

## NEW ELECTIONS LOOM AS TALKS BETWEEN LABOR AND LIKUD BREAK DOWN OVER 'WEIGHTY DIFFERENCES'

By David Landau, Gil Sedan and Hugh Orgel

JERUSALEM, Sept. 3 (JTA) — The prospect of new elections grew today following the apparent breakdown of negotiations between the Labor Party and Likud for a unity government.

Premier Yitzhak Shamir and Premier-designate Shimon Peres emerged from a two-and-a-half hour meeting at the King David Hotel last night with no progress to report. Shamir told reporters that there were "weighty differences" between them which had not been narrowed. Peres repeated the phrase, indicating that they had at least concurred on how to describe the obstacles.

Both men said they would make further efforts to bridge their differences and would "maintain contact over the coming days." But no date was set for a future meeting.

Before they met last night for what was their fifth negotiating session, Shamir and Peres spoke of "finalizing" an agreement in principle reached last Wednesday. That agreement called for a rotation of national leadership over the next four years — until the next scheduled elections in 1988.

According to the reported agreement, Peres would serve as Prime Minister for the first 25 months of the new regime and Shamir as Deputy Premier and Foreign Minister, reversing their roles in the second half of the government's tenure. Yitzhak Rabin would serve as Defense Minister for the entire 50 month period and Likud would hold the Finance Ministry portfolio for the duration of the unity government.

The Cabinet would consist of 24 ministers — 12 Labor and 12 Likud. Each of the major parties could assign portfolios to their political allies among the smaller parties.

### Difficulties Arose During Consultations

But difficulties arose during consultations between Likud ministers at Shamir's office yesterday afternoon. "Amended proposals" were offered on key points. Likud insisted that the office of Prime Minister be rotated on an annual rather than biennial basis; that the party holding the Premiership should not hold the Defense portfolio; and that the office of Defense Minister also be rotated.

It is not clear to what degree those amendments were put forward by Shamir as "ultimatums" but Labor sources rejected them out of hand even before last night's Shamir-Peres talks. According to Labor sources, if it were up to Shamir and Defense Minister Moshe Arens, the tentative deal with Labor would be adopted without difficulty. Some Likud sources tend to agree.

### 'Rebellion Against Shamir' From Within

But Shamir seems to have run into problems from two of his senior ministers who clearly reject the prospect of any challenge to the Likud leadership being held in abeyance for the duration of a unity government. Laborites pictured the situation as "a test of Shamir's leadership."

Political observers spoke of a "rebellion" against Shamir from within his own party. Several of his senior colleagues, taking their cue from Deputy Premier David Levy, reportedly urged him Sunday to toughen Likud's stance.

### Settlements Pose Most Serious Obstacle To Unity

A further and possibly the most serious obstacle to a unity government is the sharp difference between Labor and Likud over settlement activity on the West Bank.

Peres reported to his colleagues after last night's meeting that Shamir had insisted that the new government go ahead with 27 settlements approved by the outgoing Likud regime but not yet built. Many of them are sited in the heavily Arab-populated Samaria district where Labor is on record as opposed to Jewish settlement building.

After meeting with Shamir last night, Peres returned to Labor Party headquarters in Tel Aviv and, in the presence of party leaders Yitzhak Navon, Yitzhak Rabin and Haim Barlev, telephoned Shamir to say his proposals with regard to West Bank settlements were absolutely unacceptable to Labor.

In an interview on the Army Radio this morning, Peres spoke out strongly against Likud's insistence on a new settlement drive at a time of grave economic crisis. He also dismissed as ridiculous the notion of an annual rotation of the Premiership. "What are we to be, gabboim?" he asked referring to honorary officers of synagogues.

Political observers believe Labor is equally adamant against relinquishing the defense portfolio in any rotation scheme. It is earmarked for former Premier Rabin. Likud sources, who claim there was no agreement in principle last week but merely an exchange of "ideas" indicated that if Rabin would soften his position on holding the Defense Ministry for a full four years, Likud would compromise on other outstanding issues.

Shamir said today, "I have made efforts, and hope I will continue to make efforts towards a unity government. This is the best solution at this time. I regret to say, though, that Labor has not been sufficiently forthcoming."

