

**SCANDAL OVER IRAQI PIPELINE
CREATES LITTLE IMPACT IN ISRAEL**

By David Landau

JERUSALEM, Jan. 31 (JTA) -- The scandal brewing in Washington over a 1985 Iraqi oil pipeline project, involving U.S. Attorney General Edwin Meese III and alleged bribes to Israeli officials, had little impact in Israel this weekend, where attention was riveted on the violence in the administered territories and evolving diplomatic initiatives to end it.

A Foreign Ministry spokesman said the proposed pipeline had been discussed during official U.S.-Israeli contacts and was brought to the attention of all the relevant ministers in the Israeli Cabinet.

The spokesman said that Israel had agreed not to interfere with the project. He said the ministers had discussed a U.S. request for guarantees, but no conclusions were reached on that point.

In Washington, special prosecutor James McKay, who has been investigating the attorney general, reportedly told the White House on Friday that Meese played an important role in the \$1.1 billion pipeline in which a close friend of his, E. Robert Wallach, had a financial interest.

Wallach was indicted on racketeering charges by a federal grand jury in December in a case involving the Wedtech Corp.

The 800-mile pipeline, never built, was intended to carry Iraqi oil to the Jordanian port of Aqaba, on the Red Sea, for shipment overseas. The idea was to bypass the Persian Gulf, where Iraq and Iran are locked in war. Syria, an ally of Iran, shut down Iraq's pipeline through its territory to the Mediterranean in 1982.

The Bechtel Corp., a San Francisco-based engineering services company that has undertaken many construction projects in the Middle East over the years, discussed the pipeline with Iraqi and Jordanian officials in 1984. The two Arab countries wanted guarantees that Israel would not sabotage the oil conduit, which would have passed close to its territory.

Close Ties To Peres

Bechtel enlisted Bruce Rappaport, described as a Swiss businessman, as a partner. Ostensibly, Rappaport had close personal relations with Shimon Peres, leader of Israel's Labor Party, who was prime minister in 1985 and is now foreign minister.

According to special prosecutor McKay, Meese was aware of plans, never consummated, to make payments to the Labor Party in exchange for Israel's approval of the project. Such payments would violate U.S. law against bribing foreign officials.

Rappaport, in an Israel Radio interview Sunday night, dismissed the allegation of intended bribery as a ridiculous, unfounded canard. He said he has known Peres for 45 years and the Labor Party leader would have "thrown anyone out of his room" who proposed an impropriety.

Rappaport said there had been no discussion in the United States of any favors or benefits to the Israeli government, to a political party or to any individual minister.

**NEW DIPLOMATIC INITIATIVES
ON THE MIDDLE EAST REPORTED**

By David Landau

JERUSALEM, Jan. 31 (JTA) -- A flurry of international diplomatic activity focussed on the Middle East captivated politicians here over the weekend. Nothing concrete has been announced and there was more speculation than substance in reports of what could or would transpire in the weeks ahead.

But both Premier Yitzhak Shamir of the Likud bloc and Foreign Minister Shimon Peres of Labor profess to be pleased with what seems to be energetic American involvement in the regional peace process.

The Americans, their attentions focussed urgently on the Persian Gulf situation during the past year, have been accused of lethargy with respect to the Arab-Israeli conflict. Now they appear to have been galvanized to action by the continuing violence in the West Bank and Gaza Strip.

Secretary of State George Shultz is expected to make a major policy speech on the Middle East this week. According to informed sources, he will revive President Reagan's September 1982 initiative, which was received with less than enthusiasm by Israel and subsequently shelved.

But Shultz is also understood to be pressing for proposals for immediate steps to negotiate self-government for the Palestinians in the West Bank and Gaza Strip.

There are also rumors that Philip Habib, President Reagan's special envoy to the Middle East, who visited King Hussein of Jordan in Amman this weekend, might embark on a new round of shuttle diplomacy in the region.

Shultz May Play Role

Some sources said Shultz himself might undertake the mission. The precedent was established for American secretaries of state by Henry Kissinger in 1973 and 1974.

In Washington, Shultz has met in recent days with Israeli Cabinet Secretary Elyakim Rubinstein, a close aide of Shamir, and with Simcha Dinitz, chairman of the World Zionist Organization Executive, who is a confidant of Peres.

