

**U.S. WILL DEDUCT \$437 MILLION
IN LOANS BECAUSE OF SETTLEMENTS**

By Deborah Kalb

WASHINGTON, Oct. 4 (JTA) -- In a move that could embarrass the Israeli government at a sensitive time in relations with the Palestinians, the United States has decided to deduct \$437 million from Israel's next installment of U.S. loan guarantees because of Israeli settlement activity in the administered territories.

The U.S. loan guarantees to Israel, which total \$10 billion over a five-year period, have been controversial from the start.

After a lengthy battle pitting the Bush administration against much of the American Jewish community, the United States last year started providing Israel with \$2 billion annually in loan guarantees over a five-year period.

However, under terms of the arrangement worked out between the United States and Israel, the United States will deduct from each installment -- beginning with this second one -- the amount the two countries agree was spent on settlements in the territories during the previous year.

While Israel has agreed to that arrangement, it now appears to be concerned about the message a \$437 million deduction will send just as it has concluded major agreements with both the Palestinians and Jordan.

Perhaps in response to this concern, the State Department did not officially announce the deduction and, when asked about it, stressed that it was not a new policy but an implementation of an existing agreement between the two countries.

The department said the U.S. government would provide Israel with up to \$1.563 billion in loan guarantees for the 1994 fiscal year, which began Oct. 1.

Israeli officials here said Monday that more than half of the settlement spending consisted of commitments to settlements made by the previous Likud government that the current government was honoring.

The Israelis said the current Labor government is planning in the future to decrease the amount it spends on settlements, especially in the wake of the historic agreement it signed at the White House last month with the Palestine Liberation Organization.

**JORDANIAN PRINCE ADDRESSES
UJA GATHERING IN WASHINGTON**

WASHINGTON, Oct. 4 (JTA) -- Israeli Foreign Minister Shimon Peres made history last week by meeting publicly at the White House with Jordanian Crown Prince Hassan.

This week it was the United Jewish Appeal's turn.

On Monday, the crown prince addressed 1,100 delegates from the UJA Women's Division attending its Lion of Judah conference here.

It was the first address by an Arab leader to the UJA and represented Jordan's increasingly public, though still cautious, normalization of relations with Israel.

In his 12-minute talk, Hassan expressed concern for the "humanitarian need of people in

the Middle East," saying he was worried that human resource development was not addressed by a recent World Bank study on Palestinian and regional development.

"The Middle East will never again be the same," said the prince. "The clock cannot be turned back. Failure in the upcoming negotiations will aid political extremism in the area. It is vital to maintain momentum."

The prince, who was warmly received by his Jewish audience, said that "coordination between Jordan, Israel and the United States on issues dealing with day-to-day life, such as mid-level business, social-economic development and water development, are crucial."

**HAMAS STEPS UP TERROR ATTACKS
AS ISRAEL PREPARES FOR AUTONOMY**

By Gil Sedan

JERUSALEM, Oct. 4 (JTA) -- As Israeli policy-makers began preparing this week for upcoming negotiations with the Palestinians on the implementation of the recently signed autonomy accord, the rejectionist Hamas movement stepped up its terror campaign against the agreement.

On Monday, a member of the Islamic fundamentalist group detonated a booby-trapped car outside an Israeli army base near the West Bank town of Beit El, killing himself and wounding 30 people on a passenger bus that happened to be driving by.

The previous evening, unidentified terrorists fired shots at a Jewish woman who was waiting at a bus stop in the Etzion bloc of West Bank settlements south of Bethlehem. The woman suffered medium wounds in her stomach.

An hour later, shots were fired from a passing car at an Israeli vehicle, also in the Gush Etzion region. No one was hurt, but several bullets hit the car.

The attacks appeared to be the latest attempts by Muslim fundamentalists to sabotage the historic accord Israel signed in Washington last month with the Palestine Liberation Organization.

The Israel Defense Force chief of staff, Lt. Gen. Ehud Barak, said Monday that similar terrorist incidents could be expected in the near future, requiring extra caution on the part of Israelis.

