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DIPLOMATIC SOURCES SAY PERES MAY MEET WITH SENIOR SOVIET OFFICIALS IN ROME WITHIN THE NEXT 24 HOURS By Edwin Eytan

MADRID, April 7 (JTA) -- Western diplomatic sources said Tuesday that Israeli Foreign Minister Shimon Peres may meet with two sonior Soviet officials within the next 24 hours in Rome where Peres flew Tuesday afternoon to attend the conference of the Socialist International.

The sources said the meeting, Tuesday night or Wednesday, would be held under the auspices of the Socialist International's special committee on Middle Eastern affairs. The Soviet officials were identified as Karel Bruten and Alexander Zutov, both close aides to Anatoly Dobrinin in the Soviet Committee's Foreign affairs department. Bruten was described as the man in charge of Middle East affairs in the Central Committee.

According to the sources, the meeting was arranged by former West German Chancellor Willy Brandt, a close friend of Peres and fellow-member of the Socialist International. Peres himself declined to comment prior to his departure at the end of a two-day official visit to Spain.

"If and when such a meeting takes place it will not be kept secret. Any such meeting will be announced," he said in reply to reporters' questions. Peres met here Monday with King Juan Carlos and Prime Minister Felipe Gonzalez. Acording to Israeli sources, the King promised to do what he can to advance Middle East peace and Gonzalez said Spain would use its contacts in the Arab world to try to advance the process.

Peres urged the Spanish leaders to support an international conference for Middle East peace, an issue that has sharply divided the Israeli government.

The Israeli Foreign Minister spent his final day in Spain touring Jewish landmarks in Toledo, a cradle of Spanish-Jewish culture 500 years ago. In pouring rain, he visited the city's two oldest synagogues, El Retreto, built in the 14th century and now a national monument, and Santa Maria de la Blanca, which dates from the 12 century and was converted to a Catholic church after Spain expelled its Jews in 1492.

VIOLENCE IN EAST JERUSALEM, W. BANK By Gil Sedan

JERUSALEM, April 7 (JTA) -- Two Arabs were wounded in East Jerusalem and an Israeli was injured in Hebron as demonstrations in support of several thousand hunger-striking Arab security prisoners erupted into violence Monday. Thirteen arrests were reported as police used tear gas to disperse stone-throwing demonstrators.

The hunger strike was called in the prisons to protest an alleged deterioration of conditions since a new prisons commissioner, David Maimon, took office. Arab sources said the strike was spreading. Israeli sources said it was sporadic. Maimon declared he would not give in to prisoners' demands.

The sympathy demonstrations were well organized. In East Jerusalem, Arab women rela-

tives of prisoners held a rally outside the Red Cross offices and later staged a sit-in. Another group of women marched from 'the 'U.S.' Consulate to Damascus Gate. Eight were arrested. Police charged they stoned a police car, smashing its windshield.

A stone also smashed the windshield of an Israeli civilian car. The driver, who was armed, fired at the crowd wounding one Arab in the stomach and another in the arm. Police would not say whether he was anorehended.

Students from Bir Zeit University demonstrated outside the British consulate in the Sheik Jarrah quarter of East Jerusalem. Police dispersed them with tear gas and arrested five for alleged stone-throwing.

Security forces used tear gas to break up a demonstration at the Balata refugee camp near Nablus. In Hebron, an Israeli was injured by stones hurled at several cars.

ROSENNE; U.S.-ISRAEL RELATIONS 'HAVE NEVER BEEN BETTER' DESPITE THE TENSIONS OVER POLLARD CASE By David Friedman

WASHINGTON, April 7 (JTA) -- Meir Rosenne, who in June will return to Israel after four years as Ambassador to the United States, maintained Monday that relations between Israel and the U.S. "have never been closer" despite the Pollard spy case.

The discovery that Jonathan Pollard, a civilian Navy intelligence analyst, was spying for Israel will not have a "long-lasting effect" on relations, Rosenne said in response to questions at a luncheon of the Overseas Writers, an organization of diplomatic reporters.

However, he stressed this will be so only if those involved in the espionage operation are uncovered and the U.S. is convinced that the operation was unauthorized.

