

**ISRAEL AND HUNGARY ESTABLISH
RECIPROCAL INTEREST SECTIONS**

By Hugh Orgel

TEL AVIV, March 14 (JTA) -- Israel and Hungary established interest sections in Budapest and Tel Aviv respectively Monday. It is the lowest level of diplomatic representation, but nevertheless marks a resumption of diplomatic ties broken by Hungary during the 1967 Six-Day War.

A Hungarian representative, Jerri Genish, handed his letter of appointment to Israeli Foreign Minister Shimon Peres in Jerusalem, while Shlomo Merom, an Israeli diplomat with the rank of ambassador, did the same at the Foreign Ministry in Budapest.

Israel's Budapest office will operate from the Swiss Embassy there. The Hungarian section in Israel will be located at the Swedish Embassy in Tel Aviv.

Genish told Israel Radio that the opening of a Hungarian mission here was a step toward full diplomatic ties. He said that event would be hastened if Israel entered into peace negotiations with its Arab neighbors and the Palestinians.

The freeze between Israel and the Communist bloc countries seems to be thawing. Israel and Poland established interest sections in Warsaw and Tel Aviv last year. A Soviet consular mission has been in Israel since last June and an Israeli mission of similar rank will be going to Moscow in about three weeks.

But Israel and the Soviet Union have not re-established ties, even on the interests section level. Israel has full diplomatic relations with only one Eastern bloc nation: Romania.

**SHULTZ RESTATES U.S. COMMITMENT
TO ISRAEL IN MEETING WITH SHAMIR**

By Howard Rosenberg

WASHINGTON, March 14 (JTA) -- Secretary of State George Shultz assured Israeli Premier Yitzhak Shamir Monday that the U.S. commitment to Israel is "unshakable," according to a senior Reagan administration official.

Shultz met with Shamir for 30 minutes immediately after his arrival here for four days of talks, including a White House meeting scheduled with President Reagan on Wednesday.

The official told reporters that neither Israel nor any of the Arab states have submitted their formal reaction to Shultz's proposals for a Middle East settlement. Shultz asked for responses to his plan by March 15 when he presented it March 4.

It proposes an accelerated timetable for Arab-Israeli negotiations, to be preceded by an international conference as early as next month, and implies trading territory for peace.

The official refused to say whether Shultz's proposal is a "like-it-or-leave it" one, explaining that the parties to the conflict "have reservations about it."

But he pointed out that "no one has said no to us" and emphasized that Egyptian President Hosni Mubarak's strong positive reaction.

Shamir has already voiced his strong objections to the proposals and said he has brought his own suggestions for moving the peace process ahead.

However, the Israeli premier "will not bring the decision with him," the official said. "We are not pressing Israel. It is the situation in the area that is pressing Israel and all of the parties in the area."

Diplomatic 'Assurances' Hinted

The official added that the United States could provide additional diplomatic "assurances" to Israel to encourage it to accept the plan, but refused to elaborate. "We will have to see how the talks develop. Assurances have been a facet of our diplomacy in the region over the last many years," he said.

Asked how he could reassure Shamir that the United States is not favoring Foreign Minister Shimon Peres, who has indicated acceptance of the U.S. suggestions, the official said, "what we have been very intent on doing from the beginning of this proposal is not get into the ins and outs of Israeli domestic politics."

Shamir refused to allow the 10-minister Inner Cabinet to vote on the Shultz proposals, and the issue has divided the national unity government of Labor and Likud. Speculation has grown that the deadlock could result in an early Knesset election.

Richard Murphy, assistant secretary of state for Near Eastern and South Asian affairs, went to Moscow last week to brief Soviet Foreign Minister Eduard Shevardnadze on the Shultz plan.

The official said that Shevardnadze said he appreciated hearing about the new initiative straight from a U.S. official. Shevardnadze will continue those discussions with Shultz when he visits Washington the week of March 21, the official said.

**SHAMIR MUM ON PEACE IDEAS
UPON ARRIVAL IN NEW YORK**
By Andrew Silow Carroll

NEW YORK, March 14 (JTA) -- Israeli Prime Minister Yitzhak Shamir met with reporters and Jewish leaders upon his arrival in New York on Monday, but declined to disclose details of the counterproposals he plans to present to Secretary of State George Shultz during their discussions of the Middle East peace process in Washington this week.

