

FEB 27 1987

**DAILY NEWS BULLETIN**

Contents copyright: Reproduction 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

THURSDAY, FEBRUARY 26, 1987

NO. 38

# **TALK OF UNITY GOVERNMENT COLLAPSE INTENSIFIES AS PERES ARRIVES IN EGYPT**

By David Landau

JERUSALEM, Feb. 25 (JTA) -- Vice Premier and Labor Party leader Shimon Peres declared in Cairo Wednesday that he would represent the entire Israeli government in his talks there with Egypt's leaders.

But Likud leaders here reiterated Premier Yitzhak Shamir's warnings that the unity government could fall if Peres persisted in pursuing the option of an international conference for the Middle East.

Shamir himself was still en route for home, following a 10-day trip to the U.S., as Peres left for Cairo.

Peres' timing plainly was regarded by Likud as an open insult to the Premier, and political circles said Wednesday that the crisis between the two main coalition partners was at its deepest.

One important indication of the political atmosphere was a statement by National Religious Party leader Ze'evulun Hammer, Minister of Religions. Long an ardent supporter of the unity government, Hammer said Wednesday that with the two leaders so at loggerheads, it was "hard to see what the value of this unity is" and that perhaps the best alternative would indeed be elections.

The crisis will come to a head on Sunday, when the two leaders confront each other across the Cabinet table.

Peres will meet President Hosni Mubarak Thursday on the second day of his trip to Egypt. After his arrival he had talks with Foreign Minister Esmat Abdel-Meguid, and later visited the Cairo Synagogue.

# **DULZIN SAYS HE WON'T SEEK REELECTION AS CHAIRMAN OF JEWISH AGENCY, WZO AS HE ESCAPES BLAME FOR BANK SCANDAL**

By David Landau

JERUSALEM, Feb. 25 (JTA) -- Leon Dulzin announced Tuesday night that he would not seek re-election as chairman of the Jewish Agency and World Zionist Organization Executives at the next World Zionist Congress in December.

Dulzin made that commitment after leaders of the United Jewish Appeal and Keren Hayesod, the principal diaspora fund-raising agencies, issued a statement that Dulzin had acted with "full integrity" in the recent scandal that shook Bank Leumi, Israel's largest bank, of which Dulzin is the nominal head.

The exoneration of Dulzin from any blame in the bank scandal followed several days of tension and acrimony at sessions of the Jewish Agency Board of Governors here, which pitted Zionist members of the Board against the non-Zionist members. Many of the latter demanded Dulzin quit on grounds that his connection with Bank Leumi damaged their fund-raising efforts and adversely affected the Jewish Agency's image.

Dulzin was vigorously defended by the Zionist half of the Board, notably its Herut and Mizrahi members. Other Zionist parties also made clear that they would not acquiesce in the non-

Zionists' bid to oust him. Bank Leumi is largely owned by the Otzar Hityashvut Haychudim (Jewish Colonial Trust), a body appointed by the WZO. Dulzin, as WZO chairman, is the ex-officio Governor of the Bank, though he stressed repeatedly that he had no hand in the day-to-day operations of that institution.

Last month the entire Bank Leumi Board of Directors resigned, and was promptly replaced, after disclosure that Ernst Japhet, the bank's former chairman and chief executive officer, was granted \$5 million severance pay and a \$30,000 a month pension when he was forced to quit last spring.

Japhet was ousted on the recommendations of the Beisky Commission, a panel appointed to investigate the 1983 bank shares collapse which triggered a financial panic in Israel. The Commission found that Israel's five largest banks had, over a long period, illegally inflated the value of their shares to mislead the investing public. The heads of all the banks were ordered to resign and barred from holding positions of responsibility at any Israeli bank in the future.

Dulzin maintained that he learned of Japhet's severance terms only after they were approved by the bank's Board. Keren Hayesod Board chairman Mendel Kaplan of South Africa is credited with engineering the compromise that resulted in Dulzin's announcement and the exoneration.

In an emotional speech to the Board of Governors, Kaplan called for an end to the "blood-letting." He declared he was convinced that Dulzin acted in complete innocence and was not responsible for Bank Leumi's problems.

