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**HIGH COURT RULES WOMAN IS ALLOWED
TO HELP SELECT CITY'S CHIEF RABBI**
By Hugh Orgel

TEL AVIV, May 23 (JTA) -- Israel's Supreme Court ordered the Tel Aviv City Council on Monday to allow a woman on the council to serve on the committee that chooses the city's chief rabbis.

The order was the second in the past four days to chip away at the Orthodox religious establishment's exclusion of women from meaningful participation in religious affairs. The high court ruled last Thursday that a woman may sit on local religious councils.

Both rulings were hailed by liberal and women's groups throughout the country. Mayor Shlomo Lehat of Tel Aviv welcomed the court's decision.

The office of Ashkenazic chief rabbi in Tel Aviv is presently vacant. A leading candidate, Chief Rabbi Yisrael Lau of Netanya, has said in the past he would not accept the post if a woman sat on the committee that appointed him.

But Lau may have relented. He hinted in a television interview Monday that he might suggest to the Chief Rabbinate that it obey the court's ruling.

The ruling involves only the one-third of the committee members who are appointed by the municipality. The other two-thirds are selected by the rabbinate.

**ISRAEL PLANS TO STOP ISSUING VISAS
TO SOVIET JEWS BOUND FOR THE WEST**

By Hugh Orgel

TEL AVIV, May 23 (JTA) -- Israel will soon initiate a drastic change in its policy of granting visas to Jews seeking to emigrate from the Soviet Union. Effective shortly, they will be issued only to those definitely bound for Israel, the news media reported over the weekend.

Soviet Jews wishing to immigrate to countries other than Israel presumably will have to obtain visas from those countries.

Premier Yitzhak Shamir and Foreign Minister Shimon Peres agreed on the change because of the liberalization of Soviet exit visa policies last year and the soaring number of dropouts -- Soviet Jews who settle in countries other than Israel after leaving the USSR with Israeli visas.

The change also was prompted by the prospects of a significant increase in the number of exit permits this year. According to Yediot Achronot, Soviet officials have promised Peres that 1,400 Jews will be allowed to leave this month, including several individuals denied permission in the past for "security reasons."

While no date has been announced for the changeover, Jerusalem has already advised the Dutch Embassy in Moscow that it intends to stop issuing visas through its facilities. The Netherlands has represented Israeli interests in the Soviet Union since Moscow broke diplomatic ties with Israel in 1967.

Israel has also informed the Soviet authorities it intends to stop issuing visas through the Dutch Embassy, where they could be obtained by Jews who have no intention of going to Israel.

Instead, only the Israeli Embassy in Bucharest, Romania, will issue visas for entry into Israel. Jews bound for Israel will have to fly direct, with a brief stopover in Bucharest, rather than flying first to Vienna, as the vast majority of emigrating Soviet Jews do today.

The Soviet Union has allowed several direct flights to Israel via Bucharest in recent months. Romania is the only Communist bloc country that has full diplomatic ties with Israel.

1987 Soviet Policy Change

The change was made feasible after the Soviet Union announced in June 1987 that its citizens could emigrate to any country in the world for the purpose of family reunion.

The altered Soviet policy cleared the way for more extensive Jewish emigration, Maariv noted Monday. Israel became only one of several countries of choice.

Previously, Jews were granted exit visas only if they could produce invitations from relatives in Israel, even if they wished to be reunited with families in other countries, such as the United States.

In late April, Israel announced it would begin issuing invitations with the requirement that emigrating Soviet Jews pick up their visas in Bucharest, in effect ensuring that Israeli invitations no longer will be used to facilitate immigration to other countries.

Under the old policy, Jews allowed to leave the Soviet Union traveled via Vienna, where a majority of them opted to immigrate to Western countries, notably the United States. This month, the "dropout" figure hit an unprecedented 90 percent.

The Israelis were angered and embarrassed by the high dropout rate, arguing that Jews who left Russia on the strength of Israeli visas were obliged to go to Israel.

They also maintained that the flood of Soviet Jews going to the United States was one reason Moscow clamped down hard on Jewish emigration in recent years.

