

**TRIAL OF 20 SUSPECTED JEWISH UNDERGROUND MEMBERS RESUMES**

By Gil Sedan

JERUSALEM, Sept. 16 (JTA) -- The trial of 20 suspected members of a Jewish terrorist underground was resumed in district court here today after a two-and-a-half month recess. Presiding judge Yaacov Bazak rejected a defense request for further postponement.

Indictments were returned last April against 27 men, mostly West Bank settlers, for the alleged perpetration of terrorist acts against Arabs in the territory and Jerusalem over a four year period beginning in 1980. They were also charged with an attempt to bomb Arab-owned buses in East Jerusalem and conspiracy to blow up Moslem shrines on the Temple Mount--both acts foiled by police.

**Separate Trial For Two Next Month**

Five of the accused, tried separately last spring, were convicted and sentenced to prison terms ranging from 18 months to 10 years. Two other suspects, both former officers in the West Bank military government, will be tried separately next month. The trial of the remaining 20 was suspended last June 27, with the consent of the prosecution, to be resumed on September 16 when the courts reconvened after summer recess.

But several of the defendants asked for additional time to appeal to the Supreme Court and to obtain classified documents. The defense claims these will prove that some of the activities attributed to the underground were known at the time to the authorities and even had their consent. The trial will proceed, however, and defense attorneys are expected to argue later this week that there was no such thing as a Jewish "terror organization."

**Charges Against A Key Defendant**

One of the key defendants, Menahem Livni, identified by some as leader of the underground, is accused of coordinating the alleged acts of terror. These include car bombings in June, 1980 which crippled two West Bank Arab mayors and blinded an Israeli Druze police sapper; a machine-gun and grenade attack on the Islamic College in Hebron in 1983 in which three students were killed and 33 wounded; and the planting of bombs in five Arab-owned buses timed to explode when the buses were travelling through heavily Arab-populated neighborhoods in East Jerusalem last April.

Police, acting on inside information, foiled the plot. The arrests and subsequent interrogations of suspects indicated a link between that plan and an earlier attempt to plant high explosives at the Dome of the Rock and the El Aksa mosque on the Temple Mount in Jerusalem, two of the holiest shrines of Islam. The suspects are also accused of opening fire on a bus carrying Arab laborers from the West Bank to jobs in Israel, causing several injuries at the scene.

Although a number of suspects confessed to one or more of the charges, all of the 20 subsequently pleaded not guilty. Several of them are expected

to challenge the statements they made to police on grounds that they were extracted by threats and promises.

**NEW GOVERNMENT TO SLASH OVER \$1 BILLION FROM ITS FISCAL BUDGET**

By David Landau

JERUSALEM, Sept. 16 (JTA) -- The new unity government resolved today to cut \$1 billion from its budget for the current fiscal year and appointed a committee of four top Cabinet ministers to make the cuts. The four are Premier Shimon Peres, Deputy Premier Yitzhak Shamir, Finance Minister Yitzhak Modai (Likud) and Economic and Planning Minister Gad Yaacobi (Labor).

Acting Cabinet Secretary Michael Nir made it clear to reporters that the four were empowered to decide on the budget slashes, and there is no appeal from the decision back to the full Cabinet.

The four, however, will not act indiscriminately: later this week the full Cabinet is to convene for a day-long seminar session on the economy, Peres told the Cabinet. Peres, Modai, Yaacobi and Deputy Premier and Housing Minister David Levy were scheduled to confer tonight with a top-level Histadrut team led by Secretary General Yisrael Kessar regarding plans for a package deal on wages and price freezes to help put a lid on soaring inflation.

Cabinet sources said most of today's meeting was devoted to the economic crisis. Modai himself, in public remarks over the weekend, has not concealed his intention to impose tough measures, though he has stressed repeatedly that all sectors of the economy will be required to "share the burden equitably" and he has repeatedly denied that dollar and dollar-linked deposits and savings schemes will be affected adversely.

**BINYAMIN NETANYAHU APPOINTED ISRAEL'S NEW UN AMBASSADOR**

By David Landau

JERUSALEM, Sept. 16 (JTA) -- Binyamin Netanyahu, the Minister, or No. 2 official at the Israel Embassy in Washington, has been appointed Israel's Ambassador to the United Nations and will head the Israel delegation at the General Assembly under Deputy Premier and Foreign Minister Yitzhak Shamir.