# **SECOND WITNESS IDENTIFIED DEMJANJUK AS TREBLINKA'S 'IVAN THE TERRIBLE'**

By David Landau and Gil Sedan

JERUSALEM, Feb. 25 (JTA) -- In a scene of anguish and unrestrained emotion, a second prosecution witness positively identified accused war criminal John Demjanjuk in Jerusalem district court Wednesday as the brutal guard known as "Ivan the Terrible" who operated the gas chambers at the Treblinka death camp.

Eliahu Rosenberg, 66, who was 21 when he was taken with his family to Treblinka from the Warsaw Ghetto, made the identification after clearly describing in detail how thousands of Jews were slaughtered in the gas chambers and later burned in mass graves. He related his own job as a member of a squad of inmates forced to clean the gas chambers and recalled Ivan's duty as operator of the death machinery.

He said he saw Ivan daily at the gas chambers. Later, when his task was to burn bodies that accumulated in the pit, he said he had occasion to fetch kerosene from where Ivan stood. Obviously overcome by the horror of his recollections, Rosenberg momentarily lost control and cried out that he could identify Ivan by his "murderous eyes."

But the climax of the session came when the prosecutor Michael Shaked asked the witness if he saw Ivan in the courtroom. "That is Ivan, I have not a shadow of a doubt," Rosenberg replied, pointing to the 66-year-old Ukrainian-born pris-

oner. Nevertheless, he asked that the accused remove his glasses. Demjanjuk asked the witness to approach him to make a closer inspection. They stared at each other for a moment.

Then the prisoner extended his hand. Rosenberg recoiled. "Murderer. How dare you hold out your hand to me, a murderer like you," he shouted. Bedlam broke out in the court. Rosenberg's wife Adina collapsed and had to be carried out of the chamber.

On Tuesday, Demjanjuk was identified by another Treblinka survivor, Pinhas Epstein, who was 17 when he arrived at the death camp.

#### BARBIE TRIAL SET FOR MAY 11

PARIS, Feb. 25 (JTA) -- Klaus Barbie, "the Butcher of Lyon", will go on trial May 11 in that same city which he ruled and terrorized as gестапо chief during the German occupation of France in World War II, it was announced here Tuesday. He is charged with war crimes and crimes against humanity.

Barbie has been confined to a maximum security prison, St. Luc Fort, in Lyon since he was taken into French custody after his ouster from Bolivia in February 1983. Over the past four years, several dates have been set for his trial, only to be postponed as prosecution and defense lawyers sifted through thousands of documents and battled over legal technicalities.

A turning point occurred last year, when the Supreme Court ruled that crimes committed against resistance fighters could be considered crimes against humanity, not subject to the 20-year statute of limitations.

Barbie is held responsible for the murder of a French resistance leader as well as for the deportation to death camps of 894 Lyon civilians, most of them Jews, including more than 100 children.

A special courtroom is being enlarged in preparation for the trial. It will accommodate lawyers, the media, more than 100 individuals who have filed private charges against Barbie and an estimated 700 spectators. Police said stringent security measures would be taken during the trial. Only people with passes will be admitted to the courtroom.

Barbie will be defended by Jacques Verges. He is presently defending Lebanese terrorist George Ibrahim Abdullah, who is on trial in Paris for masterminding the 1984 murders of Israeli diplomat Yaakov Barsimantov and Col. Charles Ray, who was deputy military attache at the U.S. Embassy in Paris.

#### FOREIGN MINISTER SAYS GREECE MULLING FULL DIPLOMATIC TIES WITH ISRAEL

ATHENS, Feb. 25 (JTA) -- Foreign Minister Karolos Papoulias said Monday that Greece is seriously considering establishing full diplomatic relations with Israel, according to media reports from Brussels, where he is attending a meeting of the European Economic Community (EEC) Foreign Ministers. Israel is presently represented here only on the consular level.

The report quoted Papoulias as saying that such a move was under study and that action might be taken during the latter half of 1988, when Greece assumes the rotating chairmanship of the EEC Council of Ministers.

Papoulias also reportedly described as a bold political step the EEC's decision Monday to

support an international conference for peace in the Middle East, under United Nations auspices.

He said it was a significant move by the European community to seek an end to the Middle East conflict in view of the failure of the United States to find a solution. He said the EEC Council of Ministers also decided to offer financial assistance to the Arab population in the Israel-occupied territories.