### Labor Says No Further Concessions

Key Labor Party figures said today that there would be no further concessions and spoke of renewed efforts to set up a narrowly based Labor-led coalition. Failing that, the outlook is for early elections, the Laborites said.

The party is intensifying its contacts with the three religious factions — National Religious Party, Aguda Israel and Tami — which hold a combined total of seven seats in the new Knesset.

The NRP is pressing strongly for a unity government. Its leader, Yosef Burg, sided solidly with Labor this morning in its deadlock with Likud over the duration of the rotation period. Burg said on a radio interview that Likud's proposed annual rotation was not practical and he would make the point at separate meetings he has scheduled with Peres and Shamir today.

Burg's position could become significant if the NRP decides to "blame" one side or the other for the breakdown of negotiations. Labor hopes it will blame Likud and thereby be more amenable to a Labor-led narrow coalition. The NRP has four Knesset mandates.

Laborites are also encouraged by the fact that an Aguda-Likud pact negotiated last week has not been signed, apparently because of second thoughts by the Aguda in view of the unity talks deadlock. Aguda holds two Knesset seats.

Likud, meanwhile, continues to woo Tami, with one seat. Levy, Yoram Aridor and other Likud leaders had lengthy meetings with Tami's Aharon Abu-Hatzeira yesterday. According to widespread reports, Likud offered to guarantee Tami three safe seats on its next election list if it promises not to support a Labor-led coalition.

#### Position Of Mapam

Labor, for its part, faces an almost certain breakdown of its alignment with Mapam if it forms a unity government with Likud. The Mapam leadership has made it unequivocally clear that the party, with six Knesset mandates, would neither join nor support such a government in votes of confidence or other Knesset ballots.

A defecting Mapam may take with it the Citizens Rights Movement (CRM) and leftwing Laborite Yossi Sarid, depriving Labor of an additional four Knesset mandates. But in view of the breakdown in talks, that threat is for the moment academic.

The talk among politicians here today is of early elections, a prospect neither they nor the electorate relish. Israeli voters last went to the polls on July 23.

#### **EBAN WON'T SEEK KNESSET SPEAKER POST** By Gil Sedan

JERUSALEM, Sept. 3 (JTA) — Former Foreign Minister Abba Eban withdrew his candidacy for the office of Knesset Speaker today after Labor Party support swung to his rival, Shlomo Hillel.

Eban, who has been serving as acting Speaker for the past three weeks, announced over the weekend that he would seek the job permanently. He reversed himself, he explained today, when it became clear that he would have to compete with Hillel. A contest between them would hurt Labor's chances to win the post against the Likud candidate, who has not yet been named.

Eban was originally approached by Labor Party leaders to stand for Speaker because he would have the support of the Communists and the Progressive List for Peace which are necessary for a majority vote. Hillel, who claimed he would not have presented his own candidacy had he known Eban would run, said yesterday that it was too late to back out.

The party is backing Hillel unanimously although he will not have Communist and Progressive support. A former Interior Minister, Hillel was in charge of the police on March 30, 1976 when six Israeli Arabs were killed in demonstrations over land expropriations in Galilee.

#### **REAGAN'S MIDEAST INITIATIVE SAID TO REMAIN THE MOST 'VALID' MEANS OF ACHIEVING ARAB-ISRAELI PEACE** By David Friedman

WASHINGTON, Sept. 3 (JTA) — The State Department marked the second anniversary of President Reagan's September 1, 1982 Middle East peace initiative by stressing that the Administration still considers Reagan's proposals the most "valid" means of achieving peace between Israel and its Arab neighbors.

Department spokesman John Hughes, declaring that the proposals in the initiative "remain as valid

today as when they were presented," rejected as "unfair" charges that the Administration has not been pursuing it in recent months.

He said, at a press briefing last Friday, that while there have been many "obstacles," such as the "upheaval in Lebanon," the Administration has had a continuing "major diplomatic effort" in the Middle East. However, Hughes stressed, that does not mean that any "imminent breakthrough" is expected.

#### Rejects Soviet Proposal For Mideast Conference

"That does not alter the fact the peace is worth pursuing; that nobody else has come up with any other kind of alternative that seems to make a great deal of sense," Hughes said. He rejected the Soviet Union's proposal for an international conference on the Mideast as not "a particularly helpful or constructive approach."

