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MEXICO SAYS NO Kfir DEAL

By Chaim Lazdeiski

MEXICO CITY, Feb. 5 (JTA) -- Mexico's Defense Minister, Gen. Felix Lopez, announced here that his country will not buy the Israeli-made Kfir jet fighters for its air force, but he praised the Israeli army.

Lopez arrived in Israel Jan. 11 at the head of a 16-man military delegation to inspect military installations and, specifically the Kfir, the first combat aircraft designed and built in Israel. During his six-day visit he inspected the Kfir production line at Israel Aircraft Industries, Mexico reportedly had been interested in the Kfir for some time as part of a program to reequip its air force. It was expected to order 24 of the aircraft.

But the Kfir had to compete against the American-made F-15E and apparently the order will not materialize. Lopez told a press conference here, however, that he "saw the Israeli army and it is one of the best in the world."

SHAMIR TO MEET WITH HAIG; LIKELY SUBJECTS OF TALKS TO BE U.S. ARMS SALE TO SAUDIS, MULTI-NATIONAL PEACEKEEPING FORCE IN THE SINAI

By David Landau

JERUSALEM, Feb. 5 (JTA) -- Foreign Minister Yitzhak Shamir will meet with Secretary of State Alexander Haig in Washington later this month. News of the meeting was released in Washington last night by the Israeli Ambassador, Ephraim Evron following his 45-minute talk with Haig. Shamir is understood to have asked for the meeting to establish contact with the new American Administration and to discuss matters of immediate concern to Israel.

Two subjects likely to be taken up are the U.S. arms sales to Saudi Arabia which Israel views with alarm, and the creation of a multi-national peace-keeping force to patrol Sinai after Israel completes its evacuation of the peninsula in April, 1982. No date was announced for the meeting, but Evron suggested the third week of February when Shamir will be in the U.S. en route to Mexico and Central America on a previously planned trip.

Speculation About A Tripartite Meeting

The meeting will be the first between a senior member of Israel's Cabinet and a top Administration official since President Reagan took office. It raised speculation here that Reagan might follow it up by inviting President Anwar Sadat and Premier Menachem Begin to Washington separately in March to explore the possibility of a tripartite summit meeting later. There has been no official word on that prospect from any of the parties.

Evron conveyed to Haig yesterday Israel's concern that the U.S. might agree to Saudi Arabia's request for extra fuel tanks and bomb racks to enhance the combat capabilities of the 60 F-15 warplanes it purchased from the U.S. The additional equipment would enable the aircraft to attack targets in Israel. "As long as Saudi Arabia continues its policy of hostility toward Israel our feeling is it should not be given weapons which can be used against us," Evron was quoted as telling Haig.

When the Carter Administration agreed to sell the F-15s to Saudi Arabia as part of a controversial "package deal" that involved arms to Israel and Egypt as well, Israel was assured that the planes would be equipped for defensive operations only. The first are due to be delivered to the Saudis before the end of this year.

Slow Progress On Setting Up Peacekeeping Force

With little more than a year to go before Israel completes its withdrawal from Sinai, the lack of progress in putting together a peacekeeping force is troubling Israel. The Egyptian-Israeli peace treaty provided for a United Nations force at Sharm el-Sheikh and other strategic sites in Sinai, or, failing that, a "multi-national force."

Efforts by the U.S. so far to persuade other countries to participate in such a force have not been successful. A Foreign Ministry spokesman said today that Israel hoped the Reagan Administration would revive those efforts and achieve greater success.

Israel has made it clear that it will not execute its final withdrawal from Sinai unless and until the matter of peace supervision is resolved to its satisfaction. Shamir said recently that Israel would like to see the U.S. itself participate in the multi-national force.

PERCY SUPPORTS REAGAN'S VIEW ON 'THE FIRST STEP' TOWARDS SETTLING ARAB-ISRAELI SITUATION

By Joseph Polakoff

WASHINGTON, Feb. 5 (JTA) -- President Reagan's position that "the first step" towards a settlement of the Arab-Israeli situation is recognition by the Arab states "of Israel as a nation" is supported by Senate Foreign Relations Committee chairman Charles Percy (R. Ill.).

Two days after Reagan stated his position during a meeting with a small group of journalists in the Oval Office Monday, Percy said that this week he urged diplomats of two Arab countries to persuade "the Palestinians" to renounce terrorism and to recognize Israel's right to exist in peace. If the Palestinians do that, Percy said yesterday, the United States can then help them ultimately to have "some sort of homeland" in a federation with Jordan.

