DAILY NEWS BULLETIN

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ISRAEL GOVERNMENT SILENTLY WATCHES STAND- OFF OVER TWA HIJACKING AS TERRORISTS DEMAND PRISONER RELEASE By David Landau

JERUSALEM, June 16 (JTA) — The latest aerial hijack crisis still unfolding in Beirut today has involved Israel in a bizarre international stand-off that may require its government to make agonizing decisions.

The hijacked aircraft, a TWA Boeing 727, was in Beirut as of this morning with more than 40 hostage aboard, all or most of them Americans. The hijackers Shiite Moslem extremists of the Islamic Jihad, demand that Israel immediately release some 700 Shiite guerrillas captured in Lebanon in exchange for the lives of the hostages.

I srael only last month freed I,150 Palestinian terrorists serving long jail sentences for the return of three Israeli soldiers held captive by Damascus-based Palestinian terrorists. The move, controversial at the time, has since been increasingly condemned as one of the gravest mistakes Israel has ever made.

Peres Imposes Gag Rule On Ministers

Israel is now confronted with the possibility that the U.S. may ask it to comply with the hijackers' demands to save the lives of Americans on the plane. The Cabinet met today in secret session on the matter. A statement issued later said only that the Defense Minister had reported to the Cabinet "within the framework of the Ministerial Defense Committee" and that Premier Shimon Peres had asked all ministers and other officials to refrain entirely from public comment

It was understood, from unofficial sources, that ministerial consultations were continuing throughout the day.

Reagan Opposes Giving In To Demands

(in Washington, President Reagan returned from his Camp David weekend retreat to head a National Security Council meeting on the situation. He warned that the hijackers will "see for their own sake, they'd better turn these people loose,"

(Asked whether Israel should release its Shiite prisoners as the hijackers demand, Reagan replied, "This is a decision for them to make and a decision isn't so simple as just mading prisoners." But, he added, "the decision is at what point can you pay off the terrorists without endangering people from here on out once they find that their parties succeed.

here on out once they find that their tactics succeed. (Robert Sims, a White House spokesman, told reporters that while the U.S. does not yield to terrorist demands, "We are willing to talk to those who have the hostages, either directly or indirectly through intermediaries.")

Well placed observers believe that if Washington asked for the release of the Shilte guerillas, Israel would have to agree. It could hardly face the repercussions of American opinion if it refused a request by the Reagan Administration and the American hostages were killed, the observers said.

But if Israel acceded the political repercussions at home could be unbearable for the shaky Labor-Likud national unity government. Meir Amit, former chief of Mossad, the secret service, and former chief of military intelligence, said in an Army Radio interview today that the government must at all costs stand firm and not yield to the hijackers' blackmail.

The dilemma is complicated by reports that hostages with "Jewish sounding names" were separated from the main body of hostages and removed from the plane to an unknown location where they are being held by unknown captors, Sources said that if Israel were to make a "deal" everyone of the hostages would have to be released.

The hijack is the first in many years involving an American aircraft in the Middle East, TWA Flight 847 originated in Cairo and was hijacked over Greece Friday while enroute from Athens to Rome. Originally there were 153 persons aboard, 145 of them passengers including about 100 Americans.

Captured Terrorist Released

The hijackers forced the plane to Beirut where 17 women and two children were released in exchange for fuel. It was then forced to fly to Algiers. There 22 more passengers were set free and the plane returned to Beirut. Yesterday morning it was badk in Algiers and 60 more passengers were freed after the Greek government released a terrorist accomplice recently arrested in Athens. This morning the plane was again in Beirut with the remaining hostages, all believed to be male.

The Islamic Jihad, whose Lebanese adherents seized the plane, is known as a terrorist gang under the influence of the Ayatollah Ruhollah Khomeini of Iran which is waging "holy war" against Zionism, Christianity, capitalism and communism. They have proven in the past to be fanatics likely to carry out their threats even if it costs their lives.

Nevertheless, Amit, speaking on Galei Zahal Radio today, declared that Israel must "overcome" the moral dilemma created by the fact that it recently released more than a thousand Palestinian terrorists for three of its soldiers. He made it clear that he deplored that decision and believed it was a contributory factor in the current hijack crisis. Israel, Amit said, must revert to its earlier policy of never giving in to terrorist blackmail.

