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**JAPAN MAKING GOOD ON ITS PLEDGE
TO END ARAB BOYCOTT COMPLIANCE**

TOKYO, Dec. 3 (JTA) -- Japan appears to be making good on its pledge to end cooperation with the Arab economic boycott of Israel.

The government has advised leading Japanese firms to stop complying with the terms of the boycott, Foreign Minister Michio Watanabe told a visiting delegation of American Jewish Committee leaders here this week.

He said the government has also asked its ambassadors to various Arab League states to urge an end to the blacklisting of companies trading with Israel.

In pursuit of a new economic opening to Israel, Japanese chambers of commerce have agreed to stop issuing "negative certificates of origin," Watanabe told the American Jewish Committee group. The certificates attest to products being free of parts made in Israel.

Japan also plans to expand its sparse commercial contacts with Israel, the foreign minister told the delegation, which was led by Robert Rifkind, chairman of the agency's board of governors, and David Harris, executive vice president.

In New York, a spokesman for the World Jewish Congress welcomed the turnabout in a policy that, he said, had made Japan a leader among industrialized countries in following the dictates of the Arab boycott.

"Problems still remain, such as the reluctance of the Japanese to invest in Israel. But this development is very positive," the spokesman said.

Meanwhile, the Anti-Defamation League has filed a friend-of-the-court brief in a lawsuit by an Israeli company against a Chicago-based Japanese bank.

The lawsuit alleges that Sanwa Bank withdrew from a pending credit agreement with Israel Aircraft Industries Ltd. and another company out of compliance with the Arab boycott. The bank is headquartered in Osaka.

**PERES VISITS AUSTRIAN CAPITAL,
ENDING CHILL IN BILATERAL TIES****By Marta S. Halpert**

VIENNA, Dec. 3 (JTA) -- Israeli Foreign Minister Shimon Peres met here this week with top Austrian officials, breaking the ice in the chilly diplomatic relations the two countries have shared for the past two decades.

Peres, who is the first Israeli foreign minister to visit the Austrian capital since 1973, invited Chancellor Franz Vranitzky to reciprocate. And he extended a similar invitation to Austrian President Thomas Klestil on behalf of his Israeli counterpart, Chaim Herzog.

Vranitzky is planning a trip to Israel as early as next spring, and Klestil announced that he would like to visit the Jewish state sometime next year.

Relations between Israel and Austria have been strained since the early 1970s, when Bruno Kreisky was chancellor. Though Jewish himself, Kreisky maintained close ties with the Palestine Liberation Organization and often differed sharply with Israel over Middle East policy.

But bilateral relations sunk to a new low

with the election of Kurt Waldheim as Austrian president in June 1986. Prior to the election, the World Jewish Congress revealed that Waldheim had concealed his membership in the Nazi Party and his World War II service in a Germany army unit accused of perpetrating atrocities against civilians in Greece and the Balkan states.

An easing of the cool ties between the two countries began during the last year of Waldheim's presidency, which ended last July. Exchange visits have been made by the mayors of Vienna and Jerusalem, and by the education ministers of both countries.

"The substance of our relations was always very good. Now, we also note an improvement in the formal part of our relations," Klestil said Wednesday at his meeting with Peres.

Vranitzky welcomed the end to the slowdown in links between the two countries. "Relations between the two countries can now return to the level which befits these two countries," the chancellor said in a meeting of close to an hour with Peres.

Peres officially thanked Austria for hosting multilateral talks on water resources as part of the Middle East peace negotiations.

**LABOR GOVERNMENT PROPOSES PLAN
TO CUT BENEFITS TO SETTLEMENTS****By Lisa Clayton**

JERUSALEM, Dec. 3 (JTA) -- The Israeli government is considering a plan that sharply limits the number of West Bank settlements qualifying for tax breaks and other special benefits.

Jewish communities outside the pre-1967 borders that remain entitled to these concessions are singled out in a proposal submitted to the Cabinet on Wednesday by a government committee headed by Shimon Shevas, director-general of the Prime Minister's Office.

They appear to be a pointer to a distinction made by Prime Minister Yitzhak Rabin between "political" settlements in the administered territories, which should not be encouraged, and "security" settlements, which should.

