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Encouraging Economic News From Israel: GOVERNMENT REPORTS BALANCE OF PAYMENTS GAP HAS NARROWED AND ITS INDUSTRIAL PRODUCTION IS UP
By David Landau and Gil Sedan

JERUSALEM, Oct. 17 (JTA) — The government produced some encouraging economic news over the weekend. Israel's balance of payments gap has narrowed and its industrial production is up. Government spokesmen claimed at a press briefing yesterday that this proved the economic situation is not as bad as depicted by the media.

Some economists cautioned, however, that such an assessment based on limited economic indicators was questionable. The Central Bureau of Statistics, meanwhile, released figures today showing that real wages increased by seven percent last year with a commensurate rise in private consumption of 7-8 percent.

The harbingers of economic good tidings were Moshe Mandelbaum, Governor of the Bank of Israel, and Minister of Commerce and Industry Gideon Patt. Mandelbaum reported yesterday that the deficit of exports to imports stood at \$131 million in September compared to \$263 million in August and \$139 million in September, 1982.

The improvement was the result of reduced imports rather than a rise of exports. Imports in September amounted to \$382 million compared to \$511 million in August and \$425 million in September, 1982.

Effort To Cool The Crisis

Patt reported at yesterday's Cabinet meeting that industrial production was up 2.5 percent in the first six months of 1983 compared to the same period of 1982. He said in the second quarter of this year, production rose by 7.5 percent over the second quarter of 1982.

The government played up this economic news in an effort to "cool" the crisis atmosphere created by recent collapse of bank shares and the sharp devaluation of the Shekel. But the figures on consumption made public today may give pause to those who recall Premier Yitzhak Shamir's warning in his inaugural Knesset speech just a week ago that Israelis have been living beyond their means.

According to the Central Bureau of Statistics, the purchase of private cars by Israelis increased by 90 percent over the past two years. In the first eight months of this year, Israelis bought 70,000 private vehicles — equal to the total purchased in all of 1982. By the end of this year, the number of new cars on the roads is expected to reach 100,000.

Whether the buying spree continues may depend on Shamir's ability to institute the austerity regime he claimed was vital to economic health.

YIGAL COHEN-ORGAD NAMED ISRAEL'S NEW FINANCE MINISTER, BUT SHAMIR DELAYS MAKING OFFICIAL ANNOUNCEMENT
By Gil Sedan

JERUSALEM, Oct. 17 (JTA) — Yigal Cohen-Orgad, a 46-year-old Herut Knesset member, was named Israel's new Minister of Finance today, re-

placing Yoram Aridor who resigned last Thursday. Premier Yitzhak Shamir, who met with Cohen-Orgad this morning, delayed making an official announcement of the appointment. He is expected to do so late today or tomorrow.

Cohen-Orgad, who holds a bachelor degree in economics and heads the Likud caucus in the Knesset Finance Committee, is a political hawk, an admirer of the Gush Emunim and has a home and business interests in the West Bank. Like Shamir and Defense Minister Moshe Arens, he opposed the peace treaty with Egypt and was one of the 18 Knesset members who voted against it in 1979.

Political Storm Expected

His appointment to the Cabinet is expected to raise a political storm in Likud's Liberal Party wing which had its own candidates for the Treasury post—Energy Minister Yitzhak Modai or Commerce and Industry Minister Gideon Patt.

The Liberal Knesset faction met in emergency session today. One member was quoted as saying, "expect thunder and lightning, the reaction will be sharp." Another Liberal MK, Pinhas Goldstein, predicted that the appointment of Cohen-Orgad brings the end of the Likud government closer.

Cohen-Orgad, who spoke briefly to reporters after leaving Shamir's office, refused to confirm or deny that he was given the finance portfolio. He said the Cabinet and the Knesset would make the appointment. Shamir, however, was under pressure to name a successor to Aridor.

Knesset Speaker Menahem Savidor warned that if there is no decision by tomorrow, he would give the green light for motions of no-confidence by the opposition.

Profile Of Cohen-Orgad

Cohen-Orgad was born in Tel Aviv in 1937, the son of immigrants from Poland. His father was in the lumber business. He was a member of Betar, the Herut youth movement. He was elected to the Knesset in 1977. In recent months he has been an outspoken critic of the economic policies of Aridor, a Herut colleague, and was rebuked at a meeting of the Herut Central Committee for the sharpness of his language.

