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**EFFORTS UNDERWAY TO REVIVE
LABOR-LIKUD UNITY GOVERNMENT TALKS**
By David Landau and Hugh Orgel

JERUSALEM, Sept. 4 (JTA) -- Serious efforts got underway last night to revive the dialogue between Labor and Likud for a unity government after Premier Yitzhak Shamir and Premier-designate Shimon Peres ended their fifth negotiating session in deadlock.

Political sources predicted today that the unity talks would resume shortly. Labor and Likud MKs met informally at the Knesset yesterday to trade ideas on how to resolve the outstanding issues between their parties. These include the question of new settlements on the West Bank and the rotation of national leadership over the four year tenure of a unity government.

Labor, which won three more Knesset mandates than Likud in the July 23 elections insists that Peres hold the Premiership for the first 25 months. Likud wants the office to change hands annually.

NRP Presents Compromise Ideas

The National Religious Party, one of the strongest advocates of a unity regime, presented its own ideas for compromise at separate meetings yesterday with Peres and Shamir. NRP leader Yosef Burg suggested that if Peres is to be Premier first and if Laborite Yitzhak Rabin is to hold the defense portfolio for the full four years, Likud should hold the Foreign Ministry as well as the Finance Ministry for four years.

According to the agreement in principle said to have been reached between Peres and Shamir last week, the Foreign Ministry would be rotated with the Premiership.

Shamir has called a meeting of the entire Likud Knesset faction this evening, raising speculation that he was seeking a broad consensus within his party to strengthen his bargaining position in further negotiations.

Until now the Likud leadership has been sharply divided over the terms of a unity government. Hardliners, led by Deputy Premier David Levy, have demanded that Shamir take a tougher stance.

Electorate Remains Sharply Divided

There has been talk in recent days of new elections in the event that Labor and Likud fail to reach agreement on a unity government and fail separately to form narrowly based coalitions. A public opinion poll conducted by the Modi'in Ezrachi organization, published today in Maariv, indicated that the electorate remains sharply divided.

According to the poll results, Shamir is favored as Prime Minister over Peres by a narrow 29.3-27 percent majority. Laborite Yitzhak Navon was favored by 10.4 percent of the respondents.

Incumbent Moshe Arens headed the list for Defense Minister with 23.5 percent, followed by Labor's candidate for the post, Yitzhak Rabin with 21.9 percent and former Likud Defense Minister Ariel Sharon with 17.8 percent.

Former Likud Finance Minister Yigael Hurvitz, who is now a one-man Knesset faction, was favored

by 32 percent of the respondents to head the Treasury. Hurvitz preaches economic austerity and a reduced living standard because "there is no money." He calls his faction Courage to Cure the Economy (OMETZ).

He was followed in the poll by Laborite Gad Yacobi with 15.1 percent and incumbent Finance Minister Yigal Cohen-Orgad with 15 percent.

Former Foreign Minister Abba Eban, a Labor MK, was favored by 23.7 percent of the respondents to be the next Foreign Minister. Runners-up were Navon, with 17.6 percent and former Defense Minister Ezer Weizman who has joined his Yahad party with Labor polling 7.5 percent.

**ISRAEL TRANSFERRING RESPONSIBILITY
FOR SECURITY IN SOUTH LEBANON
TO THE SOUTH LEBANON ARMY**
By Hugh Orgel

TEL AVIV, Sept. 4 (JTA) -- Israel is systematically transferring responsibility for security in south Lebanon to the South Lebanon Army (SLA), a force of some 2,000 soldiers, mostly Christians, commanded by Gen. Antoine Lahad.

Today, the Israel Defense Force handed over security duties to the SLA in Nabatiya, the third largest town in south Lebanon. Its 22,000 inhabitants are mostly Shiite Moslems, many of them antagonistic to Israel and to Maronite Christians. Israeli sources expressed hope that the move will ease friction in the town.

The IDF has already transferred security responsibility to the SLA in the port city of Sidon and the Awali River district just to its north; in the strip of territory along the Israel-Lebanon border formerly controlled by the militia of the late Col. Saad Haddad; and in a stretch of territory north of the Israeli border town of Metullah.

Despite its lowered profile in south Lebanon, the IDF would require 4-6 months to dismantle and repatriate its equipment from the region in the event of a political decision to withdraw, according to Brig. Gen. Yehoshua Cohen, commander of the IDF engineering corps.

