

GOVERNMENT FACING DIFFICULTIES IN EFFORTS TO DEAL WITH ECONOMIC WOES

By David Landau and Hugh Orgel

JERUSALEM, Sept. 19 (JTA) — The Labor-Likud unity government, less than a week old, is running into serious difficulties in its efforts to save the country's rapidly foundering economy.

It is in angry conflict with Histadrut over Finance Minister Yitzhak Modai's delay in adjusting tax brackets to protect wage earners from the ravages of runaway inflation. It is at serious odds with industrialists who, Modai warned, had better concentrate on exports because the government will no longer bail them out with subsidies to maintain prices in the domestic market. It is also encountering resistance within the Cabinet to ministerial budget cuts.

The Cabinet, at its first meeting Sunday, assigned top priority to the economic crisis. It agreed to slash \$1 billion from the fiscal budget. It appointed a so-called inner Cabinet with full power to decide what measures must be taken to implement that and other decisions.

Demands By Histadrut

The inner Cabinet, chaired by Modai, consists of Premier Shimon Peres, Deputy Premier Yitzhak Shamir and Economics Minister Gad Yaacobi. They met today with a delegation of Histadrut leaders who demanded that Modai implement immediately the promise made by his predecessor, former Finance Minister Yigal Cohen-Orgad, to adjust tax brackets to inflationary pressures. (See late story, P. 3.)

Without such measures, they argue, taxes will seriously erode whatever advantages are gained by the monthly cost-of-living increases paid wage earners. The C.O.L. increments have long been a cushion against inflation for Israeli workers. But inflation pushes them into higher tax brackets and the cushion becomes thinner, month-by-month.

Modai reportedly is ready to adjust the brackets for the 9.9 percent C.O.L. increases on August salaries, paid September 1. But he wants to delay for 6-8 weeks the adjustment on the 13.2 percent C.O.L. increase to be paid with September salaries, due October 1.

Histadrut Secretary General Yisrael Kessar said he is not prepared to discuss any economic austerity measures unless the tax bracket readjustment becomes part of a general package deal aimed at holding down taxes, prices and wages.

Wage-Price Freeze Accord Sought

The government is urgently seeking a wage-price freeze agreement from labor and management. Peres, addressing the annual meeting of the Manufacturers Association yesterday, appealed to the public to forego unnecessary expenditures, increase their savings and pull together for economic recovery.

But Histadrut is implacably opposed to the Treasury's demand that it agree to abandon or at least cut the C.O.L. allowance in the months ahead as part of a general wage-price freeze. Leaders of the trade union federation say they have yet to be convinced that other sectors of the economy will bear their fair share of the burden.

Modai shocked the industrialists when he told the Manufacturers Association meeting earlier in the week that they will have to "export or die."

"I promise you I will shrink your local markets... the milk cow that was the government is no more," he said referring to price supports. He criticized the industrialists for sharply increasing their prices recently in anticipation of a freeze. "I know who are the people concerned. They include some of the most prominent names in the industry," he said.

Ministries Balking At Cuts

Half of the \$1 billion budget cut is expected to come from reduced or abolished government subsidies for fuel and basic commodities. The rest must be taken from the government's running costs — mainly the ministries of defense, education, welfare and health.

But Education Minister Yitzhak Navon said yesterday that the \$100 million cut proposed for his ministry's budget — 12 percent — was "quite unacceptable. We could not even approach that figure," the former President of Israel, now a Labor Party MK, said. Welfare Minister Moshe Katzav of Likud is also balking at proposed cuts in welfare payments and projects.

Yaacobi, an outspoken critic of Likud economic policies when he was a Labor MK in the opposition, said he has long been following the country's economic progress but only now, as a Minister, does he realize how serious the situation is.

Record High Inflation, Foreign Debt

Inflation is running at an annual rate of over 400 percent. A record foreign debt of \$23 billion breaks down to \$5,000 for every man, woman and child in Israel. Foreign currency reserves have fallen well below the \$3 billion danger point, which accounts for Modai's urgent insistence on increased exports.

Israel's economy has been kept afloat by massive infusions of aid from the United States. It will receive \$2.5 billion in outright grants in the coming fiscal year, starting October 1. Peres is expected to seek a substantial increase when he meets with President Reagan and Secretary of State George Shultz in Washington next month.

But it is clear that the Americans are deeply concerned over Israel's economic situation and will insist that the government implement a viable economic program without delay.

