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COURT RULES U.S. CANNOT CLOSE PLO OBSERVER MISSION TO U.N.

By William Saphire

NEW YORK, June 29 (JTA) -- A federal judge said here Wednesday that the United States cannot close the Palestine Liberation Organization's observer mission to the United Nations.

The ruling by U.S. District Court Judge Edmund Palmieri was a setback to the efforts by the Justice Department to shut down the PLO mission.

U.S. Attorney General Edwin Meese ordered the office closed by March 21 under the 1987 Anti-Terrorism Act, which was adopted by Congress late last year and signed by President Reagan on Dec. 22.

The PLO ignored the order and the Justice Department promptly sued in U.S. District Court to have the order enforced.

Steven Obus, chief of the civil division of the U.S. District Attorney's Office for the Southern District of New York, had no comment late Wednesday on the ruling.

He told the Jewish Telegraphic Agency, however, that District Attorney Rudolph Giuliani was studying it and would consult with the Justice Department before deciding whether to appeal.

The Justice Department has 60 days to appeal. The process would take the case to the U.S. Court of Appeals and eventually to the Supreme Court.

Judge Palmieri found that the 1947 Headquarters Agreement establishing U.N. headquarters in New York "leaves no doubt" that the United States is obligated "to refrain from impairing the function" of the PLO mission.

The judge also said that the legislative history of the Anti-Terrorism Act does "not manifest Congress' intent to abrogate this obligation."

Other Restrictions Appropriate

He concluded that the Anti-Terrorism Act does not supersede the Headquarters Agreement, although restrictions on PLO activity within the United States are appropriate, aside from application to the U.N. mission.

Under the Anti-Terrorism Act, the United States also closed down the PLO's information office in Washington last year.

Wednesday's court ruling is the second legal setback in the case for the United States. On April 27, the International Court of Justice at The Hague issued a unanimous ruling that the United States must submit to arbitration over its order to shut down the PLO mission. The Reagan administration did not comply.

The World Court acted on petition of the United Nations, which contended that the Justice Department's closure order was in violation of the Headquarters Agreement.

U.N. Secretary General Javier Perez de Cuellar issued a short statement Wednesday saying he was "gratified" by Judge Palmieri's ruling, which "demonstrates the respect of the United States court for the international obligation of the country."

A spokesperson for the U.S. Mission to the

United Nations said only, "We have been informed and are studying the written text and consulting the Justice Department on this issue."

No representatives of the Israeli Mission to the United Nations or the Israeli Consulate General in New York could be reached for comment late Wednesday afternoon. Zehdi Terzi, the PLO's representative to the United Nations, also was unavailable for comment.

(Reporters Andrew Silow Carroll in New York and Howard Rosenberg in Washington contributed to this story.)

DINITZ TO VISIT ROMANIA NEXT WEEK; DEBATE OVER VISAS CHANGE CONTINUES

By David Landau

JERUSALEM, June 29 (JTA) -- Simcha Dinitz will meet with President Nicolae Ceausescu of Romania early next week to discuss Israel's recent decision to require Soviet Jews holding Israeli visas to fly here directly via Bucharest, Jewish Agency sources said Wednesday.

They said that Dinitz, who is chairman of the Jewish Agency and World Zionist Organization Executive, also will visit Budapest to meet leaders of the Hungarian Jewish community.

A report that Dinitz was already in Romania, given to the Jewish Telegraphic Agency by Jewish Agency sources Tuesday, was erroneous.

So, too, apparently is the hotly denied rumor that the United Jewish Appeal would pay the Romanian government \$80,000 for each Soviet Jew flown to Israel via Bucharest. Haaretz reported Tuesday that Dinitz had gone to Romania to wrap up the deal.

Sharp controversy, meanwhile, continued over the Cabinet's June 19 decision restricting Israeli visas to those Soviet Jewish immigrants committed to resettling in Israel. They will have to pick up their visas at the Israeli Embassy in Bucharest and then fly directly to Tel Aviv.

Some Israeli politicians and a number of prominent former refuseniks living in Israel have denounced the new policy as coercive and likely to diminish, rather than increase, the number of Soviet Jews seeking exit permits.