Netanyahu will succeed Yehuda Blum, who last June concluded six years as Israeli representative to the world body. The appointment of Netanyahu was announced officially today, after the first weekly Cabinet meeting of the newly installed unity government. Acting Cabinet Secretary Michael Nir said the appointment was endorsed unanimously, having been submitted by Shamir.

In political circles, it is believed that Shamir was prompted to appoint Netanyahu by the young diplomat's political patron and mentor, Minister-Without-Portfolio Moshe Arens. It was Arens who brought Netanyahu, then 33 years old, from an executive position in industry into the state service as Minister in Washington when Arens was named Ambassador there in 1982.

News of Netanyahu's pending appointment to the UN was made public, unofficially, in the wake of private conversations between Shamir and Arens 10 days ago in which Shamir persuaded Arens, against Arens'

original inclination, to serve in the unity government as Minister-Without-Portfolio. Arens had been Minister of Defense in the outgoing Likud government.

#### Profile Of The New Envoy

Born in Israel in 1949, and educated in the United States, Netanyahu is the younger brother of Yanathan Netanyahu, the Israel Defense Force commander who led and was killed in the Entebbe rescue operation in 1976. Binyamin has been the organizer of subsequent conferences and publications on international terrorism in memory of his late brother.

Netanyahu is considered a rising star in the Herut firmament, with a future in politics if he chooses to go into political life. According to informed sources, though, he has carefully developed contacts over recent months with Labor leaders -- now top ministers -- in the hope of attaining the UN post.

One disappointed hopeful is Foreign Ministry legal advisor and a former confidant of the late Moshe Dayan, Elyakim Rubinstein. He claimed that he was promised the UN position by Shamir earlier this year. Last week, Rubinstein, in a demonstrative act, formally submitted his candidacy to the Ministry's appointments committee.

But the committee's decisions are in any event merely recommendations to the ministers who can ignore them. And in practice, Shamir pushed the appointment through the Cabinet before the Ministry committee dealt with it altogether.

#### ALFONSIN TO ASK SPAIN TO OPEN DIPLOMATIC RELATIONS WITH ISRAEL

BUENOS AIRES, Sept. 16 (JTA) -- President Raul Alfonsin told Edgar Bronfman, president of the World Jewish Congress, that he would intervene with Spanish authorities to encourage their opening diplomatic relations with Israel.

Bronfman, on a tour of Latin American Jewish communities, met with Alfonsin at the Presidential Palace here prior to a meeting with the DAIA, the representative body of Argentine Jewry, and a meeting with the Foreign Relations Committee of the Argentine Senate. Accompanying Bronfman at the meeting with the President were Israel Singer, WJC executive director, Gregorio Faigon, chairman of the Latin American Branch of the WJC, and DAIA president, Ston Cohen Imach.

During the talks, Alfonsin made clear his opposition to the equation of Zionism with racism at international forums. He assured the Jewish leaders that at future international meetings, Argentina would not vote on this issue as it had in the past but rather "according to its conscience."

He promised to lend his good offices in approaches to the Soviet government to ease the plight of Soviet Jewry. He praised the WJC role in seeking to ease tensions between East and West and urged that it continue in this direction, viewing it as a prescription to help Soviet Jews and reduce international tension.

Alfonsin told Bronfman that Argentina's historical relationship with Spain placed it in a good position to encourage what Spain has already pledged to do: open diplomatic relations with Israel.

The WJC leader told Alfonsin that Jews everywhere were pleased at his election and the return of Argentina on the road to democracy. Bronfman noted that he had previously refused to meet Argentine leaders but now that constitutional democ-

racy had been restored he was honored to be meeting here. Bronfman especially noted with appreciation the introduction by Alfonsin of legislation aimed at banning racial and religious discrimination which made specific reference to bias against Jews.

#### BUSH PRAISES PERES' CALL ON HUSSEIN FOR PEACE NEGOTIATIONS

By David Friedman

WASHINGTON, Sept. 16 (JTA) -- Vice President George Bush told Jewish supporters of President Reagan that newly sworn-in Premier Shimon Peres' call on King Hussein of Jordan for peace talks without preconditions is "a good sign."

"I hope that progress can be made," Bush said to more than 200 Jews attending a luncheon sponsored by the Greater Washington Jewish Coalition for Reagan-Bush at the Four Seasons Hotel last Friday.

