

VOL. 66 - 71st YEAR

TUESDAY, JULY 12, 1988

NO. 126

**REAGAN ADMINISTRATION PUSHING
PROPOSED ARMS SALE TO KUWAIT**

By David Friedman

WASHINGTON, July 11 (JTA) — The Reagan administration made a strong pitch Monday for its proposed \$1.9 billion arms sale to Kuwait, as the Persian Gulf country's prime minister began two days of talks with President Reagan and other officials.

A senior administration official stressed that not only would the sale support U.S. foreign policy interests in the Persian Gulf, it would have major economic benefits for the United States, which now has a balance-of-trade deficit.

The official said the sale would provide thousands of jobs in 39 states and would increase the U.S. gross national product by \$3.8 billion to \$4 billion.

The emphasis Monday on the economic factor followed a White House statement Friday expressing Reagan's "regret" that Saudi Arabia had decided to buy arms and military facilities, including 50 Tornado combat aircraft, from Britain because Congress had blocked the Saudis from receiving U.S. arms.

White House spokesman Marlin Fitzwater said the sale by the British was "a \$30 billion loss that American companies might be fairly upset about."

On Monday, the administration official also warned that Kuwait wants advanced fighters that will serve them into the 1990s, and "if we don't sell it to them, they will go elsewhere."

Almost on cue, British Defense Minister George Younger, who signed the Saudi arms sale agreement in Bermuda last week, arrived in Kuwait Monday stressing that he was ready to discuss any arms that Kuwait might want to buy.

The administration official's remarks came Monday as he briefed reporters on a visit to Washington by the Kuwaiti prime minister, Crown Prince Sheikh Sa'ad Abdullah al-Salim.

Blames Congress

The briefing and questions were almost entirely on the proposed sale, which includes 40 F/A-18 fighter planes, 300 Maverick "G" missiles, 200 Sparrow missiles, 120 Sidewinder missiles, 40 Harpoon missiles, 400 laser-guided bombs and 200 cluster bombs.

The remarks appeared aimed at Congress, whom Fitzwater blamed for the Saudi decision to buy the British arms. Nevertheless, Congress appears ready to go ahead to block the sale, or at least part of it.

Rep. Lawrence Smith (D-Fla.) plans to introduce a resolution Tuesday to reject the sale. He already has 86 co-signers, according to a spokesman for the congressman.

The Senate, meanwhile, adopted an amendment to the foreign aid bill last week, which bars sale of Mavericks until Sept. 30, 1989, the end of the 1989 fiscal year.

The White House immediately called the Senate action "precipitous" and "damaging to U.S. foreign policy interests."

The administration official maintained Monday that the sale must go through "intact," and that the "Maverick missiles are an integral part

of this package." He indicated that Kuwait will reject the sale if the Maverick is dropped.

Attempting to assuage congressional concern that the sale will endanger Israel, the official stressed that "one of the tenets of our arms sales policy is that we will do nothing that will in any way significantly alter the Arab-Israeli military balance."

He said the sale would not change "Israel's technological military edge."

Maintain Security Relationships

"At the same time we have very important interests in the Arab world, in the Middle East," the official said. He said it was "very important that the United States maintain these arms sales and maintain the security relationships that come with these arms sales."

He said the real issue is "whether the United States is prepared to support a friendly Arab state in the Persian Gulf to meet its self-defense requirements, at a critical time when the United States has made a massive investment of its resources" in the Gulf to protect oil shipments, keep navigation open and prevent intimidation of the countries there.

The official also noted that Kuwait has played an important part in the international fight against terrorism. He said the prime minister arrived in the same plane and with the same crew that was hijacked to Algeria recently.

**FBI PROBING TWO ISRAELI COMPANIES
FOR POSSIBLE TIES WITH NAVY OFFICIAL**

By Howard Rosenberg

WASHINGTON, July 11 (JTA) — The Federal Bureau of Investigation is probing two Israeli companies for possible ties to Melvyn Paisley, a former Navy official who has been implicated in the current U.S. military procurement scandal.

The companies, Mazlat Ltd. and Pocal Industries, were listed on a search warrant that gave the FBI authority on June 14 to seize evidence from Paisley's home in McLean, Va. The Israeli companies are the only foreign ones among 11 cited in the warrant.