The Senator did not identify the two Arab countries. When one of his top aides was asked whether they are Jordan and Saudi Arabia, the aide replied "That is not exactly right." Egypt is the only Arab country that presently recognizes Israel.

Senator Outlines Scenario

Percy said that the Arab-Israeli scenario requires first of all the guarantee of the Palestinians to Israel. He said he told the Arab diplomats to "exert their influence and pressure on the Palestinians to face up to the realities of life" and give the guarantees. "I think the day is getting closer when that can happen," Percy said.

When those guarantees are given, he continued, he thinks the U.S. "could be a middleman between Israel and the Arab states to develop a procedure for establishing some sort of homeland for the Palestinians." Regarding the "homeland," Percy said Palestinians first must recognize Israel's "right to

exist as a sovereign state, recognize its right to have defensible borders, and recognize the right of its people to live in peace and freedom and safety."

Percy was criticized last month when he was reported to have told Soviet Foreign Minister Andrei Gromyko in Moscow that he leaned toward a Palestinian state on the West Bank that would enable Palestine Liberation Organization chief Yasir Arafat to realize his dream of being the leader of a state.

BEN-ELISSAR TO RESIGN AS ISRAELI'S ENVOY TO EGYPT TO RUN FOR KNESSET; SASSON EXPECTED TO REPLACE HIM

By David Landau

JERUSALEM, Feb. 5 (JTA) -- Israel will appoint a new Ambassador to Egypt shortly when Incumbent Eliahu Ben-Elissar resigns to run for a Knesset seat. The new envoy to Cairo is expected to be Moshe Sasson, a veteran diplomat who has served previous Labor governments as well as the present Likud regime.

Foreign Ministry spokesman Naftalie Lavie told reporters today that while no official decision has been made, Sasson was considered within the Ministry to be eminently qualified to serve as Ambassador to Egypt. Foreign Minister Yitzhak Shamir is reported to have decided unofficially to appoint him.

Long Involved In International Affairs

Sasson, 55, currently holds the rank of Special Ambassador with responsibility for the Foreign Ministry's two European Affairs divisions. He served earlier as Israel's Ambassador to Turkey and to Italy and is one of Israel's leading experts on Arab affairs.

He was advisor to the Prime Minister on West Bank affairs for three years after the Six-Day War, in which capacity he conducted extensive negotiations with local Arab leaders in that territory. In December, 1973, while Ambassador in Rome, Sasson was summoned by the then Foreign Minister Abba Eban to join the Israeli delegation to the short-lived Geneva Middle East peace conference.

He is a son of the late Eliahu Sasson, who was a leading diplomat in the pre-State period and conducted secret talks with Arab leaders in the 1940s. Later he served as a Minister in Labor governments.

Ben-Elissar, the first Israeli Ambassador to an Arab country, was a protege of Premier Menachem Begin and Director General of the Prime Minister's Office until posted to Cairo. He failed to win a Knesset seat in the 1977 elections but is considered certain to place high on the Herut slate in the elections this spring.

ISRAELI PUBLISHERS RELATE THEIR EXPERIENCES AT THE INTERNATIONAL BOOK FAIR IN CAIRO

By Hugh Orgel

TEL AVIV, Feb. 5 (JTA) -- Israeli publishers who returned from displaying their publications at the international book fair in Cairo said today there were moments when they feared for their physical well-being.

Benzion Yehoshua, of the Hebrew University Magnes Press, said no policemen were visible when Palestine Liberation Organization supporters at a neighboring booth demonstrated with signs, reading: "Palestine is Arab." On the fol-

lowing day guards were present and kept the Palestinians and leaving Egyptian students some distance away.

Yehoshua said the Israelis displayed an Israeli flag on their stand, which was not strictly an Israeli stand but a display arranged by an Egyptian publisher, and did this only after the Palestinians had raised their own flags. The Israeli stand was then moved to the main international pavilion where much interest was shown in the Israeli books in Hebrew, Arabic and English.

The Israeli publishers thought the student demonstrations were less anti-Israel than a way of expressing opposition to President Anwar Sadat. Yehoshua said one Egyptian called at the Israeli display to ask for a copy of "The Protocols of the Elders of Zion" in Hebrew. "I don't think it was a provocation. It seemed as though he had heard of the Protocols and simply wanted to see them in Hebrew," Yehoshua said.

