

U.S. ASKED SWISS FOREIGN MINISTER TO APPEAL TO BERRI FOR RELEASE OF HOSTAGES AS HUMANITARIAN GESTURE By Tamar Levy

GENEVA, June 25 (JTA) -- The United States asked Swiss Foreign Minister Pierre Aubert a week ago to appeal to Shiite leader Nabih Berri for the release of 40 American hostages in Beirut on humanitarian grounds, informed sources in Bern told the Jewish Telegraphic Agency today.

Aubert, who has met several times with Berri in Lebanon and in Switzerland, is regarded as the Western diplomat who knows him best. The Americans contacted Aubert last Wednesday, the sources told the JTA. On Thursday, apparently responding to Aubert's call, Berri said the hostages would be released if Israel freed the 766 Shiites it holds in the Atlit detention camp.

On Friday, Aubert briefed Israel's Ambassador to Switzerland, Yohanan Maroz, on his contact with Berri, the sources said. Maroz told the JTA today that the Foreign Minister had in no way suggested that Israel free the Shiite prisoners. "Aubert was just informing me of his moves which were made at the request of other parties," the Israeli envoy said. "Other parties" presumably referred to the U.S.

Yesterday Israel released 31 Shiites from Atlit and transported them to Lebanon. The Israeli authorities insisted this was in no way linked to the hostage crisis but was part of an ongoing process of freeing Lebanese nationals detained by Israel.

Red Cross Prepared To Handle Exchange

Jean Jaque Kurtz, a spokesman for the International Red Cross in Geneva, told the JTA here today that the Red Cross is prepared to handle a possible exchange of the hostages for Shiites held in Israel if and when an exchange is agreed to.

He said however that neither the Red Cross nor the Foreign Ministry believes there will be an exchange in the immediate future and "a lot of patience is needed."

The American delegation which arrived in Switzerland last week departed yesterday. Alexander Hay, president of the International Committee of the Red Cross (ICRC), is due back here tomorrow from Washington where he met with President Reagan last week. The ICRC said Hay will not hold a press conference or divulge any information about his talks with Reagan.

CORFU URGES CONFAB ON TERRORISM By Hugh Orgel

TEL AVIV, June 25 (JTA) -- Transport Minister Haim Corfu urged the International Civil Aviation Organization (ICAO) today to convene a special conference on terrorism and aerial hijacking.

He proposed that the conference should discuss means to tighten security at airports and aboard aircraft. He urged member countries of the ICAO and their airlines to rise above politics and boycott countries that fail to take adequate measures against hijackers or refused to prosecute them when they are caught.

The ICAO is headquartered in Montreal. Its current president, Assad Kotaite, is a Lebanese. The organization is a global body which represents all countries with aircraft flying international routes.

RABIN WARNS ISRAEL MAY CLASH WITH SHIITES BECAUSE EXTREMISTS GAINING By Hugh Orgel

TEL AVIV, June 25 (JTA) -- Defense Minister Yitzhak Rabin warned last night that Israel may be heading for a showdown with the Shiite Moslems in Lebanon because extremists in that community appear to be taking control.

Addressing a symposium at Tel Aviv University on the aftermath of the war in Lebanon, Rabin expressed concern that units of the Shiite militia, Amal, loyal to their leader, Nabih Berri, may not be able to withstand the extremists in their ranks.

The latter, believed responsible for hijacking TWA Flight 847 on June 14, are holding 40 of its American passengers hostage in Beirut. Berri, who is Justice Minister in the Lebanese government -- a government most observers agree exists only on paper -- has undertaken the role of go-between in the hostage crisis.

Although the hijackers have demanded that Israel release more than 700 Shiite prisoners in the Atlit detention camp in exchange for the hostages, many observers here and abroad believe this is not the central issue.

'Test For Amal'

The hijack crisis "is in effect a test for Amal and its leadership in their rivalry with the extremist elements," Rabin said. He observed that it came at the "least opportune time" as far as Israel's relations with the U.S. and Amal are concerned.

The hijackers' demands have been addressed to Washington with the intent to force the Reagan Administration to pressure Israel to free the Atlit detainees. Both the U.S. and Israel have maintained publicly that they will never make concessions to the hijackers or ask anyone to do so.