Cohen told Israel Radio yesterday that the army is spending six billion Shekels (about \$17 million) to fortify the eastern front in Lebanon where the IDF faces Syrian forces, and to prepare for winter. The work includes the construction of approach roads, new fences, anti-tank ditches and measures to prevent terrorist infiltration. Cohen said that in the past six months the army engineers dealt with scores of booby traps, roadside bombs, Katyusha rocket launchers and car bombs.

**MIDEAST EXPERTS SAY ARABS WILLING
TO CONSIDER PEACE WITH ISRAEL BUT
NOT YET COMMITTED TO NEGOTIATIONS**
By David Friedman

WASHINGTON, Sept. 4 (JTA) -- Two Reagan Administration officials and a former Carter Administration Middle East expert agreed today that there is a willingness among the Arab countries to consider peace with Israel but as yet no commitment to negotiations to bring it about.

Howard Teicher, the Middle East expert on the National Security Council; Richard Fairbanks, an Ambassador-at-large who formerly dealt with the autonomy talks; and Harold Saunders, Assistant Secre-

tary of State for Near Eastern and South Asian Affairs under President Carter, also agreed that the only country the Middle East states look to to help them achieve peace is the U.S.

Even as the U.S. is "vilified," country after country comes to the U.S. for assistance because they know "the U.S. will try to help them without screwing up their internal situation," Teicher said.

The three experts discussed "The Future of the Middle East Process: An American Perspective" at the biennial convention of B'nai B'rith International at the Sheraton Washington Hotel.

A Reality Growing

Fairbanks said, "There does seem a reality growing" in all of the disputes in the Middle East that neither rhetoric nor killing will solve the problems there but only "negotiations are the way to have effective long term strategic change for the better." But, he said, to bring negotiations about "takes statesmen and it takes brave statesmen."

Teicher contended that while there has been no change of attitude among the Arab states about Israel, they have spent a great deal of time in recent years in discussing ways of bringing about peace with Israel. But, he said, the countries in the region must be convinced that it is in their interest to make peace and both Israel and the Arab countries, as well as the U.S. must be willing to "take risks for peace."

He added that the U.S. must be able to instill confidence in the Arab countries that peace is in their interest and that they will survive if they enter into negotiations.

Saunders, now a senior fellow at the American Enterprise Institute, said the next Administration must have the "job to figure out how to produce the commitment to a negotiated settlement." He said this requires "a willingness for a peace with Israel if Israel is willing to share Palestine with the Palestinians."

Both Teicher and Fairbanks stressed that the U.S. is committed to direct negotiations between Israel and its neighbors and to the step-by-step approach rather than seeking a comprehensive settlement. "The U.S. cannot and will not try to impose peace on the Middle East," Teicher said.

Major Roadblock To Negotiations

Fairbanks said the major hold up to negotiations is still the "lack of appropriate Palestinian spokesmen." But he said the make-up of the next Israeli government may also have an impact on who is willing to negotiate for the Arabs.

Teicher said that the potential negotiators on the Arab side are Palestinian leaders on the West Bank and Gaza, King Hussein of Jordan and the Syrians. He said Saudi Arabia can also play an important part and said it did so in Lebanon where it supported the May 17, 1983 agreement for Israeli withdrawal which, he noted, was based on a simultaneous withdrawal of Syrian forces.

Teicher said the U.S. still supports withdrawal of all foreign forces from Lebanon and is taking this position in the current debate in the United Nations Security Council on a resolution demanding Israel's withdrawal from Lebanon.

Fairbanks predicted that "nothing will emerge" from the Security Council debate since the U.S. will veto any resolution that is "not even-handed."

"Nothing will emerge from it, which will be a great relief to all of us," Fairbanks added. He said

the debate "is not going to be helpful" to the peace effort in Lebanon or to the overall Middle East peace process.

WEST GERMANY SEEKS TO EXTRADITE FROM DAMASCUS FORMER EICHMANN AIDE By David Kantor

BONN, Sept. 4 (JTA) — West Germany will seek the extradition of Alois Brunner, a former top aide of Adolf Eichmann, now living in Damascus, to stand trial for sending thousands of Jews to Auschwitz and other death camps.