JEWISH SUPPORT FOR ITALIAN EARTHQUAKE RELIEF PASSES \$140,000

NEW YORK, Feb. 5 (JTA) -- Over \$140,000 has been donated by the Jewish community of the United States for the relief of victims of the earthquake in the Naples area of Italy last November.

According to Henry Taub, president of the American Jewish Joint Distribution Committee, \$30,000 of the total was donated by the JDC from its own funds immediately following the catastrophe. "The other donations," he added, "have come from people in all walks of life, who wished to show their concern for the victims of the earthquake."

Sponsoring Pre-Fabricated Community

JDC executive vice president Ralph Goldman said that "on the recommendation of our Rome office we are sponsoring the construction of a prefabricated community center which is being built in the mountain town of Potenza for us by the Italian Red Cross."

Goldman pointed out that "the aim of the center is to provide day care for aged and children, including recreational and educational programs, distribution of hot meals, toilet services, and medical assistance where required." He said construction of the center is to begin in a few days and is expected to be completed by the end of the month.

He said the center will be managed by Red Cross operators and also staff from the Potenza town administration; primary and secondary school teachers, social workers, doctors and manual workers.

Goldman added that 100 million Lira were transferred to the Italian Red Cross by the JDC at a ceremony in the offices of the Italian Minister of the Interior Dec. 23. Also attending, he said, were representatives of ORT, HIAS, and the Jewish Agency, which together with JDC cooperate in helping Soviet Jewish emigrants in Italy.

"Potenza, according to the information we have received," Goldman said, "was devastated by the earthquake. Over 400 homes were destroyed. It is also one of three locations in the earthquake area where Jews were interned during World War II."

Goldman said that the JDC, which helped Jewish refugees in Italy in the aftermath of World War II had found records that showed repeated references to the "friendly and helpful" attitude of the people in this area "whose aid may well have saved many Jews from capture."

NEW YORK (JTA) -- Burton Levinson, chairman of the National Conference on Soviet Jewry, reported that the number of Jews who left the Soviet Union last month was 850, the lowest in months.

KEMP SAYS HUMAN RIGHTS WILL BE PRIME ISSUE TO ADMINISTRATION

WASHINGTON, Feb. 5 (JTA) — Human rights will continue to be a prime issue to the Reagan Administration, Rep. Jack Kemp (R. NY) told a meeting here yesterday of the International Council of B'nai B'rith. While praising President Reagan and Secretary of State Alexander Haig for their statements on foreign policy, Kemp noted that Haig has placed greater emphasis on combatting world terrorism.

"The struggle for human rights must go on," the Congressman declared. "I don't think the United States can afford to signal the world that it is relaxing its fight for human rights." Contending that the U.S. has applied a double standard in the human rights struggle, "rewarding our enemies and punishing our friends," Kemp urged a reversal of that practice.

Kemp, a self-described "bleeding heart liberal," concentrated on economic issues and foreign policy matters which, he emphasized, were intertwined. "A nation's ultimate defense is its credibility, in its foreign policy, its words, its military, its economy."

Attitude Towards Israel

About Israel, Kemp declared: "Support for Israel is support for those values, ideals and principles for which the United States was founded." He said he would not let Reagan forget the promise he made at the B'nai B'rith convention in Washington last summer to support Israel nor allow Republicans to ignore that plank in their election campaign platform.

In answer to a question about the Venice declaration which was adopted last June by European Economic Community ministers, which called for the Palestine Liberation Organization to play a role in the Middle East peace process and thereby was antithetical to the Camp David peace process, Kemp said he did not believe the declaration has any meaning to Reagan.

The President, Kemp said, "accepts the premise of Camp David as a future basis for developing a solution to the Mideast situation, a 'process of step by step, with Israel negotiating with its neighbors.'" He added that he believes it is the consensus of Congress to oppose the sale of offensive weapons to those Mideast countries that refuse to participate in the peace process.

Opposes Sale Of Offensive Weapons

"There is a desire to slow down the frenetic approach to negotiations in the Middle East," Kemp said. "One way to do it is to make sure there are no offensive weapons sold to Arab states, particularly in light of the Venice declaration" and the call for a jihad (holy war) against Israel as was mounted last week in Taif, Saudi Arabia at the summit meeting of Islamic nations. On the other hand, Kemp said, "It is absolutely imperative" to give Israel the military assistance it needs as well as to provide "a sounder basis for the Israeli economy."

