

KNESSET VOTES 60-53 TO APPROVE THE NEW GOVERNMENT HEADED BY SHAMIR Political Change Is Overshadowed By Economic Crisis By David Landau

JERUSALEM, Oct. 10 (JTA) -- The Knesset voted 60-53 today to approve the new coalition government headed by Premier-designate Yitzhak Shamir. But the political change was overshadowed by the economic crisis which burst on the country with the partial collapse of bank shares and the sudden new devaluation of the Shekel. (See separate story.)

Economic factors dominated the angry debate before the voting. They were the centerpiece of Shamir's speech and of the withering attack on the government by Labor Party chairman Shimon Peres.

Promises 'Immediate' Firm Action

Shamir promised "immediate" firm government action to slash expenses, prune subsidies on basic commodities and to fix a "realistic" rate for the Shekel. He spoke of "bridling public consumption", implied a tough government stand against wage demands and a more austere life for most Israelis.

"Our real living standards have gone up in recent years beyond the country's abilities," Shamir declared. He warned that demands which "do not jibe with the national good" will not be entertained. "We shall have to accept the fact that living standards will cease to go up for a certain time... till we attain a healthy economy."

He said that "all sectors of the population" would have to share the burden of putting the economy right but promised repeatedly that his government would protect the weakest sections from the effects of the envisaged austerity regime.

Peres Assails Outgoing Government

Peres accused the outgoing government of "punishing" hundreds of thousands of "innocent" citizens for their "trust." He declared that Shamir, as a senior minister in that government, shared with Finance Minister Yoram Aridor and others the responsibility for the policies which brought on the present "tragic situation."

He asked if the Knesset and the nation could or should have confidence in the ability of the same people to conduct a better policy. "I demand that those men responsible be replaced," Peres declared, pointing to the Cabinet table. He urged "immediate" elections without a prolonged campaign period.

Shamir's new coalition is identical to the outgoing one headed by Premier Menachem Begin. Shamir pledged that the "basic guidelines" of the Begin administration would be the foundation of its successor. But he expressed hope that talks for a national unity government embracing the opposition would be resumed and said it was his firm intention to follow up every opportunity to achieve an all-party coalition.

He blamed Labor for the failure of the talks and for rejecting a proposal whereby divisive issues would be held in abeyance under a unity government until the next scheduled elections in 1985.

Shamir opened his speech with a wam tribute to Begin whose poor health prevented him from attending the Knesset session. There was no word from Begin aides as to whether he intends to resign his Knesset seat. The former Premier has rented a flat in a Jerusalem suburb and is expected to vacate the Prime Minister's residence within a few days.

Circles close to him said today that he is still suffering from a skin disorder but is otherwise well physically and has been maintaining control of State matters from his home.

Shamir was expected to convene his Cabinet tonight to discuss the most pressing economic issues. There was speculation that he does not intend to lose time in implementing the austerity measures he referred to in his Knesset speech. Informed sources said some of the measures might be decided on tonight and others by the end of the week.

Coalition Seen As Sound

The 60-53 vote in the Knesset for the new government deprived Shamir of his absolute majority in the 120-member parliament by the deliberate absence of Yigael Hurwitz (Independent), the former Finance Minister, in an expression of dissatisfaction with the economic policy.

But the coalition margin is in fact sound; it stands at 64. The two other MKs who were absent today, in addition to Begin, were Aharon Abu Hatzaira who began serving a prison sentence last week, and Avraham Melamed of the National Religious Party who is attending a conference in South Korea.

NEAR PANIC DOMINATES ISRAEL'S MONEY MARKET By Gil Sedan and High Orge

JERUSALEM, Oct. 10 (JTA) -- Near panic dominated Israel's money market today as public confusion mounted over the government's seemingly contradictory policy toward the Shekel.

The Treasury had been promising for the past week that there would be no sharp, sudden devaluation of Israel's currency. The commercial banks unexpectedly announced today that the Shekel will sell at the rate of 70.99 to the U.S. Dollar, down from the 65.63 rate that prevailed last Friday. Two hours later, the Bank of Israel, the country's central bank, announced an official base rate of 69.27 Shekels to the Dollar.

Speculators who had disregarded the Finance Ministry's promise to maintain the Shekel and purchased Dollars, earned a profit of over five percent. Those who trusted Finance Minister Yoram Aridor's assurances that devaluation would be gradual, registered losses of between 15-30 percent.

