

ISRAELIS, STUNNED BY RECORD INFLATION, FEAR SITUATION WILL WORSEN

By Hugh Orgel

TEL AVIV, Nov. 15 (JTA) -- The cost-of-living index rose by 21.2 percent during October, the highest monthly increase since the establishment of Israel in 1948.

The Central Bureau of Statistics, which released the figures today, forecast a similar increase during November, which would amount to an annual inflation rate of 180 percent this year.

Histadrut Director General Yeruham Meshel and leaders of industry expressed shock and surprise at the unprecedented rise, higher than even the most pessimistic economists had been forecasting up to this morning, before the official announcement.

Meshel said Histadrut would demand that an interim cost-of-living increment be paid on November salaries on December 1, in advance of the next regular increase due with January salaries. The COL increase payment then is expected to be in the vicinity of 40-50 percent.

Reasons For The Inflationary Spiral

The 21.2 percent increase was due largely to sudden price hikes at the beginning of October, followed by a reduction of government subsidies for essential foodstuffs and services and the 23 percent devaluation of the Shekel. Many food items rose in price by 75 percent during October. The 40-50 percent price hike for foods and services which hit consumers last week will contribute to the equally high inflation rate predicted for November.

Even in advance of today's announcement, many firms and institutions were talking of impending catastrophe. University heads said they may have to close down institutions of higher learning next month because of cash shortages. Some hospitals said they would have to close wards if the government did not supply cash for supplies and salaries immediately. The director of a Tiberias hospital said anyone who broke a leg next week would have to limp to the hospital, and bring his own bread, bandages and headache pills. "We won't have any to give him or her," he said.

"German Catastrophe" Forecast

The Ata textile complex, which employs some 6,000 workers in the Haifa and the Galilee regions, said it may be forced to close next month because of delays in government aid. Management spokesmen said there was no cash available to pay bus companies hired to transport workers, or raw cotton and yarn supplies because of outstanding debts, and no money to meet the payroll.

The anticipated 180 percent inflation for 1983 is double the rate forecast of former Finance Minister Yoram Aridor who had claimed that his "correct economic policy" would reduce inflation to below 100 percent. Now, for the first time, economic reporters are beginning to talk of "hyperinflation on the lines of the German catastrophe of the 1920s."

A sign of the times is the issuance later this week of a new 1,000 Shekel banknote, bearing the picture of the Rambam. The largest banknote at present is the 500-Shekel denomination. Bank of Israel sources disclosed that a 2,000-Shekel note has been prepared for circulation.

ADMINISTRATION EXPRESSES 'REGRET' OVER REPORT ISRAEL PLANS 5 NEW SETTLEMENTS ON WEST BANK
By David Friedman

WASHINGTON, Nov. 15 (JTA) -- The Reagan Administration expressed "regret" today over a report that Israel plans to establish five new settlements in the West Bank.

State Department deputy spokesman Alan Romberg said the U.S. "position is clear; we regard settlements as an obstacle to peace." Romberg once again quoted from President Reagan's speech of September 1, 1982 announcing his Middle East peace initiative in which Reagan said, "Further settlement activity is in no way necessary for the security of Israel and only diminishes the confidence of the Arabs that a final outcome can be freely and fairly negotiated."

Romberg added, "The President also asserted that the position the United States will support in negotiations is 'self-government by the Palestinians of the West Bank and Gaza in association with Jordan'."

The spokesman was responding to a report from Jerusalem that the Israeli government has decided to establish five more settlements, three near Jericho, one in the northern part of the West Bank and the fifth near Nablus. The report said that a source told Israel Radio that the three settlements near Jericho were being planned to hinder any future proposal to return the area to Jordanian control.

Romberg, noting this, said the President, in his Mideast initiative, stressed that United Nations Security Council Resolution 242 "with its formula for territory for peace, applies to 'all fronts,' specifically including the West Bank and Gaza."

ISRAELIS SEE POSSIBILITY OF DIALOGUE WITH WEST BANK PALESTINIANS IN WAKE OF PLO CRISIS
By Gil Sedan

JERUSALEM, Nov. 15 (JTA) -- The crisis within the Palestine Liberation Organization had led Israeli officials to believe that a dialogue can be initiated with Palestinian elements on the West Bank, although negotiations on a political solution remain in the uncertain future.