But the Cabinet decision won powerful support Wednesday when President Chaim Herzog spoke in favor of it to reporters during a visit to northern Israel.

Abram Endorses 'Two-Track' Approach

Also supportive is Morris Abram, chairman of the Conference of Presidents of Major American Jewish Organizations and a longtime Soviet Jewry activist, who is attending the Jewish Agency Assembly here.

Abram, who is also chairman of the National Conference on Soviet Jewry, said his organization advocates a two-track system as "the way to preserve freedom of choice and to prevent the debasing and abuse of the integrity of the Israeli visa."

By the two-track system, he means that Soviet Jews leaving on the strength of Israeli visas should come to Israel, while those seeking family reunification in the West should depart the USSR with visas from the countries of their choice.

According to Abram, Soviet policy now permits this. Since last January, 300 Soviet Jews have immigrated to the United States with American visas, three times the number permitted to do so in 1987.

Abram apparently subscribes to the rationale offered by Dinitz and Jewish Agency Board of Governors chairman Mendel Kaplan: that Israeli visas should not be used to transfer Jews "from one Diaspora to another."

"Emigrating Soviet Jews must be rescued to a place where they will remain Jews, lest they disappear forever down the memory hole of history," Abram said.

But there is still strong opposition to this at the Jewish Agency Assembly. The agency's overseas fund-raising component balked at the Cabinet's scheme. The Board of Governors is scheduled to debate the issue again on Friday.

Feelings on the subject are running high in Israel. The head of the Association of Building Contractors here sent a telegram to Premier Yitzhak Shamir on Wednesday urging that Jews not be brought here against their will. Instead, he said, a better atmosphere of absorption should be fostered to encourage voluntary aliyah.

ABSORPTION-RELATED ISSUES DOMINATE SESSIONS OF JEWISH AGENCY ASSEMBLY

By Charley J. Levine

JERUSALEM, June 29 (JTA) -- A crisp, business-like atmosphere pervaded the opening days of the Jewish Agency Assembly, now in progress here, as more than 500 participants from around the world gathered as much to deepen their own knowledge of the issues at hand as to set policy.

Two absorption-related issues were dealt with early on in the deliberations: the Jewish Agency's stated intention of relinquishing day-to-day operation of immigrant absorption centers to government authority and the government's declared innovation of bringing Soviet Jewish emigrants directly from Moscow to Tel Aviv, eliminating the phenomenon of Jews who "drop-out" and relocate in countries other than Israel.

Agency officials Simcha Dinitz, Mendel Kaplan and Uri Gordon conferred with Finance Minister Moshe Nissim and Absorption Minister Ya'acov Tsur on the first issue and cemented an Oct. 1 target date for the transfer of absorption centers to state control.

The plan calls for closing all but 10 of the country's centers, with only three of these remaining in the heavily populated center of the nation. Two out of three centers in Jerusalem, for example, are slated to close. The government has promised to provide suitable rental housing, in line with the agency's preference for "direct settlement" of newcomers in Israeli society.

Until now, most immigrants have taken the agency's offer of free or low-rental housing in absorption centers, for a period of time ranging from a few months to a number of years.

Two Options For Immigrants

The change represents another milestone in the agency's quest to divest itself of routine administrative responsibilities so that it can concentrate on providing more creative, integrated human services.

Those immigrants who arrive in the coming years will generally have two options: direct residence in regular Israeli urban neighborhoods

or a temporary stint in one of the remaining absorption centers in a typically outlying region.

On the other major issue, Dinitz and Kaplan presented delegates with a united front in endorsing the government's recently declared policy of bringing Soviet Jews with Israeli visas directly to Israel. Dinitz represents the Israeli and Zionist establishments, while Kaplan's roots lie more within the Diaspora philanthropic community.

They were joined in their endorsement of the plan by most Zionist organizational representatives taking part in the assembly, along with other fund-raising leaders, such as former agency Board of Governors Chairman Max Fisher of Detroit.

But leaders of the United Jewish Appeal took strident exception to the policy, balking over what they view as a stifling of the Soviet Jews' "freedom of choice" to live wherever they wish.

