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BEGIN, SADAT ANNOUNCE THE AUTONOMY TALKS WILL RESUME SEPTEMBER 23

By Hugh Orgel

TEL AVIV, Aug. 26 (JTA) -- Premier Menachem Begin and Egyptian President Anwar Sadat announced today in Alexandria that the autonomy talks would resume Sept. 23. They said the fixing of the date was the most important achievement of their meetings. They said they hoped the talks could be successfully concluded by the end of the year, but Begin added that he could not guarantee that.

Interior Minister Yosef Burg, who heads the Israeli negotiating team at the autonomy talks, told Israel Army Radio in Alexandria where he accompanied Begin, that the talks next month would begin in Egypt with the participation of an American representative. He said the talks would be "continual" and "at a senior level."

(In Washington, the State Department welcomed the development on the autonomy talks. Department spokesman Dean Fischer said, "We want to stress that as a participant in the Camp David process, it is very encouraging." He said he did not know who would represent the U.S. when the talks resume.)

At the press conference, Sadat said he thought the normalization of relations between Egypt and Israel was proceeding well. He said that Begin had pointed out to him some shortcomings in the normalization process and that he immediately instructed his Foreign Minister to correct it.

Sadat said there need be no fear that Egypt would renege on its undertakings once it had regained Sinai in full next April. He stressed that Egypt regarded the peace treaty as part of its strategy, not a tactical object to be used for other purposes.

Says Statements On PLO Misunderstood

Asked about his recent statements about the Palestine Liberation Organization and Palestinian participation in the peace talks, Sadat said he appeared to have been misunderstood. Ever since his first visit to Jerusalem in 1977 he had spoken about the need to bring the Palestinians into the peace process, and this was enshrined in the Camp David peace accords.

Sadat said he did not mean the Palestinians should be brought into the talks immediately, but only after the autonomy talks had been concluded, and during the five-year period of temporary rule. And he again pointed out he has said he does not regard the PLO as the sole representative of the Palestinian people.

Reporters present at the press conference noted that Sadat refrained from mentioning the PLO by name, referring only to "Palestinians" apart from his statement that he still did not regard the PLO as the "sole representative of the Palestine people."

Begin took advantage of the special forum offered him in Alexandria to speak at length of why Israel did not regard the PLO as a negotiating partner. He quoted resolutions of Arab forums and statements by leaders of the "international terror-

ist organization" announcing their undying enmity of Israel, which they wished to see destroyed, and their anti-Western policies which made them a tool of Moscow.

Begin said Palestinian representatives from the West Bank and the Gaza Strip would be welcome in the Egyptian delegation to any negotiations.

Sadat said there should be mutual recognition between the Palestinians and Israel, a remark similar to that which he made in London and Washington on his visits there earlier this month. Burg told Israel Army Radio that the purpose of Israeli Defense Minister Ariel Sharon's recent round of talks with West Bank Arab leaders was to persuade them to join the Egyptian delegation to the autonomy talks.

Cease-Fire Assessed

Sadat welcomed Begin's remarks that he viewed the cease-fire on the Israeli-Lebanese border as a permanent one. But Begin pointed out that the cease-fire was between Israel and Lebanon, and Israel reserved the right to defend itself against attacks "from anywhere, not only from Jordan or Syria."

Sadat said he preferred to give a "no comment" reply to a question about what he and Begin had told each other about the Israeli raid on the Iraqi nuclear reactor and the "Israel bombing of Beirut." Begin said he would agree to that comment, after pointing out that "we did not bomb Beirut. We bombed PLO headquarters there."

Before coming to the press conference, Begin and the Israeli delegation visited the Great Synagogue of Alexandria. Begin noted that this was his second visit there. He appealed to the small Jewish community -- descendants of an ancient community -- to "keep the spark alive. We want all Jews to come to Israel, but of their own free will."

Begin, upon returning to Israel tonight said the summit meeting had been "very positive, with positive results." He said the September meetings on the autonomy talks would be held in Cairo, after his return from Washington. A subsequent round of talks would be held in Israel.

Begin said there would be speedy movement on normalization of cultural, tourism and agriculture ties between the two countries, with Israel's Tourist Minister going to Cairo shortly. Reporters who returned with Begin said Soviet infiltration and influence in the Middle East and the downing by American planes of Libyan planes had been discussed in depth during the summit, with a large measure of agreement between Sadat and Begin. Sharon remained in Egypt for a day or so of further talks.