The officials believe the time is ripe for the emergence of an alternative Palestinian leadership to the PLO and that such leadership is open to new ideas although no Palestinian has dared admit it. There have been hints nevertheless in several East Jerusalem Arabic newspapers in recent days.

None has called openly for negotiations with Israel. The only body that does so is the Village Leagues; but even the Israeli administration which created and financed the Leagues, views them now as politically impotent.

Benyamin Ben-Eliezer, the coordinator of government activities in the territory, spoke on television

this week of a generation gap on the West Bank with respect to attitudes toward Israel. The young generation continues to demonstrate violently against the Israeli presence. Their elders are more circumspect and more realistic, according to Ben-Eliezer.

The mature Palestinian elements on the West Bank, Israeli policymakers say, have become disenchanted with the PLO-- with both the faction loyal to Yasser Arafat and the Syrian and Libyan-backed dissidents trying to destroy Arafat. Those elements, who were in their teens when Israel occupied the West Bank in 1967, recognize that time is working against their best interests; that today's PLO is not the PLO of 1976; and that the territory itself has changed irrevocably with the absorption of thousands of Jewish settlers.

The Israeli policymakers believe that a dialogue can develop between Israel and a new, emerging Palestinian leadership regardless of what political solution is eventually found. Such a dialogue, they say, can create a favorable atmosphere for a political solution but should not be dependent on one.

The Israelis admit that as long as the autonomy talks called for by the Camp David process remain frozen, very little of substance can be discussed with the Palestinians. The only subject which can and should be taken up now is "coexistence," they say.

AMNESTY INTERNATIONAL REPORT ACCUSES SYRIA OF GROSS HUMAN RIGHTS VIOLATIONS

NEW YORK, Nov. 15 (JTA) -- Amnesty International has accused Syria's security forces of systematic violations of human rights, including torture and political killings in a report made public today.

The world-wide human rights organization which is concerned specifically with the treatment of political prisoners cited "overwhelming evidence" that thousands of people have been harassed and wrongfully detained by the Syrian security forces without chance of appeal and in some cases, tortured and killed by those forces.

The report stated that "Between January, 1980 and December, 1981 alone, Amnesty International recorded the names of more than 3,500 individuals reported to have been arrested by the security forces. This is not a complete record of the number of arrests during the period but represents only those whose names were brought to the attention of the organization." There are also reprisals.

Family Members Held 'Hostage'

The report noted, with respect to political dissidents, that "Sometimes when a suspect may have left the country, one or more members of the family have been arrested in order to compel the suspect to return."

Since early in 1980, "Amnesty International has received the names of several thousand people who have been arrested and detained for various periods under state of emergency procedures. They include individuals held on account of their alleged membership in or support for a variety of organizations or parties, legal or banned, as well as wives or children under the age of 10 held as 'hostages' until the husband, elder brother or father is taken into custody," the report said.

The report is based on a memorandum which Amnesty International submitted to the Syrian government on April 26, 1983 with an accompanying letter to President Hafez Assad. It proposed "positive and constructive discussions" of its findings for which purpose Amnesty International was prepared to send a delegation to Damascus. It requested the Syrian government to respond by June 6, 1983.

No Syrian Response

No response was forthcoming and Amnesty International offered the Syrian government an opportunity to reply, stating that it would publish the reply jointly with its memorandum if the reply was received by August 1, 1983. There has been no reply from the Syrian authorities.

Amnesty International noted in the introduction to its report that it had published in October, 1979 "a detailed account of human rights violations" in Syria which it summarized in a letter to President Assad at the time. These included the use of emergency legislation to deny political and basic human rights; prolonged imprisonment without trial; abductions of alleged political opponents; torture during interrogation; and use of the death penalty for both political and criminal offenses.

Since publishing its 1979 report on Syria, Amnesty International "has continued to receive news of arbitrary arrests, incommunicado detention, torture of detainees, unfair trials, often leading to execution, 'disappearances' and extrajudicial executions," the introduction to its latest report stated.

