

ISRAELI AID IMPERILED BUSH THREATENS VETO ON LOAN PACKAGE

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Body

WASHINGTON - Contending that Middle East peace negotiations might be in jeopardy, President George **Bush** threatened Thursday to use his veto to delay action on a \$10 billion loan-guarantee package for Israel. Israel wants the loans to help house a flood of Soviet immigrants. About 350,000 immigrants, almost all of them from the Soviet Union, have arrived in Israel in the last two years, and Israel expects a million by 1995. But **Bush** wants the housing package delayed for 120 days, explaining on Thursday, "We're on the brink of a historic breakthrough" in trying to arrange a peace conference between Arabs and Jews. Arab nations fear the loans could be used to settle Jewish immigrants in disputed territory. And **Bush** said he wanted to avoid a "contentious debate (in Congress that would raise a host of sensitive issues" that "could well destroy our ability to bring one or more of the parties to the peace table." He declined to identify which nations might back off. "We don't want a contentious debate on settlements or anything else at this juncture," he said. "We want to get these parties to the table. I don't think it's asking too much to have a 120-day delay." **Bush** called the news conference as 1,200 officials of Jewish groups from 40 states fanned out across Capitol Hill to urge Congress to help Israel now. **Bush** described himself as "one lonely little guy" wearing out the telephone in appealing for a four-month delay.

He said he did not challenge the lobbyists' petitioning of Congress. "I think everybody ought to fight for what they believe in," he said. He added: "I am going to fight for what I believe. . . . I'm up against some powerful political forces, but I owe it to the American people to tell them how strongly I feel about deferral." He accused those trying to speed up the loan package of catering to domestic politics. "Too much is at stake for domestic politics to take precedence over peace," he said. "This is something I know the bulk of the American people understand." He acknowledged that seeking a delay probably was not a popular move. "But that's not the question, whether or not it's good 1992 politics. What's important here is that we give this (peace process a chance, and I don't care if I get one vote." The guarantees would permit Israel to borrow the \$10 billion from commercial banks over five years at favorable rates. The loans would be used to build homes, roads, hospitals and schools for the refugees; the loans would be paid back over 30 years. **Bush** declined to say whether he would endorse the U.S. guarantees after a 120-day delay. A reporter asked **Bush** if he would be willing to commit himself to backing the measure come January. "Absolutely not," **Bush** replied. In reaction, Shoshana Cardin, chairwoman of the Conference of Presidents of Major American Jewish Organizations, said **Bush's** administration had first asked for a delay until Labor Day and now, in proposing further delay, was provoking an unnecessary clash. "Raising it to the current level may create problems for the peace process," she said. In Jerusalem, **Israeli** Foreign Minister David Levy said, "Israel is not seeking a confrontation with the United States, its ally, just as our request for guarantees is not a provocation against anyone, nor a hindrance to the advancement of the peace process." He noted that Israel had already delayed the request from March to September at the request of the United States, "out of the same desire to cooperate." Last year, **Bush's** administration approved \$400 million in housing loan guarantees for Israel. But first, Levy pledged in writing that, as a matter of policy, his government would not use the loans for housing on the West Bank or in the Gaza Strip. **Israeli** Prime Minister Yitzhak Shamir, reacting to the threat of a veto, said late Thursday that approval of the loan guarantees would not harm chances for peace. "We do not believe that reacting positively to Israel's request would jeopardize the peace process," the **Israeli** leader's staff said in a statement issued in Paris, where Shamir is visiting. "This is a humanitarian need which we believe has no connection to any

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political subject whatsoever including the peace process in the Middle East." But Shamir said his government would seek assistance from European Community governments to help resettle Soviet Jews now that **Bush's** administration wants to delay **loan** guarantees worth \$10 billion. Shamir acknowledged that his government was exploring prospects of better relations with European governments as tension has risen with the United States. Shamir said he had discussed the need for European assistance with French President Francois Mitterrand. He said Mitterrand told him to formulate an **aid** proposal directed to all 12 EC members. **Bush** and the Arabs are insisting that Israel stop allowing Jews to live in the territories held by Jordan and Egypt until 1967. About 2 percent of the recent Soviet immigrants have settled there; another 2 percent have settled in east Jerusalem. **Israeli** Prime Minister Yitzhak Shamir is intent on holding the territories seized in the Six Day War of 1967, even though he has agreed to attend a peace conference. **Bush** says the conference should be based on Israel's giving up territory in exchange for Arab acceptance of Israel's right to live in peace. **Bush** said at his news conference Thursday that Israel had got more than \$4 billion in various **aid** programs from the United States in the fiscal year that ends Sept. 30 - nearly \$1,000 for each **Israeli** citizen, he said. Therefore, he said, the disagreement is not about support for Israel but "about peace. For the first time in history the vision of Israelis sitting down with their Arab neighbors to talk peace is a real prospect. Nothing should be done that might interfere with this prospect." **Bush** and Soviet President Mikhail S. Gorbachev agreed in July to co-sponsor a Middle East peace conference and said they intended to issue invitations for next month. Secretary of State James A. Baker III is scheduled to go to Israel, Egypt, Jordan and Syria next week to try to make final arrangements. Baker, now in Moscow, planned to meet today with Soviet Foreign Minister Boris Pankin to discuss the Middle East peace conference. A senior U.S. official said the two would discuss the specific invitations. It was unclear whether they had agreed on a place and time. Earlier this week, Pankin reaffirmed Soviet opposition to holding the conference in the United States. He suggested Prague, Czechoslovakia. On other matters, **Bush**: Said Supreme Court nominee Clarence Thomas was handling himself "very, very well" in his confirmation hearings. Defended Robert Gates' nomination to head the CIA, saying he had given "absolutely no consideration for withdrawal because there's no reason for withdrawal." He noted "feathery charges" against Gates stemming from the Iran-Contra affair, but said they were nonsense. Gates' confirmation proceedings will begin Monday.

Graphic

Photo; PHOTO (COLOR) HEADSHOT of George **Bush**..."Sensitive issue."

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