BEHIND THE HEADLINES

ANTI-AMERICAN FEELINGS IN GERMANY SPILL OVER TO ANTI-ISRAEL FEELINGS

By David Kantor

BONN, Aug. 26 (JTA) -- An increased wave of anti-American feelings in West Germany is seen by diplomats here as a phenomenon likely to exacerbate the problem of Israel's image and to trigger a further deterioration in the relationship between Bonn and Jerusalem. At the same time, however, there is hope among friends of the United States and of Israel that German leaders will take decisive action to help change that situation.

How Israel is linked here to any anti-American feelings was illustrated by a television report following the dogfight between U.S. and Libyan aircraft off the coast of Libya last week. A reporter for the German-operated TV Channel One described the dogfight as an American calculated demonstration of force, implying that the clash was provoked by the U.S.

A commentator said later that the American action was in line with Washington's support for Israel, which he described as its "Middle East client." The whole issue was presented in the media as part of President Reagan's "aggressive" policies and wide coverage was given to Arab reactions linking Israel and "world Zionism" to the Reagan Administration's new security policy.

The dogfight supplied more ammunition to a wide coalition of anti-American groups here which criticize the U.S. for being too tough toward the Russians and for allegedly developing a strategy of avoiding a full-scale nuclear catastrophe by preparing for a possible "limited" nuclear war on European soil. The opposition to having American-made neutron bombs stored in Europe is part of a widespread campaign against having any U.S. offensive weapons in Europe. Originally this campaign was aimed solely against the U.S., but of late has drawn Israel into the firing line.

Warns Against Anti-Americanism

In recent days, the Christian Democratic Union (CDU) opposition has warned against what it views as anti-Americanism in some quarters of the ruling Social Democratic Party (SPD). The same warning, though in a weaker form, was issued by former President Walter Scheel and by Foreign Minister Hans-Dietrich Genscher. Chancellor Helmut Schmidt himself said he has detected the anti-American trend in public opinion and in his own party and has urged that the U.S. should be careful not to be identified with a policy that appears to make it unwilling to reduce world tensions.

An Israeli diplomat here said the anti-American trend is bad news for Jerusalem because it tends to identify Israel with what is perceived to be a bellicose American military stance and thereby places Israel in a negative light. Reversing the anti-American trend would give Israel a more positive image, and the diplomat expressed hope that German political leaders could stem the tide of anti-American feelings.

CHEYSSON TO VISIT ISRAEL, EGYPT

By Edwin Eytan

PARIS, Aug. 26 (JTA) -- Foreign Minister Claude Cheysson will visit Israel and Egypt, Elysee Secretary General Pierre Berezgouy announced today. The date for the Foreign Minister's trip has not yet been fixed and officials here believe it will probably take place next October. Israel's Ambassador to France, Meir Rosenne, is due to meet Cheysson next week to arrange for a tentative date and his program.

The decision to send Cheysson to Israel and Egypt was reportedly taken by President Francois Mitterrand who is upset by the wave of unrest and protests which has swept through part of the Jewish community and Israel's friends. The president of the major pro-Israeli friendship organization, Gen. Jean Lecomte, who heads the France-Israel Alliance, yesterday wrote Premier Pierre Mauroy to protest what he considers to be the government's pro-Arab slant and called for Cheysson's resignation.

Jews were also upset by Cheysson's scheduled meeting next week with Palestine Liberation Organization chief Yasir Arafat and by the endless stream of Arab dignitaries visiting the Elysee while no direct contacts on a ministerial level have been established with Israel since Mitterrand's election last May.

The French President conferred today at lunch with the Emir of Qatar, Sheikh Khalifa Bin Hamad. After the meeting, a French spokesman said that Mitterrand had said that certain elements in the Saudi Arabian peace plan, as proposed earlier this month by Crown Prince Fahd, contained "positive elements." Elysee spokesman Berezgouy quoted Mitterrand as saying, "Peace is always preferable to war."

Mitterrand is due to meet at dinner tonight with Jordan's King Hussein, the second Arab king he will meet since his election. He conferred with Saudi Arabia's King Khaled in June.

The French President is due to leave next month for an official visit to Saudi Arabia and Cheysson is leaving Friday for a trip to Jordan, Lebanon and Syria where he is due to confer with Arafat. Berezgouy told reporters today, "The Minister is interested to meet Palestinian leaders on condition, however, that the meeting takes place under favorable conditions."

