

# **REAGAN AND PERES AGREE TO ESTABLISH JOINT ECONOMIC DEVELOPMENT GROUP TO COOPERATE TOWARD HELPING ISRAEL REVITALIZE ITS ECONOMY**

By David Friedman

WASHINGTON, Oct. 9 (JTA) — President Reagan, stressing the United States commitment to help in "revitalizing the Israeli economy and putting it on the road to sustained recovery," announced today that he and Premier Shimon Peres have agreed to the establishment of a joint economic development group to cooperate toward achieving this goal.

"We have agreed to explore with Israel ways to enhance its growth and development prospects through structural adjustment, increased trade and investment, as well as American aid," Reagan said in a farewell statement in the White House Rose Garden after a two-hour meeting with Peres and Foreign Minister Yitzhak Shamir.

Reagan said that he and Peres have also instructed their negotiators on the Free Trade Area (FTA) between the two countries to reach an agreement within 30 days. The President said this agreement, which he noted was the first FTA between the United States and another country, by expanding Israel's export market will be important to helping Israel on the way to economic recovery and it will also be a boost for the United States. Peres stressed that the new unity government he heads is "determined to tackle our economic difficulties head on." He added that the "support of the President, the United States government and the American people is source of strength and inspiration to all of us."

## **New U.S.-Israeli Harmony Cited**

The Israeli Premier, who met with Reagan previously as the leader of the Israeli opposition, said that his meetings in Washington the last two days have left him with the belief that "relations between the United States and Israel have reached a new level of harmony and understanding."

He expressed the gratitude of all Israelis to "the President, the Congress, and foremost, the people of the United States for the lasting friendship existing between our two peoples and countries."

Peres added that "I found in the White House a true friend of Israel who understands her problems and dilemmas, is aware of her difficulties and follows her efforts to face them."

Reagan earlier said he wanted to pay "special tribute to the leadership qualities" of both Peres and Shamir for having "shown courage and determination to put aside partisan politics joining together in a government of national unity to deal with Israel's most pressing problems."

Peres noted that "the government of national unity was formed in the united city of Jerusalem in the spirit of the words of prophet Ezekiel who said, 'I shall give them an undivided heart and a new spirit'."

He said the new government is "united in our confidence in the United States of America ... in our desire for peace ... in our desire to bring our boys back from Lebanon provided that the security of the northern part of Israel will be guaranteed."

Reagan also noted Israel's desire to leave Lebanon. "The United States stands ready to help, provided the parties concerned want the United States to play this role and are committed to finding the answers to the difficult issue involved," Reagan said.

While Israel has been urging the U.S. to play a mediator role to allow an Israeli pull-out, a senior Administration official said later today that there have so far been no signs from Syria that it wants the U.S. to play such a role. The U.S. has been reluctant to become involved without the agreement of all the parties. The official said that there was no formal request from Peres for the U.S. to act as mediator.

In his remarks today, Peres expressed "my hope that the United States will continue to play an important role in reducing tension in our region and revitalizing the peace process."

## **U.S. Commitment To Israel's Security Stressed**

Reagan, who said he stressed to Peres "our fundamental commitment to Israel's national security," said that he also gave him "our firm commitment to the goal of a just and lasting peace between Israel and all its Arab neighbors." He said the ingredients in this were United Nations Security Council Resolution 242, the Camp David accords and the Egyptian-Israeli peace treaty.

Reagan added that he "reaffirmed today my initiative of September 1, 1982" which he said contained proposals "designed to bring the parties to the negotiating table presumably with their own positions." The Administration official said Peres did not repeat Israel's rejection of the Reagan initiative today but he noted that Peres, in a television interview last month, said he did not oppose the initiative, just the specific proposals.

Reagan noted that consultations have been going on between the U.S. and Israel on security assistance programs in a "way that contributes most effectively to Israel's overall national security and maintenance of its qualitative edge." He said that Defense Secretary Caspar Weinberger will be in Israel next week to discuss security matters.

## **Open, Wide-Ranging Talks**

The Administration official who briefed reporters on the White House talks today said the Administration stressed to the Israelis that it is determined to have close ties with its Arab friends. The official said that also discussed was the need for a mutual dialogue with Jordan, Israeli relations with Egypt and the "quality of life" on the West Bank. He said the talks were "very open" and "extraordinarily" wide-ranging.

