

**ABBA EBAN EXCLUDED FROM LABOR LIST;
PARTY FAVORS YOUNGER CANDIDATES**

By David Landau

JERUSALEM, June 15 (JTA) -- The Labor Party produced its Knesset election list Wednesday with a stunning surprise: the omission of one of its best-known and revered members, Abba Eban.

The list as a whole affirmed the party's striving for a fresh image, reflected by new faces and young blood.

Eban, former foreign minister, elder statesman and current chair of the Knesset Foreign Affairs and Defense Committee, failed to win a place on the first batch of 10 candidates chosen Wednesday morning by the party's 1,260-member Central Committee.

He was defeated for a spot on the second batch of 10 and refused to stand for the third batch, whose election to the Knesset is problematic.

It was a humiliating rejection of Eban, whom many Jews consider to have been Israel's most eloquent spokesman when he served as its ambassador to Washington and to the United Nations.

Eban is a political dove. But according to party insiders, his elimination from the election list was due to other factors, such as his frequent absences abroad, his detachment from party affairs and probably most important, his age, which is 73.

While Eban is still regarded with great respect, party activists were anxious to keep open as many spots as possible for young candidates.

The first seven candidates constitute Labor's top leadership, whose spots were guaranteed by election rules, not by the Central Committee. They can be certain of election.

The Top Seven

The ticket is headed by Shimon Peres, currently foreign minister, who would be premier in a Labor-led government.

He is followed by Defense Minister Yitzhak Rabin; Education Minister Yitzhak Navon, a former president of Israel; Histadrut Secretary-General Yisrael Kessar; Knesset Speaker Shlomo Hillel; Uzi Baram, secretary-general of the Labor Party; and Ezer Weizman, a minister without portfolio who heads the Yahad faction, now part of Labor.

The first list of 10 candidates selected by the Central Committee is headed by Energy Minister Moshe Shahal, followed by Ora Namir, chairwoman of the Knesset Labor and Welfare Committee. They will appear in the eighth and ninth spots respectively on the party's list in November.

Health Minister Shoshana Arbeli-Almoslino and Minister of Economic Coordination Gad Yacobi will fill the 10th and 11th spots, followed by Absorption Minister Yaacov Tsur and Minister-Without-Portfolio Mordechai Gur, a former chief of staff.

New faces include Mayor Amir Peretz of Sderot, Avrum Burg, Mayor Avraham Shohat of Arad, Professor Shimon Shetreet, Mayor Eli Dayan of Ashkelon, and Yossi Beilin, political director general of the Foreign Ministry and a close aide to Peres.

Political observers said the Central Committee had plainly sought to inject a careful hawk-dove balance in the selection of the first batch of 10 names.

But the second batch shows a clear slant toward the dovish position. Peretz, Burg, Dayan, Arad and Beilin are all considered liberal on the issue of territorial compromise.

Perhaps the most outspoken dove in the present Labor Knesset faction also made it to the first batch of 10. He is Haim Ramon, who is the youngest member in the present Knesset and the ranking Labor member of its Finance Committee.

**ONE KILLED IN BETHLEHEM AREA
WHILE THROWING MOLOTOV COCKTAIL**
By Gil Sedan

JERUSALEM, June 15 (JTA) -- An Israeli Defense Force patrol shot to death a Palestinian youth and wounded another in Battir village in the Bethlehem region Wednesday, touching off rioting there and in nearby Husan village.

The patrol opened fire after four gasoline bombs were hurled at it in Battir. Nidal Ibrahim Hassan, 21, was fatally shot as he was poised to throw a Molotov cocktail, according to security sources.

The wounded youth was also about to throw a gasoline bomb. Both wore veils, the sources said.

After the shooting, riots spread in the village. Roads were barricaded and soldiers were attacked with stones and more firebombs. Youths fled into the mountains, chased by Israeli soldiers. A curfew was clamped on the village at sundown.

Rioting also broke out in Husan, where villagers blocked roads and hurled stones at soldiers. Force was used to break up the disturbances.

About 100 residents of Abu-Dis village, east of Jerusalem, demonstrated against the Israeli presence Wednesday. The IDF dispersed them, after they barricaded the entrance to the village with rocks. Several arrests were made.