The Congressman also said that steps should be taken to scale down U.S. funding for the United Nations. These cutbacks, he explained, are not only for budgetary reasons but "to send a signal that the United States will no longer finance to that degree a forum that is anti-West, anti-democratic, anti-Israel and illiberal."

BRITISH GOVERNMENT TO PROBE RACIST ORGANIZATIONS

By Maurice Samuelson

LONDON, Feb. 5 (JTA) — The British government will begin an immediate study of racist organizations and is considering setting up special police units to investigate racist attacks.

William Whitelaw, Home Secretary, made this pledge after talks with the Joint Committee Against Racism, a broad-based body which includes representatives of the churches, colored minorities and the Jewish community. The committee, formed four years ago to combat the rightwing National Front, says it knows of at least 1000 attacks on colored minorities in the last 18 months and believes the total may be several thousand.

Although the overwhelming majority of these attacks are against West Indian and Asian immigrants and property, there is also a strong strain of anti-Semitism in the activities of the racist organizations. The Board of Deputies of British Jews is closely associated with the anti-racist campaign.

The Board of Deputies said the aim of the Joint Committee, which it helped to establish, was to take race out of politics. The decision of the Home Office to carry out an investigation of racism would help to reassure the minorities that they are not isolated.

SHNEIDERMAN AWARDED ATRAN PRIZE

NEW YORK, Feb. 5 (JTA) — The American Yiddish writer S. L. Shneiderman has been awarded the 1980 Atran Prize for Yiddish Literature. The award, established by the Congress for Yiddish Culture in New York, is distributed annually to three Yiddish writers in different countries. The other two recipients for 1980 are I. Yonasonovitch in Israel and Shlomo Suskiovitch in Argentina.

Shneiderman has had a distinguished career as a writer and journalist for the last 50 years in Poland, France and the United States. Among his highly acclaimed books in Yiddish and English are: "War in Spain" (1938); "Between Fear and Hope" (1947); "The Warsaw Heresy" (1959); "When the Vistula Spoke Yiddish" (1972), and its English version "The River Remembers" (1978). He is also the author of two volumes of poetry and two monographs in Yiddish about the Soviet writer Ilya Ehrenburg (1968) and the painter-miniaturist Arthur Szyk (1980).

Shneiderman conceived and wrote the narration for the film "The Last Chapter," depicting the rise and fall of the 1000-year-old Jewish community in Poland; he edited the first diary of the "Warsaw Ghetto" by Mary Berg, translated into eight languages; and the war memoirs of Gemma LaGuardia Gluck, sister of New York City's Mayor Fiorello LaGuardia. Shneiderman is the past president of the Yiddish P.E.N. in New York.

NEW YORK (JTA) — The American Jewish Congress has called for a Federal investigation of an El Paso, Texas, law firm, Craven & Craven, that placed a help wanted ad in the Texas Bar Journal seeking a "Christian attorney." In a letter to Eleanor Holmes Norton, chairman of the Federal Equal Opportunity Commission, Stephen Gutow, chairman of AJCongress' Dallas Chapter's Commission on Law and Social Action, said "We find it particularly troubling that lawyers are willing to openly flaunt their disobedience of the law in a journal dedicated to the advancement of the legal profession." The law firm placed a five-line ad in the Journal's January issue headlined, "Christian attorney wanted."

SPECIAL INTERVIEW**OPTIMISM ABOUT ISRAEL'S ECONOMY**

By Yitzhak Rabi

NEW YORK, Feb. 5 (JTA) -- Despite its present economic woes and an inflation rate that skyrocketed to 133 percent last year, the highest in the world, Israel's economy is "basically very healthy," according to Prof. Haim Ben-Shahar, president of Tel Aviv University and a renowned Israeli economist.

Ben-Shahar's optimistic view of his country's economy -- which is not shared by many -- is due to the fact that during 1980 Israel improved its balance of payments despite an exorbitant increase in its bills for the purchase of foreign oil and run-away inflation.

"Israel was one of the few Western countries that concluded 1980 without a deficit in its balance of payments," Ben-Shahar pointed out in an interview with the Jewish Telegraphic Agency. "Israel increased its exports during last year by more than 25 percent, from \$8 billion in 1979 to \$10 billion in 1980. This achievement is underscored by the fact that all OPEC's markets are closed to Israeli goods. This is, in my opinion, an outstanding achievement which indicates that the Israeli economy is basically very healthy."

