

**LESS-THAN-OPTIMISTIC SHULTZ
TO SHUTTLE FROM JERUSALEM**

By Hugh Orgel

TEL AVIV, Feb. 23 (JTA) -- Secretary of State George Shultz will use Jerusalem as a base for shuttle diplomacy to present the new American peace plan to Israeli and Arab leadership, according to a report in Al Hamishmar Tuesday.

But Shultz may discover upon his arrival in Jerusalem, scheduled for Thursday, that his most formidable task will be to mediate between Premier Yitzhak Shamir, leader of the Likud faction, and Foreign Minister Shimon Peres, the Labor Party leader. They remain deadlocked over the American proposals, the newspaper indicated.

Shamir reportedly told the Knesset's Foreign Affairs and Security Committee in closed session Monday that he is prepared to break up the Labor-Likud unity coalition government and call for early elections if Labor "makes trouble" during Shultz's visit.

Davar, the Labor Party newspaper, said Tuesday that Labor ministers have also made clear they are willing to dismantle the coalition if Likud attempts to thwart Shultz's initiative.

The U.S. secretary of state, who stopped in Brussels Tuesday, seemed unfazed though decreasingly optimistic about his Middle East mission. He acknowledged "there is everywhere intense skepticism" of his chances to achieve a breakthrough.

"I don't think many people give me much chance," but "we have a few ideas and the engagement of the U.S. in the Mideast on an intense basis is welcomed," Shultz said at a news conference.

Al Hamishmar, organ of the Mapam Party, reported Tuesday that Shultz's schedule in the region calls for daytime visits "to an Arab capital" and returning to Jerusalem at night.

Each evening he is scheduled for two separate meetings -- one with Shamir and his staff, the other with Peres and his staff. This is subject to change only if the two coalition partners succeed in formulating a joint position, Al Hamishmar said.

Shultz's meetings will begin in Jerusalem Friday morning with Shamir, followed by a session with Peres. He is also scheduled to dine with Defense Minister Yitzhak Rabin Friday night and meet later with relatives of Soviet Jews who have been refused exit visas.

Two Letters Reportedly Proposed

Haaretz reported Tuesday that Shultz "is proposing two letters documenting Washington's commitments to Israel and Jordan, respectively."

The letter to Amman would commit the United States to the principle of exchanging territory for peace, a feature of the initiative announced by President Reagan on Sept. 1, 1982 and subsequently shelved after it was rejected by the Likud-led government of Premier Menachem Begin.

The Reagan plan also proposed a Jordanian-Palestinian confederation in the West Bank and Gaza Strip.

The American commitment to Israel would stress secure borders without a return to the pre-June 1967 boundaries, assurances that there will

be no Palestinian state and that Jerusalem will remain a unified city.

Haaretz said the Reagan administration might seek congressional approval of both commitments to allay fears they may be repudiated by the next administration.

Al Hamishmar said Tuesday that Shultz may have been prompted to undertake his peace initiative by a letter he received from Shamir last month that indicated the Likud leader had softened his position significantly.

The newspaper quoted portions of the seven-page letter, dated Jan. 17, 1988, which it said Shamir wrote under pressure of events in the administered territories. Shultz's impression reportedly was that a fundamental change had taken place in Shamir's thinking that could lead to full-scale negotiations.

In one part of the letter quoted by Al Hamishmar, the premier blamed King Hussein of Jordan for refusing to consider the question of sovereignty in the Israeli-administered territories "an issue for negotiations."

Elsewhere in the letter, Shamir proposed handling the Palestinian refugee problem through international aid for construction and rehabilitation projects; Israel granting full autonomy to the residents of the West Bank and Gaza Strip, except in the areas of security and foreign policy; and Israel entering into a permanent settlement after autonomy is implemented as defined by the 1978 Camp David accords.

But according to Al Hamishmar, when the contents of the letter reached Likud-Herut ministers Ariel Sharon and David Levy, they attacked Shamir for going soft and forced him to retract the positions he outlined to Shultz.

Shamir said Monday he was interested in reaching a common position with the Labor Party based on the founding agreements of the unity government in 1984. But he said he was not "defuding himself" that such an accord could in fact be reached.

