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## ISRAELI PLANES HIT PALESTINIAN POSITIONS FOR SIXTH STRAIGHT DAY

By Hugh Orgel

TEL AVIV, July 27 (JTA) — Israeli Air Force planes hit Palestinian positions in west Beirut today for the sixth consecutive day. The attacks, combined with shellings of shored installations by Israeli naval vessels and artillery and tank exchanges between Israeli land forces and PLO terrorists in the city were intended to maintain the pressure on the encircled PLO forces to agree to evacuate the Lebanese capital.

Israeli forces again cut off the electricity supply to west Beirut yesterday, an action which also resulted in a shut-down of the water pumps supplying water to the PLO-controlled Moslem area of the city.

In other parts of south Lebanon, Israeli electric engineers working with Lebanese technicians are reported to have restored power to about 70 percent of the subscribers in the areas held by Israeli forces. Much of south Lebanon has been without electric power for months and even years because of clashes between the PLO and Christian Phalangist forces.

## 200 Terrorists Captured

Israel Radio reported today that about 200 terrorists were captured by Israeli forces in recent days while trying to escape from Israeli-controlled areas to the Syrian-held sectors of south and central Lebanon.

They were reported by local residents to have been dressed in civilian clothes and to have forced residents at gun-point to provide them with shelter and food. Army commanders warned village leaders not to assist Palestinian terrorists trying to escape from the Israeli-held areas.

## BEGIN, SHAMIR EXPLAIN TO U.S. CONGRESSMEN WHY ARAFAT'S STATEMENT IS 'DECEIT AND DELUSION'

By Gil Sedan

JERUSALEM, July 27 (JTA) — Premier Menachem Begin and Foreign Minister Yitzhak Shamir spent time today explaining to visiting U.S. Congressmen why the document reportedly signed by Palestine Liberation Organization chief Yasser Arafat implying recognition of Israel was — in Shamir's words — "an exercise in deceit and delusion."

They met separately with the Congressional delegation headed by Rep. Paul McCloskey (R. Calif.) whose meeting with Arafat in west Beirut Monday touched off a worldwide controversy over the PLO's intentions. McCloskey insisted that Arafat's signature amounted to his "acceptance of all United Nations resolutions which included the right of Israel to exist."

Begin also had an apparently stormy encounter with Sen. Paul Tsongas (D. Mass.), a member of the Senate Foreign Relations Committee, over Israel's attitude toward the PLO and its actions in Lebanon. Tsongas later described their 90-minute meeting as "distressing." Begin received McCloskey's group right after the Senator left. The Congressmen said afterwards that it was "a very friendly

meeting" but "heated at times." They described their earlier meeting with Shamir, which lasted less than an hour as having been conducted "in a friendly atmosphere." McCloskey opened it by repeating that in his view, Israel had to recognize the PLO and that the PLO would be ready to recognize Israel.

## Israel Still Seeking Diplomatic Solution

Shamir, who was said to have done most of the talking, told his guests that they had been deceived by Arafat because there was no change in the PLO's commitment to destroy Israel. He said Israel is still seeking a diplomatic rather than a military solution to the situation in west Beirut and therefore was giving American diplomatic efforts more time to succeed. He suggested that if the PLO really wanted peace it would bow out of the scene and make way for a more moderate Palestinian leadership.

The Congressmen told reporters, after the meeting that "We have learned a lot and so we think has Mr. Shamir." Voice of Israel Radio reported that McCloskey emerged from the meetings with Begin and Shamir feeling that he had erred to a certain extent in over-emphasizing the importance of Arafat's signature on a document.

## Tsongas Unsettled By Meeting

Tsongas, giving his version of his meeting with Begin, said he asked the Premier what Israel's reaction would be if Arafat went beyond his commitment to McCloskey and unequivocally accepted UN Security Council Resolutions 242 and 338. According to Tsongas, Begin responded that Israel would not negotiate with Arafat under any conditions, "never."

"Given that, and given the bombing that is going on, it is very difficult to understand how the pieces are going to be brought together," the Senator told reporters. Tsongas also said that when he told Begin the U.S. was opposed to the bombing of Beirut, the Israeli leader replied that two weeks ago the Americans "told a different story." Tsongas declared, "I for one would like to know what that story was and what kind of signals we were sending two weeks ago."

He said "I don't know what they (the U.S. Administration) were sending two weeks ago, but very clearly the Premier thought that what we are seeing today and what we saw two weeks ago were different things. When I go back to Washington that's going to be a priority."

