REPORT AL FATAH IN CONTACT WITH EUROPEAN TERROR GROUPS TO LAUNCH COORDINATED ATTACK ON JEWISH SITES By David Kantor

BONN, Sept. 2 (JTA) -- The terrorist assault on a synagogue in Vienna last Saturday which left two people dead and 18 wounded was apparently part of a carefully planned plot to hit Jewish installations in Western Europe, according to a report here this week.

The West German daily, Frankfurter Allgemeine Zeitung, reported that Al Fatah, the military strike force of the Palestine Liberation Organization, decided two weeks ago to step up its attacks against Jewish targets in Europe. The newspaper cited unnamed Arab diplomats in Bonn as the source for its report.

According to the report, the decision by Al Fatah was taken Aug. 14 at a "special" meeting which was attended by PLO chief Yasar Arafat. His deputy, Abu Jihad, who heads the PLO's military branch, was assigned to contact European terrorist organizations in West Germany, Spain, Italy and Turkey.

The newspaper said that the decision to proceed with terrorist actions in West Europe with the active help of local terrorist groups was largely influenced by the PLO's view that European public opinion and European governments are now "psychologically ready" to tolerate attacks against Jews and supporters of Israel.

The Allgemeine Zeitung said the information supplied by the Arab diplomats was received guardedly and that the information had actually been available last week, but was not published. But the attack on the synagogue in Vienna gave the information credibility. No explanation was available as to what motivated the Arab diplomats to leak the information.

FOUR OF 14 EMBARGOED F-16S HAVE ARRIVED IN ISRAEL

TEL AVIV, Sept. 2 (JTA) -- The first four of 14 F-16 aircraft embargoed by the U.S. after Israel's raids on the Baghdad Iraqi nuclear reactor and terrorist headquarters in Beirut nearly two months ago arrived in Israel last night. The other 10 are to be flown to Israel as soon as modifications ordered by the U.S. Air Force and the manufacturers, already carried out on those delivered yesterday, are completed.

The planes were refueled twice in the air during their 11-hour non-stop flight, described by Israeli pilots as a "best of endurance for both pilots and planes." Three F-15 planes were flown direct to Israel last week.

PERES CASTIGATES KEIRSKY, CHEYSSON

By Hugh Orgel

TEL AVIV, Sept. 2 (JTA) -- Labor Party leader Shimon Peres has criticized two fellow-members of the Socialist International. Addressing party activists here yesterday he castigated both Austrian Chancellor Bruno Kreisky and French Foreign Minister Claude Cheysson for recent remarks about the Palestine Liberation Organization.

Peres said that even if Kreisky was correct in saying the terrorists who attacked a synagogue in Vienna last Saturday did not belong to the mainline Al Fatah wing of the PLO, it proved that even negotiations with the PLO would not stop dissident elements from continuing to attack Israel and Israelis to achieve their objective of destroying Israel.

Peres also said he found it unbelievable for any civilized person to compare the PLO to the French underground resistance movement during World War II, as Cheysson did. He noted that the Nazis had imprisoned Frenchmen, also, during the war. But the PLO was a murderous organization which did not warrant the title of the resistance movement against oppression.

WEST BANK ARAB NOTABLES CONDEMN ATTACK ON VIENNA SYNAGOGUE

By Gil Sedan

JERUSALEM, Sept. 2 (JTA) -- A number of influential West Bank leaders today and yesterday condemned the terrorist attack on a synagogue in Vienna last Saturday. It was the first time that West Bank notables condemned a Palestinian terrorist attack.

Bethlehem Mayor Elias Freij termed the attack "an act of brutality which distorted the image of the Palestinian people." He stressed that Arabs have an abiding respect for the holy places of all religions.

Condemnations were also issued by Nablus Mayor Bassam Shaka, Gaza Mayor Rashad al-Shawa, and Raymonda Tawil, a journalist and writer from Ramallah who is a staunch Arab nationalist.

JEWISH AGENCY OFFICIALS SAY A LARGE MEASURE OF UNDERSTANDING HAS BEEN REACHED WITH HIAS ON THE ISSUE OF SOVIET JEWISH DROPOUTS

By David Landau

JERUSALEM, Sept. 2 (JTA) -- The Jewish Agency leadership announced here last night that it had reached "a large measure of understanding" with HIAS after marathon talks on the question of aid to Soviet Jewish emigrants who opt to go to countries other than Israel once they leave the Soviet Union.

