

**POSSIBLE SALE OF F-15s TO SAUDIS
MAY STRAIN U.S.-ISRAELI TIES ANEW**

By Cynthia Mann

States News Service

WASHINGTON, Aug. 12 (JTA) -- No sooner had Israel settled a longstanding dispute with Washington over loan guarantees than another potential irritant in U.S.-Israeli relations emerged this week.

Administration officials said Wednesday that President Bush is "seriously considering" a \$5 billion sale of advanced F-15 fighter planes to Saudi Arabia.

The sale has been under consideration by the administration for several months, but until this week, the word was that the White House would not push for it right away, possibly not till after the November elections.

The sudden resurrection of the issue this week raised speculation that the Saudi sale had become a quid pro quo exacted by the administration in exchange for agreeing to provide Israel with guarantees for up to \$10 billion in loans for immigrant absorption.

But administration officials denied any such linkage.

Any proposed sale of F-15 aircraft is likely to encounter strong opposition on Capitol Hill. And visiting Israeli Prime Minister Yitzhak Rabin made clear Wednesday that the Jewish state would not remain silent.

"I don't believe any government of Israel or responsible politician can but oppose sales of arms to an Arab country that continues to stress (it is) in a state of war with Israel," Rabin said following a speech he gave at the National Press Club.

He said the sale could jeopardize Israel's qualitative military edge to which the United States says it is committed.

"People say Saudi Arabia is a friend," he said, "but I heard the same argument about Saddam Hussein" four or five months before the invasion of Kuwait.

"In the region, the unpredicted happens more than the predicted," he added.

Obey Concerned About Costs

Rabin spoke at length about a shift in Israel's national priorities and the commitment of the new government to "exploit the opportunities" of the Arab-Israeli peace negotiations, scheduled to resume here Aug. 24.

He stressed the importance of a transitional period leading up to Palestinian autonomy, saying any attempt to ignore deeply rooted suspicions and move too quickly would "lead nowhere."

Rabin said it was "very unfortunate" that historically, the Palestinian leadership "aspired to everything" and "remained with nothing."

At the same time, he made it clear that he is eager to inject new momentum into what he prefers to call the "peacemaking process."

He said he would offer the Palestinians a date for general elections in the territories, which would produce representatives to an administrative council enabling the Palestinians to run their own day-to-day affairs.

Responding to a question about the loan guarantees, Rabin was eager to dispel any notion

that the package would be a burden to U.S. taxpayers.

"I stress these are loans, not grants," he said. "The record proves we have never failed to pay our international debt on time" and "we have never asked the United States to write off debts like other countries in the region."

But Rep. David Obey (D-Wis.), chairman of the House Appropriations Subcommittee on foreign operations, said he was disturbed by costs that could be incurred under the agreement's terms.

The guarantees could cost the United States millions of dollars in money set aside to cover possible default, though Israel has offered to provide this money from the amount being borrowed.

In any case, the current unpopularity of foreign aid ensures that the loan package will come under close scrutiny in Capitol Hill when it is offered in legislative form next month. Still, it is expected to be approved shortly thereafter.

Meets With Clinton And Gore

Rabin, who reportedly was warmly received when he visited with members of Congress on Wednesday, stressed the loans would be used to absorb the 400,000 recent immigrants in Israel and to create conditions that would attract hundreds of thousands more.

The prime minister also good-naturedly dodged questions about the U.S. presidential election. "The last thing I want to be accused of is intervening in domestic policies here," he said.

In an effort not to appear partisan, Rabin met shortly after his speech with Democratic presidential nominee Bill Clinton and his running mate, Sen. Albert Gore of Tennessee.

After the meeting, Clinton told reporters he reassured Rabin that he is fully committed to maintaining a strong relationship with Israel and that he understands its continued strategic importance to the United States.

The Arkansas governor also reiterated his strong support for the loan guarantees and said he "conveyed my intense desire not to let partisan politics" impede the Mideast peace process.

Rabin, for his part, refused to be drawn into reporters' questions about Clinton's foreign policy experience, saying he was not in a position to pass judgment.

