

ISRAELI-SOVIET TALKS TO BEGIN MONDAY

By Hugh Orgel

TEL AVIV, Aug. 17 (JTA) — Foreign Ministry Deputy Director-General Hanon Bar-On and two other senior Ministry officials left Israel for Helsinki Sunday, to prepare for the forthcoming Israeli-Soviet talks.

His departure for the Finnish capital had not been previously announced, and it was not known what, if any, part he will play in the negotiations opening there Monday with Soviet delegates on what the Soviet Union has said will be talks on consular matters.

Bar-On refused to make any statement at the airport before his departure. The head of the Israeli delegation to the talks, Yehuda Horam, left for Helsinki last week, accompanied by Foreign Ministry deputy spokesman Ehud Gol, who will serve as spokesman for the delegation.

Horam told reporters at the airport before his departure that Foreign Minister Yitzhak Shamir had briefed the team and that, in keeping with the government's decision, the question of Soviet Jewry would be raised at the talks.

Talks May Run Into Problems

But reports from Helsinki say the talks may run into problems as soon as they open, as the Russians want to confine the agenda to consular matters only, while the Israeli delegation plans also to raise the question of Jewish emigration from the Soviet Union and the freeing of Jewish Prisoners of Conscience.

New immigrants from the Soviet Union, as well as members of the Tehiya Party and a new organization calling itself Israel Action, held demonstrations in Jerusalem and Tel Aviv Sunday, demanding the inclusion of the Jewish emigration question in the Helsinki talks.

In Jerusalem, the demonstrators chained themselves to a steel chain padlocked across a main street in the middle of the city, causing a mammoth traffic jam. Their spokesman said Israel should put forward prior conditions about the Jewish question before the negotiations begin.

Demand Raised For Linkage

Natan (Anatoly) Shcharansky wrote in an article published in The Jerusalem Post last Friday that linkage between any Soviet consular and property claims in Israel and Israel's demands for the right of Jews to leave the USSR is an essential key for emigration from the Soviet Union to Israel.

"Testimony to the importance of linkage as a weapon against Soviet repression is provided by the constant Soviet machinations to undermine that linkage, to free themselves of the obligation to honor human rights as a quid pro quo for economic and strategic gains," Shcharansky said. "We are witness today to a major Soviet propaganda attack against linkage..."

He warned that "If Israel betrays the principle of linkage, it will have dealt a mortal blow to the position of Israel's champions in the free world who have battled for two decades to establish that principle."

Shcharansky urged that the right of Jews to emigrate be set forth as a precondition both for progress on consular relations and for further negotiations on improved relations between the two countries.

Prime Minister Shimon Peres, asked in a weekend Israel Radio interview whether he thought there was a chance of any political developments in the Helsinki talks, said: "I believe that there is an opportunity, but there is no certainty." Peres said he had "received various informal messages from the USSR, and I accept them as informal ones."

"We have an interest in renewing relations with Russia," Peres said in the interview, "first and foremost, because of our central issue, the fate of the Soviet Jewry, which is at the top of Israel's considerations, feelings and chances."

CPI STABILITY INDICATES SUCCESS OF THE CURRENT ECONOMIC POLICY

By Gil Sedan

JERUSALEM, Aug. 17 (JTA) — The Consumer Price Index remained unchanged during July, the Central Bureau of Statistics announced last Friday. The figure immediately was hailed as indicative of the success of the current economic policy of freezing the value of the Shekel and controlling prices.

Last July, the CPI rose 25 percent. It has risen 24 percent in the year since the government unveiled its austerity plan. Inflation during that year rose 15 percent. The year before it had reached about 400 percent.

The good news came a day after the government publicized a letter from U.S. Secretary of State George Shultz that urged introduction of far-reaching economic reform.

Shultz Urges Far-Reaching Economic Reform

The letter, received by Prime Minister Shimon Peres earlier this week, was written in a friendly style. But it gave specific advice, suggesting a link between following the advice and maintaining the current level of economic cooperation with the U.S. The U.S. sent Israel \$1.2 billion in a non-military grant and an emergency grant of \$750 million this year.

In his letter, Shultz urged reform of the tax system and the capital market and suggested the government sell the corporations it owns to the private sector.

Shultz, an economist, said the reforms were essential for economic growth. He added that without the growth, Israel would face serious problems in meeting its budget.

