

REAGAN SAYS HIS MIDEAST PEACE INITIATIVE CONTINUES TO BE A 'REALISTIC AND WORKABLE APPROACH'

By Yitzhak Rabi

UNITED NATIONS, Sept. 24 (JTA) — Declaring that the road to peace in the Middle East is "long and hard," President Reagan told the General Assembly today that he is as committed today to his September 1, 1982 peace initiative as he was on the day he issued it.

"That initiative remains a realistic and workable approach, and I am committed to it as firmly as on the day I announced it," the President declared. He said that the foundation of this plan remains Security Council Resolution 242.

Stressing the importance of negotiations, Reagan, whose speech lasted 25 minutes and who referred to the Middle East only briefly, said, "The lesson of experience is that negotiations work. The peace treaty between Israel and Egypt brought about the peaceful return of the Sinai, clearly showing that the negotiating process brings results when the parties commit themselves to it.

"The time is bound to come when the same wisdom and courage will be applied, with success, to reach peace between Israel and all of its Arab neighbors, in a manner that assures security for all in the region, the recognition of Israel, and a solution to the Palestinian problem," he said.

'Full Partner In The Quest For Peace'

The President added that the United States has been involved in peace diplomacy for the decade that the Middle East conflict has been in existence. "We consider ourselves a full partner in the quest for peace. The record of the 11 years since the October War (Yom Kippur War) shows that much can be achieved through negotiation," he said.

Turning to the situation in Lebanon, Reagan said that "the tragedy" has not ended, recalling that only last week "a despicable act of barbarism by terrorists" against the U.S. Embassy in Beirut took place. The President noted that in 1983 the United States helped Israel and Lebanon reach an agreement that could have led to the full withdrawal of Israeli forces "in the context of the withdrawal of all foreign forces," from Lebanon.

But, the President pointed out, the agreement was blocked and "the long agony of the Lebanese continues. Thousands of people are still kept from their homes by continued violence, and are refugees in their own country." The President called on all who are concerned with the well being of Lebanon "to help end this nightmare."

The President's address opened the 39th session of the General Assembly's general debate. His speech, which was mainly devoted to relations between the United States and the Soviet Union was warmly received. Israel was represented by Foreign Minister Yitzhak Shamir and by members of the Israel UN Mission. Shamir said, in answer to a reporter's question, that he would not give any assessment of Reagan's remarks on the Mideast until he has a chance to study the text.

TWO ISRAELIS KILLED AND ONE SOLDIER WOUNDED IN AMBUSH IN SOUTH LEBANON
By Hugh Orgel

TEL AVIV, Sept. 24 (JTA) — Two Israelis — a soldier and a member of the Shin Beth general security services — were killed and another soldier was wounded last night when their jeep came under fire from an ambush on the eastern sector of the Lebanon front. Their deaths brought the casualty toll since the war started in Lebanon to 597 dead and nearly 4,000 injured.

The incident occurred near Mashki village on the eastern slopes of the Bekaa valley south of Lakor Karoun, between Sohmor village, the scene of last week's massacre by Druze soldiers, members of the South Lebanon Army (SLA), and the village of Rashaya where the Druze soldiers killed by Shiite Muslims earlier in the day had lived.

The three Israelis are believed to have been taking part in investigations into events and organizations in the area. In all, two Israelis were killed and 10 others wounded in seven incidents in southern Lebanon yesterday. In addition, six terrorists were killed and two captured.

There were no casualties in two incidents of light arms fire against IDF and SLA patrols yesterday near Jezzine and in the center of Tyre.

Move To Curb Inflation: HARSH NEW ECONOMIC MEASURES IMPOSED
By Gil Sedan and David Landau

JERUSALEM, Sept. 24 (JTA) — The government has imposed harsh new economic measures aimed at absorbing some \$900 million from the public sector as a means of curbing inflation.

But the double-barreled approach that went into effect last night — a one-time property tax and cuts in subsidies for fuel and certain basic commodities that sent prices soaring — has come under fire from some of the country's leading economists.

The cut-back on subsidies took effect immediately to avoid hoarding for the High Holidays which begin Wednesday night. The tax, which won final approval by the Cabinet yesterday, will apply to private cars, boats, apartments where the owner is not the resident, business premises and securities. Tax collection methods will be tightened and loopholes closed, according to Finance Minister Yitzhak Mordechai.