But the official stressed that the economy dominated most of the conversations at the White House today and between Peres and Secretary of State George Shultz yesterday and today. He said the new joint working group will meet twice a year, alternately in Washington and Jerusalem. It will comprise government officials from various departments and private Israeli and U.S. economists who would act as advisers.

The official noted that although various figures on additional U.S. aid to Israel was discussed, no firm figure was agreed upon and probably would not be until after the new joint committee meets. An Israeli official noted that no new figure would be proposed until the new Congress meets, and by that time there will be a better picture on how the economic measures taken by the new Israeli government are working.

## ISRAEL TO TAKE MEASURES TO IMPROVE QUALITY OF LIFE FOR WEST BANK ARABS

By Gil Sedan

JERUSALEM, Oct. 9 (JTA) — Israel may be about to liberalize its policies on the West Bank and Gaza. Premier Shimon Peres, now visiting Washington, is expected to inform the Reagan Administration of measures to improve the quality of life for Arab residents of those territories.

Peres referred to such measures just before he left for Washington last Saturday night. Defense Minister Yitzhak Rabin was more explicit. At a meeting with Arab Labor MK Abdel-Wahab Darousha at the Defense Ministry a few days earlier he spoke of easing financial restrictions, limiting censorship and the possibility of local Arab residents replacing the government-appointed Jewish mayors of West Bank and Gaza Strip towns.

The timing of these remarks was not accidental. The Reagan Administration, notably Secretary of State George Shultz, has been quietly pressuring Israel for some time to improve the "quality of life" for Arabs in the occupied territories. The term "quality of life" was used to avoid the impression that the U.S. is pressing Israel for political changes in the territories.

So far, only one restriction has been eased. Arab residents of the territories returning home from abroad may bring with them a maximum of \$5,000. Hitherto the maximum was \$3,000.

### First Arab Bank Under Consideration

But a much more significant step is under consideration — the opening of the first Arab bank in the territories in 17 years.

All Arab banks ceased to function after Israel seized the territories in the 1967 Six-Day War. The sole exception was the Falastin Bank in Gaza which was not permitted to trade in foreign currency. The absence of local banks has been a key factor of slow economic development in the territories.

Now, a group of Arab investors headed by young Nablus businessman Zafer Al Masri want to establish a bank. The government has decided in principle to grant permission. Shmuel Goren, coordinator of government affairs in the territories, is hopeful that the bank will open some time next year.

But the government, which is a delicately balanced coalition of the hard-line Likud and the more moderate Labor Party, must protect its right flank. While measures such as the reduced military censorship of books, the return of Arab municipalities to governance by Arab politicians and even the possible reopening of Al-Najah University, a hotbed of Palestinian nationalism in Nablus, are under consideration, Goren made it clear that the Israeli authorities would continue to wield a "strong hand" against anyone disturbing the peace.

### No Free Elections Contemplated

He stressed that there was no intention to allow the return of West Bank mayors deported from the West Bank in 1980 after a terrorist attack on yeshiva students in Hebron. Nor will Israel consider free elections in the territories.

The last municipal elections, held in 1976, brought into office outspoken nationalists with alleged close connections to the Palestine Liberation Organization. All were subsequently deposed by the Likud-led government and replaced by Jews.

Goren's comments reflected the government's fear of further aggravating militant Jewish settlers

who are demanding much harsher measures against Arabs in the territories. They insist for example that any Arab caught throwing stones at Jews be summarily deported. The militants, who form the hard core right-wing of the settlement movement, have been an important constituent of Likud.

### AUSTRIA TO POSTPONE DECISION ON CONTROVERSIAL CONFERENCE CENTER

By Reinhard Engel

VIENNA, Oct. 9 (JTA) — Chancellor Fred Sinowatz announced a postponement today of a Parliamentary decision on the controversial international conference center to be built in Vienna, financed largely by Arab states.

The project has been attacked by the opposition Peoples Party on grounds that the Arab backers would exert undue influence over the management of the center, possibly excluding Israel from invitations to international gatherings. They also faulted the favorable terms granted the Arabs, especially tax exemptions which critics said would make the center more expensive to build than if financed by Austrian banks or bond issues.

The ruling Socialist-Liberal coalition which controls the Lower House of Parliament approved the project. The Peoples Party which commands a majority in the Upper House vetoed it. A motion is pending in the lower chamber to override the veto but Sinowatz said today that a vote on this has been postponed.

