



JAN 20 1987

**DAILY NEWS BULLETIN**

Contents copyright: Republication only by previous arrangement.

PUBLISHED BY JEWISH TELEGRAPHIC AGENCY • 165 WEST 46TH STREET • NEW YORK, NY 10036-2574 • (212) 575-9370

VOL. 65 - 70th YEAR

WEDNESDAY, JANUARY 14, 1987

NO. 9

**SHIITE TERRORISTS SAY THEY  
'EXECUTED' ANOTHER JEWISH HOSTAGE**  
By Edwin Eytan

PARIS, Jan. 13 (JTA) -- A Shiite terrorist group in Lebanon announced Monday that it "executed" another Jewish hostage, Yehouda Benesti, 70. He is believed to be the ninth Lebanese Jew murdered by the group which calls itself "The Organization of the Oppressed (Mustadafin) in the World."

He is also believed to be the father of two other murdered Jewish hostages; Ibrahim Benesti, 34, who was killed on February 15, 1986, and Youssef Benesti, 33, murdered on December 30, 1986.

The exact identity and relationship of the victims is not entirely clear because there is no organized Jewish community in Beirut. Jewish organizations here have only sketchy documentation on missing Jews believed taken hostage.

The Mustadafin said it executed its latest victim because of his activities "on behalf of Israeli intelligence." It released a photograph of an elderly bald-headed man with a well-trimmed white beard.

According to the group's announcements, 10 Lebanese Jews were taken prisoner during the last 20 months and nine have been killed. Only three bodies have been recovered, however. Those were identified as Haim Cohen, 38, kidnapped on March 30, 1985 and murdered on December 24, 1985; Isaac Tarrab, 70, murdered in late December 1985; and Ibrahim Benesti.

The French Jewish community has appealed to the French government and to President Amin Gemayel of Lebanon to try to secure the release of Jewish hostages still alive and the return of the bodies of those put to death. Shiite gangs are presently holding 19 French nationals hostage.

Neither the French Government nor Gemayel seems to have influence with the Shiite extremists in Lebanon. Terry Waite, the Englishman representing the Archbishop of Canterbury in trying to secure the release of hostages in Lebanon, has intervened on behalf of the Jewish victims, so far without success.

He told a press conference in Beirut Monday night that he was also trying to act on behalf of Israeli prisoners of war in the hands of various groups in Lebanon but could do nothing unless Israel "stops bombing (south Lebanon) and opens the way to a peaceful solution" in that region.

Shiites claiming to speak for the Mustadafin were quoted as saying they would return the bodies of the slain Lebanese Jews only if Israel releases Lebanese and Palestinian prisoners in custody of the Israel-backed South Lebanon Army (SLA).

**WHITE HOUSE ASSURES SHAMIR THAT  
THE REAGAN ADMINISTRATION IS NOT  
TRYING TO SCAPEGOAT ISRAEL IN  
THE IRAN ARMS SALES-CONTRA AFFAIR**  
By David Landau

JERUSALEM, Jan. 13 (JTA) -- Premier Yitzhak Shamir received assurances from Washington this week that the Reagan Administration was

not trying to scapegoat Israel in the Iran arms sales-Contra affair.

Vice Premier and Foreign Minister Shimon Peres confirmed this to the Knesset's Foreign Affairs and Security Committee Tuesday. He also disclosed that he sent a message of his own to Vice President George Bush reiterating Israel's denial that it was involved in the transfer of proceeds from Iranian weapons purchases to the Nicaraguan rebels, known as Contras, or that Israel initiated the U.S. arms sales to Iran in 1985.

The impression that Israel was the prime mover in the arms sales was contained in a briefing memorandum to President Reagan by his then National Security Advisor, Admiral John Poindexter, released by the White House last Friday.

Israel was also agitated by reports in the U.S. media attributed to Administration and Congressional sources, that it was shipping weapons to the Contras at its own initiative in 1985, unknown to the U.S. until "detected" by American intelligence.

Israeli diplomatic sources in Washington were quoted by Israel Radio as expressing concern "that Israel was now being made a scapegoat" by the White House.

**A Realization By The White House**

Peres confirmed Tuesday that a message from the White House was conveyed orally to Shamir by U.S. Ambassador Thomas Pickering Sunday assuring Israel that the documents released last week were not intended as criticism of Israel.