Hughes said that the U.S. cannot "do nothing and sit back while people kill themselves in the Mideast." He said that, instead, the Administration's position is to continue to work at it however hard the assignment may be and however long the road.

However, many observers believe that the Administration's Mideast effort has been put on hold pending the U.S. and Israeli elections. Reagan did not mention his initiative in his acceptance speech to the Republican national convention nor is it mentioned in the Republican Party platform.

Hughes refused to comment on whether a new Israeli government will accept the Reagan initiative. Premier Menachem Begin rejected the proposal as soon as it was announced and his successor, Yitzhak Shamir, maintained this position.

#### U.S. Mideast Position Outlined

Asked about this, Hughes noted that the peoples in the Mideast had been fighting each other for years and there were "lots of antagonism" and this caused "the major obstacle." Hughes outlined the U.S. position in the following formal statement:

"The positions in the President's September 1 initiative remain as valid today as when they were presented. The President's initiative represents a set of fair balanced positions on key issues which the negotiating parties will have to resolve. These remain the positions the U.S. will support whenever the parties themselves are ready to engage in negotiations.

"Acceptance of our positions by the parties is not necessary in advance of the negotiations and is not a prerequisite for a U.S. mediating role. We expect the parties to bring their own ideas to the table. On the other hand, the failure of the parties, thus far, to accept our positions has not lessened our confidence in their validity.

"The U.S. intends to continue to pursue its goals throughout the region, the foremost among which is a just and lasting peace between Israel and all its neighbors. We therefore remain committed to a speedy resumption of negotiations based on Security Council Resolution 242 and we remain committed as well to the Camp David framework. We are convinced that the President's initiative which is based squarely on both resolution 242 and the Camp David framework can point the way to a lasting agreement acceptable to all the parties."

#### **ECONOMIC CRISIS INCREASING** By Gil Sedan and Hugh Orgel

JERUSALEM, Sept. 3 (JTA) — Israel is facing a severe economic crisis which the Likud-led caretaker government may be forced to deal with before a new government is formed.

This morning the prices of basic commodities were raised by 15 percent and petrol by 20 percent in an attempt to keep pace with inflation. But economic experts agreed that this was a weak alternative and that radical measures are a "must" that cannot be long delayed.

The crisis atmosphere was heightened by the news Sunday that the country's foreign currency reserves are at a dangerous low and that the Treasury injected a record 135.4 billion Shekels (about \$413 million) into the economy in August, the largest amount ever for a single month. To make matters worse, tax collections declined last month.

According to figures released by the Central Bureau of Statistics Sunday, foreign currency reserves shrank last month by \$192 million to the \$2.4 billion level. This is some \$600 million short of the \$3 billion which is the "red line" or danger point, and the lowest level since 1978.

Economists warned today that the "government is losing control of the situation." The immediate concern is that if present trends continue, Israel may find it difficult to raise credit in the world monetary markets. The Treasury has prepared a comprehensive economic austerity program but the government has refrained from implementing it so far.

**Three-Stage Plan Outlined**

Bank of Israel Governor Moshe Mandelbaum's three-stage plan aimed at a substantial reduction of the inflation rate would cut the State budget drastically. Deficit spending in the public sector would be offset by offering better savings plans and selling State-owned lands to the public. Real wages would be cut back to the 1982 level. Under a proposed package deal with Histadrut, wage-earners would no longer be compensated for price hikes resulting from reduced government subsidies.

Government sources explained that much of the foreign currency outflow went to service foreign loans. According to the Central Bureau, about 34 billion of the newly printed Shekels were allocated to subsidize exports and settle debts. Another 58.5 billion went to cover public expenditures and the balance will service the government's internal debts.

The Treasury reported, meanwhile, that tax collections in August amounted to 208 billion Shekels, 20 percent less in real terms than collections in August, 1983.

**ROSENNE: ISRAEL WON'T ACCEPT A DOUBLE STANDARD IN WORLD BODIES**

By David Friedman

WASHINGTON, Sept. 3 (JTA) — Israel's Ambassador to the U.S., Meir Rosenne, declared today that Israel cannot accept a "double standard" in which it alone is condemned in international bodies.

"We are a sovereign state and what we ask for is one thing, and that is the implementation of the same principles of international relations that are being applied to any other state," Rosenne told the more than 1,000 delegates to the biennial convention of B'nai B'rith International at the Sheraton Washington Hotel here.

