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KNESSET DEFEATS CONVERSION, 'WHO IS A JEW?' AMENDMENTS, PARDON BILL; LIKUD-SHAS ACCORD ON THIN ICE By David Landau

JERUSALEM, July 8 (JTA) -- The Knesset Wednesday defeated two controversial bills which would have given the Orthodox Chief Rabbinate exclusive right to approve conversions performed abroad.

A measure introduced by the ultra-Orthodox Shas Party would have amended religious regulations dating from the British Mandate in Palestine by requiring that all converts to Judaism procure the Israeli Chief Rabbinate's endorsement in order to be fully recognized as Jews in Israel.

Despite support from Premier Yitzhak Shamir, it was defeated by a vote of 60-56 with four MKs absent.

A proposed amendment to the Law of Return, sponsored by the National Religious Party, would have had the same effect - invalidating conversions performed by non-Orthodox rabbis in cases of Jews-by-choice seeking Israeli citizenship as Jews.

It was defeated 62-53 with two abstentions and three absences. This bill has been defeated each of the many times it has been brought before the Knesset in past years.

Shamir had pledged to the Shas Party two months ago that Likud would "do all in its power" to gain passage of the Shas measure. He made no secret that this was to be in exchange for Shas support of Likud efforts to prevent the Labor Party from dissolving the Knesset and calling early elections.

Alliance Shaken

Defeat of the Shas measure threatens to undo the Shas-Likud alliance, and there were recriminations on both sides. Shas leaders said Likud's "check has bounced." Haim Kaufman, chairman of the Likud Knesset faction, insisted his party had fulfilled its pledge to try to pass the amendment and saw no reason why the Orthodox faction should withdraw its support of Likud.

Kaufman pointed to the narrow margin of defeat as proof that the Likud Knesset whips "did their job." He blamed Likud-Liberal MK Sarah Doron, who crossed party lines to vote against the bill. But other Likud figures noted the deliberate absence of Likud-Herut MK Eliahu BenElissar and the defection of Likud allies such as Rafael Eitan of the opposition Tehiya Party, who voted against the measure, and Ometz MK Yigael Hurwitz, who was absent.

Supporters of the bill also claimed it was Arab MKs who invariably voted against Orthodox-inspired laws dealing with conversions.

The U.S. Jewish Factor

But the main factor thwarting the religiousrightwing bloc may have been the fierce opposition of American Jewish leaders who made it clear that Israel's relationship with Diaspora Jewry was at stake. Only hours before the voting, the Anti-Defamation League of B'nai B'rith leadership sent a message to the government and Knesset. It urged that "The government of Israel should not underestimate the extent of opposition to these bills among American Jews" and warned that "passage would have a serious impact on American efforts to help Israel."

Ruth Popkin, president of Hadassah, urged rejection of the bills in a message to Shamir which noted that she spoke "as head of the largest Zionist organization" in the U.S.

Robert Asher of Chicago, chairman of the American Israel Public Affairs Committee (AIPAC), a Washington-based pro-Israel lobby, warned of the consequences in an Israel Radio interview Wednesday.

Foreign Minister Shimon Peres, the Labor Party leader, said Tuesday that if the religious measures were passed, Labor would leave the unity coalition government. He said the legislation "endangers the unity of the Jewish people."

Pardons Rejected

The Knesset also defeated, by an overwhelming 69-40 majority, a motion sponsored by the ultra-Orthodox Agudat Israel and Poale Agudat Israel parties to grant immediate pardons to seven members of a Jewish terrorist underground still serving prison sentences for violent crimes against Arabs in the West Bank.

Shamir supported the measure, but it was opposed on the Knesset Floor by Likud Justice Minister Avraham Sharir, who demanded that it be withdrawn from the agenda. He called it an unworthy legislative precedent.

Other Likud Ministers, including David Levy and Moshe Arens, absented themselves from the chamber. Two Likud MKs who are close to Shamir, Ehud Olmert and Dan Meridor, voted against the pardon bill.

NORTH SAYS ISRAEL MAY HAVE HATCHED IDEA TO CHANNEL PROFITS TO CONTRAS By David Friedman

WASHINGTON, July 8 (JTA) -- Lt. Col. Oliver North said Wednesday that he believed Israel may have originated the idea of using the profits from the sale of arms to Iran to support the Contra rebels in Nicaragua.

