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**SYRIAN TESTING OF SCUD MISSILES
FROM NORTH KOREA WORRIES ISRAEL**

By Hugh Orgel

TEL AVIV, Aug. 16 (JTA) -- Israel's defense establishment is concerned by the long-term implications of Syria's purchase of Scud C surface-to-surface missiles from North Korea.

In the first disclosure of Syria's latest acquisition, Prime Minister Rabin, who also holds the defense portfolio, revealed in Washington last week that Damascus had carried out two test firings of two newly obtained Scuds within the past two weeks.

The updated Scud is more dangerous than the older, Russian-supplied missiles, with a considerably longer range of some 370 miles, which covers all populated areas of Israel.

The North Korean version also has a heavier payload with greater accuracy.

Within two years or so, Syrian President Hafez Assad could presumably outfit his warheads with chemical or other unconventional materials.

Experts say the threat is not immediate, but that the new Scud has serious implications for Israel's long-term defense.

Of more immediate concern, say researchers at Tel Aviv University's Jaffee Center for Strategic Studies, is the speed with which Syria has re-equipped itself since the end of the Persian Gulf War.

Its updated and sophisticated conventional weapons include T-72 heavy tanks from Russia and other Eastern European suppliers, heavy artillery from Bulgaria and elsewhere, M-29 jet fighters and Sukhoi-24 bombers, as well as a Russian version of the American Patriot anti-missile missile.

May Complicate Peace Talks

They suggest that Assad's massive arms buildup may lend weight to those who claim that possession of the Golan Heights is essential to ensure Israel's security.

Israel's continued presence within artillery range of Damascus and the fact that the flying time from the Syrian capital remains only a minute or so represent a potent deterrent threat to Syria.

Writing Aug. 13 in the Israeli daily Ha'aretz, respected military analyst Ze'ev Schiff observed that Syria's prominent test of the new Scud is likely to make political negotiations more difficult.

It may also strengthen the hands of those in Israel and the United States who charge that the fundamental approach of Damascus to the peace process is negative, he observed.

"Although there is no surprise inherent in the fact that the Syrians possess Scud-C missiles, the timing of the test should be regarded with severity," he wrote.

He said the "stationing of the missiles in Syria, together with the fact that they have been tested, emphasizes the military cooperation between Damascus and Teheran."

Syria and Iran are currently building a factory to produce the upgraded Scud missiles. Syria reportedly has already acquired the necessary machinery.

**RABIN GOVERNMENT GEARING UP
FOR RESUMPTION OF PEACE TALKS**

By Gil Sedan

JERUSALEM, Aug. 16 (JTA) -- Preparations for the resumption of the Middle East peace talks in Washington next week are moving into high gear.

Prime Minister Yitzhak Rabin, back from his trip to the United States, met with heads of the Israeli negotiating teams on Sunday, while the Palestine Liberation Organization summoned the Palestinian delegation to Tunis for consultations.

Attending the meeting with Rabin were Elyakim Rubinstein, who heads the negotiations with the Palestinians and Jordan; Itamar Rabinovich, who will lead talks with Syria; and Yosef Hadass and Uri Lubrani, co-chairmen of negotiations with Lebanon.

Rabin told the Cabinet at its weekly session Sunday that general elections in the territories could be held at the beginning of April if negotiations with the Palestinians on interim self-government proceeded apace.

He mentioned target dates of Jan. 1 for an accord on the format of elections in the territories and Feb. 1 for agreement on the powers of the administrative council that would be elected.

In Tunis, PLO executive committee member Yasir Abed Rabbo said clarifications given by the United States on the loan guarantees to be provided to Israel were "unsatisfactory" and that the Palestinians were considering whether to attend the new round of peace talks. He reiterated the demand for a "total freeze" on Israeli settlements in the territories.

Indirectly Criticizes Peres

It was not immediately clear whether the Palestinian delegates would go to Tunis. Israeli police have not yet decided whether to press charges against a group of Palestinian leaders, including Faisal Hussein and Hanan Ashrawi, who met with PLO leaders earlier this summer.

Police indecision comes against the background of an announcement that legislation lifting the ban against contacts with the PLO will be introduced when the Knesset reconvenes in October.