In Monday's incident, a car bearing Israeli license plates blew up next to an Egged passenger bus that was on its way from Jerusalem to the West Bank settlement of Shiloh.

The bomb was described as very powerful, consisting partly of nails and a hand grenade. The terrorist was killed instantly, but there were no serious injuries among the bus passengers. Three were reported to have sustained medium injuries, and the rest were only lightly wounded.

The dead terrorist was identified by the army as Kamal Bani Odei of the West Bank village of Tamoun. Odei, a member of Hamas, was on the wanted list of the Israeli security forces.

Shortly after the attack, newspaper offices in Jerusalem received anonymous telephone calls claiming that Hamas was responsible for the attack, and that the terrorist was a member of the group's Izz a-Din al-Kassam military wing.

The attack was described as retaliation for

an Israeli raid on Hamas targets in the Gaza Strip two days earlier.

In that incident last Saturday, Israeli soldiers fired hand-held rockets at homes in the Gaza Strip, in an effort to find Hamas militants. Two commanders of the Kassam group were killed and 16 others were arrested in what IDF officials termed a major setback to the fundamentalist movement.

Rabin Praises Raid On Hamas

The next day, Israeli security officials described the captured terrorists as members of three militant units considered "among the most dangerous terrorist units operating in the West Bank."

The Kassam militants allegedly were responsible for a series of terrorist attacks, including a July 1 assault on an Egged bus in Jerusalem, in which two women were killed.

During a news conference Sunday in the West Bank town of Hebron, Prime Minister Yitzhak Rabin praised Israeli security forces for their raid against Hamas terrorist units.

Reacting to a protest over the raid that was lodged by PLO leader Yasser Arafat, Rabin said the IDF would continue to take such actions without coordinating its moves with "anyone."

Israeli security forces are reportedly seeking to capture as many terrorists as possible before the IDF completes the withdrawal of its forces from Gaza and the West Bank town of Jericho next April. According to the Israel-PLO agreement, Israel will begin its withdrawal from the two regions in December.

Political sources in Jerusalem said this week that Israel's continued policy of hunting down suspected terrorists would be discussed during upcoming negotiations with the PLO.

Talks between the two sides on implementing the autonomy accord are scheduled to begin within two weeks, but the Palestinians have not yet named their negotiators. The delay appears to be a reflection of personal differences within the PLO ranks.

ISRAEL ESTABLISHES RELATIONS WITH NATIONS IN AFRICA, ASIA

UNITED NATIONS, Oct. 4 (JTA) -- Israel is once again using the occasion of this year's General Assembly session to reap a number of diplomatic benefits.

In the past week, it has established diplomatic relations here with a number of countries, including Cambodia, Burkina Faso, Gabon and Mauritius.

But the diplomatic gains appear to pale by comparison with those of last winter, when Israel forged ties with China and India.

Now that Israel has broken the diplomatic cocoon that encased it for much of its statehood, the only major outstanding challenge is establishing relations with the Arab world.

On that score, several nations in northern Africa and along the Persian Gulf have expressed interest in relations, but none of them appears to be ready to take the diplomatic plunge.

Morocco's King Hassan II met with Israeli leaders in Rabat last month, but so far Egypt remains the only Arab nation to establish ties with the Jewish state.

But representatives of Morocco and the Persian Gulf state of Qatar did attend a reception sponsored by the Israeli Mission here.

The recognition agreements concluded here at the United Nations were each signed by Israeli Foreign Minister Shimon Peres, who was here to address the General Assembly last week.

He met last week with Foreign Minister Ahmad Swalay Kasenally of the African island republic of Mauritius and with Foreign Minister Pascaline Mserri Bongo of the African republic of Gabon.

During the brief signing ceremonies, the foreign ministers discussed receiving assistance from Israel in the fields of agriculture and economic development.

Diplomatic relations between Israel and the two countries were suspended following the 1973 Yom Kippur War.

This week, Peres attended signing ceremonies with Prince Sirivudh of Cambodia and with Foreign Minister Thomas Sanon of the African nation of Burkina Faso.