#### ISRAELI SHIP PART OF ATLANTIC RESCUE

NEW YORK, Feb. 25 (JTA) -- An Israeli cargo ship, braving mountainous seas and hurricane-force winds, is attempting to rescue surviving crew members of the Philippine trawler Balsa, which foundered Tuesday in the North Atlantic, about 900 miles northeast of Boston.

A spokesman for the Zim-American Israeli Shipping Co. here told the Jewish Telegraphic Agency that the Zim Miami, commanded by Captain Simantov Yemini, was one of the first ships at the scene after responding to an SOS from the Balsa.

She arrived at 11 a.m. Wednesday at the position where the Balsa sank after capsizing. Eight crewmen were known dead and nine are missing. One was rescued by the U.S. Navy submarine Scamp, which also responded to the SOS.

The Zim Miami is attempting to pick up one seaman who was sighted in a lifeboat, and will search for the missing crewmen. According to reports received at the Zim Lines office here, the rescue effort is hampered by 50-foot waves and an 85-mph wind.

#### SWISS TEACHER RETAINS JOB

By Tamar Levy

GENEVA, Feb. 25 (JTA) -- Mariette Paschoud was not suspended from her job as a Lausanne high school teacher although she publicly announced she doubted the existence of the Nazi gas chambers during the Holocaust, but she can no longer teach history.

The Council of the Vaud Canton announced this decision of its inquest, begun seven months ago. The Swiss Army has suspended her from role as military judge in the reserves following her statement last August.

#### KAHANE RETAINS U.S. CITIZENSHIP

NEW YORK, Feb. 25 (JTA) -- The American citizenship of Rabbi Meir Kahane, a Brooklyn-born member of the Israeli Knesset, has been restored by Federal District Judge Leo Glasser in Brooklyn, N.Y.

Glasser ruled Friday in a suit brought by Kahane that the State Department did not have the right to rescind Kahane's U.S. citizenship in 1985. The State Department has argued that by serving in the legislature of another country, Kahane was voluntarily relinquishing his citizenship.

Kahane founded the Jewish Defense League in the United States and the Kach Party in Israel. He immigrated to Israel in 1971.

\*\*\*

JERUSALEM (JTA) -- Israel's 7,000 Ethiopian Jews announced that they will go on strike Sunday to protest what they say is failure to help the rest of their community stranded in Ethiopia.

# ISRAEL'S HEALTH CARE SYSTEM SEEN BY MANY AS SICK ITSELF

By Hugh Orgel

TEL AVIV, Feb. 25 (JTA) -- Israel once prided itself on having one of the best and most comprehensive public health care systems in the world. But the system itself is now ailing, crippled by years of labor strife.

Strikes by doctors, nurses and other health service employees have broken out periodically, usually over wages and working conditions. Hospitals have been forced to operate on reduced Sabbath schedules for days at a time. All but the sickest patients are sent home. Only emergency surgery is performed. The skeleton staffs on duty are hard pressed to feed patients, let alone clean up and provide fresh linen.

These conditions are once again in the headlines. This week, 11,000 administrative and maintenance personnel at 29 government hospitals walked off their jobs in defiance of a Jerusalem labor court's back-to-work order. They are demanding higher wages.

Last Thursday and Friday, doctors at the same hospitals staged a 24-hour "warning strike" to protest cuts in the medical staff. Hospital nurses who have walked off their jobs at least a half dozen times during the past year are threatening to strike again.

## Confusing Health Care System

Many outsiders are confused by Israel's health care system. It is not and never was a State-owned system. Even before the establishment of the State in 1948, it was based largely on a broad network of hospitals and clinics owned by Histadrut, Israel's trade union federation, and operated by Kupat Holim, the Histadrut sick-fund.

Kupat Holim runs a dozen or more hospitals, the largest being Beilinson Hospital in Petach Tikva, and scores of clinics in virtually every city, village and kibbutz.

The government, in addition to providing large subsidies to Kupat Holim and several smaller health funds, operates 29 hospitals country-wide. Eleven of them are general hospitals, 10 are psychiatric facilities and eight are geriatric hospitals.

A number of these hospitals are maintained by the government in conjunction with the municipalities in which they are located.