When asked whether the two had found anything in common, the 70-year-old prime minister quipped, "I'm much older."

**U.S. LOAN GUARANTEES GREETED
WITH MIXED REVIEWS IN ISRAEL**

By Gil Sedan

JERUSALEM, Aug. 12 (JTA) -- Israeli officials sighed with relief this week when President Bush announced his support for billions of dollars worth of long-awaited loan guarantees.

But in other quarters, the reaction was more mixed.

Some economists expressed concern that the funds would actually hurt the economy; the Palestinians could not decide whether the deal was good for the Arabs; and the opposition Likud charged that unnecessary concessions were made in exchange for the guarantees.

Economic skeptics such as David Boaz,

former head of the budget division at the Treasury, said guarantees were important only in the context of a projected 1 million immigrants over the next five years.

But with the sharp decline in aliyah, they argue, the money may end up being spent on consumption rather than infrastructure, refueling the inflation that has been relatively dormant in the past few years and creating an unbearable deficit once the loans are paid back.

But newly appointed Finance Minister Shohat displayed obvious relief. "The loan guarantees are an umbrella if we run low on foreign currency reserves; they will help us mobilize money at low interest; and they will help develop the economic infrastructure, thereby creating new job opportunities," he said.

Shohat pledged that the money would not be used to cover running deficits.

Hope For A Boost In Aliyah

The government has yet to decide whether it will use the loans to invest directly in the infrastructure or sell the dollars to private business, thus encouraging the private sector to push the economy into growth.

Simcha Dinitz, chairman of the Jewish Agency and World Zionist Organization, expressed the hope Wednesday that the loan guarantees would boost aliyah.

He said the priority given by the new government to the creation of job opportunities might bring about renewed immigration from the former Soviet Union as Jews there wait to see whether Israel can offer them a chance to work.

"The opportunity to bring over millions of Jews from the Commonwealth of Independent States has not yet been missed," said Dinitz, who blamed absorption difficulties and unemployment for the continued slowdown in immigration.

Prospects of renewed economic growth, large-scale infrastructure projects and job opportunities might bring about an acceleration of immigration, said Dinitz. To prepare for such an eventuality, Israel should have ready a national master plan for employment and housing.

Typical of the changing political climate, the Palestinians reacted cautiously to the loan guarantees decision. The local leadership waited for the official reaction of the Palestine Liberation Organization, which was, as expected, negative.

In a statement Wednesday, the PLO blamed the United States for strengthening Israel militarily, thus jeopardizing the peace process.

But Palestinians in the territories said they would have been satisfied with the guarantees had they been made conditional on a settlement freeze. Privately, they said they could live with the loans if the funds did not find their way to the settlements.

Jewish Settlers Are Furious

The Jewish settlers in the territories, in an angry statement, said Rabin had sold the American Jewish vote cheaply. They charged that he intended to waste the loans to save the "ailing Histadrut sick fund."

The sick fund, known as Kupat Holim, is now undergoing a serious financial crisis, and the government has so far refused to extend aid beyond the \$53 million already promised.

The Likud charged Prime Minister Yitzhak Rabin with making unnecessary concessions to get the loan guarantees.

Moshe Katsav, chairman of the Likud Knes-

set caucus, said that Rabin had created a linkage between political concessions and economic aid. He said the prime minister tried to create the impression that there were difficulties in obtaining the guarantees, which, he said, would have been extended anyway.

"The dramatic atmosphere in which the guarantees were announced was a mutual need of both Rabin and Bush," said Katsav.

But one of Israel's foremost columnists, Nahum Barnea, writing Wednesday in Yediot Achronot, said: "What would have happened if Shamir had won the elections? Would he have received such a red carpet reception, and would he have received the loan guarantees?"

"The question is hypothetical, but a reasonable answer is: No. To go that far, Bush and his people were apparently in need of a different Israeli premier, equipped with different slogans and more acceptable to American public opinion."

ISRAEL MOVES TO ABOLISH LAW FORBIDDING CONTACTS WITH PLO By Gil Sedan

JERUSALEM, Aug. 12 (JTA) -- Israel took a first step Wednesday toward abolishing the law that bans meetings with members of the Palestine Liberation Organization.