Another clash occurred Wednesday between soldiers and young residents of Burik village, near Nablus. One Palestinian youth was wounded.

Firebombings Continue

Meanwhile, Defense Minister Yitzhak Rabin's announced policy of shooting anyone with a firebomb appears so far not to have diminished the number of gasoline-bomb attacks.

There were 13 in the past six days along the main highway across the Samaria district of the West Bank. A gasoline bomb was thrown Wednesday evening at cars traveling on the road to Jerusalem's Gilo neighborhood. Another was thrown at an IDF patrol in Hebron. Both missed their target.

Two IDF officers were badly burned Tuesday when gasoline bombs struck an army vehicle in Beit Unmar village on the Jerusalem-Hebron Road.

The officers were hospitalized at the Hadasah Medical Center, where Gen. Amram Mitzna, commander of the central sector, visited them Wednesday.

Rabin gave orders Monday to "shoot to kill" any attackers seen with gasoline bombs. According

to some news reports, he was giving license to Jewish settlers to shoot Palestinians.

Eitan Haber, Rabin's press adviser, denied that the defense minister had given civilians "carte blanche" to shoot. He said Rabin had stressed that his instructions applied only to soldiers.

Meanwhile, Palestinians in the territories observed a general strike Wednesday in conformity with leaflet instructions distributed by the nationalist underground.

Nevertheless, many Arab day-laborers reported to their jobs in Israel, mainly from the Gaza Strip.

The civil administration suspended for a week the licenses of three bus companies in Ramallah, Bethlehem and Eizariya. They were punished for idling their fleets during the general strike.

Finally, the mayors of Jewish settlements in the West Bank sent warning letters to Rabin and Premier Yitzhak Shamir Wednesday saying that they would take independent action "in self defense" unless the IDF applies "a hard hand" to end the deterioration of the security situation.

ISRAELI FIGURES: 156 ARABS KILLED, 8,000 ARRESTED SINCE UPRISING BEGAN

By Hugh Orgel

TEL AVIV, June 15 (JTA) -- In the first six months since the Palestinian uprising began in the West Bank and Gaza Strip, the Israel Defense Force has killed 156 Arabs and arrested more than 8,000 others.

Violent incidents averaged 16 a day in the period from December 9, 1987 to June 9, 1988.

These figures, which do not include additional cases being checked, were reported by the weekly magazine Koteret Rashit Wednesday, which cited an IDF spokesperson as the source of the information.

The IDF figures do not include Palestinians killed by Israeli civilians in the territories.

The Palestinians claim to have suffered 198 fatalities. One Israeli soldier and one civilian have been killed in the same period as a direct result of the uprising.

During the six months through June 9, 8,326 Palestinians were arrested, many of them since released, according to Koteret Rashit.

The IDF presently holds 5,300 detainees at various facilities, in addition to 2,500 Palestinians under administrative detention. Those arrested may be held for renewable six-month periods without being charged or brought to trial.

IDF IN DISPUTE WITH U.N. FORCE OVER PROJECT IN SOUTHERN LEBANON

By Hugh Orgel

TEL AVIV, June 15 (JTA) -- The Israel Defense Force and the United Nations troop command in southern Lebanon are trying to resolve a dispute that resulted in a tense confrontation between Israeli and Norwegian soldiers Monday night.

Maj. Gen. Yossi Peled, the IDF commander in the northern sector, and Gen. Gustav Eklund, commander of the United Nations Interim Force in Lebanon, met Wednesday to seek a compromise. No announcement was made, but the atmosphere of their meeting was described as good.

The IDF and UNIFIL give conflicting accounts of the incident, which was only the latest

in a long history of friction between the Israelis and the U.N. peacekeeping force.

The IDF accused UNIFIL of provocation when its Norwegian contingent disrupted roadwork inside the southern Lebanon security zone. The zone has been controlled by the IDF and its allied South Lebanon Army since Israel's withdrawal from Lebanon in 1984.

Army sources said IDF troops working with a tractor were improving a dirt track that led to an observation post. The post overlooks a region known as Fatahland because it was once a staging area for Palestinian terrorist attacks on Israel.

