

ISRAEL'S NEW ECONOMIC PACKAGE COMES UNDER FIRE FOR BEING ARBITRARY RATHER THAN A THOUGHT-OUT POLICY
By David Landau

JERUSALEM, May 20 (JTA) -- The government's new economic austerity package announced late last night, came under sharp criticism today. Economic pundits said it was an arbitrary selection among available options and not a well thought-out economic policy.

Some members of the Likud Knesset faction accused the Labor-Likud coalition government which produced the package of leaning too heavily on taxpayers instead of finding ways to cut government costs.

The package contains more than 20 items, many of which will have to clear legislative hurdles in the Knesset. They represent, more or less, the austerity concepts of Finance Minister Yitzhak Modai (Likud-Liberal) who was strongly backed by Laborite Premier Shimon Peres.

As the package took shape in the course of a grueling, acrimonious 12-hour Cabinet debate, it became clear that the government has indeed opted for further revenue raising and currency conservation measures rather than new, drastic spending cuts. The reason is easily apparent.

While many of the new measures are bound to anger various segments of the public, they were considered preferable to large scale unemployment, the inevitable result of reduced government expenditures. The government and its multitude of agencies is one of the country's largest employers.

According to government spokesmen, the package was designed to achieve three aims: increase the government's revenue; save foreign currency; and to cool or slow down the economy which, eventually, should curb inflation. It was the unexpected 19.4 percent surge in the April consumer price index that triggered yesterday's Cabinet action.

Controversy Over Travel Tax

The most fiercely controversial and unpopular of the new measures is the 100 percent rise in the travel head tax. It was doubled from \$150 to \$300 for every person travelling abroad -- plus 20 percent of the air fare to their destination.

At the same time, the foreign currency allowance for overseas travellers was reduced from \$1,000 to \$800 per person. These measures will remain in effect until September 15, the end of the vacation travel season.

The Finance Ministry said the higher travel tax was urgently needed to discourage overseas travel which entails the expenditure of foreign currency. Those Israelis who pay the tax will be contributing substantially to government revenues, the ministry noted. Peres and Modai, in fact, wanted the travel tax upped to \$500 per capita.

Warned at one point that Israelis living abroad may renounce their citizenship because it would become too expensive to return home for visits, Peres reportedly retorted angrily, "If that's all their passport is worth to them they can go to hell."

An income producing measure which will affect thousands of poorer families is the steep rise in rents at the government housing projects, Amidar and Amigoor. Hitherto, the rents were kept at artificially low levels.

Additional revenue will come from a two percent rise in the Value Added Tax (VAT) -- from 15 to 17 percent. The idea behind this is to stimulate exports by curbing local demand. The same purpose motivated the increased sales tax imposed on 58 "luxury" items, many of them imports.

Subsidies To Be Slashed

The government will reduce its expenditures by slashing its subsidies on fuel, public transportation and basic foodstuffs. This should save the Treasury substantial sums but the immediate effect will be to increase inflation. New prices will be announced at the end of this month for petrol, milk, bread, meat and other consumer items. They are expected to go up by 30-40 percent and even higher in the case of public transportation.

To cool the economy, the government imposed a three-month freeze on all new government contracts and a partial freeze of government credits. There are to be no wage hikes in the public sector over that period, apart from the regular cost-of-living increments. Modai stressed to reporters today that the government-Histadrut-employers package deal currently in effect would not be changed. The subsidy cuts are within the framework of the package, he said.

Apart from subsidized items, the prices of all other products will increase by an average of 20 percent before the end of the month, economic analysts said.

Positive Aspects To The Program

There were some positive aspects to the new program. The government will reduce the income tax of workers and employers in export-oriented industries by 10 and five percent respectively. Modai conceded that the reductions were minimal but called them "a signpost for the future."

Finally, the Cabinet approved a measure that would forbid the Bank of Israel, the country's central bank, from lending money to the Treasury. This means the Treasury will not be able to print new Shekels, a device it has resorted to for the past year simply to pay the government's bills. But this restriction will become effective only gradually over a three year period.

Such a measure had long been demanded by the U.S. government as a way to restrain Israel government spending. But economic commentators complained today that the three-year period for full implementation is much too long.