The Justice Ministry distributed to the various ministries its first draft of a bill to amend the law.

The present law forbids any contacts with the PLO, regardless of the purpose of the meeting. It is for this reason that peace activist Abie Nathan was jailed twice, and each time he swore he would fight to change the law.

Last week, a delegation of six Israeli Arabs returned from Tunis after meeting with PLO leaders, despite saying beforehand that they would not break the law.

On returning to Israel, one member of the delegation, Knesset member Hashem Mahamid of the Democratic Front for Peace and Equality, told reporters he had met with Arafat and Nayef Hawatmeh of the Democratic Front for the Liberation of Palestine.

Mahamid said he felt no compunction about breaking the law as it was "undemocratic and unjust."

Under the new bill, the main legal test of a meeting with a member of a terrorist organization would be intent. Meetings whose purpose it was to harm state security would continue to be considered criminal.

The proposed amendment relates only to meetings with representatives of terrorist organizations. Other parts of the law, such as the ban on raising funds for an outlawed organization, or the ban on expressing solidarity with a terrorist group, will not be altered.

The law banning any contacts with officials of the Palestinian organization was passed six years ago and has come under considerable public criticism since.

Amending the law was one of the promises the Labor Party made to the Arab and Communist parties during the coalition negotiations.

A few days ago, PLO leader Yasir Arafat welcomed reports on the proposed change, but urged the Israeli government to go one step further and start direct talks with the PLO.

But in a statement, the Justice Ministry stressed that this did not indicate any change in Israel's policy not to negotiate with the PLO.

U.S. WITHHELD EVIDENCE ON 'IVAN,' DEMJANJUK LAWYERS CHARGE IN COURT

The American Israelite

By Jamie Kahn

CINCINNATI, Aug. 12 (JTA) -- In a fact-finding hearing Tuesday, lawyers for John Demjanjuk, the former Cleveland-area autoworker sentenced to death in Israel as the Nazi death camp guard "Ivan the Terrible," argued that government prosecutors failed to disclose key evidence that could ultimately have prevented their client's 1986 extradition to Israel.

Patty Merkamp Stemler, chief of the appellate section of the Justice Department's criminal division, admitted to a federal appeals court here that the government had additional evidence and that it may have been prudent for the department to have disclosed all testimony in its possession.

However, she argued, the outcome of the extradition proceedings would have not been significantly affected.

On its own initiative, the three-judge panel for the 6th U.S. Circuit Court of Appeals had set this unusual hearing to re-examine its 1986 decision to extradite Demjanjuk.

The court ordered government lawyers to present evidence they possessed that points to another man, Ivan Marchenko, as the gruesome "Ivan the Terrible" and to indicate when they had knowledge of such evidence.

Primarily in question are documents turned over to the Justice Department in 1978 by the former Soviet Union which contain excerpts from interrogations of Pavel Leleko and Nikolay Malagon, former guards at the Treblinka camp in Poland, where "Ivan" operated the gas chambers.

In these statements, not disclosed by the government, both guards identified Marchenko as the guard in question. According to Demjanjuk's lawyers, the two guards also clearly identified a second operator named Nikolay and stated that witnesses interviewed spoke of only two gas chamber operators.

'Does Not Negate Demjanjuk's Presence'

The importance of this information was been "way overstated" by Demjanjuk's lawyers, Stemler maintained.

"Our position is that the existence of Marchenko does not negate Demjanjuk's presence" at Treblinka.

She argued that there was no evidence to indicate that only two people operated the gas chambers where 900,000 Jews were murdered during World War II.

Moreover, up until 1976, the government sought to denaturalize Demjanjuk on charges that he was a guard at the Sobibor death camp, but survivors around the world who were shown Demjanjuk's photograph in connection with the denaturalization case of another guard pointed to Demjanjuk as "Ivan Grozny" (Ivan the Terrible) from Treblinka.

The federal judges, however, pressed Stemler to justify the department's position that the Leleko and Malagon statements, even if inadvertently not disclosed, had no bearing on the outcome of the extradition hearings.

