

SENATE REPORT WARNS THAT ISRAEL'S ECONOMIC CRISIS COULD POSE SERIOUS THREAT TO THE SECURITY OF ISRAEL

By David Friedman

WASHINGTON, Nov. 22 (JTA) — Israel's economic crisis "could pose as serious a threat to the security of Israel as any hostile neighbor in the region" unless swift, effective measures are taken, a Senate Foreign Relations Committee report warned this week.

"American foreign assistance can help Israel cope with its difficulties and can mitigate but cannot by itself arrest Israel's problems of hyper-inflation, labor unrest, low productivity, declining revenues, growing unemployment and sluggish exports," the report said. It called for "major domestic economic reforms" and the \$1.5 billion budget cut now being applied by Israel's unity government led by Premier Shimon Peres.

The report was prepared by two staff members of the Senate committee, Michael Kraft, a Near East subcommittee specialist, and Gerald Connolly, who specializes in economic aid issues, after visiting Israel and interviewing United States and Israeli officials in Israel and Washington.

Israeli Teams Discuss U.S. Aid To Israel

Coincidentally, it was released Tuesday evening shortly after two teams of Israeli officials completed two days of talks at the State Department on increased U.S. aid to Israel.

One team led by Emanuel Sharon, Director General of the Finance Ministry, discussed with a U.S. group led by W. Allen Wallis, Undersecretary of State for Economic Affairs, the preliminary plans for the joint U.S.-Israeli economic group which will work out how the U.S. can best help Israel's economic recovery program.

The joint group, which was established during the meeting between Peres and President Reagan at the White House in October, is expected to have its first meeting here in December.

The other discussion at the State Department was on security assistance and was led by Gen. Merachem Meron, Director General of the Israel Defense Ministry, and William Schneider Jr., Undersecretary of State for Security Assistance.

Israel is receiving \$2.6 billion in military and economic aid, all of it a grant, in the current fiscal year. While the Israeli government has not yet worked out its specific request for the 1986 fiscal year, the Senate report notes that during his visit to Washington, Peres said Israel will need another \$1.5 billion in economic aid for its recovery program.

Basis Of Israel's Economic Crisis

Kraft and Connolly go over the background of Israel's difficulties in their report. "Israel's economic problems did not develop overnight and cannot be cured quickly," the report notes. "They can be traced to a number of factors, including the costs of developing a new country in three decades and the heavy defense and debt burden resulting from military aid loans since the October 1973 war.

"Defense spending, while a major element, is not by any means the only important reason for

Israel's economic problems. Israel's economic difficulties are also deeply rooted in an elaborate system of indexed wages, subsidies, and social welfare programs. Israel's political system of proportional parliamentary representation also has contributed to the problem of enabling small political parties to fight budget-cutting measures affecting their constituencies."

In addition to the \$1.5 billion budget cut, the report stresses the need for structural reforms, especially "the elaborate indexation machinery," and "further agreements on price and wage controls."

The report notes that "many experts also believe change is needed in existing law requiring the Bank of Israel to print enough money to cover the government's spending deficits. Such practices have proved highly inflationary in the past seven years." There have also been suggestions that Israel either introduce a new currency or peg the Shekel on a one-to-one basis with the Dollar, the report points out.

Report Warns Of Likely Increased Social Tensions

But the report warns that "there will be a heavy cost to the Israel social fabric and to Israel's own security as some of the needed reforms are implemented. Reductions in subsidies are likely to increase inflation. Social service cutbacks will hit hardest on lower income groups, especially Israelis from North African and other Arab countries. Arab workers from the West Bank and the Gaza Strip also will be affected by an economic slowdown.

"Increased social tensions are likely, along with rising unemployment and emigration of young Israelis, higher prices and labor unrest and decreased productivity. If the situation continues to drift, however, and an economic collapse results, the ultimate consequences for the country and the individual Israeli could be much worse."

The report also points out that there "is a question of how far and fast a vigorous democracy can impose drastic economic reforms. The standard of living inevitably will drop. Economic sacrifices will have to be shared by all segments of the society."

As for the U.S., the report suggests that the practice started this year of expediting economic aid during the beginning of the fiscal year, rather than quarterly, may have to be continued. An emergency aid package, which might include some relief for Israel's \$9.5 billion debt burden to the U.S., one-third of its foreign debt, "could prove decisive in turning around the Israel economy," the report says.