Some two dozen representatives of the Conference of Presidents of Major American Jewish Organizations and the Jewish Community Relations Council of New York met at dawn with Shamir as he arrived at John F. Kennedy Airport.

During the session and earlier at a brief news conference, the prime minister would only say, "I have many proposals, many plans of my own" concerning the peace process.

Shamir is on record as being opposed to a peace plan formulated by Shultz, because it includes proposals that Israel trade land in the Gaza Strip and West Bank for peace.

In response to a reporter's question concerning the role of the Palestine Liberation Organization in possible peace negotiations, Shamir said, "I don't think Israel will ever talk with the PLO."

Outside the El Al Israel Airlines terminal, about 100 supporters of Shamir gathered to greet

the prime minister, waving small Israeli flags and chanting "Israel yes, Palestine no" and "not one inch," a reference to Shamir's refusal to trade land for peace.

A smiling Shamir briefly joined the crowd, which burst into "Hatikvah," the Israeli national anthem.

According to Kenneth Kelner, president of the Manhattan region of the Zionist Organization of America and an organizer of the rally, participants included members of the Jewish Political Caucus, Herut-USA, Emunah Women, Americans for a Safe Israel and other groups supporting Shamir's Likud bloc and the Israeli government's right wing.

Following his airport appearance, Shamir proceeded directly to Washington, where he met Monday morning with Secretary of State George Shultz. He was to join the secretary for breakfast Tuesday and again on Thursday.

Shamir is scheduled to meet with President Reagan late Wednesday morning and will stay at the White House for a working lunch with the president. Vice President George Bush will host a state dinner for the premier that night.

The Israeli leader was to meet with Defense Secretary Frank Carlucci late Monday afternoon and with Treasury Secretary James Baker, on Wednesday morning.

He will confer with the Senate leadership Tuesday afternoon, with the Senate Foreign Relations Committee on Wednesday and with the House Foreign Affairs Committee and the Congressional Black Caucus on Thursday.

He was scheduled to address the United Jewish Appeal Young Leadership Conference Monday night and the Simon Wiesenthal Center in Los Angeles on Thursday.

SHAMIR RECEIVES A WARM SEND-OFF AS HE SOUNDS CONCILIATORY NOTE By Hugh Orgel

TEL AVIV, March 14 (JTA) -- Premier Yitzhak Shamir sounded a conciliatory note on the peace process as he left for the United States shortly after midnight, following a massive outpouring of support for his tough stand on the American peace plan.

The rally took place Sunday night in Malchei Yisrael Square, outside the Tel Aviv City Hall, where speaker after speaker urged the premier not to waver in his talks with Reagan administration officials.

Organizers of the rally claim it drew between 200,000 and 250,000 people, who packed the broad square and overflowed into side streets. Other observers questioned that estimate, but agreed the rally was twice as large as the one organized by Peace Now that filled the same square Saturday night.

The Peace Now demonstration backed the American plan and the formula of exchanging territory for peace. But that idea got a resounding "no" from the throngs gathered Sunday night. They represented Israel's right wing, what is loosely termed the "nationalist camp," consisting of supporters of Shamir's Likud bloc and the Tehiya, Tzomet and Morasha parties.

The rally was originally organized by the Gush Emunim, the militant Jewish settlers in the West Bank. But it was taken over by the Likud, which sent its heavy artillery in the persons of Housing Minister David Levy and Commerce and Industry Minister Ariel Sharon.

The demonstrators carried placards reading: "Land for Peace -- On No Grounds"; "Peace Yes, Retreat No"; "No to Shultz and No to Autonomy"; and "We Won't Return Territory Because of Knives and Stones."

In his remarks before taking off, Shamir told reporters he was going to Washington on a peace mission within the context of the friendship and cooperation between Israel and the United States.

"Our relationship with the U.S. has always been based on mutual understanding, common values and identical strategic and political interests," Shamir said. "This time, the effort to bring nearer the peace between us and our neighbors will be on top of our agenda."