Tsongas said he had urged Begin not to order the Israeli army into west Beirut, though he thought the PLO should leave. He said Begin replied that Israel would do what it has to do. The Massachusetts Senator, who toured Lebanon, also said he was deeply disturbed by the considerable destruction he saw in such places as Sidon, a former PLO stronghold.

"Begin told me that his military advised him that most of the damage done in Sidon had been done by the Palestinians," Tsongas said. "I saw Sidon, I spoke with the Lebanese. It is simply not true. If his military commanders are telling him that, we have got a real problem. He has a real problem."

Tsongas also contended that the Lebanese who initially had welcomed the Israeli army as liberators, were now changing their minds and are anxious to see the Israelis leave.

The document reportedly signed by Arafat was the subject of debate in the Knesset yesterday. Shamir insisted that the PLO leader has not changed his attitude toward Israel and expressed gratification that the American Administration "has not fallen for the trap of El Fatah." The State Department yesterday rejected the Arafat document as not meeting the conditions the U.S. has established for recognition of the PLO.

Labor Party chairman Shimon Peres said that as long as the PLO resorted to terrorism and demanded a Palestinian state, no document could change the basic situation.

Mapam Secretary General Victor Shemtov agreed that the document did not imply recognition of Israel, McCloskey's interpretation of it notwithstanding. But it could serve as a first step in the right direction and should not be rejected out of hand, Shemtov said. Labor MK Yossi Sarid urged the government to carefully evaluate Arafat's document. "One should not reject such a step a priori," he said.

#### LEBANESE CHRISTIAN OFFICIAL SAYS PLO CAN'T AFFORD POLITICAL SOLUTION

By Judith Kohn

NEW YORK, July 27 (JTA) -- An advisor to Bashir Gemayal, commander of the Christian Phalangist forces in Lebanon, said today that he was sceptical about the PLO's readiness to leave Lebanon, and suggested that the Israeli siege of Beirut would end with an assault on the western part of the Lebanese capital.

Responding to questions at a meeting of the National Committee on American Foreign Policy, Alfred Mady, who is the director of the Lebanese Information and Research Center in Washington, and counsels the Phalangist commander on foreign affairs, said that the PLO "cannot afford a political solution" and that PLO chief Yasir Arafat would be unable to impose one on all the rival factions of his organization.

Mady expressed hope that his assessment would be proven wrong. But he called the current efforts by U.S. envoy Philip Habib to settle the PLO forces in other Arab countries "the last stage of this peaceful process," and said that the final alternative means of removing the terrorists would be "either for Israel to go and do it or for the Lebanese army to go in after them."

Mady viewed reports that the Sudan was prepared to absorb some of the Palestinian forces as "the last chance" for a peaceful solution, but said he doubted that the PLO would agree to be transferred there.

#### Basis For Overcoming Internal Differences

Once Lebanon is left to its own devices, Mady contended, internal differences could gradually be overcome and a strong central government established, preferably under the presidency of Gemayal, who is a candidate in the elections that were to take place this summer.

"Soon we will have a new president in Lebanon -- maybe in two weeks -- who may preside over a strong government and help in getting rid of foreign forces," he said. In response to a question, however, Mady asserted that the Lebanese Christians were "willing to give up the presidency" which they have enjoyed since Lebanon's independence, but only "under the right formula."

He said this would mean a decentralization of authority that would provide each religious community with "substantial autonomy, particularly in matters of local status." But Mady viewed the possibility of achieving such a settlement with

scepticism as well, saying: "I don't think the Moslems want that."

#### PRESIDENTS CONFERENCE URGES REAGAN TO SEND CLEAR SIGNAL TO PLO TO LEAVE BEIRUT PEACEFULLY

By Kevin Freeman

NEW YORK, July 27 (JTA) -- The Conference of Presidents of Major American Jewish Organizations today urged President Reagan to send a clear signal to the leadership of the Palestine Liberation Organization besieged in west Beirut by Israeli forces to "quit Beirut" and evacuate Lebanon peacefully or "face the consequences of war."

In a letter to Reagan, which was released here today at a press conference, Julius Berman, chairman of the Presidents Conference, wrote:

"Now the moment is at hand to signal clearly to the PLO terrorists: the time has come to quit Beirut, to leave Lebanon. America will tolerate no more evasions, no more equivocations, no more deceptions. Leave in peace or face the consequences of war. This position, we believe, is consistent with the policy that you have followed to date."

The letter from Berman, on behalf of the 36 constituent member organizations which comprise the Presidents Conference, was drawn up yesterday and was his first formal contact with the Administration since he succeeded Howard Squadron as chairman of the Presidents Conference July 1.