Rabin noted that Israel has had little trouble with Amal in south Lebanon since April 1. Attacks directed at the Israel Defense Force in the security zone near the international border caused no military or civilian fatalities, he said. But the leadership struggle within the Shiite community could worsen the security situation and could even result in an Amal alliance with the Palestine Liberation Organization which it has fought bitterly in recent weeks, Rabin said.

Rejects Link To Release of 1,150 Terrorists

The Defense Minister appeared to reject the idea expressed by many Israelis that the release of 1,150 convicted Palestinian terrorists last May 20 in exchange for three Israeli soldiers held by terrorists in Damascus was a contributory factor in the TWA hijack.

Rabin noted that Beirut has long been a haven for aerial hijackers. The TWA hijack was in fact the eighth by Shiite extremists since March, 1983, he pointed out.

Rabin also said there were "clear signs" that the Syrians are thinning out their military forces in Lebanon though he could not say to what extent. Syria occu-

pies about two-thirds of the country. A year ago, Israel insisted it would not withdraw the IDF from Lebanon unless the Syrians pulled their army out simultaneously.

But Israeli policy changed radically. The unilateral withdrawal of the IDF began last year and the position in Jerusalem was, if the Syrians want to remain mired in the deadly swamps of Lebanon, "let them enjoy it."

The symposium was conducted at Tel Aviv University's Dayan Center for Middle Eastern and African Studies.

ATA APPEARS DOOMED

By Hugh Orgel

TEL AVIV, June 25 (JTA) -- Months of dogged efforts to save the bankrupt Ata textile mills and the nearly 2,000 jobs they provide ended today when the Ministerial Economic Committee voted for a second time to reject plans to sell the complex to a syndicate of American and Swiss investors.

The sale had been pushed strongly by Minister of Commerce and Industry Ariel Sharon and Moshe Shahal, the Minister of Energy and Infrastructure. They argued that the cost of shutting down the mills, including severance pay for its workers, would exceed the costs of keeping them running.

The agreement for sale, signed earlier this month by Sharon and the foreign principals, called for an investment of about \$45 million in private capital. The government was to pay Ata's creditors, notably the Bank Leumi and write off its own loans to the industry in return for an undertaking by the investors to operate the mills for at least 10 years and boost its exports.

But the economic ministers refused to ratify the sale on June 16 by a vote of 9-3, on grounds that the costs to the government were badly underestimated. Shahal and Sharon forced the full Cabinet to take up the issue at its regular weekly meeting Sunday, to no avail. The Cabinet referred the matter back to the Ministerial Economic Committee which upheld its earlier decision to reject the sale, this time by a vote of 8-2.

Ironically, the government which appointed a receiver for Ata after it defaulted on its debts last year, was eagerly seeking a private buyer to prevent mass unemployment in the Haifa area where Ata was the largest single employer. The latest deal, engineered by Sharon, seemed to be the most promising. But Treasury economists maintained that it placed too heavy a financial burden on the government and would set a bad precedent for other economically troubled enterprises.

The budget contains no provisions to save Ata. It will now be up to the Knesset Finance Committee to find the \$9 million or more estimated to compensate the dismissed workers.

MODAI CONFIRMS GOVERNMENT WILL RUN ECONOMY WITHOUT 'PACKAGE' PARTNERS

By Hugh Orgel

JERUSALEM, June 25 (JTA) -- Finance Minister Yitzhak Modai confirmed today long standing rumors that the government will take over running the economy unilaterally after the current wage-price freeze package deal officially expires next August. Alternative economic measures will be needed, Modai said in an Army Radio interview.

Many Israelis, including leading economists, say the package deal is already, for all practical

purposes, dead. It is the second wage-price freeze package worked out between the government, Histadrut and the employers and manufacturers associations. The first took effect last November and expired in February. The current measures were instituted last March. The aim of both freeze packages was to curb a three-digit annual inflation rate.

But inflation is expected to soar by 25 percent when this month's figures are in and the general economy continues to deteriorate. Treasury officials have been holding late night consultations with economic experts from the public sector and academia, giving rise to rumors that the government is preparing a new, large scale economic program to cope with the situation.

Further Budget Cuts Expected

Once the package deal period is over, "we shall not be able to leave things in the air," Modai said. When administrative controls over prices, a key component of the package deal, are lifted, he said, the government will have to use its prerogatives to run the economy unilaterally. One measure that can be expected is further cuts in the national budget, Modai said, noting that three months into the current fiscal year "we have already deviated from the original budget."