In a recent radio interview, Cohen-Orgad called for a "social contract" between the government, Histadrut and private employers. He said if such a pact did not materialize, it was the government's duty to go ahead with the process of economic recovery.

The main economic goal of the government, according to Cohen-Orgad is renewed economic growth "on the basis of a healthy economic infrastructure." He proposed that people with the highest incomes bear the heaviest tax burden and should receive reduced cost-of-living increments. But he opposed any cuts in Dollar and c.o.l.-linked savings accounts, shelters for the more affluent sectors.

With the appointment of Cohen-Orgad apparently final, Shamir may try to appease his Liberal coalition partners with another senior Cabinet post, such as the Foreign Ministry which he retained after becoming Prime Minister. Modai is known to want that portfolio. But it is also sought by his Liberal colleague, Deputy Premier David Levy.

BUSINESS OPERATIONS BEGINNING TO FEEL EFFECT OF STOCK EXCHANGE CLOSURE By Gil Sedan

JERUSALEM, Oct. 17 (JTA) -- The continued shutdown of the Tel Aviv Stock Exchange, now in its second week, is having a ripple effect on business. Investors, unable to liquidate shares, are finding themselves short of cash. Their creditors, with bills due, refuse to accept checks that may bounce.

Banks are willing to allow their customers to write checks substantially in excess of their balance--the traditional Israeli practice of overdraft--on which a high rate of interest is charged. But the banks have come under pressure to limit overdrafts and credit.

People short of cash are expected to sell the Dollars, bought only recently in face of a rapidly weakening Shekel. To do so involves a severe loss because the Shekel was devalued by 23 percent last week.

Dollars are still being sold, but at a limit of \$3,000 per person. In an effort to ease the cash squeeze, the Treasury has postponed the monthly payment of the Value Added Tax (VAT) from the end of this week to the end of the month.

EGYPTIAN FOREIGN MINISTER SAYS USSR SHOULD PARTICIPATE IN AN OVERALL SETTLEMENT OF ARAB-ISRAELI CONFLICT

BONN, Oct. 17 (JTA) -- Foreign Minister Kamal Hassan Ali of Egypt has told the West German publication Die Welt that "sooner or later" the Soviet Union should participate in an overall settlement of the Arab-Israeli conflict.

In an interview conducted in Cairo, Ali observed that the shipment by the Soviet Union of its SS-21 missiles to Syria will give that Arab country a stronger position in future Mideast arrangements. He added: "This will lead to a Soviet participation, too."

But according to Ali, the West should demonstrate resolve in trying to find a solution to the conflict on its own and only then invite the Soviets to make their contribution. This contribution would be, he added, in the form of guarantees that the Soviets would share with the Americans.

The Egyptian minister said that Cairo will not return its Ambassador to Tel Aviv before Israel completed its evacuation of Lebanese territory. He said that Syria also should leave Lebanon, but the Israelis must leave before.

THREE PERSONS ARRESTED ON SUSPICION OF ATTACKING KOLLEK By Gil Sedan

JERUSALEM, Oct. 17 (JTA) -- The police have detained three persons suspected of attacking Mayor Teddy Kollek Saturday as he emerged from a synagogue in an Orthodox neighborhood and are searching for four more suspects. One of the men was arrested yesterday and two were taken into custody early today. All have denied they were involved in the attack. Their identities were not made public.

Kollek had attended services at the Persian synagogue in the Bukharian quarter when he was surrounded by a mob of some 200 religious zealots from the adjacent Mea Shearim quarter. He was knocked to the ground, kicked, punched and scratched. He suffered a knee injury but was able to drive himself home and returned to work yesterday.

Police, who arrived at the scene after the incident staged raids this morning on the homes of six suspects, two of whom were apprehended. The others are

apparently in hiding. Six forged passports were found in the home of one of the men.

In an unrelated arrest, the police yesterday detained Rabbi Moshe Hirsch, self-styled "foreign minister" of the Eda Haredit, an extremist ultra-Orthodox group, who allegedly resisted officers who had come to arrest his son and daughter on suspicion of avoiding compulsory military service.

NO SUSPENSION FOR ABU HATZEIRA

JERUSALEM, Oct. 17 (JTA) -- The Knesset House Committee decided today not to suspend Aharon Abu Hatzeira from the Knesset for the duration of his three-month prison sentence. Instead, the committee accepted his commitment not to attend Knesset meetings during his period of incarceration.

Abu Hatzeira, leader of the Tami Party, who served as Minister for Social Welfare in the government of Premier Menachem Begin, was convicted of misusing funds raised by a charitable organization. He is serving his sentence as a day worker at the Beit Dagan prison and returns to his home each night.

