

ISRAEL GIVING HABIB MORE TIME TO NEGOTIATE PLO DEPARTURE FROM LEBANON

By Gil Sedan

JERUSALEM, July 15 (JTA) -- Israel is giving U.S. special envoy Philip Habib more time to negotiate an agreement for the Palestine Liberation Organization's departure from west Beirut and Lebanon. That decision was reached by Premier Menachem Begin after consulting with Foreign Minister Yitzhak Shamir and Defense Minister Ariel Sharon yesterday.

Shamir said on a television interview last night, however, that the time "cannot be unlimited. The situation cannot continue indefinitely." He set no deadline for Habib to achieve results. Begin, Shamir and Sharon reportedly agreed to await the outcome of the meetings tentatively set for next week in Washington between Administration officials and the Foreign Ministers of Saudi Arabia and Syria before Israel forces the issue in west Beirut.

Hopeful Syria Will Agree

The Israeli leaders are hopeful that Syria will agree to host the PLO after they leave Lebanon and believe some sort of arrangement may be worked out in Washington. However, Israel will not give the political negotiations another 30 days to bear fruit, as suggested by Secretary of State-designate George Shultz in his remarks before the Senate Foreign Relations Committee this week.

Israel's forbearance so far is attributed here to a stern warning Begin received from President Reagan last week not to launch a direct assault on west Beirut. There is also Reagan's conditional offer to send a contingent of U.S. troops to Beirut to supervise the PLO evacuation. Shamir said in his interview that Israel would permit a multinational force only after a sizeable number of PLO men have left Lebanon.

He also denied that Israel has any desire to see the Palestinians depose King Hussein of Jordan, a scheme said to be favored by Sharon. But he repeated the contention that Jordan is a "Palestinian state."

SHARON WARNS THE PLO: 'OUR PATIENCE IS NOT WITHOUT END'

By Hugh Orgel

TEL AVIV, July 15 (JTA) -- Defense Minister Ariel Sharon warned the Palestine Liberation Organization today that Israel holds the upper hand around Beirut and would set the terms for the PLO's withdrawal. He said the fact that Israel is allowing time to negotiate a peaceful solution should not be taken "as a sign of weakness."

Addressing Air Force Day ceremonies at an air base in southern Israel, Sharon declared "Israel's air sword and the swords of its other army formations have not yet been returned to their scabbards. We prefer to give peaceful negotiations a chance" but "our patience is not without end. Let our enemies remember who is encircling west Beirut, who is besieging the city," Sharon said.

The Defense Minister responded to criticism of Israel's massive bombardment of Lebanese cities by observing that other "so-called enlightened

nations," including France, Britain, the United States and even the Soviet Union "carried out indiscriminate bombing of civilian centers." By contrast, he claimed, Israeli pilots went "out of their way to ensure that only military targets were hit."

STATE DEPARTMENT URGES ARAB COUNTRIES TO FIND A PLACE FOR PLO

By David Friedman

WASHINGTON, July 15 (JTA) -- The State Department urged Arab countries today to help find a place for the Palestine Liberation Organization to go when it leaves Lebanon. "The issue of where the PLO fighters are to go remains unresolved," Department spokesman Dean Fischer said. "We are hopeful that the Arab community will find a way to help resolve the issue promptly."

Fischer said the PLO has agreed "in principle" to leave west Beirut. He refused to confirm whether President Reagan has sent a letter to President Hafez Assad of Syria asking him to take in the 5,000-6,000 PLO men. At the same time, White House Deputy Press Secretary Larry Speakes also refused to confirm that Reagan sent a letter to King Fahd of Saudi Arabia asking Saudi help in finding a place for the PLO either in Syria or in other Arab countries.

Fischer said the Saudi and Syrian Foreign Ministers are scheduled to come to Washington but he still had no date for their arrival. The question of a PLO haven, however, is not the only unresolved problem in the negotiations now going on in Beirut. But Fischer refused to list the other problems. He and Speakes stressed that U.S. special envoy Philip Habib was conducting intensive negotiations today. Speakes said Habib was prepared to remain in Beirut as long as necessary.

Fischer refused to say whether the U.S. approved or disapproved of a reported Israeli plan to close down six Palestinian refugee camps near Tyre and Sidon in south Lebanon. All are in the 25 mile zone Israel wants cleared of terrorists. Fischer said the U.S. position is that the location of the refugee camps is "a matter for the Lebanese government and UNRWA (United Nations Relief and Works Agency for Palestinian Refugees) to determine."