**REAGAN SAYS MOSCOW MUST RESUME
DIPLOMATIC RELATIONS WITH ISRAEL**

By David Friedman

WASHINGTON, May 23 (JTA) -- President Reagan reiterated last week that if the Soviet Union wants to participate in the Middle East peace process, it must "resume diplomatic relations with the State of Israel."

Reagan, in a pre-summit interview Thursday with television journalists from Europe and Japan, also stressed that the Palestine Liberation Organization cannot represent the Palestinians in negotiations with Israel since the PLO "refuses to recognize the right of Israel to exist as a nation."

The president expressed optimism about the chances for acceptance of Secretary of State George Shultz's proposals on negotiations between Israel and a Jordanian-Arab delegation. "I believe there is a desire in the Middle East to settle once and for all what is still technically a state of war between the Arab nations and Israel," he said.

Reagan did not indicate whether he would press the Soviets to accept the Shultz initiative in his talks with Soviet leader Mikhail Gorbachev in Moscow, which begin May 29.

Israeli Foreign Minister Shimon Peres, following his 30-minute meeting with Reagan last week, said the summit was the next stage in the peace process. Peres said he did not expect an agreement in Moscow, but expressed hope that the talks would pave the way for eventual Soviet support for Shultz's proposals.

Israeli Premier Yitzhak Shamir opposes the Shultz plan for an international conference on the grounds that it would lead to pressure on Israel from the Soviet Union and the Arab countries. Peres stressed in Washington that while Israel does not need such a conference, it is the only way to bring Jordan into negotiations.

Conference Would 'Give Advice'

Reagan reiterated Thursday that "we've made it plain" that the United States wants an international conference not "to dictate a settlement, but to be helpful if we can; to give advice and to make proposals that might help them arrive at a fair and just peace."

The Soviet Union, however, wants an international conference that would actually negotiate the terms of a settlement.

On the issue of human rights, Reagan said he values the Helsinki Accords "very much." He is scheduled to speak Friday on the same stage in the Finnish capital where the accords were signed in 1975.

He said his main concern is "that there has not been a complete keeping of those pledges in that agreement" by the Soviet Union, "in recognizing the fundamental right of people to leave a country, worship as they will, and so forth."

He did not specifically mention the issue of Soviet Jewry. However, both Reagan and Shultz have personally pledged to Jewish leaders that they will press this issue in Moscow as they have at the three previous summits.

ARAB SCHOOLS IN TERRITORIES REOPEN; TWO KILLED, SIX WOUNDED OVER WEEKEND By Gil Sedan

JERUSALEM, May 23 (JTA) -- Schools closed five months ago for security reasons were reopened by the Israeli authorities in the West Bank and Gaza Strip on Monday with a warning that they could be shut down again at the first sign of trouble.

Classes were resumed at 414 elementary schools and 190 kindergartens. Preparatory or junior high schools are to reopen next week, and high schools a week after that.

The Israeli authorities are proceeding cautiously on the assumption that the higher the grade, the greater the potential for violence erupting in the student body. There are no plans at the moment to reopen the Arab universities in the West Bank.

The return to school was without incident Monday. Attendance was between 80 and 90 percent.

The Israeli authorities hope to demonstrate by this their control over the territories. The school reopenings, however, were fully in accord with the wishes of the Palestinian nationalist underground.

Nationalist circles have been urging the population to let their children return to classes

so that "Israel will not deprive the children of education."

Brig. Gen. Shaike Erez, head of the civil administration in the West Bank, stressed Monday that the army would not hesitate to close the schools again if they become hotbeds of violent demonstrations as in the past.

Meanwhile, three Palestinians were wounded in clashes with security forces in Nablus on Sunday. Rioting broke out in Tulkarm on Saturday, following the fatal shooting of an Arab woman by security forces there Friday.

Molotov Cocktails Kill Two

Two people died and three were injured, one seriously, in Molotov cocktail attacks in the West Bank over the weekend.

The fatalities were an Arab woman, Shamsiya Kaadan, 65, and her son, Mohammad Kaadan, 35, from Deir Roussoun village in Samaria. Their car was attacked with a firebomb while passing through Shuweika village, north of Tulkarm, Friday night.