Though dwarfed by Kupat Holim, there are several important smaller sick-funds. The Maccabi Sick Fund, founded by the Liberal Party but no longer affiliated with it, is second largest. Its clients largely are middle class and professionals, some of them members of Histadrut, who prefer the greater freedom of choice of doctors offered and the shorter waiting time for medical attention at clinics.

There also is the National Sick Fund, established decades ago by the Herut Party, whose members refuse to join Histadrut -- a prerequisite for membership in Kupat Holim. Maccabi and the National Sick Fund do not maintain their own hospitals, but both have a wide network of clinics. Their patients needing hospitalization are sent to government facilities.

Finally, there are two or three small and quite expensive medical insurance groups which reimburse their members for visits to private doctors or stays at the country's very few private hospitals.

Some say that the multiplicity of sick funds and private health insurance services is responsible for the plight of Israel's health care system. The situation has prompted anti-Histadrut activists to renew their demands for a comprehensive national state health system which would take over Kupat Holim.

Histadrut is strenuously opposed to the idea, which could result in a sharp decline of its membership. It is generally acknowledged that many Israeli workers join Histadrut only because of the health benefits. Monthly Histadrut union dues cover health care by Kupat Holim.

Basically, the same problems beset the Histadrut and the government hospitals. A four-month doctors' strike in 1982 was observed by the medical staffs of both. The same is true of the present strike by administrative and maintenance personnel. However, the 9,000 Kupat Holim workers did return to their jobs this week, but only after an impassioned radio appeal by President Chaim Herzog not to take out their grievances on the sick and helpless.

## Seek Wage Parity

The government hospital employees were not persuaded. They claim they are paid little more than the national minimum wage and demand wage equality with their counterparts at the Kupat Holim hospitals and clinics.

The latter obtained improved wages in direct negotiations with Histadrut which is in the position of being both employer and union. The government hospital workers say the Treasury promised them equal pay for equal work months ago but so far has not honored its word.

They were further embittered when the labor court ruled they were acting illegally and threatened stiff penalties. The court levied a 250 Shekel (about \$150) an hour fine on four strike leaders arrested Monday. The fine was rescinded Tuesday when the court found that the strike leaders made a genuine though unsuccessful effort to get their colleagues back to work. The four were then dismissed by the strike committee. They still have to pay 10,000 Shekels (about \$6,250) in expenses.

The labor court hinted Wednesday that all penalties might be lifted if the strikers return to work. But that seems unlikely at the moment.

If the rash of strikes and walk-outs continues, many believe a State health service will have to be established, possibly to the advantage of no one.

## TERRORIST HAD JEWISH 'HIT LIST'

ROME, Feb. 25 (JTA) -- Lebanese terrorist Bashir Khodr, sentenced Sunday to 13 years' imprisonment for smuggling explosives into Italy, had five Jewish targets on his "hit list," two of them schools, according to papers found in a room he rented here before his arrest at Milan airport January 12.

The targets were the ORT Scientific School and Middle School; the editorial offices of Shalom, monthly organ of the Union of Italian Jewish Communities; the home of its editor; and the Jewish museum located in Rome's main synagogue.

Khodr was convicted after a one-day trial for attempting to smuggle 12 kilos of explosives concealed in picture frames, Easter eggs and a portable radio. The citation read at his sentencing stated that he intended to use the explosives for attacks on Jews. He also was fined two million lire.

**SPECIAL TO JTA:  
ISRAEL ESTIMATES 480,000 ISRAELI  
IMMIGRANTS LIVE IN NORTH AMERICA  
By Yitzhak Rabi**

NEW YORK, Feb. 25 (JTA) -- A new report by the Israeli Ministry of Labor puts the number of Israeli "yordim" (immigrants) in the United States and Canada at about 480,000, the highest ever official Israeli estimate.

The report, recently submitted to Labor and Welfare Minister Moshe Katzav by Consul Amos Haddad, head of the Labor Ministry Delegation in the United States, characterized the new estimate as "astonishing." It said that the number was derived from information supplied by the United States Immigration and Naturalization Service (INS) authorities and files from the Israeli consulates in the United States and Canada.

According to the report, in December 1986 alone about 70,000 Israelis were registered at INS, awaiting the immigrant status that includes the coveted "Green Card" that will allow them to work. The report noted that INS data show that from 1966-79, 96,000 Israelis received the status of immigrants, while 30,000 more were granted the same status between 1980-86.