BEHIND THE HEADLINES STRANDS IN THE LEBANESE CONFLICT

By David Landau

JERUSALEM, July 15 (JTA) -- With the negotiations under U.S. envoy Philip Habib in Beirut still apparently stalemated, hopes for a peaceable settlement to the crisis in Lebanon is focusing on Washington where the Foreign Ministers of Syria and Saudi Arabia are to hold talks with American policymakers. The ministers' visit is tentatively set for next week, but this may be postponed because of Iran's attack on Iraq that started Tuesday night.

According to reports from Beirut, Syria's attitude is now crucial -- in the stalemate and in the hopes to resolve it. Syria suddenly announced last weekend a reversal of its earlier readiness to take in the estimated 5,000-6,000 Palestine Liberation Organization fighters whom Israel wants ousted

from Lebanon. Syria now says it is only prepared to take in the "leaders"; the rank and file will have to find refuge elsewhere.

But refuge elsewhere is hard to find: the Arab states have shown singular lack of enthusiasm in offering a new home to this large band of armed and disgruntled Palestinian fighters.

Israeli sources familiar with the Habib negotiation cite the new Syrian turnabout as the single largest obstacle preventing progress in the talks. Some Israeli analysts see the Soviets' hand behind Syria's move; they surmise that the Kremlin is seeking in this way to rob Washington of a diplomatic triumph -- with far reaching possibilities of political success in the Arab world.

Syria Playing Its Own Game

Other Israeli observers believe Syria is playing its own game: Damascus, they say, is seeking a broad-based understanding with the U.S. regarding the whole issue of Syrian presence in Lebanon. In return for Syrian "cooperation" over the immediate problem of Beirut, the Syrians want tacit American support for the continued deployment of Syrian forces in eastern Lebanon (the Bekaa valley). This area, bordering Syria itself, is plainly of strategic and defensive importance to Damascus.

At present, the U.S. position is still that Lebanon must be restored to full independence by the removal of all foreign forces -- meaning the PLO at the first instance, and then the Syrians and the Israelis.

Israel for its part also subscribes, officially, to this U.S. position, though there are some Israeli policymakers who would be prepared to countenance a continued Syrian presence in eastern Lebanon in return for a continued Israeli presence -- direct or by Lebanese Christian militia leader Maj. Saad Haddad as its proxy -- in southern Lebanon, in the 25-mile wide strip bordering Israel.

The Syrian Foreign Minister's talks in Washington will apparently dwell on these issues. Analysts see the presence there of his Saudi colleague as significant. The Saudis have footed the bill for the Syrian "Arab peacekeeping force" in Lebanon to date, and they are reportedly offering money to Syria to pay for taking in the PLO evacuees from Beirut now.

A Paradox Holds Sway

In Israel, meanwhile, the paradox which has dominated the political debate here throughout the siege of Beirut continues to hold sway. Simply put, it is this:

The more public dissent there is inside Israel, the more voices are heard against attacking west Beirut, the more cocky and recalcitrant the trapped PLO men become because they take encouragement from the internal debate in Israel. And, the more recalcitrant the PLO becomes, the unlikely it is that they will leave peaceably. Therefore the arguments of those in Israel who favor force become stronger and more persuasive.

Government ministers persistently point out this paradox to Labor Party opposition figures and to others who oppose the use of force in Beirut. They argue that all Israelis, government and opposition, want a peaceable end if possible, with maximum political gains for Israel.

Thus it should be in every one's interests to put up a strong and united negotiating front. Above all, the beleaguered PLO must be convinced that Israel will use force if it has to, otherwise there will be no incentive for the PLO to leave peaceably.

Opposition leaders say they recognize the logical validity of this argument. Nevertheless, they say, they must make their opposition to the use of force public or else, they fear, the pro-force camp within the Cabinet would use their silence as meaning acquiescence and would get a majority for the assault.

Doubt And Dissent In The Cabinet

This week the internal debate has taken on an even more agonized aspect. Doubt and dissent within the Cabinet itself has surfaced.

It was no accident that Interior Minister Yosef Burg, the oldest Cabinet member, was reported as referring his colleagues to the historical lesson of Barcelona during the Spanish civil war in 1936 when it took Gen. Francisco Franco three months of bloody street fighting to capture the Loyalist-held city. Burg's message was clear, he does not want Beirut to become Israel's Barcelona.