Dinitz told the army radio in an interview Sunday that it would be wrong to think that the initiative now jelling in Washington would be limited to a new attempt to implement the autonomy provisions of the Camp David accords. Other elements are there too, Dinitz said, but he would not divulge details of his "long conversation with the secretary of state."

Shultz also met last week with President Hosni Mubarak of Egypt and two prominent Palestinians: Hanna Seniora, editor of the East Jerusalem daily Al Fajr, and Fayez Abu Rahme, a Gaza lawyer.

Both partners of the national unity government have taken pains to express their satisfaction with the new spurt of American diplomatic activity. Shamir said he believes Shultz's thinking is "close" to his own.

"What is good for peace is good for Peres," a spokesman for the Foreign Ministry said.

According to observers here, the U.S. government is plainly seeking to accommodate the differing points of view within the unity government and the divergences among Palestinian moderates.

There is to be an effort to implement the scheme for Palestinian autonomy, as advocated by Shamir, but in an expanded form, the observers say.

At the same time, there will be attempts to reassure Hussein and the Palestinians that negotiations over the final status of the administered territories will begin soon. The U.S. plan envisages some form of ceremonial international conference to give Hussein the protective umbrella he has always insisted upon before sitting down to negotiate with the Israelis.

Hussein will be in Paris on Tuesday. He is also going to Rome for a meeting with Pope John Paul II and then to Bonn.

Mubarak, having ended his official visit to the United States, is also heading for Paris, where he will have talks with President Francois Mitterrand and Prime Minister Jacques Chirac.

The Egyptian president unveiled a five-point plan in Washington last week to end the unrest in the administered territories and advance the peace process.

In Amman, meanwhile, high-level officials of the Palestine Liberation Organization are reportedly trying to work out a joint position with Jordan in advance of the new peace moves -- so far without success.

SEVEN WOUNDED IN UPSURGE OF VIOLENCE IN NABLUS, GAZA

By Gil Sedan

JERUSALEM, Jan. 31 (JTA) -- Violence erupted anew in the administered territories over the weekend, following a week of relative calm.

At least seven Palestinians were wounded in clashes with the Israel Defense Force -- five in Nablus and two in Gaza. An Israeli soldier was injured by a rock thrown during a demonstration.

The worst trouble spots were Nablus, the largest Arab city in the West Bank, and the adjacent Balata refugee camp. Trouble began Saturday, when some 200 demonstrators marched on the local military government building. Some, their faces hidden by kaffiyehs, hurled rocks and bottles at troops and waved Palestinian flags.

They were dispersed by live ammunition after tear gas and rubber bullets failed. According to the IDF, five demonstrators were wounded. Arab sources reported 50 wounded and 20 more hospitalized for beatings or tear gas inhalation.

Nablus was declared a closed military area Saturday, as helicopters hovered over the city to pinpoint troublemakers. Journalists and television crews were ordered out of the city.

A curfew was imposed on three Nablus neighborhoods Sunday morning after Palestinians resumed throwing rocks and burning tires. The Balata refugee camp was under curfew for the second day. In Gaza, an Arab youth was seriously wounded in the chest when he was shot after trying to seize a soldier's rifle.

Minor incidents were reported elsewhere in the territories as hope evaporated in the defense establishment that the situation was returning to normal.

The new outbursts were attributed to nationalistic elements in the territories, who were said to be trying to keep the protests alive in

face of growing weariness among the population, especially Arab merchants forced to keep their shops closed, who are suffering financially.

The nationalist elements were not identified. Defense Minister Yitzhak Rabin told the weekly Cabinet meeting Sunday that the IDF has not discerned any new leadership in the territories. He said the Palestine Liberation Organization pretty much controls the population in the areas.

JEWISH SETTLER BADLY WOUNDED IN FIREBOMBING NEAR RAMALLAH

By David Landau

JERUSALEM, Jan. 31 (JTA) -- A Jewish settler from Beit-El in the West Bank was reported in "serious condition" late Sunday night after his car was firebombed and gutted by flames on a road north of Jerusalem.

