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SUNUNU'S ARAB TIES RAISE CONCERN OVER PICK AS BUSH'S CHIEF OF STAFF By Susan Birnbaum

NEW YORK, Nov. 17 (JTA) -- Jewish leaders reacted with caution after President-elect George Bush announced the selection of John Sununu, outgoing governor of New Hampshire, to be his White House chief of staff.

Of chief concern has been Sununu's refusal to repudiate the 1975 U.N. resolution equating Zionism with racism, in response to a 1986 campaign by the World Zionist Organization-American Section asking governors to condemn the declaration

Sununu was the only governor to refuse, excusing himself by saying he believed it was inappropriate for a governor to get involved in foreign matters. He repeated that statement in July at the National Press Club.

He has, however, issued other proclamations of solidarity with other nations during his tenure as New Hampshire governor.

Sununu, the 49-year-old son of a Lebanese father and El Salvadoran mother, is the highestranking U.S. office-holder to be a member of the National Association of Arab Americans.

In that position, he has shared the podium at an organization forum with a member of the Palestine Liberation Organization.

Sununu has also traveled throughout the country to represent Arab Americans before Republican conclaves

Hyman Bookbinder, former special Washington representative of the American Jewish Committee and a campaign adviser to Gov. Michael Dukakis, said Wednesday that Bush's choice for the White House position "raises some concerns," which are not made easier "because it's not a post that has to be confirmed by the Senate."

Bookbinder said, however, that Sununu could allay any fears "by making it absolutely clear that he is in favor of the president-elect's stated policies on the Middle East, which include a request for the United Nations to renounce that resolution.'

Others asked about Sununu were even more prudent in their responses.

Thomas Dine, director of the American Israel Public Affairs Committee, said that Sununu "will come to the White House without a direct record on U.S.-Israel relations."

Positive Comments

Speaking before the General Assembly of the Council of Jewish Federations, Dine commented positively on Sununu's performance on the Republican Party platform that strongly supported Israel. "I watched him personally take command of

the Bush platform" prior to and during the Republican National Convention in August, Dine said. He pointed out that the platform was strongly supportive of Israel.

However, one Capitol source said Sununu does not reflect Bush's feelings on Middle East issues.

The speaker, who did not wish to be identified, said that although Sununu was one of the chairs of the Republican platform committee, Bush placated Jewish concerns by keeping Sununu away from Middle East deliberations.

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At B'nai B'rith headquarters in Washington, Warren Eisenberg, director of the group's international council, also reacted circumspectly. "Although there is a certain level of concern, it shouldn't be blown out of proportion," he said.

Abe Foxman, national director of the Anti-Defamation League of B'nai B'rith, noted that "Gov. Sununu also reportedly issued a proclamation in June 1988 referring to Israel's mistaken 1967 attack on the U.S.S. Liberty as 'vicious and unprovoked.' "

The New Hampshire state house confirmed that Sununu signed a proclamation on the Liberty at that time

It referred to the attack by Israeli fighter jets on an American intelligence-gathering ship off the coast of the Sinai peninsula, in which 34 Americans were killed.

Israel, explaining the attack as one of mistaken identity, apologized profusely for the episode and paid reparations to the families of the victims.

Foxman balanced his skeptical remarks, however, by noting Sununu's proclamations com-memorating Israel's 40th anniversary and the efforts of the Jewish Federation of Manchester on behalf of Soviet Jewry.

Morris Abram, chairman of the Conference of Presidents of Major American Jewish Organizations, said in a statement that Bush "has uncquivocally rejected the idea of a Palestinian state. And he can be trusted to keep his word.

"Furthermore, it is the president who sets policy, not his staff people."

Rabbi Alexander Schindler, president of the Union of American Hebrew Congregations, said in a statement, "It would be helpful if Governor Sununu clarified his position on this issue so that it would be consonant with that of the administration he may be asked to serve."

Seymour Reich, international president of B'nai B'rith, was more blunt. "Why did he hesitate to take part in the struggle against this infamous U.N. resolution? His refusal to associate his name with other governors on this matter puts his judgment in doubt."