JEWISH LEADERS CONDEMN 'OPEN LETTER' TO AMERICAN JEWS CLAIMING ANTI-SEMITISM DOESN'T EXIST IN SOVIET UNION

NEW YORK, Nov. 15 (JTA) -- Leaders of the Soviet Jewry movement here have denounced as blatantly false an "open letter" from 50 "Soviet citizens of Jewish nationality" addressed to American Jews urging them to discount reports of anti-Semitism in the USSR.

Referring to the "open letter" which was carried by Tass, the official Soviet News agency, several days ago, Morris Abram, chairman of the National Conference on Soviet Jewry (NCSJ) said it was "a blatant example of Soviet hypocrisy." Herbert Kronish, chairman of the Greater New York Conference on Soviet Jewry (GNYCSJ), called the letter an "absurd and tragic lie."

The signatories are associated with the "Anti-Zionist Committee of the Soviet Public." Their letter said, "We understand that it may be difficult for some American Jews whose fathers and grandfathers fled from Czarist Russia to escape pogroms to realize that the roots of national discord have long been eliminated in the Soviet Union." The letter claimed further that the Soviet Union has been "falsely reported as being hostile to the existence of Israel" whereas it opposes only Zionist policies. American Jews were urged to work with the Soviet people for world peace.

Orwellian 'Double-Think'

Abram observed that the letter "was a propaganda offensive tailored to Western readers... couched in appeals for 'world peace' from selected Jews, and used the standard line that the Soviet Union has nothing against the state of Israel except its 'Zionist policies'." He added, "To claim that one is not anti-Jewish or anti-Israel while conveniently designating as

'Zionist' a myriad of evils is Orwellian 'double-think' that fools no one," Kronish declared. "Claims that anti-Semitism have been rooted out of Soviet society are absurd and a tragic lie. Visitors to the USSR, including my wife and myself, in 1977 and again in 1982, can testify to collectively meeting thousands of Jews who are regularly subjected to KGB violence, denied access to higher education, prevented from studying and teaching Hebrew, and are targeted by blatant anti-Semitic attacks."

Both Abram and Kronish suggested that the letter carried by Tass was an attempt to counteract the world-wide outcry which arose when Soviet Jewish activist Isosif Begun was sentenced to 12 years' imprisonment and internal exile because he taught Hebrew and sought to emigrate to Israel.

MEIR SHAMGAR BECOMES PRESIDENT OF ISRAEL'S SUPREME COURT AT 58 By David Landau

JERUSALEM, Nov. 15 (JTA) -- Justice Meir Shamgar has assumed the presidency of Israel's Supreme Court, succeeding Yitzhak Kahan who has reached the statutory retirement age of 70. At 58, Shamgar is the youngest President of Israel's highest judicial body.

The presidency of the Supreme Court devolves upon the next in line among the justices in terms of their seniority on the bench, not age. Shamgar earned a laudable reputation as Judge Advocate General of the Israel Defense Force in the early 1960s and later as Attorney General in the early and middle 1970s, prior to his appointment to the Supreme Court.

Although he was a member of former Premier Menachem Begin's Irgun in the pre-State period, Shamgar was named Attorney General by a Labor government, an indication of the high esteem he commanded which transcended politics. He was always regarded as an able administrator, a keen-minded jurist and an expert on international law. As Attorney General, Shamgar was acknowledged to be scrupulously fair and was never influenced by the political and other pressures that are always exerted on the holder of that office.

Kahan Honored

At formal ceremonies last week and at an informal celebration later, leaders of Israel's legal community had warm words for the incoming President and his predecessor. Justice Kahan was widely praised for his conduct on the bench, and particularly as chairman of the commission of inquiry into the Sabra and Shatila refugee camps massacre of September, 1982. The commission's work was hailed as a model of judicial and moral standards.

The present Attorney General, Yitzhak Zamir, observed that the Kahan commission "underscored the principle that those in power must take into account the moral dimension of their decisions and actions, even in wartime." Others noted that Kahan, always a reserved and retiring person, never shrank from the challenge of responsibility when his appointment to head the inquiry commission catapulted him to world-wide prominence.