Cuts In Price Supports

According to some economists, however, the measures will not achieve their objectives unless matched by the \$1 billion slash in government spending vowed by the Cabinet last week but apparently not likely to materialize in this fiscal year.

Moreover, the cuts in price supports have the immediate effect of further fueling inflation. And they are selective. Many basics still benefit from full subsidies, making it more difficult for the government to meet its \$1 billion savings target.

The price of fuel went up by 30 percent overnight. The prices of other government controlled products rose by 18-55 percent. As a result, economic experts say, inflation now running at an annual rate of over 400 percent is likely to exceed 1,000 percent.

At the same time, the government is continuing to support the price of bread by a subsidy of 134 percent; eggs by 105 percent; milk by 103 percent; and frozen poultry by 97 percent. Even so, long queues developed at supermarkets and gasoline stations yesterday as the public rushed to stock up on food and fuel before the midnight price hike deadline.

Substantial Agreement On Goals

The economic program is one of the few areas where the Labor-Likud unity government is in substantial agreement on goals. Premier Shimon Peres told the Knesset today that the gravity of Israel's economic situation is without precedence. He defended the new taxes against opposition charges that wage earners are being forced to bear most of the burden.

He stressed that the property tax is being levied on a variety of personal assets and cannot be described as a tax on "the poor." According to Modai, each asset will be taxed at a flat rate of two percent of its value. The value of a car, he explained, would be determined by such factors as size, age and market price.

A Major Stumbling Block

But if the government is prepared to tighten the public's belt, it is having difficulty with its own. A major stumbling block at the moment is the Education Ministry's budget. Modai and Education Minister Yitzhak Navon agreed today to bring their differences before a special ministerial committee, headed by Peres, which would have the final say.

The most serious issue is whether or not to continue free high school education. The Education Ministry has proposed raising social insurance payments by 0.2 percent to fund free high school education or, alternatively, impose an overall education tax.

As for the overall fiscal budget, the various ministers have been unable to agree so far on a cut of more than \$650 million, well short of the \$1 billion goal. That cut, moreover, will be spread over an entire calendar year. The savings realized in the present fiscal year will amount to no more than \$300 million.

Senior economists advising the government maintain that even a \$1 billion saving is not enough to set the economy straight. Prof. Michael Bruno and Prof. Eitan Berglass appeared before the Cabinet last week to urge an \$800 million cut in government spending and a \$1.2 billion cut in subsidies — a total of some \$2 billion. They also recommended that the government refrain from imposing new taxes because of their inflationary effects.

But the government has apparently disregarded their advice and has taken a different tack. It has levied new taxes and has shelved indefinitely a wage-price-tax freeze which labor and management appeared only last week on the verge of accepting.

Bruno said in an interview published in Haaretz today: "I believe that eventually reality will impose on us the demanded cuts. We had an opportunity to cut the budget in a controlled manner. Eventually we will have to do it in an arbitrary manner, either because we shall not receive the funds or because the situation in the economy will dictate the cuts which we recommended."

In fact, the public may soon take the lead forcing the government to take unpalatable measures. Until now, Israelis have been living well. Cost-of-living increments linked to the rising price index have

been a cushion against inflation. But this is fast being eroded. The C.O.L. increment due on September salaries, payable October 1, will be 13.2 percent. It is estimated, however that wages will decrease in value by about 10 percent in the next few months because of the sharp rise in the cost of basics.

By American and West European standards, Israeli prices are a bargain. A loaf of ordinary bread costs 10 cents. A liter of milk is 30 cents. An egg costs seven cents. A kilo of meat sells for \$5.25 and a gallon of premium gasoline is \$2.50. But the average Israeli family must now spend \$500 a month to cover its basic needs, according to the Central Bureau of Statistics.

The new taxes will reduce spendable income. The Treasury expects to take in about \$150 million from improved income tax collections; \$400 million from the one-time levy on private cars, boats and aircraft, securities and business construction; and \$350 million from reduced subsidies. Living standards inevitably will decline.

4 AMERICANS WOUNDED IN BEIRUT BOMBING FLOWN TO ISRAELI HOSPITAL

JERUSALEM, Sept. 24 (JTA) — Four Americans wounded in last Thursday's bombing of the U.S. Embassy in Beirut were airlifted yesterday to Tel Hashomer Hospital in Tel Aviv after the U.S. accepted an Israeli offer to treat wounded American servicemen.