This statement apparently referred to the current Franco-Palestinian dispute on the meeting's site: The French want Arafat to call at the French Embassy, as he did in 1974 when he conferred with then Foreign Minister Jean Sauvagnargues, while the Palestinians want to have Cheysson call on Arafat at PLO headquarters in Beirut. The meeting might finally take place on "neutral ground" in Damascus which Cheysson is due to visit next week.

STUDY SHOWS ISRAEL GAINED PRECIOUS TIME BY BOMBING IRAQI NUKE REACTOR

By Hugh Orgel

TEL AVIV, Aug. 26 (JTA) -- A preliminary assessment by the Tel Aviv University's Institute for Strategic Studies of the Israeli raid on the Iraqi nuclear reactor last June says the bombing may have won Israel three or four years breathing space, but the nuclear threat can only be removed by achieving peace.

Written by the Institute's Dr. Shai Feldman, it discounts as unreasonable Premier Menachem Begin's "ambitious doctrine -- under no circumstances would we allow the enemy to develop weapons of mass destruction against our nation," but adds that the precious time gained by the reactor's destruction provides strategic justification for the raid.

The study points out that Iraq's nuclear buildup would have provided it with a primitive nuclear capability by 1985 and a deliverable force by the end of the decade.

It says: "Although the Israeli government's doctrine of indefinitely preventing or preempting Arab/Islamic nuclear programs is not feasible, the timing of Iraq's nuclear program was particularly dangerous for Israel, and the time gained could provide an opportunity for altering or mitigating some of the more dangerous aspects."

According to Feldman, "If nuclear proliferation in the Middle East is inevitable, it is preferable that it occur after some of the central issues dividing Israel and the Arabs have been settled." In the time gained, some Arab leaders may develop a greater awareness of the dangers and ramifications of the nuclear age and cease pursuing highly aggressive policies, he suggests.

ISRAELIS TAKEN ON AWACS RIDE

By Helen Silver

WASHINGTON, Aug. 26 (JTA)--A team of Israeli experts took a nine-hour flight aboard an

AWACS reconnaissance plane on Monday, it was confirmed yesterday by the Pentagon which told the Jewish Telegraphic Agency that "the flight occurred on Aug. 24 from Tinker Air Force Base in Oklahoma. It flew to the vicinity of Langley Air Force Base, Virginia, and then back again to Tinker Air Force base. The flight was conducted to acquaint Israeli technical and military experts with the capabilities and limitations of the E3A Air Defense Surveillance Aircraft."

The flight followed a briefing at the Pentagon last Friday for the five members of the Israeli team. Observers said the flight was clearly an attempt by the Reagan Administration to convince Israel that the proposed sale to Saudi Arabia of five of the AWACS, if approved by both Houses of Congress in October, will not threaten Israel's security.

However, the flight reportedly impressed the Israelis more than ever about the spy plane's capabilities. A spokesman for the Israel Embassy said Israel's opposition to the proposed sale had not changed. The Israeli team will report to Israel's government on the performance of the plane.

STATE DEPARTMENT SAYS SOVIET JEWISH MIGRANTS SHOULD HAVE FREEDOM OF CHOICE ON WHERE THEY WANT TO SETTLE

By Helen Silver

WASHINGTON, Aug. 26 (JTA) -- The State Department said today that Soviet Jewish migrants should have their freedom of choice to settle wherever they wished.

Department spokesman Dean Fischer expressed this view when he was asked to comment on the announcement made last week in Jerusalem by Jewish Agency Executive chairman Leon Dulzin that the Agency would refer to HIAS only those Soviet Jews who had first degree relatives in the U.S. and other countries of resettlement but that Soviet Jews without such relatives who left the USSR and opted to resettle in countries other than Israel would have to fend for themselves. Last month, nearly 85 percent of Jews arriving in Vienna from the Soviet Union did not go to Israel.

HIAS, in a resolution adopted by its executive committee Monday night, said it would continue to provide migration services to Jewish refugees coming out of the USSR who choose not to go to Israel. The U.S. government is involved because it pays most of the costs associated with the resettlement of Soviet Jews. It pays Israel \$25 million a year and spends about \$1,000 for each emigrant going to countries other than Israel.

Statement By The State Department

Fischer, in response to the question on the resettlement issue, replied: "We have seen a report stating that the Jewish Agency for Israel will no longer provide any assistance for emigrants from the Soviet Union who wish to resettle somewhere other than Israel, excepting only emigrants who wish to join parents, children or spouses in other countries.