The government sought to maintain the Shekel at last week's rate to stem the public rush to buy foreign currency, mainly Dollars, before they became too expensive. Upwards of \$60 million worth of foreign currency was bought by the public in a three day period last week.

The atmosphere of panic was engendered by the suspension of foreign currency transactions. The Tel Aviv stock exchange was closed yesterday and is expected to remain closed for several days. The buying

and selling of Israel commercial bank shares was suspended, probably for the rest of the week.

The local money market suffered a severe shock over the weekend when the commercial banks and the government agreed in principle on measures to stabilize bank stock. Until recently, bank shares were considered to be the safest investment, preferable even to index-linked government bonds. But that changed in recent weeks as the shares showed a downward trend.

The public began selling off their bank shares to buy foreign currency. The banks, anxious to avoid the collapse of their stocks, invested some 10 billion Shekels to shore up their value. This worked as long as there was no excessive demand for cash. But the run on foreign currency precipitated a crisis.

Accord Reached on Linkage to U.S. Dollar

Late last week, the heads of the commercial banks met with officials of the Treasury and the Bank of Israel. Agreement was reached to link bank shares to the U.S. Dollar, in effect a government guarantee of their value. Shareholders would be required to retain them for a specified period, probably five years.

The agreement is still subject to approval by the Cabinet and the Knesset Finance Committee. Israel's largest commercial bank, the Bank Leumi, was reportedly unhappy with the new arrangement. Opposition spokesmen and others demanded yesterday that the new agreement be incorporated into law.

Spate Of Bankruptcies Anticipated

One of the effects of the drop in bank share prices may be a spate of bankruptcies of firms which obtained credit from the banks, using their shares as collateral. The banks are likely to decide that the value of the collateral is insufficient to guarantee the credit and may demand additional security which some clients may not be able to provide.

The Labor Party issued a statement yesterday claiming that the public is now being forced to pay the price of its trust in the economic policies of Finance Minister Yoram Aridor and the Likud government.

Histadrut warned that it will fight hard against any attempt by the government to reduce cost-of-living allowances which are presently pegged to a three month increase equivalent to 80 percent of the cost-of-living index during the previous quarter.

CJC ASKS CANADIAN PARLIAMENT TO STRENGTHEN LAWS AGAINST SPREADING RACIAL, RELIGIOUS HATE PROPAGANDA

By Ben Kayfetz

TORONTO, Oct. 10 (JTA) -- The Canadian Jewish Congress is asking Parliament to amend and strengthen the laws against spreading racial and religious hate propaganda.

A four-member CJC delegation, appearing before the Parliamentary Committee on Racial Minorities, proposed, among other things that the word "wilfully" be deleted from the criminal code dealing with hate-mongers in order to facilitate their prosecution.

The CJC deputation pointed out that Canada has the unenviable reputation of being the largest exporter of anti-Semitic propaganda materials to West Germany because of inadequate controls. Most of the material originates with and is distributed by Ernst Zundel who operates in Toronto under the corporate name, "Samisdat." His literature denies that the Holocaust ever occurred.

Weaknesses in the law also permitted Toronto clergyman Paul Melnichuk to preach anti-Semitic sermons from his pulpit, accusing Jewish businessmen and professionals of cheating, the Parliamentary Committee members were told.

The CJC delegation asked that the criminal code be amended to apply special sanctions against vandals who desecrate cemeteries and houses of worship; that better monitoring bodies be established to record racist acts and public complaints about them; and that anti-discrimination clauses be inserted into contracts for federally and provincially funded projects.

The deputation was headed by Milton Harris, president of the CJC, and included Alan Rose, vice president, Frank Schlesinger, chairman of Quebec community relations, and Sharon Wolfe, special committee chairman.

DULZIN: PROJECT RENEWAL WILL BE COMPLETED BY THE END OF THE DECADE By David Landau

JERUSALEM, Oct. 10 (JTA) -- Project Renewal will be completed by the end of the decade, according to Leon Dulzin, chairman of the Jewish Agency and World Zionist Organization Executives. Dulzin told the WZO Executive he expected that the work in 18 of the 200 target neighborhoods would be completed by the end of 1984.

He stressed that the Jewish Agency, which jointly with the government established Project Renewal in a partnership effort with American Jewish communities, must be in the forefront of efforts to find and create new sources of employment in the target neighborhoods. He spoke wamly of the recently-appointed Agency's director of renewal, Gideon Witkon. (Witkon is the son of the former Supreme Court Justice Alfred Witkon).