Without mentioning the foreign minister by name, Rabin on Sunday criticized Shimon Peres' timing in announcing the proposed decriminalization of contacts with the PLO.

Rabin told the Cabinet the Americans failed to understand why Israel was demanding continued suspension of U.S. dialogue with the PLO while proposing to relax its own ban.

While not objecting to lifting the ban, the premier emphasized that Israel was negotiating only with representatives of the territories and not with the heads of the PLO.

"If we talk with PLO," said Rabin, "the peace process will have absolutely no chance."

Cabinet ministers laid out plans for the coming year in light of the U.S. loan guarantees.

Science Minister Amnon Rubinstein said that during the "mini-discussion of next year's budget," there was consensus that "unless the loans are used to achieve a breakthrough in economic growth, the problem of unemployment may undermine Israel's social fabric."

APPEARANCE BY RABIN HELPS UJA BREAK ITS FUND-RAISING RECORD

By Larry Yudelson

NEW YORK, Aug. 16 (JTA) -- In what may be a new vote of confidence by American Jews for Israel's new Labor government, the United Jewish Appeal says it raised more money at a dinner with Yitzhak Rabin last week than at any other campaign event in its history.

Participants at the meeting with the Israeli prime minister pledged a total of \$67.3 million to the continuing Operation Exodus campaign to finance the immigration and absorption of Jews from Ethiopia, the former Soviet Union and elsewhere in Eastern Europe.

A UJA spokesman refused to say how many people attended the event, citing fears that anti-Semitism would be stimulated if it was known just how many fewer than a hundred Jews it took to raise \$67.3 million.

Both co-chairmen of the event, Charles Bronfman, co-chairman of the Seagram Co., and Leslie Wexner, founder and president of The Limited chain of clothing stores, are billionaires.

The new pledges announced Aug. 13 represent the second phase of the Operation Exodus campaign, which opened in early 1990 with a similar high-level fund-raising event, which brought in \$58.1 million.

At that time, Operation Exodus was conceived as a three-year, \$420 million campaign to bring in the roughly 200,000 Soviet immigrants then being expected.

The target has now grown to \$1 billion, reflecting in part the unexpected cost of the mass airlift of more than 14,000 Ethiopian Jews, the arrival of more than 400,000 Jews from the former Soviet Union and the expectation that as many 600,000 are still to come.

The pledges read off in the presence of Rabin brought the total raised by Operation Exodus past the \$800 million mark. More than half of that, \$435 million, has been received as cash.

Earlier last week, a meeting between the prime minister and 40 top leaders of the State of Israel Bonds campaign enabled that organization to trot out its own set of encouraging figures.

The Bonds organization told Rabin that worldwide sales for this year have so far passed \$750 million, or roughly the amount brought in during all of 1989.

Last year \$993 million in bonds were sold, a record, and Bonds officials are optimistic that with results running 30 percent ahead of last year, they can achieve their \$1.5 billion goal.

RIGHT WING PLANS SHADOW GOVERNMENT TO HELP PROMOTE SETTLEMENT ACTIVITY

By Gil Sedan

JERUSALEM, Aug. 16 (JTA) -- Jewish settlers in the West Bank and Gaza Strip, outraged at the government's freeze on new settlements, are seeking the formation of a right-wing shadow government to help promote a drive to fund continued settlement activity.

The daily Yediot Achronot reported Sunday that proposed members of the shadow Cabinet include former Ministers Ariel Sharon and Moshe Katsav, Knesset members Binyamin Netanyahu and Ze'ev (Benny) Begin, and Rabbi Haim Druckman, a former Knesset member.

The settlers said they would establish contacts with Diaspora Jewry and with foreign gov-

ernments as part of an overseas information campaign.

Despite government curtailment of construction in the territories, work continues without interruption at such sites as Eli, Talmon, Shiloh and Beit El in the Samaria region of the West Bank, they said.

Meanwhile, Rafael Eitan, leader of the right-wing opposition Tsomet party, charged in an Israeli army radio interview over the weekend that Prime Minister Yitzhak Rabin had sold Israel in exchange for U.S. loan guarantees, foreclosing any possibility of his party's joining the coalition.

Rabin had met with Eitan prior to his departure for the United States, leading to speculation that negotiations with Tsomet on joining the government would resume on his return.