#### Purpose Of The Letter

Speaking at a press conference today, Berman explained that the letter was intended to formally reiterate and reconfirm the policies of the Reagan Administration based on statements made by the President and to also restate the position of the American Jewish community. He said the American Jewish community "supports Israel's actions to defend its citizens and to destroy ... the terrorism the PLO represents."

The letter to Reagan praised his "understanding of the danger posed by the PLO to Israel and to all of the free world," and for his "clear rejection of any international effort, whether in the UN or outside of it, to impose sanctions against Israel for what it has done against the Soviet Union's best friends and closest allies in the Middle East."

Berman wrote that he believed the PLO "will continue to refuse to accept Israel's generous offer of safe exit from Beirut as long as its leaders believe that the United States will restrain Israel from imposing a military solution" to flush out the estimated 5,000-6,000 PLO terrorists trapped in the Lebanese capital.

"As long as the PLO believes it will be protected by our country from the eventual attack, there is no reason for the PLO to accept the honorable terms Israel has offered. Therefore, we believe the PLO must be disabused of the notion that our country is its ultimate guardian and protector," Berman wrote.

At the same time, the letter praised the President for his "refusal to give credence to the false report that (PLO chief) Yasir Arafat is ready to recognize Israel." Berman characterized the Arafat document as a "mere propaganda device designed not to advance the cause of peaceful reconciliation among the parties to the conflict but to confound and confuse Americans of good will."

The Presidents Conference also reiterated its position that it supports the goals of American policy to the conflict in Lebanon, which include the restoration of a central government in Lebanon, the guarantee that Israel's northern settlements will not be subjected to indiscriminate terrorist shelling, and to get all foreign forces -- Syrians, Israelis and the PLO -- out of Lebanon.

At his press conference today, Berman reported on his recent visit to Lebanon and Israel to view first hand the Israeli "Peace for Galilee" operation which began June 6. Berman, who was joined by Yehuda Hellman, executive director of the President's Conference, said that the Lebanon he viewed was different than the impression of Lebanon the electronic and print media has presented.

Berman, who was in Lebanon for a day and a half and in Israel for the other part of his 10-day visit, met with Premier Menachem Begin twice and opposition Labor Party leader Shimon Peres. He said the Premier "reflected an annoyance" over the portrait presented of the Israeli army in Lebanon. "He was quite perturbed and in a sense rightfully so," Berman said.

#### REAGAN, IN POLICY DECISION, SUSPENDS INDEFINITELY DELIVERY OF CLUSTER BOMBS TO ISRAEL

By David Friedman

WASHINGTON, July 27 (JTA) -- President Reagan has suspended indefinitely the delivery of cluster bomb ammunition to Israel. State Department spokesman Dean Fischer, in announcing the ban, stressed that this was a policy decision by Reagan and not a legal determination of whether Israel had violated a secret agreement with the U.S. by using cluster bombs in Lebanon.

"No further action is contemplated at this time," Fischer said. He said the President acted after he sent a letter to Congress yesterday on Israel's use of cluster bombs which supplemented the letter sent Congress on July 16 on the use of American-made weapons by Israel in Lebanon.

In both cases, the letters are classified because of, as Fischer explained, the "delicate state" of the negotiations now going on over Lebanon. Both letters apparently declare that there are grounds to believe Israel violated its agreements with the U.S. not to use American-made weapons except for defensive purposes. Either Congress or the President could then determine that a legal violation had occurred and cut off arms for Israel.

Reagan last week suspended delivery of cluster bomb ammunition pending a review. Fischer said the decision today, which he stressed repeatedly was a policy decision, was based on the Israeli response to U.S. requests for information on its use of cluster bombs as well as information from a variety of sources.

It was unclear what arms were actually covered by the suspension. Last week the Administration talked of 1400 rounds of ammunition for cluster bombs. Today, Fischer said the President suspended delivery of 155 mm. artillery ammunition which uses a cluster-type mechanism similar to that in the bombs. But he would not clarify whether these shells were part of the ammunition suspended last week.

Israel has maintained that its "Peace for Galilee" operation in Lebanon was a defensive action. It also claimed that cluster bombs were used only after Syria entered the fighting and only against military targets.

Fischer denied that today's policy decision was made as a means to pressure Israel to restore the cease-fire in Lebanon. Israeli aircraft, artillery and gunboats have been bombing and shelling west Beirut for the past six days. But Fischer said the U.S. was hopeful that the cease-fire could be restored.