Finding a path to real peace for Israel and its neighbors has long been a central objective of American policy," the Vice President stressed. He said that Reagan's September 1, 1982 peace initiative "must go forward" to achieve "the day when the Israeli people can live within secure and recognized boundaries, at peace with their neighbors, and when all the peoples of the region can live together free from terror."

As he did in a speech to the national Jewish coalition during the Republican National Convention in Dallas last month, Bush noted Friday that former Premier Yitzhak Shamir, now Israel's Deputy Premier, said in a Time magazine interview, "Relations with the United States are better than ever before."

However, Bush conceded that the United States and Israel do have differences, such as the effort to move the United States Embassy from Tel Aviv to Jerusalem. "We are worried about that for a lot of reasons," he said. But he stressed that these are "honest differences" between "friends and allies."

#### Predicts More Jews Will Vote GOP Ticket

Bush predicted that the Republican ticket is "going to do better than the 40 percent of the Jewish vote we got last time." A similar prediction was made both by Richard Fox of Philadelphia, chairman of the National Jewish Coalition, and Joseph Gildenhorn, chairman of the Greater Washington group.

Fox noted that Jewish Democrats from the wing of the party headed by the late Sen. Henry Jackson of Washington feel the Democratic party "has moved away from them and are joining us in large numbers."

In his speech, Bush reiterated that the Administration "stands against the obscene anti-Semitism that has infected United Nations debate." He stressed that "I cannot imagine any realistic circumstances under which this President would entertain the notion of the United States voting for UN resolutions condemning Israel"; and that "if Israel is ever voted out of the UN, the United States will walk out with it."

Bush said he was repeating the last statement "over and over so that every country up there gets the message."

The Vice President said a "fundamental hallmark" of United States foreign policy is that the U.S. will never "recognize or negotiate" with the Palestine Liberation Organization as long as the PLO "refuses to recognize Israel's right to exist and to accept Security Council Resolutions 242 and 338."

Bush stressed the close relationship that has developed between the U.S. and Israel and noted in particular the effort now going on to create a United States-Israel free trade area. "We believe this will be a major step toward helping our friend in that part of the world and in the same context, helping ourselves," he said.

**PERES DEFENDS NEW GOVERNMENT**

By Gil Sedan

JERUSALEM, Sept. 16 (JTA) — Premier Shimon Peres offered a spirited defense of the new Labor-Likud unity government after a grueling eight-hour Knesset debate which ended in the early hours of Friday morning with an overwhelming parliamentary endorsement of the new regime.

Although the broad-based coalition was challenged by both left and right wing factions, Peres' remarks were aimed primarily at Mapam which withdrew from its alignment of more than 20 years with the Labor Party because it refuses to participate in a government with Likud.

A unity government is not sin, Peres declared in his summation at the end of the debate. He reminded Mapam that it had in fact participated in a unity coalition with Likud in the past.

The Knesset voted 89-18 to approve the new government. The dissenters on the left were Mapam, the Civil Rights Movement (CRM), the Hadash (Communist) Party and the Progressive List for Peace. Rightwing opponents were the Tehiya Party and Rabbi Meir Kahane's one-man Kach faction. MK Mordechai Virshubsky, whose left-of-center Shinui party is part of the new coalition, abstained.

**Premier Rejects Mapam's View**

Peres maintained that Mapam Secretary General Victor Shemtov was deluding himself that Labor, with 44 Knesset mandates to 41 for Likud, could have established a viable coalition on its own. To do that would have required wholesale concessions to the religious parties against which Mapam would have been the first to object, Peres said.

He rejected allegations that Labor abandoned its principles as the price of a unity government. Likud too made major concessions, he said. "The Likud has not given up its views but neither has the (Labor) Alignment," Peres declared. "We did not come to blur our differences, to furl flags, to surrender. We came to search for a way which, despite the differences, would explore all possible common goals."

Peres said that such urgent issues as the withdrawal from Lebanon and the economic crisis could be resolved more easily with a national unity government. The economic crisis, he said, could best be eased by mutual understanding, without hardships. (See separate story, P.1.)

On the future of West Bank settlements, Peres said the new government will not remove existing settlements and their further development will be determined by decisions of the new Cabinet.