Top Ministers Agree With Shultz

Peres convened a top ministerial meeting to discuss the letter and Israel's response. Those attending — among them, Peres, Finance Minister Moshe Nissim, and Minister-Without-Portfolio Moshe Arens — said they agreed with the contents of the letter. All rejected insinuations in the press that the letter amounted to an American attempt to dictate economic moves to Israel.

Treasury sources said Friday the measures recommended by Shultz were already on the agenda of the government's economic policy. Nissim will visit the U.S. next month, and will discuss with Shultz his ideas.

Despite the satisfaction with the CPI, economists noted Friday that had it not been for a drop in the prices of flats, July's index would have been 0.9 percent.

U.S. SENIOR OFFICIAL PREDICTS PERES-MUBARAK SUMMIT ONCE ACCORD FOR ARBITRATING TABA DISPUTE IS SIGNED By David Friedman

WASHINGTON, Aug. 17 (JTA) -- A senior State Department official predicted last Thursday that there will be a summit meeting between Israeli Premier Shimon Peres and Egyptian President Hosni Mubarak once the agreement for arbitrating the Taba dispute is signed.

Richard Murphy, Assistant Secretary of State for Near Eastern and South Asian Affairs, also said he expected the signing to lead to the "immediate return" of the Egyptian Ambassador to Israel.

His predictions were made to the House Foreign Affairs Committee's Subcommittee on Europe and the Middle East as he described the results of Vice President George Bush's recent 10-day trip to Israel, Jordan and Egypt. Murphy, who accompanied Bush, remained for another week in the Mideast to work with the Israelis and Egyptians on the Taba dispute.

He said Thursday he expected the agreement on arbitration for the strip of land on the Gulf of Aqaba to be signed in about two or three weeks. He noted that the Israeli Inner Cabinet has approved the agreement and he said he expects the Egyptian Cabinet to do so too shortly.

The two-to-three-week period is needed for the two issues unsettled when Israel and Egypt agreed on arbitration last Sunday. Murphy said one was the selection of three names from a list of 30 international arbitrators supplied by the United States and the other was the work on the ground to stake out the disputed area.

Egypt has maintained that Israel should have included Taba when the Sinai was returned by Israel as part of the Egyptian-Israeli peace agreement. The area is used by Israel as a resort.

Improvement Of Overall Relations Seen

Murphy said that the agreement will serve not only to bring back Egypt's Ambassador to Israel, removed after Israel's 1982 invasion of Lebanon, but to improve overall relations between the two countries. He said that improving the bilateral relations between the two countries could "help spur efforts" for the overall Mideast peace process.

When Rep. Lee Hamilton (D.-Ind.), the subcommittee's chairman, asked what was the next step in the peace process, Murphy indicated that the U.S. was concentrating on Egyptian-Israeli relations. He noted that Bush's trip was designed not only to move the peace process forward but to discuss bilateral issues with the three countries involved.

But, Rep. Tom Lantos (D.-Cal.) said the news reports about Bush's trip were "embarrassing." He said the trip's purpose seemed to be to provide "photo opportunities" for the Vice President. But Murphy replied that Bush had "very serious, very intensive talks" in the three countries he visited. "I would call them productive," he said.

CONFLICT ERUPTS BETWEEN THE U.S. AND ISRAELI UNITS OF THE AMERICA-ISRAEL CULTURAL FOUNDATION By Andrew Muchin

NEW YORK, Aug. 17 (JTA) -- The president of the America-Israel Cultural Foundation (AICF) denied reports from Israel last Thursday that the future of the organization was in doubt because of a dispute between its American and Israeli councils.

In a telephone interview with the Jewish Telegraphic Agency, Carl Glick refuted the charges of Israeli Knesset Member Mordechai Virshubsky (Shinui), and said any conflict had ended with Virshubsky's recent resignation as chairman of the AICF's Israeli council.

Virshubsky had accused the American council of starting the conflict. He said the council had tried to intervene in the Israeli council's affairs by demanding that AICF Israeli Director-General Yossi Schiffman be replaced by an unqualified candidate; by refusing to settle the dispute through a mediator; and by altering the foundation's bylaws without first informing the Israelis.