A State Department official said Monday that the White House realized after the documents were released that they were potentially damaging to U.S.-Israel relations.

A State Department source was quoted in the American media Tuesday as saying that "Tom Pickering was told to tell Shamir that the White House release of the documents was not an attempt to point fingers and accuse Israel of anything, but that so much partial and incorrect information had been leaked out and the President had a commitment to get everything out to the public, that the White House felt it was important to get them on the record."

The Poindexter memo stated that an emissary from Peres, who was Prime Minister at the time, brought to Washington a plan to sell weapons to Iran as a means of securing the release of American hostages held by pro-Iranian elements in Lebanon and for mutually beneficial strategic interests of Israel and the U.S.

The memorandum reportedly was prepared by Lt. Col. Oliver North, an aide to Poindexter at the time. The implication was that the memo prompted Reagan to issue his "intelligence finding" of January 17, 1986, authorizing the covert shipment of American weapons to Iran.

Peres, in his appearance before the Knesset committee, blasted the Israeli media for "drawing fire" down on Israel by publishing reports of its role in the Iran arms sale and transfer of funds to the Contras. Israel has maintained that it facilitated the arms shipments solely at the

request of the Reagan Administration to help an ally obtain the release of its hostages. Itben has vigorously denied any Contra connection.

The developments of the past week caused severe embarrassment both in Washington and Jerusalem at a time when U.S. Assistant Secretary of State Richard Murphy is visiting the region to explore ways to advance the stalled peace process and to restore American credibility with the Arab states seriously disturbed by the arms sales to Iran.

Murphy visited Jordan, Israel and Egypt last week. He is due back in Israel Tuesday or Wednesday. The White House announced, meanwhile, that Shamir will go to Washington for a meeting with Reagan February 18, to be followed a week later by President Hosni Mubarak of Egypt.

#### U.S. STRESSES THAT ISRAEL IS NOT RESPONSIBLE FOR ADMINISTRATION'S DECISION TO SELL ARMS TO IRAN

By David Friedman

WASHINGTON, Jan. 13 (JTA) -- The Reagan Administration stressed Tuesday that the United States government, not Israel, is responsible for the Administration's decision to sell arms to Iran.

"Israel does not make decisions for the U.S. government," State Department deputy spokesperson Phyllis Oakley said. "We make our own decisions and accept responsibility for our own actions."

Oakley noted that over the past three days there have been news reports in which members of the Administration appeared to be blaming Israel for the decision to sell arms to Iran in exchange for the release of American hostages in Lebanon and for diverting excess funds from the sale to the Contras.

The White House released last Friday a memorandum dated January 17, 1986, by the then National Security Advisor, John Poindexter, to President Reagan which indicated that Israel promoted U.S. contacts in Iran in an effort to bring about a more moderate government there and suggested selling arms in return for the release of the hostages. The President did not read the memorandum but was briefed orally from it.

The release of the document was followed by reports alleging that Israel pressed the U.S. to continue dealing with Iran despite the reluctance of White House aides.

#### Denies U.S. Apologized To Israel

Oakley denied reports that Reagan or any other Administration official had apologized to Israel for the attempt to blame U.S. policy on Jerusalem. But she confirmed that Thomas Pickering, the U.S. Ambassador to Israel, discussed the "issue" with Premier Yitzhak Shamir on Sunday. She said Pickering did not present Shamir with a letter from Washington, but orally gave the U.S. position that it assumed responsibility for its action.

However, Shamir's spokesman, Avi Pazner, said in Jerusalem that Pickering assured the Premier that the Administration was not trying "to make Israel a scapegoat for the decisions made by Washington."

Oakley's comments came as Yossi Beilin, Director General of Israel's Foreign Ministry, was conducting two days of talks here with Michael Armacost, Assistant Secretary of State for Political Affairs.

She noted that the talks were part of the periodic discussions between Armacost and the Director General of the Foreign Ministry which began in 1983, although this was Beilin's first participation since becoming Director General.

The talks covered "the full range of bilateral, regional and international issues of mutual interest to the U.S. and Israel," Oakley said.

#### THE CONTINUING O'CONNOR-JEWISH STORY By Margie Olster

NEW YORK, Jan. 13 (JTA) -- Representatives of two Jewish organizations--the Anti-Defamation League of B'nai B'rith and Agudath Israel of America-- which withdrew their names from a statement critical of John Cardinal O'Connor said they disagreed with some of the criticism and that the name of Agudath was used without authorization on the original statement released Saturday.