In response, she said that in extradition proceedings, contradictory evidence is not relevant and the prosecution is only required to show that there is probable cause to believe that the defendant committed the offense.

Evidence recently released from the archives

of the former Soviet Union includes some statements by former Soviet prisoners of war who worked as concentration camp guards and identified Ivan Marchenko as the dreaded "Ivan the Terrible"

Justice Department officials have maintained that the task of assessing the significance of conflicting evidence rests with the judges in Israel, rather than those in Cincinnati.

'100 Percent Certainty'

Demjanjuk is currently appealing his conviction and 1988 death sentence in Israel to the Israeli High Court of Justice. Justice Aharon Barak of that court told prosecutors in Israel that the conviction would not hold up if there was reasonable doubt that Demjanjuk was in fact the sadistic Treblinka guard "Ivan."

Michael Tigar, attorney for Demjanjuk, told the court that the media is reporting that a decision is imminent in Israel and that he fears for Demjanjuk's safety if he is deported by Israel to somewhere other than the United States.

Before the hearing, Demjanjuk's son, John Jr., who visited his father in June during final summations in Israel, told the American Israelite that documents show with "100 percent certainty that my father was convicted unjustly" and that "Ivan Marchenko is the person responsible for the acts my father is accused of."

He charged the Justice Department and the Israeli police with manipulating Holocaust survivors who identified his father as "Ivan the Terrible" and said the government lawyers should be disbarred.

Demjanjuk Jr. said his father is "confident and encouraged that his adopted country has come back to his rescue." He believes that the Israeli court's decision will be overturned, not because of reasonable doubt but because evidence clearly shows his father is not guilty.

CANADA WANTS STIFFER SENTENCE FOR HATEMONGER JIM KEEGSTRA

By Gary Pogrow

VANCOUVER, British Columbia, Aug. 12 (JTA) -- The Alberta provincial government is seeking a stiffer sentence against a convicted hater, Jim Keegstra, whose malice is directed toward Jews.

The former schoolteacher and mayor of the small Alberta town of Eckville was fined \$3,000 last month for wilfully promoting hatred against an identifiable group.

The government's appeal says that the fine imposed by the trial judge is not enough to deter others or Keegstra from violating the law.

This was Keegstra's second conviction on the same charges. In 1985 he was convicted, only to have the decision overturned on a technicality.

This time Keegstra acted as his own lawyer and lost.

During the trial, Keegstra fought back tears as he claimed that his honor was attacked and that he was discriminated by the Crown prosecutors.

The provincial government's appeal will not be heard until after Keegstra's appeal is dealt with. The former teacher wants the case thrown out because he believes that he was charged under an unconstitutional clause of the Criminal Code, which he claims limits freedom of speech.

However, the Canadian Supreme Court has already ruled that the law under which he was charged is constitutional.

U.N. ASKS ISRAEL TO PARTICIPATE IN BALKAN PEACEKEEPING FORCES

By Gil Sedan and Hugh Orgel

JERUSALEM, Aug. 12 (JTA) -- Israel has been asked to send military personnel to Croatia and Bosnia-Herzegovina to serve in U.N. peacekeeping forces.

It is the first time the international body has ever asked Israel to send its military on an international peacekeeping mission, although such forces have often been sent to this region to monitor Israeli-Arab cease-fires.

Senior Foreign Ministry officials met Wednesday to discuss the legal and defense implications of the request before replying to the U.N. appeal.

A letter was sent to all U.N. missions on Aug. 3 asking for their participation in the 15,000-strong U.N. Protection Force, which is operating in the former Yugoslav republics of Croatia and Bosnia-Herzegovina, according to the Israeli Mission at the United Nations in New York.

But this is the first time the Jewish state was specifically invited to join other U.N. member nations in contributing personnel to a peacekeeping effort.

The forces would go first to Zagreb, Croatia, where U.N. forces are overseeing disengagement agreements between Serbs and Croats, according to Matthew Nerzig, a U.N. spokesman in New York.

