

**CRISIS OVER SHAS' MOVE TO LEAVE
THE GOVERNMENT APPEARS TO ABATE**
By Gil Sedan

JERUSALEM, Dec. 17 (JTA) — The flurry of concern over a possible crisis in the Labor-Likud unity government appeared to abate today as Premier Shimon Peres offered compromise proposals aimed at keeping the small Sephardic religious party, Shas, within the coalition.

Peres and Deputy Premier David Levy, a powerful voice in Likud, emerged from a meeting this morning expressing optimism. Levy commended Peres for taking the issue into his hands. But he repeated his warning of yesterday that the defection by Shas could lead to serious complications.

"The Prime Minister understands that one must make the utmost effort to keep Shas inside the coalition and that there be no development which will endanger the existence of the national unity government," Levy said.

Shas leader Rabbi Yitzhak Peretz formally submitted his resignation to Peres at yesterday's Cabinet meeting. It becomes effective tomorrow unless withdrawn. Shas, a client of Likud, is embroiled in a dispute over portfolios with the National Religious Party, backed by Labor. The faction's importance lies not in its four Knesset mandates but in its threat to tarnish the credibility of Likud as patron if its political demands are not met.

Shamir Certain Crisis Can Be Solved

Deputy Premier and Foreign Minister Yitzhak Shamir, leader of Likud, cut short a Latin American visit and cancelled an appearance in New York to hurry home to deal with the situation. He arrived today and told reporters at Ben Gurion Airport that he was sure the crisis could be solved "with good will" and promised to act forthwith to end it. Continuation of the present broad unity government is essential for the good of the country, Shamir said.

Levy declared over the weekend that Likud would honor its commitments to Shas. He hinted vaguely that Likud might abandon the unity coalition over the issue. But most observers believe such a crisis is not imminent since neither of the major parties is interested in breaking up the unity government at this stage.

Nature Of The Dispute

The dispute between Shas and the NRP appeared to have been resolved last week when the former agreed to accept the Interior Ministry and the latter the Ministry of Religious Affairs. But the NRP demanded that the several religious functions hitherto within the purview of the Interior Ministry, be transferred to Religious Affairs.

Peretz, a Minister-Without-Portfolio, balked. He demanded in addition that a member of his faction be named Deputy Minister of Housing. There were no details today of the compromises offered by Peres. According to one report, the Interior Ministry, under Shas, would retain control over the local religious councils.

The NRP may be forced to agree. Indeed, one NRP Knesset member, Avner Sciaki, spoke out today in favor of reaching an understanding with Shas in order to preserve the unity coalition. He indicated that the NRP, whose Knesset faction was reduced to four in last July's election, is not interested in joining either Labor or Likud in a narrow coalition should the present national government come apart. There is reason to believe that Shas, basically, holds the same view.

**IDF SOLDIER KILLED, THE 604th
FATALITY IN SOUTH LEBANON**

TEL AVIV, Dec. 17 (JTA) — A 19-year-old Israeli soldier was killed in an exchange of fire with terrorists near Nabatiya in south Lebanon yesterday, a military spokesman announced. He was the 604th fatality sustained by the Israel Defense Force since the Lebanon war began in 1982.

The spokesman identified the dead soldier as Eitan Avrahami from the Golan Heights village of Katzrin. He was killed by two bursts from a Kalachnikov assault rifle after his patrol surprised a group of terrorists in the act of planting four kilos of high explosives with shrapnel along a road frequented by IDF convoys.

A curfew was imposed on two nearby villages while troops searched for the terrorists.

**3 PEOPLE WOUNDED IN GRENADE
ATTACK AT TEL AVIV BUS STOP**

TEL AVIV, Dec. 17 (JTA) — A hand grenade tossed at a bus near a vegetable market early this evening sent three people to the hospital for treatment of slight wounds and shock. Police cordoned off the area in central Tel Aviv to search for the assailants.

The bus was waiting at a stop on Hashmonayim Street outside the wholesale vegetable market at 7 p.m. local time when a grenade was hurled over the wall that surrounds the market. Eye-witnesses said they saw several men running from the scene. All of the bus windows were shattered, littering a wide area with broken glass.

