

**ADMINISTRATION EXPECTED TO
ASK CONGRESS TO APPROVE ARMS
SALES TO JORDAN AND SAUDI ARABIA**

WASHINGTON, July 24 (JTA) — The House Foreign Affairs Committee, meeting in closed session this afternoon, will be presented with the Reagan Administration's long delayed Middle East arms transfer study, expected to be the basis for Administration requests for arms sales to Jordan and Saudi Arabia in September which face strong opposition in both houses of Congress. (Late story, P.3.)

White House spokesman Larry Speakes said today that the President has approved the study. The House committee will be briefed by the Undersecretary of State for Security Assistance, William Schnieder, Jr., and Lt. Gen. Philip Gast, head of the Pentagon's Defense Assistance Agency. No Senate hearing has been scheduled yet.

The study is reported to include a "threat analysis" of the danger posed to Israel by potential arms sales to Arab countries, and a similar examination of the threats to Jordan, mainly from Syria, and to Saudi Arabia, mainly from Iran and the Soviet Union.

The Administration is expected to request the sale to Jordan of advanced combat aircraft and transport planes, ground-to-air missiles and tanks. Saudi Arabia has indicated a desire to purchase sophisticated arms, including fighter planes and air-to-air missiles.

The Administration postponed its request for arms to Jordan after 73 of the Senate's 100 members co-sponsored a non-binding resolution opposing the sales as long as Jordan "continues to oppose the Camp David peace process and purchase arms from the Soviet Union."

A foreign aid bill approved by the House bars weapons sales to Jordan until that country agrees to recognize Israel and enter into direct peace negotiations with it.

**ISRAEL RELEASES 100 PRISONERS,
MOST OF THEM LEBANESE SHIITES**

By Hugh Orgel

TEL AVIV, July 24 (JTA) — Israel released 100 prisoners from the Atlit detention camp today, most of them Lebanese Shiites. They were transported by bus to the northern perimeter of the security zone in south Lebanon and set free. Those who live in the security zone must apply to the Israel Defense Force liaison officer for permission to return.

After today's release, and the release of 300 Shiite prisoners earlier this month, about 335 remain in Atlit. They will be freed, in batches, over the next few weeks, according to plan, the Israeli authorities said. All of the Atlit detainees were transferred there from the Ansar prison camp in south Lebanon which the IDF closed prior to its withdrawal from Lebanon last month.

The transfer raised a storm of criticism against Israel for violating the Geneva Convention which forbids the transfer of prisoners of war out of the country where they were captured during hostilities. Israel maintained the detainees were not POWs but

security risks and would be released at regular intervals depending on the security situation in south Lebanon. The release of the first group was delayed last month by the hijack of TWA Flight 847 by Shiite extremists who held 39 Americans hostage in Beirut for 17 days. Israel did not wish to appear to be giving in to the hijackers' demand that it free all 766 Atlit prisoners in exchange for the hostages.

**GOVERNMENT MOVES TO IMPLEMENT
EMERGENCY ECONOMIC MEASURES**

By David Landau

JERUSALEM, July 24 (JTA) — The government has apparently agreed to reduce jobs in the public sector rather than cut wages in order to implement emergency economic measures that have been blocked by Histadrut. It remains to be seen whether labor will concur.

The Cabinet, at a special session today ordered the dismissal of six percent of the civil service workforce — double the dismissals originally proposed — but backed off from a planned three percent wage cut that had run into bitter resistance from Histadrut, the trade union federation.

For the moment, Histadrut leaders are not threatening work stoppages or disruptions. But it is not certain they will passively go along with the sharper reduction of manpower. Histadrut Secretary General Yisrael Kessar and his aides have made it clear that they will not agree to arbitrary dismissals but will insist on negotiated reductions in the workforce in the interests of efficiency and streamlining various public projects.

They will also press for substantially higher severance payments to public employees than called for by existing labor contracts. The government has indicated it is prepared to pay 150 percent of the usual severance pay which is based on one month's wages for each year of employment.

Consequence Of The Cabinet Meeting

Another immediate consequence of today's Cabinet meeting was that all wage-earners, including those in the public sector, will receive a 14 percent rise in their cost-of-living allowances next month. Originally, the government announced that public employees would get only an 11 percent increase.