Modai told the Manufacturers Association that he had just come from a meeting with U.S. Ambassador Samuel Lewis, as a result of which it is now more clear than ever that "only Israel can save itself."

The Shekel Takes A Dive

The first economic measure taken by the new government was a nine percent devaluation of the Shekel that went into effect midnight Sunday. It now stands at the rate of 400-1\$. The purpose was to make the Dollar more expensive in order to stem the panic buying of Dollars by the public. According to Yaacobi, the government's coffers were emptied of more than \$60 million last Friday alone as Israelis rushed to buy Dollars in anticipation of a new Shekel devaluation. The price of fuel was upped by nine percent.

Modai said the latest devaluation was "moderate" and promised there would be no more "big" ones but that the Shekel would be allowed to float down gradually. The cheaper the Shekel, the easier it is to sell Israeli products abroad. But the Israeli public, at least the middle class, has been amassing Dollars and other hard currencies. Most of the things they buy, from pocket calendars to automobiles, are priced in Dollars.

Meanwhile, Minister of Commerce and Industry Ariel Sharon — who is not in the inner Cabinet — said today that his target for economic growth is 7-9 percent per annum for industrial production and a 15 percent yearly increase of industrial exports for the next seven years.

U.S. NAVY GETS FIRST OF 12 KFIR FIGHTERS TO BE USED BY THE AMERICANS FOR TRAINING PURPOSES

By Hugh Orgel

TEL AVIV, Sept. 19 (JTA) — The state-owned Israel Aircraft Industries (IAI) today handed over to the U.S. Navy the first three of 12 Israeli-designed and built Kfir fighters, to be used by the Americans for training purposes.

The dozen aircraft are being leased to the U.S. with the balance of nine planes to be delivered at the rate of three a month from the beginning of next year. The Israeli Kfirs will be used by U.S. Navy pilots to simulate enemy aircraft in training for air battles.

According to IAI director Shalom Ariav, the importance of the deal goes far beyond the \$70 million in the first stage Israel will receive over the next three years. American choice and use of the aircraft will make known and appreciated throughout the world the IAI products. Israeli aircraft designers and builders are now planning construction of the new generation Lavie.

A team of U.S. Navy pilots are in Israel training to use the aircraft, and 15 IAI technicians will be going to the U.S. to help maintain and service the Kfirs there.

According to U.S. Naval Captain Ernest Lewis, who heads the American Pilots delegation, the Kfir is a "very good plane" which fully answers American requirements for an aircraft against which American pilots can train in combat tactics.

FRANCE AND ISRAEL AIM TO INCREASE ECONOMIC AND INDUSTRIAL COOPERATION

By Edwin Eytan

PARIS, Sept. 19 (JTA) — France and Israel will try to increase their economic and industrial cooperation. The two countries will convene, for its first session, the Franco-Israeli Association for Industrial Development next month.

Prime Minister Laurent Fabius and Israeli Ambassador Ovadia Sofer agreed yesterday to convene the Association next month in Paris where it will meet under the presidency of Israel's Ephraim Katzir, a Weizmann Institute scientist and former President of Israel, and Prof. Francois Gros, the French Prime Minister's scientific adviser.

Sofer and Fabius also reviewed in detail latest political developments in the Middle East. It was Fabius' first meeting with a foreign envoy since he became Prime Minister close to two months ago.

The French Premier, who is of Jewish origin and was baptized by his parents as a child, has visited Israel on numerous occasions. He usually shows a keen interest in Israel and last spring, while serving as French Minister for Industry, visited Is-

rael and promised to try and further improve Franco-Israeli economic ties. Israeli sources described yesterday's meeting with Sofer, their fifth since Sofer arrived in Paris a year ago, as "cordial and very friendly."

U.S. OIL MAGNATE TO RAISE ISSUE OF SOVIET JEWRY WHEN HE MEETS WITH CHERNENKO IN MOSCOW

By David Landau

JERUSALEM, Sept. 19 (JTA) — American oil magnate and renowned art collector Armand Hammer will raise the plight of Soviet Jewry with President Konstantin Chernenko when he meets the Soviet leader in Moscow in a few days' time. He was asked to do so here in Jerusalem yesterday by Deputy Premier Yitzhak Shamir who spoke of the intensified persecution of Zionist activists and refuseniks in the USSR.