Under the plan, benefits would continue to the Gush Katif cluster of settlements near Gaza; Efrat and other communities of the Gush Etzion bloc south of Jerusalem; and settlements along the Jordan River.

But the withdrawal of benefits to all other settlements in the territories marks a sharp departure from the emphasis placed by the previous Likud administration on Jewish settlement in these areas.

Shevas said the plan reflects a new order of priorities by the Labor-led government, which took office five months ago.

High-tech industries in the capital and the post-1967 settlements in its environs would get a boost under the plan's provision to grant special status to greater Jerusalem.

News reports said the plan would probably lead to a significant slowdown in the creation of new industries beyond the "Green Line" and perhaps even a relocation of some businesses to within the pre-1967 borders.

The opposition Likud bloc said the plan is

part of a larger government effort to discourage West Bank settlement and reflects where it is headed politically.

Likud Knesset member Haim Kaufman said the plan would be interpreted by West Bank Arabs and foreign observers as "a signal there is about to be a diplomatic turnabout" in negotiations with the Palestinians.

JEWISH VOTE MADE A DIFFERENCE IN CLINTON VICTORY, STUDY FINDS

By Cynthia Mann
States News Service

WASHINGTON, Dec. 3 (JTA) -- Jewish Democrats may be small in number, but they made a difference in the presidential election of Bill Clinton, according to an analysis released Thursday by the National Jewish Democratic Council.

While Jews make up only 2.4 percent of the U.S. population, they accounted for 4 percent of the overall vote in November and up to 7 percent of Clinton's vote nationwide, the NJDC said.

Jews accounted for between 0.9 and 1.1 percent of President Bush's national vote.

Clinton beat Bush by 5.5 million votes. With Jews casting somewhere between 2.8 million and 3.1 million votes, Jewish Democrats "theoretically could be attributed with providing 50.9 percent to 55.8 percent of his overall margin of victory," the NJDC said.

The study found Jewish Democrats also theoretically provided the winning margin for Clinton in two key state races, Georgia and New Jersey.

In New York, Jews accounted for 26 to 29 percent of Clinton's total votes, or theoretically 85.6 percent of his margin of victory there.

The Jewish vote accounted for up to 8.5 percent of Clinton's total vote in Connecticut, up to 9.7 percent in California, up to 11 percent in Maryland and up to 10.7 percent of his vote in Massachusetts.

The NJDC analysis "underscores the fact that Jewish Democrats continue to play a vital role in Democratic politics far disproportionate to their numbers," said Steve Gutow, the council's executive director.

To determine its findings, the NJDC used polling data compiled both by Voter Research and Surveys Inc., a consortium used by the major media organizations, and by the American Jewish Congress. The two outfits had slightly different figures.

The Voter Research data showed that Jews gave 78 percent of their vote to Clinton and 12 percent to Bush. AJCongress found in its exit polling a breakdown of 85 percent for Clinton and 10 percent for Bush.

Vote For Clinton Now Put At 80 Percent

On Thursday, Lee Shapiro, director of media services at Voter Research, said her firm's data had been revised to show that Clinton garnered 80 percent of the Jewish vote, and Bush won 11 percent. The margin of error was 8 percentage points, she said.

She also defended the research group's national Jewish sampling, which has been criticized by some for being too small to be meaningful.

"It is big enough to make a statement about the way (Jews) voted," she said, though she cautioned it should not be broken down further, by age, income or other subgroups.

The Voter Research findings were based on a nationwide survey of 15,232 voters. Of these, 7,730 agreed to reveal their religion, and 278 of these said they were Jewish.

NJDC spokesman Lewis Roth said that his "numbers hold up" under the latest revisions by Voter Research.

The AJCongress sample was of 3,076 Jews at more than 100 sites in 10 states and the District of Columbia. Martin Hochbaum, AJCongress director of national affairs, said the data were preliminary and that final figures would be released early next year after further evaluation.

Thursday's study follows a report released by the NJDC shortly after the election on the grass-roots activism it helped generate during the 1992 campaign.

Gutow said at the time that the 2-year-old council had achieved its objective of strengthening the Democratic Party by "increasing Jewish grass-roots participation in campaigns."