STATE DEPARTMENT EASES REQUIREMENTS SABBATH OBSERVERS HAVE TO MEET TO TAKE ITS FOREIGN SERVICE TEST

NEW YORK, Oct. 17 (JTA) -- The U.S. State Department has eased the requirements Sabbath observers had to meet in order to take the December 3 written portion of its foreign service qualification test, the Anti-Defamation League of B'nai B'rith has announced.

According to Justin Finger, director of ADL's Civil Rights Division, the State Department has dropped its requirement that Sabbath observers submit a special form attesting to their religious tenets and obtaining certification from their "pastor or official of church or religious organization."

He noted that last year ADL informed the State Department that "a form of this kind puts an additional burden on Sabbath observers and makes it more difficult for potential applicants to take the exam."

In this year's examination bulletin, there is a special note to Sabbath observers who wish to apply for an alternate test date to submit a request before October 21 to the Board of Examiners, P.O. Box 9317, Rosslyn Station, Arlington, Va. 22209.

According to the notice, "Sabbath observers should include in their letter a self-certification confirming their affiliation with a recognized body that observes its Sabbath on Saturday."

ISRAEL'S ECONOMIC POLICY IS TERMED A FORM OF SHOCK TREATMENT

BALTIMORE, Oct. 17 (JTA) -- Calling Israel's economic situation its "most difficult problem," Masha Lubelsky, secretary-general of Na'amat, termed the government's policy of devaluation and cutting subsidies on basic commodities "a shock treatment that Israel cannot afford."

Addressing 600 delegates at the opening last night of the 28th biennial convention of Pioneer Women/Na'amat at the Hyatt Regency, Mrs. Lubelsky, a leader in Israel's Labor Party, called for "a new economic policy that would consider the needs of lower income people and ensure equal opportunities based on the idea of social justice."

She characterized the economic policies of the Likud government as "a national disaster." She charged that the government "wasted important foreign currency, especially American dollars, for the import of cars, color TVs and video cassette recorders," and said such policies "destroyed the basis of our own industry."

Mrs. Lubelsky asserted that "our natural resources are human beings," and said Israel should again put "a strong emphasis on being a productive and creative society. For our economy to recover, we must mobilize our efforts to develop science and sophisticated industry." She said the present government "should resign, call for early elections and let the people decide for themselves."

Mrs. Lubelsky noted that many Jews in the diaspora "expect us in Israel to make a show of unity and agreement in the face of the danger that surrounds us. But we must never adopt attitudes of agreement and unity that are artificial and superficial." On this basis, she declared, Labor Party leader Shimon Peres could not compromise the party's principles and join a government "that was a failure in Lebanon and brought Israel's economy to a catastrophe."

The biennial conference, which ends Wednesday, will also feature the presentation of the organization's Golda Meir Human Relations Award to Ambassador Jeane Kirkpatrick.

U.S. SAYS MARINES 'TARGETED' BY GROUPS IN LEBANON SEEKING TO UNDERMINE NATIONAL RECONCILIATION

By David Friedman

WASHINGTON, Oct. 17 (JTA) -- The Reagan Administration charged today that the U.S. marine contingent in Lebanon was being "targeted" by groups seeking to "undermine the national reconciliation process" in that country.

But State Department deputy spokesman Alan Romberg refused to "speculate" on which group or countries were responsible. Reports from Lebanon quoted marine officers as saying that Palestinian terrorists had fired on the marines. Wadi Hadad, Lebanese President Amin Gemayel's National Security Advisor, after meeting with President Reagan last Friday, indicated that Syria was trying to undermine the reconciliation process.

The firing at the marines, which killed one marine last Friday and another last night, reportedly came from areas held by Shiite Moslems. But State Department sources said that even if one pinpointed the area from where the "sniping" came from at the marines, it still did not mean that the group in control of that area was responsible for the shooting.

The Administration's comment today came after the marine was killed and three others were injured in the vicinity of the Lebanese university. The marine, Capt. Michael Ohler, 28, of Huntington, L.I., was the sixth killed in Lebanon in recent weeks.

Regret Senseless Loss Of Life

"We profoundly regret this senseless loss of life and are disturbed that the MNF (multinational force) continues to be the target of attacks which are aimed to undermine the national reconciliation process that is underway in Lebanon," Romberg said.