He defended the contract nevertheless, saying he is convinced that the Arab shareholders favor Austrian sovereignty in the management of the convention center. The project was initiated by former Chancellor Bruno Kreisky several years ago, mainly to create jobs at a time of rising unemployment. Kreisky sought financing from Arab Gulf states because his government was running a deficit.

### AUSTRIA TO SEEK EXTRADITION FROM SYRIA OF FORMER EICHMANN COLLABORATOR

NEW YORK, Oct. 9 (JTA) — Austrian officials have assured the Anti-Defamation League of B'nai B'rith that the extradition from Syria of SS-Hauptsturmfuehrer (Captain) Alois Brunner, one of Adolf Eichmann's principal collaborators, will be vigorously pursued.

The assurance came from Leopold Gratz, Austria's Foreign Minister, at a meeting last week with Frank Reiss, ADL's director of European Affairs, and Elliot Welles, director of the ADL's Task Force on Nazi War Criminals, at the Austrian Mission to the United Nations. Responding to ADL urging for intensified action, Gratz promised to seek the Nazi war criminal's extradition expeditiously and forthrightly.

According to Reiss and Welles, the Foreign Minister's response was particularly heartening since it contrasted sharply with the former Kreisky regime which had given the matter routine treatment. They noted, too, that Gratz acknowledged the serious nature of Brunner's "countless crimes against the Jewish population of Central Europe, including the deportation of thousands of men, women and children to the death camps."

Also present at the meeting was Karl Fischer, the Austrian Ambassador to the UN.

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AMSTERDAM (JTA) — The Jewish Historical Museum here, hitherto supported by the municipality, is to become a national museum under the auspices of the Dutch Ministry of Education and Culture. Its financial position is expected to improve considerably as a result of the jurisdictional transfer.

## HOUSE APPROVES BILL TO AID SURVIVORS OF THE HOLOCAUST

By David Friedman

WASHINGTON, Oct. 9 (JTA) — The House has approved a bill that would eliminate reparations received from West Germany by Holocaust survivors from the income counted to determine eligibility for Social Security payments.

Rep. Henry Waxman (D. Cal.) introduced the legislation after a resident in his district, Felicia Grunfeder, was denied Supplemental Security Income (SSI) because her reparation payment from West Germany put her annual income \$648 over the eligibility level of \$1,752.

"I do not believe that when Congress passed the Social Security Act it intended to deny welfare and health benefits to a poor person who otherwise would be eligible were she not receiving token payments from Germany for the tortures she underwent at the hands of the Nazis," Waxman told the House.

Burt Hoffman, a spokesman for Waxman, said that although the Senate could not pass the bill because of the tight schedule before adjournment, the legislation has no opposition and should be approved when the new Congress convenes early next year.

### Social Security Administration Ruling

Grunfeder suffers from psychological disorders requiring supervision and treatment. Her doctors have attributed her condition to the experience of growing up amidst the atrocities of the Holocaust. She began receiving SSI payments because of her psychological disorders in 1974 but in 1980 the Social Security Administration learned she had been receiving reparation from West Germany since 1974 and ruled that she was ineligible for the benefits.

Grunfeder's appeals to the Social Security Administration and then to a U.S. District Court were dismissed. The decision was upheld by the U.S. Court of Appeals for the Ninth Circuit in San Francisco, but she has since won a rehearing.

### Arguments By The AJCongress

The American Jewish Congress filed a friend of the court brief on her behalf, arguing that reparations payments should be exempted as it is now done with personal injury awards and other tort damages received as compensation for civil loss. The Internal Revenue Service follows this principle in exempting restitution payments from income taxes, according to the AJCongress.

The AJCongress brief argues that reparations from the German government to Holocaust victims for "damages to body, mind and spirit" is made "in recognition of a moral obligation to make amends" and is not "income" as defined by Congress when it passed Social Security legislation.

As a child, Grunfeder lived in the Warsaw Ghetto. Later she was separated from her mother and was taken to the Lager-Rote-Rose concentration camp. Her father and other members of her family were murdered by the Nazis.

The House Ways and Means Committee has estimated that about 4,000 people are in the same situation as Grunfeder.

### BRONZE SCULPTURE OF GOLDA MEIR UNVEILED IN NEW YORK'S GARMENT CENTER

NEW YORK, Oct. 9 (JTA) — Several hundred public officials, Israeli dignitaries, civic and religious leaders joined in dedication ceremonies here of Golda Meir Square in the heart of the garment center with the unveiling of a twice life size bronze sculpture of the former Israeli Premier.