Unofficially it is understood that HIAS leaders, meeting here with Jewish Agency Executive chairman Leon Dulzin and Agency Board of Governors chairman Max Fisher, have agreed to accept the Agency-Israel government new arrangements regarding the dropouts on an interim basis. The arrangements are to be reviewed at the end of the year.

The talks between HIAS president Edwin Shapiro and HIAS executive vice president Leonard Seidenman, on the one hand, and Jewish Agency leaders, on the other, went on behind the scenes throughout the three-day meeting of the Agency's Board of Governors.

HIAS had balked at the Agency-Israel government proposal that only dropouts with first degree relatives in a Western country other than Israel should be offered aid by HIAS or the Joint Distribution Committee to settle in that country. HIAS leaders had sought to extend the category of first degree relatives -- parents or children -- to at least incorporate those with siblings in a Western country.
But Dulzin, who is the moving spirit behind the new arrangement, strongly objected to broadening the category in this way. He reportedly argued that to do so would severely reduce the prospects of cutting down the dropout rate, which in recent months has climbed to over 80 percent. Dulzin hopes that the new arrangements will cause the overall dropout rate to be cut; he believes that the rising dropout rate is the chief cause for the recent reduction in the overall number of exit permits issued by the Soviet authorities. A recent statement by the Soviet Ambassador to Canada, Jacob Levy, seemed to bear out that theory (which Dulzin himself has subscribed to for many years).

Highlights Of The Assembly

Among the resolutions adopted by the Assembly was the one calling on the Israeli government and the Knesset to put up a stop to fundraising campaigns abroad on behalf of Israeli political parties. The Assembly held that these were divisive and tended to prejudice the United Jewish Appeal and Jewish National Fund efforts.

Other highlights of the three-day assembly included the Agency treasurer Akiva Levinsky's emphasis, in his financial report, on streamlining and money-saving efforts by the Agency. Levinsky noted that several companies owned in whole or in part by the Assembly had been sold off, and the proceeds used to liquidate longstanding debts.

In the two years, from 1979-1981, the budgeted personnel of the Agency had been cut from 3712 to 3190, Levinsky added. The current annual budget, he said, was $400 million plus an additional $87 million for Project Renewal. It was based on an estimated projection of 28,000 olim. Levinsky said the Agency would be instantly prepared should the number of olim suddenly increase. He promised stepped-up support for the various immigrant associations in Israel which aid absorption on a voluntary basis.

On rural settlement, Levinsky noted that over the past two years the Jewish Agency had been instrumental in establishing 32 new small settlements (mitzpim) in the Galilee. Future plans called for doubling this number -- while at the same time working to strengthen and support the fledgling settlements already established. He said this was particularly important in view of the recent violence on the Lebanese border.

Assessment Of Project Renewal

While Levinsky pledged to wage ongoing war against inefficiency and duplication, a top government official working on Project Renewal told the Assembly that the Agency was often guilty of inefficiency and duplication and had "violated agreements" with the government in renewal work.

Prof. Dan Shimshoni, the government's Project Renewal coordinator, accused the Agency of consistently deviating from jointly-made decisions and of duplicating the government's functions to no useful purpose. Despite Shimshoni's strictures, however, the atmosphere leading up to the assembly towards Project Renewal was markedly more positive than it had been in the past.

Delegates clearly came away with the feeling that the ambitious Project Renewal was at last moving out of its teething pain stage and that impressive and significant work was beginning to be done and to show results. There was widespread satisfaction that the government side of the project had now been put in the hands of the energetic Housing Minister, David Levy, and that a special deputy minister, Moshe Katzav (Likud-Herut) had been appointed specifically to deal with Project Renewal.

However, the Agency's project director, Yehiel Admoni, warned that the project would face disaster unless the fundraising effort on its behalf produced concrete results -- and soon. Admoni said only half of the $350 million planned as the Agency's share in the project had been pledged -- and only 10 percent had actually been paid by donors. Six renewal neighborhoods had not yet found "twin" cities/communities abroad, Admoni added.

Urges Million-Dollar Pledges For Project Renewal

Swiss Jewish millionaire and head of the World Sephardi Union, Nissim Gaon, proposed that 300 Jews around the world be solicited to contribute $1 million each towards Project Renewal. He himself pledged $2 million.

Gaon said that there was affluence in many Jewish communities and the donors could be found. He proposed that whoever donated $2 million or more to Israel should be made an "honorary citizen" of the State.