The C.O.L. allowance is partial compensation for the sharp price hikes which followed the slashing of price support subsidies by the government at the beginning of July. Although it falls far short of full compensation for inflation, it is a result of Histadrut's agreement to cuts in real wages to aid the economic recovery plan.

Substantial cutbacks of jobs in the public sector is also a crucial element. The Cabinet today ordered the various ministries to submit to the Treasury by Friday their plans to dismiss three percent of civil service employees, and by Sunday morning, lists of an additional three percent to be fired.

Deputy Premier and Housing Minister David Levy, the most outspoken Cabinet critic of the emergency economic program, chided his colleagues today for "folding up—as I predicted — in face of union resistance."

He noted that not a single minister voted today in favor of going ahead with the government's original plan to implement steep cuts in both jobs and wages by administrative decree, as decided when a Cabinet majority approved Modai's economic program on July 1.

Modai refused to concede a government retreat. He said if the larger scale dismissals now planned are implemented, the economic goals will be achieved as well as, if not better than under the original program.

ALL PUBLIC HOSPITALS IN ISRAEL TO CURTAIL SERVICES

By Gil Sedan

JERUSALEM, July 24 (JTA) — All public hospitals in Israel will provide drastically reduced medical services, beginning tomorrow, by order of the Ministry of Health. The curtailment is for economic reasons.

Only emergency surgery will be performed. Only patients requiring emergency treatment will be admitted. Out-patient clinics will be closed and all patients presently in hospitals will be discharged except in cases where their health would be endangered. It is not clear how hospitals operated by Hupat Holim, the Histadrut sick fund, will be affected.

Health Minister Mordechai Gur said the extreme measures are necessary because his ministry has failed to persuade the Treasury to provide the funds necessary to continue normal hospital service. An estimated \$60 million is needed to keep the public hospitals functioning at their present level.

Controversy Over East Jerusalem Hospital

An angry controversy erupted, meanwhile, in East Jerusalem where the Health Ministry ordered the 40-bed Hospis Hospital in the Old City to shut down. The hospital, which serves Arab patients and employs 150, was told to close its operating room and maternity ward at the beginning of this week and no new patients were to be admitted as of today.

The Health Ministry said the move is part of the economy drive and claimed also that Hospis has failed to meet minimum standards for several years and its patients would get better medical care at Jewish hospitals in east and west Jerusalem.

But Ismayil Taziz, chairman of the Committee of Friends of the Hospis Hospital charged at a press conference yesterday that the shutdown order was politically motivated, part of an Israeli drive to eliminate all Palestinian institutions. He said the economic retrenchment was irrelevant because the Hospis staff is prepared to run the hospital without government assistance.

Merchants Stage Protest Strike

Today, East Jerusalem merchants staged a protest strike which was almost 100 percent effective. There were no incidents. Tourists continued to throng the narrow streets of the Old City and the police presence was minimal.

Gur has rejected the charge of politics. He noted that Hospis was one of six hospitals all over Israel that will be shut down for economic reasons. He also blasted the government for forcing the hospitals on a reduced schedule. He told reporters he could not understand why the Prime Minister, the Finance Minister and Histadrut's Secretary General could not find a solution to the money problem.

The Treasury stopped the transfer of funds to public hospitals at the beginning of July. It demand-

ed that the Health Ministry make up the shortfall by taxing public health insurance as, the Treasury claims, it originally agreed to do.

U.S., ISRAEL VIE FOR MACCABIAH MEDALS

TEL AVIV, July 24 (JTA) — Israeli athletes competing in the 12th Maccabiah Games here took gold medals in men's tennis and women's volleyball but failed to gain ground on the United States' medal total which reached 235 yesterday, with victories in three track and field events.

The U.S. team has amassed 104 gold, 84 silver and 47 bronze medals in the sporting competition which began July 16 and concludes today, with closing ceremonies scheduled for Thursday. Israel has a total of 196 medals — 53 gold, 62 silver and 81 bronze while Canada has taken third place in the medal's tables with 12 gold, 14 silver and 22 bronze.

Israel's Amos Mansdorf defeated Gilad Bloom also of Israel in the tennis singles, 6-4, 6-2, to win the gold. Israel also took all three medals in the men's 800 meters, with Mark Handelsman taking the gold in record breaking time of 1:49.29. Israel's team took the gold and bronze in the women's 400 meters, won by Orit Kolodny in 55.85.