The ceremonies, under the auspices of the Jewish Community Relations Council of New York (JCRC) and the City of New York, marked the completion of the remodeled square on Broadway between 39th and 40th Streets. The sculpture is by artist Beatrice Goldfine of Philadelphia. It is the only tribute of its kind in the U.S. to Meir.

The statue was commissioned by the Golda Meir Memorial Committee and the JCRC under the auspices of Jack Weiler, JCRC honorary president and chairman of the Golda Meir Memorial Committee.

"We hope that the square, in the heart of the garment center, which played an important role in the history of the Jews in New York, will serve as a gathering place on special occasions, while serving as a daily reminder to all who see it, of this great woman's leadership and struggles for peace in Israel and justice throughout the world," Weiler declared.

### Reagan, Mondale Pay Tribute

President Reagan, in a telegram read at the ceremonies, praised the "fitting tribute to this great leader who played such an important role in the founding and development of the State of Israel."

Democratic Presidential candidate Walter Mondale said in a telegram message that Meir "will live forever in the history of the Jewish people and in the annals of human liberty ... She was remarkable for her courage, her candor, even her bluntness."

### Speech By Meir To UN Assembly Recalled

Yiddish theater actress Stella Adler presented a dramatic reading taken from an October 7, 1959 speech Meir made to the United Nations General Assembly, entitled "A Solemn Appeal to the Arabs," which concluded:

"Would it not be better for all to build a future for the Middle East based on cooperation? Israel will exist and progress even without peace, but surely a future of peace would be better both for Israel and for her neighbors ... Does hate for Israel and the aspiration for its destruction make one child in your country happier? Does it convert one hovel into a house? Does culture thrive on the soil of hatred? We have not the slightest doubt that eventually there will be peace and cooperation between us. This is a historic necessity for both peoples. We are prepared; we are anxious to bring it about now."

JCRC president Peggy Tishman said, "This unique memorial ... is a tribute by the people of New York to this great stateswoman, humanitarian, pioneer and leader as well as a monument to American-Israeli friendship." Tishman also presented a plaque expressing gratitude to Goldfine. The Zamir Chavale, under the direction of Matthew Lazor, concluded the ceremonies with three elections.

### EAST GERMANY TO AID ARAFAT

BONN, Oct. 9 (JTA) — East Germany has promised Yasser Arafat it will provide stepped up material, political and diplomatic aid to Palestinians in their struggle against Israel.

According to East Berlin newspapers, the promise was made at a series of meetings between Arafat and top officials of the ruling Communist Party. Arafat, who heads the loyalist faction of the deeply divided Palestine Liberation Organization is one of several hundred foreign guests invited to participate in celebrations marking the 35th anniversary of the Communist regime in East Germany. During his stay in East Berlin he will meet with senior officers of East Germany's Peoples Army to discuss training programs for PLO fighters.

## A CONTROVERSIAL RABBI

By Maurice Samuelson

LONDON, Oct. 9 (JTA) — Since becoming Britain's Chief Rabbi on the eve of the Six-Day War, Sir Immanuel Jakobovits has frequently aroused widespread controversy by his remarks on aspects of Israeli policies and social trends.

Although he has frequently expressed Anglo-Jewry's staunch solidarity with Israel, some of his views have earned widespread criticism. While defenders of embattled Israel have accused him of treason, others have hailed him as the true defender of Israeli interests.

Jakobovits has now attempted to explain himself in a book about his attitudes towards Zionism and Israel. Its title, "If Only My People . . .," is taken from Psalm 18 which says: "If only my people would hearken unto me and Israel walk in my ways, I would soon subdue their enemies and turn my hand against their adversaries."

The book is unlikely to make Jakobovits' reputation any less controversial. It also reflects the extent to which the Middle East has overshadowed Jewish and international life during Jakobovits' rabbinical career. It was far less prominent during the ministry of his two distinguished predecessors, Dr. Joseph Hertz and Sir Israel Brodie, Chief Rabbis from 1913-1946 and from 1948-1965, respectively.

Predecessors Championed Zionism

As Jakobovits frequently points out, neither of these two Chief Rabbis referred to Zionism in their inaugural addresses and he himself was the first Chief Rabbi in Britain to have done so.