"The Norwegians deliberately placed their own vehicles across the track to disrupt the work," the sources said. "They then erected a temporary post, enclosed with their own barbed wire and raised the UNIFIL flag in order to prove that the area in question was under their control."

"The IDF did not interfere and continued work on the track at a different place," the Israeli source added.

But according to UNIFIL spokesman Timor Goksel, the Norwegians tried to prevent IDF troops from establishing a new outpost in the area that would infringe on the Norwegian zone and create tension.

Goksel charged that the IDF did not confine itself to improving a dirt track, but showed up Monday with engineers supported by troops and armored personnel carriers, and announced their intention to erect a new outpost.

The Norwegians occupied the site to prevent this violation, Goksel said. "The IDF troops surrounded them with barbed wire and put up an Israeli flag outside the wire. They said the area beyond the wire was Israeli territory and warned that anybody who moved outside the wire would be shot."

ONE STRIKE ENDS, BUT MORE PLANNED

By Hugh Orgel

TEL AVIV, June 15 (JTA) -- Some 60,000 government employees who went on strike Tuesday returned to their jobs Wednesday morning, but threats of a paralyzing public-sector walkout continued.

Histadrut stood by its two-week notification, given Tuesday, of a general strike involving some 300,000 workers.

Finance Minister Moshe Nissim, however, has not given ground in face of a new wave of labor strife. He refuses to consider wage and salary demands in the public sector beyond the nominal 3-percent increase offered by the Treasury.

To do so, he maintains, would threaten the foundations of the country's economy and the government's war on inflation.

The workers are demanding larger pay increases and shorter work weeks without loss of income.

Meanwhile, about 130,000 unionized engineers, technicians and academicians, who were expected to go out on strike Thursday, suddenly backtracked and announced that they would continue working as usual.

They said, however, that they would "certainly" join the general Histadrut strike of the entire public sector whenever it was called.

Tuesday's strike had wide-ranging effects. It shut down almost all public services, from railroads to the Interior Ministry's marriage license bureau. But it was short-lived, lasting only 24 hours.

BUSH NAMES ADVISORY COMMITTEE ON MIDDLE EAST AFFAIRS

By David Friedman

WASHINGTON, June 15 (JTA) -- Vice President George Bush has named a 27-member committee to advise him on the Middle East for his presidential campaign against the Democratic nominee.

The committee is headed by Gordon Zacks, a leading Jewish Republican, and Richard Fairbanks, a former assistant secretary of state.

"This committee will be invaluable in helping the campaign address the full range of challenges and opportunities that our nation faces in the Middle East," Bush said in a statement announcing the formation of the committee.

It will make recommendations to the Republican Platform Committee and will assist Bush in the presidential campaign on debates and position papers.

Zacks, an Ohio businessman active in the Jewish community, has long been close to Bush and has frequently introduced him when the vice president spoke before national Jewish organizations.

The committee includes Marshall Bruger, a former special assistant to President Reagan for liaison with the Jewish community, and now chairman of the Administrative Conference of the United States.

Other former government officials on the committee include Lawrence Eagleburger, a former undersecretary of state in the Reagan administration, and now president of Kissinger Associates; Joseph Sisco, a former undersecretary of state in the Nixon and Ford administrations; Charles Fairbanks, a professor at the Johns Hopkins School of Advanced International Relations, who was a deputy assistant secretary of state; and Allan Keyes and William Schneider, both former assistant secretaries of state.

Others on the committee include Leonard Garment, Allan Gerson, Geoffrey Kemp, Joyce Starr, Harry Rowan, and M. Graeme Bannerman.

Also, Amos Perlmutter, Daniel Pipes, Matthew Freedman, Frank Fukuyama, Lawrence Goldmuntz, Michael Halbouty, Paul Jurcicini, Phyllis Kaminsky, James Phillips, Harvey Sicherman, Jed Snyder, and Barry Zorithian.

MOYNIHAN REINTRODUCES BILL TO MOVE EMBASSY TO JERUSALEM

By Howard Rosenberg

WASHINGTON, June 15 (JTA) -- Sen. Daniel Moynihan (D-N.Y.) reintroduced Monday his 1983 Senate bill to move the U.S. Embassy in Israel from Tel Aviv to Jerusalem.