The U.N. forces are also attempting to operate in Bosnia, most notably in the Sarajevo sector, where they are trying to secure safe conduct for relief flights of humanitarian aid, Nerzig said.

The Israeli Foreign Ministry on Wednesday discussed the situation in Bosnia to examine how Israel can provide medical and humanitarian aid, particularly in the war-torn area of Sarajevo.

Wiesel Invited To Make Tour

Attending the meeting was Knesset Member Yossi Sarid, who returned from the region on Tuesday. Sarid had hoped to coordinate Israeli humanitarian relief efforts in Sarajevo. But he remained stranded in Zagreb because of the fighting in Bosnia.

Sarid complained Tuesday that the United Nations had done nothing to help him, an official representative of a state wishing to help the war-ravaged victims, reach the war zone.

Dr. Rami Ditzka, a physician with Israel's Kupat Holim sick fund, was due to leave for Zagreb on Wednesday night to check out the types of medical aid and equipment required in the beleaguered areas.

An Israeli cargo plane, loaded with medical and other supplies, is due to take off next week for Zagreb and Sarajevo.

Meanwhile, Nobel laureate and Holocaust survivor Elie Wiesel was studying a request to lead a mission to the region, where recent allegations of Serbian-perpetrated atrocities have shocked the world.

Wiesel told the Jewish Telegraphic Agency that Dobrica Cosic, president of the truncated Yugoslav republic, had written a letter to U.N. Secretary-General Boutros Boutros-Ghali asking to have him organize a mission to investigate Serbian-run prison camps.

(JTA staff writer Susan Birnbaum in New York contributed to this report.)

ISRAELI OLYMPIC WINNER BASKS IN SPOTLIGHT UPON RETURN HOME

By Gil Sedan

OFAKIM, Israel, Aug. 12 (JTA) -- When Oren Smodga, one of Israel's Olympic judo champions, returned home from Barcelona late Monday night, this town went wild.

Never had Smodga, 22, dreamed of such a homecoming.

With his brothers in the first car, and he, his parents and his girlfriend in the next, the group moved like a royal motorcade through the narrow streets of this town, which were already jammed with dozens of cheering youth.

When he got out of the car, showing a shy but extremely happy smile, he seemed like a rock star surrounded by fans.

Parents escorted their children on an after-midnight stroll to see the boy next door come home with the unbelievable prize, the bronze medal for his performance at the Olympic games.

Ofakim, a town of 17,000 about 12 miles northwest of Beersheba, plagued with unemployment and deep social problems, needed Smodga badly.

The town, which had frequently been cited as an example of a development town that just could not overcome its childhood ailments, had suddenly produced an Olympic champion, second only to Yael Arad, who brought Israel the silver medal for her judo performance.

"So far, people heard of Ofakim usually in a negative connotation," said Yair Hazan, the town's young mayor.

"But Oren has put us on the global map, not just the national one," he said.

"I fought also for the pride of Ofakim," said Smodga. "I wish to dedicate the medal to all the residents of Ofakim."

Festivities Lasted Past Dawn

The crowd would not let him inside the house. They wanted to touch him, and even more, to touch the medal.

He took the medal off his chest and tried to place it on the chest of his father, Maurice, himself a judo expert who had trained his four sons and two daughters from early age to be top judo champions.

Ofakim has a spacious and modern sports center, a donation from South African Jewry made through the United Israel Appeal. But the local municipality did not have the means to provide the Smodga family with the necessary equipment, mainly mattresses, to grow Olympic champions.

So the family commuted to Beersheba to train.

The festivities continued until late Tuesday morning, with one champagne bottle following another in the Smodgas' garden.

A young leadership mission of Keren Hayesod, including its South African leaders, was scheduled to visit Ofakim on Thursday. The town was fostered by South African Jewry through Project Renewal.

Smodga was unlikely to be there, because he was scheduled to meet at the same hour with Education Minister Shulamit Aloni in a general welcoming ceremony for the Israeli Olympic mission.

But the South Africans have already announced that they will invite Oren to visit the South African Jewish community to demonstrate their appreciation for Oren's Olympic achievement.