Virshubsky told JTA Tel Aviv correspondent Hugh Orgel that other Israeli Board members also have expressed dismay, but have agreed to hang on to try to avoid a complete breakdown of the organization and its activities.

Different Assessment Offered By American

Glick offered a completely different assessment, contending the problems "resulted from a lack of fiduciary responsibility by Mr. Virshubsky." He said Virshubsky "was trying to be a Medici" with funds raised by the U.S. council and sent to Israel to support the cuts. The American council sent \$2 million to Israel last year, according to Glick.

Glick said Schiffman remains with AICF "at the moment," but that the Israeli council is searching for a replacement director-general. That choice must be approved by the American Board of Directors. AICF is a non-profit corporation.

The role of the American Board seemed to be in the center of the controversy. Glick said Virshubsky arbitrarily submitted an unapproved set of bylaws to the Israeli government in 1980 to comply with Israeli law. Those bylaws "completely emasculated the (old) bylaws and would have been completely illegal" in the United States, Glick said, as they "would take responsibility away from the American Board and repose it in Israel."

U.S. corporations must maintain responsibility for how their funds are spent, he explained.

Years later, when Virshubsky's bylaws were discovered, Glick said the Board of Directors "made a big fuss" and voted to approve bylaws similar to the pre-1980 set, returning fiscal responsibility to the Board.

Glick also denied a report that Knesset Member Simcha Diniz (Labor) resigned from the Israeli council because of the dispute. Diniz resigned three weeks earlier, according to Glick, because of other demands on his time.

ISRAEL'S EXCLUSION FROM CHESS GAMES IN DUBAI IS PROTESTED By Ron Csilag

TORONTO, Aug. 17 (JTA) -- The Chess Federation of Canada and the Simon Wiesenthal Center in Toronto have protested Israel's exclusion from the

1986 International Chess Olympiad, to be held this fall in the United Arab Emirates.

Both have sent telegrams to the president of the world governing body of chess, the Switzerland-based Federation Internationale des Echecs (FIDE), protesting Israel's barring from the Olympiad, which will take place November 16 to December 3 in Dubai, United Arab Emirates (UAE).

Dubai announced earlier this year that Israel, which has usually supplied some of the better chess players in the competition, would not be allowed to attend the Olympiad, too late for FIDE to take the games away from the UAE.

In its telegram to FIDE president Florencio Campomanes, the Wiesenthal Center said, "such a decision constitutes nothing less than a scandal and a black mark on the International Chess Federation, which should stand above and apart from politics." The center said FIDE must have known Dubai's policy on Israel when the Persian Gulf state was awarded the Olympiad. The Wiesenthal Center also called on the Canadian chess team to boycott the Olympiad "to help reverse this racist and purely political initiative."

Canadians Won't Boycott Olympics

But Chess Federation of Canada president Peter Stockhausen says the Canadian contingent of five players and one captain would not withdraw from the competition.

Stockhausen said in an interview he does not believe boycotting the Olympiad would help. But at its annual meeting in Winnipeg last month, the Federation sent its own protest to FIDE, reminding Campomanes that any country hosting the games cannot exclude another country of good standing, whatever the reason.

"It's a very unfortunate incident. Obviously, it dragged on behind the scene," said Stockhausen. "I would think that the UAE made a commitment that everybody could attend. What pressure they faced and from whom remains a question."

The chess Olympiad is held every two years, he added, with every other competition held in Greece. In 1972, Israel hosted the games and much of the Eastern European bloc stayed away. "It doesn't make any sense," Stockhausen said. "If they didn't want any Jewish players there, they shouldn't have the Soviet Union. Half their players are Jewish."

He said two resolutions were passed at the annual meeting: one, to send a protest to FIDE for "breaching its own rules," and two, to reconsider Canada's future participation in the Olympiad if FIDE continues to allow the rules to be broken.

The Federation, Stockhausen said, will press Canada's representative to FIDE, J.G. Prentice, to make a last-ditch effort at persuading Dubai to include Israel.

Israel's Consul-General in Toronto, Gideon Saguy, said he heard that several foreign chess federations are pressing FIDE either to include Israel or change the Olympiad's venue. Saguy said the Scandinavian and Dutch teams in particular have stated that if Israel is excluded, they would boycott the competition. (See August 11 and August 12 Bulletins for reactions in the United States.)