A hospital spokesman said that the four Americans will be discharged within a day or two. The spokesman said that the force of the explosion punctured the eardrums of the four. They also suffered shrapnel wounds and cuts and bruises.

Arthur Berger, spokesman for the U.S. Embassy in Tel Aviv, said "We are grateful" for the Israeli offer to treat the victims of the bombing and to make all medical facilities available if needed. He said the four servicemen were flown by U.S. Navy helicopters from Beirut to Ben Gurion Airport.

The decision by the U.S. to accept Israel's offer was in sharp contrast with its rejection of a similar offer after the October 1983 bombing of the U.S. marine headquarters in Beirut in which 241 servicemen were killed and some 80 were wounded. At that time the wounded were airlifted to West Germany for treatment.

DULZIN: REAGAN HAS ASKED 7 WEST EUROPEAN LEADERS TO HELP IN EFFORTS TO ALLEVIATE PLIGHT OF SOVIET JEWS

JERUSALEM, Sept. 24 (JTA) — President Reagan has asked seven top Western European leaders to lend their help in efforts to alleviate the plight of Soviet Jews, it was disclosed here today by Leon Dulzin, chairman of the World Zionist Organization and Jewish Agency Executives.

Dulzin, just returned from a meeting of the presidium of the World Conference on Soviet Jewry in London, also disclosed that future appeals to the Soviet authorities to allow Jews to leave will be based on "repatriation" to Israel rather than family reunification which has been the rationale until now.

Dulzin said today that a senior U.S. diplomat, Max Kampelman, the American Ambassador to the European Security Conference, delivered Reagan's letter to the European statesmen, including Prime Minister Margaret Thatcher of Britain and President Francois Mitterrand of France. Dulzin singled out Thatcher and Mitterrand for warm praise for their actions and intercessions on behalf of Soviet Jews. He said the condition of Jews in the USSR are "growing worse" and their

urgent plea to us is: 'Shake the world with your public cry on our behalf.' The London conference, attended by representatives of Jewish communities throughout the free world, expressed grave concern over the deterioration of the situation of Jews in the Soviet Union.

Dulzin said there were good grounds to expect that Secretary of State George Shultz will raise the issue of Soviet Jewry with Soviet Foreign Minister Andrei Gromyko when they meet at the United Nations General Assembly in New York next week.

He said the Soviet position on the matter has been contradictory. Of late they have been saying, "When other East-West issues improve, this matter too will improve." But on other occasions the Soviets simply deny that any problem exists, Dulzin said.

Key Now Is Repatriation

He announced that from now on the key element in the struggle for Soviet Jews, inside the USSR and abroad, will be repatriation, meaning the right of Jews to return to their homeland, Israel. The switch from family re-unification was decided because, among other things, not all Russian Jews seeking to leave have relatives in Israel.

Dulzin claimed the repatriation theme would have "a very clear connotation regarding the nosh-rim" if and when the gates of the USSR are re-opened, which, he believes, is possible during 1985. "Nosh-rim" is the term applied to Soviet Jews who, after leaving the USSR, opt to settle in countries other than Israel.

According to Dulzin, repatriation has persuasive precedents in Soviet jurisprudence. He recalled that in 1956, the Soviet authorities allowed Polish Jews scattered throughout the Soviet Union to be repatriated to Poland — from where many subsequently left for Israel. Similarly, the Soviets have in the past granted the right of repatriation to ethnic Germans, Spaniards and Greeks living in the USSR, Dulzin said.

U.S. CAUTIOUS ABOUT ROLE AS MEDIATOR BETWEEN ISRAEL, SYRIA IN ISRAELI TROOP WITHDRAWAL FROM SOUTH LEBANON

By David Friedman

WASHINGTON, Sept. 24 (JTA) — The Reagan Administration appears to be taking a cautious approach to a reported Israeli request that the U.S. mediate between Jerusalem and Syria for an Israeli troop withdrawal from Lebanon.

State Department deputy spokesman Alan Romberg said today that Richard Murphy, Assistant Secretary of State for Near Eastern and South Asian Affairs, who went to Lebanon last week to investigate the terrorist bombing of the U.S. Embassy annex in east Beirut, is "taking advantage" of his presence in the Middle East to meet with regional leaders. Murphy, who met with President Amin Gemayel of Lebanon and Syrian President Hafez Assad, was in Israel today.