A Bolder Approach Urged

Some ministers, Labor and Likud, had reportedly urged a far bolder approach--massive devaluation of the Shekel (which now stands at over 1,000 to \$1), dismantling of the linkage system which ties all wages to inflation, and a stiff tax on self-employed persons and corporations.

Energy Minister Moshe Shahal told reporters he had urged the government to increase its income from

taxes but to ease the burden on wage-earners. He said self-employed persons and corporations paid little or no taxes which was unfair.

Shahal, one of the country's leading private lawyers before joining the Cabinet, admitted to reporters that he had been earning between \$200,000-\$400,000 a year.

Although Peres and Modai rejected more drastic measures proposed by some ministers on grounds they would lead to massive unemployment, the government agreed to discipline itself. There will be a freeze on civil service hiring and a study will be undertaken on the feasibility of reducing the civil service work week to five instead of six days, with wages lowered commensurately.

The government finally imposed severe restrictions on overseas travel by ministers, other officials and civil servants. They may not travel abroad for conferences or advanced studies and in other cases, special approval will be required.

1,100 PALESTINIAN AND OTHER PRISONERS EXCHANGED FOR 3 ISRAELIS

By David Landau and Gil Sedan

JERUSALEM, May 20 (JTA) — Three Israeli soldiers held captive since 1982 by a Damascus-based Palestinian terrorist organization, returned home tonight in the course of a lopsided, complex prisoner exchange during which Israel simultaneously set free 1,100 Palestinians and others, among them some of the most notorious terrorist mass killers in its prison population for as long as two decades.

The soldiers, Hezi Shai, Yosef Groff and Nissim Salem, were captured in the early days of the war in Lebanon nearly three years ago and held by the Popular Front for the Liberation of Palestine-General Command, headed by pro-Syrian Ahmed Jibril.

Their return triggered an outpouring of joy nationwide. But the exchange agreement will be the subject of prolonged soul-searching and possibly sharp criticism in the days and weeks ahead.

Although there is ample precedent for the unbalanced ratio — in November, 1983, Israel, under the Likud-led government, traded some 3,000 prisoners in the Ansar detention camp in south Lebanon for six Israeli soldiers — the situation is not entirely analogous.

Many Released Are Convicted Killers

The Ansar prisoners, mostly Palestinians, were never tried and convicted for specific crimes. Many of those released today are convicted killers serving life sentences, who would not be alive had there been capital punishment in Israel. Moreover, both the ratio and terms of the exchange apparently were determined by Jibril in months of secret negotiations which employed the good offices of the International Committee of the Red Cross (ICRC) and Dr. Herbert Amery, the Austrian Ambassador in Greece.

The Israelis involved in the negotiations included Shmuel Tamir, a former Minister of Justice, Gen. Amos Yariv, head of the Israel Defense Force Manpower Branch and former Knesset member Arye Eliav.

The IDF today praised the Swiss government for its help. The exchange was carried out in Geneva, under the direct supervision of the ICRC, and partially in Israel.

The three Israeli soldiers were flown from Damascus to Geneva in three separate aircraft earlier in the day and were placed in custody of the ICRC there until the arrival of about 400 Arab prisoners from Israel in three Boeing transport planes.

At the same time, some 600 Palestinians convicted of terrorist acts in Israel or against the IDF in Lebanon were released from Israeli prisons and sent to their homes in the West Bank and Gaza Strip. Another 150 Arabs were released on the Golan Heights and handed over to Syrian authorities, presumably to be returned to their homes in Lebanon.

The three freed Israeli soldiers arrived in Israel late this evening, only hours after a day-long news blackout was lifted by the authorities here. But thousands of Israelis already knew of the prisoner exchange from foreign media reports. It was officially announced here only after it was reported on Jordan television's Hebrew Newsreel at 7:30 p.m., a program widely watched in Israel.

Israel's policy always has been that one Israeli prisoner is worth hundreds of enemy detainees and there is a long record of exchanges of dangerous Palestinian terrorists for captured Israelis. These date back as long ago as 1971 and were carried out under both Labor and Likud governments.