But a day after the prime minister arrived home from Washington, Eitan vetoed continued negotiations with Labor.

"Even the Turks, the British and the Arabs failed to prevent Jewish settlement, while Rabin and his government are doing everything possible to interrupt settlement in Eretz Yisrael," he said.

SHAMIR AND MOSHE NISSIM BLAMED FOR AMASSING HUGE LIKUD DEFICIT

By Gil Sedan

JERUSALEM, Aug. 16 (JTA) -- An internal Likud investigation has pointed an accusing finger at former Prime Minister Yitzhak Shamir and his commerce minister, Moshe Nissim, finding they bear at least partial responsibility for the party's financial crisis.

While not citing names, an investigating committee called on those responsible for Likud's "administrative failure" in accumulating a \$19 million deficit to step down.

This was seen as a reference to Shamir as chairman of the party and to Nissim as party treasurer and chairman of the Likud election campaign.

Knesset members Michael Eitan and Haim Kaufman comprised the investigating committee set up to study the causes of the party's unprecedented deficit.

They identified as a prime culprit unrealistic projections of the results of the elections, in which Likud lost badly to Labor. Parties receive most of their financing from the state, based on their share of Knesset seats as calculated after the returns are in.

The Likud election budget was based on their previous 39 seats, rather than a more reasonable expectation of around 35, given the loss predicted by the polls, said the committee. In the end, the party received only 32 seats.

As to plans by party leaders to raise up to \$4 million in contributions before the elections, the committee said that "only visionaries and incorrigible dreamers" could have believed it possible to reach that goal in such a brief period.

INFLATION UNDER 1 PERCENT FOR JULY

TEL AVIV, Aug. 16 (JTA) -- Israel's cost-of-living Index rose by 0.7 percent in July, the Central Bureau of Statistics has announced.

The economists said the present trend brings within reach a long-hoped for dream of several Israeli governments: reducing annual inflation to a one-digit figure.

Present forecasts are for inflation to register between 9 and 10 percent for 1992.

NEO-NAZI VIOLENCE IN GERMANY UP FOURFOLD OVER YEAR BEFORE

By David Kantor

BONN, Aug. 16 (JTA) -- Neo-Nazi violence in Germany, directed mainly at foreigners, soared nearly fourfold last year compared with 1990, according to a government report issued last week.

For the first time, right-wing radicals overtook leftist extremists both in the number of followers and the level of violence, Interior Minister Rudolf Seiters said.

The total number of attacks registered in eastern and western Germany was 1,483, Seiters said in presenting the annual report of the Federal Office for the Protection of the Constitution, Bonn's counterintelligence and internal security agency.

There were 990 attacks in 1991, compared to 270 in 1990. Most of the attacks were against asylum-seekers from Third World or Eastern European countries.

The report put at 40,000 the number of members in neo-Nazi groups, about a third of them in eastern Germany.

German media gave wide coverage to the report, calling for new educational, political and police efforts to deal with the neo-Nazi upsurge.

In the central Germany city of Gottingen, in what used to be West Germany, the expulsion of a neo-Nazi activist late last year has led to a dramatic decrease in neo-Nazi attacks on foreigners. Interior Minister Gerhard Glogowski of the federal state of Lower Saxony said last week that a new calm had been restored since the departure of Karl Polacek, a 57-year-old Austrian who was chairman of the local neo-Nazi Free German Workers Party.

Gottingen was the site of much extremist violence, often perpetrated by Skinheads, the shaven-headed right-wing youth.

Glogowski said an upgraded police presence had also helped to bring about a drop in the attacks on foreigners.

Meanwhile, two recent neo-Nazi attacks against refugee hostels were reported last week by the federal state of Brandenburg, in eastern Germany. The buildings suffered minor damage before police arrived at the scene. No arrests were made.

ISRAELI CONSUL IN BERLIN DECRIES FICTIONS ON PLAQUE AT LABOR CAMP

By David Kantor

BONN, Aug. 16 (JTA) -- Israel's consulate in Berlin has lashed out against the state of Thuringia, in what was formerly East Germany, for failing to correct the inscription on a plaque at the site of a former labor camp where many Jews died.