In his own detailed review of the state of Project Renewal to date, Witkon noted considerable successes in working with local people for the improvement of their own environments. He said to date the Jewish Agency had spent \$400 million on Project Renewal. Some 250 public buildings had been erected -- community centers, child-care centers, clubs, and sports centers.

Cites Major Problem And Challenge

Witkon emphasized that the major problem and challenge was in the area of economic development and job creation. "Social development and the evolution of social leadership and economic leadership will only lead to a denuding of the neighborhoods of their best population unless suitable employment opportunities are created," Witkon warned.

Jewish Agency treasurer Akiva Levinsky urged that the Agency begin to look ahead to the time when Project Renewal's work in the neighborhoods is completed and the Project begins to end. "We must be sure that there is continuity and follow-through after we complete our programs," he said.

U.S. CONCERNED ABOUT SHIPMENT OF SOVIET SS-21 MISSILES TO SYRIA By David Friedman

WASHINGTON, Oct. 10 (JTA) -- The Reagan Administration is concerned about the shipment of Soviet SS-21 mobile ground-to-ground missiles to Syria. The missiles, being deployed outside Warsaw Pact countries for the first time, have a range of about 70 miles and can reach targets in northern Israel as far as Haifa, as well as all of Lebanon and U.S. warships off Lebanese shores in the Mediterranean.

President Reagan, in his weekly radio talk last Saturday, publicly acknowledged that the missiles were in Syria as part of "a massive amount of Soviet equipment" that had been sent to that country. "We have to wonder aloud about Syria's protestations about their peaceful intentions," Reagan added.

Reagan's remarks were the first time the Administration has publicly acknowledged that the SS-21 missiles were in Syria, although there have been private reports about them for the past week.

Only last Friday, State Department deputy spokesman Alan Romberg refused to confirm that the missiles were in Syria. But he appeared to be warning the Soviet Union not to introduce any new weaponry into the Middle East.

"Were new important weapons systems introduced by the Soviets into the region, it could only serve to increase the level of tension which already exists," Romberg said.

U.S. Continues To Support May 17 Accord

Reagan, in his radio talk, made clear that the U.S. continues to support the Lebanese-Israeli agreement of last May 17. There have been persistent reports from Lebanon that the U.S. would go along with a Lebanese abandonment of that agreement as the price for Syrian cooperation in helping the government of President Amin Gemayel achieve national reconciliation. But Reagan, in his radio remarks, declared: "We stand by this as a good agreement."

Reagan also seemed to imply approval of Israel's invasion of Lebanon in June, 1982, in the course of trying to explain to the public U.S. involvement there. He noted that Lebanon had been "torn by strife for several years" with various militias fighting each other.

"Terrorists in Lebanon violated Israel's northern borders killing innocent civilians," Reagan said. "Syrian forces occupied the eastern part of Lebanon. The Israeli military finally invaded the south to force the PLO attackers away from the border." The Middle East, Reagan said, is "our business."

Reagan Outlines U.S. Objectives

He said the U.S. had to see to it that the Middle East is not "incorporated into the Soviet bloc" and that Western Europe and Japan continue to receive the oil they need. He added: "Didn't we assume a moral obligation to the continued existence of Israel as a nation back in 1948. I never heard anyone in this country even suggest that we should not shoulder that obligation."

Reagan said his September 1, 1982 peace initiative for the Middle East was aimed at helping bring "the Arab states and Israel together in negotiations to settle the long standing difficulties that have kept that entire area in turmoil for many years." He said the U.S. wanted to see other peace agreements in the region such as the Egyptian-Israeli peace agreement of 1979.

But Reagan said his peace initiative, including a "fair settlement of the Palestinian problem," could not be achieved until the foreign forces have left Lebanon and that country was on the way to national reconciliation. He blamed Syria for blocking that effort. "Syria, which had earlier agreed to withdraw if Israel did, changed its mind" after the May 17 Israel-Lebanon agreement was signed, Reagan said.

ROSENNE ACCUSES EGYPT OF VIOLATING ITS PEACE TREATY WITH ISRAEL

By Yitzhak Rabi

NEW YORK, Oct. 10 (JTA) -- Ambassador Meir Rosenne of Israel accused Egypt of violating its peace treaty with Israel. "Israel is worried and concerned over Egypt's refusal to send back its Ambassador to Israel," the envoy told the American Mizrahi Women's national convention last night at the Sheraton Centre.