Burkina Faso, previously named Upper Volta, also severed relations with Israel after the Yom Kippur War, as did all but four nations of Africa: Lesotho, Malawi, South Africa and Swaziland.

During their meeting Monday, Prince Sirivudh requested help from Israel in the area of agricultural development as part of Cambodia's effort to rebuild its economy after 20 years of civil war.

Peres also met Monday with Foreign Minister Theo-Ben Gurirab of Namibia, which has no diplomatic relations with Israel.

PRESIDENT OF PARAGUAY PROMISES WJC ACCESS TO ARCHIVES ON NAZIS

NEW YORK, Oct. 4 (JTA) -- The recently elected president of Paraguay has promised to allow researchers from the World Jewish Congress to inspect governmental archives on Nazi fugitives who found haven in Paraguay following World War II.

President Juan Carlos Wasmosy told WJC President Edgar Bronfman during an hour-long meeting at WJC headquarters here last week that the organization could "count on our complete support" in opening up any secret files relating to former Nazis in Paraguay.

Bronfman, noting that Wasmosy was the first democratically elected Paraguayan head of state, said, "The Paraguay of today is not the dictatorship of the past and has embarked on the road to democracy by bravely confronting historical truth."

Following the war, a number of Nazis sought refuge in Paraguay.

Edward Roschmann, known as the "butcher of Riga," died in the Paraguayan capital of Asuncion in 1977. "Angel of Death" Josef Mengele was believed to have lived in Paraguay before going to Brazil, where it has been determined that he died of a stroke while swimming in 1979.

Recently discovered Paraguayan police files appear to indicate that Adolf Hitler's top aide, Martin Bormann, died in Paraguay in 1959.

That information contradicts the widely held theory that Bormann committed suicide in Berlin in 1945.

Because of the Jewish holiday of Simchat Torah and the American holiday of Columbus Day, the JTA Daily News Bulletin will not be published Friday, Oct. 8 and Monday, Oct. 11.

RUSSIAN JEWS WORRIED BY UNREST BUT RELIEVED AT YELTSIN VICTORY

By Larry Yudelson

NEW YORK, Oct. 4 (JTA) -- Russian Jews are both reassured and worried by the events in Moscow, in which President Boris Yeltsin appears to have prevailed against his recalcitrant Parliament.

Reassured, because the outcome of Monday's battle, in which dozens of people were killed, put Yeltsin clearly in charge once again.

But worried, too, because the opposition forces demonstrated more clearly than ever their anti-Semitic nature.

"There's immediate concern about the actions of people who lost, but an optimistic view about Russia in the long run," said Martin Horwitz.

Horwitz is program director of the Jewish Community Development Fund, a joint project of the Nathan Cummings Foundation and the Moriah Fund aimed at strengthening the Jewish communities in the republics of the former Soviet Union.

He said that fear that the opposition may now "vent their anger on unprotected people" was expressed in the words of a fax sent by the Herald Light Center, a Jewish group in St. Petersburg.

The confrontation began when Yeltsin dissolved Parliament on Sept. 21 and hard-line parliamentarians holed up in the Parliament building rather than heed his call for new elections.

Arkady Dubnov, a journalist for the Moscow-based New Times, described the deep anti-Semitism of Yeltsin's defeated opponents.

"The opposition calls those who try to bring democracy to Russia either Jews or people 'bought' by Jews. Therefore, even the short-lived victory of fascist and Communist forces demonstrates the possibility of pogroms against Jews," Dubnov said in a statement released in Washington by the Union of Councils, an advocacy group for Jews in the Soviet successor states.

Dubnov also serves as director of the group's Moscow Human Rights Bureau.

Armed Men Threaten Jews In Synagogue

The tension felt by the Jewish community was heightened Saturday night, when 20 armed men entered Moscow's Choral Synagogue and voiced anti-Semitic threats.

Nobody was hurt, the synagogue's Rabbi Adolph Shayevitch told Rabbi Arthur Schneider, president of the New York-based Appeal of Conscience Foundation, in a telephone conversation from Moscow.

Over the weekend, the Israeli Embassy in Moscow received many frantic calls from Jews seeking to leave, even as tourists.