Rosenne noted that 15 months ago, when Pollard was arrested, many were not convinced that it was unauthorized, but now everyone knows that "unauthorized operations may take place sometimes." This was an apparent reference to the Iran-Contra affair.

The Ambassador said that Israel's cooperation with the U.S. in the Pollard case has been "unprecedented." In discussing the close relations between the U.S. and Israel, Rosenne said it was a two-way street. He noted that while Israel receives a great deal of financial aid from the U.S. -- \$3 billion in grants for economic and military aid this year -- the U.S. knows Israel is a reliable ally which has provided it with much technical information from captured Soviet equipment over the years.

At the same time, "there can be no identity of views on foreign policy between Israel and the United States," Rosenne stressed. He explained that the U.S. is a global power while Israel is a small country that since its existence has been surrounded by countries that want to destroy it as well as constant acts of terrorism against Israelis at home and abroad.

The envoy, who plans to return to Jerusalem for another post with the Foreign Ministry, also

discussed the peace process, Soviet Jewry and relations with the USSR, South Africa and Israel's relations with American Jews.

"We are very much interested to sign a peace treaty with all the Arab countries." Rosenne said. "We are ready to start negotiations with any Arab country that is ready to do likewise." He added that anytime Jordan is ready to negotiate, so is Israel "without any preconditions."

Issue Of International Conference

But when he was asked about Jordan's demands for an international conference, Rosenne said he could not discuss this since the Israeli unity government is divided about this issue.

Asked about President Carter's statement after his recent meeting with Syrian President Hafez Assad that Syria is ready to negotiate with Israel through an international conference, Rosenne pointed to the memoirs of former Secretary of State Henry Kissinger.

He noted that Kissinger reported that he had a long discussion with Assad in 1974 in which they agreed about everything for a Geneva conference. But when Kissinger asked Assad what date he preferred, Assad said it did not matter since he would not attend.

Rosenne also reiterated the Israeli position that the Palestine Liberation Organization cannot participate in any peace negotiations.

On The Camp David Accords

Asked for his personal views, Rosenne said the Camp David Accords, signed in 1978, "can be the basis" for advancing the peace process because it provides for negotiations between Israel, Egypt, Jordan and Palestinians to negotiate "the future status of the territories."

He said if the accords had not been condemned by all the Arab countries the five-year autonomy period for the West Bank and Gaza would now be over, as well as the period, threeyears after autonomy started in which the negotiations were to have begun.

Rosenne, who was Ambassador to France before coming to Washington, said part of the blame for this failure is due to the West European countries which condemned the Camp David Accords.

The Ambassador praised the U.S. for its efforts in the peace process but stressed that "the United States cannot replace any Arab state in the peace process." He said "any attempt replace the parties will be counterproductive."

He noted that the major differences between Israel and the U.S. have arisen when there has been a peace proposal that did not include the Arabs as one of the negotiators.

Rosenne stressed that Israel wants the U.S. to have good relations with the Arab countries, but not to supply them with weapons. "Israel is opposed to any sale of weapons to any country that is in a state of war with Israel." he said.

Relations With The Soviet Union

On Israel's relations with the Soviet Union, Rosenne would only say that a Soviet delegation is expected in Israel soon and "we hope that an Israeli delegation will be able to go to the Soviet Union in the future."

He said that it was still unclear whether there has been any change in Soviet emigration policies. He said there are 380,000 Jews, including 11,000 multiple refuseniks, who have applied to leave the USSR.

On South Africa, Rosenne stressed that Israel has always opposed apartheid. He said Israel accepted the 1977 UN Security Council resolution barring any arms sales to South Africa, but like other countries interpreted this to mean existing contracts would be honored.

He added that Israel has a special obligation to the 120,000 Jews in South Africa, who have always supported Israel. He noted that many South African Jews have been jailed in the struggle against anartheid.

Rosenne said that the "link" between Israel and Jews in the U.S. and elsewhere is firm. He said American Jews have a right to criticize Israel, but only Israel is responsible for its own security.