The mother and son were returning from a Tulkarm hospital, where Mohammad's wife was about to give birth. Israeli authorities suspect the attackers mistook their car for an Israeli vehicle.

A gasoline bomb was thrown at a military vehicle earlier in the evening without causing casualties.

But a resident of Jerusalem, Yaacov Askayo, 28, was seriously burned when a Molotov cocktail crashed through the windshield of his car while he was driving through Jericho on Friday night.

He was hospitalized at the Hadassah Medical Center in Ein Kerem with burns covering .60 percent of his body.

Two other Israelis were slightly injured when gasoline bombs were thrown at their car Sunday in the West Bank town of Kalkiya.

U.S. PICKS NEW ENVOY TO ISRAEL

WASHINGTON, May 23 (JTA) -- President Reagan intends to nominate career diplomat William Brown to replace Thomas Pickering as U.S. ambassador to Israel, the White House announced Friday.

The announcement did not disclose the new assignment for Pickering, who has been ambassador to Israel since 1985.

Brown, 57, currently ambassador to Thailand, served as deputy chief of mission at the U.S. Embassy in Tel Aviv from 1979 to 1982. During more than 30 years with the State Department he has otherwise concentrated on Far Eastern and Soviet affairs.

HERZOG REDUCES JAIL TERMS

JERUSALEM, May 23 (JTA) -- Three members of a Jewish terrorist underground serving life sentences for crimes of violence against Arabs had their prison terms reduced to 15 years by President Chaim Herzog on Friday, before the Shavuot holiday began.

Uzi Sharabaf, Shaul Nir and Menachem Livni were convicted of murder in 1985 for their part in an armed attack on the Islamic University in Hebron. They have already served about a third of their reduced sentences.

They were among 80 prisoners, 26 of them lifers, whose prison terms were shortened by Herzog on the occasion of Israel's 40th anniversary.

PERES FLIES TO BRUSSELS TO MEND RELATIONS WITH EUROPEAN COMMUNITY

By Edwin Eytan and Yossi Lempkowitz

BRUSSELS, May 23 (JTA) -- Israeli Foreign Minister Shimon Peres arrived here on a 24-hour trouble-shooting mission Monday to try to improve his country's soured relations with the European Community and its legislative body, the Strasbourg-based Parliament of Europe.

The European Parliament adopted a resolution last Friday denouncing acts of violence by the Israel Defense Force in the administered territories and Israel's "refusal of all mediation efforts and of a fair solution to the Mideast conflict by the international community."

Peres will be attending the semiannual meeting of the Israel-E.C. Cooperation Council. Specifically, he will try to convince the 12 E.C. foreign ministers with whom he meets Tuesday of the importance of the three economic agreements Israel and the E.C. signed last year, but which the European Parliament refused to ratify in March.

He wants to impress upon them as well that the E.C. has the responsibility to put pressure on Arab countries that refuse to make peace with Israel rather than on Israel alone.

The Israeli foreign minister made those points with his Belgian counterpart, Leo Tindemans, at a one-hour meeting here Monday night shortly after Peres arrived.

The European Parliament resolution was passed by a slim margin of 30-22. Most of the parliament's 518 members were absent. The resolution, which was introduced by West German Socialist Klaus Hansch, also denounced terrorist attacks by Palestinian groups or others on civilian targets in Israel.

This is not the first time the E.C. and its parliament have been sharply critical of Israel's methods of dealing with the Arab uprising in the West Bank and Gaza Strip.

The parliament's rejection of the economic protocols on March 9 was over Israel's failure at the time to allow Palestinians in the administered territories to export their agricultural produce directly to the European market. It was widely viewed, however, as a form of economic sanction against Israel.

The three accords, negotiated over a two-year period by Israel and the European Common Market Commission deal with Israel's future trade relations with the E.C. and Israeli agricultural and industrial exports.

They also concern E.C. financial aid to Israel. Peres hopes his visit will result in a \$70 million loan on easy terms.

Diplomatic sources here predicted that Peres' meeting with the foreign ministers and parliament members will include "tough, hard and even embarrassing encounters."