Egypt recalled its Ambassador, Saad Mortada, after the massacre by Christian Phalangists of refugees in the Sabra and Shatila camps in Lebanon. The Egyptians said at the time that their Ambassador would return to Israel after Israel and Lebanon reached an agreement, but has declined to do so to date.

Noting that Egypt has declared that it refuses to return its envoy to Israel because of Israel's settlement policy in the West Bank, Rosenne said: "The Egyptians are clearly violating the peace treaty. If they will not send back their Ambassador we will have to think twice from now on before we sign any peace agreement with any other Arab country."

Rosenne said that Israel made tremendous concessions for its peace treaty with Egypt, giving up the whole Sinai, the oil wells and the massive infrastructure of roads and airfields built by Israel. "After all these concessions," he said, "we suddenly find that Egypt is violating the agreement."

Turning to the issue of Lebanon, Rosenne warned that Lebanon's right to exist independently is presently at stake. He said that over 60 percent of Lebanon is occupied by Syria, but Syria refuses to withdraw from Lebanon as it was asked to do by the Lebanese government. He charged that the international community turns its back on Syria's continued occupation of Lebanon, and noted that the UN Security Council did not demand Syrian withdrawal from Lebanon nor has the European Economic Community imposed sanctions on Syria, as they did on Israel after the Lebanon invasion.

Solon Warns Of Arms Buildup In Syria

Sen. Alfonse D'Amato (R. NY) received in the course of the meeting last night the American Mizrahi Women's 1983 American Israel Friendship Award. It was presented to him by Roselle Silberstein, the organization's national president.

In his remarks to the more than 250 guests attending the meeting, D'Amato warned of the massive arms buildup in Syria. He said that in addition to the Soviet-made SAM-5 missiles in the hands of the Syrians the very sophisticated SS-21 Soviet missiles are "in Syrian hands or on their way there."

He said the U.S. foreign policy must not be based on "political expediency" but on "justice." He said a strong Israel is in America's interest in the Mideast.

BONN (JTA) -- Chancellor Helmut Kohl, presently visiting the Middle East, intends to present ideas for bringing peace to that region based largely on his meeting with King Hussein of Jordan. West German radio stations reported over the weekend, Kohl, who was in Cairo after visiting Amman, was quoted as saying he was greatly impressed by what Hussein had to say. The Jordanian ruler publicly attacked Israel as "expansionist" but there were no indications of what Kohl has in mind.

CJF ANNOUNCES 1983 SMOLAR AWARD WINNERS; JTA GETS SPECIAL CITATION

NEW YORK, Oct. 10 (JTA) -- The Council of Jewish Federations has announced that Joseph Aaron, Rabbi Irving Greenberg, Carol Steinberg and Leonard Fein are the 1983 winners of the Smolar Awards for Excellence in North American Jewish Journalism.

In addition, the Jewish Telegraphic Agency was awarded the Smolar Award Special Citation. David Friedman, JTA Washington bureau chief, and Charles Allen, Jr., who disclosed the connection between the Lynggessa chief Klaus Barbie and the CIA, the Vatican and the International Red Cross, were among the finalists in the Smolar Awards. Both were finalists in the Public Affairs category.

Alan Marcovitz of Milwaukee, chairman of the CJF Smolar Awards Committee, which judges entries and designates winners, reported that committee members were impressed and gratified with the unusually high quality of the 130 entries in the 1983 competition. Thirty-three submissions were designated as finalists, the group from which winners are drawn.

Winning Articles And Contributions

Aaron's award-winning article, "The Percy Lesson," was jointly commissioned and published by the Philadelphia Jewish Exponent, Baltimore Jewish Times and the Long Island Jewish World. Aaron resides in Chicago.

Greenberg of New York was honored for his series of three articles on Jewish ethics and Jewish power, which ran in the Philadelphia Jewish Exponent, the Jewish Press and the Long Island Jewish World. Both Aaron and Greenberg won awards in the Public Affairs category.

"Getting a Jewish Divorce; Women Seek Equitable Treatment in Obtaining a Get," won Steinberg the Smolar Award in the Human Interest category. Her article appeared in the Long Island Jewish World.

Fein's "Days of Awe," a reflection on the dual Jewish commitment to peace and to survival, took the Smolar Award in the Magazine category. It was published in Moment.

The Special Citation for Extraordinary Service to the Jewish Communities of North America through the medium of Jewish journalism went to the Jewish Telegraphic Agency, which was recognized as the "backbone" of the North American Jewish press.