The consulate called it "infamous" that nearly two years after German reunification, the former Dora-Nordhausen camp is marked by a plaque where Communist propaganda still prevails over the truth of the Nazi persecution of Jews.

In fact, in a situation that is unusual even by the old Communist standards, while there is no tablet mentioning Jewish victims, there is one for "victims from Arab states."

The mayor of Nordhausen, Manfred Schroeter, responded to the Israeli charge with an investigation.

He said he learned that the Arab commemo-

rative tablet had been erected to kowtow to the Arabs, considered friends and allies by the former East Germany and joined together in the battle against "imperialism and the Jews."

Schroeter said he had been told that no tablet had been dedicated to Jews because, by East German standards, the Jews were not considered a separate people, let alone a nation.

Israeli diplomats in Berlin called the tablet an affront and a scandal and urged the town of Nordhausen and the government of Thuringia to take immediate action.

The Israeli criticism in fact follows an announcement by the state of Thuringia that it will erect a new plaque at the Buchenwald concentration camp to commemorate the 10,000 Jews who perished there.

Nordhausen officials said the memorial at the former Dora labor camp would be rebuilt anyway. They pointed out that plans are being drawn up for a memorial that would be more consistent with historical fact rather than one that reflects Communist ideology.

Thousands of Jews, along with French, Belgian and other countries' citizens, comprised the 60,000 slave laborers in the underground arms factory where, under wretched conditions, they toiled to build V-2 missiles, to be used against Britain.

A third to one-half the prisoners there died because of the inhumane working conditions.

From 1943 to 1945, Mittelwerk Rocket Works was under the direction of Arthur Rudolph, who was one of about 900 German scientists brought to the United States after World War II in a program called Operation Paperclip, to work on American rocket and missile programs.

He left the United States in 1984 rather than face Justice Department charges that he brutalized slave laborers.

NEO-NAZI KEEPS HONORARY JUDGESHIP

By David Kantor

BONN, Aug. 9 (JTA) -- A neo-Nazi activist has been reinstated as an honorary judge in a court in the western German city of Bochum after being barred a week earlier by the state government.

The order to reinstate Peter Markert, issued by a labor court in nearby Hamm, is pending a final decision, expected within the next month or two by the same panel.

In their temporary order, the judges refused to endorse the decision by the state government of North Rhine-Westphalia to dismiss Markert on grounds that he is a neo-Nazi activist.

The labor minister of North Rhine-Westphalia, Hermann Heinemann, said Markert's political activities make him unfit for the office.

Markert was nominated to the post two years ago. He was one of 14 candidates whose names were put forward by a trade union group linked with the National Democratic Party, a major neo-Nazi organization in Germany.

The Labor Ministry in Dusseldorf said Markert's membership in the NPD was not known when he was nominated to the court.

But trade union activists said they had informed the ministry of this fact in advance.

The NPD has been for decades on the government list of extremist, right-wing organizations which pose a threat to the democratic system. But it has never been officially outlawed, not had it been declared unconstitutional.

ISRAEL MOVES TO QUIET CRITICISM OVER REMOVAL OF CHICAGO ENVOY

By David Landau

JERUSALEM, Aug. 16 (JTA) -- Acting swiftly to put an end to the controversy surrounding the recall of Yitzhak Ben-Gad as Israeli consul general in Chicago, the Foreign Ministry has appointed one of its most respected middle-ranking diplomats to replace Ben-Gad.

Officials in Jerusalem indicated that the prompt appointment of Arthur Avnon is designed to put an end to unrest fomented both in Chicago and here over Ben-Gad's recent recall.

Demonstrations have been held on his behalf in both countries, organized by groups who claim an anti-Sephardic bias in the decision to replace Ben-Gad, who was born in Libya.

The Chicago Rabbinical Council and the Chicago region of the Zionist Organization of America also registered their protest of the move with Foreign Minister Shimon Peres.

Ben-Gad, who was responsible for most of the Midwest, has so far been the only Israeli diplomat in this category recalled since the Rabin government took control last month. A member of the Likud, Ben-Gad was appointed last year to a three-year term by then-Foreign Minister David Levy.

He told the Wisconsin Jewish Chronicle in an interview that he views the recall by Peres "as a political rather than professional decision."