SECOND TRIAL OF PALESTINIAN TERRORIST ENDS WITH LIFE SENTENCE, AS DID THE FIRST By Reinhard Engel

VIENNA, Nov. 14 (JTA) -- The second trial of Palestinian terrorist Bahij Younis has ended here with

a conviction and life sentence, the same outcome as his first trial which was invalidated on a technicality.

Younis was found guilty of complicity in the assassination of Vienna City Councilman Heinz Nittel and the terrorist attack on the Jewish community center here two years ago in which two persons were killed and 20 wounded. He was also convicted of illegal possession of weapons and other war material.

Younis had been accused specifically of masterminding the fatal shooting of Nittel who was president of the Austria-Israel Friendship Society and inciting the attack on the community center. The murder weapon used to kill Nittel was found in his apartment as were the passports of two other Palestinian terrorists who did the actual killing and are serving life sentences.

Austrian authorities attribute both terrorist acts to an extremist Palestinian splinter group, Al Asifa, headed by a terrorist known as Abu Nidal who lives in Baghdad. Al Asifa has been implicated in the assassination of Palestine Liberation Organization representatives in Europe, notably the moderate Issam Sartawi, as well as attacks on Jewish institutions and business establishments in various capitals.

The Austrian authorities believe that Al Asifa's activities disrupted PLO mainline policy in Western Europe, although an Austrian journalist contended during Younis' trial that several secret services were involved in that effort and Al Asifa was only a front.

SENATORS EXPRESS CONCERN OVER PLIGHT OF ETHIOPIAN JEWS By David Friedman

WASHINGTON, Nov. 15 (JTA) -- The Senate Foreign Relations Committee approved a resolution voicing concern for the plight of the Jews in Ethiopia and urged that President Reagan make an effort to help them to emigrate to Israel. The resolution, introduced by Sens. Charles Percy (R. Ill.), chairman of the Committee, and Paul Tsongas (D. Mass.), now goes to the Senate floor for action. A similar resolution in the House by Rep. Stephen Solarz (D. N.Y.) has 103 sponsors there so far.

The Senate Committee also passed a resolution urging the President to continue action on behalf of Raoul Wallenberg, the Swedish diplomat who helped save Jews in Hungary at the end of World War II and who is believed to be in a Soviet prison since 1945.

TWO JEWS IN BRITISH LABOR PARTY'S 'SHADOW' CABINET

LONDON, Nov. 15 (JTA) -- The opposition Labor Party, rapidly reviving after its electoral disaster last year, has elected two Jews to its "shadow" cabinet.

Gerald Kaufman, a Labor MP, was appointed shadow Home Secretary, an office which covers such sensitive areas as race relations and police actions against terrorists. John Silken will act as the opposition spokesman on defense.

According to the British office of the World Jewish Congress, Kaufman is a member of the Labor Friends of Israel and has long been a close supporter of the Jewish State, although openly critical of Israel government policies in recent years.

The WJC noted that with Leon Brittan as the current Home Secretary in the Tory Cabinet and Lord Mishcon as Labor spokesman on home affairs in the House of Lords, Jews play an important role in this area of British politics.

BEHIND THE HEADLINES THE SCUTTLE OF A DEAL

By Maurice Samuelson

LONDON, Nov. 15 (JTA) -- In the spring of 1981, Britain vetoed a private deal under which 13 tanker loads of North Sea oil worth more than \$200 million would have been shipped to Israel.

The matter has finally come to light following a prolonged legal battle between two of the companies involved. As a result, the British government is now trying to prevent the European Court of Justice from deciding whether or not Britain's refusal to supply Israel breaches its commitments as a member of the European Economic Community (EEC).

The dispute stems from a refusal to load a cargo of oil, sold by Sun International, the world's 12th biggest oil company, to a Swiss subsidiary of Bulk Oil, an international shipping and oil refining concern.

Hearing that the oil was bound for Haifa, British Petroleum (BP) refused to load the first tanker at the giant Sullom Voe terminal in the Shetland Islands, north of Scotland. BP operates the terminal which was officially opened only two weeks before this incident occurred. Instead, the oil was removed by BP for sale on the spot market. Sun has sued Bulk Oil for breach of contract, claiming a total of \$15 million in lost profits and interest.