Modai said he was trying to run an economic policy as he saw fit but was exhausting his powers as Finance Minister because of lack of support from his fellow ministers. He has complained frequently in recent months that he has been unable to institute necessary measures to end the present crisis because he was blocked in the Cabinet.

He admitted that Premier Shimon Peres usually backed his policies. But sometimes he compromised and there is no room for compromise in the present situation, Modai said.

NEWEST ISRAELI CRISIS: CIGARETTE SHORTAGE

By Hugh Orgel

TEL AVIV, June 25 (JTA) -- Israelis, avid cigarette smokers, were fighting withdrawal symptoms today. There were no smokes to be had.

The Dubek company, which enjoys a national monopoly on tobacco products, shut down all of its plants because of the government's price freeze. According to Dubek, it will lose less money halting production than by selling at unprofitable prices.

While Dubek is willing to market the inventory at hand, it is prevented by a strike of its distributors who demand higher commissions from the tobacco company. Cigarette-starved Israelis, confronted by empty shelves seem to be deriving little consolation from the fact that by doing without they may live longer.

CONSERVATIVE LEADER URGES REFORM RABBIS TO DROP PLAN FOR PATRILINEAL DESCENT

MINNEAPOLIS, June 25 (JTA) -- Reform rabbis were urged here today at their 96th annual convention by a leading Conservative rabbi to drop their plan on recognizing both the mother and father in a mixed marriage as parents of a Jewish child.

The Reform rabbis were asked by Rabbi Alexander Shapiro, president of the Rabbinical Assembly, the association of Conservative rabbis, to return to the traditional Jewish position, accepted by Orthodox and Conservative Judaism which holds that a child is a Jew only if his or her mother is Jewish. The plan has been called "patrilineal" transmission of Jewish identity because it would not consider whether

either the mother or the father is Jewish, if either of them is. Shapiro, in an unusual appearance at a CCAR convention, cautioned the Reform rabbis that if "patrilinealism remains in place, then Conservative rabbis might have to question the Jewish status of someone from a sister movement, and we will be confronted with a cleavage in Jewish life which can threaten the survival of the Jewish people both here and in Israel."

He said "our understanding of the reality is that patrilinealism is not considered by you to be a blanket notion; rather it assumes that the Jewish child will find modes of affirmation of his Jewishness."

Rabbi Jack Stern of Scarsdale, N.Y. was elected CCAR president today, succeeding Rabbi W. Gunther Plaut, of Toronto.

Joint Commission On Inter marriage Urged

Shapiro called for Conservative and Reform Judaism to form a joint commission to deal with the problems of intermarriage "in those areas where cooperation is possible." He said intermarried couples face many problems, such as basic tensions in such a union; educating children Jewishly; the stress of parents and grandparents; and the involvement of an intermarried couple in the Jewish community.

Rabbi Shapiro said if such a commission was set up, he hoped "it could function under the common banner of matrilinealism on the one hand while simultaneously seeking to reach out to every child born of a mixed marriage in a context which is open, sympathetic and deeply understanding of the human issues that are involved."

Bet Din For Conversions

He repeated a proposal he had made at an unprecedented appearance earlier this year at the annual convention of the Orthodox Rabbinical Council of America, asking the CCAR to participate in establishing a Bet Din (Jewish Law Court) "that will convert according to Halacha; a Bet Din created for the sake of the unity of the people of Israel with a model prototype structured first in America and ultimately carried into effect in Israel itself."

He said he was optimistic that, given patience and time, such a Bet Din could be established. He said he felt "cautious optimism" in the fact that the Rabbinical Council has not outrightly rejected his Bet Din proposal.

He also cited Reform Judaism's "deepening commitment to traditional forms and traditional values" as another reason for optimism.

LEWINSKY PROPOSES TO JEWISH AGENCY WAYS OF ALLEVIATING HOUSING PROBLEM By Gil Sedan

JERUSALEM, June 25 (JTA) -- Jewish Agency Treasurer Akiva Lewinsky offered a series of proposals today to improve Israel's serious housing situation. He urged immediate efforts to find housing for about 2,000 single persons and a reduction of bureaucratic red tape in granting supplementary housing loans to new immigrants so that they can shorten their stay at absorption centers.