Japanese Terrorist Among Those Freed

But a perusal of the list of terrorists turned loose today may give pause to many. The best known by far is not an Arab but a Japanese, Kozo Okamoto, the sole surviving member of the Red Army terrorist gang that carried out the Lod Airport massacre in 1972.

The gang opened fire in the passenger terminal of Ben Gurion Airport in Lod, killing 27 persons and wounding 72. Among those slain were 16 Puerto Rican tourists on a pilgrimage to the holy sites in Jerusalem.

Okamoto, now 37, was sentenced to life imprisonment. In the ensuing years his name appeared on almost every list of terrorists whose release was demanded in exchange for hijacked plane or bus passengers or hostages held by Palestinian and other terrorists.

Background Of Other Prisoners

Other terrorists released today are not as well known outside of Israel. Among them are: Daud Turki, 57, a Haifa bookseller sentenced in 1973 to 17 years' imprisonment for his activities in a Syrian espionage group; Adnan Kleihal and Subhi Naarani, Arabs from Galilee who were convicted for the bombing of the Hebrew University library cafeteria in which 28 persons were hurt. A third member of the group, Miriam Shahshir, was freed in an exchange in 1978.

Abdulla Daoud Jaloud, a senior officer of El Fatah, led an attempt to attack Eilat from the sea in 1978. He commanded a Greek freighter armed with Katyusha rocket launchers and carrying 400 tons of dynamite. Jaloud was serving a 25-year sentence.

Ahmed and Rubhi Sharabati, a father-and-son terrorist team from Jerusalem who, with others, planned a massive car bomb attack in the capital in 1978. They were captured and the bomb defused; Jabriz Mohammed Kawasmi, of Hebron, was sentenced to several life terms for a series of attacks on Israeli soldiers and civilians in the early 1970's; Louis Nafa Abdo, a Fatah agent, was caught trying to plant a bomb at Ben Gurion Airport in 1975. He was serving a 22-year sentence.

Ahmed Zmurid was serving a life sentence for the 1968 car bomb attack in the Mahane Yehuda market in Jerusalem which killed 15 people and injured dozens of others; and Abed-Jaber Gheith who, in 1968, at the age of 16, tossed a hand grenade into a group of Jewish worshippers at the Machpela Cave in Hebron, killing one person and injuring 44.

Many of the freed terrorists were given heroes' welcomes by ecstatic friends and relatives as they returned to their hometowns today and this evening.

The buses which transported them from prisons in different parts of Israel were met by fleets of private cars, horns blaring and headlights blazing. There was dancing in the streets and a general carnival atmosphere in Nablus tonight, the largest Arab town on the West Bank.

There was also heavy Israeli security but border police and soldiers kept a low profile. Jewish settlers in the territory were nowhere in evidence but were obviously seething with anger. In Hebron this afternoon, Jewish demonstrators demanded the expulsion of all hostile Palestinians from the West Bank.

It is expected that the settlers, backed by right-wing politicians in the Knesset, will now demand the freeing of some 20 alleged members of a Jewish terrorist underground currently on trial in Jerusalem for a series of violent acts against Arab civilians on the West Bank dating from 1980 and conspiracy to blow up Islamic shrines on the Temple Mount.

BLACK AFRICAN STATES ARE RESTORING TIES WITH ISRAEL

NEW YORK, May 20 (JTA) -- Black African states that had broken off diplomatic relations with Israel after the Yom Kippur War, largely under Arab pressure, have begun quietly to resume economic and diplomatic ties with the Jewish State, according to the latest issue of Boycott Report, an American Jewish Congress publication.

The Boycott Report, quoting accounts in the authoritative Paris weekly, Jeune Afrique, and in the Economist of London, notes that despite the lack of diplomatic relations, Nigeria, Kenya, Ivory Coast, Ghana and Togo all do "lively business" with Israel. About 1,000 Israelis are now working in Nigeria. A Nigerian presidential candidate, Chief Obafemi Awolowo, recently visited Israel.

Sierra Leone and Kenya for some years have allowed Israel to maintain "special interest sections" in the embassies of foreign countries, the Boycott Report said. Solel Boneh (SBI), one of Israel's construction companies, "has had firm footholds" in Nigeria, Ivory Coast and Kenya for decades. Some 70 percent of the company's activities are in Africa where it employs 15,000 local workers and 400 Israelis. Nigeria alone owes SBI \$120 million, Boycott Reports quotes the newsletter, The Middle East.