He said he would support Knesset elections in July or August. They are presently scheduled for early December, when the coalition government's term expires. Labor Party ministers want elections as early as May or June. Davar said this was because many Labor Party voters will be vacationing abroad in August.

Meanwhile, Shultz said in Brussels Tuesday that he had thorough discussions in Moscow this week with Soviet leader Mikhail Gorbachev and Foreign Minister Eduard Shevardnadze with respect to the Middle East peace process.

He was in Brussels to brief America's NATO allies on his talks in Moscow.

May Meet With Palestinians

Israeli newspapers reported that Shultz has left a "time slot" open during his Israel visit for meetings with key Palestinian leaders from the territories.

The Americans believe the violent situation in the territories will convince Jordan to support the U.S. plan. Amman's major demand is that autonomy will not result in the Israeli version of a permanent settlement.

(JTA Brussels correspondent Yossi Lempkowitz contributed to this report.)

PERES DENIES MEMO CHARGE HE WAS OFFERED PIPELINE BRIBE

By David Friedman

WASHINGTON, Feb. 23 (JTA) -- Israeli Foreign Minister Shimon Peres denied again Tuesday that the Labor Party, which he heads, was promised a bribe in return for Israel's acquiescence to the construction of an oil pipeline from Iraq through Jordan to the Red Sea.

"Ridiculous. . . idle chatter," Peres said when he was asked during a visit to Nablus about the alleged bribe, a claim made in a Sept. 25, 1985 "for your eyes only" memo to U.S. Attorney General Edwin Meese III from his friend E. Robert Wallach.

The memo and other documents, which are the center of an investigation by a special prosecutor on whether Meese acted properly on the suggestions of bribes, were made public by Meese's lawyers Monday.

But Peres made no mention of Wallach's link in the memo of the funds for Labor with increased immigration of Soviet Jews as a means of helping Labor win the next Knesset election.

"There is a need to provide Israel with an increasing flow of Ashkenazy (sic) Jews (from the Soviet Union) to help balance the influx of Sephardic-Oriental Jews who have a natural affinity and affiliation with Likud," Wallach wrote. "From the standpoint of American interests, the advantage is evident."

In the memo, Wallach also reported on a conversation between Peres and Bruce Rappaport, a Swiss businessman who was a partner in the project and reportedly was close to the then-premier. Wallach also had an interest in the project.

"He (Rappaport) confirmed the arrangement with Peres to the effect that Israel will receive somewhere between \$65-\$70 million a year for ten years out of the conclusion of the project," the memo said.

"What was also indicated to me, and which would be denied everywhere, is that a portion of the funds will go directly to Labor," Wallach added in his memo.

Interviewed on CBS-TV's "Face the Nation" Sunday, Peres said he would have "thrown out of the window" anyone who offered a bribe to the Labor Party or to him personally.

In the interview, he admitted he wrote Meese a letter on Sept. 19, 1985 in support of the pipeline and received one from the attorney general on Oct. 7. The letters were among the documents released.

Peres Said He Liked The Idea

The Peres letter, in which he apologized for a Hebrew letter-head since he had no English letterheads at home, said the then-premier "would go a long way to help it (the pipeline) out. But then discretion is demanded on our part."

Peres wrote Meese that "I have asked my friend Bruce (Rappaport) and Bob (Wallach) to let you know the whole story."

In the letter, Peres said he would discuss the pipeline with Secretary of State George Shultz when he was in Washington in October 1985. But Meese wrote back that Shultz had disqualified himself from the issue since the major contractor for the project was the Bechtel Group Inc., for which he had worked before becoming secretary of state, and that discussion should be held with Robert McFarlane, who was then na-

tional security adviser. McFarlane's successor, Adm. John Poindexter, later killed the project.

The Soviet Jewry issue was mentioned at the start of Wallach's memo, when he noted that Edgar Bronfman, president of the World Jewish Congress, in talks with Soviet leader Mikhail Gorbachev was given a message to Peres that Soviet Jewish emigres would be allowed to fly directly to Israel.

Wallach recalled an earlier memo in which he noted for Meese disputes between Israel and American Jews over Israel's complaint that the majority of Soviet Jews go to the United States rather than Israel although they have visas for Israel.