The council has 3,500 members nationwide and 10 state chapters. It was highly visible throughout the presidential campaign, particularly at the Democratic national convention in New York, where it won accolades by party leaders such as Democratic National Committee Chairman Ron Brown.

But the NJDC was unwilling to claim direct credit for the Clinton success among Jewish voters it reported this week.

Spokesman Roth said the numbers reflect in part the success of non-partisan groups such as the American Israel Public Affairs Committee and the Synagogue Council of America in persuading American Jews to become involved in politics.

He said the strong Jewish showing for Clinton was also a reflection of dissatisfaction over the economy and displeasure with the Bush administration's stance toward Israel.

LEADER OF PEACE NOW GROUP RUMORED TO BE LEAVING TO FORM LABOR GROUP

By Cynthia Mann
States News Service

WASHINGTON, Dec. 3 (JTA) -- The president of Americans for Peace Now is stepping down from his post to head a new organization aimed at building U.S. support for Israel's Labor Party.

Sources say Jonathan Jacoby has been tapped by Prime Minister Yitzhak Rabin and Labor Party Secretary Nissim Zivili to take charge of the Labor-allied mission.

Jacoby declined comment on his plans, but it is most likely he will revitalize, restructure and rename Friends of Labor Israel, a Labor advocacy group that has had a low profile and been a relatively low priority for the Labor Party in Israel.

Jacoby only said he was planning to meet next week with the leadership of the Friends of Labor Israel.

The new effort clearly represents a recognition by Israel's Labor Party that it has failed to cultivate a strong, cohesive, high-level base of support in the United States and needs to resuscitate its image.

In contrast, the Likud bloc has worked hard in recent years to win support among top Jewish leadership and has made enormous strides.

The Labor Party won a decisive victory over the Likud in Israel's parliamentary elections last June and now is the dominant party in the governing coalition.

MOROCCO RETURNS TO ISRAEL BODIES OF SHIPWRECK VICTIMS

By David Landau

JERUSALEM, Dec. 3 (JTA) -- Israel will hold a state funeral for the 22 victims of a 1961 accident involving the immigrant boat Egoz, whose remains arrived here Wednesday from Morocco.

The Egoz went down in still-unexplained circumstances off Gibraltar, and the bodies of the 22 were washed ashore and buried in Morocco.

Efforts have been under way for several years to secure the consent of the Moroccan government for reinterment in Israel.

The decision of Moroccan King Hassan II to make a humanitarian gesture at this time is clearly linked to the brightening prospects for peace in the region, Israeli Prime Minister Yitzhak Rabin said this week.

"This is another step on the road to conciliation and peace between Israel and the Arab nations," Rabin said in a warm message of gratitude to Hassan II.

The king's move was a personal gesture to Rabin and to the positive stance he has taken on the peace process, according to Sam Ben-Chitrit, a prominent Israeli activist of Moroccan origin.

Ben-Chitrit was in Morocco for exhumation of the remains at the Jewish cemetery at Al-Husseima, where the bodies washed up 31 years ago.

Hassan is known to have secretly hosted Rabin in Morocco during the Israeli's first term as prime minister and is presumed to have met with him since.

Reinterment will take place at the Mount Herzl cemetery in Jerusalem on Dec. 14 after a process of identification of the remains.

Relatives of the victims voiced strong but mixed emotions at the news of their arrival in Israel.

"I am shaking with emotion," said Arye Ben-Haroush, 54, of Kiryat Yam, who lost his parents, two brothers and a sister on the Egoz.

"Now, at last, we will have graves; somewhere to go to and be with the memories of our dear ones," he said.

POPE INVITES ALL RELIGIONS TO DAY OF PRAYER FOR PEACE

By Ruth E. Gruber

ROME, Dec. 3 (JTA) -- Pope John Paul II has called on representatives of all religions in Europe -- Christians, Jews, Moslems and others-- to join together for a day of fasting and prayer for peace, particularly for an end to the war in Bosnia.

The announcement was made Tuesday evening, during the Pope's meeting at the Vatican with the presidents of the Roman Catholic Church's 26 European Bishops Conferences.