Other ministers are known to share his fears and doubts. Among them are Ze'evulun Hammer, Mordechai Zipori, David Levy and possibly even Simcha Ehrlich. (Both Levy and Ehrlich are Deputy Premiers.) If it came to a vote these ministers would perhaps not comprise a majority, but they would be an impressive and powerful minority. Premier Menachem Begin, naturally, would be reluctant to take such a crucial decision without broad-based Cabinet consensus, especially since the Knesset opposition is not supportive.

Dilemma Facing Israel

Basically, the dilemma exercising all minds here is whether armed invasion of west Beirut, even if it led to the utter defeat of the PLO, would be worth the Israeli casualties, the Palestinian and Lebanese deaths, the massive civilian destruction, and the worldwide opprobrium, all of which would almost inevitably result.

The extent of that likely opprobrium was rudely brought home to Begin last week with a stern message from President Reagan, urging an alleviation of aspects of the siege of west Beirut. The president wrote bluntly that an Israeli "assault" on the besieged part of the city would "grievously affect our bilateral relations."

The warning seemed to have a sobering effect here. The theme appeared to change from "time is running out..." to "Habib will have the time he says he needs." Begin told the Cabinet Sunday that Israel must avoid falling out with Washington over the Beirut crisis, although at the same time he stressed that Israel could not allow the present situation to go on indefinitely.

Other External Dangers

Apart from the fear of a split with the U.S., Israeli policy makers must take account of other external dangers that could arise from an armed assault on west Beirut.

* The European Economic Community might well react by imposing economic sanctions on Israel as it did on Argentina over the Falklands war. In Israel's case the effect would be devastating since Israel does so much of its trade with Europe.

* The peace with Egypt, strained by the war, would inevitably suffer. Some analysts here believe the Egyptians would recall their ambassador from Tel Aviv, and that could lead to a steep and rapid downhill trend in relations. Even now, all cultural ties between the two countries have been effectively frozen because of the war in Lebanon.

Sources close to the Prime Minister have sought to blunt the edge of the seemingly either/or choice which the press and the public see as con-

fronting him; to assault west Beirut or to do nothing.

These sources say that Begin in fact has a wide range of options before him; he can go for certain limited and selective military actions around Beirut that would not result in massive destruction but could still tighten the pressure on the PLO and perhaps persuade its leaders to leave the city without a bloodbath.

Some Israeli officials believe that this sort of limited military action could be undertaken parallel with the diplomatic negotiations and would help expedite a diplomatic solution.

STATE DEPARTMENT NOT GIVING TOO MUCH CREDIBILITY TO PLO STATEMENT ON RECOGNIZING ISRAEL

By David Friedman

WASHINGTON, July 15 (JTA) -- The State Department appeared today not to be giving too much credibility to a statement by a Palestine Liberation Organization official in Paris that the PLO is ready to recognize Israel on a "reciprocal basis." Department spokesman Dean Fischer said the U.S. has not received any confirmation out of PLO headquarters in west Beirut in support of the statement by Issam Sartawi, an adviser to PLO chief Yasir Arafat. Asked specifically about Sartawi's statement, in a speech before the French Institute of International Relations, Fischer said: "The position of the U.S. government on negotiations with the PLO remains as we have stated before." The U.S. has refused to negotiate with the PLO until it recognizes Israel's right to exist and accepts United Nations Security Council Resolutions 242 and 338.

Sartawi, speaking in Paris, said the PLO "has formally conceded to Israel in the most unequivocal manner, the right to exist on a reciprocal basis" and urged the U.S. to deal directly with the PLO. In the negotiations presently being conducted in Beirut by Philip Habib, the U.S. special envoy speaks only to Lebanese officials, some of whom then negotiate with the PLO.

Shultz Has Little Faith

Secretary of State-designate George Shultz, during his confirmation hearings before the Senate Foreign Relations Committee yesterday, also said he had little faith in statements coming from PLO officials. But just before the Committee voted unanimously to recommend the confirmation of Shultz, its chairman, Sen. Charles Percy (R. Ill.), said he had received a report from a "neutral source" that the PLO was ready to recognize Israel.

At a meeting of the Committee today, however, Sen. John Glenn (D. Ohio) said it should be up to Israel, not the U.S., to see if Sartawi's statement was now the PLO policy. He suggested that Premier Menachem Begin study the statement closely to see if the PLO really means what one PLO official is saying.

