election campaign, including Robert Mosbacher, Bob Teeter and Fred Malek.

ZIMBABWE JEWS UPSET OVER REMARK

NEW YORK, July 20 (JTA) -- Leaders of the Jewish community of Zimbabwe have written to President Robert Mugabe, protesting a "derogatory statement about Jews" he is reported to have made last Friday, the World Jewish Congress reported.

Muriel Rosin, president of the Central African Jewish Board of Deputies, the WJC national affiliate in Zimbabwe, said the letter asked for clarification from Mugabe and requested a meeting with him.

According to published reports, Mugabe's remarks were made during a visit to peasant farming regions in western Zimbabwe. The peasants complained that white ranchers were refusing to allow their livestock to graze on private lands, despite drought conditions in the area.

"Commercial farmers are hard-hearted people -- you would think they were Jews," local newspapers quoted Mugabe as saying.

Rosin told the WJC that the Jewish community was "horrified and distressed" by the reported remark.

Zimbabwe has a Jewish population of under 1,200, divided between the cities of Harare, the capital, and Bulawayo.

**ABRIDGED VERSION OF 'MEIN KAMPF'
PUBLISHED IN HEBREW FOR STUDENTS
By Hugh Orgel**

TEL AVIV, July 20 (JTA) -- An abridged version of Adolf Hitler's "Mein Kampf" has been translated into Hebrew and published by Akademon, Hebrew University's student press, over the protests of right-wing and nationalistic circles.

According to Moshe Zimmermann, who teaches German history at the university and was involved in the project, the 130-page annotated booklet containing selected chapters from the original 700-page book is largely aimed at students of German history.

Hitler wrote "Mein Kampf," which spells out his anti-Semitic philosophy and strategy for world control, while serving an 11-month term in a Bavarian prison in 1924-25 for an attempted coup.

"Anybody studying history has to know the facts. As long as not everybody in Israel can study German in secondary schools, we have to provide translations," Zimmerman said.

Four hundred copies of the booklet have been published. "We don't expect this to be a best seller," he added.

Reports of the publication were denounced by right-wing and nationalist leaders last week, claiming that Hitler's standard textbook should never have been translated and published in Israel.

**PROSECUTORS SUFFER A SETBACK
IN AUSTRALIAN WAR CRIMES TRIAL
By Jeremy Jones**

SYDNEY, Australia, July 20 (JTA) -- Australian war crimes prosecutors were denied their request to take testimony in Ukraine from two elderly women who were to be witnesses in the case against alleged Nazi collaborator Mikolay Berezowsky.

Berezowsky is charged with being involved in the murder in 1942 of 102 Jews near the village of Gnivan, Ukraine, where he was the head of the local police unit recruited by the German occupation forces.

Berezowsky is the second person to be charged under Australia's amended war crimes act, which allows World War II war crimes suspects living in Australia to be tried by Australian courts.

The prosecution had argued that the two Ukrainian women, who are too ill to travel to Australia, are vital to the case against Berezowsky. But after several days of consideration, Magistrate David Gurry said in a written statement that it was "neither necessary nor expedient" to grant the application.

He said the trip to Ukraine would delay the hearing by at least six weeks and that because of the defendant's poor health, he would not be able to come face-to-face with his accusers.

Witnesses who came to Australia from Ukraine have testified that Berezowsky "collected and killed" the Jews of Gnivan. Witnesses also testified that Berezowsky had worked alongside Nazi SS soldiers.

Several witnesses spoke of seeing the covered pit in which the murdered Jews had been buried.

The prosecution has also presented evidence identifying Berezowsky as a Ukrainian policeman in 1942 and a resident of Germany in 1945.

**HEINZ GALINSKI DEAD AT 79,
LED GERMAN JEWISH COMMUNITY
By Mitchell Danow**

NEW YORK, July 20 (JTA) -- Heinz Galinski, the leader of Germany's postwar Jewish community and an outspoken critic of neo-Nazism, died in Berlin on Monday following heart surgery last month. He was 79.

A survivor of three concentration camps -- Auschwitz, Buchenwald and Bergen-Belsen -- Galinski returned to Berlin at the end of World War II, when only 1,000 Jews remained from the 160,000 who lived there before the war, and became a key figure in the postwar history of the Jewish community there.

A devoted Zionist, Galinski opposed assimilation while espousing the cause of integration in a pluralistic German society. He was strongly in favor of making the life of the Jewish community more accessible as a means of counteracting anti-Semitism.

Born on Nov. 28, 1912, in the Prussian town of Marienburg, Galinski moved to Berlin as a young man and there witnessed the birth and rise of Nazism. During the war, he lost his father, who died while under Gestapo arrest, as well as his mother and first wife, who died at Auschwitz.

After Berlin's Jewish community was re-established in 1945, Galinski looked after the survivors of racial persecution on behalf of the city council. In 1949 he was elected to head the Jewish community in West Berlin and had regularly been re-elected ever since.

In 1988, shortly after he became chairman of the Central Council of Jews in Germany, he stunned world Jewry with the announcement that his late predecessor, Werner Nachmann, had diverted for personal use some \$12 million intended for Holocaust victims.

Warned Against Violence After Reunification

Nearly half the council's directors resigned in the aftermath of Galinski's disclosure.

In 1989, he was elected vice president of the European Jewish Congress, a position he held until his death.

After the reunification of Germany in 1990, Galinski warned that violence against foreigners could lead to the return of persecution and repeatedly underscored the point that Germany should never allow itself to forget its crimes against humanity.

He was an outspoken critic of the Social Democratic Party when he felt it was dragging its heels on legislation that would make Holocaust-denying remarks an indictable offense.

American Jewish leaders who knew him were unstinting in their praise for Galinski. American Jewish Committee President Alfred Moses called Galinski "a voice of conscience in difficult times."

"He held one of the most sensitive positions in organized Jewry," said Elan Steinberg, executive director of the World Jewish Congress. "He defended Jewish honor, interests and dignity in the most trying circumstances"

"He was a very strong, committed person," said Rabbi Israel Miller, president of the Conference on Material Claims Against Germany. "I would call him almost fearless in enunciating the positions which he felt were proper for a dedicated Jew. He spoke his mind even when dealing with the highest German authorities -- and he spoke it as a proud Jew."