"We commend our marines for their dedication and exemplary performance in a difficult and trying situation and urge a cessation of these pointless attacks against those who are in Lebanon to serve the cause of peace."

The Administration maintained today that the attacks will not cause the U.S. to pull out its forces from Lebanon. White House deputy press secretary Larry Speakes said the marines will stay there "as long as the President thinks it's necessary."

Romberg stressed that despite the sniper attacks on the marines, and what he said were isolated incidents

of fighting between the Lebanese army and other groups, "basically the cease-fire is holding" and the Lebanese government is "moving ahead with the reconciliation process."

The U.S. diplomatic effort in Lebanon is also continuing, Romberg said. Robert McFarlane, President Reagan's special envoy for the Middle East, is in Washington and is not expected to return to Lebanon soon since he is expected to be named National Security Advisor to replace William Clark. But McFarlane's deputy, Richard Fairbanks, is still in Beirut.

Romberg said that because the national reconciliation process is underway in Lebanon the Administration feels this is a good time to begin a top level review of its Mideast policy to "look at where we are and where we are going." But he stressed that it is a review in small not "capital letters."

KNESSET DENOUNCES SEVERE SENTENCE IMPOSED ON SOVIET JEWISH ACTIVIST

By Hugh Orgel

JERUSALEM, Oct. 17 (JTA) -- The Knesset was virtually unanimous today in denouncing the severe sentence imposed last Friday on Soviet Jewish activist Iosif Begun and the persecution of the Hebrew language and of Soviet Jews wishing to come to Israel. Begun was sentenced to seven years imprisonment to be followed by five years of internal exile. He had been charged with "anti-Soviet" activities.

Only two Knesset members, Meir Wilner and Charlie Biton of the Hadash (Communist) Party, refused to join the protest and repeatedly interrupted the proceedings. Biton termed the attack on the Soviet Union a "circus."

Knesset Speaker Menachem Savidor said the Soviet authorities could not be compared to the Nazis, but in the Soviet Union only one language -- Hebrew -- is officially banned. He said the Nazis had burned Jews in the ovens, while the Russians sought to "burn the spirit."

Uzzi Baram, chairman of the Knesset Immigration and Absorption Committee, said the Soviets sought to sever the link between Russian Jewry and Israel -- the Hebrew language. He spoke scathingly of the Knesset Communists, saying it was a pity they were not like the Communists in Italy and France, who sometimes took an independent line and criticized Kremlin policies.

RAYMOND ARON DEAD AT 78

PARIS, Oct. 17 (JTA) -- Raymond Aron, one of France's greatest post-war thinkers, philosophers and writers died this afternoon at the age of 78. He suffered a heart attack as he was leaving the Paris court where he had testified in a libel case against Israeli historian Zeev Sternhell.

Aron, who was often compared to Jean-Paul Sartre as one of the post-war great thinkers, was born into an upper middle class Jewish family. At one time he was teaching sociology, philosophy and political science simultaneously at three different universities including the Sorbonne. For over thirty years he was a political commentator in Le Figaro and L'Express.

He was a conscientious and even proud Jew and ardent supporter of Israel though in recent years he was highly critical of the Israeli government's policies in the occupied territories and more recently in Lebanon. He visited Israel on several occasions. In the early 1930s, he taught in Germany where he witnessed Hitler's rise to power. On his return to France in 1933 he wrote an article attacking the Nazis.

SPECIAL INTERVIEW GROWING ROLE OF THE MILITARY IN ISRAEL By Yitzhak Rabi

NEW YORK, Oct. 17 (JTA) -- The myth that the Israeli army is apolitical and does not get involved in the shaping of national policy was shattered as a result of the war in Lebanon and its aftermath. Furthermore, the involvement of the military establishment in Israeli politics is likely to increase in the next few years and exacerbate the already existing tension between the civil and the military branches of government.

This is the assessment of Dr. Yoram Peri of Tel Aviv University, who is author of the newly published book "Between Battles and Ballots" (Cambridge University Press, New York) on the role of the Israeli military in politics since the establishment of the Jewish State in 1948.

According to the 39-year-old Peri, who was an advisor to Premier Yitzhak Rabin and who spent his military service in the Israel Defense Force as a military correspondent, the myth that there is a civilian control over the military is only partly true. "In reality, a new model of civil-military partnership has emerged in Israel," Peri said in an interview with the Jewish Telegraphic Agency.