Meanwhile, U.S. special envoy Philip Habib arrived in Jerusalem today after meeting with Arab leaders in various capitals in an effort to find a country to admit the PLO men. He was scheduled to hold talks with Israeli officials.

Fischer announced today that Egyptian Foreign Minister Kamal Hassan Ali who arrives here tomorrow, will meet with Secretary of State George Shultz on Friday. Ali reportedly is bringing a message from President Hosni Mubarak. Mubarak has called on the U.S. to talk to the PLO and on Israel and the PLO to recognize each other. Fischer also said that Israeli Foreign Minister Yitzhak Shamir will visit Washington August 2-3.

#### KNESSET VOTES 57-49 TO APPROVE TEHIYA'S ENTRY INTO GOVERNMENT

JERUSALEM, July 27 (JTA) -- The Knesset voted 57-49 yesterday to approve the entry of the ultra-nationalist Tehiya into Premier Menachem Begin's coalition government. The addition of Tehiya's three Knesset mandates gives the government a comfortable eight seat parliamentary majority. One coalition MK, Dror Seigerman of Likud's Liberal Party wing, abstained.

Shortly afterwards, Tehiya leader Yuval Neeman, a professor of physics at Tel Aviv University, was sworn into the Cabinet as Minister of Science and Development, a newly created portfolio. Neeman, an outspoken advocate of "Greater Israel," said he would devote himself to using science and technology to shift Israel's population center from the crowded coastal plain to the mountainous hinterland -- meaning the West Bank. Tehiya has demanded the prompt annexation of that territory.

Before he was sworn in, the Justice Ministry imposed a 125,000 Shekel fine on Neeman for what it called a technical violation of Israel's currency regulations. The public committee which investigated the violation said that contrary to regulations, Neeman held a foreign currency account in the U.S. during the years 1968-1978, when he lived most of the time in the U.S. According to the committee, the violation was technical because had Neeman asked permission for the account, it would have been granted.

#### ANTI-SEMITISM IN SWITZERLAND

GENEVA, July 27 (JTA) -- The Zurich Jewish weekly, Israelitische Wochenblatt, has lodged a complaint of anti-Semitism against the Swiss National Radio for comparing Hitler's plans for the extermination of Jews with Israel's policies toward the Palestinians.

The editors referred to a June 18 broadcast in which a chapter from Hitler's "Mein Kampf" was read with the substitution of the words "Palestinian" and "Palestinian people" for "Jew" and "the Jewish nation." They charged this was slanderous and anti-Semitic, defiled the memory of the Holocaust victims and was a direct attack on Swiss Jews.

Swiss Jews are concerned over what they perceive to be an increase in anti-Semitism following Israel's invasion of Lebanon, particularly among young people between the ages of 15-20.

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LONDON (JTA) -- Queen Elizabeth II is to be the guest of honor of the Board of Deputies of British Jews at a reception in London December 1 during a conference of Jewish leaders from the British Commonwealth. Greville Janner, MP, the Board's president, announcing the news, said: "I cannot think of a time when the Board and our community would find the acceptance of such an invitation more welcome, more reassuring or more splendid than the present."

## SPECIAL REPORT

DESPITE WAR IN LEBANON, ISRAEL IS  
MAINTAINING THE TEMPO OF ITS  
PEACETIME ECONOMY AND WORLD TRADE

NEW YORK, July 27 (JTA) -- The Israel Economic Office here reported that, however the military and political struggle in Lebanon is decided, Israel is winning its campaign to maintain the tempo of its peacetime economy and to conduct international business as usual.

Despite the war, during the past month Israeli industry has experienced no appreciable dropoff in production or exports. Increased per worker productivity of more than eight percent, coupled with the smooth functioning of internal and overseas transportation and services, has achieved overall output of 95 percent of normal and almost completely eased the foreign trade consequences of Israel's mobilization, officials here said.

For the first time in Israel's 34-year history, conflict has barely inhibited local production or adversely affected overseas commerce. Industrial exports (excluding polished diamonds) were boosted in the first six months of 1982, amounting to \$1.703 billion compared to \$1.654 billion during the first half of last year, or a rise of three percent. June exports were a solid \$274 million, a dropoff of only 14 percent from June 1981, which was an exceptional month, according to the report.

Exports this last month, despite the hostilities, included: electronics, \$36 million, or 55 percent over the same month of 1981; textiles and ready-to-wear, \$36.4 million, four percent ahead of last year; minerals, \$20.7 million, up 19 percent; chemicals, rubber and plastics, \$52.8 million, plus three percent; wood, paper, light industrial products \$30.3 million, a 20.7 percent increase; and food products, \$29 million, the same as June last year.