(JTA editor Mark Joffe in New Orleans contributed to this report.)

ISRAEL IN GOOD HANDS. SAYS CAPITOL HILL LOBBYIST By Mark Joffe

NEW ORLEANS, Nov. 17 (JTA) -- Israel can be confident it will be treated well by the new American administration and U.S. Congress elected two weeks ago, according to one of the most respected Jewish political lobbyists on Capitol Hill.

"We expect the 101st Congress to be the most pro-Israel ever," Thomas Dine told thousands of delegates attending the General Assembly of the Council of Jewish Federations here.

Dine, who directs the American Israel Public Affairs Committee, spoke at a forum Wednesday night on the implications of the U.S. and Israeli elections for Middle East peace.

He shared the platform with Moshe Arad.

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Israel's ambassador to Washington, who concentrated his remarks on the goals of the next Israeli government and on Israel's response to the Palestine National Council's declaration in Algiers.

Dine noted that President-elect George Bush pledged during his election campaign that he would "build upon the pro-Israel legacy" of the Reagan administration.

"We look forward to working with the Bush administration," he said.

The AIPAC official was cautious in his appraisal of Bush's selection of former Treasury Secretary James Baker to be secretary of state.

He said that while Baker had supported the 1981 sale of AWACS surveillance planes to Saudi Arabia, the former treasury secretary also had pressed to retain current levels of foreign aid to Israel, at a time of fiscal austerity and deep national concern over the budget deficit.

On the subject of the PNC declaration in Algiers, Ambassador Arad said he was gratified that the U.S. administration had viewed it with skepticism.

He expressed his government's view that the declaration is little more than a ploy "aimed at driving a wedge between Israel and the United States."

Arad said the PNC's call for self-determination is "a cuphemism for the establishment of a Palestinian state."

Noting that the Palestinian body had linked its acceptance of a U.N. resolution recognizing Israel to all other U.N. resolutions, the ambassador said, "One cannot expect Israel to negotiate" with the Palestinians when one of those resolutions equates Zionism with racism.

VICE CHAIRMAN OF JEWISH COUNCIL STEPS DOWN OVER JENNINGER ROW By David Kantor

BONN, Nov. 17 (JTA) -- An official of the Central Council of Jews in West Germany resigned Wednesday under fire from its leader for insisting that Jews should not have demanded the resignation of former Bundestag president Philipp Jenninger.

Michael Fuerst stepped down as a chairman of the council after its chairman, Heinz Galinski, denounced him on national television.

At issue was the speech Jenninger delivered at a special session of the Bundestag Nov. 10, commemorating the 50th anniversary of Kristallnacht, the first publically organized pogrom in the Third Reich.

It was widely interpreted as a justification rather than condemnation of Nazi outrages and precipitated walkouts by more than 50 parliamen-

The international furor was such that Jenninger, a rising politician in Chancellor Helmut Kohl's governing Christian Democratic Union, resigned the following day.

Jenninger, said to be friendly toward Jews and supportive of Israel, insisted that his speech was intended to depict the state of mind in Germany in 1938 that allowed atrocities such as Kristallnacht.

Fuerst was the only German Jewish leader to take him at his word.

While Galinski joined in the sharp criticism of Jenninger at home and abroad, Fuerst, speaking on prime time German television, said it was a mistake to demand Jenninger's resignation because people would blame "the Jews" for undue intervention in party politics.

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Moreover, according to Fuerst, the Bundestag president had given a factual and fair exposition of how the German people were taken in by

He said that was very important because it demonstrated that a very large majority of Germans followed the Nazis enthusiastically.

Observers here believe that Fuerst's resignation may set the stage for further upheaval within the central body of the Jewish community.

It had been dominated for two decades by the late Werner Nachmann, who died suddenly last

He was succeeded by the outspoken Galinski. who exposed Nachmann as an embezzler of reparations funds entrusted by the Bonn government to the council.

Galinski has been accused by some colleagues of being too ambitious for personal prestige.

FINANCE MINISTRY'S POLICIES QUESTIONED AS COUNTRY FACES HIGHER INFLATION By Gil Sedan

JERUSALEM, Nov. 17 (JTA) -- The monetary policies of Finance Minister Moshe Nissim were being questioned this week as Israelis faced the possibility of accelerated inflation.