President Chaim Herzog's opening address to the assembly was well received. He took even-handed pot shots at Jewish Diaspora critics of Israeli policies during these turbulent times, saying their positions are "neither justified nor helpful. "Leading to diminished support for Israel, they are tragically harmful," he said.

"One is sadly tempted to see self-aggrandizement as a motive . . . not expressions of moral anguish at all, but rather the unwitting results of clever manipulation by our enemies."

Herzog Assails Media Coverage

Herzog went on to challenge the news media's coverage of some of the Arab violence, calling the uprising "the latest act in a worldwide play choreographed by 'the PLO,' set in stage for the 20th century media, with a cast of stone-throwing children and a ready and willing audience sitting in front of a television screen in almost every household of the Western world."

He characterized the news media as this generation's battleground, with world public opinion Israel's outer-perimeter skirmishes.

A number of other issues continued to percolate throughout the assembly sessions, discussed sometimes more often in hallways and newspaper headlines than inside the formal meeting rooms.

The publicity spotlight continued to focus on longstanding UJA and Jewish National Fund positions that they are barred, either by law or State Department pressures, from providing charitable funds to Jewish settlements and causes in the West Bank and Gaza Strip.

Pro-settlement activists have attempted to demonstrate that any ban on such funding is more the result of internal organizational priorities than submission to American government pressure.

The ultranationalist Tehiya Party has used the assembly as a sounding board for criticizing the Los Angeles Jewish community's new Project Renewal commitment of rehabilitating Jaffa's Arab-Jewish Ajami neighborhood, calling it a "distortion of the Zionist dream."

The plan has garnered much favorable overseas publicity as an unusual example of Jewish funds being used to foster non-Jewish as well as Jewish social change in Israel.

Lighting up a troubled backdrop to the assembly proceedings have been news reports of at least one notable forest fire each day. Apparently set by Arab arsonists, the fires have destroyed tens of thousands of trees. The fires have prompted official calls to redouble Diaspora fund-raising for forestry projects.

**RABIN SAYS PALESTINIAN PROBLEM
CAN ONLY BE SOLVED VIA NEGOTIATION**

By David Friedman

WASHINGTON, June 29 (JTA) -- The Palestinian problem can only be solved through negotiations, not by war, terrorism or the current uprising in the West Bank and Gaza Strip, Israeli Defense Minister Yitzhak Rabin stressed Wednesday.

"Even though I accept the principle of territories for peace," said Rabin, "I will not encourage any giving in to violence in whatever form -- civilian violence, terror, or threats of war or wars." He made the remarks in a luncheon address to the National Press Club.

Noting that as defense minister he is responsible for the Israeli army action in quelling the Palestinian violence, Rabin said that all Israelis find it unpleasant to have the army face a confrontation with civilians.

"I wish we could convince the Palestinians not to use violence by sitting around the table and sipping coffee, or by distributing flowers to demonstrators," Rabin said. "It doesn't work."

He said that Israel has suppressed the uprising on the basis of its own and international law, and that if it did not do so, the result would be an increase in the threat of war and undermining of the peace process.

Rabin, who spoke to the press club after two days of meetings with the top officials of the Reagan administration, said after his 15-minute meeting with Reagan on Tuesday that he had explained Israel's tactics to the president.

He added that, while he would not say he convinced the administration, Israel would act as it sees fit when its security is threatened.

Statement From White House

The White House, in a statement issued after the Rabin visit, appeared to show understanding for the defense minister's position, while urging both Israel and the Palestinians not to allow the current situation in the territories to stop the peace process.

"While Israel should not be expected to make concessions under the threat of violence, the preservation of order in the territories must neither provide a justification for civilian lawlessness nor act as an excuse for avoiding political discourse with the Palestinians of the West Bank and Gaza," the White House statement said.

"Neither should violence nor controls on violence become ends in themselves, making a political solution more difficult," the statement said.

Rabin told the press club audience that he met with Palestinian leaders recently and urged them to work for a solution with Israel. He told them they were now leading the Palestinian struggle for the first time since 1948.

