



MUBARAK READY TO VISIT ISRAEL; SHAMIR WORKING ON NEW PEACE PLAN

By Gil Sedan and Hugh Orgel

JERUSALEM, Dec. 26 (JTA) -- New initiatives in the Middle East peace process seemed to be brewing in Cairo and Jerusalem over the weekend.

President Hosni Mubarak of Egypt said in Cairo he was ready to visit Israel if he thought it would have some "positive result."

Prime Minister Yitzhak Shamir said in several radio interviews that he was working on a new peace plan. It is believed to be based on the 1978 Camp David peace accords.

The prime minister said on television Sunday that he would be glad to welcome Mubarak to Israel. "I am sure that if we meet and talk, we shall reach positive results," he said, using the Egyptian leader's phrase.

Yossi Ben-Aharon, director general of the Prime Minister's Office, said Sunday he was confident a visit by Mubarak would not be a wasted opportunity.

If Mubarak comes, he will be the first Arab leader to visit Israel since the late Egyptian President Anwar Sadat made his historic trip to Jerusalem in November 1977.

In the past, Mubarak has conditioned a visit to Israel on progress made toward an international conference for Middle East peace. But he did not refer to that condition when he suggested the visit in an interview published in the Kuwaiti newspaper Al-Anba.

International Conference

However, Mohammed Basiouny, the Egyptian ambassador to Israel, said over the weekend that Israel would have to present "new ideas" in order for a Shamir-Mubarak summit to materialize.

"If Shamir says that he agrees to an international conference which would include the Palestine Liberation Organization, President Mubarak will agree to meet with him immediately," the envoy said.

Basiouny on Monday was the first ambassador received by Israel's new foreign minister, Moshe Arens. No details were released of their conversation.

Vice Premier Shimon Peres told Voice of Israel Radio that he welcomed Mubarak's reported willingness to come to Israel. However, he said, the attached preconditions cannot be overlooked.

There was no official word about Shamir's reported peace initiative. According to local press reports, the prime minister has long held the Camp David accords to be the cornerstone of Israel's peace policy.

Local sources said his new plan would no longer insist on a five-year interim period before the final status of the administered territories is decided.

Israel would also show greater flexibility regarding the personal structure of a Jordanian-Palestinian peace delegation.

The sticking point, however, is whether Israel would veto PLO members on the joint delegation, particularly in light of Egypt's promotion of the PLO's recent moderation.

The need for an Israeli peace initiative

became apparent after PLO leader Yasir Arafat's extraordinarily successful peace offensive at the United Nations.

The United States announced on Dec. 15 that it was opening a dialogue with the PLO. Peres suggested that Israel respond by allowing municipal elections in the administered territories, out of which an indigenous Palestinian leadership presumably would emerge.

Up until now, Shamir has insisted that elections must follow a successful conclusion of talks on autonomy, as prescribed by the Camp David plan.

But over the weekend, the prime minister promised that Palestinians in the administered territories would be allowed to elect representatives with whom Israel could negotiate, within the Camp David framework.

He said in a radio interview that Israel is committed to holding "democratic elections by the Palestinian Arab population in the territories for an administrative council that would also be the legitimate representation of the Palestinian-Arab population."

According to Shamir, the elections would be held in the first stages of the autonomy plan, which represents a "very important clause of the Camp David agreements."

He stressed that the elected Palestinians should not be members of the PLO. The elected council would have to be a "living body of the population of the territories," he said.

NEW CABINET HAS 28 MEMBERS AND MULTIPLE TIERS OF POWER

By Gil Sedan

JERUSALEM, Dec. 26 (JTA) -- The 28 members of Israel's new Likud-Labor coalition government could hardly fit around the table in the Cabinet room when they held their first meeting Sunday.

But the session went off smoothly. The ministers managed to settle a great deal of non-controversial business at the 75-minute session.

The Cabinet consists of 12 ministers each from Likud and Labor, two from the ultra-Orthodox party Shas and two from the National Religious Party.

It is easily the largest Cabinet in Israel's history. It is larger by three than what remains of the opposition in the Knesset.

But there were no illusions around the crowded table Sunday that the situation is a healthy one or that a country facing urgent internal and external problems can long be properly governed by such an unwieldy body.

The new Cabinet, because of its unprecedented size, has been segmented into hierarchical ranks.

Final decisions will be made by two forums, each consisting of four ministers.

The political forum, evenly divided between Likud and Labor, includes Prime Minister Yitzhak Shamir, Vice Premier Shimon Peres, Foreign Minister Moshe Arens and Defense Minister Yitzhak Rabin.

The economic forum includes Shamir; Peres, who holds the finance portfolio; Yitzhak Moda'i, the minister for economic planning; and Commerce

and Industry Minister Ariel Sharon.

Peres is the only Laborite in the economic group, but Labor is expected to have effective control over fiscal matters inasmuch as it controls not only the Finance Ministry, but the Knesset Finance Committee as well.