But on Monday, Jewish Agency officials in Moscow reported that it was business as usual in their offices.

But with the calming of the situation, most observers expect only a modest upturn in immigration to Israel.

"How much, how high, we don't know. We'll have to see in the next couple of days, the next couple of weeks," Chaim Chesler, a senior Jewish Agency official in Moscow, said in an interview with Israel Radio.

Horwitz explained that "for people sitting at their tables, who had almost decided for aliyah

but not quite, this may push, so there may be a small upsurge. But for others, it means the country has made one more step toward a democratic society."

"It will tend to solidify what people's predictions already are," said Pamela Cohen, president of the Union of Councils.

"The \$64,000 question," said an official with one Jewish organization, "is will the crushing of (opposition leader Alexander) Rutskoi kill and curb any opposition, or will it flare up as people say, 'What is happening here, is this a democracy?'"

53 Jews Escape Abkhazian City

This question is perhaps more pressing in the provinces far from Moscow, where Yeltsin's control remains untested.

The American Jewish Joint Distribution Committee has been maintaining contact with representatives in Moscow and St. Petersburg, as well as outlying places like the Siberian city of Perm and the Volga River city of Saratov.

JDC President Milton Wolf instructed the JDC Moscow office to purchase medicines, to be distributed to area hospitals.

Richard Wexler, chairman of the National Conference on Soviet Jewry, said in a statement that the organization "continues to carefully monitor the situation of Jews in the Russian Federation."

He added that the organization is "particularly concerned because of the presence of anti-Semitic elements among those in opposition to the government."

Meanwhile, 53 of the Jews remaining in the Georgian city of Sukhumi, which was captured by Abkhazian separatists last week, have made their way to Georgian-held territory, in preparation for immigration to Israel.

The operation in the Black Sea port was organized by the Israeli Embassy in Tbilisi, which negotiated the arrangements with the Georgian government and the Abkhazian authorities.

No more than 200 Jews were believed to have remained in Sukhumi at the time of its capture. One thousand had already made their way to Israel in recent months, and others have been located among the 13,000 refugees gathering in the Georgian capital and other cities.

The fall of Sukhumi, the Georgian government's last stronghold in the Abkhazia region, marked a decisive defeat for the forces of Georgian leader Eduard Shevardnadze, the former foreign minister of the Soviet Union, after 13 months of civil war.

(Contributing to this report was JTA correspondent Cynthia Mann in Jerusalem.)

VANDALS HIT JEWISH CEMETERIES IN SAXONY By Michel Di Paz

PARIS, Oct. 4 (JTA) -- Jewish cemeteries in the German state of Saxony have recently been the target of neo-Nazi vandals.

The latest attack occurred last week at the Jewish cemetery in the eastern city of Dresden, where four headstones were toppled and swastikas and anti-Semitic slogans were painted on other tombs.

Police in Saxony said this was the fifth attack against a Jewish cemetery in recent weeks. A special police unit, set up to fight rightist extremism in Saxony, is investigating the vandalism.

PERES EXHORTS AMERICAN JEWS TO INVEST IN ISRAEL, JUDAISM

By Larry Yudelson

NEW YORK, Oct. 4 (JTA) -- Israeli Foreign Minister Shimon Peres wants three things from American Jews: help in absorbing immigrants, investment in the peace process and a concerted effort to keep their children Jewish.

In a news conference conducted in Hebrew on Sunday, Peres said the worsening situation in Russia, along with the improving situation in Israel, is likely to increase immigration to the Jewish state.

Donations to the United Jewish Appeal's Operation Exodus campaign pay for the transportation of immigrants to Israel and a portion of their initial resettlement expenses.

UJA hopes to finish raising the \$1.2 billion it seeks for Operation Exodus by next summer.

In a meeting with top UJA officials last month, on the day the Knesset voted to endorse the recent accord with the Palestinians, Prime Minister Yitzhak Rabin "asked us to get Exodus moving as fast as possible," UJA National Chairman Joel Tauber said after returning from a 24-hour trip to Israel.