The settler, whose surname is Kalmanovich, was hospitalized for severe burns on his face, hands, arms and legs. Serious concern was expressed here Sunday night that the latest terrorist act, coming at a time of renewed Palestinian violence in the territories, could trigger a rampage of revenge by infuriated Jewish settlers.

As Israel Defense Force unit combed the area of the attack near Ramallah in search of the assailant. The officer in command of the central sector, Maj. Gen. Amram Mitzna, visited Beit-El to try to calm tempers.

A similar firebombing on a West Bank road last April took the lives of Ofra Moses and her son, Tal, and severely burned three other members of the family, all from Alfei Menashe in the West Bank. After that incident, Jewish settlers raided the nearby Arab town of Kalkilya, shooting into homes and doing considerable damage to property.

Only last Friday, the alleged perpetrator of the April firebombing, Mahmud Adel Hussein Daoudy, 25, was arraigned in a Nablus court.

SECURITY COUNCIL TALKS ON UNREST CONTINUE

By Yitzhak Rabi

UNITED NATIONS, Jan. 31 (JTA) -- The Security Council met here late Friday afternoon to continue its debate on Secretary General Javier Perez de Cuellar's report on the situation in the West Bank and Gaza Strip.

Diplomats said that the Arabs are insisting on a tough anti-Israel resolution, while the United States has made it clear it will veto any such action. Negotiations are under way to arrive at a compromise that would avoid a U.S. veto, the diplomats said.

The council began debate last Wednesday on Perez de Cuellar's report, which was based on the recent fact-finding mission of Undersecretary General Marrack Goulding to the territories and Israel. Goulding undertook his mission in compliance with a resolution adopted by the Security Council on Dec. 22.

Addressing the council Thursday night, Benjamin Netanyahu, Israel's ambassador to the United Nations, charged that the report paid little attention to the violent nature of the disturbances and demonstrations in the West Bank and Gaza Strip.

Instead, the envoy said, the report gave ample space "to anonymous, wide-ranging allegations" against Israel for which there was no evidence.

EGYPT HAS NOT LET UNREST DAMAGE TIES WITH ISRAEL, SAYS AJCONGRESS

By Andrew Silow Carroll

NEW YORK, Jan. 31 (JTA) -- Despite its harsh denunciations of Israel's handling of unrest in the administered territories, Egypt has acted to minimize damage to its relations with Israel, according to a report issued last week by the American Jewish Congress.

The report cites Egyptian President Hosni Mubarak's decision to retain Egypt's ambassador in Israel, despite recent pressure from home and abroad, and his softening of a previously rigid position toward the Arab-Israeli peace process as just two of the factors that have led to "considerably improved bilateral relations."

"There was substantial pressure from within Egypt and the Arab world to which (Mubarak) might have buckled under. We're gratified he did not," said Raphael Danziger, assistant director of the AJCongress Commission on International Affairs and co-author of the report with commissioner director Phil Baum.

The 36-page report was issued last week to coincide with Mubarak's meetings in Washington with President Reagan and other U.S. officials. The authors maintain that Egypt so far has avoided taking any drastic anti-Israel measures. They also note the following encouraging indicators:

- Mubarak rejected a call from Egypt's Parliament to withdraw Mohammed Bassiouny, Egypt's ambassador to Israel, and to expel Israeli Ambassador Moshe Sasson from Egypt to protest the "oppressive measures" taken by Israel against Palestinians in the territories.

- On Dec. 29, Egyptian security forces forcefully dispersed an anti-Israel demonstration by more than 1,000 students at Cairo's Ayn-Shams University.

- Nine Arab countries resumed ties with Egypt last November without any Egyptian concessions on relations with Israel, indicating that the "peace treaty with Israel no longer compromised Egypt's position in the Arab world."

- Egypt has backtracked from its insistence on full Palestine Liberation Organization representation in any peace negotiations and is calling for bilateral talks between Israel and a Jordanian-Palestinian delegation.

- An overall improvement in bilateral relations followed the Egyptian-Israeli agreement in 1986 to submit the Taba border dispute to binding international arbitration.

'Serious Irritants'

The report maintains that "serious irritants continued to mar" relations between the two countries. "The most upsetting is continued anti-Semitism in the Egyptian media," said Danziger.