Assessment Of The Free Trade Area

The report sees the Free Trade Area (FTA) between the U.S. and Israel as a more favorable alternative to other programs that now allow 90 percent of Israeli goods into the U.S. duty free. The report points out that economists believe that it will not have any significant short-term boost for the Israeli economy. But the report adds that the FTA would "further symbolize U.S. confidence in the long-range resilience of the Israeli economy, and its export industries."

The report also urges the U.S. to take "additional military trade and cooperation measures which might lessen U.S. defense expenditures in the Mediterranean, while utilizing Israel's maintenance and production and capabilities."

One recommendation appears to be an indirect warning against expected Reagan Administration proposals to sell arms to Saudi Arabia and Jordan. "In considering proposed sales of sophisticated weapons to Arab countries, such as advanced fighter planes and missiles, the U.S. also should take into greater account whether the quality and quantities are such that they might be ultimately used against Israel, thus prompting Israel to buy more equipment as a precaution," the report warns.

"A major factor in Israeli defense spending is its concern that the additional sophisticated Arab equipment may inflict higher casualties on the smaller Israeli forces."

The report was submitted to Sen. Charles Percy (R. Ill.), the outgoing chairman of the Foreign Relations Committee, and Sen. Claiborne Pell (D. R.I.), the ranking minority member of the committee, to provide the committee with background enabling it to consider Israel's situation when requests are submitted.

Some Consequences Of New Lineup In Congress

The outgoing Congress was considered one of the most pro-Israel in history and the new Congress, including many of the new Senators and Representatives elected this month, is expected to be equally sympathetic to Israel. But a problem could develop if Percy, who was defeated for re-election, is replaced as chairman by Sen. Jesse Helms (R. NC), who has opposed all foreign aid and has made many numerous anti-Israel statements.

Helms promised his constituents that he would remain as chairman of the Senate Agriculture Committee where he can protect the tobacco farmers of North Carolina. But he is under strong pressure from the conservative right to take the foreign relations post. If he does not, the chairmanship will go to Sen. Richard Lugar (R. Ind.) considered a supporter of Israel. If Lugar is elected Senate Majority Leader, Sen. Charles Mathias (R. Md.) would get the chairmanship.

In addition, there will be three new members of the Foreign Relations Committee. Two will be Republicans replacing Percy and Senate Majority Leader Howard Baker of Tennessee, who retired, and one Democrat, replacing Sen. Paul Tsongas of Massachusetts, who also retired.

In the House Foreign Affairs Committee, there will be only one change, a replacement for Rep. Larry Winn (R. Kans.), a member of the Mideast subcommittee, who retired.

A major loss for steering Israel's aid packages through Congress was the defeat of Rep. Clarence Long (D. Md.), chairman of the House Appropriations subcommittee on foreign operations. While his successor, Rep. David Obey (D. Wisc.), is expected to support continued aid for Israel, he is not expected to play the leadership role in support of Israel as did Long.

TWO ARAB YOUTHS KILLED, SIX WOUNDED BY ISRAELI TROOPS DURING STONE THROWING MELEES IN RAMALLAH, BIR ZEIT
By Gil Sedan and Hugh Orgel

JERUSALEM, Nov. 22 (JTA) -- Two Arab youths were fatally wounded by Israeli troops during stone-throwing melees in Ramallah and Bir Zeit in the West Bank less than 24 hours apart. Six other young Arabs were wounded and an Israel Defense Force officer was injured by a rock.

Abdallah Baker, 20, a student at the Ramallah Industrial School, was shot in the chest today and died while undergoing surgery at a local hospital. A second Ramallah youth suffered a thigh wound.

Yesterday, Sharif Khalil Taibe, 23, a student at Bir Zeit University, was shot to death and five other students were wounded when IDF troops opened fire to quell rioting on the campus. Taibe and Baker were the first West Bank demonstrators killed by Israeli forces since last January 28 when a 17-year-old Nablus youth was fatally shot by the IDF.

Maj. Gen. Amnon Lipkin, commander of the central region, said yesterday's disturbances at Bir Zeit began as clashes between students who support Palestine Liberation Organization chief Yasir Arafat and anti-Arafat students.

The violence was apparently triggered by the Palestine National Council meeting convened by Arafat and scheduled to open in Amann, Jordan today. The meeting is opposed by anti-Arafat dissidents within the PLO, backed mainly by Syria. West Bank Palestinians generally are pro-Arafat but a strong minority oppose him, especially among students.