UJA chairman Herschel Blumberg said UJA income this year was running 17 percent higher than last year -- despite the difficult economic situation in the U.S. Pledges were also up, he noted. There was particular interest in Project Renewal, he said, although during the last month only $1 million in cash had been compared with the $2 million monthly required. Blumberg called on UJA leaders to remind donors of the pledges. He also called for better cooperation between the government and the Jewish Agency on Project Renewal.

HECTIC SCHEDULE FOR BEGIN

By Yitzhak Rabi

NEW YORK, Sept. 2 (JTA) -- Premier Menachem Begin is scheduled to arrive in New York Sunday, Sept. 6, the first stop of a nine-day visit to the United States. His entourage will include Foreign Minister Yitzhak Shamir, Defense Minister Ariel Sharon and Interior Minister Yosef Burg and their parties.

Begin's visit to the U.S. is crowded with public appearances, meeting with U.S. officials and Jewish leaders as well as private meetings, according to the Premier's itinerary as released to the Jewish Telegraphic Agency today by the Israeli Consulate here. Begin will open his visit with a statement to the press upon his arrival Sunday afternoon at JFK Airport here. On Monday, Labor Day, the Premier will hold some private meetings.

Begin will depart for Washington on Tuesday, Sept. 8. Although his Washington itinerary was not available here it was reported that Begin will meet President Reagan on Wednesday, Sept. 9. Begin will stay in Washington until Friday, Sept. 11 when he will return to New York. He is expected to hold a press conference at the airport upon his arrival to the city.

While Begin'sings are scheduled for Saturday, Sept. 12, the next day, Sunday, Begin will have a hectic schedule. At noon he will appear on NBC-TV's "Meet the Press." In the afternoon he will meet with members of the Council of Churches for Israel and in the evening he will attend and address the National Conference of the Jabotinsky Movement in the U.S., sponsored by the Herut U.S.A., to be held at the Roosevelt Hotel.

On Monday, Sept. 14, Begin is scheduled to meet with Jewishirkpatrick, U.S. Ambassador to the United Nations. At noon he will address the Israel Bond Organization luncheon. In the afternoon Begin, along with Koch will hold a reception for the Israeli Premier at City Hall to be attended by a few hundred guests. In the evening Begin will appear at the National Leadership Assembly for Israel, sponsored by various Jewish organ-
izations, to be held at the Sheraton Centre. On Tuesday, Sept. 15, Begin will fly to Plains, Ga., to meet with former President Jimmy Carter. After the meeting he will fly back to Israel.

LEADING LIBERAL PARTY MEMBERS PONDER PUBLIC RBKUE OF GOREN
By Gil Sedan

JERUSALEM, Sept. 2 (JTA)--Influential members of the Liberal Party, the major partner with Herut in the Likud bloc, were mapping plans today to take public action against "Rabbi Goren's interference in state affairs."

According to some of them, the aim is to publicly condemn Ashkenazi Chief Rabbi Shlomo Goren for his edict to halt all archaeological excavations at the City of David. Goren ruled that digs must be halted at the site because there are ancient Jewish cemeteries there. Archaeologists and academics have disputed this claim and have produced documents to uphold their contention.

The initiative to take public action against Goren came from Liberal Party leader Deputy Premier Simcha Ehrlich, Energy Minister Yitzhak Berman and Knesset members Dror Zeigerman and Dan Ticho. Ehrlich told an afternoon meeting yesterday expressing shock at Goren's threat to excommunicate Education and Culture Minister Zevulun Hammer until he obeys the Chief Rabbi's edict.

So far, Hammer has complied only to the extent that he issued an order yesterday requiring the dig to be halted for two weeks. (See separate story.)

Says Goren Disregards State Laws

Ehrlich, in his statement, said the threat to excommunicate Hammer was in total disregard for the laws of the State and an effort to subordinate them to the instructions of the Chief Rabbi, a phenomenon which he said reminded him of the Middle Ages. Berman said that it was an intolerable situation for a Chief Rabbi to dictate to a Minister how to run the affairs of the Ministry.

"This is a violation of the principles of a proper political system," he said. Zeigerman called on Ehrlich to introduce legislation to curtail the ability of the rabbinate to interfere in state affairs.

At the same time, MK Ronni Milo, chairman of the Herut Knesset faction, said today that a Chief Rabbi who proposes to excommunicate a Minister in Israel seems to be out of touch with the public. "Perhaps Rabbi Goren should consider turning over his office to a different rabbi, one who represents the public mood better," Milo suggested.

Goren, meanwhile, warned that an excommunication order will mean that the Torah will not be read in the synagogue that Hammer attends. If that is not effective, Goren said the excommunication could be extended to ban Torah-reading in the entire country -- until Hammer obeys his edict.