Meanwhile, O'Connor, the Roman Catholic Archbishop of New York, asked publicly for an apology from the leaders of 53 national Jewish organizations which issued the statement criticizing remarks O'Connor made on his recent trip to the Middle East.

Nathan Perlmutter, ADL director, said he disagreed with the criticism of O'Connor's remark upon visiting Yad Vashem that the Holocaust "may be an enormous gift that Judaism has given the world." The statement called this remark "disturbing and painful."

#### Says Remarks Were Misinterpreted

But Perlmutter said O'Connor's remarks were misinterpreted. "He spoke out of Christian love and we heard it out of Jewish pain. The Cardinal was talking in Christian terms and we did not feel that he should be criticized for it," he said. In Catholic theology, O'Connor's defenders noted, suffering is revered as an experience which brings one closer to the Almighty.

Perlmutter also said he preferred not to air the criticisms in a public forum. "Public lecturing rarely changes anyone's mind," he said. ADL also decided to withdraw its name from the statement after learning it would be issued before O'Connor would have a chance to see it. The statement was released hours before O'Connor returned to New York at the conclusion of his trip.

A spokesman of Agudath Israel, Rabbi Yitzhak Brandriss, said his organization informed O'Connor that they had never authorized the use of their name on the statement. Brandriss would not comment further on the content of the statement except to say that the leadership of Agudath Israel would consider the "sensitive matter" and decide on any future reaction.

Perlmutter said he did agree with some of the criticism contained in the statement and noted that O'Connor tended to oversimplify the Palestinian problem.

"The Cardinal is an imperfect friend, but he is not an enemy. We preferred to talk with him rather than attacking a person who has been, on many levels, a good friend."

O'Connor responded publicly to the statement Monday on the New York NBC-TV news program "Live at Five," saying "Honestly, I feel an apology is in order." O'Connor said he would continue to support the Jewish community even if an apology was not forthcoming but said that would make it more difficult.

Morris Abram, chairman of the Conference of Presidents of Major American Jewish Organizations, appearing on the same news broadcast, said "if we hurt him, we would be terribly sorry" but defended and even repeated the criticisms in the statement.

## CABINET APPROVES NEW ECONOMIC PROGRAM

By David Landau and Gil Sedan

JERUSALEM, Jan. 13 (JTA) -- The Cabinet early Tuesday morning approved a new economic program which its proponents say will stimulate economic growth and exports, curb inflation and assure economic stability without causing hardship to wage-earners or increasing unemployment.

The main features of the plan, agreed to after an exhausting all-night session and intensive consultations with labor and management, are a 10 percent devaluation of the Shekel; a 400 million Shekel reduction in the national budget; some minor tax reforms; and a new levy on education.

Although the prices of some subsidized goods and services will go up as a result of devaluation, they are expected to be neutralized by wage-price constraints agreed to by Histadrut and the Manufacturers Association. A proposed 30 percent hike in transportation fares was dropped. The price of gasoline was not raised. A total price freeze will be in effect until April.

### Defense Budget Emerges Unscathed

The budget itself, the subject of fierce debate within and outside of the Cabinet for the past month, emerged with the defense budget unscathed. The modest 80 million Shekel cut in defense expenditures urged by Finance Minister Moshe Nissim with the support of Premier Yitzhak Shamir was voted down by a majority of the Ministers, a singular victory for Defense Minister Yitzhak Rabin. The 80 million Shekels will be excised instead from the budget reserves.

A major and even more controversial change of policy was the decision to impose an annual education tax of between 100-400 Shekels per child, the amount contingent on the parents' income. The Cabinet thereby deviated from the principle of free compulsory education which has been in effect since the founding of the State.

But according to government sources, about 43 percent of the population will be exempt. Parents of more than three children, residents of development towns and families with a monthly income of 1,000 Shekels or less will not have to pay the tax.

### Major Tax Reform Plans Abandoned

The Treasury's ambitious plans for major tax reforms, including the elimination of loopholes and exemptions, went by the board. What emerged in the new economic program was a reduction of the top income tax bracket from 60 to 48 percent on incomes of up to 9,000 Shekels a month. Families earning more will pay a surtax of 53 percent on the difference. Corporate taxes were put in the 40 percent bracket.