A Capitol Hill source said the measure, which had 51 Senate and 228 House supporters in 1983, will likely not be brought to a vote, but was reintroduced as a matter of "principle."

The move was in reaction to Secretary of State George Shultz's criticism last week of Massachusetts Gov. Michael Dukakis, who said he might move the embassy to Jerusalem if elected president.

Yosef Gal, the Israeli Embassy spokesman, had no specific reaction to Moynihan's move except to say "I have never had any doubt where the capital of Israel is, and that it 'will continue to be' the capital."

The 1983 bill was not voted on after State Department officials told Moynihan it would

damage relations with Arab states.

The State Department also reassured him it would work through quiet diplomacy to seek rescission of a statement from the seventh conference of heads of state of nonaligned nations (March 7-11, 1983), that West Jerusalem is occupied Arab territory, Moynihan said in a statement released by the Dukakis campaign Saturday.

Moynihan complained that he is "not aware that there was any diplomacy" from the United States to have the 100 nations attending that conference "withdraw this infamous declaration."

On the Senate floor Monday, Moynihan said he was "surprised" to hear Shultz voice his opposition to moving the embassy.

Shultz told NBC-TV's "Today" show that such a move would be a "mistake," since East Jerusalem is "regarded as occupied territory" and that the city's status is "subject to negotiations."

Dukakis, the likely Democratic presidential nominee, told the Los Angeles Times May 26 that "if Israel wants its capital in Jerusalem, then, as far as I'm concerned, its capital is in Jerusalem."

One of the source said "nobody on the Hill wants a fight" over the measure during an election year, but that Moynihan "will be prepared to remind" Dukakis or Vice President George Bush about Congress' position on the issue if elected president.

MEMBERS OF CONGRESS URGE REAGAN TO LOBBY AGAINST LOANS TO USSR

By David Friedman

WASHINGTON, June 15 (JTA) -- President Reagan has been urged by a bipartisan group of 50 members of the U.S. House of Representatives to have the seven industrialized nations participating in an economic summit next week establish a policy on bank loans to the Soviet Union.

In a letter to Reagan, signed by 25 Democrats and 25 Republicans, the lawmakers particularly expressed concern about "the practice of making available to the Soviet Union untied, general-purpose loans at low costs" that the Soviets can use for any purpose they choose.

They said approximately \$19 billion of the \$24 billion lent to the Soviet bloc from Japanese and West European banks in 1986 were in these type of loans.

"Right now we have no policy on Western lending to the Soviet bloc," said Rep. Charles Schumer (D-N.Y.), who drafted the letter and circulated it along with Rep. Toby Roth (R-Wis.). "We're missing a golden opportunity to coax the Soviets in the right direction."

The letter questioned whether the Soviets should be receiving such loans "while they continue to violate the principles they agreed to under the Helsinki Accords."

The members of Congress noted that "the much-vaunted policies of 'glasnost' and 'perestroika' have not produced systematic changes in the Soviet Union with respect to their emigration and human rights policies."

The loans may also be contributing to "Moscow's ability to maintain costly military commitments worldwide," the lawmakers warned.

"Funding 'perestroika' is one thing," Schumer said. "Funding human rights abuses and foreign adventurism is ludicrous."

The seven countries participating in the summit in Toronto are the United States, Canada, Great Britain, France, Italy, West Germany and Japan.

JEWISH AGENCY ASSEMBLY TO DRAW LARGEST UIA DELEGATION EVER

By Yitzhak Rabi

NEW YORK, June 15 (JTA) -- With a sense of anticipation and a desire to understand and influence the decision-making process in the Jewish Agency for Israel, more than 350 United Israel Appeal delegates from some 40 communities throughout the United States are preparing to attend the annual Jewish Agency Assembly, to be held June 26 to 30 in Jerusalem.

"This is the largest UIA delegation to the assembly ever," said Henry Taub, UIA chairman.

Irving Kessler, UIA executive vice chairman, pointed out that the number is especially impressive, because American delegates to the assembly pay for their own trip.

"The delegates," he said, "want to find for themselves how their money is spent in Israel."

According to Taub, the upcoming assembly has been generating a great deal of excitement among the delegates. Among the reasons for this growing interest, he said, is the newly elected leadership of the Jewish Agency and the process of change the agency has been undergoing in the last several years.