Testifying for the second day before the Senate-House committee investigating the Iran-Contra affair, North said Iranian arms dealer Manucher Ghorbanifar first made the proposal to him. North said the late William Casey, then director of the Central Intelligence Agency, and other CIA officials had told him that "they believe Mr. Ghorbanifar to be an Israeli intelligence agent."

Ghorbanifar made the suggestion "point blank and he made it, by my understanding, with the full knowledge and acquiesence of the Israeli intelligence services, if not the Israeli government," North said.

The Israeli government has always maintained that it had no part in the diversion of funds to the Contras.

North said he met with Amiram Nir, a counterterrorism specialist for the Israeli government, and Ghorbanifar in Europe in January 1986, and expressed his concern about the Iran initiative, since he noted he was President Reagan's

"point man" on the policy against making any deals with terrorists or those that support terror-

The former National Security Council aide said that Ghorbanifar took him aside into a bathroom and suggested the profits -- or "residuals," as North called it -- be used to help the Contras. He said Ghorbanifar knew of his involvement in the U.S. effort to support the Contras.

For the first time, "the whole idea was made more palatable," North said. "I must confess to you that I thought using the Ayatollah's money to support the Nicaraguan resistance was a right idea." He added that he still believes that it was not wrong to do so.

North said the money was used for the Contras in February, May and October 1986. However, he noted he was surprised to learn during the Congressional hearings that the Contras received only \$4 million of the \$12 million available to them.

Said Nir Made Suggestion

North added that when Nir met with him in Washington in late December 1985 or early January 1986 to urge continuation of the Iranian initiative, the Israeli suggested that profits from any arms sale to Iran could be used in "supporting other activities."

It was not made clear what these activities were, but North noted that Israel was concerned with having the United States replenish the 503 TOW anti-tank missiles it sold to Iran in 1985.

In addition to aiding the Contras, North said the profits were used to fund the Iranian initiative, pay for the replacement of TOWs to Israel and "to continue other activities which the Israclis very clearly wanted and so did we."

He did not explain what these "activities" were, since the information is classified.

Said He Had Approval From Above

North said that while he supported structuring the arms sale to provide funds for these objectives, he had received approval from his superiors. But he has maintained that President Reagan did not know about it.

He stressed that before it became public, the Iranian initiative was successful in seeking "an opening to a more moderate regime in Iran," stopping Iranian Shiite terrorism against Americans and achieving the release of three Americans held hostage in Lebanon.

He noted that when the initiative was revealed he was working with the Israelis to open a "second channel" to Iran to bypass Ghorbanifar, who had been the middle man up to then.

PARTIES ESPOUSING RELIGIOUS PLURALISM GAIN IN ZIONIST CONGRESS ELECTIONS By Margie Olster

NEW YORK, July 8 (JTA) -- Results of the American elections to the World Zionist Congress indicate a substantial victory for Zionist parties promoting religious pluralism in Israel and losses for all traditional parties except Friends of Labor Israel.

Two parties running on the platform of religious pluralism -- MERCAZ, the newly formed organization for Conservative Judaism; and ARZA. the Association for Reform Zionists of Americamade the largest gains of seats in the American delegation to the December 1987 quadrennial Congress. MERCAZ, running for the first time, received 20 seats. ARZA won 33 seats, 19 more than it had in the previous Congress.

Hadassah made the strongest showing in the election, with 48 seats, but that represented a loss of 21. Friends of Labor Israel gained two seats to win 15. The Zionist Organization of America garnered 12 seats, a loss of 10, and Herut Zionists of America won nine, a loss of

Religious issues in general seemed to dominate the voting, as more than half of the seats before imposition of penalties on the Orthodox Zionist slate went to the religious parties. The Religious Zionist Movement (Orthodox) had 56 percent of its ballots disqualified for penalties. leaving it with 14 seats, a loss of five.

Only one of the nine slates, the newly created Students for Israel list, failed to gain any seats, which are granted based on the percentage won of the total vote. The students were assessed heavy penalties for irregularities, and 93 percent of their votes were disqualified. The other seven percent of its votes did not meet the 1,387 vote minimum needed to gain a seat.