No People Wants Peace More

Shamir said Israel "was, and is, always ready to stretch itself and to participate in negotiations about establishing peace in its areas, and no other people desires peace like us.

"We always welcome the readiness of the U.S. to assist us in getting this noble goal of peace. We are always ready to cooperate with the U.S. in efforts for peace, knowing that the way of the United States in its relationships with its allies and partners is not by pressure, but always by mutual understanding and friendly persuasion," Shamir said.

Asked if he still stood by the Likud party platform not to give up any part of the administered territories, the premier replied, "The binding documents for our efforts to get peace are the Camp David agreements, and in those agreements we have committed ourselves to negotiations, at the end of the first stage of autonomy, about the final status of the territories of Gaza, Judea and Samaria."

Foreign Minister Shimon Peres, who accompanied Shamir to the airport, told reporters later he would refrain from attacking him while he was abroad on his mission. He hinted that this was in contrast to Shamir's attacks on him when he was on an official visit to Washington some months ago.

But on Monday, Peres accused Shamir's Likud bloc of sabotaging every effort to persuade King Hussein of Jordan to enter into peace negotiations with Israel.

TWO SIDES PROTEST IN WASHINGTON

By Howard Rosenberg

WASHINGTON, March 14 (JTA) -- Close to 2,000 people protested for Palestinian rights Sunday near the White House, while a few hundred Jews protested across the street from ABC News to protest media coverage of recent violence in the territories.

The protest at Lafayette Square, across from the White House, was held following the American Arab Anti-Discrimination Committee's Washington conference and a "teach-in" sponsored by Friends of Peace Now at American University.

The rally near ABC News was organized by the Greater Potomac Region of the Zionist Organization of America. Demonstrators at the rally wore yellow ribbons to protest what they consider "yellow journalism" by the major television networks.

Winifred Meiselman, director of the Committee for Accuracy in Middle East Reporting in America, said that all of the networks provide skewed coverage, but that ABC is the "most egregious" offender.

AUTHORITIES PLAY DOWN RESIGNATION OF ARAB POLICE IN THE WEST BANK

By Gil Sedan

JERUSALEM, March 14 (JTA) -- Israeli authorities have dismissed the mass resignation of Arab police officers in West Bank towns and villages as inconsequential.

But they have taken measures to punish the Palestinian population for mounting a war of attrition against the Israeli civil administration, which appears at the moment to have replaced the violence of the past three months.

Under the pressure of unwritten orders from nationalist elements, Arab police officers began handing in their resignations over the weekend. According to official figures, 250 have resigned so far. Arab sources put the number at 450.

Senior Israeli police officers and Police Minister Haim Barlev have stressed that Arab police function mainly on the local level, dealing with traffic infractions and civilian complaints. They have nothing whatever to do with security measures.

Although some Arab police officers reported for duty in the West Bank on Monday, sources at the civil administration said the actual number who resigned was not important, because Arab police have not been performing well for the past two months, in any event. They said they would try to persuade others to return to work, but are preparing for an extended period without their help.

Local Arabs seem satisfied with the resignations, but have little respect for the Arab police. One woman outside the Dahaishe refugee camp, near Bethlehem, claimed the Arab cops "would not have lifted a finger if they saw a Palestinian being beaten by Israeli soldiers."

Another woman said, "By their mere presence they freed Israeli soldiers to do other jobs."

Other Resignations

In addition to the police officers, several Arab town council members have resigned and local Arabs are threatening not to pay their taxes. About two weeks ago, Arab employees of the civil administration's income tax collection department in the Gaza Strip quit their jobs.

As a countermeasure to the civil disobedience -- though it was not identified as such -- the Israeli authorities cut off the supply of gasoline throughout the West Bank on Sunday, causing long lines at gasoline stations. The official explanation was attacks on the tanker trucks that supply the territories.

Fuel is still being delivered for vital services, such as use in hospitals, and shipments continued Monday without interruption.

So far, Arab nationalist circles have not called on the 18,000 Arab employees of the civil administration to resign. The problem is how to pay their salaries with little tax revenue coming in. Several hundred teachers remain idle as a result of the school strike.

Other employees, including tax collectors, are reported to be under pressure and nervous. Their work has been seriously affected in the past few weeks, according to civil administration sources.