**ROSENNE HOPEFUL ISRAELI-EGYPTIAN
TALKS WILL START IN THE NEAR FUTURE**
By Yitzhak Rabi

NEW YORK, Dec. 17 (JTA) — Meir Rosenne, Israel's Ambassador to the United States, expressed hope today that negotiations between Israel and Egypt on the outstanding problems between the two countries will start in the near future.

Addressing a meeting of the Conference of Presidents of Major American Jewish Organizations here, Rosenne said, however, that "the cold peace" between Israel and Egypt which started with the war in Lebanon in June, 1982, still continues.

"We hope there will be a change in the future," Rosenne said, adding that he also hoped that when the negotiations between Israel and Egypt begin, they will discuss the return of the Egyptian Ambassador to Israel after a more than two year absence and a resolution of the border dispute over Taba.

Today's meeting of the Presidents Conference was convened to honor its immediate past chairman, Julius

Berman, who was succeeded by Kenneth Bialkin last July after serving two one-year terms. Among those paying tribute to Berman were Rosenne, Binyamin Netanyahu, Israel's Ambassador to the United Nations, and Naphthalie Lavie, Israel's Consul General in New York, who praised Berman for his commitment and dedication while serving as chairman of the Presidents Conference.

Congratulatory messages were received from President Reagan, Vice President George Bush and Israeli Premier Shimon Peres. Yehuda Hellman, executive vice chairman of the Presidents Conference, presented Berman with a Tiffany gold clock as a token of esteem.

Israel Ready To Sit With Any Arab Country

In a brief review of the political situation, Rosenne said that there has been no progress in the talks between Israel and Lebanon at Nakura. He also said that the stalemate over the Palestinian problem continues and there is no change in the attitude of Jordan "to sit and negotiate with Israel."

He said that Israel "is ready to sit with any Arab country and negotiate without pre-conditions or on the basis of the Camp David accords." The Ambassador added that there is no change in the attitude of the "terrorist PLO" toward the Palestinian problem.

Today's meeting was to have been addressed by Israel's Deputy Premier and Foreign Minister Yitzhak Shamir who was forced to cancel his appearance and flew home last night to deal with a political crisis in the national unity government. (See separate story, p. 1.)

EGYPTIAN OFFICIAL SAYS IT IS TIME FOR EEC TO PRESSURE THE U.S. TO SEEK SOLUTION TO MIDEAST CONFLICT

By Jean Cohen

ATHENS, Dec. 17 (JTA) — Butros Ghali, the Foreign Minister of Egypt, believes it is time for the European Economic Community (EEC) to pressure the United States to take a more active role in seeking a solution to the Middle East conflict.

But the Egyptian diplomat also said, in an interview published yesterday in the Athens newspaper Vima, that there can be no peace in the Middle East without an agreement between the two superpowers — the United States and the Soviet Union.

Right now, the U.S. has an important role to play. But in the future an agreement between the two superpowers will be necessary, Ghali maintained. He said the time for movement has come, now that the elections in Israel, the U.S. and Egypt are over and the Palestine National Council held its meeting in Amman, Jordan.

"It is time to start again and try to find a peaceful solution to the Palestinian problem. We must act now or we will find ourselves faced with a de facto annexation of the West Bank and Gaza Strip," Ghali said.

Ghali repeated Egypt's conditions for improved relations with Israel which have been frozen since the war in Lebanon. They are withdrawal of Israeli forces from Lebanese soil; a new policy toward the Palestinians living on the West Bank and Gaza; and arbitration of the Israeli-Egyptian border dispute over Tabah.

He said that despite the freeze in relations with Israel, Egypt honors the peace treaty signed in 1979. He said thousands of Israeli tourists continue to visit Egypt.

MITTERRAND: PERES IS 'MORE OPEN' THAN HIS PREDECESSORS ON PALESTINIAN ISSUE BUT NO SIMILAR STEP BY ARAFAT OR PLO

By Edwin Eytan

PARIS, Dec. 17 (JTA) — President Francois Mitterrand said last night that Israeli Premier Shimon Peres "was far more open" than his predecessors on the Palestinian question but "there has been no similar step forward by Yasir Arafat and the PLO."

Mitterrand, who met with Peres during the Israeli leader's three-day State visit to Paris last week, said at a televised press conference that he has no intention to invite Arafat to Paris. "Arafat leads a movement, a clandestine army, not a state," he said, adding, "I don't think such a visit would be conducive to peace."