Under heavy pressure from Histadrut, the Finance Minister was forced to abandon plans to eliminate tax exemptions for new development towns, working mothers and the handicapped. Nissim also backed away from health care fees. Histadrut called those proposals anti-social and regressive.

The 10 percent devaluation of the Shekel may have the greatest impact. Nissim gave assur-

ances Tuesday that it would not usher in a new era of periodic devaluations.

The Tel Aviv Stock Exchange reacted favorably. Virtually all shares advanced in price Tuesday. Investors were apparently convinced that the currency rate adjustment will spur exports and business in general.

### A One-Time Action

At a joint press conference with Vice Premier and Foreign Minister Shimon Peres, Histadrut Secretary General Yisrael Kessar and Dov Lautman, chairman of the Manufacturers Association, Nissim declared:

"Let me assure our public that this is a one-time action ... It will not upset our hard-won stability ... We have seized the opportunities to ensure that the effects of the devaluation are neutralized ... and therefore the exchange rate will stand for a long time to come."

The official rate now stands at 1.64 Shekels to the Dollar and 1.68 Shekels to a "basket" of currencies.

By "neutralization," Nissim was referring to the government's decision to waive 2.7 percent of employers' payments to National Insurance and Histadrut's agreement to waive 2.7 percent of cost-of-living increments occasioned by devaluation. But Kessar warned that if inflation rose despite these efforts, Histadrut would demand that the full COL increment be paid.

Peres and Nissim maintained that the new economic plan "created the conditions for a continuation of the stability in the economy and renewal of growth." Its purpose, they said, was to avoid unemployment and not widen the social gap. They contended that industry and exports would benefit.

The entire plan is subject to approval by the Knesset where it is expected to encounter some stiff opposition. Three motions of non-confidence were introduced Tuesday by Mapam, the Hadash (Communist) Party and the Progressive List. Yair Tsaaban of Mapam attacked the tax reform measures. He said they would cost the government upwards of 1 billion Shekels in lost revenues. But President Chaim Herzog called on the nation Tuesday to "continue giving unified support" to the efforts for economic recovery.

### BANK LEUMI BOARD RESIGNS

JERUSALEM, Jan. 13 (JTA) -- The Board of Directors of Bank Leumi resigned Tuesday and Leon Dulzin, Governor of the bank, though not a director, said he, too, would resign within a month, as soon as a new Board has been named and is in place.

Dulzin made his announcement after appearing before the Knesset Finance Committee which demanded that he quit as head of the holding company which controls 75 percent of Bank Leumi's voting stock.

The Bank Leumi crisis erupted two weeks ago with the disclosure that its former chairman and chief executive officer, Ernst Japhet, was given \$4.5 million in severance pay and a \$30,000 a month pension when he was forced to resign last spring after being implicated in the 1983 bank shares scandal.

Eli Hurwitz, who replaced Japhet and served without compensation, announced his resignation Tuesday and said all other Board members have submitted their resignations.

## SPECIAL TO THE JTA CATHOLIC-JEWISH RELATIONS IN BRAZIL By Rochelle Sidel

NEW YORK, Jan. 13 (JTA) -- The National Bishops' Conference of Brazil has issued a 187-page "Guide for a Catholic-Jewish Dialogue in Brazil," according to Rabbi Henry Sobel, coordinator of the National Commission for Catholic-Jewish Dialogue sponsored by the Bishop's Conference there.

Sobel, who heads the commission of five Jewish and five Catholic leaders, is rabbi at Congregacao Israelita Paulista in Sao Paulo, the largest synagogue in Latin America.

The guide was prepared by the commission and distributed last month to Brazil's 229 Catholic archdioceses and dioceses by the National Bishops' Conference, and covers such subjects as Israel, Jewish history, the Holocaust, roots of anti-Semitism, Judaism in Brazil, and interfaith cooperation. Sobel told the Jewish Telegraphic Agency during his visit to New York last week to speak to the American Jewish Committee.

Brazil has the largest Catholic population in the world, some 117 million, and the Jewish population is only about 150,000. "The mere fact that the Catholic Church reaches out to the small Jewish minority reflects theological and political sensitivity, commitment and vision," Sobel said.