The 46-year-old American-educated Ben-Shahar explained that the "moderate" decline in consumption inside Israel, for one, and previous investments in the country's science industry, for another, are the two major factors that help increase Israel's exports. "Israel has developed a sophisticated electronics industry -- computers, medical equipment, etc. -- and is competing successfully, price and quality-wise, with such countries as Japan," Ben-Shahar said.

Some Causes For The Inflation

He believes that Israel's inflation is basically "an internal problem," regardless of the world wide phenomenon of inflation.

"Israel's inflation is due mainly to the fact that the government was not able to trim its defense and welfare budgets and did not increase its revenues from taxes," Ben-Shahar said. "The combination of high government spending with low revenue rates increased the government's deficit and added to the growing inflation."

But, Ben-Shahar added, the reason inflation in Israel reached the staggering rate of 133 percent is the system of "compensations" in which automatic increases in salaries and in the value of savings and other forms of investments are granted to offset the rise in the cost of living index and the eroded buying power of the Shekel. "As a result, there is a vicious cycle" in which inflation increases the amount of money in circulation and this in turn increases inflation, Ben-Shahar explained.

In the opinion of the noted economist, Israel's inflation cannot be beaten at once. The first target should be the reduction of inflation to less than 100 percent a year. "An attempt to kill inflation in one shot," Ben-Shahar warned, "will cause massive unemployment and an economic depression in Israel."

Noting that the task of curing Israel's economy will be borne by the next government, to be elected this spring, Ben-Shahar outlined the major steps Israel will have to take towards economic recovery. They are:

* A drastic cut in government spending, especially in the fields of defense and welfare.

* Improvement in the tax system, "mainly in the area of corporate tax."

* Increased incentives for exports, despite the economic slowdown around the world. "This will bring an economic growth in industries for exports and will stem the growth of public services," he said.

Ben-Shahar, who is also the author of the recently published study "Israel and the Diaspora: A New Strategy," was in the United States for the opening of the offices of the American Friends of Tel Aviv University in Miami and Chicago.

HAMMER URGES JEWISH ATHLETES**TO MAKE ALIYA, COMBAT ASSIMILATION**

By Haskell Cohen

TEL AVIV, Feb. 5 (JTA) -- The International Maccabiah Games Committee, meeting here in preparation for the quadrennial "Jewish Olympics" to be held in Israel July 6-16, was greeted on behalf of the government by Education Minister Zevulun Hammer whose portfolio also covers sports and culture. He used the occasion to promote aliya by Jewish athletes from all over the world and to warn of the dangers of assimilation.

Hammer, a leader of the National Religious Party, yesterday told the committee members representing 30-odd countries that "The biggest success of the Maccabiah will be when we shall not have them as a world Jewish sport event, but as a main sports competition for Israeli sportsmen. The Maccabiah should be the means to the end of attaining our ultimate goal."

According to Hammer, "Athletes who participate in the Maccabiah will gain a better understanding of life in Israel and will learn the significance of being a Jew. Hopefully, this experience will inspire them to take up the challenge of living in Israel and encouraging others to follow in their footsteps, thereby building a strong Jewish society."

He noted that "In many sports meetings, the main object is to win. Beyond this object at the Maccabiah Games is the coming together for a Zionist cause, therefore the Maccabiah is so important to our nation."

Hammer warned that "assimilation is the death knell of this generation" and "Jewish clubs and sport is one of the ways to solve this problem." In that connection, he observed that the interval between Maccabiahs is sometimes more important than the Maccabiah itself because "sport activities serve as a vehicle for initiating many other Jewish activities."

BRILLOVSKY SENT TO LEFORTOVO

NEW YORK, Feb. 5 (JTA) -- Viktor Brailovsky, who was arrested last November on charges of "defaming the Soviet state and public order," has been transferred from Moscow's Butyrka Prison to the notorious Lefortovo Prison where Anatoly Shcharansky was held incommunicado for 14 months. It was reported here today by Burton Levinson, chairman of the National Conference on Soviet Jewry.

Brailovsky, a leading activist of the Jewish emigration movement and editor of the journal, "Jews in the USSR," was reported last month to be seriously ill by his wife, Irina. She said then that the interrogation of Brailovsky had been temporarily suspended because of his medical condition. Efforts to ascertain the nature of his illness have been unsuccessful.

Brailovsky has not been seen by his wife nor have formal charges been leveled against him, Levinson said. He noted that the transfer may mean that Soviet authorities intend to continue their investigation of the case.