Lewinsky spoke at the annual meeting here of the Jewish Agency Assembly. He repeated his suggestion to raise rents in the low income housing projects, Amigour and Amidar, joint ventures of the Jewish Agency and the government. The additional revenue should be used for funding new apartments to be built for recent immigrants from Ethiopia, he said.

Lewinsky said absorption policies should be reviewed and the partnership between the Jewish Agency and the various voluntary immigrants associations should be broadened to allow the latter to play a more significant role.

Jewish Agency Debt Cut

The Treasurer reported that in the last three years the Jewish Agency has reduced its debts by more than \$100 million. The interest saved on the shrinking debt made new projects possible, he said. "Our firm commitment to debt retirement has improved and secured our financial standing."

Lewinsky said the uncertainties of the coming year demand continuation of the debt retirement policy so that every future budget will be balanced and future expenditures will be based on real income.

He warned against the "luxury" of competition between the various fund-raising bodies for local and overseas needs -- the United Jewish Appeal, the Israel Bonds, Israeli universities, hospitals, schools and other institutions. The Finance Minister has issued a clear directive restating the primacy of the Appeals, he said.

Lewinsky added, "The Jewish Agency is not a philanthropy. We are privileged to share in the building of Israel and our people. Our budgets complement Israel's national budget."

STRIKE CLOSES SCHOOLS EARLY

TEL AVIV, June 25 (JTA) -- The Israeli school year will end next Sunday in the heat of labor strife which has plagued it for the last few months and could affect the resumption of classes when the summer vacation period is over.

Elementary school teachers, members of a Histadrut union, were on strike today, forcing the schools to close. They said they would engage in partial work stoppages until next Friday and another full strike on Sunday, the last day of school. High schools are not affected. Their teachers belong to a rival union independent of Histadrut.

The teachers' action means that pupils in the lower grades will end the term without their certificates of completion. The teachers said they will not participate in preparations for the next school year. One issue is the dismissal notices the Education Ministry sent to more than 1,000 non-tenured teachers. They have not been rescinded.

The Ministry said they were forced by budgetary constraints and maintained that they could have been avoided had the teachers' union agreed to forego part of their salary and working conditions demands for one year.

SYNAGOGUE OPENS AT BRUSSELS AIRPORT

BRUSSELS, June 25 (JTA) -- The first synagogue at any European airport was dedicated at Brussels International Airport Sunday by the Minister of Communications, Herman de Croo, who said it symbolized Belgium's respect for freedom of religion, especially at an airport which is a crossroads of people of all faiths.

The 50 seat synagogue is located in the main terminal near the Catholic and Protestant chapels, the duty-free gift shops and VIP lounge. It was built in response to requests by the Jewish community to which the Communications Ministry and the airport authority readily agreed. Brussels Airport is an important transit center for flights between the United States and Israel.

BEHIND THE HEADLINES

BITBURG CONTROVERSY HAS NOT DAMAGED RELATIONS BETWEEN W. GERMANY, ISRAEL
By Sheldon Kirshner

(Part II of a 2-part series.)

BONN, June 25 (JTA) — A series of interviews suggests that Israel's special relationship with West Germany is not only thought of as desirable, but is considered durable as well.

The Israeli envoy, Yitzhak Ben-Ari, a Viennese native who is fluent in German, said that the embarrassing Bitburg affair has not damaged German-Israel relations. As he tells it, the Israeli Embassy has received a stream of complimentary letters for the manner in which he conducted himself as the controversy unfolded.

Ben-Ari criticized the joint German-American decision to go ahead with the ceremony in Bitburg, where 49 members of the SS lie buried. But, breaking ranks with the German-Jewish leadership, he showed up for the ceremony in the Bergen-Belsen concentration camp. Asked why he appeared in Bergen-Belsen, Ben-Ari said he did not want "to burn our bridges" in West Germany.

Heinz Westphal, the vice-president of the West German parliament, and the chairman of the German-Israel Society, agrees that Israel and Germany weathered the Bitburg affair rather well.

Like many Germans, Westphal believes that Israel-German relations are much better now than Shimon Peres is Prime Minister. Under Menachem Begin, they deteriorated, reaching their nadir in 1981 after Begin accused Helmut Schmidt of having been a "Nazi officer" during World War II.