The 2.4 percent hike in the October price index was an unpleasant surprise. It raised the annual inflation rate for 1988 to 17 percent, compared to 16.1 percent at the end of 1987.

If the shekel is again devalued in relation to the U.S. dollar -- which many economists think is inevitable -- a new era of triple-digit inflation may not be far behind.

Nissim and other financial policy makers were convinced that inflation could be curbed by freezing the exchange rate of the shekel to 1.6 to the dollar.

But now some economists say the freeze was responsible for the rising index.

It led to higher interest rates and a rush to buy consumer goods before inflation worsened.

The Bank of Israel, the country's central bank, injected hundreds of millions of shekels into the economy to keep a lid on interest rates.

But that only fed inflationary pressures. The central bank is expected nevertheless to increase its Thursday loans to commercial banks by 400 million shekels.

The treasury, meanwhile, has upped the subsidies it pays exporters to compensate them for the low foreign currency exchange rate.

The Ministry of Commerce and Industry at the same time protects local industry by allowing prices to rise. Both ministries are feeding inflation.

ATHENS COURT POSTPONES EXTRADITION By Jean Cohen

ATHENS, Nov. 17 (JTA) -- The Supreme Court has postponed a decision to extradite Mohammed Rashid, a Palestinian wanted in the United States for alleged aerial terrorism.

Judge Panayotis Theodoropoulos, who presides over the criminal section, said Tuesday that the court needs more evidence before it can rule on the American extradition request.

Rashid is held responsible for a bomb explosion aboard a Pan American airliner on a flight to Hawaii in 1982, in which one passenger was killed and several injured.

CJF DELEGATES IMPLORE ISRAEL TO DESIST ON 'WHO IS A JEW' By Mark Joffe

NEW ORLEANS, Nov. 17 (JTA) -- Leaders of Jewish federations across North America overwhelmingly endorsed a strongly worded resolution Thursday imploring Israel to remove the so-called "Who Is a Jew" issue from its political agenda.

"The issue, with its ideological, moral and communal implications, should not be decided in the context of political accommodation or to ensure the maintenance or downfall of a particular government," the Council of Jewish Federations. General, Assembly said in a resolution adopted after a fiery debate here Thursday morning.

"World Jewry should not be divided by a political approach" to the Who Is a Jew issue, the assembly said.

While simultaneously affirming its "continued total support for Israel," the body of some 3,000 delegates also sternly warned Israeli leaders "not to underestimate the strength of feeling on this matter" in the Diaspora.

"We direct the leadership of CJF to convey to the political leadership in Israel, in the most vigorous, immediate and continuing way possible, that they must not risk dividing the world Jewish community as they seek now to form a government and thereafter," the assembly stated in the resolution.

Following the adoption of the resolution Thursday, a task force of representatives from CJF, the United Jewish Appeal, the United Israel Appeal and UIA-Canada convened and decided to take the following courses of action:

• A high-level leadership mission representing the four organizations and the American Israel Public Affairs Committee will leave late Sunday night or Monday for Israel to meet with Prime Minister Yitzhak Shamir, Israeli Knesset members and journalists.

 Local federations across North America will organize their own series of trips to Israel during the next few weeks to lobby Israeli lead-

 A major petition drive on the issue will be launched across North America with the cooperation of synagogues. The petition is to be handed to Shamir by Chanukah.

Meeting With The Rebbe

Meanwhile, Morton Kornreich, national chairman of the UJA, will seek a meeting on the issue with the Lubavitcher rebbe, Rabbi Menachem Schneerson, who has been the driving force behind the efforts to amend the Law of Return.

The CJF resolution, drafted and revised only a few hours before it was presented Thursday morning, was adopted mainly intact after a vociferous and sometimes raucous debate on the subject, at a plenary session that originally was scheduled to be devoted to an entirely different subject the quality of Jewish life.

At issue is an agreement Prime Minister Yitzhak Shamir has made with four Israeli religious parties — in exchange for their support to win Knesset adoption of an amendment redefining who is considered Jewish in Israel.