"Reportedly, all other Soviet Jewish emigrants who do not choose to fly immediately to Israel will no longer be assisted in contacting other voluntary agencies in Vienna, including several United States agencies who can help them resettle in the country of their choice. Since we were not consulted by the Israelis in advance of their decision to implement this new policy, we cannot say what its actual effect may be.

"United States policy has always been and will continue to be that Soviet Jewish refugees arriving

in Vienna should have freedom of choice with regard to where they wish to resettle. Once the Soviet refugees have arrived in Vienna, we see no reason why they should be obliged to go to Israel if there are other countries willing to offer them refuge."

KNESSET DEFERS ACTION ON CITY OF DAVID EXCAVATION

By Hugh Orgel

JERUSALEM, Aug. 26 (JTA) -- The Knesset decided today to refer the issue of the two Chief Rabbis' ban on further excavations at the City of David to the Education and Cultural Affairs Committee. The debate, for which the Knesset was called back into special session during its summer recess, was remarkably quiet and short, unlike the controversy over the last few weeks between the religious and scientific communities.

Labor Alignment spokesmen said they feared the ruling by the Chief Rabbis, based on the contention that there are ancient Jewish cemeteries at the site but disputed by archaeologists and academics, heralded an assault by the religious leaders on scientific inquiry.

Education Minister Zevulun Hammer appealed for restraint and compromise. He said he was against any interference with archaeology in Israel, which was helping Israel discover its roots and lend additional support for Israel's return to its historic homeland.

Rabbinical Council Wants To Halt Dig

While the Knesset was discussing the City of David dig, the Chief Rabbinical Council was in session to discuss the same issue. The Council announced that it was urging the government to halt all excavations there immediately, remove the archaeologists from the site, cancel the excavation license and officially declare the entire southern slope of the Temple Mount and ancient Jewish cemetery now in the hands of the chief rabbinate.

Ashkenazic Chief Rabbi Shlomo Goren told Israel Radio after the meeting that yesterday's press conference in Jerusalem by distinguished academics "made me somewhat skeptical about modern scientific and academic research." The academics presented documents, with texts and maps to shore up their contention that there were no Jewish graves at the dig site.

Goren brought politics into the issue by saying he was sure that Hammer, a leading member of the National Religious Party, would obey his religious injunctions as he represented the religious community "who are the only ones to have voted for him."

Hammer's reaction to the Chief Rabbi's instruction to him to withdraw the City of David excavation license and halt work there at once was to say he would immediately ask the Attorney General for a ruling on who gives orders for such matters. Pending the Attorney General's reply, he would take no action in the matter, Hammer said.

POLICE BATTLE WITH ULTRA-ORTHODOX JEWS OVER REMOVAL OF A BODY

JERUSALEM, Aug. 26 (JTA) -- Police fired tear gas to disperse a crowd of ultra-Orthodox Jews in the city's religious Mekor Baruch quarter when they tried to prevent police from removing the body of a suspected murder victim. The crowd feared that an autopsy would be performed on the body, in violation of halacha.

The body was that of Margalit Cohen, 71, who lived alone in the religious quarter. She had bruises around her head which police said suggested that she was beaten about the head with a blunt instrument, possibly during a robbery attempt. The police finally managed to take the body away.

BEHIND THE HEADLINES THE LABOR PARTY IS IN TROUBLE

By Hugh Orgel

TEL AVIV, Aug. 26 (JTA) -- The Labor Party, which ruled the roost for almost 30 years, is beset by internal difficulties which now threaten to split it. There are ideological and organizational differences between the followers of party chairman Shimon Peres and former Premier Yitzhak Rabin; between branches in Tel Aviv and Jerusalem and the kibbutzim; between the younger generation and the older establishment leaders; and between the Ashkenazim and Sephardim.

As if this weren't enough, the party's articulate and most dovish member of the Knesset, Yossi Sarid, has charged that the organization has degenerated into a kind of "Likud B." In a radio interview last weekend, he said the party had spent the first four years in opposition achieving a degree of unity but had failed to work out a new political policy which would attract the electorate and make it vote Labor back into power.

Since the elections this year and Labor's renewed defeat, the party has been rent by personal and regional squabbles instead of embarking on a frank and fruitful discussion of a party platform, Sarid said. "Peres and Rabin are like Siamese twins, joined by internal organs which cannot be separated," he said. "They should either work together to evolve a bold new policy or step down together to make way for another leader."