Hammer, who spent part of his early career in post-revolutionary Russia, is a persona grata with the Kremlin — indeed one of the few Western personalities of his stature and eminence who can claim this distinction.

He flew into Israel Monday night on his first-ever visit to the Jewish State, landing in his private jet at Atarot Airport in Jerusalem.

He is here to mark the opening at the Israel Museum of an exhibition of paintings from the Middle Ages to the present day taken from his extensive and outstanding art collection. The exhibition has been on display in several other leading cities around the world.

During his brief visit, Hammer met with Premier Shimon Peres and called on his old friend former Premier Menachem Begin in Shaare Zedek Hospital. (See separate story P. 4.) Hammer also visited Hadassah Medical Center where he is to contribute substantially to cancer research, and attended a reception in his honor at the museum.

RABIN DISCUSSES PLANS FOR ISRAEL'S WITHDRAWAL FROM LEBANON

By Hugh Orgel

TEL AVIV, Sept. 19 (JTA) — Defense Minister Yitzhak Rabin this week began a series of intensive discussions and debates with senior general headquarters officers, Defense Ministry officials and others dealing with military affairs in Lebanon and the West Bank.

Rabin is also to meet UN Under-Secretary General Brian Urquhart tonight and tomorrow on the future of the United Nations Interim Force in Lebanon (UNIFIL), the peacekeeping force in south Lebanon whose mandate expires next month.

Urquhart was due here late this afternoon from Damascus where he met with Syrian Vice President Abdel Halim Khaddam. He had earlier visited Beirut after a short visit to Israel to which he is now scheduled to return.

Rabin has expressed the hope that UNIFIL can, under an expanded mandate, play a role in maintaining order and security in the region, alongside the Israel-supported South Lebanon Army, in order to enable the Israel Defense Force to withdraw speedily from south Lebanon.

Will Consider All Possible Options

Defense Ministry sources stressed that the various plans the general headquarters has shown Rabin are options and contingency plans drawn up over recent months, and are not new proposals made since the establishment of the national unity government. They do not necessarily hold a quick and speedy withdrawal from Lebanon, the sources say, adding that it will enable Rabin to consider all possible options.

Rabin last Sunday in Jerusalem told the opening of the annual United Jewish Appeal fundraising campaign that he thought an Israeli withdrawal from south Lebanon could be accomplished "not in terms of years, but in a much shorter period of time," but he did not commit himself to any timetable.

Today, Rabin told visiting Norwegian Defense Minister Andres Sjaastad that while he supported an extension of the UNIFIL mandate, he believed that the United Nations peacekeeping force would be more effective if it were deployed differently.

Sjaastad earlier visited Norway's contingent of the 5,700-troop UNIFIL force. The United Nations Security Council, as it has done in the past, is expected to approve the UNIFIL mandate as well as the extension of the UN Disengagement Observers Forces (UNDOF) which separates Israeli and Syrian forces on the Golan Heights.

Rabin also met today, together with Central Command officers, with West Bank settlers who demanded stiff measures against Arabs carrying out attacks such as that on a civilian bus near Hebron Monday evening. It was agreed that a joint settlers-army committee would discuss ways of preventing any escalation following any future incidents.

SENATE UNIT VOTES 16-0 TO RECOMMEND THAT THE FULL SENATE RATIFY THE 35-YEAR-OLD GENOCIDE CONVENTION

By David Friedman

WASHINGTON, Sept. 19 (JTA) — The Senate Foreign Relations Committee voted 16-0 today to recommend that the Senate ratify the 35-year-old United Nations Convention against genocide.

Sen. Jesse Helms (R. NC) who voted "present" today, joined the other members of the committee in unanimously approving the resolution sponsored by Sen. Christopher Dodd (D. Conn.) urging the Senate leadership to "proceed immediately" to place the treaty on the Senate agenda and "seek to complete action" before Congress adjourns on October 5.

However, Senate Majority Leader Howard Baker (R. Tenn.), who will make the decision on scheduling, was the only member of the committee not present and not voting today. The earliest that the Convention can be brought to the floor is September 27 because Helms wants to present the report that will be included in the committee record outlining his concerns about the treaty.

Helms Sought A Delay

Helms used his prerogative as a Senator to delay a vote on the Convention last week when Sen. Charles Percy (R. Ill.), the committee chairman, sought a vote without consideration of two riders by Helms, which Helms said were designed to prevent the Convention from superceding the U.S. Constitution and to reserve the right of the U.S. not to submit certain matters covered by the Convention to the jurisdiction of the International Court of Justice.