The amendment would bar those converted to Judaism by non-Orthodox rabbis from qualifying for automatic Israeli citizenship under the Law of Return.

The Reform and Conservative movements,

who represent some 90 percent of affiliated Jews in North America, consider the amendment an affront to their legitimacy.

What became clear Thursday was that the vast majority of delegates here feel such a change in the law would be an affront to the entire Diaspora.

"It is an attempt to disenfranchise from the Jewish body politic the majority of North American Jews," Mendel Kaplan, chairman of the Jewish Agency Board of Governors, exclaimed in a passionate speech introducing the resolution.

The proposed amendment "tampers with the unity of the Jewish community," Kaplan argued. "It jeopardizes the concept of the centrality of Israel for every single Jew."

Despite his strong language, and the uncharacteristic stridency of the resolution, delegate after delegate argued during a debate on the document that CJF should take a tougher stand.

Urges Stronger Message

Annette Dobbs, president of San Francisco's Jewish federation, argued that the General Assembly should send a stronger message to Israeli leaders saying, in effect, that passage of the amendment would seriously weaken American Jewish philanthropic support for Israel.

She said that in her own community's federation campaign, "major contributors, in the six and seven figures," are already threatening to withdraw their donations if Israel makes such a change in the law.

Sources close to federation campaigns in other cities, including New York, have expressed similar fears.

But delegates rejected proposals to toughen the language of the resolution. And Shosana Cardin, immediate past president of CJF, told delegates in a steely reproach that they do not deserve to be Jewish community leaders if they cannot stand up to the "terrified, frightened, disenchanted Jews whose support for Israel is wavering.

"This is not the time to defect, to become hysterical," she said.

NEW GROUP SEEKS 'FREEDOM' FROM ORTHODOX COERCION By Gil Sedan

JERUSALEM, Nov. 17 (JTA) -- Representatives of Israel's left-wing parties and non-Orthodox religious organizations joined ranks this week to form a new body against the increased influence of the Orthodox and ultra-Orthodox camps.

Called "Hofesh," or Freedom, the new coalition plans a mass demonstration in front of the Knesset when the legislative body convenes Nov. 21.

Hofesh also plans a mass advertising and educational campaign in order to "combat against the surrender to ultra-religious blackmail."

The new organization is headed by Rabbi Philip (Pinhas) Spector, director general of Masorti, the Conservative movement in Israel. Abba Eban, outgoing member of Knesset for Labor, is serving as titular chairman.

Hofesh is being coordinated by HEMDAT, the Council for Freedom of Science, Religion and Culture in Israel.

The founding parties are the Citizens Rights Movement, Mapam and the Shinui-Center Party. A representative of Labor also attended the founding meeting.

WORLDWIDE REACTION MIXED OVER PALESTINIAN DECLARATION JTA Staff Report

Nov. 17 (JTA) -- The proclamation of an independent Palestinian state Tuesday had widely different receptions in Western Europe and the Third World this week.

Nearly 30 Asian, African and Latin American countries formally recognized the new state of Palestine, in the 48 hours following Palestine Liberation Organization chief Yasir Arafat's declaration at the end of the Palestine National Council's meeting in Algiers.

But the European Community refused to be stampeded. Several Western governments, though not objecting in principle to a Palestinian state. cited legal reasons for withholding recognition.

Pressure was building within the community, however, to extend some form of recognition to Palestine. It emanated mainly from Greece, the most pro-Arab of the 12 E.C. member states, but also from certain quarters in West Germany, one of the most pro-Israel of the Western partners.

The Israelis meanwhile have mounted a fierce diplomatic offensive trying to persuade their friends and allies to reject the PLO bid.

Israel is particularly upset that Turkey, a non-Arab Moslem country which maintains diplomatic relations with Israel, was one of the first to recognize the Palestinian state.

Turkey, straddling both Europe and Asia, is an important member of the North Atlantic Treaty Organization. Historically at odds with Greece, it seems to see eye-to-eye with Athens on the Palestinian issue.