But in Israel, the daily Ha'aretz reported that Ben-Gad was recalled because of Foreign Ministry criticism of his performance.

Deputy Foreign Minister Yossi Beilin, speaking to the Jewish Telegraphic Agency, warned that if the "pro-Ben-Gad campaign" took on "ethnic overtones" he would have no option but to publish the "very serious findings" of an internal Foreign Ministry investigative committee that had been asked to examine complaints against Ben-Gad's performance.

His comment came after news reports that the Association of Libyan Immigrants in Jerusalem was planning to protest the termination of Ben-Gad's stint after 13 months at the post.

Complaints From Local Community

Beilin refused to detail the findings of the investigation. He said complaints about Ben-Gad had been received from "prominent Jewish sources in Chicago" and from "sources close to the diplomatic corps" long before the present government took power.

Beilin faulted Levy for failing to take the action which, Beilin said, was the natural outgrowth of the investigation. When Peres took over, the top echelon of the Foreign Ministry asked him to remove Ben-Gad, according to Beilin.

Critics of the Foreign Ministry's move praised Ben-Gad's contributions to the promotion of greater understanding of Israel in the Midwest. In his letter to Peres, Rabbi Philip Lefkowitz of the Chicago Rabbinical Council, wrote: "Ben-Gad has been a tireless consul general.

"Day and night he has made himself available to speak before groups, appear on radio and television, to present, what we felt, was a very positive and valuable voice on behalf of the State of Israel," Lefkowitz wrote.

But at the same time, others in the organized Jewish community viewed the protest against Ben-Gad's recall as an expression of disgruntlement with the results of the June elec-

tions that brought Israel's Labor Party to power and said the criticism lacked broad-based communal support.

The new appointee, Avnon, was originally named information counselor at the Washington embassy before his reassignment to Chicago. He has extensive U.S. experience, having served previously as consul in Houston and consul general in Boston.

The appointment of Avnon brought an expression of approval from Mordecai Lee, executive director of the Milwaukee Jewish Council, who said he met the consul general-designate at a meeting earlier this year of the National Jewish Community Advisory Council and was "very impressed with him and with his priorities."

Said Lee: "I'm delighted Avnon has been assigned to the Midwest and I think he'll fit in very well."

Barry Morrison, director of the Anti-Defamation League's Chicago office, said: "We have consistently cooperated with the representatives of Israel. I have every reason to think we will have a productive and mutually satisfactory relationship" with the new consul general.

Similar sentiments regarding Israel's diplomatic appointments were expressed earlier by the director of the Jewish Community Relations Council in Chicago, Michael Kotzin, who told the Chicago Sun-Times that his organization "always cooperates with the diplomats appointed by Israel in the belief that this policy is in Israel's best interest."

(JTA staff writer Malka Rabinowitz in New York contributed to this report).

MANDELA GETS A WARM WELCOME TO JEWISH SUBURB BY ANC CRITIC

By Suzanne Belling

JOHANNESBURG, Aug. 16 (JTA) -- African National Congress President Nelson Mandela was given a sweet welcome to his new home in Houghton, an upscale Jewish suburb here.

Mandela's new neighbor, member of Parliament Tony Leon of the Democratic Party, brought a gift of chocolate cake, which he left with a member of the household staff in Mandela's absence.

"I felt it was a nice touch," said Leon, a Jew who represents a district comprising 22 suburbs, including Houghton.

Leon has been regarded as one of the sharpest critics of the ANC. But he welcomes the move of blacks into Houghton, enabled by the overturning by South African President F.W. de Klerk of the apartheid law that segregated residential areas.

Leon described Mandela's home as "a fairly modest double-story," compared to the many mansions in Houghton.

Leon, a lawyer and academic, is sought after as "a Jewish spokesman" on political and other issues, succeeding Harry Schwarz, a veteran member of Parliament who is now the South African ambassador to the United States.

He expressed concern for the country's future, particularly in three areas -- property rights, physical safety and "white flight," or potential emigration of white South Africans who are anxious over massive changes in the country.

A large-scale departure of skilled whites would produce an "economic Holocaust," he said.

But he added: "However pessimistic people may feel, there is still a glimmer of hope."