The new estimate of 480,000 yordim includes the American-born children of the Israeli immigrants and Israelis who immigrated to the United States and Canada after living for many years in other countries, former Israeli students and academicians who came to study here and then remained, and "many Israelis who live in the United States illegally," the report said.

The report claimed that about 50,000 Israeli immigrants are living in Canada in addition to "many" illegal Israelis.

**'Indicate A Trend Of Mass Migration'**

"These numbers (on the yordim), although they might not be completely accurate, indicate a trend of mass migration of Israelis, among them tens of thousands of the best of Israeli youths--Israeli-born, kibbutzniks and Israeli 'brains'--who cannot be replaced," the report stated.

As for North American yordim who returned to live in Israel, the report noted that 2,109 who lived in the United States and Canada from two-11 years returned to Israel in 1986. "This is an increase of 17.5 percent compared to 1985, during which 1,776 Israelis returned to Israel from the United States and Canada," the report stated. The yordim returned through the offices of the Labor Ministry Delegation in the United States, the report noted. The report also provided the findings of a 1986 survey among the yordim on their reasons for living abroad. The survey included 760 heads of Israeli families living in the United States and Canada, 562 of whom were academicians and 198 non-academicians. The reasons were: economic, quality of life in Israel, employment, Israeli bureaucratic red tape and educational opportunity. "None of the respondents cited Israel's security problems as a cause for yerida," the report stated.

The survey also found that about 60 percent of the Israelis who left Israel for America did so before 1980. About 33 percent left Israel between 1980-83 while 8 percent left in 1984. Information on the number of yordim after 1984 was not available.

**BEHIND THE HEADLINES:  
AMERICANS URGED TO GET INVOLVED  
IN PROMOTING MIDEAST DIALOGUE  
By Margie Olster  
(Second Of Two Parts)**

NEW YORK, Feb. 25 (JTA) -- Israeli and Palestinian peace activists are looking to the Jewish and Palestinian communities in North America to influence their leadership to support a negotiated peace in the Middle East.

To this end, the Israelis, Palestinians and American Jews and Palestinians who attended a peace dialogue Sunday sponsored by American Friends of Peace Now (AFPN) suggested activities to promote peace, dialogue and greater understanding between Jews and Arabs both in the Middle East and in North America.

Galia Golan, a leading figure in Peace Now, the non-partisan Israeli peace movement, and one of Israel's foremost experts on the Soviet Union, said the American Jewish and Arab communities can be instrumental in moderating both Mideast camps.

Hanna Seniora, editor of the Arabic daily Al-Fajr and one of two people approved by both Israel and the Palestine Liberation Organization to represent Palestinians in negotiations, said American Jewish and American Arab organizations could cooperate to defend their rights and prevent stereotyping of each group.

The second half of Sunday's conference focussed on activities for Americans to promote peace in the Middle East. The suggestions included:

- \* Dialogue groups -- small, intimate encounters with equal numbers of Arabs and Jews meeting regularly to discuss Middle Eastern conflicts. Professor Richard Schwartz of Syracuse University Law School, who started a dialogue group in Syracuse, NY, said "we want to meet in a living room, we want to meet as human beings. . . to communicate across the giant chasm between Palestinians and Jews."

- \* Research -- Steven Cohen, an author and professor of sociology at Queens College (NY), suggested a project to research Jewish and Arab images of each other in the Middle East and in North America. Cohen currently does an annual survey for the American Jewish Committee on American Jewish attitudes on the Arab-Israeli conflict.

- \* Coalition for dialogue -- Schwartz also suggested that the American Coalition for Middle East Dialogue, a confederation of six dialogue groups, extend its activities. He called on the group to reach out to the Congress and American Jewish and Arab leadership with ideas for dialogue and to seek support for a negotiated peace.

- \* Arab-Jewish reconciliation week -- This program would be aimed at breaking down the sense of alienation and separateness between Palestinian and Jewish activists, especially on the college campus. During the week, both communities would sponsor joint activities, films, lectures, and encounter groups.

- \* Media monitoring -- Citing a proliferation of anti-Arab and anti-Jewish stereotypes in the American media, Mark Rosenblum, AFPN executive director, suggested monitoring the American media and eventually creating a newsletter to review the results of the project.