Not Ready For Moral Relations

In Westphal's view, Germany's new generation tends to be "more critical" of certain aspects of Israel policy, the Lebanese war being the most pointed example. But Westphal, a Social Democrat, contends that Germany and Israel will maintain the special relationship they have formed after 20 years. Asked to comment on Franz-Josef Strauss' recent comment that "it is time for our relationship with Israel to become normal and relaxed," Westphal said: "All those who wish to 'normalize' it do not understand the past. We cannot escape the responsibility of the past."

Wolfgang-Gunther Lerch, the 38-year-old Middle East editor of Frankfurter Allgemeine Zeitung, probably West Germany's most prestigious newspaper, sees no prospect for the normalization which Strauss advocates. "The past is so strong in Germany that, in 25 to 30 years from now, there will still be a special relationship between us and the Israelis. The majority of Germans, I think, are sensitive to this."

Despite the consensus here that Germany and Israel are bound by intimate, unbreakable ties, irritants inflame the relationship.

From West Germany's perspective, Israel erred badly in invading Lebanon, and is short-sighted in its determination to retain the West Bank and the Gaza Strip with its hostile Palestinian population. Germany does not recognize the PLO, if only because Bonn declines to extend recognition to "liberation movements," but Foreign Minister Hans-Dietrich Genscher played an important role in formulating the 1980 EEC Venice Declaration to which Israel objects so much.

In addition to calling for the PLO's "association with" Mideast peace negotiations, the Venice Declaration urged Israel to end its occupation of the West Bank, the Gaza Strip and the Golan Heights, and termed Israeli settlements there as "a serious obstacle" to the peace process.

Recently, West Germany and other members in the EEC endorsed the Feb. 11 peace proposal put forward by King Hussein and Yasir Arafat. Israel rejected it.

To Israel's chagrin, West Germany has also backed President Ronald Reagan's 1982 peace plan and has noted the "positive elements" in the Arab League Fez proposals (one clause of which accepts the PLO as the representative body of the Palestinians).

Juergen Moelleman, the second German minister of state for foreign affairs, has gone on record as having said that the EEC should be active in promoting peace in the Middle East.

Asked to explain German policy, a senior official in the foreign ministry said that Bonn's adherence to EEC resolutions is predicated on a desire to add to U.S. efforts to defuse the Arab-Israeli dispute.

Proposed Arms Sales To Saudis

According to observers, the issue with the greatest potential for upsetting German-Israel relations is one of German arms sales to Saudi Arabia.

Several years ago, Helmut Schmidt went to Saudi Arabia, a valuable oil supplier, and discussed the possible transfer of German weaponry. Schmidt, who incurred Menachem Begin's wrath by saying West Germany had a "moral commitment" to the Palestinians, declared upon returning to Bonn that it was "not feasible at present" for his country to supply the Saudis with such equipment as the Leopard tank, Gepard anti-aircraft tanks, Roland ground-to-air missiles or Marder armored personnel carriers.

Schmidt said the entire matter would be debated by the Bundestag, the parliament, in spite of guidelines which forbid the export of German arms to so-called areas of tension.

Since then, the question has been debated endlessly, without a decision.

When Kohl visited Israel last year, he said that, despite his hosts' objections, West Germany would indeed sell Saudi Arabia some weaponry.

In an interview in his office, Minister of State for Foreign Affairs Alois Mertes told this reporter that the matter remains under consideration. "You can be sure we will take into account the interests of Israel," he added. Mertes died June 16 at age 63.

If anything is certain, the sale of German arms to Saudi Arabia will punch a hole in West Germany's relationship with Israel.

Ben-Ari says that, to the best of his knowledge, West Germany has agreed to sell Saudi Arabia what it believes would be defensive weapons, but not the Leopard tank. He said such a sale would most certainly damage German-Israel relations.

Heinz Westphal concurs with Ben-Ari's assessment, but Helmut Schafer, who represents the Free Democratic Party in parliament, claims the matter is "still in the air." For moral reasons, he is against the idea that German arms might one day shed Jewish blood. But Schafer, a foreign policy expert, points out that the Israelis sell their arms to countries which either do not have relations with Israel (Taiwan) or countries which are simply hostile to its very existence (Iran).

Wolfgang-Gunther Lerch, who does not believe that a deal will be signed, is of the opinion that such arms would not pose a threat to Israel.