The 1983 Finalists

Finalists in the 1983 Smolar Awards are:

Human Interest: staff, Baltimore Jewish Times; William Bole, Long Island Jewish World; Sissy Carpey, Philadelphia Jewish Exponent; Hillel Goldberg, Denver Inter-Mountain Jewish News; Geulah Grossman, Long Island Jewish World; Julie Liedman, Philadelphia Jewish Exponent; Arthur Magida, Baltimore Jewish Times; Robin Palley, Philadelphia Jewish Exponent; Gary Rosenblatt, Baltimore Jewish Times; Harold Steinblatt, Long Island Jewish World; Vivian Witt, Cleveland Jewish News.

Public Affairs: Jo Ann Abraham, Deal Park Jewish Voice; Carol Abrams, Cleveland Jewish News; Stuart Ain, Long Island Jewish World; Neil Barsky, Long Island Jewish World; Wolf Blitzler, Washington, D.C. (syndicated); Ian Blynn, Philadelphia Jewish Exponent; William Bole, Long Island Jewish World; Cynthia Dettelbach, Cleveland Jewish News; Phil Jacobs, Baltimore Jewish Times; Ellen G. Hyde, Philadelphia Jewish Exponent; Ray Kestenbaum, Jewish Week (New York); Sheldon Kirschner, Canadian Jewish

News; Gary Rosenblatt, Baltimore Jewish Times; Richard Yaffe, Jewish Week (New York).

Magazine: Paul Cowan, Inside Philadelphia; Hillel Goldberg, Tradition Magazine; M. Hirsh Goldberg, B'nai B'rith Jewish Monthly; Staff, Moment; Victor Perera, Present Tense; Marc Silver, B'nai B'rith Jewish Monthly.

The CJF Smolar Awards are named in honor of Boris Smolar, author, journalist and Editor-in-chief Emeritus of the JTA.

ADL JOINS CONGRESSMEN IN APPEAL FOR PAROLE ON BOND OF TWO IRANIAN JEWS DETAINED IN NEW YORK BY THE INS

NEW YORK, Oct. 10 (JTA) -- The Anti-Defamation League of B'nai B'rith has appealed for the parole on bond of two Iranian Jewish brothers who have been subjected to repeated anti-Semitic attacks in the Immigration and Naturalization Service's Brooklyn detention center. They fled to this country last January, seeking political asylum, and are still awaiting an administrative decision. The brothers were taken into custody when they entered the U.S. on false passports, their only means of escape.

In its appeal, the ADL is joining with Rep. Gary Ackerman (D. N.Y.) and 31 other Congressmen in urging that the brothers be "immediately" released to family members living in Queens, "pending a final decision on their request for permanent political asylum." The names of the two have been withheld to protect family members who are still residing in Iran.

Nathan Nagler, the ADL's New York regional board chairman, and Carol Lister, director of ADL's New York regional office, in a letter to INS Commissioner Alan Nelson, said the brothers, Orthodox Jews, have been victims of anti-Semitic harassment since their confinement last January 22.

On September 25, one brother was attacked by a non-Jewish Iranian detainee and was hospitalized for a broken nose. The brothers and their attacker are among 36 men in the same crowded cell. The ADL letter pointed out that the brothers "have no place to hide and no way to protect themselves from further anti-Semitic attacks."

SHMUEL RUDENSKY WINS 1983 ISRAEL PRIZE FOR DRAMATIC ART

JERUSALEM, Oct. 10 (JTA) -- The 1983 Israel Prize for dramatic art has been awarded to Shmuel Rudensky, a Russian-born actor who has portrayed a wide range of characters on stage since the earliest days of theater in Israel, the Ministry of Education and Culture announced last night. Rudensky, 80, will receive the award on Israel Independence Day next spring, as a tribute to his life's work.

He was born in Smargon, a town near Vilna, Lithuania, which was then part of Russia. He immigrated to Palestine in 1924 and after working as an agricultural and construction laborer, he joined local theater groups, commencing a long theatrical career. He is best known for his roles as Teyva the milkman, which he played for many years in Hamburg in the German version of "Fiddler on the Roof."

BONN -- Twenty-four anti-Nazi demonstrators have been arrested in Fallingb., Lower Saxony, charged with violent behavior while trying to break up the national convention of the neo-Nazi National Democratic Party held in a hall in that town.