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THIS US-ISRAEL CRISIS IS UNNECESSARY

A French army officer, noted for his proclaimed devotion to all the tenets of Christian orthodoxy, was once put to the test: at a social gathering, one of the guests, without warning or provocation, stepped up to him and slapped his cheek. After the briefest hesitation, the officer coolly turned his head, when the experimenting assailant hastened to slap his other cheek. Whereupon the officer punched him on the nose and knocked him down.

Upbraided for this seemingly un-Christian reaction, the officer claimed that he was enjoined in the Bible to turn one cheek, not both. The leaders of the American Jewish organizations are apparently endowed with a plurality of cheeks. In spite of all that the US administration has said and done about the loan guarantees, the chief executive officer of the "Presidents' Conference" announced from Jerusalem last week that they would try yet again to influence President Bush to change his mind.

How much accumulated humiliation can they tolerate? What measure of humiliation do they think must still be suffered by Israel - and indeed by Jews in general - over the loan guarantees at the hands of the Bush administration? Rejected as their pleas have been, slapped as were their (and our) collective faces by the president; hectoring and bullied as Israel has been by Secretary Baker; with Israel's request for the guarantees distorted and magnified in administration propaganda into an alleged request by Israel for \$10 billion in "aid," and with President Bush's insistence that Israel accept his dictation on her national policy - what on earth do the conference's director, Malcolm Hoenlein, and his colleagues believe they can tell Mr Bush to make him "change his mind"? All that has been produced by a year-long pleading and begging at the State Department and the White House is a hardening of the president's heart. Finance Minister Yitzhak Moda'i (in an interview in *Yediot Aharonot* on February 28) bluntly charged the US administration with deceit. When in February 1991 he told Lawrence Eagleburger, senior aide to Secretary Baker, that in order to cope with the problem of immigrant absorption Israel would need an outside input of \$10b. over the next five years, he made it clear that Israel would not ask the US government for this aid, but only for guarantees for loans that Israel would procure elsewhere.

Eagleburger (said Moda'i) did not declare the idea "crazy," nor say anything about conditions. All he said was that the Gulf war, then in progress, made such an application untimely, and he urged that the request be postponed till September. Accordingly, in September, Israel made formal application, and the president asked for a postponement of 120 days.

"He too did not say," Moda'i went on, "that the application was crazy, or exaggerated. He did not link the request to settlements." If the Americans did not want to accede, exclaimed Moda'i, why did they not say so? Why was Israel's government not told in advance about conditions, so that it could decide whether to submit the request at all? The answer to that, now that we know more about President Bush's mindset, is of course that stringing Israel along was rationally the correct tactic. Presuming that Israel was waiting,

tongue hanging out for a reply, it might be softened gradually into desperate acceptance of the American conditions.

Moda'i's analysis is quite correct. The ultimatum - either, or - was waiting in the wings from the outset. THE guilt of the Israeli government for allowing the US administration to play this game is naturally greater than that of the American Jewish organizations' leaders.

What could be more fatuous than its evident assumption that President Bush was more devoted to "humanitarian values" than to his warm relations with the Saudi Arabians, the Egyptians et al.? For a whole year the government, against all the evidence, continued to act on that assumption. It refrained from any overt effort to seek, or to organize, an alternative source for the guarantees.

Even after Baker's pronouncement of the ultimatum, Prime Minister Shamir continued his plaintive responses to State Department slaps. The US administration, he now declared, was being "unjust" to Israel. Was this supposed to bring about the loan guarantees? There never was any such doubt about the government's potential ability to raise the loan guarantees.

Its continuing passivity becomes positively mystifying in the light of the revelation made by Yitzhak Moda'i in the interview in Yediot Aharonot. In the first place, he confirmed in effect the rumors that Israel had privately been offered assistance. "I am prepared to reveal," he said, "that I have been approached by more than one, and more than five Jewish millionaires, who said to me: 'Don't let the Americans humiliate Israel. Tell them you don't want their guarantees.' I said to them 'And what do we do instead?' They replied: 'We shall guarantee for you.' " Moda'i's further statements in that interview, however, provide an adequate answer to the whole problem. Questioned by the interviewer as to how Israel would in any case overcome the difficulties of the immediate future, this was his reply: "I do not expect difficulties, not in the coming year, nor in the next year, nor in the year after that. I do not expect exceptional problems.

When I came to the Treasury in July 1990, I instructed the staff to procure loans on the world market - long-term and medium-term