ITALIANS BACK PLO, CALL ON GOVERNMENT TO BRING PALESTINIAN UNREST TO AN END

By Ruth Gruber

ROME, May 23 (JTA) -- Italy's Chamber of Deputies approved resolutions last week backing the Palestine Liberation Organization and committing the government to take concrete steps to end the conflict between Israeli authorities and Palestinian rioters in the administered territories.

The votes Thursday put an official stamp on a foreign policy line giving de facto recognition

to the PLO and urging the government to take any diplomatic initiative to end a situation it defined as no longer tolerable.

The general motion on the territories, pushed by Foreign Minister Giulio Andreotti, passed by a 385-55 majority, with 12 abstentions. It united the five parties of the ruling coalition, as well as the Communists, Italy's second largest party and main opposition force.

The vote on the Communist-backed motion on the PLO, however, split the coalition and saw the Communists voting with the majority in a 191-116 decision, with 133 abstentions.

The motion commits the government to support the "incontestable representation of the PLO as interlocutor in negotiations aimed at putting an end to the Arab-Israeli conflict." It also calls for Palestinian "self-determination respecting, on the part of all, the right of the State of Israel to existence and security."

GERMANY TO INVESTIGATE EMBEZZLEMENT; JEWISH OFFICIAL SUSPENDED FROM JOB

By David Kantor

BONN, May 23 (JTA) -- The Finance Ministry has launched an investigation into the apparent embezzlement of government funds intended for Nazi victims by the late president of the Central Council of Jews, Werner Nachmann, who had control of the funds.

The ministry will try to find out why money budgeted to the reparations fund was transferred to the Central Council before the Conference on Jewish Material Claims Against Germany approved the applications of persecutees. The Claims Conference is based in New York.

The funds were supplied by the Bonn government between 1980 and 1987. The accrued interest was for the benefit of Jewish victims of Nazism in Eastern Europe who came to West Germany after the 1965 deadline for filing reparations claims.

They were to receive a one-time payment of 5,000 marks (\$3,000) each on approval of their claims. According to instructions issued by Hans Matthoeff, the finance minister in 1980, the reparations money was to be transferred to Central Council only when it was ready for disbursement.

Nachmann, a prominent businessman who died Jan. 21, was accused last week by his successor, Heinz Galinski, of misappropriating the interest on the reparations funds in the amount of some \$12 million.

The Finance Ministry disclosed Monday that it had demanded last year detailed accounting from Nachmann of the funds in his custody, and on failing to receive a satisfactory response, informed him that further payments into the reparations account would be withheld until he explained how the money and interest were used.

The authorities are also investigating Alexander Ginsburg, secretary of the Central Council, who was the only community official besides Nachmann with access to the reparations account.

Ginsburg has been suspended from his job. He denies complicity in Nachmann's alleged wrongdoings. Similarly, Nachmann's widow, Aviva, says she had no knowledge of her husband's activities and that he left her destitute. His textile business is in bankruptcy.

Nachmann also has been accused of stealing some 5 million marks (\$3 million) from the regional Jewish community in Baden, where he lived.

TWO EDITORS OF LEFTIST PAPER CHARGED WITH BELONGING TO TERRORIST GROUP

By Gil Sedan

JERUSALEM, May 23 (JTA) -- Two editors of the shut-down leftist newspaper *Derekh Hanitzotz* were formally charged in Jerusalem district court Monday with membership in a terrorist organization.

Ronni Ben-Efrat, 35, and Michal Schwartz, both mothers of two children, have been in custody since they were arrested last month, along with Yaacov Ben-Efrat, who is Ronni's husband, and Hadas Lahav.

All were members of the editorial staff of the newspaper, which was ordered closed by the security authorities three months ago, on grounds it was funded by terrorists.

The two women also were charged with having contact with a foreign agent and membership in an illegal organization. The accusations were based on testimony by state witnesses, including two senior police officers and six members of the General Security Services, known as the Shin Bet.

If the charges are proven, the accused would face prison sentences of from five to 15 years. The state asked that the suspects be held pending the end of legal proceedings. That request will be renewed when the court reconvenes on June 12. The suspects will remain in custody until then.