ANGRY ARGUMENTS BETWEEN LIKUD AND LABOR OVER ISSUE OF AN INTERNATIONAL CONFERENCE ON MIDDLE EAST PEACE BY Hugh Orgel

TEL AVIV, April 7 (JTA) -- Labor and Likud leaders argued angrily Tuesday over whether their unity coalition government should be broken up because of sharply divergent views on an international conference for Middle East peace.

Much of the controversy centered on Vice Premier and Foreign Minister Shimon Peres who is on a two-day official visit to Spain where, among other things, he is seeking support for an international conference. Premier Yitzhak Shamir told reporters here that Peres had exaggerated the importance of his trip and maintained that an international conference would bring "no salvation and certainly no peace".

Peres discussed that approach to Middle East peace with King Juan Carlos of Spain and Prime Minister Felipe Gonzalez Monday. But Shamir noted that "Spain will not even participate in such a conference should it take place, nor does it depend on Spain if such a conference is convened or not."

Shamir added that "There is great exaggeration in presenting the entire trip (by Peres) as if it were intended for this issue." Last Saturday night, before Peres' departure for Madrid, Shamir startled observers here by stating publicly that he hoped the Foreign Minister would "not succeed" in his mission. Likud Minister-Without-Portfolio Moshe Arens accused Peres Tuesday of making his own foreign policy. "He should realize that under our system of government, ministers must act in accordance with government policies," Arens said.

Laborite Minister Ezer Weizman, who is acting Foreign Minister In Peres' absence, said the unity government should dissolve itself immediately because of irreconcilable differences between its partners and seek a new mandate from the electorate.

"How much longer should we go on with the main parties following divergent paths on the question of peace in the Middle East?" Weizman asked at a meeting with reporters in Nazareth Tuesday. But Finance Minister Moshe Nissim of Likud told Israel Radio that the differences over an international conference were not sufficient reason to break up the government.

Shamir, stressing that he is "opposed to the entire initiative" for an international forum, said he would not initiate a Cabinet debate on the issue because "its impossible to reach a decision given the present composition of the Cabinet." He added, "If Mr. Peres is interested, he can bring the issue before the Cabinet."



ISRAEL LOOKS AHEAD MISSIONS POSSIBLE By Murray Zuckoff (Part Two Of A Five-Part Series)

JERUSALEM, April 7 (JTA) -- Israel is hightech country. In 1974 it exported one percent (\$800 million) of its high-tech products. Within a decade it was exporting 30 percent (\$2 billion) annually. By 1990 that proportion is expected to leap by two-thirds.

In 1970 there were 3,000 engineers and applied scientists. By last year there were 12,000. Israel is producing the most advanced concepts in technology and software. Sophisticated science-based industries like Elscint, Tadiran, Scitex, Iscar and Elbit have become household words. These "Silicon Valley" companies are generating and regenerating communities around them and putting Israel on the world map of technology and science.

At Israel's present rate of technological and scientific development, there is a shortage of technological people to maintain the momentum. In the next 10 years, Israel will need 1,800 engineers but there will be a shortfall of 400 to 50 annually. But Israel is not standing still in the meantime

New words and concepts are emerging more

rapidly than they can become part of the Hebrew lexicon. There is a constant introduction of higher tech and scientific terminology such as microchips, fiberoptic high speed data transmission and distribution, computer-based diagnostic medical imaging, computerized electro-optical systems, genetic engineering, nuclear cardiology, and nuclear magnetic resonance (NMR) scanning.

Inter-Linked Uses Of High-Tech Products

A great deal of high-tech products in industry, science and medicine are manufactured with defense technology know-how. Civilian and military technical developments are by-products of each other's needs. These are interlinked and applied in both sectors.

For example, industrial, medical and print lasers, thermal imaging and image-intensification technologies are targeted at both the medical and military sectors. An interlinked refinement of some of these processes is the NMR which gives remarkable three-dimensional images of what is happening inside the human body, far beyond what the X-ray and CAT scanner can accomplish. Although NMR has been around since the 1940's, it was first applied to medical imaging only five years ago.

A World Leader In Various Fields

Israel is also a world leader in factory automation and computerization. Sophisticated missile technology is successfully being converted into labor-saving robots that are finding application in American garment plants. The robot feeds pre-cut fabric bundles to semi-automatic sewing and fusing machines and assists in making garment production completely automatic.