Inner Cabinet Ranks Second

The Inner Cabinet, which was the top policy-making body in the previous Labor-Likud coalition, takes second rank in the new government. It has been enlarged from 10 to 12 members -- six ministers from each party.

The Likud members are Shamir, Deputy Premier and Housing Minister David Levy, Arens, Sharon, Moda'i and Moshe Nissim, a minister without portfolio.

The Laborites have named only five of their members so far. They are Peres, Rabin, Police Minister Haim Bar-Lev, Education and Culture Minister Yitzhak Navon and Ezer Weizman, minister of science and development.

Three men are competing for the sixth slot: Energy Minister Moshe Shahal, Communications Minister Gad Yaacobi and Mordechai Gur, a minister without portfolio.

Last in rank are the other members of the Cabinet, the seven without portfolios being the least among equals.

The complicated ministerial setup is the result of efforts by the two major parties to protect their positions and meet their internal political needs.

There are four ministers representing the two Orthodox parties in the government. Aryeh Deri is minister of interior and Yitzhak Peretz is minister for immigration and absorption. Both are from Shas, which has a largely Sephardic constituency.

The National Religious Party selected Zevulun Hammer to continue as minister for religious affairs. His rival, Avner Shaki, was given a Cabinet seat without portfolio.

That was the result of an internal election in NRP's Central Committee. Hammer won the portfolio with 54 percent of the vote, compared with 23.5 percent for Shaki and 16 percent for Yosef Shapira.

The vote was a blow to Shaki, a right-wing hard-liner who beat Hammer for party leader, after the venerable Yosef Burg retired. Observers said Hammer's success seems to have halted the sharp tilt to the right by the once politically moderate NRP.

NEW CABINET AGREES THAT REFORM OF ELECTORAL SYSTEM IS ESSENTIAL

By Hugh Orgel

TEL AVIV, Dec. 26 (JTA) -- Reformation of Israel's electoral system was a prime topic at the first meeting of the new Cabinet Sunday.

It may be the only major issue on which the Likud bloc and the Labor Party agree.

The issue was significantly muted while both of them ardently courted the Orthodox parties. Likud also went after the small right-wing factions in the hope of speedily forming a narrow-based government.

The small parties fear reform, since it could spell their doom. But now, with a broad coalition finally in place, Prime Minister Yitzhak Shamir has publicly pledged reform.

In Israel Radio interviews over the weekend, he expressed support for constituent district

representation. Votes would be cast for individual candidates instead of for party lists, whose members are now seated in the Knesset on the basis of proportional representation.

Shamir also advocated direct election of the prime minister by popular vote. At present, mayors are the only popularly elected officials.

Under Shamir's plan, the prime minister would be free to appoint his own ministers without needing to allocate portfolios to parties forming the parliamentary coalition.

The ministerial committee is called for in the Likud-Labor coalition agreement. It states that if the committee does not come up with proposals within a year, each of the parties will offer their own ideas.

Likud Reform Bill Planned

Two Likud Knesset members, Uzi Landau and Binyamin Netanyahu, announced they will soon introduce a reform bill. Another Likud Knesset member, David Magen, will chair a committee to study various proposals for reform.

Sources close to the prime minister say he feels the post-election negotiations have become "intolerable."

The reforms proposed to eliminate proportional representation would eliminate the smaller parties, unless they were able to unite into medium-sized parties.

The threshold for Knesset representation would be raised to at least 2.5 percent of the vote cast. Until now it has been about 1 percent. Any party that can accumulate some 20,000 votes rates a seat in the parliament.

The Orthodox parties, whose constituents are concentrated in Jerusalem and Bnei Brak, probably would be hurt most by a constituency election system, since they would be unlikely to win seats outside these areas.

It took seven weeks from election day Nov. 1 to form the present government. The next elections should lead to the immediate formation of a government, Shamir said.

U.S. WELCOMES NEW GOVERNMENT

By Howard Rosenberg

WASHINGTON, Dec. 26 (JTA) -- In its most comprehensive statement to date on Israel's new national unity government, the United States on Friday welcomed the Likud-Labor coalition and said it hopes to work with Israel to increase ties and advance Middle East peace prospects.

"The United States welcomes the establishment in Israel of a new government of national unity," State Department spokeswoman Phyllis Oakley said. "The U.S.-Israeli relationship has been marked by frequent and close consultations and cooperation on a number of important bilateral and regional issues," she added.

"We look forward to continuing this consultative process with our Israeli friends to strengthen further the enduring ties between our two countries and to advance the Middle East peace process."

After meeting with Secretary of State George Shultz on Wednesday, a U.S. Jewish leader said Shultz stated a preference for the new government over a narrow-based government.

Morris Abram, chairman of the Conference of Presidents of Major American Jewish Organizations, said Shultz told representatives of the conference that a broad-based government could "best move forward" toward peace.

THOUSANDS RALLY IN FAVOR OF ISRAELI TALKS WITH PLO

By Hugh Orgel

TEL AVIV, Dec. 26 (JTA) -- There are only 25 members in the Knesset opposition bloc, but those to the left of center may be more in tune with public opinion than the new Likud-Labor coalition government they oppose.