A fifth suspect, Assaf Adiv, who is listed as publisher of *Derekh Hanitzotz*, was arrested last week. He will appear in court Tuesday to have his detention extended.

According to the charge sheet, contact with the terrorists began between the end of 1983 and the beginning of 1984.

At that time, Ronni Ben-Efrat and her now estranged husband, Yaacov, met in London with Salah Rafat, a prominent member of the Democratic Front for the Liberation of Palestine, a Marxist-oriented, pro-Soviet terrorist group headed by Nayef Hawatmeh.

Yaacov, 38, though mentioned in the charge sheet, has not yet been formally charged. He is Argentine-born and was chief editor of *Derekh Hanitzotz*. The others accused are Israeli-born.

CABINET DELAYS TAKING ACTION TO ALLEVIATE HEALTH CARE CRISIS

By Hugh Orgel

TEL AVIV, May 23 (JTA) -- Israelis who had hoped that the Cabinet would take decisive action Monday to alleviate the nation's health care crisis were disappointed when the ministerial body decided not to act on a proposal to set up a state commission that would issue binding recommendations on the problem.

Meanwhile, a new strike hit government and Kupat Holim hospitals Monday, leaving wards staffed by skeleton crews. Outpatient clinics were closed. Cancer and kidney dialysis units were administered only by nurses. It was the first time patients in those departments were without full medical care.

President Chaim Herzog proposed last week that a state investigatory commission be appointed to look into the series of strikes, work stoppages and other disruptions that have plagued the nation's hospitals for more than a year.

The initial reaction was mixed and a Cabinet meeting was scheduled for Monday to consider the matter. But when the ministers convened, they

decided to suspend debate on the proposal until they could study the report of a professional committee headed by Professor Natan Trainin of the Weizmann Institute of Science.

The delay infuriated public sector doctors.

The Trainin committee was appointed a year ago by Health Minister Shoshana Arbeli-Almoslino and published its findings last week. It concluded that the state of the economy made it impossible for the government to increase its health budget.

This is exactly what Finance Minister Moshe Nissim has maintained in response to wage demands by medical and non-medical health service personnel.

The committee also proposed introducing private health care in government hospitals to operate in tandem with the socialized health system. Among other things, this would be expected to end the prolonged waiting period for elective surgery, sometimes more than a year.

Most of the committee's proposals were said to be unacceptable to the health minister, who is a Laborite. Private health care has been advocated chiefly by the Likud, the finance minister's party.

Trainin told a television interviewer Monday that he recommended the establishment of a national hospitals authority to oversee the day-by-day operation of hospitals, leaving the Health Ministry to deal only with overall public health policy and not professional matters.

Professor Ychezkel Dror, the Trainin committee's deputy chairman, struck at the core of the health care crisis when he observed that Israel's per capita gross national product "is between a third and a half that of highly industrial countries, but value-wise, we want the same level of medical care as the highly developed and rich countries."

WORKMEN'S CIRCLE BACKS PERES PLAN

SWAN LAKE, N.Y., May 23 (JTA) -- Delegates to the Workmen's Circle biennial convention backed a resolution supporting Israeli Foreign Minister Shimon Peres' plan for an international Mideast peace conference.

Peres, leader of Israel's Labor Party, has proposed a non-binding conference that would serve as a framework for direct negotiations between Israel and its Arab neighbors.

The conference would also include the five permanent members of the United Nations Security Council: the United States, Soviet Union, China, Great Britain and France.

The fraternal organization's statement on Israel acknowledges the failure of Arab countries to "sit down and negotiate" with Israel, but supports an international conference if it can, "without imposed dictation, bring the parties to negotiate."

"We realize that an international conference may not be a complete solution," read the statement. "Nevertheless, we believe that it could be a beginning of a political solution which would lead to peaceful coexistence between the Jews and the Arabs."

The convention also adopted resolutions on a variety of domestic and other international concerns, including Soviet Jewry, anti-Semitism and the perpetuation of the Yiddish language and culture.

Delegates also elected a new organization president. Harold Ostroff, manager of the Jewish Forward, will succeed Dr. Barnett Zumoff.