SYRIA, LIBYA AND IRAN ARE CAMOUFLAGING TERRORIST OPERATIONS
By Hugh Orgel

TEL AVIV, Aug. 17 (JTA) -- Syria, Libya and Iran, the three Moslem countries most closely involved

with international terrorism, have become more careful about direct implication in terror activities against American or Western targets, according to Dr. Ariel Merari, of Tel Aviv University's Jaffee Center for Strategic Studies.

Merari, Director of the Center's Project on Terrorism, was speaking at a press conference presenting its Inter '85, the second annual project on terrorism covering the year 1985.

The three countries were more careful to camouflage any aid to international terrorist operations, he said, following the American air strike against terrorist bases near Tripoli, Libya, last year. Moreover, he noted that the raid had not been followed by the anticipated outbreak of anti-American revenge activities.

But he added that the three nations doubtless continued to aid terrorism by financial and training aid and the provision of weapons and sabotage equipment.

Increase In Attacks

Merari cited an increase in murderous and indiscriminate terrorist activities carried out by PLO groups in 1985 and early this year, including several "shop window" attacks such as the onslaughts at Rome and Vienna airports, the Lamaca, Cyprus, massacre of Israeli yachters, and the killing of Israeli sailors in Barcelona and the Achille Lauro attack.

The incidence of PLO attacks was more than twice that of previous years, he noted, and the attacks were more indiscriminate.

The 130-page Inter '85, published for the Jaffee Center by The Jerusalem Post, opens with a statistical survey describing the primary characteristics of terrorist incidents that took place throughout the world during 1985.

The second part of the volume surveys the main trends and foci of interest reflected in the statistics. It focuses on three subjects -- Shiite/Fundamentalist terrorism, Palestinian terrorism and the attitude adopted by Western states to the dilemma posed by international terrorism.

It closes with three appendices -- 18 detailed statistical tables, a chronology of significant international terrorist incidents in 1985 and a list of all organizations involved in acts of international terrorism in 1985.

PROTEST AGAINST ANTI-SEMITIC BOOK

NEW YORK, Aug. 17 (JTA) -- The Canadian Ambassador to Syria has complained to Syrian authorities in Damascus about the publication of Syrian Defense Minister Mustafa Tlas's anti-Semitic book which re-creates the myth of the blood libel.

In a letter to the Simon Wiesenthal Center, Joe Clark, Canadian Secretary of State for External Affairs, said Ambassador Jacques Noiseux has met the Syrian Minister of Information and Vice Minister for Foreign Affairs to convey Canada's displeasure with the publication, the Los Angeles-based Wiesenthal Center told the JTA here.

Syrian officials informed Noiseux that Tlas's book does not represent the official view of the Syrian government, according to Clark's letter.

The Center sent copies of excerpts from Tlas's book, "The Matzah of Zion," to the Canadian, American, British and French governments and called for official protests against this blatantly anti-Semitic and false literature.

The Wiesenthal Center has also sent letters to the president of the Sorbonne University of Paris urging the institution to bar an upcoming doctoral thesis by Tlas on Soviet strategy. (By Margie Olster)

SPECIAL TO THE JTA A GLORIOUS PAST, A QUESTIONABLE FUTURE By Sheldon Kirshner (Part Four In A Series)

VIENNA, Aug. 17 (JTA) -- Until the fierce controversy engendered by Kurt Waldheim's wartime record broke into print, Israel and Austria had been quietly improving their relationship.

Under the leadership of former Chancellor Bruno Kreisky, Austria adopted an activist Middle East policy, championing the rights of the Palestinians and becoming the first Western European country to recognize the PLO.

During this turbulent period, Austria was critical of a whole range of Israeli policies, and Kreisky -- a Jew by birth but a Socialist and an atheist by conviction -- was often in the vanguard of lambasting the administration of Menachem Begin, a man he also scorned on a personal level.

After Kreisky's retirement three years ago, and his succession by Fred Sinowatz, whose interest in the Middle East was minimal compared to that of his predecessor, the climate in Israeli-Austrian relations improved.

Austria, whose foreign policy is based on strict neutrality between East and West, changed the style, but not the substance, of its Middle East policy, lowering the harsh rhetoric but maintaining its principles intact.

With the accession of Waldheim to the Austrian Presidency last month, Israel's relationship with Austria has been thrown off-balance again, although Austria's new Chancellor, Franz Vranitzky, is known to have warm feelings for Israel.