While Murphy was undoubtedly discussing the situation in Lebanon, he was not engaged in any negotiations, Romberg stressed. "Certainly we would like to be helpful," he said. But, he added, any new move would have to have the support of all the parties.

The first indication of whether the U.S. would again become active in Lebanon may come after Israeli Foreign Minister Yitzhak Shamir meets with Secretary of State George Shultz in New York October 1, or when Premier Shimon Peres meets with President Reagan at the White House eight days later.

The new Israeli coalition government has made a pull-out from Lebanon and solving Israel's economic crisis its first priorities. In fact, the two goals are the main reason Labor and Likud agreed to a coalition. In both areas, Jerusalem is expected to look to Washington for help.

Peres reportedly will ask the U.S. for \$750 million-\$1 billion in immediate economic aid beyond the \$2.6 billion in military and economic assistance for Israel approved by Congress for fiscal 1985, starting October 1. The U.S. reportedly wants first to study Israel's plans for cutting its budget.

Shultz, an economist, is believed to have made helping Israel's recovery a personal goal. He has created a panel of outside economists to advise him on the merits of the Israeli plan. It is headed by Herbert Stein who was chairman of President Nixon's Council of Economic Advisers.

U.S. GIVEN DOCUMENTATION ON TISO GOVERNMENT COLLABORATION WITH NAZIS

By David Friedman

WASHINGTON, Sept. 24 (JTA) — An album documenting the collaboration of the war-time Tiso government in Czechoslovakia with the Nazis was turned over to the United States government Friday.

Martin Zapletal, of Woodside, New York, a Jewish Holocaust survivor from Slovakia, presented the album to Marc Palmer, Deputy Assistant Secretary of State for European and Canadian Affairs, in a ceremony at the State Department.

Palmer in turn gave the album to Rabbi Seymour Siegel, executive director of the U.S. Holocaust Memorial Council, to be placed in the Holocaust Memorial Museum being planned for Washington.

The ceremony marked the 43rd anniversary of the enactment of the Nuremberg Laws in Czechoslovakia and the first day when Slovak Jews had to wear yellow stars. About two dozen Jewish survivors and non-Jewish resistance fighters from Slovakia attended. The survivors wore yellow Stars of David.

FRITZ BAMBERGER DEAD AT 82

NEW YORK, Sept. 24 (JTA) — Funeral services were held today for Fritz Bamberger, a German Jewish scholar who directed the 140-school system for the education of Jews in pre-World War Germany. He died last Friday at the age of 82. At the time of his death, he was vice president of the Leo Baeck Institute and vice chairman of the North American Board of the World Union of Progressive Judaism.

Bamberger was a faculty member at the Hebrew Union College - Jewish Institute of Religion in New York. He joined the faculty in 1962 as assistant to the president and professor of intellectual history. He retired from the college in 1979.

Bamberger moved to the United States in 1939. He taught at the College of Jewish Studies and the University of Chicago. He left his academic career in 1942 to become editor in chief of *Coronet* magazine and executive director of *Esquire* Inc.

He was the author of numerous books, including "Moses Mendelssohn" (1929); "The System of Maimonides" (1935); "Zunz's Conception of History" (1941); "Leo Baeck - the Man and the Idea" (1958); "Spinoza's Tractatus (1961); and "Books are the Best Things" (1962).

BEHIND THE HEADLINES LIVING WITH INFLATION

By Gil Sedan

JERUSALEM, Sept. 24 (JTA) — As the Hebrew calendar year 5744 nears its end, how does Mr. Middle Class Israeli stand financially? How do he and his family and friends cope with inflation racing at an annual rate of over 400 percent?

Mr. MCI will end the year bearing a \$5,000 share of his country's \$23 billion foreign debt; so will his wife, each of his children and grandchildren. The debt — and the individual's share — is sure to increase in the foreseeable future and may fall on Mr. MCI's yet unborn great grandchildren.

Is he worried? Perhaps, though it is difficult to conceptualize a debt of astronomical proportions relative to a country the size of Israel. Is he discontented? Not really. Though many economic experts say Israel is on the verge of bankruptcy, Mr. MCI seems quite satisfied with his condition. And why not?

He bought a new car this year. He is planning to move into a four-bedroom flat. Recently, he refurbished his living room and completed his collections of the Hebrew Encyclopedia. Two of his three children spent the summer at an expensive sleep-away camp. Each owns a bicycle.