The two companies have also been involved in parallel court battles in Italy and in the United States where the Commerce Department is also probing alleged violations of anti-boycott legislation.

Inquiries by this correspondent show that the deal between Sun Oil and Bulk Oil was nipped in the bud when BP discovered that the oil was bound for Haifa, even though Gibraltar was given as its initial destination. The whole deal was for nearly 900,000 tons of crude oil over a period of 18 months. It would have constituted the first known export of British oil to Israel.

The Oil-Go-Round

At least six companies were involved in various stages of the deal. The oil had been produced in the North Sea by BP which sold it to Svenska Petroleum, the Swedish state oil company, which in turn sold it to Sun. Bulk Oil had ordered it on behalf of Delek, one of Israel's three main petrol groups, which arranged for it to be transported by Tanker Services, a Haifa chartering agency.

The deal started to take shape early in 1981 when world oil markets were beginning to recover from the shortages caused by the revolution in Iran. The Israelis had previously relied on Iran for nearly half their oil requirements. But the fall of the Shah forced them to seek long-term secure alternatives.

Israel had already turned to Mexico and Egypt for 40 percent and 25 percent of its needs, respectively; it had a United States guarantee that if those supplies were terminated it would not be left without oil.

The contract between Sun and Bulk contained a clause reading: "Destination free but always in line with exporting country's government policy. United Kingdom government policy at present does not allow delivery to South Africa." The first shipment was to have been collected by the 50,000-ton Greek-registered tanker George B. Spikias, commanded by Capt. Triantafiliou.

On May 19, 1981, British Petroleum questioned the vessel's bill of lading which said "Gibraltar for orders." This meant the cargo was to go to Gibraltar where the Master would receive further sailing instructions.

Asked to report the final destination, Bulk checked with the vessel's Israeli charterers and was instructed to designate Haifa.

Vessel Not Allowed To Load

On May 24, the George B. Spikias reached the sea lanes off the Sullom Voe Harbor but was told that it would not be granted entry. While further telex messages were exchanged by the parties concerned, the ship steamed around slowly. Finally, on May 30 it was told to leave the area, with its tanks still empty.

In refusing to load her, the British oil authorities were following guidelines first issued on January 31 by the then Energy Secretary, Tony Benn.

At the time, Benn had been asked in Parliament how he was dealing with the threat to oil supplies caused by the cessation of Iranian exports. He replied:

"The Government will expect oil companies exporting North Sea crude to do so in the markets of our partners in the International Energy Agency and in the European Community. This expectation in no way cuts across the maintenance, to the extent possible, of any existing patterns of trade outside those regions."

Although Benn had not named Israel, he had effectively excluded it because Israel was not a member of either of the organizations he mentioned and was not an existing customer. He did not exclude Finland which, although belonging to neither the IEA nor EEC, was an existing customer. Ironically, although this ruling was issued to deal with an international oil shortage, it was to remain the basis of British oil export policy even though the oil market has since been transformed from famine to feast.

Policy Unchanged

The policy was restated as recently as last month when the question was raised at a London meeting between Peter Waker, the present Energy Secretary, and his Israeli counterpart, Yitzhak Modai.

British officials strongly deny that it is intended to discriminate against Israel, pointing out that although other countries are affected by it only Israel continues to protest publicly. They also point out that Britain sells Israel coal.

Benn told this correspondent last week that he was aware, when first announcing the guidelines four years ago, that Israel would be excluded but he had first ascertained that the U.S. had guaranteed Israel's oil supplies.

Despite British assurances, Israel's oil purchasing agents believe that the elaborate formula for refusing to supply Israel is intended to protect major British oil companies with stakes in the Arab world, primarily British Petroleum.

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NEW YORK (JTA) -- Soviet authorities have dropped drug smuggling charges against Jewish activist Lev Elbert who is serving a one-year sentence for draft evasion, the National Conference for Soviet Jewry (NCSJ) reported. Elbert, 35, has been confined to a prison camp in the Vinitzskaya region of the Ukraine.