"It's a task of the highest level," was the way Peres described the immigrant absorption enterprise Sunday. "It is forbidden to forget it."

The Israeli foreign minister said the second task for American Jews, investing in the peace process, reflects the fact that the process is about contacts and connections as much as it is about politics.

Peres said President Clinton set the proper course when he brought American Jewish and Arab leaders together at the White House immediately following the signing of the peace accord there Sept. 13.

Clinton asked the two groups to cooperate in joint ventures aimed at rebuilding the economies of the Gaza Strip and West Bank, to enable the Palestinians to see the fruits of peace.

More Afraid Of Cable TV Than Arab Armies

The American Jewish Congress has already announced a joint effort with the National Association of Arab Americans aimed at investing in Gaza and the West Bank town of Jericho, where Palestinian autonomy will first be implemented.

Asking American Jews to preserve their Jewish identity and to teach their children Jewish history and the Hebrew language, Peres indicated that they are not the only ones faced with preserving their Jewishness in the face of a broader culture.

"I am more afraid of cable television (which has recently begun broadcasting in Israel) than I am of Arab armies," the foreign minister said, "because I know how to stop invading armies. I don't know how to protect against cable television."

In a more expansive discussion last week with the Conference of Presidents of Major American Jewish Organizations, Peres explained that cable television "comes straight into your bedroom, brings in a lot of nonsense, and I wouldn't want to replace the series of the stories of the Bible with the series of the happenings in Dallas," referring to the popular soap opera.

"Today I'm worried about our smallness, not for military reasons, but for cultural reasons," he told the Conference of Presidents.

"Even if people will not come to Israel,

(they should) adopt the Hebrew language, make it as a second language, so we can read the same books and share the same cultural occasions. We are the only Jewish state, with no relatives in faith, no relatives in language, no relatives in geography."

"The best guarantee for the existence of Israel," he said, "is the ongoing relationship between world Jewry, generally, and American Jewry, particularly.

"We are remaining partners in the business. And as we are changing the nature of our business," with the advance toward peace, "so do you, but we don't change the partnership."

MADONNA BRINGS HER ACT TO ISRAEL BUT WANTS TO STAY AWAY FROM FANS
 By Hugh Orgel

TEL AVIV, Oct. 4 (JTA) -- Pop superstar Madonna arrived Monday in Israel in advance of the single performance she was to give in Tel Aviv the following night.

But she failed to stay overnight in Jerusalem, as she had arranged.

The sultry American singer-performer arrived at Ben-Gurion Airport by private jet from Paris. She was followed by two jumbo jets carrying the star's 112 managers, backup singers, dancers, security men and stagehands.

Also arriving were nearly 200 tons of equipment, including sections of a giant stage as well as sound and lighting equipment.

A limousine with curtains drawn over the windows met her at the plane and she was whisked away to the King David Hotel in Jerusalem. There she was driven to a back kitchen entrance, where she could be kept away from reporters and screaming fans.

Madonna was then ushered by the hotel manager up a service elevator to the fifth floor and shown to her room, where she was served a light supper.

But she soon called the manager back to inquire why she had not been given the entire floor, as she had expected.

She was told that her local manager had ordered 15 rooms and had not mentioned that the star wanted an entire floor to herself. The floor had 48 rooms, but the hotel was fully booked for the holiday season.

According to the hotel manager, Madonna had appeared nervous when she arrived at the hotel and had told him she was afraid to be surrounded by other guests occupying nearby rooms.

As a result, the international superstar ordered her limousine to return and drive her to the Dan Hotel in Tel Aviv, where her crew was staying. The two hotels are under the same management.

Madonna is the latest of a string of highly popular, and often controversial, stars to have visited Israel this year and performed at Tel Aviv's Hayarkon Park.

Recent performers -- who played to hundreds of thousands of fans willing to pay \$50 and more for tickets -- have included Elton John, Guns 'N' Roses and Michael Jackson.

Their appearances in Israel have been denounced by members of the Orthodox community for "indecency" and "un-Jewish" performances.

Madonna's "Girlic Show" world tour features topless dancers as well as the far-from-puritanical gyrations of the star herself.