A Cologne court has issued a warrant for Brunner's arrest and the Foreign Ministry will submit an extradition request to the Syrian authorities shortly, according to a report in Der Spiegel. Political observers here see little chance, however, that the Syrians will extradite Brunner, now 72, who is running an apparently successful business in Damascus.

German authorities initiated proceedings against Brunner 20 years ago but abandoned them for lack of evidence. The new warrant is believed to be based on fresh material and documents attesting to Brunner's involvement in the persecution of Jews in Nazi-occupied France during World War II.

He was chief of the notorious French internment camp near Paris from which many French Jews were deported to Auschwitz. He also directed a special commando unit assigned the mission of arresting Jews in the French town of Nizza and bringing them to Drancy. The bill of particulars drawn up by the Cologne court says that Brunner paid large sums to French Nazi collaborators for every Jew they arrested.

Brunner was close to Eichmann. The latter was said to have been his partner in the Damascus-based business known as the Khatir Office, while he lived in Argentina after the war. Brunner is said to be heavily involved in commerce in the Arab world.

NEW SCHOOL YEAR BEGINS ON SCHEDULE By Hugh Orgel

TEL AVIV, Sept. 4 (JTA) — The new school year began on schedule Sunday but only after a cliff-hanger all-night negotiating session averted a threatened strike by teachers.

Representatives of the teachers union met with Education Minister Zevulun Hammer and officials of the Finance Ministry until 6 a.m. local time Sunday. Teachers and the country's 1.3 million pupils learned only at 7 a.m. from radio news bulletins that classes would begin within the hour.

Under the agreement reached, teachers will receive advance payment equivalent to one quarter of their monthly salary, on account of the wage increases they have been demanding.

They agreed in return to withhold further strike action for four months and to continue talks with the government. According to a teachers union spokesman, their demands were not met but "at least the Finance Ministry agreed to discuss our claims, something it has refused to do until now."

An additional 226,000 children will be entering the school system this year since a two-year kindergarten program has been made compulsory. About 89,000 youngsters will be attending first grade.

NEW YORK (JTA) — Only 83 Soviet Jews were permitted to emigrate in August, according to the Greater New York Conference on Soviet Jewry. This brings the total for the first eight months of 1984 to 652.

SPECIAL TO THE JTA FLEXING ISRAEL'S OLYMPIC SKILLS

By Haskell Cohen

TEL AVIV, Sept. 4 (JTA) — The furor created by Israel's poor showing in the Olympic Games is beginning to abate. Isaac Ofek, president of the Israel Olympic Committee, said he believed that "after the trauma of our unsuccessful efforts dissipates, our citizens will realize, as we of the Olympic Committee have right along, that if any blame for our disappointing performances is to be pinned down it is not due to the efforts of our athletes but rather that of the government itself."

Ofek stressed in an interview with the Jewish Telegraphic Agency, that he was not referring to the present Likud government but to the "first body of parliamentarians" who took office right after the State of Israel was formed. "From the first day of operation, our government showed little regard for organizing a viable sports entity which could compete with the rest of the world," he stated. "We were encumbered with so many problems that there was little time or money available to get involved in producing champion quality sports people."

Ofek said he was glad that Education Minister Zevulun Hammer has asked Yaariv Oren, director of sports in the Ministry of Education, to set up a symposium to study ways and means whereby the government can help in preparing for the 1988 Olympics, scheduled to be held in Seoul.

Have To Overcome Lethargy

"We have to snap out of our lethargy and learn how to apply the latest scientific devices and computers now available in sports programs in many of the countries around the world," Ofek said. "We have to emulate the smaller nations who have learned the big-time approach to their sports programs." He acknowledged that such an approach "is costly," but asserted that if Israel is to compete in the Olympics "we must find ways and means to secure funding for our overall Olympic program."

Ofek pointed out that "an assist from our government financially would aid tremendously." He noted, by way of example, that Israel's top canoeist, Aviram Mizrahi, who failed to make the Olympic finals by 72/100 of a second, "would be one to benefit by more coaching here and abroad."

Ofek also noted that Israel's "better athletes might be helped to attend universities in the United States, like so many swimmers and track and field athletes from small countries have been doing in the past decade. We have to bring in coaches from abroad to work with our coaches in developing better prepared competitors. If we adopt, with the help of our government, some of these approaches, we should do better in the future, otherwise our prospects are gloomy, to say the least. There are no more miracles in sports."