"The price of blackmail is much higher than the price of firmness," the former Mossad chief said, Amit, who is chairman of the giant Histadrut-owned Koor Industries, also noted that as a frequent world traveller he found security at some airports "unbelievably bad," He said he was convinced that most highest attempts could be prevented by proper precautions.

He also urged concerted international action against hiscarling by governments and by the airline pilots organization, the International Federation of Airline Pilots Associations (IFALPA). He recalled that when he served in the government as Minister of Transport in 1977–78 he found the IFALPA "is not prepared to cooperate" against hijacking by refusing to fly to countries that give haven to hijackers,

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YOUNG ISRAEL HEAD CALLS FOR RELEASE OF JEWISH TERRORISTS

SPRING GLEN, N.Y., June 16 (JTA) -- Harold Jacobs, president of the National Council of Young Israel, yesterday called on the government of Israel to release the members of the Jewish terrorist underaround, some who have already been convicted of violent attacks against West Bank Arabs,

Jacobs, in addressing delegates attending the plenary session of the Young Israel Convention here made the plea while noting that Israel has released hundreds of Palestinian terrorists, many convicted of anti-Jewish violence in the administered territor ies, in the prisoner exchange last month for three Israeli soldiers held by a Palestinian terrorist group.

"When hundreds of convicted terrorists and murde ers are freed to walk the streets of Israel again, thos brave Jews who have taken up arms to defend their homes and families from attack must certainly be let free, "Jacobs said. "It is time for the Israeli gov ernment to release all those settlers who have been arrested for so-called terrorist activity, regardless of their legal guilt or innocence.

Israel Supported On Hijacking Action

At its final plenary session today, the convention passed a resolution urging the Israeli government "to release all Jewish settlers convicted or accused of retaliatory acts against Arab targets." The resolution was approved by a three to two margin by the 250 delegates.

Also approved by the delegates was a resolution expressing unqualified support for whatever actions deemed necessary by the Israeli government to secure the release of the passengers aboard the hijacked TWA aircraft, and to combat international terrorism.

The resolution also urged the U.S. to use all means at its disposal to protect and rescue those airline passengers who are its citizens and under its protection. The resolution also urged the U.S. to take the "most stringent possible measures" against the Shiite hijackers and against all groups and gove ments which aid terrorism.

Backs Settlers

Jacobs also said last night that Judaea, Samaria and the Golan Heights "are no longer just areas on a map, desolate and populated solely by Arabs. Today these are vibrant Jewish communities containing the homes of tens of thousands of Israel's finest and most dedicated men, women and children.

"Just as we refuse to abandon a Young Israel community in the Bronx or Crown Heights, so too will we stand by the Young Israel communities in Chispin, Kiryat Arba, and particularly in the Old City of Jerusalem, which we will never give up again," he said.

"The State of Israel cannot afford to betray its most committed, most idealistic and most capable citizens or to trade away for empty promises or temporary advantage its long term security and its best hope for the future," Jacobs asserted,

VERDICT ON JEWISH TERRORISTS PENDING By Gil Sedan

JERUSALEM, June 16 (JTA) -- A verdict in the trial of 20 alleged members of a Jewish terrorist underground charged with crimes of violence against Arab civilians on the West Bank is expected to be handed down in several weeks.

Both the prosecution and defense summed up their cases last week. Dorit Beinish, a Deputy State Attorney/declared that the defendants must be treated as regular criminals and their political motivations should not be considered a factor.

Defense Counsel Avraham Gan-Tzvi stressed that the accused acted out of self defense because the security situation in the West Bank had deteriorated to a point where they felt they had to defend themselves.

The three judge panel hearing the case ruled earlier in the trial that the security situation in the territories was irrelevant. Gan-Tzvi acknowledged the ruling but insisted that it is relevant to a mother who sends her children to school or a man who sends his wife to the market.

Charge Government Fails To Protect Settlers

The defense case contends that the government failed to protect Jewish settlers in the West Bank from Arab terrorist acts. "Can the government, unable to protect him, tell a man that when he rises to protect himself he will face trial?" the defense attorney asked.