The French President, whose popularity is at a low ebb according to political commentators, is trying to improve his image by registering gains in foreign policy, particularly the Middle East. He visited Damascus last month where he met with Syrian President Hafez Assad.

"All concerned, Peres as well as Jordan's King Hussein said they considered my meeting with Assad to be a good thing," Mitterrand told the press conference. He sought to deflect criticism in some quarters that he is too partial toward Israel by recalling that France had saved Arafat and 4,000 of his men when they were under siege in Beirut in the summer of 1982 and again a year later when they were cornered by anti-Arafat PLO dissidents in Tripoli, northern Lebanon.

15 CHARRED AND RUINED TORAH SCROLLS LAID TO REST ON THE MOUNT OF OLIVES

By David Landau

JERUSALEM, Dec. 17 (JTA) — In a rare and solemn ceremony attended by thousands, 15 charred and ruined Torah scrolls were laid to rest on the Mount of Olives yesterday. The scrolls were destroyed in a fire before dawn last Friday at the synagogue on Mt. Zion, part of the facilities of the Diaspora Yeshiva there.

Police have no firm clues to the blaze. But the fact that damage was caused to another Jerusalem synagogue, the Rambam Synagogue in the Old City, at the precise same time, naturally has given rise to suspicions of arson.

Among the scrolls lost on Mt. Zion was an ancient Torah reputedly belonging to the famed German medieval scholar, Rabbi Meir of Rothenburg.

Mayor Teddy Kollek, who presented a new scroll to the yeshiva in replacement of a burnt one, said there could be no leveling of accusations until firm evidence was available. All people of goodwill were saddened by the tragedy, the mayor said, both Jews and Gentiles. Other mourners included the two Chief Rabbis, Deputy Premier and Education and Culture Minister Yitzhak Navon (Labor), Minister-Without-Portfolio Yosef Shapira (Morasha), Knesset members, and religious and lay leaders.

JERUSALEM (JTA) — Israel has barred entry to Brigitte Heinrich, a member of a delegation of the West German Green Party planning to visit Israel during their tour of the Middle East. Heinrich reportedly had been convicted in Germany for cooperating with the Palestine Liberation Organization.

SHARON CALLS FOR WESTERN-SPONSORED ANTI-TERRORIST FORCE, LED BY THE U.S., TO RESPOND TO TERRORIST ATTACKS

NEW YORK, Dec. 17 (JTA) — Ariel Sharon, Israel's Minister of Commerce and Industry, called for a Western-sponsored anti-terrorist force, led by the United States, to respond to terrorist attacks.

"Britain, France and other Western democracies, working closely with the United States, must add the threat of military action to political and economic sanctions against terrorist groups and governments that permit or encourage them to operate," Sharon told a meeting of the Conference of Presidents of Major American Jewish Organizations.

"The free world cannot ever compromise with terror but must take direct action to punish it and thus deter it," he said.

Issue Of The Occupied Areas

Sharon, former Defense Minister of Israel, also dealt with a number of other issues during a 90-minute briefing and question-and-answer session. In response to a question dealing with current efforts by American businessmen who are planning to raise money for investments in the West Bank and the Gaza Strip in order to improve the "quality of life" for Palestinian Arabs, Sharon said:

"Those Americans ... may not be aware of the unbelievable progress in these areas since Israel liberated them in 1967. I wish that Israel of the pre-1967 borders had enjoyed the development and prosperity that has come to Judeaea, Samaria and the Gaza District."

Continuing, Sharon said: "The Palestinian Arabs are a capable people. It is of course important to improve their quality of life -- what is wrong with that? -- but not if such efforts lead to a second Palestinian state, the first being Jordan There must and shall be no boundaries between Judeaea, Samaria and the Gaza District, one one hand, and pre-1967 Israel, on the other."

"There can be no independent economic system in Judeaea, Samaria and Gaza, for any such system would ruin our economy and pave the way for a second and Palestinian state that would pose a mortal danger to Israel. Judeaea, Samaria and Gaza will always be part of Israel. I am not talking about nor do I envisage annexation of these areas. Let the Palestinian Arabs remain citizens of Jordan. But Israel must be responsible for internal and external security."

Dealing With Israel's Economic Crisis

On the issue of Israel's economic crisis, Sharon said that inflation cannot be fought by raising unemployment. "For us it is a moral question and a military one," he said. "Widespread inflation could lead to emigration, and we don't want to lose a single citizen. And the Arabs might be encouraged to think that they could defeat us. Many believe that the 1966 recession and the wave of emigration that followed encouraged the Arabs to start the 1967 war. I see no possibility that the Arabs could defeat us in a war -- but we want to deter them from starting one."