According to Lipkin, fights broke out between students on the Bir Zeit campus and spilled onto the adjacent roads. Employees of the West Bank civil administration's public works department engaged in road repairs were stoned and stones were hurled at passing Jewish vehicles.

Barricades of rocks and burning tires blocked the roads. IDF troops sent in to remove them were surrounded by rioters and opened fire to extricate themselves, Israeli sources said. One officer was struck in the head by a rock. According to the sources, only two of the wounded Arab youths were hit by IDF bullets. The others were injured by rocks thrown by fellow students, the sources said.

Demonstrations Reportedly Carefully Planned

According to some observers, not identified, the demonstrations were carefully planned in anticipation of IDF intervention. They noted that buckets of water were readied to smother tear gas bombs which, as expected, the IDF fired before resorting to bullets.

Lipkin proposed that Bir Zeit University be closed, as it has been many times in the past after campus disturbances. The Israeli authorities were supposed to announce their decision last night. No arrests were made but IDF units were interrogating students in an effort to identify the ringleaders.

This morning's outbreak in Ramallah followed a pro-Arafat rally. Hundreds of Arab youths attacked IDF soldiers with rocks. The fatal shooting of Taibe occurred when a group of soldiers was surrounded by about 50 stone-throwing youths in the center of town. The soldiers fired into the air but as the rocks continued to fly, they opened fire on the attackers, according to Israeli sources.

The situation was reported quiet elsewhere on the West Bank following the clash in Ramallah.

ISRAEL-LEBANON TALKS CONTINUE
By Hugh Orgel

TEL AVIV, Nov. 22 (JTA) -- Israeli and Lebanese military teams continued their talks at Nakura under United Nations auspices Wednesday. But the search for an agreement was sidetracked by Lebanese charges that the Israelis were undermining the negotiations for the withdrawal of the Israel Defense Force from south Lebanon and security for Israel's northern borders.

In the latest development, the head of the Lebanese delegation, Gen. Mohammed Al-Haj, accused Israel of reneging on agreements reached at previous sessions. The Israelis rejected the charge and the talks recessed to allow them to formulate an official reply.

According to Al-Haj, Israel has backed off from its earlier agreement to allow the Lebanese regular army to deploy in several areas to be evacuated by the IDF on grounds that those areas are too close to the border. Al-Haj also demanded a detailed map of all Israeli deployments in south Lebanon, an exact date for the start of the IDF withdrawal and a timetable for the pull-out of Israeli troops.

The Israeli delegation presented a detailed plan for security in the northern sector between the Awali and Zaharani rivers. Israel proposed that the region be staffed by the United Nations Interim Force in Lebanon (UNIFIL) but would not object if Lebanese regulars were also deployed in that region in conjunction with the UNIFIL force.

Israel has been insisting all along, however, that the zone closest to its border be policed by the South Lebanon Army (SLA) commanded by Gen. Antoine Lahad, a largely Christian force supported by Israel. The Lebanese to date refuse to recognize the SLA.

ISRAEL AID TO ETHIOPIA By Yitzhak Rabi

NEW YORK, Nov. 22 (JTA) -- A shipment of 4.5 tons of food was flown today from JFK International Airport here on El Al planes to Israel and from there will be sent to Ethiopia, a spokesman for the Israel Consulate said today.

The shipment, part of the Israeli government's assistance to famine stricken Ethiopia, consists of donations arranged by Israel's Consul General in New York, Naphtali Lavie.

According to the spokesman, the commercial value of today's shipment is about \$100,000. It included over 100,000 portions of protein-enriched concentrated food and supplemental vitamins. The food portions are soya-based in order to avoid known adverse effects on famine victims.

On Tuesday, Lavie and Ambassador Aharon Ofri of the Israeli UN Mission, met with the Ethiopian Ambassador to the UN, Berhanu Dinka, and formally informed him of the Israeli assistance. Dinka, the spokesman said, "gratefully acknowledged this humanitarian gesture."

Meanwhile, in Israel, the Magen David Adom is undertaking a mass fund-raising program to aid the victims of famine in Ethiopia. The campaign by Magen David Adom is in addition to the official Israeli government aid to the Ethiopians.

MITTERRAND TO RAISE ISSUE OF SYRIA'S JEWS WHEN HE MEETS ASSAD By Edwin Eytan

PARIS, Nov. 22 (JTA) -- President Francois Mitterrand will raise the issue of Syria's Jews with President Hafez Assad when he goes to Damascus for a three-day official visit beginning next Monday. He also intends to press Assad for a firm commitment to respect the status quo in Lebanon once Israeli troops are withdrawn from that country, sources here said.