The pope specifically and "with joy" invited Jewish and Moslem leaders to attend the prayer gathering, which is scheduled for Jan. 9-10 in Assisi, Italy. He also issued a "cordial and warm" invitation to leaders of non-Catholic Christian churches.

He said he wanted to reaffirm the meaning of an interreligious gathering in Oct. 1986 in Assisi, at which religious leaders from all over the world prayed together for peace.

Meanwhile, a senior Italian cleric said that the racism and anti-Semitism of today are more dangerous than the left-wing terrorism that hit

Europe in the 1970s, and should be combatted as such.

Monsignor Dionigi Tettamanzi, secretary-general of the Italian Bishops Conference, made his remarks at a roundtable on minorities and racism in Europe.

At the same roundtable, Rome Chief Rabbi Elio Toaff said he believed there was a "puppeteer" pulling the strings behind racist attacks in Europe.

In an interview Wednesday with *Il Messaggero* newspaper, Italian Justice Minister Claudio Martelli gave cautious agreement to this, and also said that it appeared that attacks in various countries were connected.

"We don't have evidence of direct links, but everything leaves one to suppose that they exist in one form or another. I think," he said, "that there is one direction, one hand."

"Otherwise the context of the phenomenon in so many different countries, which have such differing conditions, with the same scenarios and same acts of violence and intimidation, would be inexplicable."

He said, "I hope that investigations enable us soon to identify the center of centers of this shameful phenomenon. It is certainly an organized matter. We have to realize that these are not spontaneous episodes."

SOLDIER DIES IN TANK ACCIDENT

JERUSALEM, Dec. 3 (JTA) -- In the latest of a string of army mishaps, a 21-year-old Israeli soldier was killed this week when his tank overturned during a technical experiment in the Jordan Valley.

Sgt. Yoav Fachthold apparently lost control of his Merkava tank and veered off the path during an exercise conducted by an Ordnance Corps experimental unit, army sources said.

Military police will investigate the incident, in which another soldier sustained slight injuries.

Fachthold was buried Thursday afternoon in the Kiryat Shaul military cemetery in Tel Aviv.

The accident comes in the wake of public controversy over responsibility for an army training accident in the Negev on Nov. 5 that left five members of an elite unit dead and six more wounded.

SHAMIR HAS SURGERY ON INTESTINE

JERUSALEM, Dec. 3 (JTA) -- Former Israeli Prime Minister Yitzhak Shamir was operated on Thursday for the removal of a growth in his large intestine.

Doctors at the Sheba Medical Center in Tel Aviv said Thursday night that the 77-year-old Shamir's condition was "good" and that he was recovering comfortably from the surgery.

Shamir was admitted to hospital early in the week suffering from fatigue.

"I don't know why I'm in here; I feel fine now," he told a reporter who managed to slip into his room Tuesday.

But a battery of tests showed bleeding in his large intestine, and on Thursday morning, he underwent a 90-minute operation. Doctors said they had removed part of the large intestine.

Medical sources said that even if the growth proves malignant, the former premier has a very good chance of making a full recovery, since cancer of the large intestine is one of the most curable forms of the disease.

ISRAELIS BACK MEASURED RESPONSE TO NEO-NAZI VIOLENCE IN GERMANY

By Hugh Orgel

TEL AVIV, Dec. 3 (JTA) -- Israelis, for the most part, are supporting their government's measured response to the surge of neo-Nazi violence in Germany.

The angry demonstrations that accompanied earlier national debates on accepting German reparations and launching diplomatic relations with Bonn are this time absent from the scene.

A protest by Labor Knesset member Avi Yehezkel outside the German Embassy this week, alongside a poster with the words "Never again" remained a lonely vigil.

Close economic and security links between the two countries appear to have led to a national consensus behind a government decision earlier this week to limit action to a strong verbal condemnation of the right-wing extremist violence that has accelerated in Germany in recent weeks.

The decision overrode calls for stronger action that came from both sides of the political spectrum, ranging from a call by the opposition Likud bloc to sever diplomatic ties with Bonn to a coalition member's proposal to urge a boycott of Germany by Israelis and Jews worldwide.