The Progressive Zionist List was also assessed heavy penalties. About 74 percent of its votes were disqualified, resulting in only one seat, a loss of one from the previous Congress. Penaltics for all other parties were minimal.

Random Samples

Karen Rubinstein, executive director of the American Zionist Federation (AZF) which administered the U.S. Zionist elections, explained that penalties were assessed for many voting and membership irregularities. Some ballots disqualified for technical errors such as improper markings and codings.

To check for compliance with the election guidelines, two percent of the membership lists of each organization on all slates (many of the slates are comprised of more than one organization) were randomly sampled by a computer. Under these guidelines, all eligible voters must be at least age 18, have signed the Jerusalem Program expressing commitment to Israel and Jewish values, and be paid members of a Zionist organization

Penalties were imposed for "padding" the membership lists, multiple ballots cast by one person or failure to meet any one of the membership requirements.

In the case of the student slate, Rubinstein said every ballot checked in the random sample of each student organization's membership was found faulty and thus disqualified.

The Progressive Zionist and Religious Zionist lists have both informed the AZF that they intend to appeal the penalties imposed. Each slate is allowed two appeals.

About 28 percent of the all eligible voters who are members of American Zionist organizations voted in this year's election. The total number of valid ballots cast was 210,957, and about 8,500 were disqualified. American Zionist organizations comprise 29 percent of the delegates at the Zionist Congress, or 152 seats.

SHAS LEADER TO ASK FRANCE TO WAIVE EXTRADITION ORDER OF NAKASH By Gil Sedan

JERUSALEM, July 8 (JTA) -- Shas Party leader Rabbi Yitzhak Peretz, determined to prevent the extradition of William Nakash to France, is preparing to go to Paris to urge the French authorities to waive their extradition request.

Nakash, 25, an Algerian-born French Jew, was sentenced in absentia to life imprisonment by a French court for the 1983 murder of an Arab in Besancon, a city in northeastern France. Justice Minister Avraham Sharir signed the extradition order a week ago after the Sunreme Court rejected Nakash's final appeal.

Attorney General Yosef Harish has urged that it be implemented without delay. The Cabinet discussed the matter last Sunday, but postponed a decision until this Sunday's session.

Peretz had planned to go to Paris this week, but postponed his trip to try to persuade Harish not to carry out the extradition order. His intention to make a direct appeal to the French drew negative reactions from the Justice and Foreign ministries. But the ultra-Orthodox Minister said he will seek meetings with France's Premier and Justice Minister.

He said he would point out to them the many occasions in which France has refused extradition requests from other countries.

Meanwhile, the Rabbinical Court here has refused to rescind its order prohibiting Nakash from leaving the country because his pregnant wife would be abandoned. 247 000

PERES SAYS SOVIETS WOULD JOIN MIDEAST CONFERENCE WITHOUT PLO By Gil Sedan

JERUSALEM, July 8 (JTA) -- Foreign Minister Shimon Peres said Tuesday that the Soviet Union will try to involve the Palestine Liberation Organization in an international conference for Middle East peace, but would be ready to join such a conference itself without PLO participation. Peres, appearing before the Knesset's Foreign Affairs and Security Committee, indicated that Israel's condition for Soviet participation-resumption of diplomatic relations with Israel-would be no problem.

He quoted a statement Soviet leader Mikhail Gorbachev made to Italian leaders that if this was the only obstacle, "then it will be no obstacle."

Peres said Moscow would prefer to delay a Middle East peace conference until 1988, an election year in the U.S., which would give it time to maneuver the PLO into the process. However, he said Israel must agree now to an international conference.

"If we persist with our opposition, in two years the U.S. will be without a peace policy for the Middle East," he said.

Laborite Minister Ezer Weizman, a strong advocate of an international conference, said one must be convened "sooner or later" because it is the only way to reach a peace settlement with Jordan and the Palestinians. According to Weizman, who spoke at a meeting of the International Peace Center Tuesday, the purpose of a conference would be to "pave the road" to return the administered territories to Arab sovereignty, implicit in the Camp David accords.