The prosecutor noted in her summation that the Jewish terrorist organization has existed since 1979 and is by nature violent and its intention was to do harm to Arab residents of the territory. The defendants are charged among other things with killing Palestinian university students, maining two Arab mayors in carbombings five years ago and conspiring to blow up Islamic shrines on the Temple Mount in East Jerusalem.

According to Beinish, that plot was foiled only because security was tightened following similar attempts in recent years by Jewish groups or individuals.

NEO-NAZIS DEFACE ACTOR'S HOME

LOS ANGELES, June 16 (JTA) -- A neo-Nazi group claimed responsibility for the anti-Jewish defacement of the home of actor Ed Asner here yesterday. The group promised further such incidents if Asner continued his activities "in the interest of international communism and Zionism.

Vandals scrawled "Kill Jews" and spraypainted a swastika on the front door of Asner's Studio City rented home here. There was no other damage and no one was home at the time of the early morning incident,

according to police reports.

An unidentified man telephoned the offices of a news agency claiming to represent the National Socialist Liberation Front and said, "We claim responsibility for the attack on the home of the Communist Jew pig Ed Asner.

ANOTHER ACCIDENT VICTIM DIES By Hugh Orgel

TELAVIV, June 16 (JTA) -- Last week's school bus-train crash claimed another life. Thirteen year-old Sharona Navara succumbed to injuries yesterday and was buried in Petach Tikva today, alongside the graves of her 19 classmates who perished when a Tel Aviv-to-Haifa passenger train slammed into their stalled bus on an unquarded railroad crossing about 12 miles south of Haifa last Tuesday.

The youngsters were all seventh-graders at the Brenner Junior High School in Petach Tikva, on an outing to a nature preserve. Three adults died with them -- their teacher, a parent who volunteered to accompany the group and the bus driver, all of them

women. The death toll now stands at 23.

Sharona, one of the 17 children who survived the crash, was on the critical list until she died. The Transport Ministry has set up a committee of inquiry to investigate the accident.

CONSUMER PRICE INDEX SHOWS ONLY MODEST HIKE FOR MAY, BUT ECONOMIC WOES INCREASING By Gil Sedan

JERUSALEM, June 16 (JTA) -- The relatively modest rise in the consumer price index in May 6.8 percent -- has failed to relieve the gloom of economists here who are predicting a new upsurge of inflation this month, perhaps to record highs.

I sraeli workers are also unhappy. The low rise in the May index means they will not receive a costof-living increment with this month's wages. There is already a rash of strikes and worse labor unrest is expected. More than 80,000 employes of municipalities and district and local authorities went on strike today and in the private sector taxi drivers and truckers resorted to work stoppages or slowdowns to back their demands to be allowed to charge higher

The Central Bureau of Statistics which provided the May figures has recorded a 13-14 percent rise in prices in the first week of June alone. The increase for the entire month is expected to be well over 20

percent.

Prices Continue To Rise

Prices have gone up by 70.7 percent since the beginning of the year and inflation is currently running at an annual rate of 260 percent. The total rise in the consumer price index is 373.9 percent.

The government's inability to restrain the inflationary spiral has rendered the second wage-price freeze package deal that took effect in March virtually defunct. Finance Minister Yitzhak Modai nevertheless repeated his commitment to the package deal over the weekend and Premier Shimon Peres was expected to exert his influence to preserve it.

But with the prices soaring, economists expect the package to fall apart.

SLA RELEASES 21 FINNISH SOLDIERS By Hugh Orgel

TEL AVIV, June 16 (JTA) -- The Israel-backed South Lebanon Army (SLA) released 21 Finnish soldiers of the United Nations Interim Force in Lebanon Friday after holding them prisoner for eight days. But UNIFIL sources complained today that the SLA contin ues to harass its troops. The most recent reported incident involved Norwegian UNIFIL soldiers in Ibel Saki village.

By coincidence, Norway's Chief Rabbi, Bent Melchior, is visiting Israel. He said in an Israel Radio interview today that recent incidents involving the SLA and Norwegian UNIFIL troops has created an upsurge of anti-Israel sentiment in Norway. He said the Norwegian soldiers who joined UNIFIL came to the Middle East as friends of Israel but return home highly critical of the Jewish State.