Israel Recalls Its Ambassador

To highlight its displeasure with the then President-elect's military record as an intelligence officer in the German army, Israel recalled its Ambassador, Michael Elizur, to Jerusalem. Elizur, in an interview with this reporter as he prepared to leave Vienna, said he expected to return to Austria some time in the future -- a view echoed by officials in the Austrian Foreign Ministry.

Israel's relations with Austria began to sour on May 2, when Yitzhak Shamir, the Foreign Minister said that the election of Waldheim would be "a real tragedy from all points of view -- political, diplomatic, and human."

The Austrian response was equally sharp. Leopold Gratz, the then Foreign Minister, characterized Shamir's remarks as an "unequivocal interference in Austria's internal affairs." Gratz, however, did not send Israel an official protest note, signifying his desire not to roil the waters any further.

Observers on both sides agree that the Waldheim affair has set back Israeli-Austrian relations. Before his recall to Israel, Elizur acknowledged that an "irritant" had been injected into the relationship. In a reference to the revulsion occasioned in Israel by Waldheim's alleged involvement in atrocities against Yugoslavian partisans and civilians, as well as Greek Jews, Elizur noted: "Many Austrians haven't appreciated the depth of feelings that move Jewish Israelis."

Walter Schwimmer, the president of the Austrian-Israel Friendship Society, and a conservative member of Parliament who recently visited Israel, said that, at present, "uncertainty" was the operative word to describe Austria's relations with Israel. He declined to say they had been damaged.

A member of Waldheim's People's Party, Schwimmer defended Waldheim, whom he knows well. He said the former United Nations Secretary General had not been a member of the Nazi Party, opposed Nazi ideology and hailed from an anti-Nazi family. Waldheim, he went on to say, was not anti-Semitic. "He'll fight anti-Semitism in Austria, and he's interested in good relations between Austria and Israel."

Austrian electors, he added, would have rejected Waldheim had he really been a Nazi. "Austrians voted for him because he's a good statesman, because they wanted a political change and perhaps out of a feeling that he had been unfairly maligned."

Schwimmer, whose predecessor, Heinz Nittel, was killed by Arab terrorists five years ago, said he realized that "we Austrians don't sufficiently understand Jewish sensibilities with regard to the Holocaust." What was now necessary, he pointed out, was "real dialogue."

(Tomorrow: Last Part In A Series)

UNANIMOUS CABINET DECISION CLEARS WAY FOR CONTINUING CONSTRUCTION OF MORMON UNIVERSITY ON MT. SCOPUS

TEL AVIV, Aug. 17 (JTA) -- The Cabinet decided unanimously Sunday that construction of the Jerusalem branch of the Mormon Brigham Young University on Mount Scopus should continue, as proposed by the Ministerial committee set up to investigate the matter following Orthodox complaints that the institution was a cover for missionary and conversion activities.

But the Cabinet ruled that special provisions would be made to ensure that no missionary activities would be carried on there.

The Ministerial committee has been examining the issue for over eight months and last week concluded that there was no legal way to halt construction, now nearing completion. The Cabinet Sunday officially approved the committee recommendations.

One of the main factors in the decision was evidence by the Justice Ministry that in its opinion the Salt Lake City-based university had obtained all the necessary permits for its Mount Scopus annex, and there were no legal grounds to stop the project.

The Cabinet, however, decided to add a rider to the land sale agreement which would demand a written assurance that no missionary work be carried out in or from the institution. In addition, the Ministerial committee is to act as watchdog group to ensure that the assurance is honored.

PERES: TABA COMPROMIS OPENS NEW ERA

TEL AVIV, Aug. 17 (JTA) -- Prime Minister Shimon Peres said he expects an improvement in the atmosphere of relations between Egypt and Israel and a continuation in the peace momentum in the Middle East following the Cabinet's agreement on the Taba compromise.

In a weekend interview with Israel Radio, Peres said he agreed with Egyptian President Hosni Mubarak's earlier remark that this will open a new era in the relations between the two countries.

Peres, in an earlier broadcast, said of the Taba issue, "It is clear to me that had we not taken a decision, things would have deteriorated." The Taba issue, Peres said, was more an issue of national prestige than a territorial issue.