SOVIETS REPORTEDLY STICK TO POSITION ON MIDEAST CONFERENCE By Tamar Levy

GENEVA, July 8 (JTA) -- Sources close to the United States Mission to the United Nations here said Wednesday that the Soviet Union had nothing new to offer regarding resumption of diplomatic relations with Israel, broken off by Moscow 20 years ago.

They were referring to the talks Tuesday between U.S. Assistant Secretary of State Richard Murphy, the Reagan Administration's top expert on the Middle East, and his Soviet counterpart, Vladimir Polyakov.

The sources confirmed that the pair discussed prospects for an international conference for Middle East peace as well as the situation in the Persian Gulf and the Soviet war in Afghanistan.

Sources told the Jewish Telegraphic Agency that the Soviet view is that relations with Israel can be reestablished only within the context of global changes, meaning an overall peace settlement in the Middle East.

No new elements regarding Soviet Jews were raised by the Soviet diplomat, the sources said.

Syrian Presence Requested

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They said Murphy was told that the USSR wants Syria to participate in a Middle East peace conference. The Soviet Union itself wants to be present at the opening, but would not apply pressure nor interfere in any way with the talks between the parties.

Israeli Foreign Minister Shimon Peres, who is due here Thursday, is expected to meet with Murphy, who is Assistant Secretary for Near Eastern and South Asian Affairs. Murphy will report on his talks with Polyakov. According to sources here, Peres also will meet with a Soviet diplomat, either Polyakov or Yuli Voronsov, the Soviet Deputy Foreign Minister.

In addition, Peres will have discussions with President Hosni Mubarak of Egypt, who is due here Wednesday, Both will meet Thursday with UN Secretary General Javier Perez de Cuellar. Mubarak will meet with Murphy and with French President François Mitterrand.

The diplomats are gathering here for the opening of the conference of the United Nations Trade and Development Agency July 9-31.

Murphy and Polyakov met for the third annual U.S.-Soviet discussions on the Middle East, an exchange of views decided on during the 1985 summit meeting between President Reagan and Soviet leader Mikhail Gorbachev.

SEMINARY, PART OF INTERRELIGIOUS TV GROUP, MAKING SHOW ON U.S. & JEWISH LAW By Marlene Goldman

NEW YORK, July 8 (JTA) -- The Jewish Theological Seminary of America will produce a television program that parallels the Jewish and American attitudes toward law. It will be part of the Interfaith Broadcasting Commission's four-part presentation linking America's major religious groups, to be aired this fall.

In a one-hour segment molded around the theme "The Promise of America," the JTS show will compare the Jewish legal system with the United States Constitution and amendments. The premise is that these are "two legal systems that have endured because of their flexibility and constant reinterpretation," according to Marjoric Wyler, executive producer of radio and television at the Seminary. "The conclusion is that both legal systems evolve constantly because original intent is not a possible thing to determine," Wyler added. Stephan Chodorov produced the show on behalf of JTS. Funds for the newly-formed IBC, a non-profit organization were provided by a grant from the National Broadcasting Company.

FOREIGN PRESS GROUP PROTESTS ISRAELI **OUESTIONING OF GERMAN PHOTOGRAPHER**

TEL AVIV, July 8 (JTA) -- The Foreign Press Association has lodged a strong protest over the police questioning of West German freelance photographer Andre Brutman, who shot photos of a meeting of Israeli leftists with representatives of the Palestine Liberation Organization in Budapest last month on assignment for Time magazine.

Brutman holds temporary residence status in Israel, which allows him to work here. On his return from Hungary, police demanded that he hand over his film for "evidence" in legal proceedings. A newly passed law forbids Israelis from meeting with PLO representatives.

Brutman produced a document proving his film was air-freighted from Budapest to New York. He was nevertheless ordered to report to the police Thursday for questioning.

The Foreign Press Association called the police action a "flagrant violation of freedom of the press and an unwarranted attempt to compel a journalist to participate in a police investigation." Such practices "cannot be condoned in a democratic society such as Israel," the statement said.