An Arab general strike has been called for Tuesday and Wednesday. Meanwhile, Israeli soldiers tried to force shopkeepers in Jericho to open for business during the official daily strike hours, which start at noon.

They are forcing other merchants to close during the morning hours, when nationalist elements allow them to remain open to serve the needs of the local residents.

SOME 600 AMERICANS TO HELP ISRAEL AS TWO-WEEK VOLUNTEERS

By Yitzhak Rabi

NEW YORK, March 14 (JTA) -- Some 600 North Americans were scheduled to depart for Israel at midnight Monday to perform various chores for two weeks at Israeli military bases and hospitals -- voluntarily.

"The fact that hundreds of volunteers are going to Israel now is a significant statement of solidarity with the people of Israel, precisely at a time when so many are criticizing and backing away from supporting the Jewish state," said Sampson Giat of New York, president of Volunteers for Israel, which is sponsoring the undertaking.

According to Giat, this group of volunteers is the largest ever to go to Israel at one time. Four hundred sixty-one of them will fly aboard a chartered El Al jumbo jet, and 35 more people whom the jet cannot accommodate will travel on a regularly scheduled flight. Another 50 left Sunday night and 40 are to fly directly from Los Angeles.

Giat said at a news conference here Monday that his organization has sent some 8,000 volunteers to Israel from the United States over the past five years and more than 12,000 worldwide.

"This is our way of showing the Israeli people that we are with them all the way at this time of crisis," said Alexander Goldberg of Hempstead, N.Y., a 75-year-old aeronautical engineer who will make his 14th visit to Israel as a volunteer. He was referring to the more than three months of Palestinian unrest in the West Bank and Gaza Strip.

Mayor Saul Hornick of Marlboro Township, N.J., is bringing eight of his constituents with him to volunteer, including non-Jews and his 13-year-old son.

"This trip of volunteers to Israel is a statement that says we support the State of Israel as the greatest and single ally of the United States in the Middle East," the mayor said.

Hornick told the Jewish Telegraphic Agency that he raised more than \$75,000 in the last three weeks to help subsidize the trip. Each volunteer pays \$275 as a contribution toward the cost of room and board and round-trip airfare. The volunteers raised \$100,000 for the trip.

Florence Cohen, national coordinator of Volunteers for Israel, said the flight was oversubscribed within 72 hours of the announcement and marks the first time that the organization ever chartered a plane.

Cohen, a registered nurse, and Giat, a musician, are going, too, to take part in activities such as cleaning army latrines, repairing flat tires and typing orders. The group will return on March 30.

ISRAELI SOCCER TEAM DEFEATS TAIWAN

TEL AVIV, March 14 (JTA) -- Israel's national soccer team defeated Taiwan 5-1 in Australia on Sunday, ending the first round of the foundation Oceania region elimination tournament to determine which country will participate in the 1989 Olympic Games in Seoul, South Korea.

FINAL PHASE OF TABA ARBITRATION OPENS WITH ISRAELI PRESENTATION

By Tamar Levy

GENEVA, March 14 (JTA) -- The final phase of the arbitration process that will determine ownership of 14 disputed sites along the Israeli-Sinai border, including the half-square-mile Taba resort area on the Red Sea, opened here Monday.

The preliminary session was brief. Israel displayed a videotape film of the Taba area. There was a short procedural discussion after which the meeting was adjourned to reconvene Tuesday.

Egypt will present its case for the next three days, and after a three-day interval, the Israelis will present theirs, which is expected to last four days. Both sides will present witnesses. Their names have not yet been released to the press.

Israel and Egypt will both present visual arguments, including slides, maps and, in Israel's case, a plaster scale model of the Taba area.

The presentations will last until March 28, to allow a break for the Passover-Easter holidays. The sessions will resume April 12 for one week. After that, the arbitration panel will adjourn to deliberate and write its report, which may take several months.

The panel, made up of five distinguished international jurists, is headed by Judge Gunnar Lagergren of Sweden.

The other members are Pierre Bellet of France, Dietrich Schindler of Switzerland, Ruth Lapidot of Israel and Hamdi Sultan of Egypt. The Israeli delegation includes 28 experts and legal advisers headed by Robi Sabel, legal adviser to the Foreign Ministry.