Sam Reich, president of Pocal Industries in Scranton, Pa., said in a telephone interview that he was "very surprised" that his company's ties to Paisley are being investigated.

He said Pocal is a small company, with about 50 employees, adding that "we never, never had any commercial or any business relationship" with Paisley.

The New York Times quoted the warrant as seeking evidence that Paisley, an assistant secretary of the Navy from 1981 to 1987, has worked for Pocal or helped it obtain contracts.

Another of the 11 companies being investigated is Martin Marietta Ordnance Systems Inc., which recently placed a Pentagon bid along with Pocal and its larger Israeli affiliate, Soltam Ltd. of Haifa, to build 120mm mortars.

The U.S. Army awarded that contract to those companies April 1.

The Times said the warrant indicated that Paisley may hold a financial interest in Mazlat, an offshoot of Israel Aircraft Industries and Tadiran Ltd. An Israel Aircraft Industries official in

Arlington, Va., and a Tadiran official in New York declined comment Monday.

AAI Corp. of Cockeysville, Md. was awarded a Navy contract in 1985 to build the Pioneer, a remotely piloted drone plane, and subcontracted work to Mazlat, AAI spokesman Walter Friend said Monday.

The Times said a competitor charged after the contract was awarded that the bid specifications had been tailored to favor Mazlat.

Friend said he has "heard that there is one competitor that is talking that way or did talk that way." But he added that he could not speak for Mazlat, except to say that AAI Corp. has "had no association with Mr. Paisley."

TWO MORE PALESTINIANS KILLED; AUTHORITIES CLOSE SIX SCHOOLS

By Gil Sedan

JERUSALEM, July 11 (JTA) -- Two more Palestinian youths were killed in violent clashes with Israeli security forces Monday.

A 17-year-old was shot dead by Israel Defense Force soldiers in Anabta, a West Bank town on the Tulkarm-Nablus road. A second youth was killed later in Nablus by the IDF.

The latest casualties brought the death toll to five since last Friday, when the Palestinian uprising entered its eighth month.

Israeli military sources blamed the new outburst of violence on agitators who urged Palestinian youths to leave their classrooms Monday morning and confront Israeli soldiers in the streets.

Classes had just resumed, following a five-day shutdown of Arab schools by the Israeli authorities precisely to prevent incidents of this kind.

The youngsters, inflamed by Palestinian activists, attacked IDF patrols with stones in various parts of the West Bank. In Anabta, Israeli soldiers came under a hail of rocks and, believing their lives were in danger, opened fire on the attackers, an IDF source said.

There was a similar occurrence in Nablus, according to the source.

In response to the disturbances, the West Bank civil administration immediately shut down six schools in the territory whose students allegedly took part in the attacks. They will remain closed until the end of the school year, the authorities said, adding that other schools will be shut down if their students engage in disturbances.

Recruiting Israeli Arabs

The authorities reportedly have begun recruiting Israeli Arabs to serve in local police forces in the West Bank as replacements for Palestinians who have resigned. So far, they have gotten 70 volunteers.

This is a departure from established practice, since Israeli Arabs do not serve in the security forces.

Premier Yitzhak Shamir visited Kfar Etzion in the West Bank, south of Jerusalem, Monday evening. He assured Jewish leaders that settlements in the territory will not be affected by any political solution of the Middle East conflict.

Stones were thrown at three Egged buses in East Jerusalem on Monday, shattering the windshield of one of them. No one was hurt. Two Arabs were arrested.

Jerusalem police, meanwhile, interrogated

Sheik Mohammad Fayeze Jamal, deputy head of the Wakf, the Moslem Religious Trust, in the East Jerusalem police station on Monday.

He is suspected of incitement to riot in the Old City last week, forcing suspension of an archaeological dig there. It involved excavation of an ancient water tunnel leading from the Western Wall, under the Temple Mount, to the Via Dolorosa, in the heart of the Moslem Quarter.

The police want to know Jamal's role in warnings, broadcast over loudspeakers mounted on the minarets of mosques, that Jews were attempting to dig their way into the Temple Mount.

The broadcasts triggered attacks on the archaeological workers and rioting in the Moslem Quarter.