Israel also won the women's high and long jump, and won golds in men's team foil fencing, women's air pistol and volleyball. Israel also took the gold medal's in men's and women's table tennis singles.

Wins For The Canadian Team

For the Canadian team, Gordon Orlkow won the men's decathlon event with 7,141 points and also broke the Maccabiah record in the 100-meter hurdles with 14.73 seconds. The Brazilian team, fourth in total medals, took the men's air pistol competition. Marcos Stisin took the gold with a record breaking 556 points.

But it is the American team that has dominated the Games, particularly the swimming events. The U.S. teams have captured at least 27 gold medals in swimming competition, including the women's 800 meter freestyle, won by Cheryl Kriegsmann in 8:58.38. Teammate Ruth Grodsky won the women's 200 meter medley in 2:25.82.

Rick Aronberg of Rochester, New York shattered a Maccabiah Games record last Monday in the 1,500-meter freestyle with a time of 15:55.39, taking 19 seconds off the previous record he set in the 1981 Games when he was 13 years old. American swimmers claimed gold medals in the women's 200-meter butterfly and the men's 200-meter individual medley.

A SMALL BUT HOPEFUL SIGN

GENEVA, July 24 (JTA) — It was a small sign, but possibly a significant one that the Soviet Union is warming toward Israel after 18 years of bitter hostility and broken diplomatic ties with the Jewish State, dating from the Six-Day War.

Sari Rauber, Swiss correspondent at the Israeli daily, Maariv, received an invitation 10 days ago to dine at the home of Evgenie Korjev, the local Tass bureau chief. It was the first time since 1967 that an Israeli journalist was invited to the home of a Russian colleague. Tass is the official Soviet news agency. The correspondent of the Swiss Telegraphic Agency was also invited.

Rauber, who was president of the United Nations Press Association here, has been invited in that capacity to Soviet Embassy receptions marking the anniversary of the 1917 Revolution.

LAWMAKER WARNS THAT SELLING ARMS TO JORDAN AND SAUDI ARABIA WILL RESULT IN 'TOTAL FIASCO' FOR THE ADMINISTRATION'S MIDEAST POLICY

By David Friedman

WASHINGTON, July 24 (JTA) — Rep. Tom Lantos (D. Calif.) warned today that if the Reagan Administration decides to sell sophisticated arms to Jordan and Saudi Arabia it will result in a "total fiasco" for the Administration's current Mideast peace efforts.

Lantos issued the warning to Richard Murphy, Assistant Secretary of State for Near Eastern and South Asian Affairs, as Murphy was testifying before the House Foreign Affairs Committee's European and Mideast subcommittee just a few hours before the Administration was to reveal the results of its study on the sale of arms to the Mideast before a closed joint session of the House Foreign Affairs and Armed Services Committees.

Lantos noted that since the information was to be given in the closed meeting and would be classified, he would not be able to talk about it later. But he said he could speculate that the study will recommend the sale of sophisticated arms to Jordan and Saudi Arabia and that the Administration will present a proposal for such a sale after Labor Day.

Lantos said he thought it was a poor time now to go ahead with the peace process because of all the problems Israel has, particularly its economic crisis. But he said proposing an arms sale will be making matters worse by pushing "our overstrained democratic ally" into a renewed arms race.

Murphy replied that "we cannot pick the time to move in the peace process." He said in 1984 and in 1985 there were no signals in the Middle East that the countries wanted to proceed. But he said that after the visit to Washington by King Hussein of Jordan and the speech 19 days later by Israeli Premier Shimon Peres there was a signal from both sides that they wanted to move ahead.

U.S. Not Steamrolling Israel

"Israel has a full plate, Israel always has a plate full," Murphy said. But he noted that Israel is making progress on its economic problems as a result of measures taken by the Israeli Cabinet on July 1. "If fully and vigorously implemented, these new measures will represent an important step forward in Israel's continuing effort to stabilize its economy and restore growth and prosperity," Murphy said.

He said that the U.S. is "not trying to steamroll" Israel into the peace process but that the Israelis now see a chance to move toward peace on their eastern front. He said the Israelis are interested even though at the same time they may be "skeptical" or even "cynical."