Mitterrand has asked Theo Klein, president of the Representative Council of Major French Jewish Organizations (CRIF), for a full briefing on the situation of Syria's 5,000 Jews before his departure for Damascus.

CRIF, along with the World Jewish Congress and the Anti-Defamation League of B'nai B'rith was an organizer of the international conference on Syrian Jewry held here last week. The conference urged Mitterrand to ask Assad to allow Syrian Jews to emigrate to Israel.

Jewish Official Will Not Accompany Mitterrand

It was learned, meanwhile, that Jacques Attali, a senior advisor to the French President, will not accompany Mitterrand to Syria. This is apparently Mitterrand's decision to avoid provoking the Syrians with whom delicate issues will be raised. Attali is a Jew with close ties to Israel and the French Jewish community.

An Elysee Palace spokesman and the Syrian Embassy here said today that Damascus had made no request, formally or indirect, for the exclusion of Attali. The Syrian Ambassador, Youssef Chakkour, told the French news agency, Agence France Presse, "We had no prior contacts with the Elysee on this subject. The Presidential Office forwarded us the list of the President's party and we automatically approved it."

Attali has accompanied Mitterrand on all of his past official visits abroad, including last summer's trip to Moscow. Klein was also a member of the Presidential party in the Soviet capital, at Mitterrand's invitation. On that trip, Mitterrand raised the issue of equal rights for Soviet Jews with the Kremlin leaders.

His trip to Damascus will be the first by an incumbent French President since Syria, a French mandate between the two world wars, was granted independence 40 years ago. Sources here said Mitterrand wants a binding promise from Assad not to alter the present deployment of Syrian troops in Lebanon or to try to occupy positions evacuated by Israeli troops when they withdraw.

The matter of Syrian Jewry is in fact a sensitive one. Last week's international conference, at which speakers accused Syria of holding its Jewish community "hostage," drew an angry denunciation from Assad. In a Damascus radio interview last Sunday, he denied there was anti-Semitism in Syria and accused the conference of meddling in Syria's internal affairs.

Two Former French PMs To Visit Israel

It was announced, meanwhile, that two former French Prime Ministers, Jacques Chirac and Jacques Chaban Delmas, will visit Israel early next month, shortly after Mitterrand returns from Syria. They are scheduled to leave on December 9 and will meet in Jerusalem with Premier Shimon Peres, Foreign Minister Yitzhak Shamir and Defense Minister Yitzhak Rabin.

Two other ranking French leaders visited Israel only recently -- former President Valery Giscard d'Estaing and former Prime Minister Raymond Barre. They, along with Chirac and Delmas are seeking nomination to head the opposition to Mitterrand's Socialist Party in France's next general elections.

NEW YORK (JTA) -- Dr. Saul Cohen, president of Queens College, the largest in the City University system, is resigning to become executive vice-president of the American Jewish Joint Distribution Committee. Cohen who has headed Queens College since 1978, will succeed Ralph Goldman, who will retire next March. Goldman will continue his relationship with the JDC as a consultant. Henry Taub, JDC president, will formally announce that Cohen will be nominated as executive vice president of the JDC at its annual meeting here on December 12.

BEHIND THE HEADLINES A LONG HARD BATTLE

By Janice Arnold

(Editor's note: Janice Arnold is a staff writer of the Canadian Jewish News.)

MONTREAL, Nov. 22 (JTA) -- Sabbath-observing owners of small stores in Quebec have been given the right to conduct business on Sundays under certain conditions. A new provincial government regulation permits observant Jews to open their shops on Sunday if they close Friday before sundown and all day Saturday. They must have no more than three employees working in the store on any day it is open.

For almost a decade, the Canadian Jewish Congress (CJC) has been pressing the Quebec government for a change in its business hours legislation which would recognize the right of Jews to conduct their business according to their religion.

However, the CJC is not satisfied with the new regulation for several reasons. It believes there should be no restriction on the number of employees working. It has also asked the government to put into law a general principle of tolerance toward any group which does not observe the traditional Christian sabbath.

The CJC has argued that forcing a Jew to close down his business on Sunday, despite being shut down on another day of the week, is an infringement of freedom of religion and conscience as guaranteed under the Canadian Charter of Human Rights, part of the Constitution signed in November 1981. B'nai B'rith's League for Human Rights has called it discriminatory.