Some Optimism For The Future

But Ofek expressed some optimism about the future. He said that Arie Selinger, coach of the U.S. gold medal women's volleyball team, and Gideon Ariel, a U.S. Olympic consultant in computer sports methods, are ready to help Israeli athletes flex their muscles and skills in future Olympic Games. Ofek said Selinger "is prepared to return to Israel to help our volleyball team." His return, however, "depends on finances which will have to be made available for this purpose."

If the government of Israel — Likud or Labor or a unity government — can come to appreciate the needs of the country in the arena of Olympic competitions, then Israeli athletes have an excellent chance of bringing home some medals, Ofek opined, noting that Israel has not won a single medal since it entered the Olympics in 1952.

BERNARD BLOOMFIELD DEAD AT 80

MONTREAL, Sept. 4 (JTA) — Funeral services were held here Sunday for Bernard Bloomfield, a prominent Jewish leader, who died last Thursday, at the age of 80.

Bloomfield was the president and director of the Canadian Manufacturers Sales Company, Inc. and the Israel Continental Oil Company. Apart from his business activities, Bloomfield had a distinguished career in a large variety of Jewish, humanitarian and philanthropic activities. He played a major role in the growth and development of Canadian Jewry.

Bloomfield's multifarious communal activities encompassed active involvement with a large number of universities in Canada and Israel.

He served Canadian Jewry in many different capacities. He was president of the Jewish National Fund of Canada; founder and past national treasurer of the Canada-Israel Chamber of Commerce; member of the executive of the United Israel Appeal; Life Governor of the Jewish Peoples' Schools in Montreal; and member of the State of Israel Bond Organization's President's Club.

Bloomfield, a graduate of McGill University, was also involved in support of Jewish education. He was the national president of the Canadian Technion Society and was the driving force behind the establishment of Amal Trade Schools in Israel.

He received numerous honorary degrees and citations from Jewish and non-Jewish groups. He was honored by Queen Elizabeth II with the Order of the Knight of Justice.

JEWISH RELIGIOUS EDUCATION WILL BECOME OPTIONAL IN CHILEAN SCHOOLS

SANTIAGO, Sept. 4 (JTA) — Jewish religious education will become optional for Chilean primary and secondary school pupils, according to a new law enacted here, the Latin American branch of the World Jewish Congress reported.

Parents will be entitled to demand that the school administration make provisions for the establishment of Jewish religious classes under Decree No. 78 just published in the *Diario Oficial* (Official Gazette) of the Chilean Republic, the WJC said.

The measure is entitled "Program for Jewish Religion in Primary and Secondary Education." It was signed by the President of the Republic, Augusto Pinochet, and the Minister of Education. There are about 20,000 Jews in Chile.

The law specified that the program seeks "to apply the concepts of Jewish ethics, morality and philosophy in daily life, teaching how to love and respect one's neighbor like oneself, learning self-contentment and self-enhancement, and praying with devotion and concentration." Specific teachings are aimed at knowledge of the basic symbols of the Jewish holidays, certain prayers, liturgical chants and Bible stories.

KAHANE ACCUSES MONDALE OF BEING A 'GUTLESS WIMP' FOR NOT REPUDIATING JACKSON

By Gerald Regan

NEW YORK, Sept. 4 (JTA) -- Newly-elected Knesset member Rabbi Meir Kahane accused Democratic Presidential candidate Walter Mondale of being a "gutless wimp" for not repudiating Rev. Jesse Jackson, whom Kahane condemned as a "vicious fraud" and a "Jew-hater."

Speaking during a press conference here last Friday shortly after his arrival from Israel, Kahane announced he will "plead with American Jews to punish the Democratic Party" for providing a platform for Jackson, whom he called "a menace" and "a danger" to both Israel and America. He said he would urge American Jews "to stay home" if they could not in good conscience vote for President Reagan.

The American-born rabbi is in the United States for a two-week series of speaking engagements intended to raise both funds and the issue of what Kahane insists is the threat posed by Israel's expanding Arab population to Israel's future as a Jewish State.

Basis For Jackson's, Kahane's Strengths

As America's economy "crumbles" and "as the social problems rise," Jackson looms as a "charismatic figure," with "an excellent chance of gaining national power," said Kahane, who added that Jackson was "running right now for the Presidency in 1988."