Computer-based imaging systems were put to use in the textile industry. By automating the conversion of color designs to magnetic tapes for electronically controlled knitting machines, the elapsed time required for patterned knitted goods was slashed from several weeks to minutes.

In the field of thermal imaging, cameras are being developed that can display a TV picture of inanimate and animate objects in the darkness of the night, thick haze, dust or fog. The cameras, tested in the field and battle, are beginning to be used for civilian application in surveillance, and ultimately may be used in cancer detection.

Along with these developments, Israel has also become a world leader in agricultural breakthroughs such as drip irrigation, breeding of new crop strains which thrive on brackish or saline water, crop cultivation under plastic sheets, and growing fruits and vegetables with longer shelf life.

Helping Developing Countries

These innovations, and solar ponds and solar-driven turbines and generators, water conservation, and desert research and development, have been introduced by Israel into more than 100 countries, including the United States.

Israeli methods of agriculture and farming organized along kibbutz lines were introduced by Israelis in such diverse countries as Japan, and in Cuba in the early 1960's. Special turbines combined with solar ponds to generate power in some of the world's most desolate regions was pioneered in Israel.

The process of "humanizing" the desert by tapping its mineral resources and underground springs, and the exploitation of Dead Sea minerals to manufacture fertilizers and pesticides has also brought Israel to the attention of many developing countries with large desert area.

Among other countries, Egypt and the People's Republic of China have expressed great interest in studying the methods of desert research developed by Israeli scientists. In the near future, efforts to make deserts habitable will become more pressing as populations grow and have nowhere else to reside except for the de-

All these developments have enriched Israel's economy by introducing revolutionary techniques to increase productivity and to provide for expanding domestic needs. It is changing the nature of the labor force in both industry and agriculture by requiring more and more technicians and science-oriented workers. It is providing a military edge to the country's security forces. It is helping millions of people in developing nations. And it is creating a world market for Israeli products and techniques.

Revolt Against 'Lo Chashuv' Syndrome

Other changes are taking place in social relations that are equally profound and far-reaching. The most radical change taking place is the revolt against the long ingrained "lo chashuv" (so be it, it doesn't matter) syndrome which has been the earmark of Israeli bureaucrats (p'kidim) and the myriad bureaucratic fieldoms that infest all levels of life.

The anti-bureaucratic attitude is expressed in a demand for "accountability," a concept introduced into the country by Project Renewal, the vast undertaking by the government and diaspora Jewry to eliminate poverty neighborhoods and to restore "hatikvah" (hope) in the lives of its residents.

The assault on Israel's systemized bureaucracy is being led primarily by new immigrants from the United States and the Soviet Union. American immigrants, used to corporate efficiency are askance at the wastefulness of a bureaucratic system which demeans and stultifies life. Soviet Jews, who were entrapped by their own bureaucracies, rebel against the Israeli version.

Israelis, who for all these decades had accepted the existence of p'kidim as a necessary and unalterable way of life, are also demanding an end to an uncaring and insensitive system with its maze of paperwork and red tape which requires that almost all daily transactions be carried out in quadruplicate, quintuplicate and sextuplicate, and waiting in endless, sometimes never moving lines, to distribute the paperwork to another pakid who rules his or her own roost.

The anti-pakid attitude is beginning change the social process in the country. institution is immune to criticism. The demand for accountability is aimed at the government, the army, postal system, hospitals, industry, unions, political parties and Zionist organizations. The "lo chashuv" syndrome is slowly beginning to wither away or is being swept aside. The dam broke with the Bank Leumi scandal earlier this year. It lifted a veil on an entrenched bureaucracy which answered to no one but itself.

Israelis who decry advice from afar and what they sometimes refer to as "meddling" in their country's affairs by Jewish representatives from the United States, actually welcomed their decision to move against a moribund bureaucracy in the Jewish Agency.

The move, which focused on Agency chairman Leon Dulzin who was caught up in the Bank Leumi scandal, caught the imagination of many Israelis who have had to deal with the Agency's p'kidim. They watched the shakeup, smiled mischievously, shrugged their shoulders and said, "Lo chashuv," meaning, in this case, it couldn't have happened soon enough.