He also noted that Rappaport "has been financing private polls for quite a long time in Israel on behalf of Labor-Peres. They demonstrate an increasing strength for Labor and the high probability of elections, no later than March 1986."

The election was not held and the Labor-Likud unity government continues, with elections expected sometime this year.

Hostage Connection Alleged

The memo also notes that Rappaport said that Peres stressed that the release of the Rev. Benjamin Weir, who had been held hostage in south Lebanon, "was as a result of the efforts of the State of Israel, and no one else." He (Peres) indicated that they would also arrange for the release of the remaining six.

Weir was released after the first shipment of missiles by Israel to Iran. This was the beginning of the United States initiative to Iran which was abandoned when the hostages were not released.

"There is a feeling that the U.S. 'owes' and that the accomplishment of this project, as outlined in my memo, is appropriate," Wallach wrote. He added that Peres felt the United States should be doing more to facilitate the pipeline since "it is so obviously in the interest of everyone involved."

Peres said in Nablus Tuesday and earlier in the CBS interview that he believed the pipeline would help the peace effort in the Middle East and assure Israel of oil supplies.

(JTA Tel Aviv correspondent Hugh Orgel contributed to this report.)

U.N. GENERAL ASSEMBLY TO DISCUSS PLO OBSERVER MISSION MONDAY

By Yitzhak Rabi

UNITED NATIONS, Feb. 23 (JTA) -- The General Assembly will convene here next Monday to debate the U.S. decision to close the Palestine Liberation Organization's observer mission to the United Nations, it was announced here Tuesday by a U.N. spokesman.

The Arab states and the PLO requested a special meeting of the General Assembly to discuss the issue last Friday. According to diplomats, the Arabs want the General Assembly to ask the International Court of Justice in The Hague to rule on the decision for closure.

According to a legislation signed by President Reagan on Dec. 22, the PLO mission must be closed by March 31.

The U.S. Justice Department is considering submitting the issue for arbitration. But last week a spokesman said that Attorney General Edwin Meese was unlikely to decide for several weeks which action to take.

**ACLU ARGUES IN FEDERAL COURT
TO REOPEN WASHINGTON PLO OFFICE**

By Howard Rosenberg

WASHINGTON, Feb. 23 (JTA) -- Lawyers trying to reopen the Washington office of the Palestine Liberation Organization argued before the U.S. Court of Appeals for the District of Columbia Tuesday that the closing violated the First Amendment rights of U.S. citizens staffing the office.

Proceedings concluded Tuesday. The three-judge appeals panel did not say when a decision would be announced.

The appeal follows U.S. District Court Judge Charles Richey's affirmation last Dec. 2 of a Sept. 15, 1987 State Department order designating the Palestine Information Office a foreign mission. Congress soon after ordered the closing of both the PLO's Washington office and United Nations observer mission.

Richey ruled that closing the information office -- the first such action under the 1982 Foreign Missions act -- did not violate the First Amendment since it "merely prohibits the PIO from operating as a 'foreign mission' of the PLO."

He added that the closing does not "prohibit, edit, or restrain the distribution of advocacy materials" by the office staffers, so long as they find funding from other sources.

The judge also rejected the plaintiffs' contention that the closing violated their right of due process, ruling that a foreign mission has no such rights in the United States.

The appeal was filed by the American Civil Liberties Union, chief counsel for the appellants. In addition to its claim that the staffers' First Amendment rights were violated, the appeal contends that the information office is not "substantially owned or effectively controlled by the PLO" and "like the district court's opinion, the government's construction of the Foreign Missions Act is unconstitutionally vague."

Douglas Letter, a Justice Department lawyer, argued that Congress or the administration can close an office under the Foreign Missions Act so long as that office is "substantially owned" by a foreign government or is "effectively controlled" by a foreign power.

The judges hearing the appeal, Abner Mikva, Laurence Silberman and Kenneth Starr, were not asked to rule on the order to close the PLO's observer mission at the United Nations. That office remains open, with a Justice Department announcement expected any day before the March 31 closing deadline as to whether it will enforce the law.