The Israeli envoy noted that the United Nations Security Council is now considering a resolution to condemn Israel and to order it to evacuate its troops from south Lebanon. But, he said, there is "no reference to the withdrawal of the Syrians" although Syria occupies some 60 percent of Lebanon.

Rosenne stressed that Israel does not want "one inch of Lebanese territory" but will not withdraw

until it is satisfied that Israel's northern border will be secure, the reason Israel went into Lebanon in the first place. "We simply cannot accept in 1984 to see thousands of Jews live in underground shelters," he said.

**Basis For Peace In The Mideast**

The envoy stressed that peace will come to the Middle East if instead of pressure being put on Israel, pressure is put on the Arab states to negotiate with Israel. He also said peace requires a strong Israel.

Rosenne said that while Israel has "fulfilled all our obligations" under the Egyptian-Israeli peace treaty Egypt has been violating the treaty, specifically because it has failed to return its Ambassador to Israel for the last two years.

He said Israel would have to think twice before negotiating with an Arab state "before the peace treaty with Egypt is fully implemented." He stressed at the same time that the peace treaty has been a major achievement, noting that "nobody has been killed in the last 11 years" on the Egypt-Israel border.

Acknowledging the concern among American Jews about Israel's election results, Rosenne assured the audience that "wisdom will prevail and we will have a government of Israel." He said that "one thing we can all be proud of is that Israel has remained a democracy in spite of 36 years of wars."

**YOM KIPPUR SERVICE TO BE HELD AT FRANKFURT BOOK FAIR IN GERMANY**

NEW YORK, Sept. 3 (JTA) — A Yom Kippur service will be held at the Frankfurt Book Fair in West Germany, beginning with Kol Nidre prayers on the eve of Yom Kippur, Friday, October 5, and continuing throughout Saturday, October 6.

This decision was taken, with the cooperation of book fair officials, but largely through the initiative of American book publishers and the JWB Jewish Book Council, in cooperation with the JWB Commission on Jewish Chaplaincy, after many American publishers and editors expressed outrage when they learned that the Frankfurt Book Fair coincided with Yom Kippur. The fair, the world's largest, will take place October 3-8.

Fair officials apologized for what they maintained was an oversight, but said they could not reschedule the fair this year. Ronald Weber, of the fair's press and information department, sent a letter to Publishers Weekly late last year expressing regret at the scheduling. He said that fair officials, to avoid a repetition of this year's fiasco, had checked the dates of Yom Kippur through 1990 "and have settled with the fair management the dates on which the Frankfurt Book Fair is not to take place."

The JWB is shipping to Frankfurt more than 400 copies of the High Holy Day prayer book it published for American Jewish military personnel. Zebra Books, a New York publisher of mass-market books, said it was inviting 500 fair participants to a "Break-the-Fast" party at the Hotel Intercontinental beginning after sundown October 6.

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TEL AVIV (JTA) — An Israeli soldier was slightly wounded in south Lebanon Saturday while dismantling an explosive device found near the Christian religious radio and television station, "Voice of Hope", north of the Israeli border town of Metullah. The device was the second planted by terrorists near the station which has been accused by Lebanese Moslems and Orthodox Jews in Israel of broadcasting missionary propaganda.

## VENEZUELA'S JEWS SEEK TO BLOCK INCLUSION OF PLO IN SPORTS FEDERATION

CARACAS, Sept. 3 (JTA) — Reacting to reports that the Pan American Gymnastics Confederation will support the participation of "Palestine" in the International Gymnastics Federation, the Venezuelan Jewish community has asked national governmental and sporting authorities to help block this development, the World Jewish Congress reported today.

According to the Latin American branch of the WJC, the president of the Pan American Confederation, Jorge Ochoa, upon his return from the organization's meeting in Havana, told reporters that the majority of the organization's affiliated countries would vote for the inclusion of "Palestine" in the international federation.

Participants at the Havana meeting were the national federations of Brazil, Colombia, Cuba, Dominican Republic, Ecuador, Guatemala, Mexico, and Venezuela.

In response, the Confederation of Jewish Associations of Venezuela, the representative body of Venezuelan Jewry and the WJC affiliate here, immediately sent a letter to Dr. Milena Sardi, Minister of Youth in Venezuela, as well as to Domingo Eduardo Vina, president of the National Sports Institute.