The capture of Finnish troops by the SLA was also an embarrassment for Israel. The SLA said it seized the Finns because they had "kidnapped" II SLA soldiers and turned them over to the Shiite militia, Amal, which is hostile toward both the SLA and Israel.

The Finns were released after the International Red Cross stated that the SLA men were not kidnapped but defected. The Red Cross said its representatives in terviewed each of the men separately, with no Amal guards present and all reportedly said they did not want to return to their homes in the SLA-patroled

security zone just north of the Israel border. Some opted to stay in Tyre or Sidon and others preferred Beirut but none wanted to rejoin the SLA, the Red Cross reported.

Gen. Antoine Lehad, the SLA commander, said he was not entirely satisfied by the Red Cross report because his men were interviewed while still held captive by Amal. Lehad and Israeli sources had proposed the interviews be conducted at UNIFIL headquarters in Nakura, away from Amal influence. But that was not done.

Defense Minister Yitzhak Rabin stressed meanwhile that the Israel Defense Force has adopted an activist policy to counter terrorist attacks or infiltration attempts in the security zone. He said in a radio interview over the weekend that the IDF systematically patrols the zone although all Israeli forces were officially removed from Lebanon a week ago.

"Though we do not want any permanent military presence in Lebanon, we also will not stand at the border fence waiting for terrorist attacks to happen. We will meet them before they get to the international

border line," he said. He acknowledged that Katyusha rockets which recently fell in Galilee -- causing neither casualties nor damage -- had been fired from the security zone. The IDF was engaged in at least one skirmish with terrorists in the zone since its official withdrawal from Lebanon. Four terrorists were killed and two Israeli soldiers were wounded.

Israel has to deal not only with terrorists but hostile Shiite guerrillas. Rabin said attempts to open a dialogue with Amal have proven unsuccessful so

MINISTERIAL COMMITTEE REJECTS SHARON
PLAN TO SAVE ATA BY SELLING FIRM By Gil Sedan and Hugh Orgel

JERUSALEM, June 16 (JTA) -- The Ministerial Economic Committee voted 9-3 today to reject the proposed sale of the bankrupt Ata textile mills to a syndicate of American and Swiss investors.

The deal, signed last Friday by the purchasers and Minister of Commerce and Industry Ariel Sharon, was denied ratification by the economic ministers on grounds that the costs to the government would be too high. The three who supported the deal were Sharon and Deputy Premier and Housing Minister David Levy of Likud and Energy Minister Moshe Shahal of the Labor Party, Shahal said he would appeal the decision before the Cabinet plenary.

Sharon, who has been active for months trying to save the mills and the more than 1,000 jobs it provides, was bitter after the committee meeting. He claimed the decision was dictated by irrelevant considerations but would not elaborate. He insisted the government would not have to bear higher costs than

predicted when he signed the deal.

The cost to the government was put at \$21.9 million, mainly to retire debt and compensate some 350 workers who were to be dismissed. But over the weekend that estimate was called into question by various sources who maintained that the government would have to lay out at least \$35 million. There is no money in the State budget for the purpose and the Knesset Finance Committee would be hard pressed to find the sum. The government, which placed Ata in receivership many months ago, has been urgently seeking a buyer for the complex which is the largest employer in the Haifa area.

52 YEARS AFTER ARLOSOROFF MURDER PANEL CLEARS 3 REVISIONIST SUSPECTS By Gil Sedan

JERUSALEM, June 16 (JTA) -- The murder 52 years ago of Haim Arlosoroff, a rising star in Labor Zionist politics, for which three Revisionist militants were tried and subsequently acquitted for lack of evidence, was the subject of a 202-page report released here this month by a three-man panel appoint ed by the Likud-led government of Premier Menachem Begin in March, 1982.

The murder, on June 16, 1933, stirred the "yishuv", the Jewish community in Palestine, as few other events during those alternately violent and calm years of the inter-war period. It created a deep schism in political circles and added to the embitterment between the left and right wings of the

Zionist movement.

While the report which Begin's panel labored for two years, generated little excitement Begin was elated by the findings of his commission which were precisely what he had hoped they would be. After sitting the evidence -- 1933-34 police files, 1934 transcripts of the Mandate court proceedings and other archival material -- and questioning 47 witnesses, the three accused Revisionists were cleared of all suspicion in connection with the murder.