### Significant Elements In The Book

Most significant is the fact that the book acknowledges the legitimate existence of the State of Israel within secure boundaries, Sobel said. He emphasized, however, that the Bishops' Conference does not have within its powers the ability to recognize or not recognize Israel. "This can only come from the Vatican," Sobel said. "But the mere fact that the Brazilian Bishops speak of 'the right of the Jews to a peaceful political existence in their land of origin' reflects tremendous sensitivity."

The introduction to the guide says its objective is "helping Catholics in Brazil to understand better the historical, religious and national aspirations of the Jewish people."

Written in simple language, the guide is designed to stimulate discussion on Judaism in the Catholic churches and schools in Brazil. Suggested questions include: Does anyone know a Jew? Are there prejudices in this society? To what extent is the figure of Judas used to strengthen prejudices against Jews? The manual points out the sources of traditional and continuing distrust between Catholics and Jews.

The Bishops' Conference is known for its political activism for social justice in Brazil. In addition, "they are ecumenical in spirit and action and deeply committed to dialogue with the Jewish community," according to Sobel.

In November 1985, in commemoration of the 20th anniversary of "Nostra Aetate," the first Pan-American Conference on Catholic-Jewish Relations was held in Sao Paulo, under the sponsorship of the Brazilian Bishops' Conference. Seven resolutions were adopted, including one that stated "Zionism is not racism," to mark the 10th anniversary of the United Nations General Assembly adoption of the infamous Zionism is racism resolution.

### Major Problem Facing Jews In Brazil

In his remarks to the AJCommittee, Sobel said that the major problem confronting Jews in

Brazil was not anti-Semitism but Semitism -- the preservation of Jewish identity.

"If we are mesmerized by anti-Semitism," Sobel stated, "we divert our energy from many more urgent problems on our agenda: Jewish identity, Jewish education, Jewish values, Jewish culture. We are so concerned with the idea that we may some day be denied the right to be Jews, that we neglect our duty to remain Jews."

"Our most urgent task in Brazil today is not only to combat possible anti-Semitic trends. Brazilians are among a most tolerant people, and consequently, anti-Semitism is not a major threat. The prominent task is to motivate Jews to remain Jews."

Sobel emphasized that he was not discounting difficulties facing Jews in Brazil. He noted that: Brazil is leaning more on oil-producing countries to cope with a mounting international debt of \$120 billion; pro-PLO groups have used the Israeli operation in Lebanon as an excuse to intensify their public demonstrations; the Methodist University of Piracicaba recently joined with the PLO in seminars on the "Zionist threat"; and Brazil, as a major arms manufacturer, has sensitive relations with Saudi Arabia, Iraq, and other anti-Israel Arab nations.

Present-day uncertainties affecting Brazil's Jews, Sobel told the AJCommittee, center largely on their former tendency to keep their distance from social justice movements. Until recently, he stated, because of the rightwing government, any movement for human rights was automatically interpreted as a leftist movement against the government.

### Adapting To Liberalization

But now, he pointed out, Brazil is on the way to becoming one of the world's largest democracies. Moreover, he said, the Roman Catholic Church in Latin America has been opposing the "conservative power structure" and Jews are less inclined to avoid association with human rights causes.

As a result, Sobel asserted, the ethical values of Judaism have more space to express themselves and more of an opportunity to affect the lives of Jews. "The problem Jews face," he said, "is how to adapt to this period of liberalization. Just as we have the liberty to manifest ourselves as Jews, so do anti-Semites have the liberty to manifest themselves as anti-Semites."

Born in Lisbon, Portugal, of Belgian refugees from Hitler, Sobel was raised in New York City. He received his ordination from Hebrew Union College-Jewish Institute of Religion in 1970 and soon afterwards moved to Brazil.

### ISRAELI JETS HIT TERRORIST BASES

TEL AVIV, Jan. 13 (JTA) -- Israel Air Force planes attacked terrorist targets in Lebanon Tuesday, for the second time in two days. All the aircraft returned safely to their base. The latest action came hours after an attack by Lebanese terrorists on a position staffed by the Israeli-backed South Lebanon Army east of Sidon in which three people were reported killed and 10 wounded.

An Israel Defense Force spokesman described the targets hit Tuesday as stone houses and a tented area used by a pro-Syrian terrorist group in the Bekaa Valley not far from the Syrian border and in an area protected by Syrian missiles.