FIREWORKS CONTINUE OVER THE CITY OF DAVID DIG
By David Landau

JERUSALEM, Sept. 2 (JTA) -- Education and Culture Minister Zevulun Hammer last night signed an order requiring the City of David archaeologists to suspend their excavations for two weeks, pending the Attorney General's legal opinion on the issue. Hammer acted after the archaeologists and the Israel Exploration Society refused to accede voluntarily to his request that they suspend the dig for two weeks.

Following his order, the archaeologists and leading academics at Hebrew University said they would consider challenging the Minister's action in the Supreme Court on the ground that he was exceeding his legal authority.

Dr. Yigal Shiloh, who heads the archaeological team at the dig, told Hammer that he would refuse to suspend the dig for two weeks, pending Attorney General Yitzhak Zamir's rulings on the powers of the Minister and the two Chief Rabbis under the laws of the State. Zamir is expected to determine whether under law the Chief Rabbinate's halachic ruling that the site is an ancient Jewish cemetery can affect its status as an archaeological place of interest and lead to the revocation of the excavation license which was issued three years ago.

Hammer said that he had consulted with his Ministry's legal aid and was fully within his powers to ban the dig for two weeks. The Chief Rabbinate specifically ordered Hammer to stop the dig permanently and he, by referring the question of legal powers to Zamir, sought to give himself some breathing space in a thoroughly awkward political situation. Hammer, a leader of the National Religious Party, said he will consider resigning his Cabinet post if he cannot resolve the City of David issue to the satisfaction of the Chief Rabbis and at the same time act in strict accordance with his legal responsibilities as Minister of Education and Culture.

Clashes Between Arabs And Jews

Meanwhile, as Hammer was preparing his legal order, ultra-Orthodox Jews clashed with police at the excavation site. Twenty zealots were arrested after they failed to observe police orders to disperse. At the same time ultra-Orthodox Jews and Arabs clashed in a tunnel under the Temple Mount in the Old City. The existence of the tunnel, which leads from the Temple Mount site of the Al Aqsa and the Dome of the Rock mosques to the Western Wall, was kept a secret until last week.

After the news of its existence became widespread, Arabs walled up an entrance to the tunnel. The ultra-Orthodox Jews reacted by tearing down the wall. Yesterday, some 30 Arabs tried to enter the tunnel to rebuild the wall in order, they said, to prevent Jews from entering the mosques. As soon as word spread that the Arabs had entered the tunnel, police were rushed to the scene but a scuffle between the Arabs and the ultra-Orthodox Jews erupted inside the tunnel before police could intervene.

Several Arabs were slightly injured in the clash. Both the Arabs and the Jews emerged from the tunnel only after lengthy negotiations were conducted between high-level Israeli officials and the leaders of the Moslem council which handles the religious institutions in the Old City. Police Inspector General Arie Izbain ordered the reconstruction of the wall and said it would remain in place until responsible authorities decided otherwise.

But the tension between the religious and secular communities in Jerusalem did not end at that point yesterday. Religious zealots also clashed with police in the Mea Shearim quarter following the clash between the Arabs and the ultra-Orthodox Jews at the tunnel. The religious zealots in Mea Shearim tossed a Molotov cocktail at the police but it exploded, Police, using billy clubs, chased them from the scene. The narrow road leading to the quarter was closed to traffic and the Egged bus company suspended all services to the quarter.
AMERICAN BORN ISRAELI ASSIGNED AS CONSUL GENERAL FOR THE MIDWEST
By James Rice

CHICAGO, Sept. 2 (JTA) -- Emanuel Zipponi, a United States Army veteran of World War II, who later fought in Israel's fledgling Armored Corps during the War of Independence in 1948, was warmly welcomed as the new Israeli Consul General for the Midwest by leaders of the Chicago Jewish community at an informal luncheon meeting. Zipponi's assignment includes the states of Illinois, Indiana, Michigan, Wisconsin, Minnesota, Iowa, Missouri, Kansas, Nebraska, South and North Dakotas -- the largest Consular area in the United States.

The Consul General is returning as an Israeli diplomat to the city and community where he had spent his formative years, graduating from Hyde Park High School, receiving his Master's in Political Science from the University of Chicago, and a degree from the College of Jewish Studies -- now Spertus College of Judaica.