Sharon pointed out that the current national unity government will last only as long as it concentrates on Israel's economic problems, which in fact can be dealt with effectively only by such a wall-to-wall coalition.

Touching on other elements of the economic situation, Sharon said that linking Israel's currency to the dollar or to a basket of European currencies -- perhaps for several years -- would strengthen the Shekel and thus help reduce inflation. "We must make it impossible to print new money," he said.

In addition, he stated, all or most government-owned businesses should be sold and the proceeds used "not to subsidize the price of food but to invest in productive industry in development areas."

BEHIND THE HEADLINES WEALTHY ARABS ARE TURNING GENEVA INTO A MIDEAST CITY By Tamar Levy

GENEVA, Dec. 17 (JTA) — Geneva, the beautiful city on the Lake, home of the League of Nations and now European headquarters of the United Nations, has become the favorite haunt of wealthy Arabs, so much so that many tourists complain they don't feel they are in Switzerland but in some Middle Eastern city.

The influx of sheikhs, princes and kings, mainly from the oil-producing Gulf states, is greeted with mixed feelings here. Many Genevans say they no longer feel at home in their native city. But merchants and bankers are delighted. The rich Arabs are lavish spenders. They squirrel away their money in numbered bank accounts and have opened a dozen Arab banks and some 50 financial institutions in Geneva.

They open other offices, send their children to Swiss private schools and try to buy villas. The latter is generally frowned upon. Switzerland has strict laws limiting the purchase of real estate by foreigners.

Nevertheless, King Fahd of Saudi Arabia owns three palaces in the country and Saudi Oil Minister Sheikh Zaki Yamani has a villa and an apartment. He spends more time in Geneva than in Riyadh.

Since 1973, the luxurious Geneva Intercontinental Hotel has catered exclusively for Arab guests. Its signs are in Arabic. The hotel staff and public relations department speak Arabic. An Egyptian chef prepares Middle Eastern cuisine. European and American tourists have stopped coming. They say that in Switzerland they expect a Swiss hotel.

The wave of Arab visitors has grown since the fighting in Lebanon put their mountain vacation retreats there out of bounds. In any event, the Alps are higher. A visitor to Geneva in July or August will see promenading along the lake front Arabs in their traditional kefiyas, followed by their veiled wives.

TEL AVIV (JTA) — Maverick peace activist Abie Nathan has arrived in Ethiopia with 43 tons of emergency aid supplies for that famine-stricken country. He said the consignment, worth about \$300,000, was the most he could transport at one time from Israel because the only plane he could charter had limited capacity. Nathan said the supplies were bought in Israel with funds raised by "Jewish people from around the world."

Jerusalem (JTA) — The Hebrew University has awarded its first Golda Meir Fellowships to 27 scholars from Israel and eight foreign countries at ceremonies marking the sixth anniversary of the death of the former Premier.

LATIN AMERICAN JEWISH REPRESENTATIVES ASSESS ISSUES OF JEWISH AND GENERAL REGIONAL CONCERN AT WJC ASSEMBLY

SAO PAULO, Dec. 17 (JTA) -- Representatives of the principal Jewish communities of Latin America re-affirmed the inviolability of human rights and the democratic process in addressing issues of Jewish and general regional concern at the three-day Annual Plenary Assembly of the Latin American branch of the World Jewish Congress which just ended here.

The gathering brought together Jewish leaders from Mexico and Central America, Argentina, Brazil, Chile, Peru, Paraguay, Uruguay and Venezuela to analyze the problems of Latin America and their effect on the life of the Jewish communities.

Prof. Manuel Tenenbaum, director of the WJC Latin American branch, observed that "clear to all the participants was the increasing vulnerability of the Jewish communities becoming trapped by the various conflicting situations on the continent of a general nature." These conflicts arise, he noted, from the region's serious economic problems which lead to indebtedness and its adverse social effects.

Danger Of Growing Anti-Jewish Agitation

The Plenary Assembly also alerted Latin American public opinion against the growing anti-Israel and anti-Jewish agitation in the region and condemned the use of international forums to "defame Israel and the Zionist movement that fathered the State."