The Temple Mount, on which the Al-Aksa Mosque and the Dome of the Rock stand, is the third holiest site of the Islamic faith. Jews are barred from worshiping there by government decree.

NEW SETTLEMENT TO BE INAUGURATED

By Cathrine Gerson

JERUSALEM, July 11 (JTA) -- A new settlement in the West Bank, to be known as Shima, will be inaugurated officially on Tuesday. It is the first settlement to be consecrated since the Palestinian uprising began seven months ago.

The settlement will be built on what is presently a Nahal or paramilitary agricultural outpost south of Mount Hebron.

Defense Ministry sources said it will be the last settlement built in the administered territories before the Knesset elections on Nov. 1.

Shima will replace Assael, one of six settlements the Labor-Likud national unity government agreed to build in the West Bank when it took office in 1984.

The Assael project was abandoned because of Palestinian claims to some of the land on which it was to be built.

DEBATE OVER ELECTION DATES CAUSES FUROR IN THE KNESSET

By Gil Sedan

JERUSALEM, July 11 (JTA) -- A proposed bill to hold the general elections and municipal elections on separate dates kept the Knesset in turmoil on Monday, as members traded angry and ugly accusations.

The measure passed its first reading last month. It is backed by the Labor Party and the religious factions, which believe it would be to their benefit.

Likud is fiercely opposed. It has bottled up the bill in the House Committee and has vowed to kill it. But the bill came before the Knesset plenum for further debate Monday morning, touching off an hour of shouting and heckling by Likud deputies.

Their ire was directed at Knesset Speaker Shlomo Hillel, a Laborite. He ruled in favor of a move by Rafi Edri, chairman of Labor's Knesset faction, who had maneuvered the bill out of the Likud-controlled committee to the floor.

There were demands for Hillel to resign. The session ended with a decision to send the election bill back to the House Committee.

Knesset elections are scheduled to be held on Nov. 1. Unless the law is changed, Israeli voters will choose their mayors and town council members on the same day.

KNESSET MEMBERS STAGE HUNGER STRIKE TO DEMAND END TO HOSPITAL CRISIS

By Hugh Orgel

TEL AVIV, July 11 (JTA) — Ten Knesset members representing opposition parties on the left and right began a hunger strike Sunday for government action to end Israel's prolonged health care crisis.

Squatting outside the Prime Minister's Office while the Cabinet was in session, they said they would subsist on water and fruit juices during the week ahead.

They took their mattresses to the Knesset corridors for the night, but were back on the Cabinet floor of the building Monday morning.

Premier Yitzhak Shamir stopped briefly to talk to the hunger strikers as he entered and left his office during the day. He promised to have the health crisis "in hand" soon.

Earlier, Shamir refused to convene an emergency meeting of the ministerial health committee, because of "other pressing affairs," presumably those of his Herut party, which is putting the final touches on its 1988 election slate.

The hunger strike brought arch political rivals together for a common purpose. It was initiated by Yair Tsaban and Chaika Grossman, veterans of the leftist Mapam party.

They were promptly joined by two other left-wingers, Shulamit Aloni and Yossi Sarid of the Citizens Rights Movement, as well as Geula Cohen of the militant nationalist Tehiya party and Avraham Verdiger of the ultra-Orthodox Morasha party.

Doctors who are striking government and Kupat Holim hospitals assured the demonstrators they would look after their health needs during the week-long fast.

The row started a month ago when the community chairman, Ignaz Bubis, announced that Kohl and other leading politicians would address a gathering at the Frankfurt synagogue. It was billed as the central national and Jewish event to commemorate the 1938 pogrom.

But an opposition bloc in the community, made up of left-of-center and conservative activists, argued that the German politicians did not deserve the honor of attending the event, much less addressing it.

They cited Kohl's decision to accompany President Reagan on a 1984 visit to the German war cemetery at Bitburg, where Reagan placed a wreath, though members of the notorious Waffen SS are among the soldiers buried there.

The dissidents also recalled efforts to produce in Frankfurt a reputedly anti-Semitic play, "Garbage, the City and Death" by the late Rainer Werner Fassbinder.

Finally, they raised the more immediate issue of Frankfurt municipal officials' plans to build an office complex in Boerenplatz, over remains of the old Jewish ghetto.