Helms said today that in discussions with members of the committee in the past week, not all of the "outstanding issues" had been resolved. "If the concerns which many Americans expressed to me in the past few days are met, then I intend to support the treaty," he said. But he would not publicly discuss these concerns today.

However, Helms added that if the concerns are not met, he will present his views on the Senate floor. But he promised, under questioning by Percy, that "this Senator is not going to filibuster." He said he did not know of any other Senators who are planning to filibuster.

Representatives of Jewish groups who were present today were cautiously optimistic. They said they still feared that Helms might have some other conservative Senator engage in a filibuster. But they added that there were now enough votes in the Senate to cut off a filibuster and to ratify the Convention by the necessary 2/3 majority.

Although the Reagan Administration announced its support of the Convention on the eve of President Reagan's address to the B'nai B'rith International two weeks ago, the Administration was not expected to press to bring the Convention to a floor vote if a filibuster was threatened, because this could prevent action on needed legislation before Congress adjourns.

Sen. Rudy Boschwitz (R. Minn.) asked that if other Senators know of any Senator considering a filibuster, they should bring it to his attention so that he could personally talk to the Senator. "I feel very strongly and emotionally about this issue, most of my family having been victims of genocide in the second World War," he said. Boschwitz and his family fled Germany shortly after Hitler came to power.

He said that while Senate ratification of the Convention "is not going to end genocide," it will be "extraordinarily symbolic" to the Jewish people, the U.S. and the world because it will show that the U.S. will be leading the effort to "identify and perhaps arrest genocide."

The Convention For The Prevention and Punishment Of The Crime Of Genocide was signed by President Truman on December 11, 1948. Although approved by 96 other countries and endorsed by every U.S. President except Eisenhower, the Senate has failed to ratify the treaty largely because of opposition from conservatives.

While Helms said today that his concern was based on the opinions of Constitutional lawyers, he reportedly does not want to antagonize his conservative supporters since he is in a close fight for re-election. At the same time, he reportedly also does not want to antagonize Reagan whose support he also needs for re-election.

LATE NEWS DEVELOPMENT HISTADRUT AGREES IN PRINCIPLE TO A WAGE-PRICE PACKAGE DEAL By Hugh Orgel

TEL AVIV, May 19 (JTA) — Histadrut representatives agreed in principle late today to a wage-price package deal after Finance Minister Yitzhak Moda'i dropped his plans to delay tax bracket reforms aimed at protecting wage earners from inflation.

The Histadrut delegation met with senior Cabinet ministers assigned the task of working out a program to ease the economic crisis. Tax bracket reform was the major bone of contention between the trade union federation and the government. Deputy Premier David Levy said after the meeting that a wage-price freeze package could be worked out within a week.

Levy also suggested a compromise whereby the next cost-of-living allowance will be reduced by 10 percent and a compulsory loan imposed for two months. Last month's C.Q.L. increase was 9.9 percent and this month's will be just over 13 percent. Therefore, under Levy's proposal, the net reduction would be only three percent. The C.Q.L. allowance normally covers 80 percent of the monthly rise in the price index.

FIRST CONFERENCE OF ASIAN, JEWISH SCHOLARS CALLS FOR DIALOGUE BETWEEN ASIA, ISRAEL AND THE JEWISH WORLD

By Sam Lipski and Susan Bures

SINGAPORE, Sept. 19 (JTA) — The first conference to bring together Asian and Jewish scholars called for a new dialogue between Asia, Israel and the Jewish world and scheduled a second meeting to take place in Japan in 1986.

The two-day "Asian Jewish Colloquium" last week ended with a declaration affirming the "historic significance" of the encounter between scholars, scientists and intellectuals from Australia, People's Republic of China, India, Israel, Japan, Nepal, the Philippines, Singapore, South Korea, Switzerland, Thailand and the United States.

Tel Aviv University rector, Prof. Yoram Dinstein, told the conference that there were three "cultural gaps" which he hoped the gathering would help bridge — those between the Jewish and Asian diaspora, the State of Israel and the modern nation-states of Asia, and the "two cultures" of the sciences and humanities.

Israel and world Jewry had little knowledge or awareness of Asia, Dinstein said. Equally, Asia was largely ignorant of the relationship between Israel and world Jewry and the impact of Jews on modern Western civilization.