CJC Cites a Number of Problems

The CJC is also unhappy with the fact that the new regulation requires that business owners apply to the government for permission to open Sunday and obtain a letter of recommendation from the CJC. But CJC officials say their organization is not a central religious authority for the Jewish community and that it does not want to, nor is it capable of investigating the religious practices of merchants.

The CJC Quebec chairman, Bernard Finestone, said this requirement will turn the CJC into an "unpaid agency of the government." The situation has assertedly been made even more absurd by the fact that, because the regulation does not specify Jews, it is conceivable that other groups, such as the Seventh Day Adventists who observe the same sabbath, will have to come to the CJC for a recommendation for the exemption.

A member of the opposition Liberal Party in the Quebec National Assembly (legislature), Herbert Marx, who is a constitutional lawyer and the party's justice critic, said the Quebec government should clear up the matter once and for all and take it to the highest provincial court, the Quebec Court of Appeal.

In the neighboring province of Ontario -- home of the largest number of Jews in Canada -- its Court of Appeal, by a unanimous decision of five justices, ruled in September that the Lord's Day Act does not apply to observant Jews. The Lord's Day Act, passed in 1908, is federal legislation which prohibits just about every type of commercial activity on Sundays. However, each province has the right to pass legislation making exceptions to the Act.

The Ontario court judgment was based on sections of the Canadian Charter of Human Rights dealing with both freedom of religion and the principle of multiculturalism (an expression used in connect-

tion with the many ethnic and religious groups which make up Canada's population.) In June, the Quebec government passed a bill amending its existing commercial hours law. While more types of small stores are now allowed to open seven days a week, the new legislation also includes much higher fines for those who do business illegally. Where fines used to be little more than nominal, first offenses now carry fines of \$200 to \$5,000. Subsequent infractions within two years of the first offense will be punishable by fines of \$400 to \$10,000.

In the past, a "gentlemen's agreement" existed between CJC and the Quebec government under which charges against Sabbath-observing Jewish businessmen found with their stores open on Sunday were waived. However, complaints still came to the CJC from store owners charged and it was often a rigamarole to reach the Attorney General to have them quashed.

"It's been a long hard battle," said a CJC official.

ANTI-SEMITIC LITERATURE CONTINUES TO ABOUND IN ARGENTINA, REPORT SAYS

BUENOS AIRES, Nov. 22 (JTA) -- Newsstands and bookstores in the central streets here continue to be replete with anti-Semitic literature -- including Nazi publications, an internal report to the Executive of the World Jewish Congress states.

The report, prepared by the secretariat of the WJC Latin American branch, states that the government of President Raul Alfonsin "is categorical in denouncing these symptoms which it considers part of an effort toward the destabilization of the democratic regime.... Nevertheless, the publications continue, visible to all."

The Jewish press and the news bulletins of the DAIA, the central representative body of Argentine Jewry, have begun the task of cataloguing anti-Semitic and Nazi publications. The list is disturbing, the WJC report says. There are about 10 and they are very open about their anti-Semitic views.

As an example, the report notes that the latest issue of the magazine, "Information on Masonry," states on its cover, "Zionism: Alfonsin its Servant," and is subtitled "Hitler was Right."

Magazine Denounces Zionism

One of the items in the magazine states "... and just as Zionism demanded 'reparations' from Germany amounting to thousands of millions during more than 30 years -- a booty which was split, as good partners in plunder with (Winston) Churchill and the English homosexual oligarchy, as well as with Roosevelt and his gang of Yankee gangsters -- now the Argentinian Zionists, in agreement with Israel and the American Zionists, are preparing the methodical looting of the Argentinian people, to get reparations for the 1,500 supposed Jews presumed disappeared."

Another of the anti-Semitic publications, "Barbarie (Barbarism) Aluarde Nacional" (National Bulwark) which defines itself as Peronist, states that it expects "a true national revolution" and blames Jews for all evils.

But these are not the sole disturbing symptoms within the prevailing euphoric climate of the new democratic regime in Argentina. During a recent mass honoring the victims of the struggle against guerrilla warfare, a Catholic priest spoke against "pornographic democracy," and young boys marched in black capes, and the participants -- among them military cadets in uniform -- sang refrains such as "It will finish, the 'Radical' synagogue will finish!" (Alfonsin heads the Radical Party of Argentina).