The letter, signed by the Jewish Confederation's president, Walter Czenstochowski, and its secretary-general, Max Kreisler, requests intervention so that the Venezuelan Gymnastics Federation does not lend its support to the proposed inclusion of "Palestine."

The letter denounces the effort to secure membership for "Palestine" as a cover for the PLO, "the terrorist organization," to infiltrate an international organization. The responsibility of the massacre of Israeli athletes by PLO terrorists at the Munich Olympics is recalled in this connection.

### Letter By The Jewish Confederation

The letter to Sardi and Eduardo Vina states: "When reference is made to the affiliation of Palestine representation, in reality the wish of the PLO — the terrorist organization — to infiltrate an international organization is being covered up. Has the world forgotten the sadly famous 'activity' of the PLO during the Munich Olympic Games of 1972?"

"It was no accident that precisely during such an event, which was to symbolize the highest degree of fraternization among peoples, the PLO terrorists spoke in the only language valid for them, that of terror and death.

"The Jewish community of Venezuela can only be alarmed at the possibility of the Venezuelan delegation giving its support to the PLO within the International Gymnastics Federation. That is why we are taking the liberty of requesting your intervention so that the Venezuelan Gymnastics Federation should reconsider its attitude and instead act within the spirit which has always characterized our nation."

## B'NAI B'RITH CONCLAVE TOLD THAT JEWS SHOULD TAKE INITIATIVE ON ANTI-SEMITISM WHEN IT APPEARS LOCALLY

By David Friedman

WASHINGTON, Sept. 3 (JTA) — The more than 1,000 persons attending the biennial conference of B'nai B'rith International here were told today that they should take the initiative in com-

batting anti-Semitism when it appears in their area. "There is no greater impact in fighting this poison than on the local level," Abraham Foxman, associate national director of the Anti-Defamation League of B'nai B'rith said. He said if they waited for action from a national or international Jewish organization it could be too late.

Foxman urged Jews to respond to editorials or articles that they considered incorrect or defamatory during a discussion on "Is anti-Semitism a growing threat in the world." Also participating were Alfredo Newberger, executive vice president of B'nai B'rith District 20 in South America, and David Lack, the B'nai B'rith and World Jewish Congress representative in Geneva.

The convention, which started last night, ends Thursday with addresses from both President Reagan and his Democratic challenger, former Vice President Walter Mondale.

Both Foxman and Newberger also stressed that by working with non-Jewish groups in their localities Jews can help in "sensitizing" them for the time when a crisis does occur.

### Others Protest Only After Jews Speak Out

But Foxman decried the fact that it is not until Jews speak out that others protest against incidents of anti-Semitism. As an example, he noted that it was Jews who first denounced the anti-Semitic remarks of the Rev. Jesse Jackson and Black Muslim leader Louis Farrakhan before they were condemned by others.

Lack stressed that Jewish organizations have to do more to pressure European countries to oppose the anti-Semitic and anti-Zionist attacks in the U.S. He said it should be pressed in every city where west European countries have embassies or consulates.

### Situation In South America

In South America, Newberger said the growth of democracy in such countries as Argentina and Brazil have made it necessary for the Jewish community there to find more "subtle" means of combatting anti-Semitism on the right and the anti-Zionism of left wing groups. He said Jews in South America have had experience in dealing with a totalitarian country and now must meet the new threats that have emerged in democratic countries.

Newberger also noted that there is a growing presence of the Palestine Liberation Organization in South America which is causing concern to the Jewish communities there. He pointed to the recently held Federation of Palestinian Entities of Latin America in Brazil.

### FRANCE'S CHIEF RABBI CONDEMNS KAHANE

PARIS, Sept. 3 (JTA) — Chief Rabbi Rene Sirat of France declared that he and other religious and spiritual leaders in Israel and the diaspora cannot and should not remain silent over the extremism of Rabbi Meir Kahane and his Kach party.

Speaking on a local Jewish radio station, Sirat asserted that Kahane's policies are "contrary to all ideals of Judaism." His views "could endanger not only democracy in Israel but Judaism itself." Sirat condemned Kach, which Kahane represents in the new Knesset, and expressed hope that Israeli voters will have learned the truth about it the next time they go to the polls.