Another Israeli company, Yonah International, recently signed a \$15 million contract to build offices for the Liberian National Bank. Rep. William Lehman (D. Fla.) who recently visited Black Africa reported extensive construction under way in the Ivory Coast by Israeli contractors. One such project is the huge modern Catholic cathedral being built by Sonitrya, an Israeli firm.

Zaire, which has resumed diplomatic relations with Israel, has thereby forfeited \$120 million of Saudi Arabian money, the Boycott Report stated. "The Israelis are seeking private investment funds for Zaire to make up for the loss of Saudi funds," according to the Report. "ORT is managing various construction and repair projects in Zaire."

Israel now has development projects in 20 African states, including Gabon and Tanzania. The projects include irrigation, soil management, health care and early childhood education.

According to Jeune Afrique, an Israeli military mission recently visited Conakry, the capital of the West African state of Guinea. Guinea soldiers, according to the same account, have gone to Israel for para-troop and commando training.

In addition, Jeune Afrique reported, Israelis are training Zairian President Mobutu Sese Seko's 200-member special security forces and are helping to create a special security force in Cameroon at the request of its President, Paul Biya. In the Ivory Coast, President Felix Houphouet-Boigny is protected by an Israeli-trained unit.

Last August, Rep. Howard Berman (D. Calif.) introduced a bill (HR 5424) to provide \$20 million for joint U.S.-Israel development programs in Third World countries. In an attempt to block what they consider Israeli "infiltration" in Black Africa, Senegal and the Arab League have set up an African-Arab inter-parliamentary committee and are planning other anti-Israel moves, the Boycott Report stated.

200 PEOPLE IN ANTI-PLO RALLY

NEW YORK, May 20 (JTA) -- Some 200 persons yesterday rallied outside the Palestine Liberation Organization's mission to the United Nations here urging that it be closed because of the organization's terrorist activities against Israel.

State Assemblyman Dov Hikind, who represents, among other areas, the Boro Park neighborhood of Brooklyn, told the rally that he would seek to introduce a resolution in Albany urging that the PLO office be closed.

City Councilman Robert Dryfoos indicated that he, too, would propose a similar resolution in the 35-member City Council urging Mayor Edward Koch to close the PLO office.

The PLO maintains observer status at the United Nations. The city in turn provides it with police protection.

The rally was organized by an ad hoc group called the Committee Against Terrorism, formed by Irving Katz and coordinated with the Jewish Defense Organization. Katz is a member of Americans for a Safe Israel which did not formally sponsor the rally.

Nevertheless, AFSI director Peter Goldman, addressing the rally, said of the PLO: "These criminals should not be granted diplomatic privileges, nor dealt with in any way except on the battlefield. Nor should these criminals be receiving the protection of the city of New York."

TEL AVIV (JTA) -- Labor negotiations between the Histadrut teachers union and the government broke down Monday. Kindergarten classes began two hours late Monday and First Grade classes may not be held at all Tuesday. The Histadrut union represents kindergarten and elementary school teachers and some who teach at junior high schools and at teacher-training seminars. A rival independent union of high school teachers has reached an unofficial agreement with the Education Ministry which will ensure that graduating students will be able to take their matriculation and college entry examinations.

BEHIND THE HEADLINES U.S. JEWS OF RUSSIAN DESCENT MAY SOON BE ABLE TO TRACE THEIR ROOTS By Judith Kahn

WASHINGTON, May 20 (JTA) — A veritable gold mine of information for American Jews tracing their roots is on the verge of being made easily accessible, according to the Jewish Genealogy Society of Greater Washington. But hundreds of die hard amateur genealogists are concerned that before the job is completed their treasure might be transformed from the dusty cartons of a Maryland warehouse to permanent obscurity in the Soviet Union.

The huge cache of documents — accumulated in Russian Consulates throughout this country in the late 19th and early 20th centuries — is a godsend for many Jewish descendants of Russian emigrants, since official records that might unearth a part of their families' past have been unobtainable from the Soviet government. Over half of the estimated 100,000 to 500,000 documents are expected to be case files on Jewish immigrants to the United States.