The opposition pushed through a resolution a week ago to call off the ceremonies rather than have Kohl and other government officials participate.

But it was overruled by the Gemeinderat, the Jewish community's parliament. Bubis has since argued that criticism of past events, however legitimate, does not justify a "boycott" of leading personalities.

The Gemeinderat decided last Friday to proceed with its plans. The debate is continuing, but tempers seem to have calmed.

"We won't cancel the chancellor's invitation, but we will certainly find a way to show him what we think," an opposition member said.

MINISTER IN SPANISH GOVERNMENT FIRST JEW SINCE INQUISITION

By David Kantor

MADRID, July 11 (JTA) — The first Jew to serve in the Spanish government since the Jews were expelled from Spain nearly 500 years ago will take the oath of office here Tuesday.

Enrique Mugica Herzog, a 56-year-old Socialist activist from San Sebastian, in the Basque region, will be sworn in as minister of justice. His appointment was part of a reshuffling of Cabinet posts by the ruling Socialist Party.

Mugica Herzog, whose mother is Jewish, is vice president of the Spanish-Israeli Friendship Association. He has been described by the press here as one of the political figures mainly responsible for the establishment of diplomatic relations between Spain and Israel two years ago.

A Communist leader said here Sunday that his appointment to the Cabinet will strengthen Spain's ties with Israel and constitute a blow to the Palestine Liberation Organization.

Although himself formerly a Communist, Mugica Herzog is regarded as one of the leading ideologists of the Spanish Socialist Party and a close associate of its leader, Premier Felipe Gonzales.

He has been quoted as telling friends he has three loves: Spain, his native Basque region and Israel.

As justice minister, Mugica Herzog will be involved in matters concerning church and state relationships. The Roman Catholic Church is the largest and most powerful denomination in Spain.

A Battle Of Wills Over Wages

The health care crisis has become a battle of wills between the Treasury and the medical and non-medical employees of state-run and Kupat Holim hospitals. Kupat Holim is Histadrut's health care agency, the largest of several health insurance systems to which the majority of Israelis belong.

The issues are wage-related, and Finance Minister Moshe Nissim is adamantly opposed to salary increases for publicly employed medical personnel.

His and Shamir's initial reaction to the hunger strike was that public demonstrations are no way to find solutions.

But the ministerial health committee, set up at the beginning of last month to alleviate the crisis, has accomplished nothing to date.

It consists of Shamir and Nissim of Likud and Foreign Minister Shimon Peres and Health Minister Shoshana Arbeli-Almoslino, both Laborites. From its inception, the panel has been split on party lines.

FRANKFURT JEWISH COMMUNITY SPLIT OVER 50TH KRISTALLNACHT OBSERVANCE

By David Kantor

BONN, July 11 (JTA) — A fierce debate has split the Frankfurt Jewish community over whether Chancellor Helmut Kohl and other West German leaders will be allowed to address ceremonies there Nov. 9 marking the 50th anniversary of the Kristallnacht (the night of broken glass), the first organized pogrom of the Nazi era.

BRITISH PUBLISHER ASKS GORBACHEV FOR 'GLASNOST' ON WALLEMBERG CASE By Maurice Samuelson

LONDON, July 11 (JTA) -- British publisher Robert Maxwell, a personal friend of Mikhail Gorbachev, called on the Soviet leader Sunday night to act in the spirit of "glasnost" (openness) and disclose the truth about Swedish diplomat Raoul Wallenberg.

Maxwell, a Czech-born Jew, made his appeal at the opening of a week-long conference on the Holocaust at Oxford. It has attracted more than 500 scholars and writers from 48 countries.

Since the end of World War II, the world has wondered about Wallenberg's fate. Revered in the West as a hero of the Holocaust, he was arrested by the Red Army in Budapest in 1945, after having saved tens of thousands of Jews from deportation to Nazi death camps.

For 12 years the Soviets maintained stony silence. Then they claimed Wallenberg had died in prison of a heart attack in 1947, two years after his arrest.

But numerous reports have surfaced over the years that he has been seen alive in Soviet custody. The Swedish government's official position is that Wallenberg is alive. If so, he would be 75.

