

Links In A Chain Of Disaster:**ISRAEL-U.S.-IRAN-CONTRAS CONNECTIONS**
By David Landau

JERUSALEM, Nov. 27 (JTA) -- Israel confirmed Wednesday that it supplied \$12 million of U.S. arms to Iran "in response to an American request," but emphatically denied knowing that any of the funds paid by Iran were transferred to the Contras, the Nicaraguan rebel force supported by the Reagan Administration in their attempt to overthrow the Sandinista government of Nicaragua.

Israel's policy and the need to keep it secret from Knesset members was vigorously defended by Vice Premier and Foreign Minister Shimon Peres in a lengthy statement Wednesday morning to a Knesset angered and dismayed by the government's clandestine actions.

Israel's official acknowledgement contained in a statement released here shortly after midnight Wednesday, local time, differed in several particulars from the statements made several hours earlier by U.S. Attorney General Edwin Meese, at a White House press conference.

Meese said that some \$10 - \$30 million of the money Iran paid for arms received from the U.S. were deposited by "representatives of Israel" in Swiss bank accounts set up by the Contras. He said the money was the amount Iran paid over the \$12 million cost of the weapons, which were transferred from the Department of Defense. Meese referred several times to "representatives of Israel" in that connection and promptly corrected himself after referring once to "representatives of the Israel government."

Peres, who was Prime Minister when the transactions with Iran occurred, addressed the Knesset in response to seven urgent agenda motions on the issue, severely critical of the government. Several were introduced by leftist factions, which were the most vociferous in their condemnation. But there was strong criticism as well from Labor and Likud MKs. Only Yuval Neeman, leader of the ultra-nationalist Tehiya Party unconditionally supported the government's position.

Peres Defends U.S. Objectives

Playing his critics as "hypocrites... who presume to speak in the name of a lofty morality," Peres strongly defended the Reagan Administration's objectives which, according to Meese, were to end the Iran-Iraq war, reduce Iranian support of terrorism and free American hostages held by pro-Iranian groups in Lebanon.

"In life," Peres said, "there are often agonizing conflicts and contradictions between equally pressing moral claims", and in the Iran affair, Israel acted "solely out of moral consideration." He cited as a parallel Israel's decision last year to free 1,150 terrorists and other security detainees in exchange for three Israel Defense Force prisoners of war in the hands of terrorists in Lebanon.

He said he had nothing but admiration for President Reagan, who "does not rest for one moment" in his efforts on behalf of American hostages. "Israel was asked to help secretly and

it was glad to do so," Peres said. There was no question of "American pressure," he said.

He dismissed the idea that the arms Israel sent Iran at the behest of "the friendly U.S. Administration" could tilt the balance in the Gulf war. The official government statement described them as "defensive arms and spare parts." According to Peres, \$12 million worth of arms was insignificant compared to Iran's massive supplies from other countries. China alone, he said, sent Iran some \$3 billion worth of military equipment.

Peres said he himself was "as disgusted as anyone" by the regime of the Ayatollah Ruhollah Khomeini in Teheran, which has assailed Israel in the most violent terms ever since it took power in 1979. At the same time, Peres stressed that Israel has "no obligation to Iraq" which he charged has become "a center for the PLO" and could send "dozens of divisions" against Israel at any time in the future.

Peres disclosed that he spoke to U.S. Secretary of State George Shultz by telephone Tuesday and also to Meese, though he did not say when. He observed that neither had accused Israel of "intrigues in Washington." He also insisted that Israel had no pecuniary interest in the arms deal. It did not make "a single penny" and did not act out of any self interest, he said.

Meese said at his press conference Tuesday that "all shipments in which the United States was involved were made through Israel." But he said Israel had made two shipments of arms to Iran on its own, one in August or September 1985 and one in November 1985. He said the U.S. "condoned" both shipments after the fact and that the second shipment had been sent back by Iran. He did not elaborate.

Peres defended the government's failure to inform the Knesset or even a subcommittee of the Knesset's Foreign Affairs and Security Committee about the arms shipments. He said he had faced a clash between moral imperatives: democratic supervision of the executive and betrayal of an ally's secret. Had it been Israel's secret alone, it would have been brought to the knowledge of Knesset members, Peres said.