Although the State Department opposes closing the PLO U.N. mission for fear of violating its international treaty obligations, President Reagan signed the provision into law in December as part of the 1988 State Department Authorization Bill, rather than veto the entire bill.

HERZOG RE-ELECTED TO 5-YEAR TERM

By David Landau

JERUSALEM, Feb. 23 (JTA) -- The Knesset voted 82-2 in secret ballot Tuesday to install President Chaim Herzog for a second five-year term. There were 18 abstentions.

Informed of the results by Knesset Speaker Shlomo Hillel, Israel's Irish-born chief of state pledged to "work within the national consensus

for the peace and unity of the nation."

He also said he would continue to support his wife, Aura, in her efforts to beautify Israel's landscape. The first lady heads the Council for a Beautiful Israel. Herzog also said he and his wife would work together "to reveal the good in the country."

ISRAELI LEADER BREAKS S. AFRICA BAN

By Hugh Orgel

TEL AVIV, Feb. 23 (JTA) -- An Israeli Cabinet minister visiting South Africa has reportedly violated the government's ban against any contact with officials of the South African government.

Avraham Shapira, a minister-without-portfolio representing the National Religious Party, had a three-hour talk with South African Minister of Home Affairs and Communications J.C.G. Botha. It took place during a flight from Durban to Cape Town, Maariv reported Tuesday.

According to a spokesman for Shapira, the minister said he had not known or recognized the South African official. He said South African Airways personnel seated them together and introduced them. They chatted during the flight on a number of issues, including relations between Israel and South Africa, Maariv reported.

Shapira received Foreign Ministry approval for his visit to South Africa, which he said was to promote immigration to Israel from the South African Jewish community.

Before departing last week, Shapira insisted he would not hold meetings with members of the South African government, though he did not rule out chance meetings at events marking the 40th anniversary of Israel's independence.

Israel Radio said Tuesday that Shapira and Botha would meet again. The Cabinet voted last year to ban such contacts and restricted trade and cultural relations with South Africa as a mark of Israel's disapproval of the apartheid regime.

AFL-CIO MIDEAST STATEMENT LAUDED

NEW YORK, Feb. 23 (JTA) -- The president of the Jewish Labor Committee "expressed satisfaction" Monday with a declaration by the AFL-CIO on the Middle East that included criticism of Israeli handling of unrest in the Gaza Strip and the West Bank.

Israel "will continue to receive the support of democratic institutions in the United States--the prime example being the American trade union movement," explained labor committee president Herb Magidson in a statement.

The AFL-CIO statement, delivered Feb. 16 by its executive council at the annual convention in Bal Harbour, Fla., criticized Israel for using "unnecessary force" against rioting Palestinians.

But despite the rare criticism of Israel by the AFL-CIO, most of the three-page document supported the Jewish state and blamed Arab intransigence for the situation in the territories.

The AFL-CIO took especially strong exception to what it said was a "view, fomented by sensationalized media accounts," that Israel has lost its "moral bearings" or bears comparison to South Africa.

The AFL-CIO has traditionally been a strong supporter of Israel, which the statement noted is "a nation built by the trade union movement," and has close ties with the Histadrut, Israel's trade union federation.

AMERICAN JEWISH SILENCE BETRAYS ISRAEL, WRITES TIKKUN EDITOR

By Andrew Silow Carroll

NEW YORK, Feb. 23 (JTA) -- Accusing American Jewish leaders of displaying "short-sightedness and cowardice in dealing with the current difficulties" in Israel, the editor of a liberal Jewish magazine writes that Americans must use "every possible means" to convey to Israelis that "Israel is in deep jeopardy, and the occupation must end."

In a seven-page editorial to be published in the March issue of Tikkun, editor Michael Lerner says that the silence on the part of Jewish leaders in the United States has created "wonderful times" for anti-Semites and anti-Zionists.

"The only voices articulating clear moral criticism have been those of Israel's enemies," writes Lerner, an observant Jew and a self-described "strong Zionist."

"The path of least resistance -- privately criticizing Israel but publicly supporting it or remaining silent -- is actually a dramatic betrayal of the interests of our people," he says.

The Tikkun editorial, both by denying comparisons between Israel and South Africa and in acknowledging that "Palestinians bear part of the responsibility for the present crisis," also seems to counter criticism of Israel heard from the political left.