In a special parliamentary debate this week, speakers registered abhorrence at the spread of right-wing extremism in Germany and called for tougher measures by Bonn in combating it. A similar appeal was being considered by Israeli towns and villages that have "twinning" links with German municipalities.

Some calls for more vigorous Israeli action came under attack as "populist and xenophobic" by one of Israel's best-known writers.

Amos Oz, a recent recipient of a prestigious German literary prize, opposed a proposal by Education Minister Shulamit Aloni, which she later toned down, for a Jewish boycott of Germany unless Bonn cracked down on the violence.

'Elimination' Of Neo-Nazis Urged

But Oz reserved the brunt of his attack for Isser Harel, a former chief of the Shin Bet domestic security service, who suggested Israel arrange for the "physical elimination" of neo-Nazi leaders in Germany.

Harel is associated with one of the most dramatic Israeli responses to the legacy of the Holocaust. He was instrumental in the 1960 capture and transfer to Israel for trial of Nazi war criminal Adolf Eichmann, who was later executed.

Oz, identified with the left side of the Israeli political spectrum, said the way to combat anti-Semitic and xenophobic excesses is through education and the personal courage of individuals of good will.

On the Israeli scene, he said voices should be raised in protest at proposals made by right-wing groups for "transfer" of Arabs from Israel and the administered territories to Arab countries.

The writer two months ago received Germany's most important literary award, the Peace Prize, at the Frankfurt Book Fair, before an audience that included President Richard von Weizsacker.

Israelis found painful memories of the Holocaust evoked last weekend by a German television documentary that interspersed shots of Auschwitz and other concentration camps in footage of recent attacks against foreigners and Jewish memorials.

GREEK JEWS PROTEST GERMAN VIOLENCE

ATHENS, Dec. 3 (JTA) -- In the first demonstration of its kind, Greek Jews have taken to the streets to protest a surge of racism and anti-Semitism in Germany.

Holding candles and wearing buttons reading "Never again," 1,500 Jews gathered Wednesday outside the German Embassy in Athens to hear communal leader Nissim Mais call on Bonn to combat the "horrifying and dangerous situation which is once more quite openly created in Germany."

A five-member delegation handed a copy of the declaration to Ambassador Leopold von Browder who, to everyone's surprise, put on a "Never again" button himself.

"The vast majority of Germans are opposed to what is happening today in my country," said von Browder.

"The Jews are the one people who legitimately must remind Germany about Nazism every time it rises," he said. "Allow me to shout with you: 'Never again.'"

Greece's 5,500 Jews live in the shadow of the 77,000-member community that lived here before the Nazi occupation. Over 85 percent of them perished in the death camps. Of the fewer than 10,000 who survived, about half emigrated.

GERMAN INDUSTRIALIST TO RESIGN

BONN, Dec. 3 (JTA) -- A leading German industrialist, Karl Dersch, is expected to resign from his post after revelations that he used to hoist the German imperial war flag in front of his Munich villa.

Dersch, who is on the board of Deutsche Aerospace, a sister company of the industrial giant Daimler Benz, has been asked by the company's chairman, Juergen Schrempf, to explain his behavior.

The Nazi flag carrying the swastika is banned in Germany. As a substitute, neo-Nazis have regularly resorted to the German war flag, which was extremely popular under the Third Reich.

The flag shows the two-headed eagle against a black cross. Two months ago, Dersch helped organize a controversial celebration to mark the 50th anniversary of the V-2 rocket, which had been used against Britain in World War II.

The event was canceled after protests in Germany and abroad.

NAZI GAME REMOVED IN NEW ZEALAND

SYDNEY, Australia, Dec. 3 (JTA) -- A game of table soccer pitting Nazis against Jews was removed from a bar in New Zealand after protests from the Jewish community.

German-born bar owner York Schwartz said his mostly young and middle-class patrons "loved" the game in which Hitler pieces were played against figures in concentration camp uniforms, complete with numbers.

After a call by the New Zealand Jewish Council to close the bar down, Schwartz had the figures painted over in blue and green colors. He claimed he had received threats from "Jewish people who lost relatives during World War II."

Wendy Ross, president of the council, expressed outrage not only over Schwartz's installation of the game, but over the enthusiastic participation of middle-class New Zealanders, as well.