Anger Over Arms Transfer Policy

But the mood in the chamber was angry. Haim Ramon, the ranking Laborite in the Knesset Finance Committee, castigated the government's arms transfer policy. He spoke of "the darkest regimes in South America" as Israel's customers for weapons and noted that Israel was "still selling arms to Somoza when the Sandinistas were at the gates of Managua." He was referring to the late Gen. Anastasio Somoza-Debayle, the Nicaraguan dictator, ousted by the Sandinista led revolution in July, 1979.

Yossi Sarid of the Civil Rights Movement (CRM) said that by selling arms to Iran, Israel had "given" direct encouragement to the most extreme element in the Middle East" and it was "an encouragement of terrorism."

Elazar Granot of Mapam demanded, "How do you know that these arms have not reached the Hezbollah?" a reference to the pro-Khomeini Islamic terrorist group in Lebanon.

Mordechai Virshubsky of Shinui called the arms deal "a blow to the good name of Israel and to its national security."

The post-midnight government statement followed an urgent meeting between Premier Yitzhak Shamir, Peres, Defense Minister Yitzhak Rabin and their aides Tuesday night.

It was apparently decided that Israel must respond to Meese's allegations about its transfer of funds to the Contras in time for U.S. television prime time newscasts.

Response To Meese's Allegations

The statement said: "Israel confirms that it helped transfer defensive arms and spare parts from the U.S. to Iran, this in response to an American request. The payment for this equipment was transferred directly by an Iranian representative to a Swiss bank according to the instructions of U.S. representatives. These funds did not pass through Israel.

"The government of Israel was surprised by the announcement to the effect that part of these funds were transferred to the Contras. This matter is not connected at all to Israel, and the Israeli government had no knowledge of it. Obviously Israel was not and is not prepared to serve as a conduit for such a transfer."

Observers here are wondering whether Israel's denial of a key part of Meese's statement would heighten tensions between Jerusalem and Washington. The Reagan Administration, for the moment, is embattled and on the defensive and there is no knowing what revelations may emerge in the course of Congressional hearings and the Justice Department's own investigation of the arms sales and transfer of monies to the Contras.

President Reagan, who addressed the press briefly before Meese, admitted he had not been informed of "one aspect" of the implementation of his arms sales policy, which "was seriously flawed." He announced that his National Security Advisor, Vice Admiral John Poindexter, had resigned and that his aide, Marine Corps Lt. Col. Oliver North, has been dismissed from the National Security Council staff.

North, believed directly involved in support of the Contras and of rebels seeking to topple the Marxist government of Angola, was a key figure in the Iran arms deal and transfer of funds to the Contras.

BONN TAKES ACTION AGAINST SYRIA

BONN, Nov. 27 (JTA) -- The West German government Thursday ordered the expulsion of five Syrian diplomats, froze economic aid to Syria and said that its Ambassador's post in Damascus will remain vacant. The sanctions remained short, however, of an outright break in diplomatic relations.

A government spokesman, Friedhelm Ost, said the court's findings in the trial of two Palestinians sentenced Wednesday for bombing the German-Arab Friendship Society in West Berlin last March clearly indicated that Syria had "violated the basic rules governing relations between states."

A U.S. spokesman for the American, British and French commanders who nominally exercise occupation authority over the western part of the divided city said that an unspecified number of Syrians stationed in East Berlin will be banned from the western part of the city.

A West Berlin judge on Wednesday sentenced Ahmed Hasi, 35, to 14 years' imprisonment, and Farouk Salameh, 40, received a 13-year sentence. Hasi is the brother of Nezar Hindawi who was convicted in a London court last month and sentenced to 45 years in prison for attempting to smuggle explosives aboard an El Al airliner at Heathrow Airport last April 17.

Presiding Judge Hans Joachim Heinze issued a warrant for the arrest of Haythem Saed, a senior Syrian Air Force intelligence officer, after finding evidence of Syrian complicity in the bombing. The evidence was based on the pre-trial confessions of the two defendants. Saed, also known as Abu Ahmed, was implicated at Hindawi's trial. The Syrian connection with the attempt to blow up the Israeli airliner led Britain to break diplomatic relations with Syria.