Murphy said that the U.S. has not yet decided on the arrangements for a meeting with a joint Jordanian-Palestinian delegation or on the list of seven names submitted to it by Jordan. While he would not disclose any of the names, he added, "I think some of the names are acceptable." Murphy stressed again that the U.S. meeting with the Jordanian delegation which he would head, must lead to direct negotiations with Israel.

He again repeated that unlike Israel the U.S. accepts that members of the Palestine National Council are not necessarily members of the PLO. He said the U.S. has met with such PNC members both in

the occupied territories and outside and while these individuals may support the PLO that does not mean they are members of the PLO. "Let's not get hung up on a definition war," Murphy said.

However, he stressed the U.S. is consulting "very closely with Israel" although the U.S. will make its own approval of the Palestinian members of the joint delegation as well as to whether it enters into a meeting with the joint delegation. "We want it to go toward direct negotiations," Murphy reiterated.

Rep. Larry Smith (D. Fla.) stressed to Murphy that both houses of Congress have gone on record against any arms sales to Jordan and Saudi Arabia at this time. Murphy said that the study does not recommend any specific sale and any proposed sale would be discussed with Congress.

The Administration reportedly is considering selling Jordan either F-16 or F-20 fighter aircraft as well as improved mobile Hawk ground-to-air missile batteries, tanks and air transport planes. Saudi Arabia wants to buy 40 to 60 F-15s and additional equipment for the 60 F-15s it already has.

ISRAEL'S DIAMOND INDUSTRY GLITTERS

By Hugh Orgel

TEL AVIV, July 24 (JTA) — Israel's diamond industry has made a better recovery from the world slump than its counterparts abroad, according to Moshe Schnitzer, president of the Israel Diamond Exchange.

Schnitzer, just returned from a meeting of the World Federation of Diamond Bourses in London, said his has "a better record than any other bourse in the world." Israel has always been a major diamond-polishing center, buying the gems and finishing them either as jewelry or for industrial purposes. Finished diamonds are one of Israel's major exports.

This year's exports are running 11 percent ahead of last year's, Schnitzer said. Israel's diamond industry has paid off all of its indebtedness to banks which amounted to a staggering \$1.25 billion only three years ago. Now the industry is operating with a lean working capital of no more than \$250 million, borrowed from banks.

Its new health and vigor is reflected in a high employment rate. Schnitzer noted that the industry's work force fell from a peak of 12,000 in 1979 to a low of 3,000 in 1980/81. Now it employs 10,000. In contrast, the U.S. diamond industry which employed 2,500 cutters and polishers at the peak of the boom several years ago, now employs no more than 200.

The diamond industry has political ramifications. Schnitzer said the Ramat Gan Bourse which he heads will continue to oppose the inclusion of the Indian Bourse in the World Federation, not out of fear of competition but because India refuses to have diplomatic relations with Israel and makes it difficult for Israelis to visit India.

CORRECTION

A sentence was inadvertently omitted from Part Two of the series on Israel and the Third World: A New Stage. The sentence said: Several hundred Israelis live in Abijan, almost all of them employees of Sonitra, which operates a Hebrew-speaking school for about 80 Israeli children.

SPECIAL TO THE JTA NEW BLOOD IN THE ZIONIST MOVEMENT By Daniella Niv

JERUSALEM, July 24 (JTA) — Yossi Klein was born in Brooklyn, but he dreams at night of the Holocaust. The tales he is told by his father, a Hungarian Holocaust survivor who immigrated to America, reverberate in his dreams and shape his outlook on life. The movie "Kaddish" deals with Yossi's search for meaning and with his efforts to reconcile the two widely diverging realities.

The premier of Steve Brand's "Kaddish" is to be screened at the opening ceremony of the first world conference of Dor Hemshech, the World Zionist Organization's young leadership. The movie's theme is related to the conference's aims: to bridge the gap between the old goals, relevant to the generation which founded the State of Israel, and the current problems facing Judaism in different parts of the world.

Some 120 participants from the diaspora and another 60 from Israel will attend the conference, which will take place in Jerusalem between July 29 and August 1.

"The old slogans of Zionism have fossilized," said Eliezer Sheffer, the chairman of Dor Hemshech, in a recent interview with the Jewish Telegraphic Agency. "The WZO appears to the young generations as an outmoded bureaucratic organization seated by functionaries who average 60 years old."