Kahane drew an unintentional parallel to the economic conditions in which, he asserted, his Kach Party could best flourish in Israel. The young Sephardic Jew, who comprised the bulk of Kahane's electoral strength in the July 23 elections, face "a tremendous problem of unemployment in Israel when Arabs are hired at half a wage," Kahane said. "He is an angry person, a resentful person and he's going to come to me."

Kahane attempted to justify Kach's program calling for the expulsion of Israel's Arab citizens. "Do the Arabs of Israel have a right to be a majority?" Kahane asked. Israel's leftwing does not "have the courage to answer" that question, Kahane charged. "If they say 'yes,' they're not Zionists. If they say 'no,' then they're Kahanes."

Cites Need For "Exchange Of Population"

Since, in Kahane's view, Israel's Arabs will always feel that "Jews are thieves," and that Israel, "all of it," must be their own, Kahane said the only answer is "completing an exchange of populations" that he said began with the arrival of 700,000 Jews fleeing from Arab countries in 1948.

Referring to his attempt to enter the Arab town of Umm Al-Fahm last Wednesday with a large group of his supporters, Kahane said he intended to offer residents an opportunity to receive visas and funds to emigrate to Western countries.

He said he had "no idea" yet what would be a fair compensation for their emigration or where the funds to pay them would come from. He added, however, that he believes he can "convince many wealthy American Jews that Israel's survival depends upon a large fund which would help the Arabs emigrate out of Israel."

Kahane said he hoped to speak to officials in Washington and from other Western countries about

visas for the Arabs. He said he would impress on them how furnishing visas would be in their own best interests. "Forget about Syria and Lebanon, the real time bomb is in the State of Israel," Kahane said, referring to Israel's burgeoning Arab population.

During the 45-minute press conference, Kahane also touched on the following:

* He said he was confident of retaining his U.S. citizenship, currently under State Department review because he took an oath of allegiance to Israel when he took his Knesset seat. Without his citizenship, the U.S. "would no longer let me in."

* He described New York's outspoken Mayor Edward Koch, a bachelor in his fifties, as "not a happy person — a little gay perhaps — but not a happy person." Earlier, Koch had reportedly called Kahane "the scum of the earth" for what he termed Kahane's terrorist activities.

* He described Dr. M.T. Mehdi, president of the American-Arab Relations Committee, as "a wonderful fellow" and "a clever guy." Mehdi, a persistent critic of Israel and Zionism, had sent Kahane a "mazel tov" upon Kahane's election to the Knesset in which he described the Kach leader as "the only honest Zionist" ever elected to the Knesset.

* He said he was repudiated by the accused members of the Jewish underground, who are now in prison awaiting trial, on the advice of their lawyers. Kahane said he visited them in prison and has "given them Torah classes."

* He said his Kach Party "will not take the law into its own hands," but intends to work within Israel's political framework. He said he does not advocate violence, but noted that it "has its place."

CRACOW JEWISH CEMETERY DESECRATED

WARSAW, Sept. 4 (JTA) -- Vandals struck the Jewish cemetery of Cracow, resulting in the desecration of 15 graves, the World Jewish Congress reported today. According to the WJC, the report of the incident first appeared in the major Polish newspaper, "Tygodnik Powszechny," and was reprinted in the Yiddish weekly published by the Jewish community, "Folks-Shtyme."

One of the desecrated graves was that of Maurycy Gottlieb, generally acknowledged to be the greatest Jewish painter in Poland's history. Gottlieb was a student of the great Polish artist Jan Matejko, which was the probable reason for the report of the desecration appearing in the Polish press.

ECONOMIC RECOVERY PLAN ATTACKED

JERUSALEM, Sept. 4 (JTA) -- Senior Treasury officials have attacked the three-stage plan for economic recovery submitted to the Cabinet by the Governor of the Bank of Israel, Moshe Mandelbaum. They maintained that the economic crisis demands a "one blow" solution, not a gradual approach that in the end might not work.

Mandelbaum proposed successive measures, starting with budget cuts, then a package of taxes, wage and price controls, and finally a "new economic order" that would maintain a low level of inflation.

Treasury officials said today that all of those measures should be imposed simultaneously. They warned that Mandelbaum's plan could misfire resulting in further economic instability and an even higher inflation rate. At the moment, however, neither approach has been undertaken. The Likud-led caretaker government will not even discuss economic plans since it anticipates the formation shortly of a new coalition government.