The West German government in an official statement Thursday called on Syria "to prove its verbal condemnation of international terrorism by concrete acts." It also called on Damascus "to stop its support to groups and individuals involved in terrorist attacks."

Deputy Foreign Minister Juergen Moelleman said that West Germany will not sever its diplomatic relations with Damascus "as diplomatic relations exist to help solve problems between nations."

DEMJANJUK TRIAL OPENS AND THEN ADJOURNS UNTIL JANUARY By Gil Sedan

JERUSALEM, Nov. 27 (JTA) -- The trial of alleged Nazi war criminal John Demjanjuk was formally opened in Jerusalem District Court Wednesday and, after a 40 minute hearing, was adjourned until January 19.

The Ukrainian-born former resident of Cleveland, Ohio is charged with responsibility for the deaths of tens of thousands of Jews and others at the Treblinka death camp during World War II where he is alleged to have served as a guard, known to inmates as "Ivan the Terrible," because of his unmitigated brutality. According to the charges, he personally operated the gas chambers.

At Wednesday's hearing, Demjanjuk and his American lawyer, Mark O'Connor, repeated the defense contention of mistaken identity. "I am not Ivan the Terrible whom they want to hang," a visibly nervous Demjanjuk told the court.

The official charges against the accused are war crimes, crimes against humanity and crimes against persecuted people. Asked how his client pleaded, O'Connor said "We cannot deny that such terrible things were done in the camps, and we would therefore be prepared to admit to many of the charges, but the accused is not the man to whom the charge sheet refers."

The small courtroom was filled mainly with Justice Ministry officials and the media. The prisoner spoke in his native Ukrainian, translated into Hebrew and English. An argument arose when the defense asked that the Ukrainian translator be replaced on grounds that he is to be a prosecution witness. Another person of Ukrainian origin took over the translation.

Claim By Demjanjuk's Lawyer

O'Connor's claim that his client was unfit to stand trial at this time because of an injury sustained when the prison van skidded on the way

from Ramle prison to Jerusalem, was rejected by court President Judge Dov Levin. He said he was willing to hear Demjanjuk's complaint in his private chambers but would not admit it to the trial proceedings.

Another complaint, voiced by O'Connor, was that he has been forced to appear in court without the assistance of an Israeli lawyer. He underscored this by apologizing repeatedly for his "imperfect knowledge of Israeli law."

O'Connor was given special dispensation by the Justice Ministry several months ago to plead in Israeli courts. An Israeli lawyer was to be appointed to assist him on points of law. O'Connor told reporters after the hearing Wednesday that he had spoken to six attorneys referred to him by the Israel Bar Association but none was prepared to give his time, "a year or year-and-a-half," according to O'Connor, to serve at the trial.

"Certainly, I cannot pay the fees of Israeli lawyers who have asked for \$400,000 or \$600,000 fees," O'Connor said.

Demjanjuk, 66, was stripped of his U.S. citizenship in 1981 for lying about his alleged Nazi past. He is the first Nazi war crimes suspect extradited to Israel and will be the first to stand trial here since Adolf Eichmann who was executed in 1962.

SOLON VOWS TO FIGHT ANY ATTEMPT TO MAKE ISRAEL A SCAPEGOAT IN ARMS DEAL By Yitzhak Rabi

NEW YORK, Nov. 27 (JTA) -- Sen. Christopher Dodd (D. Conn.) vowed Tuesday night to fight any attempt to make Israel "a scapegoat" in the growing uproar in Washington over the Iran arms affair.

"I will not allow the State of Israel to become a scapegoat in this crisis," Dodd told more than 800 participants, many of whom are Holocaust survivors, at the Israel Bonds International Holocaust Survivors Tribute Dinner at the Pierre Hotel here.

Dodd said that Israel is the United States' best ally "not only in the Middle East but anywhere in the world."

Elie Wiesel, Nobel Peace Laureate for 1986, also expressed concern that Israel might become a scapegoat in the current crisis in Washington. "Israel's name was mentioned today (Tuesday) too many, much too many times," Wiesel noted, referring to the events surrounding the resignation of Vice Admiral John Poindexter as National Security Adviser and a statement by Attorney General Edwin Meese charging that Israeli representatives deposited money paid by Iran for arms in Swiss bank accounts set up by the Contra rebels in Nicaragua.