"The second and third generations of immigrants to the U.S. have a completely different Jewish consciousness from their forefathers. For them Israel is a fact of life, to be taken for granted. The diaspora is not perceived in a negative light — they can choose to remain there and live in freedom. The family framework is not as close-knit as it used to be, and Jewish education takes a different form."

"The old slogans are therefore outdated. In order to reach young people the goals and the programs must become meaningful to their lives."

New Generation Of Community Leaders

Over the past 10 years, Dor Hemshech has been cultivating a new generation of community leaders between the ages of 25-45, in some 25 countries. "The needs of each are different," Sheffer observed. "Argentinian Jews, now emerging from eight years of totalitarianism, are adjusting to a new reality. Theirs differs from that of Jews who live in Greece or Turkey, and both bear little relation to the life of the young Jew in North America."

The aim of the Dor Hemshech conference "is to create a strong force of these people, many of whom are influential in their respective communities, and to encourage a strong militant leadership to develop," said Sheffer. The WZO needs an infusion of the blood and this creates the right opportunity for change, he believes.

"One factor which makes young people hesitant to join the ranks of Zionist movements in the diaspora is these movements' affiliation to Israeli political parties. They don't see why they have to identify" with any of the parties "and why they cannot join a general Zionist movement. Dor Hemshech is an attempt to provide that framework," said Sheffer.

He does not believe that the ideal relationship between Israel and the diaspora should be based on philanthropy. Although fund-raising is important, the tie has to be based on ideology, "on a sense of commitment and participation in the country's future," said Sheffer.

"Recognition of the fact that the drama of the Jewish people in our times is taking place here, in Israel, changes your life," he said. Although aliya is a logical conclusion of this process, Sheffer does not view it as the only one. Creating a strong leadership in the diaspora is an important goal in itself, he feels.

Traditional Teaching Methods Have Failed

Many Jews in the U.S., Sheffer noted, have little or no Jewish knowledge, and he views this as an indication that the traditional teaching methods have failed.

"Take somebody who studies at a Jewish Sunday school during his childhood. When he reaches the age of 18 — or 21 if he goes to a college with a strong Jewish community — he has no suitable framework to fit into. He simply drops out of the picture. Sometimes he will return several years later, usually when he has small children. By this time, little remains of what he learned as a child," said Sheffer.

Dor Hemshech is developing programs designed to teach basic Jewish knowledge through modern individualized methods. One of these is a studying manual for the Bar Mitzvah, designed as a question-answer dialogue between father and son. "The program has two aims," explains Sheffer. "It teaches the son, and often the father too, about the Bar Mitzvah, and at the same time draws them together, strengthening the family bonds."

Another program to be discussed during the conference is the computerized study of Hebrew, Judaism and Zionism.

Proposals To Be Debated

Among the proposals to be debated is the formation of a new settlement in the Jerusalem corridor as a center for Jewish art and culture. Sheffer envisions a settlement, where artists will be able to live on a permanent or temporary basis, and exhibit their works.

He stressed that no decision will be forced upon the forum. Everything is up for discussion: the goals, the programs to be implemented and the structure of the body of involved leaders that will emerge.

"The important thing is that the process doesn't end here, with this first world conference," said Sheffer. "What really matters is what will happen after the conference, when the participants return to their communities and begin the process of change."

AJC SENDS \$2,000 TO HUNGARY TO AID IN RESTORATION OF BUDAPEST SYNAGOGUE

NEW YORK, July 24 (JTA) — The American Jewish Committee today sent a contribution of \$2,000 to the Hungarian Jewish community to aid in the restoration of the Dohany Street Synagogue, the renowned Jewish house of worship in Budapest.

The AJC contribution was sent by Alfred Moses of Washington, D.C., chairman of the AJC's national executive council, to Imre Haber, president of the Central Board of Hungarian Jews, and to Dr. Ilona Seifert, its executive secretary.

Last February, Moses, a prominent attorney, headed a delegation of AJC leaders who visited Hungary on a fraternal mission to the leadership of the Hungarian Jewish community. Members of that mission joined in making this contribution to the Budapest synagogue. During that visit, the AJC delegation also met with Hungarian government, political and cultural leaders as well as with key leaders of the Protestant and Roman Catholic communities.