The Turkish charge d'affaires, Ekrem Guvendiren, was summoned to the Foreign Ministry in Jerusalem Wednesday to hear Israel's complaint.

Legitimizes Terror

He was warned by the ministry's director general, Yeshayahu Anug, that the Algiers proclamation conferred legitimacy on international terrorism, meaning the PLO.

The Turkish emissary responded that since his government has always recognized the PLO as "the legitimate representative of the Palestinian people," it respects its decision in Algiers.

The Israelis were relieved to learn that a Radio Monte Carlo report that Egypt had recognized Palestine was erroneous. Egypt is the only Arab country that has a peace treaty with Israel and full diplomatic relations.

Egypt was one of several countries, including the Soviet Union, East Germany and Greece, which welcomed the Palestinian declaration but stopped short of recognition.

In Paris, Foreign Minister Roland Dumas read a statement to the National Assembly Wednesday, in which he explained that France had no basic reason not to recognize independent Palestine but was constrained by legal considerations.

Dumas pointed out that most Palestinians live "in a land over which there is no recognized sovereignty."

He thought the PNC's belated endorsement of U.N. Security Council Resolutions 242 and 338 "lifts one of the major obstacles to a mutual recognition by Israel and the Palestinians."

President Francois Mitterrand may sympathize with the Palestinian state when he meets with Soviet leader Mikhail Gorbachev in Moscow next week.

If Gorbachev thinks he has Western Euro-

pean support on the matter, he may likely raise it in his meetings with President Reagan and President-elect George Bush in Washington next month.

Switzerland said Wednesday that it cannot recognize the new Palestinian state because "it does not have a government nor fixed and internationally recognized frontiers."

A Foreign Ministry spokesman told the Jewish Telegraphic Agency in Geneva that Swiss criteria for recognition is that a country possess territory, a population and a government.

In Bonn, Education Minister Juergen Moellemann urged the West German government to recognize the newly proclaimed Palestinian state.

Moellemann is known to have influence in foreign policy circles. He also chairs the Association for German-Arab Friendship and staunchly supports Arab causes.

Circulating Petitions

In Amsterdam, pro-Arab groups are circulating petitions urging the Netherlands government to recognize the independent Palestinian state.

The Netherlands Palestine Committee and the Association of Palestinians in Holland are soliciting signatures to send to political parties.

Greece is expected to press the ministers to recommend European recognition of Palestine, when the E.C. heads of state and government gather in Athens in December for their regular six-month meeting.

According to reports from Athens, the Socialist government of Premier Andreas Papandreou will announce next week recognition of independent Palestine and, at the same time, will extend de jure recognition to Israel.

Greece and Israel have had only limited diplomatic ties since the Papandreou regime took power in 1980. Although the Israeli diplomat assigned to Athens holds the rank of ambassador, his status is that of diplomatic representative.

This puts Israel on the same level as the PLO, which maintains a diplomatic mission in the Greek capital. Austria is the only other European country where the PLO enjoys such status.

Greek sentiment in favor of recognizing Palestine is said to be shared to some degree by Italy, Spain and Portugal, but not by Belgium, where E.C. headquarters are located.

'Out Of The Question'

A Foreign Ministry spokesman in Brussels indicated Wednesday that recognition of the Palestinian state is "out of the question" at this

The countries that have so far recognized the state of Palestine are Algeria, Iraq, Malaysia, Kuwait, Tunisia, Saudi Arabia, North Yemen, South Yemen, Madagascar, Turkey, Bahrain, Jordan, Zambia, Bangladesh, Libya, United Arab Emirates, Indonesia, India, Mauritania, Yugoslavia, Morocco and Nicaragua, Sri Lanka, Pakistan, Sudan, Cuba, Brunei, Afghanistan and Qatar.

Countries that have supported the Palestinian action but stopped short of formal recognition include Egypt, the Soviet Union, Greece, East Germany, Syria, Poland, Czechoslovakia, Malta,

Cyprus and Oman.

The Times of London reported Thursday that the newly declared Palestinian state plans to apply to compete in the 1992 Olympic Games to be held in Barcelona.

Applicants must have teams recognized by at least five international sports federations to be allowed to compete in the Olympics.