Last year, Mr. MCI travelled abroad twice; once with his wife for two weeks on a Greek island. The second time was on a mission he arranged for himself to the United States, which paid his fare.

The Anachronism Of Shekels

On top of this, Mr. MCI fattened his bank account by \$5,000 during the past year. Why Dollars? Because nobody saves Shekels anymore. Israel, as MCI well knows, is possibly the only country in the world where the more local currency you save the more money you lose. With galloping inflation, the Shekel loses value at a rate of about one percent a day. The smart thing to do is get rid of your Shekels as fast as you can.

Mr. MCI therefore puts his savings in Dollar-linked accounts. There were frightening rumors before the elections last July that the government had no alternative but to seize those Dollar accounts to stabilize the economy. So Mr. MCI took no chances. He began to purchase Dollar bills on the black market. He paid only slightly more than the official exchange rate. But he knows he possesses the real Green.

He no longer calculates in Shekels because he can never know what the price of any product will be from week to week. Suppose he stored the price of milk in his memory — 105 Shekels (about 30 cents) a liter. He would have to remember a new price in two weeks or sooner.

He hardly pays attention anymore to the government's frequent announcements that the controlled price of basic commodities and petrol is going up. He knows that the value of his present three-bedroom flat is about \$70,000. To figure its worth in Shekels he would need a calculator.

When he shopped for his new car recently he was not surprised to find the sticker price in Dollars. He went to a dime store last week to buy himself a pocket diary. It too was priced in Dollars — \$2.50 to be exact.

The key to Mr. MCI's confidence is that wonderful device, the cost-of-living (C.O.L.) index which links his wages to general price hikes. To be

sure, the linkage covers only 80 percent of the C.O.L. rise and is taxable. But with the aid of a strike here, a work stoppage there, he knows the gap will be narrowed.

Using his pocket calculator, Mr. MCI found that his July salary was the equivalent of about \$1,000, up from \$600-\$700 in earlier months. By the time he received his August salary he found he could buy fewer Dollars with the Shekels he received. This worried him, for the first time. Moreover, the experts are now saying the economic situation is really serious and crisis is just around the corner.

Mr. MCI wonders what this will mean for him, personally. As a senior clerk in a government office he enjoys a benefit quite exclusive to Israel — job security. Budgets may shrink but Mr. MCI cannot be sacked unless he is caught in a criminal offense.

A Fear Of Social Unrest

He is well aware, however, that unemployment is on the rise, a new phenomenon for Israel. Workers are being fired, especially temporary manual laborers.

Mr. MCI's father-in-law owns an electrical appliance store. He is starting to complain that sales have dropped. Business is falling, unemployment is rising. In the back of MCI's mind there is a gnawing fear of social unrest. He does not want to see the social gap widened. He does not want to see all those Arab day laborers from the West Bank walking the streets without jobs, thinking possibly, how to blow up Jews.

Mr. MCI wants peace and quiet. He wants stability. For that cause he is ready to sacrifice a little — not too much. Perhaps he will forego his annual trip to Europe.

Because he begins to realize that the economic situation is very bad and that economic hardships may be imminent, Mr. MCI intends to have a last fling. He will spend the High Holidays on the French Riviera. After that, he will tighten his belt.

UNDERGROUND DEFENDANTS WON'T BE ALLOWED TO LEAVE PRISON FOR HOLIDAYS

JERUSALEM, Sept. 24 (JTA) — The 20 suspected members of a Jewish terrorist underground on trial for alleged attacks against Arabs in the occupied territories and Jerusalem over the past four years will not be allowed to leave prison for the High Holidays, it was learned here today.

Haim Barlev (Labor), the Minister of Police, made a statement to that effect in the Knesset at the conclusion of the debate on separating the Police Ministry from the Interior Ministry. He also said he did not intend to change the custom according to which a defendant does not receive leave before a trial is concluded.

Barlev expressed surprise that a group of 60 rabbis had signed a petition to release the underground defendants for the holidays, although the prisons are filled with some 7,000 prisoners — among them many religious and observant Jews. The petition was signed by some of the leading rabbis in the country, among them the two Chief Rabbis, and former Sephardic Chief Rabbi Ovadia Yosef.

The main argument for the release of the underground defendants was that the Arab detainees in the An-sar detention camp in south Lebanon were also given leave on Moslem holidays. Relatives of the defendants wamed last week that if their kin were not released for the holidays they would stage a protest rally outside the Tel Mond prison where the defendants are being held.