Efficient Manpower Call-Up

The officials said that the continued production in almost all industrial branches in Israel is attributed to highly efficient and selective manpower call-up with many key specialists exempted or released in a mobilization affecting less than 15 percent of workers in industrial sectors.

An additional reason is the availability of sufficient transport for the effective distribution of raw materials and shipments of finished goods, as well as substantial inventories resulting from enhanced capacities among Israel's modern production export branches.

Israeli plants and merchants are expected during the coming weeks to supply substantial quantities of various manufactured goods for reconstruction activities in Lebanon, a further demonstration of continued economic capacities despite the war effort, the report said.

It is anticipated that Israel's exports will reach \$4 billion (excluding diamonds) in 1982, barring unforeseen military considerations which will represent an annual increase of seven percent in real terms.

Israel's exports of goods and services in 1981 reached \$10.9 billion or approximately \$2,700 per person, one of the world's highest per capita export performance. Negotiations are also being completed in Israel to assure wage and price stability for the coming year, the officials declared.

U.S. JEWISH COMMUNITY LEADERS  
ENDORSE A 1983 UJA SPECIAL FUND

JERUSALEM, July 27 (JTA) -- At an emotional concluding session in the Knesset, 125 American Jewish leaders participating in the Unit-

ed Jewish Appeal Prime Minister's Special Mission to Israel endorsed by acclamation a 1983 UJA Special Fund for humanitarian programs which are no longer supportable by Israel's people because of the cost of the Peace for Galilee operation and which are being reassumed by the Jewish Agency.

Pledges for 1983 announced at the Knesset totaled \$10.6 million, representing an increase of more than 75 percent over pledges by the same donors in 1982, with most of the increase going to the Special Fund.

"Our leadership acted in response to the opportunity provided by the mission, to see and hear for themselves the truth about the Peace for Galilee operation, its impact on the Lebanese people and on the civilian economy of Israel and the programs and services our campaigns help support," stated UJA national chairman Robert Loup in announcing the action.

In his address at the concluding session, Premier Menachem Begin reiterated commitment to "peace for Lebanon, peace for all our Arab neighbors, peace for Israelis and for all Jews. Stand together with us," he urged, "as we continue our struggle for freedom and independence."

The mission's "Declaration of Intent" endorsing the Special Fund asserted "our intent and resolve to return to our home communities and assume responsibility to mount a special campaign, over and above our regular campaigns, that will attempt to raise a minimum of \$200 million for transmittal to the Jewish Agency for the humanitarian programs that the Agency provides to Israel's people."

VENEZUELA SEEKING TO BUY  
ROCKET BATTERIES FROM ISRAEL  
By Jaime Reibel

CARACAS, July 27 (JTA) -- The Venezuelan Ministry of Defense is negotiating an \$84 million contract with the Israel Defense Force for the purchase of 25 ground-to-ground rocket batteries, according to a report in the daily newspaper, *Diario de Caracas*.

The army's modernization program is ultimately destined to enable it to achieve parity with the navy, which has acquired five "Lupo" class missile frigates from Italy in the last few years, and the airforce, which earlier this year bought 24 U.S. F-16 fighter jets.

The Venezuelan F-16 purchase set off an acrimonious debate in the U.S. Congress over the introduction of such a sophisticated fighter jet to South America. The main argument against the sale was that it would initiate an arms race that the financially strapped region could ill afford; however, the contract was eventually approved.

EXPLANATION SOUGHT FOR SAUDI  
VIOLATION OF U.S. ARMS ACCORD

WASHINGTON, July 27 (JTA) -- Rep. Barney Frank (D. Mass.) has asked Secretary of State George Shultz to explain how U.S. M-16 rifles sold to Saudi Arabia were transferred to the PLO in violation of an American arms sale agreement with the Saudis.

Frank, in a letter to Shultz, supplied the Secretary with the serial numbers of M-16 rifles captured from the PLO by Israeli soldiers in Lebanon. The weapons were in their original crates from the Colt Co. and had been shipped to Saudi Arabia.

Noting that the action of the Saudis "greatly undermines the American policy" in the Middle East, Frank said he wants the State Department to "tell the American people what assurances we can have that there will be no further examples of American arms being sent by the Saudis -- or any other nation in the Middle East -- to be used by the PLO in their campaign against the existence of Israel and against the interests of the United States."