Wiesel presented in the course of the dinner the Bonds' International Elie Wiesel Remembrance Award to Sigmund Strochlitz, a prominent businessman and Jewish leader, who, like Wiesel was an inmate in the Auschwitz concentration camp during World War II. Strochlitz and Wiesel have been active on the U.S. Holocaust Memorial Council, of which Wiesel is chairman. The dinner Tuesday night was also sponsored by the Elie Wiesel Holocaust Memorial Museum Endowment Fund in Washington.

The award presented to Strochlitz was a bronze statue by sculptor Chaim Gorss with an engraved quotation from Isaiah 58:1: "Cry aloud, spare not/lift up thy voice like a trumpet."

Strochlitz received the award in recognition of "his dedicated efforts to keep alive the memory of the Holocaust," said Miles Lerman, dinner chairman.

U.S. TRADE REPRESENTATIVE SUGGESTS WAYS ISRAEL CAN FIND EXPORT MARKETS By David Friedman

WASHINGTON, Nov. 27 (JTA) -- Clayton Yeuter, the United States Trade Representative, believes that if Israel wants to increase its exports it must find "market niches" for itself as has South Korea and Taiwan.

The challenge for Israeli firms is to "find a niche that's a profitable one and one in which they can meet the competition, where they'll not be overwhelmed by the much larger firms that exist in the United States or elsewhere," he told reporters from the Israeli and U.S. Jewish media at a press conference in his office Wednesday.

Yeuter returned November 20 from Israel where he spent a week discussing the free Trade Agreement between the U.S. and Israel which was signed September 1, 1985. This first annual consultation on the FTA, which will alternate between Jerusalem and Washington, was held with Trade and Industry Minister Ariel Sharon. He also met with other officials, including Premier Yitzhak Shamir and Foreign Minister Shimon Peres.

"Israeli exporters have not been as aggressive as those in certain Asian countries like Korea and Taiwan," Yeuter said. He said he advised the Israelis that "There's a competitive world out there. The market isn't going to come to them. People aren't going to knock on the doors in Tel Aviv saying 'please sell me something.' The Israeli exporters are going to have to be out beating the bushes and knocking on doors in the market places of the world."

But Yeuter believes Israel can do it. He said that Israel has "sophisticated people, well-educated" and a "skilled labor force." However, he noted that since "Israeli wages are higher than Korea and Taiwan it can not compete in labor intensive products. Instead, it should seek to export 'relatively high tech, sophisticated products,'" he said.

Elements In The U.S.-Israel Agreement

The U.S.-Israel Free Trade Agreement calls for a series of elimination and reduction of tariffs between the two countries by 1995. Yeuter said it is too early to make an assessment of the agreement's success but he believes it can have only a positive effect since "once trade barriers are reduced trade expands."

"Israel will be the greater beneficiary" of the agreement because the smaller trading partner always benefits more, Yeuter said. But he stressed the U.S. also benefits. "To the degree that Israel becomes a larger winner than the United States, that's fine, as long as we are both winners," he said.

In 1985, Israel for the first time exported more to the U.S. than it imported. It exported \$2.2 billion to the U.S. and imported \$1.8 billion. For the first six months of 1986 Israel exported \$1.2 billion and imported \$896 million.

Yeuter said that the Israelis stressed to him that by opening plants in Israel, American firms would receive the same trade concessions from the European Community that Israeli firms do, thus making it easier for them to compete in Europe.

SPECIAL INTERVIEW ISRAEL AT THE CROSSROADS By Yitzhak Rabi

NEW YORK, Nov. 27 (JTA) -- Israeli society is at a turning point where its fate is hanging in the balance. It can descend into European-style fascism if the present tensions and divisiveness continue to fester, or it can become a truly democratic society if the Zionist ideals of the nation's founders are implemented.

Knesset member Shulamit Aloni, leader of the Civil Rights Movement (CRM), who expressed this view, does not mince words. For more than 20 years she has been in the forefront of the fight for civil rights and a free, democratic, pluralistic society devoid of religious constraints and nationalist extremism. But now she says, actually warns, that Israel will not be able to survive if it is not a just and democratic society.