ISRAELI-EGYPTIAN TALKS SET ON COMPENSATING MURDER VICTIMS' KIN

JERUSALEM, July 8 (JTA) -- Israeli and Egyptian jurists are scheduled to meet in Cairo next week in an attempt to reach agreement on the long-standing controversy over compensation to the families of Israelis murdered by a berserk Egyptian soldier on the beach at Ras Burka in castern Sinai in October 1985.

The compensation issue was raised when the Cabinet agreed two years ago to submit the Israeli-Egyptian border dispute over Taba to international arbitration. But the Egyptians have been dragging their feet, Israeli officials say.

They expressed hope that the talks in Cairo will speed up the process. The families of the victims will be represented by former Attorney General Yitzhak Zamir. Meir Gabai, former director General of the Justice Ministry, will represent the government.

UNAUTHORIZED AGAM PIECE DISPUTED

JERUSALEM, July 8 (JTA) -- The municipality took legal action this week to remove a controversial Holocaust memorial sculpture from its location at the Western Wall, triggering a personal attack on Mayor Teddy Kollek by former Ashkenazic Chief Rabbi Shlomo Goren, who placed the work on top of his Adra Yeshiva.

Goren charged that the Mayor's hatred of Orthodoxy was behind the legal action. Kollek rejected Goren's charge as spurious and insulting. He said his record proved his sensitivity to the needs of the city's Orthodox population.

But the sculpture was erected without the requisite municipal licenses. It has been criticized for aesthetic reasons. Artist Yaakov Agam defended his work. It may be an "illegitimate child" but "even when a bastard is born, you don't kill him." Agam said.

ISRAELI PUBLIC EMPLOYEES STAGE STOPPAGE; STRIKE SET FOR SUNDAY By Hugh Orgel

TEL AVIV, July 8 (JTA) -- Thousands of public employees staged a two-hour work stoppage Wednesday morning called by Histadrut because it said bargaining with the government over wage increases was deadlocked.

Histadrut has called for a day-long work stoppage this Sunday, and a general strike is in the offing if no new Labor contract is reached. Histadrut did not label Wednesday's action a "strike" but rather a two-hour break for discussions between workers and trade union officials. Most of the civil servants who did not report to their jobs at 8 a.m. took a two-hour "holiday" instead.

The stoppage affected the railroad system, courts, hospitals, the post offices and other public sectors. It followed a tense meeting Tuesday night between Histadrut Secretary General Yisrael Kessar and Finance Minister Moshe Nissim.

Nissim had declared earlier there would be no across-the-board wage increases or a shorter work week, demanded by Histadrut. Hillel Dudai, the Treasury's chief negotiator, told reporters that Nissim would make no new offers and totally rejects Histadrut's demands.

Kessar said he attended the meeting only out of respect for the Finance Minister. He said Histadrut would withdraw from negotiations if no progress is made, leaving the Treasury to negotiate separately with each of more than a dozen public employees unions.

MEMORIAL FOUNDATION HAILS MILESTONE IN BOOKS FOR HUNGARIAN JEWISH YOUTH

BUDAPEST, July 8 (JTA) -- Publication of the first three books in the Hungarian language since the Holocaust for Jewish youth was celebrated at the opening here recently of the Memorial Foundation for Jewish Culture's executive committee meeting.

The books, the first in a series, were initiated and funded by the Foundation in cooperation with the Hungarian Jewish community and with the Hungarian government's approval.

Rabbi Tomas Raj, editor of the books, and Dr. Jerry Hochbaum, executive director of the foundation, described the publications. An illustrated book on the Bible, beginning with Creation and ending with the death of Joseph, is for children aged 3-8. It was authored by Miriam Papaki and illustrated by Orsolya Madarafy.

"Shma Yisroel," a handbook describing the principles and practices of Jewish families from birth to death, written by nine Hungarian rabbis, is intended for ages 8-12. It discusses the syna-

gogue and Jewish holidays.

A book on Jewish history from Creation to the end of the Talmudic period was written for 12 to 18-year-olds. Hochbaum said future publications for different age groups and for Jewish families will include a book on the Jewish religion, a Bible reader, a book of biblical and Talmudic stories and a Hungarian translation of the Mishna.

There are also plans for video material in

Hungarian dealing with Jewish holidays.