Last week, on the eve of Mubarak's visit, the Simon Wiesenthal Center published a 160-page report documenting the extent of anti-Jewish expression in the government-sanctioned Egyptian news media.

The report, titled "Israel's Peace Partner-- A Survey of Anti-Semitism in the Egyptian Press, 1986-1987," lists anti-Semitic newspaper and magazine articles, cartoons, book reviews, films, television programs and theater.

"Mubarak said he can't control the press," said Danziger. "There is a free press, but he can make more vigorous efforts to stop or at least reduce" the anti-Semitic content.

The AJCongress leader expressed the hope that the United States used Mubarak's Washington visit last week to "strengthen his resolve" to maintain a constructive role for Egypt in the peace process.

"It is important that they make it clear to Egypt to hold the line" in bilateral relations with Israel, he said.

NEW DOCUMENT ALLEGEDLY SHOWS WALDHEIM ORDERED 4,000 DEPORTED

By Reinhard Engel

VIENNA, Jan. 31 (JTA) -- The authenticity of a document allegedly proving that Austrian President Kurt Waldheim deported more than 4,000 Yugoslavians from the Balkans during World War II was hotly disputed after its contents were reported on Austrian television Saturday night.

The document, in possession of the West German news weekly Der Spiegel, is an "urgent telegram" from a Col. Dragojlov to the command of the First Unit in the Bosnian town of Kozara in 1942. It states that Lt. Waldheim demands that 4,244 prisoners be sent on their way. Many of those deported, including children and elderly people, died in concentration camps.

Waldheim's spokesman, Gerold Christian, told the Austrian news agency APA that the document is obviously a forgery. According to Christian, Waldheim, who served in the Balkans as a Wehrmacht intelligence officer, never had the power of command and could not have ordered the deportation prisoners.

Christian said that the document had been offered to several foreign correspondents accredited to Vienna for a five-figure sum in U.S. dollars. Der Spiegel obtained it from the head of the Yugoslav military archives, Dusan Plenca.

An international panel of military historians is expected to render a report next month on their examination of Waldheim's military activities during World War II.

HOSPITALS HIT BY NEW STRIKE, AS SERVICE WORKERS WALK OFF JOB

By Hugh Orgel

TEL AVIV, Jan. 31 (JTA) -- About 12,000 patients were deprived of basic services at the government's 25 general, geriatric and psychiatric hospitals, which were hit over the weekend by a general strike of 10,000 service and clerical employees.

Relatives and friends of the patients were urged to bring them food and bed linens. The hospitals could not be reached by telephone because the switchboards were not staffed.

Cooks, laundry and maintenance workers, clerks and auxiliary helpers walked off the job to demand the same wages and fringe benefits received by their counterparts at hospitals run by Kupat Holim, the Histadrut's health care agency.

They claim the gap in wages ranges from 30 to 70 percent since the Histadrut employees won a new contract last year. The Health Ministry warned Saturday night that the country's hospital system, already hit by selective strikes by doctors and anesthesiologists, would collapse if the service workers' walkout continues for another day or two.

The strikers said they would not permit volunteers to replace them. But they agreed to allow patients' families and friends to bring food and other supplies on an individual basis.

SOVIET JEWRY GROUP DIRECTOR RESIGNS AFTER 17 YEARS By Susan Birnbaum

NEW YORK, Jan. 31 (JTA) -- Jerry Goodman, founding executive director of the National Conference on Soviet Jewry, has announced that he will leave the agency. Goodman, who helped organize the conference in 1971, said he intends to pursue other areas of professional endeavor.

Goodman announced his intention to resign at the group's executive committee meeting on Jan. 10. The news was reported by NCSJ Chairman Morris Abram the following day, at a meeting of the group's board of governors.

But the news was not made public until more than two weeks later. NCSJ press spokesman Jerry Strober said there was no particular reason for the timing of the announcement.

Goodman said that he was influenced in his decision by several important milestones in the Soviet Jewry movement, including the release of many long-term refuseniks whom he had personally known and the success of the Dec. 6 Freedom Sunday Mobilization in Washington.

Goodman will remain in his position until a successor is found and will serve as adviser to the search committee appointed by Abram to fill the job. Myrna Shinbaum, NCSJ associate director, remains in her position.