Avnery Airs His Views

Meanwhile, at a press conference at the National Press Club here today, Uri Avnery, an Israeli journalist and leader of the opposition Sheli faction, said Sartawi repeated his statement at a joint press conference in London yesterday with himself and Israeli Gen. (ret.) Mattityahu Peled, another leader of Sheli.

Avnery, who interviewed Arafat in west Beirut earlier this month, said Arafat had made similar statements at the time. He said Sartawi and Arafat

both cited as evidence PLO support for a statement by Soviet President Leonid Brezhnev last year calling for Middle East peace with security for all nations, including Israel.

Avnery said that even more important than what Arafat said in the interview, the first he ever granted an Israeli, was that it was held at all. He noted that he and other Israelis had been meeting with PLO officials for the last eight years but when those meetings became public, the PLO always denied they had taken place. This time, however, according to Avnery, it was the PLO itself which first made public his interview with Arafat. The PLO has not repudiated Sartawi's statement, Avnery added.

The Israeli journalist said the "Soviet Union has miserably betrayed the Palestinian people" in the present situation which he called a war between Israel and the Palestinians. He said both Israel and the U.S. should use the situation now to "start a real, actual dialogue with the PLO." He said Israel cannot choose the leaders of the Palestinian people which, he claimed, is clearly the PLO.

The Avnery press conference was sponsored by the America-Israel Council for Israeli-Palestinian Peace, a recently formed group supporting the Israel Council for Israeli-Palestinian peace headed by Avnery and Peled.

PLO Statement Called 'Not Sufficient'

Meanwhile, at a Senate Foreign Relations Committee meeting today, former National Security Advisor Richard Allen said Sartawi's statement is "not sufficient" for the U.S. to change its policy. But if other statements are issued, the U.S. should consider talking to the PLO about recognition, though only after consultation with Israel, Allen said.

Former Undersecretary of State George Ball told the Committee today that the demand for PLO recognition of Israel was a "false issue." He said the PLO had no reason to recognize Israel since the Israeli government refuses to give the Palestinian people anything. He said the autonomy for the West Bank and Gaza Strip proposed by the Israeli government was "very little different from apartheid."

C.O.L. ROSE BY 6% IN JUNE

TEL AVIV, July 15 (JTA) -- The cost of living index rose by six percent last month, more than twice the rate during June last year, the Central Bureau of Statistics reported today. June is usually regarded as a "low rise" month. The increase brought the c.o.l. rise since the beginning of the year to 49.9 percent, with an annual inflation rate of about 130 percent.

The June hike was due to increases in all types of goods apart from fruit and vegetables, which showed a slight seasonal drop. The c.o.l. jump was due also in part to rises in price controlled articles following reductions in subsidies, as well as the first results of Israel's entry into Lebanon.

LATE NEWS BULLETIN

WASHINGTON (JTA) -- The Senate, by a vote of 97-0, confirmed George Shultz as Secretary of State Thursday afternoon. Three Senators were absent. The 61-year-old former president of the Bechtel group, is scheduled to be sworn in Friday by President Reagan. He succeeds Alexander Haig as Secretary of State. Reagan, in a statement, complimented Shultz on "his impressive performance" before the Senate Foreign Relations Committee during Senate hearings on his confirmation.

BACKGROUND REPORT A CRISIS OF IDENTITY

By David Kantor

BONN, July 15 (JTA) -- The Jewish community in West Germany is undergoing a crisis of identity. The community has been fractured by Israel's military actions in Lebanon and buffeted by the German media and many Germans who seem to take delight in being able to "demonstrate" that their former victims have become "no better than our fathers."

The agony and anguish permeating some sections of the Jewish community are not always the consequences of newspaper headlines and slanted articles which seek to denigrate Israel. Sometimes these feelings result from seemingly minor and accidental encounters between individual Jews and Germans.

For example, an Israeli journalist in Bonn accidentally met a German colleague whom he did not see for almost a year. Without any of the usual greetings she approached him and snapped: "Why are you behaving in Lebanon as the Germans did during the Third Reich?" This assertion, in one way or another, has become a commonplace in most of the German media.

A German journalist who happens to be a dedicated friend of Israel was asked the other day whether he watched a television program on the Middle East. "I did not," he answered, "and I'm glad I didn't. That would certainly have been another nightmare. I just refrain from such sort of things."