The assembly convenes in the early months of Mendel Kaplan's tenure as chairman of the Jewish Agency Board of Governors and not long after Simcha Dinits was elected chairman of the World Zionist Organization-Jewish Agency Executive.

"Both are unusually capable individuals," Taub said, adding that Kaplan is the first non-American in the post. He lives about six months a year in Israel and six months a year in South Africa.

Everything 'Under Review'

What makes this assembly unique, asserted Kessler, is that "every major activity of the agency is under review and professional evaluation," because the Jewish Agency has been trying to update and change its structure and ways of operation to meet the challenges of the time and the changing needs of Israeli society.

Taub and Kessler said that discussion about changes in the role of the Jewish Agency will focus on four main areas:

- * A proposal to turn the Jewish Agency's absorption activities of new immigrants in Israel to the Israeli Ministry of Absorption.

- * Moving from rural to regional development, as recommended by a committee headed by reserve Maj. Gen. Meir Amit. The committee calls for a new settlement and development approach, with emphasis on whole regions, such as the Negev and the Galilee, to attract significant Jewish populations.

- * Jewish education and the future agency role in it, and the possible creation of a joint authority on Jewish education in the diaspora, to avoid duplication with the WZO programs.

- * Israel's social needs, including the progress of Project Renewal, the community revitalization program sponsored by individual federations around the country.

With the declining power of the dollar in Israel in the last two years, a major topic of discussion at the assembly will be the Jewish Agency's budget of about \$400 million for 1988, Taub said.

During the five-day assembly, Prime Minister Yitzhak Shamir and Foreign Minister Shimon

Peres will address the meeting, which will be attended by more than 600 delegates from all over the world.

REPARATIONS FROM DAIMLER-BENZ ARE ADMISSION OF GUILT, SAY RECIPIENTS
By David Kantor

BONN, June 15 (JTA) -- "It's not the money that matters . . . What matters is they are now saying they were guilty."

That comment by Alfred Hauser, a 75-year-old slave laborer in the Nazi era, seemed to sum up reaction to the announcement Monday of voluntary restitution by West Germany's automotive giant, Daimler-Benz AG.

The company, manufacturer of the prestigious Mercedes car, will provide \$11.6 million for the care of elderly Jews and non-Jews who were used as forced labor by them and other German industries during World War II.

It will make available \$5.8 million to the New York-based Conference on Jewish Material Claims Against Germany, to be used as grants to Jewish institutions that provide shelter or home care to elderly, infirm former persecutees.

A similar amount will be distributed through the German Red Cross for the care of slave labor survivors in Belgium, Holland and France, and by the Maximilian Kolbe Foundation, a Roman Catholic institution for Polish victims of slave labor.

More than 7.6 million non-Germans, many of them Jews, worked in forced-labor squads for German industry in the peak period of August 1944.

No Obligation To Pay

All attempts by survivors or their families to win compensation after the war failed. West German courts ruled repeatedly that companies that used slave laborers had no obligation to pay reparations.

Many of these companies became very prosperous in the post-war years. Daimler-Benz's profits last year were approximately \$900 million.

Voluntary reparations were made by several firms over the years, such as AEG in 1960, Siemens in 1962 and I.G. Farben and the Flick-owned Feldmuehle Nobel in 1986.

The Stuttgart-based Daimler-Benz company acted after years of ignoring calls for reparations. In 1986, the firm commissioned the Gug Co. to research its history in connection with Daimler-Benz's centennial.

The study established that some 22,000 uncompensated laborers worked there during the war.

An independent study, released last year by the Hamburg-based Institute for Social History, put the figure at 46,300. The institute found that Daimler-Benz exploited the laborers under inhuman conditions.

Hauser, who heads a Frankfurt-based organization of former persecutees, observed Monday that "most German companies which employed slave laborers in the Nazi period did not pay at all.

"In the Daimler-Benz case, a former slave laborer can hope to get some 470 marks (\$250) for years of sufferings and hard work with no pay.

"But it's not the money that matters. After so many years, no one can evaluate the material damage. What matters is they are now saying they were guilty," Hauser said.