At the Jan. 11 meeting, the group's board of governors elected Goodman a life member of the executive committee, a move which he did not expect, Goodman said in a telephone interview.

Commenting on Goodman's announcement, Abram said, "Jerry Goodman has been the professional most responsible for placing the redemption of Soviet Jewry as a high priority in Jewish life. He has been a wise, intelligent and honorable executive to whom the movement owes a debt it can never sufficiently acknowledge."

'A Time Of Change'

Goodman, in his own statement to the executive committee, assessed the Soviet Jewry movement currently. "This is a time of change," he said. "We are on the threshold of new developments, and we must now build on the momentum and the energy of Freedom Sunday, throughout this country. I am certain that the NCSJ and the community will willingly accept this challenge."

Goodman described the outlook for Soviet Jews right now to be "a mixed bag. There are some positive signs; there are some problems that have to be resolved." He highlighted the situation of Yuli Kosharovskiy, now the longest-waiting refusenik in the Soviet Union.

There are some indications that the emigration authorities are more stringently enforcing requirements that those applying to emigrate have first-degree relatives abroad. He described the Soviet moves as "a kind of antiseptic approach to curbing emigration. It doesn't include harassment, just strict adherence to laws which we find unacceptable to begin with."

At the same time, informal Hebrew classes are currently functioning without harassment from Soviet authorities, Goodman said. "They haven't approved Jewish cultural study groups, but (they) have not been harassed," he said.

In looking back at the almost 17 years he has been with the NCSJ, Goodman admitted, "I never thought Soviet Jewry would be a career; it was originally supposed to be a temporary job.

But nobody foresaw how the movement would evolve."

At that time, Goodman took a leave of absence from his job as European affairs director and Soviet Jewry specialist for the American Jewish Committee. "For the first couple of years, it was considered a temporary job, and I was considered on leave from the American Jewish Committee."

'Ransom Tax'

Between 1972 and 1975, he said, "There was an aura of great optimism. Then the Soviets introduced the 'ransom tax' -- the education tax -- of 1972 after the Nixon summit with Brezhnev, which led to the Jackson-Vanik Amendment, and everyone realized it was not going to be a 'quick fix.'"

He was referring to a heavy tax Soviet Jews were required to pay upon leaving the country, levied ostensibly to reimburse the government for the amount it had spent on the citizens' education.

Goodman's plans for the future are not definite at this time. He will work "where I can be most productive," he said. "I would like to explore other things. I just hope that they will be half as fulfilling or significant."

3,000 EVACUATED AFTER GAS EXPLOSION By Hugh Orgel

TEL. AVIV, Jan. 31 (JTA) -- An explosion and fire at a gas tank farm injured two persons Saturday night and forced the evacuation of more than 3,000 residents of Kiryat Ata, near the Haifa Bay oil refineries and petrochemical industries complex.

Fire brigades from all over the Haifa area managed to contain the blaze, averting a disaster of catastrophic proportions had it spread to the adjacent refineries, where high octane gasoline and inflammable chemicals are stored.

According to firefighters, the explosion occurred while a tank truck was being loaded with cooking gas. The tank farm holds more than 1,000 tons of liquefied gas. Some trucks were loaded and others were waiting in line at the time of the blast.

Local officials have warned recently that the tank farm, owned and operated by the Paz Gas Co., lacked adequate safeguards against fire. The matter was taken to court several months ago by Kiryat Ata residents and the facility was ordered closed. The order was rescinded when Paz Gas undertook new safety measures.

Company officials insisted that the explosion had nothing to do with safety. They said the fault was an incorrect disconnection of a fuel pipe. However, Paz Gas promised that stricter safety precautions would be completed within three months.

UNIFIL STAY EXTENDED SIX MONTHS

UNITED NATIONS, Jan. 31 (JTA) -- The Security Council unanimously agreed Friday to extend the mandate of the United Nations Interim Force in Lebanon (UNIFIL) for another six-month period, until July 31, 1988.

The vote was 15-0 with no abstentions. UNIFIL's current mandate expired on Sunday.

UNIFIL, a 5,811-troop U.N. peace-keeping force in south Lebanon, was established by the Security Council in 1978. Its mandate is up for renewal every six months.