Seeking Encounters Of The 'Chalutzic' Kind

There are many Israelis, young and old, who want the country to return to its "chalutzic" (pioneering) spirit, who want Israel to end its decades-long policies of drifting and haphazard planning, that it should implement the Zionist principles that guided the country's founders, to return to its Jewish roots, values and ethos. There is a search for answers --not gimmicks-about the kind of society Israel should be. They are seeking the raison d'etre of Israel's existence. as a Jewish State, not just a state.

"Israel has been created mainly for a Jew like me," said Menachem Perlmutter, head of the Jewish Agency's rural settlement department, engineering division, in the Negev, and a member of the Board of the Ben Gurion University of the Negev. "I am a survivor of the Holocaust. I have a number on my left arm. I can't look back. If I look back, what do I see? I see the shadow of the gas chamber. I see crematoriums. For me

there is only one answer: Israel."

Perlmutter said he was 16 years old when he was taken to Auschwitz. "Of a family of 53 persons, two remained --my brother and myself." he said. "My dream was to be a free and independent Jew who would be able to build a family. My generation had a beautiful challenge, a chance to create a home, a State. But we made a mistake. We were trying so hard to be Israelis that we forgot that we were Jews. The new generation has little Jewish feeling."

This problem is haunting many Israelis: while they welcome the rapid pace of super-industrialization, they are concerned that it may produce a generation of technocrats who will be Israelis but not Jews. Israelis are searching for new vistas, for new encounters of the chalutzic kind, for a way to realize old hopes and old dreams and to

combine them with new needs and new realities. They are seeking a new national agenda and many point to the Negev and the Galilee as the places in which to renew the pioneering spirit.

(Tomorrow: Part Three)

JEWISH LEADER SAYS HIS RECENT VISIT TO THE USSR WAS AIMED AT SEEKING TO ALLIEVIATE SOVIET JEWRY PROBLEMS By David Friedman

WASHINGTON, April 7 (JTA) -- One of the two Jewish leaders who recently visited the Soviet Union said Tuesday their aim was to seek an alleviation of the problems suffered by Jews in the Soviet Union.

This included the rights of Jews to emigrate and "the right to live as Jews within the Soviet Union which has been denied them since the (Communist) revolution, "Morris Abram, chairman of the Conference of Presidents of Major American Jewish Organizations and the National Conference on Soviet Jewry, told reporters.

He spoke after he briefed Secretary of State George Shultz on the meetings he and Edgar Bronfman, president of the World Jewish Congress, had with Soviet officials. Abram, accompanied by several other Jewish leaders, met for 30 minutes with Shultz, who leaves next week for the Soviet Union.

Abram said that it was stressed to the Soviets that American Jewish leaders wanted to "help them take the Jewish problem off the table as a source of tension and discussion between the East and West."

But he stressed that they were not putting their faith in any promises made by the Soviets but "on their performance."

Abram said that conditions had not improved for Jews in the USSR except that emigration figures are "up slightly." But he said that the Soviet performance should not be judged by the fact that 900-1,000 Jews are allowed to leave in a month over the smaller number for the same month last year, but against the 4,000 a month that were allowed to emigrate in 1979.

He said that the American Jewish community was against allowing any concessions from the Jackson-Vanik amendment until the emigration

problem was solved.

Abram also said that it was stressed to the Soviets that Hungary remains a "socialist" country even though it allows it Jews to emigrate or to live their lives in Hungary as Jews.

Abram was accompanied to the meeting with Shultz by Martin Stein, national president of the United Jewish Appeal; Shoshana Cardin, president of the Council of Jewish Federations; Max Fisher; Elan Steinberg, director of the WJC American Section; Malcolm Hoenlein, the executive director of the Presidents Conference; Jerry Goodman, executive director of the NCSJ, and Mark Levin, the NCSJ Washington representative.

TEL AVIV (JTA) -- The Diamond Institute has reported that Israel's exports of polished diamonds rose 26 percent during the first three months of 1987 compared to the same period last year. Value was up to \$510 million from \$406 million. Diamond dealers forecast a record year with sales of \$2 billion compared to \$1.7 billion in