Peres assumed the Premiership after a 10-year uphill struggle, capped by the equivocal results of the July 23 elections. Under the coalition agreement with Likud, he will serve as Premier for the first 25 months of the four-year plus two-month term of the new government. Yitzhak Shamir, now Deputy Premier and Foreign Minister, will serve as Premier during the second half of the government's tenure.

**A Bitter Debate**

Peres and his 24-member Cabinet, the largest in Israel's history, was sworn into office early Friday morning and later in the day was formally presented to President Chaim Herzog. The new government took over some six weeks after the elections ended in a stand-off between Labor and Likud.

But the debate was bitter. Shemtov of Mapam, which, with six Knesset seats, is now the largest

opposition faction, charged that the new government paves the way for Ariel Sharon to pursue his declared ambition to become Prime Minister.

The former Defense Minister, found by the Kahan Commission to bear indirect responsibility for the Sabra and Shatila refugee camps massacre in 1982, has been named Minister of Commerce and Industry in the unity Cabinet, a senior portfolio. By acquiescing to this, Labor itself has contributed to the rehabilitation of a politician it once considered to be in disgrace, Shemtov said.

Yossi Sarid, a one-time close associate of Peres who quit the Labor Party in protest against the coalition with Likud and has joined the CRM, claimed that Labor has now become a second division of Likud. He also alleged that there is discrimination against Arabs in Israel "reminiscent of apartheid."

Labor MK Yaacov Jacques Amir denounced that charge as "ridiculous and disgraceful." He suggested that Sarid resign from the Knesset and return his mandate to the Labor Party.

On the right, speakers for Tehiya warned that the new government posed a threat to the future of "the land of Israel," meaning Israel's incorporation of all of the occupied territories. Geula Cohen claimed that under the Labor-Likud guidelines, the new government would have to negotiate about the future of Jerusalem if that issue was raised by a Jordanian delegation to future peace talks.

About 20 MKs representing Labor, Mapam and the CRM walked out of the Knesset chamber when Kahane began his speech on behalf of Kach. Kahane was cut short by Knesset Speaker Shlomo Hillel when he exceeded the time limit for speeches.

**Changing Of The Guard At The Defense Ministry**

Meanwhile, there was a change of the guard at the Defense Ministry Friday when the incoming Defense Minister Yitzhak Rabin formally took over from his Likud predecessor, Moshe Arens. The ceremonial transfer of authority was marked by fanfare as Rabin, accompanied by his wife, Leah, was greeted by Chief of Staff Gen. Moshe Levy at the Defense Ministry-Army General Headquarters compound in Tel Aviv.

Rabin had warm words of praise for Arens who, he noted, took over the ministry at a difficult time, during the war in Lebanon. He promised that the Israel Defense Force would be withdrawn from south Lebanon as soon as the security of Israel's northern borders is assured.

**MAYOR OF RAFAH MURDERED**

TEL AVIV, Sept. 16 (JTA) — The Mayor of Rafah, the Gaza Strip town now bisected by the Israel-Egypt border, was murdered Friday night as he was returning home from a nearby mosque after Friday prayers. Four men have reportedly been detained for questioning. Abdul-Hamid Kishta, 54, died in the hospital shortly after the attack. Kishta's family said he had been loved by all the townspeople, and they could think of no reason for the murder.

But Damascus Radio said he had been killed because he had collaborated with the Israeli authorities. The radio said PLO members had carried out the assassination. Special security measures were taken in the town during his funeral there today.

\*\*\*

TEL AVIV (JTA) — The C.O.L. index rose by 16.5 percent during August, the highest figure ever for that month and more than twice the increase of the previous August record two years ago, the central bureau of statistics announced. Inflation is presently running at over 400 percent.

## SPECIAL INTERVIEW THE ROLE OF ZIONISTS IN THE U.S.

By David Friedman

WASHINGTON, Sept. 16 (JTA) -- Benjamin Cohen, the new president of the American Zionist Federation (AZF), believes that the "biggest misconception" among American Jews is that the Zionist organizations do not play a major role in the American Jewish community.

"It really bugs me," he said in an interview with the Jewish Telegraphic Agency shortly after being elected head of the umbrella organization at the end of its eighth biennial convention here.

Cohen, of New York, vice president of the Labor Zionist Alliance, said that out of some 5.2 million Jews in the United States more than one million are members of the various Zionist groups. "These same people who are leaders in the Zionist community, they are also leaders in the general Jewish community," especially in the smaller communities, he stressed.