"This is the largest single source of information about Americans of Russian descent known to exist anywhere in the world today," Dr. Sallyann Sack, founder of the Society, said in an interview.

The documents were left behind when the Russian consulates in the U.S. and Canada were closed in the years following the revolution of 1917 and the establishment of the Bolsheviks in power. By 1933, when the Roosevelt Administration announced its recognition of the Stalin government, the previously scattered records had been concentrated in the former Russian Embassy in Washington. But just a night before the Soviets were to repossess the building, the U.S. army carted off the 500 crates of remaining files to a government warehouse.

Background Of The Project

The consular collection might have met with permanent oblivion were it not for a Canadian scholar who came across them by chance in the 1970's at a storage center of the National Archives in Suitland, Maryland. By 1980, some 100 boxes of files from the former Russian Consulates in Montreal and Vancouver were being transferred to Canadian archives, where they have been sorted and indexed for public reference.

With the launching of the Canadian project, news of the collections' existence made its way to Jewish genealogists in the Washington area, where a mass of documents — almost 20 times the volume of the material transferred to Canada — was waiting to be processed.

The collection includes documents ranging from birth, death and marriage certificates, to circumcision records, to school transcripts and individual petitions for assorted consular services. Many are requests for proof of having served in the Russian army, needed by immigrants for exemption from military conscription in the U.S. and Canada.

Some of the correspondence is surprisingly personal, resembling the type of letters that appeared for so many years in the "Bintel Brief" column — the "Dear Abby" equivalent — in the Jewish Daily Forward.

A woman from Vilna, for example, wrote to the Consul General in Philadelphia, saying her husband had left her five years back, had sent no support for their many children, and was now living with another woman. "Dear Madame," the Russian officer replied,

"Obviously he doesn't want you. Why should you make trouble for him? My advice to you is to forget it."

A letter sent from the New York Consulate to a Jew still in Russia informed him that his relative had died and left him a bank account of \$1.5 million. Apparently, the many Russian claimants of alleged fortunes left by deceased family members in America rarely heard the same good news.

Effort To Sort Out The Random Files

Eager to turn the mass of randomly packed files into a useful resource for American Jews tracing their roots, Washington's Jewish Genealogy Society reached an agreement last year with the Mormons' Genealogy Society of Utah, which will record the documents on microfilm once the names appearing on them are properly transliterated and indexed.

The indexing task got underway last October and is already some 75 percent finished. But the funds raised for the project so far — mostly small donations from individual members of Jewish Genealogical Societies throughout the country — are expected to run out by June. Because the status of the documents remains in limbo, several foundations have rejected requests for funds.

"Our concern is that either the records will deteriorate so badly that they'll be unusable or one day they'll just be given back to the Russians and that will be the end of it," Sack told the JTA. According to Sack, the Soviet Union has repeatedly asked for the return of the collection and in 1980 it was almost given back.

The Society has recently turned to Jewish Federations in several cities for the \$10,000 that it estimates would be needed to carry its part of the project through to the end.

Microfilmed Documents Will Be Available

Once the project is completed, a Jew in search of his family's past will be able to scan a printed index for names of people whose case files are in the collection. Microfilmed documents will be available at the National Archives, as well as Mormon libraries around the country.

The Russian consular project appears to be one indication that the genealogy passion sparked in the 1970's by the television program, "Roots," has withstood the test of time in the American Jewish community. Sack, a clinical psychologist who herself has written a book on one branch of her family, estimated some 1,300 to 1,400 active genealogists in the United States today.

With a wealth of new resources and guidebooks published to make the amateur genealogist's task a little easier, the movement does not appear to have lost its momentum. "There was an initial surge and then I think there was a steady growth," Sack, who founded the Washington Society in 1980, recalled. "But what has happened is that the growth has been increasing exponentially."

JERUSALEM (JTA) — A priest from Lebanon was one of seven Roman Catholic priests who completed their studies in a seven-month course at the Rothberg School for Overseas Students of the Hebrew University. This is the tenth consecutive year that the program has been held at the Hebrew University, in cooperation with the Pontifical Biblical Institute of Rome.