"A lot depends on whatever happens in the Labor Party," Aloni asserted in an interview here with the Jewish Telegraphic Agency. "There are forces in Labor that pull the party to the extreme right and toward the politics of the mob. The Labor Party must veer away from populism and stop being apologetic (T)he Israeli public is ripe for that."

Aloni, who was in New York to attend a conference at the United Nations on international economy, said that her own party is likely to increase its representation in the Knesset in the next election from its present four members to six. "We will be ready to support those elements in Labor that shun the influence of the right, the sober elements," she said.

The Seeds Of Fascism

According to Aloni, the seeds of fascism in Israel have been growing steadily in the last decade, especially since the Likud and its leader, Menachem Begin, came to power in 1977. "Israeli society is now divided between an irrational, nationalistic, religious right, with messianic racist attitudes toward the Arabs, and an extreme, anti-Zionist left that blames Israel for all evils," she explained. "In the middle are the Likud and Labor, with the rightist elements in the Likud and the leftist elements in Labor pulling to the extreme fringes."

She identified the extreme right as the Kach and Tehiya Parties and the Gush Emunim movement, and the extreme left as the Hadash (Communist) Party and the Progressive List for Peace.

Critical Of American Jewry

Aloni sharply criticized the role of American Jewry in influencing events in Israel. Her criticism was especially directed at the liberal and progressive elements of American Jewry who have lost hope that Israel can become a progressive nation and say that they are "fed up with Israel." Instead of taking this negative approach, these Jews should come forward and raise their voices about whatever is wrong with Israeli society, she argued.

"American Jews should stop viewing Israel as the Church or the Vatican of the Jewish people," she declared. "They must understand that in order to survive, Israel must be a pluralistic society, with freedom of expression and freedom of assembly and the due process of law. If American Jews view Israel as their Vatican, then forget about democracy."

The outspoken Aloni was also critical of the American Jewish leadership. "I don't know who elected them as leaders of American Jews," she said. "They are happy to come to Israel and rub elbows with important people. They're supporting Israel, and I'm for it, but they should raise their voices and denounce discrimination against minorities and religious coercion in Israel, and support the underwriting of a constitution and a bill of rights in Israel."

Religious Coercion Deters Aliya

Aloni asserted that religious coercion in Israel is a major deterrent to Reform and Conservative American Jews who want to come and live in Israel. "Moreover," she said, "why should Russian Jews want to come to Israel? Many of them are mixed couples who will not be recognized as Jews by Israel's Orthodox rabbis. Their children will not be able to marry Jews, and they will be identified in official documents as goyim."

A lawyer by profession, Aloni has been using her expertise to fight the religious establishment in Israel by creating new alternatives for those who do not want to use the religious authorities in matters such as marriage and divorce. "As a result of the cruelty and extremism of the rabbinical courts in Israel, many Israelis have lately decided to ignore the religious establishment," she said.

According to Aloni, hundreds of Israelis, including her own son Udi, have recently married by signing "marriage covenants under the law of contracts." Many could be married by the rabbinical courts, but out of conviction and protest against religious coercion couples have elected to be married by a lawyer rather than a rabbi, she said.

For many in Israel, Aloni is an admired leader. Many others, however, especially those in the religious establishment and the right, view her as an "enemy." For years, Aloni has been fighting religious intolerance. In recent years, she has become a victim of that phenomenon.

A Target Of Intolerance

"I have been getting a lot of threatening letters and telephone calls," Aloni disclosed. "I have been threatened with mutilation and rape. Maybe because I am a woman, many of the letters include sexual references and curses. People call my home in the middle of the night, warning me and my family."

"Am I afraid? Maybe, some times. But I am not going to stop. I am not going to give up. I am optimistic. I believe there is a vitality in Israeli society, a desire to be better, because otherwise we will be destroyed."

She paused for a moment and then added: "I don't believe in a society that lives on its army, on religion and contributions. That is Iran. I believe in a Zionist, free, just and democratic Israel."

TEL AVIV (JTA) -- Ernst Japhet, former board chairman of Bank Leumi, one of Israel's largest banks, resigned this week from chairmanship of the boards of the bank's affiliates in Britain, France and Switzerland and is on his way to the U.S. to tender his resignation from the Bank Leumi companies in the U.S. and Canada, it was reported here Wednesday.