The Soviet authorities, however, have not budged since 1957, when they proclaimed him dead. But with Gorbachev pledged to open the "blank pages" in Soviet history, there seems to be a chance that Maxwell's appeal will be treated more seriously than similar approaches in the past.

One source of optimism is the declining political standing of veteran Politburo member Andrei Gromyko, the former Soviet foreign minister, now president of the USSR.

It was Gromyko who personally announced Wallenberg's supposed death 31 years ago, and he has long been regarded as "the stopper in the bottle" in this affair.

Should he finally be swept from high office, a possibility raised at the recent Communist Party conference, the way might open for a genuine investigation of the Wallenberg episode.

Most of Maxwell's family perished in the Holocaust. His wife, Elizabeth, a French Protestant, spoke at the Oxford gathering. She said the conference had to find out what happened to "Christian love," why Christians stood by while the Nazis murdered people. She called on people of all faiths to join to stamp out anti-Semitism.

As the delegates arrived at Oxford, the so-called World Revisionist Organization distributed leaflets saying there were no gas chambers to kill people at Auschwitz.

"Scholars attending this conference will know how to treat this tripe," Maxwell said.

HAMADEI TRIAL TO RESUME WEDNESDAY; WILL TEST RESOLVE TO FIGHT TERROR By David Kantor

BONN, July 11 (JTA) -- The trial of Mohamad Hamadei will resume in Frankfurt Wednesday. It was adjourned two hours after it opened last week after a key witness failed to show up because of a clerical error.

Hamadei is the Lebanese accused of hijacking a TWA airliner in 1985 and murdering a passenger, U.S. Navy diver Robert Stethem of Waldorf, Md.

He was arrested at Frankfurt airport in January 1987 and charged with carrying explosives. Further investigation identified him as the internationally wanted hijacker.

Shortly afterward, two West German businessmen were kidnapped in Beirut and held hostage by friends of Hamadei. West German authorities rejected an American request for extradition.

The trial in Frankfurt is seen as a test of the Bonn government's resolve to fight international terrorism. Hamadei's defense contends he was under 18 at the time of the hijacking and should be tried as a juvenile.

The prosecution disputes the authenticity of documents sent from Lebanon to show Hamadei is younger than the age on his passport when he was arrested. It indicates he had just turned 18 at the time of the hijacking.

The witness supposed to testify last week is a German who knew Hamadei several years ago and was expected to clear up the issue of his age. The witness did not appear because he had been summoned by error for a different day.

U.S. SIXTH FLEET DOCKS IN HAIFA FOR JOINT EXERCISES WITH ISRAEL By Hugh Orgel

TEL AVIV, July 11 (JTA) -- A five-vessel battle group of the U.S. Sixth Fleet arrived Sunday in Haifa Bay to carry out joint training exercises with the Israeli navy.

The American unit consists of the 80,000-ton aircraft carrier Eisenhower, the cruiser Belknap, which is the flagship of the Sixth Fleet, and three missile-carrying destroyer escorts.

The battle group is under the command of Vice Adm. Kendall Moranville, commanding officer of the Sixth Fleet.

He described the joint exercises as "routine, scheduled several months ago as a result of an agreement by the United States and Israeli governments for combined training by the two fleets."

The American ships will remain in Israel for two weeks during which their complement of 7,000 seamen and pilots will have shore leave.

GERMAN PROSECUTOR'S FONDNESS FOR NAZI TUNE DRAWS PROTEST By David Kantor

BONN, July 11 (JTA) -- The public prosecutor in Trier, who made a habit of singing the Nazi "Horst Wessel Lied" in local restaurants, has been given low-profile assignments out of the public eye.

But Heinz Galinski, chairman of the Central Council of Jews in West Germany, has demanded to know why it was decided not to take legal action against him for violating laws banning Nazi propaganda.

Galinski has protested to Hans Seeliger, state prosecutor for Rhineland-Palatinate. Seeliger said there were no grounds to prosecute, because his Trier colleague sang at "closed" gatherings, not in public.

The matter was brought to light by the news media, which observed that the prosecutor, an employee of the Justice Ministry, was singing one of the most noxious songs of the Nazi era.

Horst Wessel was a Brown Shirt thug killed in a street brawl. The Nazis made a martyr of him. The song that bears his name has a lyric that calls for spilling Jewish blood.