It declared 1985 a year of commemoration of the 40th anniversary of the end of World War II which should serve as "a warning to all of society as to the dangers of Nazism, neo-Nazism and any other expression of racial or religious hatred."

Number Of Resolutions Adopted

A resolution adopted by the Assembly reaffirmed its "unshakable commitment to the philosophic and ethical principles that underscore the essential dignity of man and, in accordance with the tradition arising from the very origins of Judaism, defends the full application of human rights and the idea of humanistic pluralism."

Another resolution welcomed the trend in South America to solve international disputes by peaceful means, an example being the conclusion of an agreement between Argentina and Chile on the Beagle Channel, a waterway at the southern tip of the continent that traverses the territory of both nations.

Human Rights Award To Costa Rica's President

The Assembly presented its 1984 Human Rights Award to President Luis Alberto Monge of Costa Rica "in consideration of his and his country's honorable record on human rights and the respect for national self-determination of the Israeli people that his government demonstrated by transferring the Costa Rican Embassy from Tel Aviv back to Jerusalem."

The Assembly's 1984 Award for Jewish Intellectual Merit went to Eugen Relgis, a Rumanian-born writer living in Uruguay, for his contribution, in more than 100 literary works, to humanism and a better understanding of Judaism.

BROAD-BASED COALITION TERMS NATIVITY DISPLAY NEAR WHITE HOUSE AS DIVISIVE TO CHRISTIANS AND NON-CHRISTIANS

a nativity scene in a federally-sponsored holiday display near the White House was described as "divisive and disturbing to Christians and non-Christians alike" in a statement signed by a broad-based coalition of religious and civil rights groups.

They included the Anti-Defamation League of B'nai B'rith, Lutheran Council in the U.S.A., Unitarian Universalist Association of Churches in North America, American Ethical Union, Americans for Religious Liberty, American Civil Liberties Union, American Jewish Committee, and American Jewish Congress.

The statement was issued in the wake of ADL's unsuccessful request to meet with Secretary of the Interior William Clark in order to reverse the decision to set up the nativity scene.

In a letter to Clark (dated November 26), Kenneth Bialkin, ADL's national chairman, had challenged the U.S. National Park Service claim that it was constitutional for it to set up the creche on public property near the White House. Requesting a meeting with the Interior Secretary, Bialkin pointed out that the Supreme Court currently has the Scarsdale, N.Y. nativity scene case before it and that the Park Service should have at least waited until the issue is clarified by the Court.

The statement by the coalition said, in part:

"The Park Service claims that this pageant is 'wholly secular.' This characterization of the display trivializes the nativity scene which symbolizes for most Christians the incarnation of Jesus as the Messiah. Government sponsorship of this religious symbol offends many Christians because it makes mundane that which is sacred. For those of other religions and for nonbelievers, it stands for government endorsement of one religious message, to the exclusion of others."

JAN PEECE DEAD AT 80

NEW YORK, Dec. 17 (JTA) -- Funeral services were held here today for Jan Pearce, who worked his way from the Lower East Side of New York to become the principal tenor of the New York Metropolitan Opera. He died at the Jewish Home and Hospital for the Aged here Saturday night after a long illness. He was 80 years old and had suffered a stroke two years ago.

Born Jacob Pincus Perelmuth in the Lower East side in 1904, Pearce made his singing debut in 1932 at Radio City Music Hall where he remained for eight years. He made his debut at the Metropolitan in 1941 as Alfredo in "La Traviata," and during his 27 years there distinguished himself in French and Italian repertoire. He made his Broadway debut in 1971 in "Fiddler on the Roof." After retiring, he continued to perform and sang as a cantor during the High Holy Days.

Pearce, while in Austria in 1973, visited a transit station in Vienna for Soviet Jewish emigrants on their way to Israel. He performed for them the regular Sabbath service and afterwards sang the Yiddish tune "Raisins and Almonds" for the Soviet Jews. He sang in synagogues during his youth and later in synagogues in Moscow and elsewhere in the Soviet Union while on a tour of that country.

TEL AVIV (JTA) -- The chief police pathologist confirmed Monday that Hadass Kedmi, a 20-year-old woman soldier whose remains were found two weeks after she disappeared on November 29, was raped repeatedly by her captors for about a week before they murdered her.

NEW YORK, Dec. 17 (JTA) -- The inclusion of