There was widespread agreement among the conference participants from Asia that a number of misunderstandings about Israel and the Jews had been clarified but that more needed to be done in this regard. Similar sentiments were echoed by the Jewish scholars about their "learning experience."

Cross-Section Of Participants

Among the participants were Thailand's former Foreign Minister, Dr. Thanat Khoman (1959-1971); Indian MP and Bar Association president, R. Jethmalani; Prof. A. Wada of the department of physics, Tokyo University; Prof. Takeshi Muramatsu of Tsukuba University; and Prof. E. J. Angara of the University of the Philippines.

Among the Jewish scholars were Prof. Yuval Neeman, Israel's outgoing Minister of Science and Technology; Prof. David Sidorsky of Columbia University; former Knesset Secretary, Netanel Lorch; and Hebrew University professor of comparative religion, Zvi Werbowski.

There was particular interest in the presence at the conference of a distinguished Chinese scientist, Dr. M. C. Niu, science advisor to the Chinese Academy of Sciences and head of the Institute of Developmental Biology in Beijing (Peking).

Discussions on the papers were marked by lively interchanges on such topics as the difficulties of retaining traditions at a time of social or technological change, different systems of government, the relationship between politics and culture, and the relative value of religious, legal and political traditions to modern societies. There were also discussions of Mishnaic law, Shinto tradition and the need for the legal protection of cultural differences.

'Ongoing Framework Of Dialogue'

The conferees agreed that the first endeavor to provide a forum for the exchange of scholarly views should form the basis for an "ongoing framework of dialogue." To this end, conference organizers, the Asia-Pacific Jewish Association and representatives of the Tel Aviv and Hebrew universities, will publish the papers and proceedings of the conference in book form.

The theme of the conference was Cultural Interaction — Old and New: Old Societies, New States. The tentative title for the 1986 Tokyo colloquium is "Pluralism in Society."

MEMORIAL FOUNDATION FOR JEWISH CULTURE ALLOCATES \$4.5 MILLION FOR 1984-86

NEW YORK, Sept. 19 (JTA) — Philip Klutznick, who was elected to his first full term as president of the Memorial Foundation for Jewish Culture at the recent 20th annual meeting of the organization in Jerusalem, announced that the Foundation has allocated more than \$4.5 million for 1984-86.

Of this amount, \$2,710,900 will go for institutional grants for Jewish education, Jewish scholarships and special needs; \$1,410 million will go for Foundation scholarships and fellowships; and \$490,000 will go for the community service program.

Klutznick, who had been serving as Foundation president since the death of Dr. Nahum Goldman on August 29, 1982, also reported that plans for the Foundation's new program of service to communities disconnected from Jewish life are ready to be implemented.

Klutznick said, "There are a significant number of Jewish communities the world over whose religious, educational and cultural needs are hardly being served, if at all."

To implement the Foundation's Commission's recommendations, Klutznick said, Dr. Jerry Hochbaum, executive director of the Foundation, "will immediately initiate a pilot program in selected communities to develop materials and train personnel." Hochbaum lent his professional expertise to the Commission in planning the program.

First Pilot Program

Dispersed Jewish communities in Scandinavia were selected as the target for the first pilot program. A second program for training personnel will be implemented in France, "because of the great need there. France has 14 communities with from 500 to 2,500 people and more than 100 communities with fewer than 500 people who have no educational, religious or cultural services. The need is urgent."

A third program will be undertaken in Hungary "to help stimulate this kind of activity in Eastern Europe."

Klutznick said that a condition for the program's success is for communities participating in the pilot project to "actively support the project and to assume responsibility for it once it is tested and launched."

BEGIN MAY UNDERGO SURGERY

JERUSALEM, Sept. 19 (JTA) — Former Premier Menachem Begin will probably undergo surgery tomorrow for prostate gland trouble. A spokesman for Shaare Zedek Hospital in Jerusalem, where he has been undergoing tests for several days, announced officially that Begin is not suffering from any malignant illness, and that the hospital was recommending surgery for his complaint.

As is common practice, the hospital did not formally specify the nature of the complaint, beyond denying categorically the reports — especially in the tabloid Hadashot — that he has cancer.

But responsible Israeli media say Begin has prostate problems and the operation recommended would be carried out under local anesthetic. The hospital is now awaiting the formal consent of Begin and his family to go ahead with the operation. The hospital said Begin is spending his time with members of his family or reading.