"Unfortunately, the answer was and is 'You know whoever tries to emerge as a leader will be assassinated by the PLO,'" Rabin said.

When the defense minister was asked if Israel could be compared to South Africa, he said this was an "insult" to Israel. He said that even if the most extreme Israeli position was taken and the territories were annexed, there would still be a majority of Jews in Israel, and the Arabs would have citizenship, the right to own land and the right to vote and be elected to office.

Noting that Arab newspapers publish every day in East Jerusalem, Rabin said, "I'm not aware

that there is any Arab country that would allow its own newspapers to criticize their own government in the way that Palestinian papers are doing."

Agreement On Missile Signed

The defense minister repeated the basic theme of his Washington visit: that Israel, as well as other countries, are threatened by the increasing supplies of ground-to-ground missiles and chemical weapons in Arab hands.

As the Rabin was speaking at the press club, David Ivri, director general of the Israel Defense Ministry, and Gen. James Abrahamson, head of the Strategic Defense Initiative program, signed a Memorandum of Understanding at the Pentagon for Israel's participation in the "Star Wars" project.

Rabin explained that the agreement allows Israel to develop the technological capabilities for the Arrow anti-tactical ballistic missile, which Israel wants in order to protect its cities against Soviet-made SS-21 missiles in Syria. He said the agreement allows Israel to prove that the Arrow will work, but does not contain any provision for the developing it as a weapon system at this time.

The White House said the U.S. contribution will be about 80 percent of the \$160 million cost of the project.

**CONSERVATIVE MOVEMENT TO APPEAL
REVOCATION OF KASHRUT CERTIFICATION**

By Cathrine Gerson

JERUSALEM, June 29 (JTA) -- The Conservative movement in Israel will appeal to the Supreme Court unless the Jerusalem rabbinate reverses its decision not to renew the kashrut certification of the movement's youth hostel on Agron Street here.

Rabbi Pesach Schindler, director of the World Center for Conservative Judaism, told the Jerusalem Post Wednesday that the center adheres to the kashrut and Sabbath laws.

It has had a kashrut certificate from the local rabbinate for the 14 years since it opened. The sudden withdrawal occurred with no explanation.

The only reason seems to be that the Orthodox rabbis just found out that the hostel was affiliated with Conservative Judaism. Apparently it is the affiliation, not violation of the kashrut laws, that prompted the action.

Rabbi Yehoshua Pollak of the Jerusalem rabbinate said the hostel asking for a kashrut certificate was like a monastery asking for one. "The kitchen can be kosher, but our rabbis can't go in there," he said.

According to the rabbinate, the hostel is a place which "destroys the Jewish religion."

JORDAN HELPING TO STOP TERRORISM

JERUSALEM, June 29 (JTA) -- Jordan is helping to keep the peace along Israel's eastern border, Foreign Minister Shimon Peres told the Jewish Agency Assembly meeting here Wednesday. He said Jordan has been playing a positive role in preventing terrorist activity against Israel.

Because of the Independence Day postal holiday in the United States, there will be no JTA Daily News Bulletin published Monday, July 4.

REAGAN SIGNS HATE CRIMES BILL OUTLAWING RELIGIOUS VANDALISM

By David Friedman

WASHINGTON, June 29 (JTA) -- President Reagan has signed into law a bill that imposes federal criminal penalties for damage to religious property.

The bill, originally proposed by Rep. Dan Glickman (D-Kan.), imposes fines up to \$250,000 and/or 10-years' imprisonment for anyone convicted of causing more than \$10,000 in damage to a religious institution or cemetery, or causing serious bodily injury to anyone trying to exercise his or her religious beliefs.

"We've sent a clear message to organizations of hate that racist and racial religious violence will not be tolerated," Glickman said after both houses of Congress approved the bill.

Still pending in the Senate Judiciary Committee is another "hate crimes" bill, which would require the Justice Department to gather statistics and report annually on crimes against persons or property because of race, religion, ethnic origin or sexual orientation.

That bill, sponsored by Rep. John Conyers (D-Mich.), was adopted by the House in May by a 383-29 vote.