Zipponi, who was born in Cleveland, Ohio, actually spoke Hebrew before he learned English. He was for many years the only former American in the Israel Foreign Ministry. Zipponi's family had a thoroughly Zionist background. His father, Samuel Feigin, was born in Eastern Europe, emigrated to Palestine in the famous Second Aliya, coming to the United States after World War I. Feigin, an expert Syriologist, taught at the Oriental Institute of the University of Chicago, the College of Jewish Studies, and Hebrew Theological College. His wife was on the staff of the Chicago Zionist organization.

The Consul General's wife, Nettie Zipponi, is a native of the Netherlands. She met her future husband when he was on the staff of the Israel Embassy at The Hague. As a young girl she had been hidden by a Christian family during the Nazi period. The Zipponi's have three daughters.

Zipponi's Previous Assignments

Zipponi's previous assignments include helping to establish the Israel Foreign Ministry's United Nations division in 1948 and key posts in Africa, Japan, and Italy. Despite Israel's diplomatic setbacks in Africa after the Yom Kippur War in 1973, Zipponi feels that strong unofficial ties still continue with many black African nations. He is especially proud of a statement by a top Nigerian official that the four countries who helped them most were the United States, United Kingdom, West Germany and Israel.

Zipponi sees his new post in the heartland of America as a special challenge in which his Midwest background will be helpful. As a former student leader of the Chicago Intercollegiate Zionist Council, he expressed keen interest in working with Jewish youth, and sees the promulgation of Jewish education as a sine qua non for preservation of Jewish values and identification with Israel. He plans also to encourage aliyah, and visits to Israel especially by Jewish youth.

Zipponi hopes to be able to ameliorate the frequently unfriendly editorial policy toward Israel of Chicago's major newspapers. The combination of Zipponi's American background, his broad diplomatic experience, and his straightforward, warm personality should serve him well in this assignment.

GOLDWATER SAYS HE IS IN FAVOR OF TALKING WITH THE PLO IF IT WILL HELP REDUCE WORLDWIDE TERRORISM

WASHINGTON, Sept. 2 (JTA) -- Sen. Barry Goldwater (R, Ariz.) declared yesterday that Reagan Administration Mideast policy with the assertion he would be in favor of talking with the Palestine Liberation Organization if that step would help to reduce international terrorism.

Declaring that one terrorist act sparked another, he said in a telephone interview with an NBC radio affiliate here that "that's what you're seeing in Iran but I think that's what you're going to see more of in the Middle East." He spoke from Phoenix with Ken Alvard of the program, "News Talk '80" on WRC.

Goldwater argued that the PLO "is demanding not necessarily recognition but that they be talked to, and while I don't think anything is ever going to come of any talks with them, I think that until we do talk to them, we're going to have more and more trouble." He added he would "do anything to calm down these acts of terrorism."

The policy of the Reagan Administration, like those of previous Administrations, is to refuse to meet with PLO chief Yasser Arafat until the PLO accepts United Nations Security Council Resolutions 242 and 338, which call for recognition of the right of existence of all states, including Israel, in the region.

Goldwater said later yesterday that he had been urging talks with the PLO "for at least five years" but that no one had listened to him, asserting that terrorism was part of the larger Middle East deadlock, he said he thought the United States "should urge" Premier Menachem Begin and the Arab leaders "to sit down and talk to this man," Arafat.

JOSEPH HIRSHHORN DEAD AT 82

WASHINGTON, Sept. 2 (JTA) -- Funeral services will be held tomorrow at Temple Shalom in Greenwich, Conn., a memorial service will be held Sept. 16 at the Washington Hebrew Congregation for Joseph Hirshhorn, the wealthy investor and art collector who died here Monday night of a heart attack at the age of 82.

Born in Latvia Aug. 11, 1899, Hirshhorn was the 12th of 13 children. He was brought to the United States at the age of six by his widowed mother with the rest of the family which settled in Brooklyn where he was raised.

Hirshhorn, whose success as a Wall Street investor started when he was only 17, began his art collection during his early Wall Street years. As his collection grew in size and importance, many countries, including Israel, made a bid for it. In 1966, Hirshhorn donated his vast and versatile collection to the United States and helped to pay for the construction of the Hirshhorn Museum and Sculpture Garden which was opened here Oct. 4, 1974.

When the museum opened, it had a collection of more than 6,000 works of art, mainly by American and European artists from the late 19th Century to current modernists. The works represented more than 40 years of collecting by Hirshhorn who was said to be worth more than $100 million, from investments and uranium prospecting, by the time he died.

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REMEMBER: There will be no Bulletin dated September 7 due to Labor Day, a postal holiday.