Binding arbitration is one of the means of settling disputes between Israel and Egypt under the terms of their 1979 peace treaty. So is conciliation -- compromise. But after a year of failed attempts at conciliation, Israel went along with Egypt's insistence on arbitration.

IN VIENNA, JEWS SOLEMNLY REMEMBER THE ANSCHLUSS

By Marta Halpert

VIENNA, March 14 (JTA) -- Viennese Jews solemnly mourned the victims of the Holocaust here Monday, two days after Austria commemorated the 50th anniversary of the Anschluss--the absorption of Austria into the Third Reich on March 12, 1938.

The Jewish event was low key and non-political. An hour of prayer preceded a march to the Morzinplatz, once the site of the dreaded Gestapo headquarters in Vienna. Some of the Jewish participants were Holocaust survivors, others were born long afterward.

Austrian Chancellor Franz Vranitzky, one of many non-Jews who attended, appealed to the Austrian people to apply the lessons of history to the present and future.

Paul Grosz, president of the Jewish community, called for more tolerance and for the right of Jews to live in peace according to their own understanding of freedom and to observe their religion and culture.

Remembrance of the Nazi era was the theme of other Anschluss anniversary events. The Academy Award-winning film "Genocide" was shown at a private screening Saturday night for civic and government leaders, educators and other public figures.

The screening was given under the patronage of Dr. Hilde Hawlicek, minister for education, and Dr. Helmut Zilk, mayor and governor of Vienna.

"Genocide" was produced by the Los Angeles-based Simon Wiesenthal Center and won the 1982 Oscar for best documentary. Nazi-hunter Wiesenthal appeared in person to introduce the film. It also will be shown at the Vienne film festival.

Another event is "The Courage to Remember," an exhibition of the Wiesenthal Center which had its international opening here Sunday. It explores in words and images the historical setting, events and the aftermath of the Holocaust. It will be on display at the Palais Palfy until March 27.

Meanwhile, demonstrations continued demanding the resignation of Austrian President Kurt Waldheim because of revelations of his role in Nazi atrocities committed when he served in the German Army in the Balkans during World War II.

Austrian intellectuals, writers, artists and many former concentration camp inmates expressed dismay over Waldheim's refusal to step down. Rosa Jochmann, an 80-year-old former Socialist resistance fighter and inmate of the Ravensbruck concentration camp, said, "Waldheim is not representative of this new generation. He is not worthy to be your president."

Waldheim, whose controversial history led to the prohibition against his speaking at any official event marking the Anschluss anniversary, gave a five-minute television address Thursday night in which he called for reconciliation and insisted that Austria was the first victim of Hitler's aggression.

REFORM RABBIS AFFIRM ZIONISM IS POSSIBLE WITHOUT ALIYAH

JERUSALEM, March 14 (JTA) -- The 99th annual convention of the Central Conference of American Rabbis ended here Sunday with a spirited defense of the principle that one can be a true Zionist without living in Israel.

The CCAR is the rabbinical organization of Reform Judaism in the United States. Its convention created a stir here, and an angry reaction from some government circles, when the rabbis delivered a letter to Premier Yitzhak Shamir deploring "the policy of deliberate beatings ordered by Defense Minister (Yitzhak) Rabin as beyond the bounds of Jewish moral values."

The protest was against the Israel Defense Force policy of pursuing and beating Palestinian demonstrators in the administered territories. In recent weeks, the policy has been greatly modified to forbid using beatings to punish demonstrators after a riot takes place.

Rabbi Eugene Lipman, president of the CCAR, stated in his address that it is not necessary to live in Israel to be an authentic Zionist. Rabbi Simon Maslin of Philadelphia differentiated between "galut" and diaspora.

"Galut is not a place, galut is the abandonment, willingly or unwillingly of the Jewish mission" and therefore, authentic Jewish life in America is not necessarily galut, he said.

Among the resolutions adopted at the closing session was one calling for "the pursuit of peace in the Middle East." It states, "We urge all peoples involved in the current struggle to join in the active search for a fair, enduring, all-embracing peace."