Lack Of Initiative Cited

As an example of the lack of initiative, Sarid cited Peres' response to the plan recently proposed by Crown Prince Fahd of Saudi Arabia. "Instead of welcoming the new approach -- of Saudi readiness at last to recognize Israel, even though on terms and within a framework unacceptable to Israel -- Peres rejected it out of hand, just as (Premier Menachem) Begin did, Rabin at first showed some interest, but then backed down This is what I mean by Labor now being a sort of Likud B," Sarid said.

"I certainly could not join Likud A, but I do not feel I am comfortable in Likud B," he added. However, he said he would not leave the party but work from within and try to move it somewhat leftward. "What is needed is for someone to come forward with a clear, bold policy, present it to the party executive and say: Here it is. If you are interested, I am ready to try to implement it," Sarid stated. He declined to suggest any names as to who might devise and implement such a plan.

The Ashkenazi-Sephardi Dispute

But the dispute that is possibly more damaging to the party than any other is that between the Sephardic and Ashkenazic groups. This dispute cuts across all other groups and factions within the party.

The dispute erupted last week during a meeting of the party's Knesset faction, called to appoint members to the various Knesset committees. The session, a stormy and emotional one, was described by Abba Eban as "one of the most depressing meetings I ever attended in my life." The session reached such a fever pitch that Peres threatened to walk out and faction leader Moshe Shahal submitted his resignation, which was not accepted.

Labor Knesset members, formerly of north Africa, complained that they were not being given due representation in important Knesset committees.

The most aggressive stand was taken by Ra'anan Naim, who wanted a seat on the Finance Committee. He said: "I don't want to eat your gefilte fish. It makes me puke. We shall have to become a separate faction within the Alignment. You have proved that Labor is not only dovish and anti-religious, but an Ashkenazi party as well."

Rafi Edri, formerly of Morocco, complained that "some people in the faction are beyond the pale, without representation on important committees ... During the elections we shut up. But we have capable people for every job." A showdown was postponed by Peres who managed to push through a vote deferring elections to the Knesset faction executive and calling for a reconsideration of committee appointments when the Knesset winter term opens in November.

The Battles Of The Diadochi

A fight is also looming for the post of party secretary general, now held by Haim Barlev. It was at one time thought the post would be open if Barlev got a Cabinet post in a Labor-led government. The post is now being sought by Uzi Baram, secretary general of the party's Jerusalem branch, and Eliahu Speiser, secretary general of its Tel Aviv branch. Both are trading charges and insults for the party's loss of the elections.

The situation is further complicated by the party's young guard group leader, Haim Ramon, and Sarid. Both contend that to regain office, the party should consider replacing the establishment leaders. Referring to the squabbles between Peres and Rabin, and to the fracas over the post of secretary general, Sarid said in another interview: "The party appears to be fuelled by an irrepressible force of self-destruction. We have quite enough of the battles of the Diadochi." This was a reference to the Macedonian generals who squabbled and fought for the empire of Alexander the Great after his death in 323 BCE.

"They regard the Labor movement as if it is their due inheritance and which they treat as their own private property," Sarid continued. "These Diadochi must be told now, in no uncertain terms, that if they cannot devote themselves together and immediately to the party's ideological rehabilitation, they must relieve the party of the yoke with which they have burdened it."

REPORT THERE IS NO DANGER TO THE STABILITY OF BANKS IN ISRAEL

TEL AVIV, Aug. 26 (JTA) -- The Bank of Israel has announced that there is no danger to the stability of any bank in Israel. Inspector of banks Oded Messer was reacting to reports in local newspapers that the First International Bank of Israel (FIBI) was in difficulties because of heavy loans to diamond merchants and manufacturers, against deposits of diamonds held in bank vaults but now worth far less than their original price because of a world slump in the diamond trade.

The Bank of Israel said that FIBI and other banks had already taken into account these loans as bad debts. The Israeli diamond industry, said to lead in the world in the production of small "Melees" polished in Israel, has been badly hit by the decline in the world diamond business, with heavy competition from cheap Indian labor and Russian dumping practices to raise hard currency. High interest rates in the U.S. have halted an expected recovery so far this year.

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TEL AVIV (JTA) -- The first 350-megawatt electricity generating unit -- the largest yet installed in Israel -- started feeding power into the national grid from the new Hadera power station Monday.