The Weight Of Military Influence

He contended that, contrary to general belief, the military in Israel has considerable influence in the political life of the nation; it brings its influence to bear on foreign policy and serves as a mobility channel to the highest governmental posts. This was clearly the case with such military figures as Generals Moshe Dayan, Ezer Weizman and Rabin who later became key government ministers, Peri pointed out.

"Furthermore," said Peri, who is currently on a lecture tour in the U.S., "the civil control over the military is rather weak." He noted, for example, that both the Knesset and the Knesset Foreign Affairs and Security Committee were not involved with the peace negotiations with Egypt nor with the war in Lebanon.

Military Coup Unlikely

But Peri said that despite the centrality of senior military personnel in Israeli politics, a military coup in the Jewish State "is unlikely, although in the future the involvement of the military in the political process will increase."

He explained that a military coup of the kind that occurs in Africa and Latin American countries requires two conditions that do not exist in Israel: the alienation and segregation of the army from social institutions. "In Israel the army is a people's army and there is no separation between the military and the people," he said.

According to Peri, the military involvement in Israeli politics was sharply demonstrated in the Lebanese war. He said that many actions were undertaken by the army without prior consent of the government. "As a matter of fact," he said, Gen. Raphael Eitan, who was at the time Chief of Staff, "shaped Israeli policy in Lebanon even before the war broke out. Premier (Menachem) Begin only gave his stamp of approval to Eitan's policies."

Peri noted that Eitan was "the most political Chief of Staff of the IDF, ever." Eitan, Peri charged "was the first Chief of Staff to refer to the territories (the West Bank and the Gaza Strip) from an ideological point of view and not to their function from the point of view of Israel's security. By doing so he

dragged the IDF into the stormy public debate in Israel on the future of the territories."

A turning point in the involvement of the IDF in politics came after the 1967 Six-Day War, Peri said. "The reason was because the IDF, for the first time, was charged with political administration in the territories," he pointed out. "In addition, the fact that the national consensus on the defense issue was broken, was also a contributing reason for the growing involvement of the military in politics."

Peri predicted that the government now headed by Premier Yitzhak Shamir will have to face ever growing involvement of the army. "With the departure of Begin from the political arena, the rule of the founding fathers of Israel has come to an end. (David) Ben Gurion, Golda Meir and Begin imposed, by their charismatic personalities, limitations on the military and kept the delicate balance between the two branches of government -- the military and the civilian -- intact. But now, however, without the authority of charisma and with the lack of specific rules on the issue in the law, the military might even become more influential in Israeli society."

FAILURE OF PAPAL VICAR TO ATTEND MEMORIAL SERVICE FOR VICTIMS OF TERRORIST ATTACK ANGERS ROME'S JEWS By Lisa Palmieri-Billig

ROME, Oct. 17 (JTA) -- Rome's Jewish community is concerned and resentful over the failure of the Papal Vicar, Cardinal Ugo Poletti, to attend a memorial last Sunday for the victims of a terrorist attack on the main synagogue on October 9, 1982.

The entire political community was on hand, including the mayor, government ministers and other authorities to mark the first anniversary of two-year-old Stefano Tache's death and the wounding of 40 Jewish congregants by gunfire and grenades.

Poletti sent a telegram explaining that "pastoral duties" kept him away. He failed to send a representative or even a message. The Jewish community views this slight as another example of what it perceives to be the inadequacy of the Vatican's efforts to seek reconciliation between Catholics and Jews without re-examining basic historic facts.

Quotes Archbishop Of Marseilles

Those sentiments were expressed by Arrigo Levi, a well known Italian Jewish radio and television personality, political commentator and columnist, writing in the nationally read daily La Stampa of Turin.

Levi opened his commentary by quoting from the speech delivered by Cardinal Etchegaray, the Archbishop of Marseilles, to the Bishops Synod in Rome on October 4. "So long as Judaism remains foreign to our salvation, history will be subjected to anti-Semitic reflexes," the Archbishop said. "We too have a mission of penitence because of our centuries old attitude toward the Jewish people. We must learn to ask forgiveness of the Lord and of our brothers."

Levi noted that Pope John Paul II has yet to visit Rome's historic ghetto. "A Polish Pope who witnessed the Holocaust of European Jewry in his invaded country, a Pope who has travelled throughout the world but has not made that brief step across the Tiber to visit, in peace, his Jewish brothers -- should he not perhaps have given his Vicar to understand that there was no pastoral or consolatory duty higher than that of asking forgiveness of the Jews of Rome for the past, on a day of such bitter memories?" Levi wrote.