Nevertheless, both Hertz and Brodie were enthusiastic champions of Zionism at a time when mainstream Orthodoxy was closer to the Jakobovits position. While Hertz was often in trouble for being "too Zionist," Jakobovits has achieved the opposite.

Born in Koenigsberg, Germany in 1921, the author admits that he was raised in a tradition "distinctly lukewarm to Zionism." The book shows how deeply this colored his career, which has included 10 years as Chief Rabbi of Ireland (1948-1958); eight years at New York's Fifth Avenue Synagogue; and the past 17 years as Chief Rabbi of the British Commonwealth, during which he has been knighted.

Seeks To Denigrate Secular Zionism

In this book, he pays tribute to Israel's positive influence on the diaspora. But he also seeks repeatedly to discredit and denigrate what he describes as "secular Zionism" which he regards as a dangerous rival to traditional, Orthodox Judaism.

He goes so far as to accuse David Ben Gurion and other Labor Zionists of "hypocrisy" for having told British leaders in 1937 that "the Bible is our mandate." He ridicules the notion of the "pioneers of secular Zionism" that an independent State would "solve the Jewish problem." He calls this "probably the greatest illusion and the greatest disillusionment in Jewish history," adding that the secular Zionists had "seduced" most of the Jewish people to believe it.

According to Jakobovits, not only had Jewish statehood failed to normalize life in the diaspora but "in some ways it has added many new problems which never existed before." In the aftermath of the Israeli invasion of Lebanon, he adds, Israel had not only failed to solve the Jewish problem

but had become "the core" of the problem "inasmuch as anti-Zionism became the principal feature and expression of anti-Semitism."

Besides harboring these philosophical doubts, Jakobovits also found himself frequently at odds with successive Israeli governments on a wide variety of practical issues. These included military retaliation for terrorist attacks; refusing to repatriate Palestinian refugees; Golda Meir's oft quoted scepticism over whether the Palestinian Arabs constitute a nation; and Israel's armaments exports.

Position On Soviet Jewry

He also ruffled the Israeli establishment's feathers by adopting an independent posture on Soviet Jewry, including a visit to Moscow at the invitation of the Soviet authorities. He claims to have predicted the decline in Soviet Jewish emigration and that this proves the wisdom of his proposal — ignored by Israel — to give equal stress to the fight for Jewish "equality" inside the Soviet Union.

Even though emigration has almost dried up, Jakobovits says "the campaigners still wear their blinkers and rehash their slogans with undiminished fervor in an endless succession of routine rallies."

Although "secular Zionists" bear the brunt of his arguments, the rise of ultra-religious Jewish fanatics has belatedly given him a new target, manifested in the Gush Emunim settlement movement, and outbreaks of terrorism by Jews.

Describing his "haunting fear of a new pseudo-Messianism," he says that militancy or radicalism would "exacerbate the divisions within Israel, eventually reaching some breaking point in war or civil strife."

On this issue, he is at last in step with the majority in Israel and the diaspora. But with seven more years before he is due to retire, Britain's voluble Chief Rabbi may have many more opportunities for speaking up when others prefer him to remain silent. "If Only My People: Zionism In My Life," is published in Britain by Weisfeld and Nicolson.

PALESTINIAN AND LEBANESE ARABS  
EXPULSED FROM SWEDEN FLOCKING  
TO WEST BERLIN FROM EAST BERLIN  
By David Kantor

BONN, Oct. 9 (JTA) — A spokesman for the West Berlin municipality has expressed grave concern over the recent influx from East Berlin of Palestinian and Lebanese Arabs expelled from Sweden last week. He said West Berlin could not tolerate a situation in which persons who do not qualify for the status of political refugees nevertheless enter the city and settle there.

The expellees landed at East Berlin's Schoenefeld Airport and entered the West by using public transportation between the two sections of the divided city. There is no passport control on the west side of the Berlin wall and anyone allowed to leave by the East Berlin authorities can do so without being questioned.

The West Berlin municipality is disturbed because the Arabs are without means of support. They are expected to apply for material benefits such as free food and housing which is provided to persons requesting asylum. The process sometimes takes years during which the applicants are fed and housed by the municipality.

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REMINDER: There will be no Daily News Bulletin dated October 12, Succoth. Because of the holiday, there will also be no Community News Reporter dated October 12. The next CR will be dated October 19.