Last week a statement critical of Israel was issued by 43 "Berlin Jews" which compared Israel's military actions in Lebanon with German nationalism during the Nazi era. Both state operated German TV channels carried this statement but failed to carry a statement by the chairman of the Jewish community of West Berlin, Werner Nachmann, on behalf of the community defending Israel's actions as a means of safeguarding life and security and as an act of self-defense on the part of Israel.

Resignation And Apathy

Among Jewish youth in West Germany there is a growing feeling of resignation and apathy. An official of the Central Organization of the Jewish Communities in Bonn said this is the first time he has encountered this feeling since the end of World War II. "Israel's actions are the center of any political discussion nowadays," he said. "But the question is no longer whether one is pro-Israeli or not, but rather of how best to preserve Jewish identity altogether" in light of Israel's actions in Lebanon.

A young Jewish activist in Frankfurt said he was not bothered by those Jewish students who took a tough stance against Israel's policies. "That is perfectly normal," he observed, "and besides, only a few students take this stance. The problem is the mass of Jewish youth who just do not want to hear or know. They are practically in hiding."

A young Berlin Jew, who has been volunteering his free time to explain Israel's cause, told me that he was considering leaving the country. "There is a real anti-Jewish campaign here," he said. "Everyone can feel it. I detect it in every television newsreel, in nearly every newspaper. But I have encountered it in many personal incidents, too. What I have been through in the last few weeks has really given me a lot to think about."

The tiny Jewish community in this country has always suffered from an identity crisis. The develop-

ment during the last six weeks has compounded this crisis within the community as well as between the community and its neighbors.

COURT RULING ON DISABLED HOLOCAUST SURVIVOR WILL BE APPEALED

LOS ANGELES, July 15 (JTA) -- Bet Tzedek Legal Services has announced it will appeal a recent federal court decision here upholding "a precedent-setting" decision by the Social Security Administration (SSA) terminating Supplementary Security Income (SSI) to a disabled Holocaust survivor because she gets a small monthly restitution payment from the West German government.

Terry Friedman, Bet Tzedek Legal Services executive director, in announcing the public service legal agency's plan to appeal the decision next month, said Bet Tzedek would pursue the most vigorous appeal possible, as well as work strongly for passage of a bill introduced recently in the House of Representatives by Rep. Henry Waxman (D. Cal.) in response to the plight of Felicia Grunfeder and similar Holocaust victims receiving restitution payments. SSI payments are made to poor persons who receive too little or no Social Security payments.

Waxman's bill, introduced last May, would exclude West German reparations in Social Security Administration calculations in determining SSI eligibility for Holocaust survivors. Waxman, who said his bill has 34 co-sponsors so far, introduced it after he learned of the reclassification of Ms. Grunfeder's income status. The SSA declared Ms. Grunfeder's monthly reparations payments unearned income, holding it placed her total income above the eligibility limit for SSI. She filed suit when the SSI payments were ended last summer.

Josh Lazar, the Bet Tzedek attorney who is representing Ms. Grunfeder, expressed particular disappointment over the failure of Federal Judge Cynthia Hall to issue a written opinion in support of her decision barring SSI payments to Ms. Grunfeder.

"The court treated the case as if it were a routine SSI complaint, instead of a precedent-setting case of national significance affecting the rights of thousands of elderly and disabled survivors" of the Holocaust throughout the United States, Lazar said.

Friedman urged President Reagan to use his executive authority to direct the Social Security Administration to change a "heartless policy, which utterly disregards the unspeakable persecution suffered by Holocaust victims."

ONE ISRAELI SOLDIER WOUNDED

TEL AVIV, July 15 (JTA) -- One Israeli was wounded early this morning during what was described as a "relatively quiet" day in Lebanon. The army spokesman said that small arms fire had been directed at Israeli positions on the eastern cease-fire line on the Beirut-Damascus highway, with the Israelis returning small arms fire.

In the section around Beirut the cease-fire was generally observed, the spokesman said, apart from isolated cases of small arms fire by PLO terrorists at Israeli forces during the night. There were no Israeli casualties in this sector, the spokesman noted.

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CORRECTION: A story in the July 15 Bulletin said an advertisement listed the total number of wounded and killed in Lebanon at over 400,000. The figure, according to the ad, was 40,000.