All 3 Accused Are Dead

The three, Abba Achimeir, Avraham Stavsky and Zvi Rosenblatt, who belonged to the ultra-rightist Brit Habiryonim group of the Revisionist movement, are long dead. But, as Begin noted in one of his rare public comments, "at least their families can now read that they were completely innocent. Justice has been done and this is a good day for Israel.

Begin commissioned the inquiry, which opened on April 19, 1983, because the acquittal of the three Revisionists a half century ago did not remove

the taint of suspicion.

Arlosoroff was director of the Jewish Agency's political department at the time of his death. He was one of the most promising young leaders of Mapai, a forerunner of the present Labor Party. He was killed while strolling on the Tel Aviv beach with his wife. Even after the accused men were freed for lack of evidence, Mapai charged that the Revisionists, if not directly responsible, had incited the murder. The Revisionists, in turn, accused Mapai of blood libel.

Peres Not Interested

The panel, composed of David Bechor, a former Supreme Court Justice, who was chairman; Rabbi Eliezer Berkovits; and Max Kennet, a former Presi dent of the Tel Aviv District Court, also cleared the Labor Movement of the blood libel charge. But it was unable to conclude whether or not the murder was a political act by any party or even to guess who the killers were. That apparently accounts for the "ho hum" reaction of most Israelis to the report.

Ironically, although it was Begin who initiated the inquiry, it was Laborite Premier Shimon Peres who received the panel's report. Peres told the three investigators that he had opposed the inquiry two years ago and has not changed his mind. He said he has not yet read the report because there are far more pressing items on his agenda.

PERLMUTTER URGES FCC TO RECONSIDER GRANTING FREE SPEECH PROTECTION TO KANSAS STATION AIRING RACIST THREATS

NEW YORK, June 16 (JTA) -- Nathan Perlmutter, director of the Anti-Defamation League of B'nai B'rith, has called on the Federal Communications Commission to reconsider its decision which granted free speech protection to a Kansas radio station that broadcast threats of violence and death against Jews, Blacks and other minority groups.

"The FCC loftily asserted that broadcast speech is protected under the First Amendment, no matter how offensive," Perlmutter declared during the ADL's national commission meeting recently. "Fair enough, but is it offensive or is it a calculated warning of intention to murder to broadcast, "We're gonna cleanse our land. We're gonna do it with the sword. And we gonna do it

with violence'." The FCC last April rejected petitions to deny the license renewal application of radio station KTTL-FM in Dodge City based upon program content. The FFC, in its decision—the text of which has not yet been released -- cited the First Amendment and section 326 of the Communications Act which "prohibit it from censoring broadcast material."

FCC To Continue Review

Instead, the FCC said it was confining its review of the case to the "basic qualifications of the licensee, including the issue of tax liability judgements brought against the station. KTTL broadcast a series of racist and anti-Semitic programs in 1983.

According to Perlmutter, the KTTL broadcasts called on listeners to collect data such as addresses, phone numbers and car license plate numbers to pinpoint Jews, including leaders and to set up roadblocks to ambush

them. "The FCC," Perlmutter told the ADL gathering here, "found that these and other like statements did not spur violence or illegal activities What is it that makes a broadcasted four letter word taboo but threatened murder acceptable?"

Letter Sent FCC Chairman

Perlmutter also made public a letter he sent to FCC chairman Mark Fowler protesting the FCC decision. "Inflamatory calls to violence and murder directed to specific targets do not qualify for the constitutional protection of the First Amendment," the letter stated. "For the FCC to accord them the protection by in-

action is to render meaningless the traditional FĆC standard that broadcast licenses must operate so as to serve 'the public interest', " it added.

ISRAELI HOME BUYERS FAVOR WEST BANK By David Landau

JERUSALEM, June 16 (JTA) -- Israelis seeking new homes favor the West Bank over Galilee by almost six to one, according to figures released by the Central Bureau of Statistics last week.

In 1984, 6,000 Israelis, both new immigrants and longtime citizens, settled on the West Bank, compar-ed to only 1,600 who moved to Galilee and the Golan Heights. Unofficial but reliable estimates put the Jewish population in the West Bank at between 35-40,000 and on the Golan Heights slightly over 10,000.