In a telephone interview, Lerner said he plans to distribute 300,000 copies of the editorial, which includes the texts of two sample petitions and a special Passover prayer of "freedom for our brothers and sisters, the Palestinians."

Tikkun claims combined subscription and newsstand sales of 40,000. The two-year-old bimonthly magazine, based in Oakland, Calif., also attracted news coverage in November, when it published an interview with the Rev. Jesse Jackson. His responses to questions about various Jewish concerns stirred new allegations that the Democratic presidential aspirant was insensitive to Jews.

According to Lerner, if the latest issue of the magazine, due on the newsstands in early March, generates a similar level of public debate, it will be because the editorial represents what he claims is the longest and most detailed criticism of Israel by an American Jewish publication or organization since the beginning of the unrest.

Earlier this month, 51 of the largest U.S. Jewish organizations signed a statement of "unity and identification" with Israel released by the Conference of Presidents of Major American Jewish Organizations.

The conference statement included assurances that "we believe we speak for the overwhelming majority of Jews." Among the signators were four organizations, the American Jewish Congress and three Reform Jewish groups, which had issued statements strongly critical of Israel's "iron fist" policy in the territories.

Demilitarized Palestinian State

The Tikkun editorial calls on the Israeli government to end its administration of the Gaza Strip and the West Bank and to offer Arabs living there a demilitarized Palestinian state.

It also proposes that Israel immediately hold a plebiscite to allow Palestinians to determine who would negotiate for them in establishing the state.

But in keeping with Tikkun's stance as a

journal founded to counter what Lerner calls "neo-cons, the 'Israel is always right' crowd, the people with moral blinders," Lerner addresses his proposals to the American Jewish public.

"Many American Jews do not realize that they are in the Jewish majority when they express disapproval of Israel's policies," he writes.

The ordinary Israeli, meanwhile, "has no idea how deep American disaffection has become or how such disaffection may threaten Israel's military security in the future."

The Israel-South Africa comparison, writes Lerner, "distorts reality and allows right-wingers to focus on its flaws instead of dealing with the justified criticism of Israel."

The situation in the territories, however, "resembles colonial oppression much more than racist apartheid," writes Lerner.

U.S. PRO FOOTBALL MAY TOUCH DOWN IN ISRAEL

By Andrew Silow Carroll

NEW YORK, Feb. 23 (JTA) -- A team of Israeli sports promoters is scrambling to stage the first-ever National Football League game to be played in Israel.

According to Natan Amir, chairman of the Committee for the Holy Land Football Bowl, the promoters completed "encouraging discussions" with NFL officials here last week about an exhibition game to be played in Ramat Gan's 50,000-seat stadium prior to the 1989 season.

Norman Braman, owner of the Philadelphia Eagles and one of four Jewish owners of NFL teams, brought the Holy Land Bowl idea to the attention of NFL officials, Amir said.

League officials who met with the Israeli promoters Feb. 17 said, however, that other countries have expressed similar interest in staging an NFL game. The various proposals will be presented to club owners at a league meeting in mid-March, according to Joe Rhein, director of administration for the NFL.

"To say that we're close to an agreement (with the Israelis) would be an overstatement," said Rhein.

Israel has hosted a number of U.S. National Basketball Association teams, and Amir is convinced that American armed forces personnel in the Mediterranean combined with immigrants from the United States would make the Holy Land Bowl a sell-out.

MEESE TOLD OF ANTI-SEMITISM

WASHINGTON, Feb. 23 (JTA) -- Sixty members of Congress have written Attorney General Edwin Meese III recommending that the Justice Department act on the "disturbing increase in anti-Semitic incidents in the United States" last year.

"We urge you to ensure that the criminal justice system is responding appropriately to this dangerous increase in anti-religious crimes," the representatives said in the letter, initiated by Rep. Ted Weiss (D-N.Y.).

They said their "concern" was in reaction to a report by the Anti-Defamation League of B'nai B'rith which indicated 694 incidents of vandalism against Jewish institutions and property in 1987, a 17 percent increase, and 324 incidents of harassments, threats and assaults against Jews and Jewish property, a 4 percent increase over 1986.