Testifying in support of the legislation last week at a hearing of the Senate Judiciary Subcommittee on the Constitution, Alan Schwartz, director of research and evaluation for the Anti-Defamation League of B'nai B'rith, said that keeping such statistics "would be a major step forward in accurately gauging the dimensions of the hate crimes problems."

He added that it would also "promote public awareness of, and professional sensitivity toward, hate crimes and encourage victims and communities to feel that they can respond effectively to counter such activity."

The ADL's most recent study revealed that hate crimes increased by 17 percent in 1987 over 1986.

THREE ARRESTED FOR SUSPECTED ARSON; ORDER IS RESTORED IN EAST JERUSALEM

By Gil Sedan

JERUSALEM, June 29 (JTA) -- Two residents of the West Bank and one from the Gaza Strip have been arrested on suspicion of arson in Israel.

Two of the suspects, from Azoun village, near Kalkilya, are accused of setting a brush fire north of the Ra'anana industrial zone and may have been involved in a series of fires in the Sharon region.

The third suspect, from the Gaza Strip, was apprehended after a fire at Moshav Porat was determined to have been arson. He was found in the area.

Education Minister Yitzhak Navon said Wednesday that parents are to blame for their children's involvement in arson.

He said he did not favor punishing parents, but would demand that they discipline their offspring. He said he was pleased that the heads of Arab municipalities in Israel have condemned arson.

Meanwhile, the situation in the territories seems to be easing. The number of terrorist attacks in the West Bank has dropped considerably in the last few days, Gen. Amram Mitzna, commander of the central region, told reporters

Wednesday.

He said the number of gasoline bomb attacks also has declined. Mitzna visited Yona Heikin, an American immigrant hospitalized after he was stabbed last week in Hebron. He also visited soldiers burned by gasoline bombs.

Police Inspector General David Kraus reported Wednesday that the situation in East Jerusalem was well in hand.

He said the police have achieved their main goal, which was to restore order in the city. But "because of legal limitations," they have not been able to cope with commercial strikes and school shutdowns.

Kraus complained that the police are facing severe financial burdens because of the continuing unrest in the administered territories. The additional budget they received was not enough, he said.

Nevertheless, the police are redeploying their forces in the territories and have set up special units to deal with "internal security."

Several dozen Arab schoolgirls demonstrated outside the American Consulate in East Jerusalem Wednesday. They were dispersed by tear gas, and several were arrested on suspicion of incitement.

The students were protesting the closing of four schools in East Jerusalem by the Israeli authorities.

MINISTERS APPROVE SPECIAL BUDGET TO REDUCE WAIT FOR ELECTIVE SURGERY

By Hugh Orgel

TEL AVIV, June 29 (JTA) -- The ministerial committee on the health care crisis reported some progress Wednesday toward resolving the issues that have kept government and Histadrut hospitals in a state of near chaos in recent months.

It was the first time any movement was reported by the committee, which has been meeting daily since it was established at the beginning of June.

Its members, Premier Yitzhak Shamir and Finance Minister Moshe Nissim of Likud, and Foreign Minister Shimon Peres and Health Minister Shoshana Arbeli-Almoslino of Labor, have been deadlocked along party lines.

They agreed on Wednesday that public sector hospitals -- those run by the state or by Kupat Holim, the Histadrut health care agency -- should receive a special supplementary budget to reduce the waiting time for elective surgery, which is now as long as two years.

The doctors have been demanding second shifts in the operating theaters. But until now, Finance Minister Nissim, backed by Shamir, has refused to pay them additional wages for the extra duty.

Alternative means to compensate the doctors were discussed at a meeting of the ministerial committee Wednesday with Histadrut Secretary General Yisrael Kessar and Naum Fassa, head of Kupat Holim.

They agreed that each hospital would decide itself how to reimburse the physicians from special funds they would receive to pay for the second shifts.

Histadrut accepted the proposal as a one-time solution that would set no precedents for future situations involving the public sector.

Meanwhile, a judicial commission set up to deal with the overall question of the way health care is provided in Israel will hold its first meeting this week.