### The 'Movers And Shakers'

They are the "movers and shakers" in local Federations and the United Jewish Appeal, Cohen said. He said while they may not be among the "big givers" they are the presidents, vice presidents, secretaries, treasurers and other activists in the local communal groups.

Cohen said the problem is that when they participate in the general Jewish community, "nobody recognizes them as Zionists. They take it for granted they are Zionists, but the others don't realize where they come from."

At the start of his two-year term, Cohen would like to see this misconception change. "We have to start announcing who we are," he said of American Zionists. "People will start to realize that without us there would be very very large gaps in the welfare boards, the local Federations and a lot less work would be done."

Cohen noted that "everybody who gives a dollar to the UJA calls himself a Zionist." But he said "there is quite a difference" between those who support Israel and those aligned with Zionist organizations. "Zionism is our major activity," he explained. "Support of the State of Israel is paramount in our day-to-day activities."

### Stresses Aliya, Jewish Education

In addition, "We also feel that we have to develop a real movement of aliya to Israel in the United States," he said. "We have to put more and more stress on Jewish education of all kinds, not only religious education, but secular education." He explained that he meant Jewish history, values and even teaching religion in a secular setting.

Cohen said one major component of this education should be that "our kids go spend some time in Israel and are exposed to Israel and absorb Israel and know what it is to be part of the world Jewish community and Israel in particular." He noted that graduates of Jewish day schools are four times as likely to go on aliya as others.

But the AZF is making aliya a prime issue for all Jews, not just the young. "We have to convince Jews in the diaspora that it is the most important thing they can do as Jews," Cohen said.

He noted that many retirees are going to Israel, not because they can live better on their income, but because now they can fulfill a dream they have had all their lives.

Cohen said there is also a push to get Zionist leaders to go on aliya. He said this issue is raised at every meeting, particularly by the young. But he stressed that making aliya the major concern of American Jews has been and will continue to be a long process. "We have to keep plugging away at it," he said.

### Need 'Hot-Blooded Zionists'

The AZF represents Zionist organizations that range politically from the right to the left as well as non-political groups. "I personally believe that if an American or galut Zionist is also passionately interested in the politics of Israel and the kind of government there is in Israel there is a more personal attachment," Cohen said.

He said for non-political Zionists this attachment can be formed through special projects such as the hospitals Hadassah builds. "It makes the attachment more personal, more real, more part of his daily life," he noted. "Jews have never been neutral about anything," Cohen said. "We need hot-blooded Zionists."

### FELDSTEIN SAYS REAGAN ADMINISTRATION FAVORS A FREE TRADE ZONE BETWEEN U.S. AND ISRAEL

BOSTON, Sept. 16 (JTA) -- Dr. Martin Feldstein, former chairman of President Reagan's Council of Economic Advisors, told more than 400 leaders of the Israel Bond Organization that the Reagan Administration is in favor of a free trade zone between the United States and Israel similar to the one that Israel has with the European Economic Community (EEC).

Such an agreement, he indicated, might alleviate many of Israel's economic difficulties, including its high rate of inflation, trade problems and budget deficits.

Turning to the American economy, Feldstein told the Jewish leaders from the United States and Canada, meeting here at the 1984 national leadership conference of Israel Bonds, that after the November elections, certain steps would have to be taken to reduce America's national deficit, including an eight percent decrease in government spending and an eight percent increase in taxes, which he said would bring about a balanced budget by the end of 1989.

Feldstein said that, in his opinion, Reagan is personally committed to reducing the deficits and government spending and would accept a tax increase to lower the deficit, but only as a last resort. Among the taxes Feldstein proposed are a value added tax, similar to the one used in Europe, and a restructuring of personal and corporate income taxes.

In a cable addressed to David Hermelin, national campaign chairman, and Yehuda Halevy, president of the Israel Bond Organization, President Chaim Herzog of Israel urged the Bond leaders to help Israel overcome its current economic difficulties by providing "support for our effort to continue building our infrastructure."

Herzog recalled the key role that bonds have played in the development of Israel since 1951. "During my years of service to Israel, I have always known the Bond Organization as a source of strength and support for all our economic endeavors," he said.

\*\*\*

TEL AVIV (JTA) -- A Katyusha rocket was fired at an IDF Army position on the Awali River in Lebanon on Sunday, but caused no casualties. The incident occurred north of Jezzine. The rocket was fired from within territory controlled by Israel south of the river.