That was indicated by the scores of thousands of Israelis who turned out for a Peace Now rally in a heavy downpour Saturday night, urging the government to talk to the Palestine Liberation Organization.

The crowd huddling under umbrellas in Malchei Yisrael Square, outside the City Hall, was almost as large as the expected turnout in good weather.

Their morale may have been boosted by a poll published Friday, which showed that 54 percent of Israelis favor talks with the PLO.

The rally was addressed by opposition Knesset members Shulamit Aloni of the Citizens Rights Movement, Amnon Rubinstein of the Center-Shinui Movement, Victor Shemtov and Elazar Granot of Mapam and Abd el-Wahab Darousha of the Arab Democratic List.

There were also several speakers from the Labor Party, including Arie Eliav and Yael Dayan.

They castigated the previous government and the new coalition for rejecting even the idea of negotiations with the PLO. They believe the latest statements by PLO leader Yasir Arafat represent a move forward that at least should be tested.

The poll was conducted by the Dahaf organization last week, among a sampling of 653 Israelis.

According to the results, published in Yediot Achronot, 21 percent strongly support talks with the PLO in light of Arafat's remarks in Geneva and assuming his renunciation of terrorism is genuine.

Another 33 percent unconditionally favor talks with the PLO. On the other side, 20 percent of the respondents are against negotiations with the PLO and 24 percent are absolutely opposed.

Two percent had no opinion.

POPE PROCLAIMS 'IDENTICAL RIGHTS' AFTER BRIEF MEETING WITH ARAFAT

By Ruth E. Gruber

ROME, Dec. 26 (JTA) -- Pope John Paul II met with Yasir Arafat last week in order to encourage him to seek a peaceful dialogue, the Vatican said in a statement released Friday.

The statement said the pope had confidence in Arafat's steadfast desire for peace and that he believed both Israelis and Palestinians had "the identical fundamental right to their own homeland in which they could live in freedom and dignity."

The Palestine Liberation Organization chairman came to Rome Friday on a half-day visit. It included a 20-minute meeting with the pontiff and longer meetings with Italian Prime Minister Ciraco de Mita, Deputy Prime Minister Gianni de Michelis and Foreign Minister Giulio Andreotti.

The Vatican statement said the pope stressed to Arafat that dialogue is "the only way to seek an equitable solution to the Middle East conflict, excluding all recourse to weapons and violence, and above all to terrorism and reprisal."

At a news conference after meeting the pope, Arafat repeated that the PLO wants a dialogue with the Israelis. "Unfortunately, the

Israeli government is a government of war," he said.

He alleged that terrorist acts attributed to Palestinian extremists were actually the work of foreign secret services, but he named no country in that connection.

No Role In Pan Am Disaster

Terrorism was very much on the minds of reporters who attended the news conference.

Only two days earlier, on Dec. 21, a Pan American World Airways jet disintegrated in the air over Scotland, taking 258 lives on board.

The investigation so far has been unable to confirm or rule out suspicions of a terrorist act.

Arafat strongly denied that the PLO had anything to do with the disaster, and reiterated that it condemned terrorism.

"It was a criminal action, directed against humanity," he said of the crash, offering condolences to the families of the victims.

Arafat said he had lost a dear friend, the Swedish U.N. diplomat Berndt Carlsson, who was a passenger on the flight.

Italy was the first European Community country visited by the PLO leader since the United States announced it would open a dialogue with the PLO.

It was Arafat's sixth visit to this country. He met with the pope in 1982.

OSI OFFICIAL KILLED IN PLANE CRASH SECURED DEPORTATION OF WAR CRIMINAL

By Susan Birnbaum

NEW YORK, Dec. 26 (JTA) -- Among the victims of Wednesday's Pan Am Flight 103 disaster was an assistant deputy director of the Justice Department's Office of Special Investigations, who had just concluded talks with Austria on the subject of deporting Nazi war criminals from the United States to Austria.

Michael Bernstein, 36, was responsible in OSI for supervising the investigation and litigation of hundreds of cases of suspected Nazi war criminals living in the United States.

A fruit of Bernstein's negotiations with the Austrians will be the deportation to that country of Josef Eckert, an accused Nazi war criminal who was apprehended in Los Angeles a year ago.

Bernstein died exactly one year to the day that OSI filed the case against Eckert, 74, a native of Austria-Hungary who is accused of having participated, as an SS member, in war crimes at Auschwitz and two of its subcamps, Gleiwitz and Kattowitz, between 1943 and 1944.

Eckert, who is now living in Los Angeles, will be deported to Austria within the next several months, according to Eli Rosenbaum, deputy director of the OSI.

Eckert is not wanted by the Austrian authorities for anything at this time. But, said Rosenbaum, "we expect that the authorities will conduct a thorough investigation into Eckert's background, and of course we will cooperate fully with them."

Bernstein died carrying in his hand papers signed by the Austrians and the Americans agreeing to Eckert's deportation.

Attorney General Richard Thornburgh ordered all flags on Justice Department buildings lowered to half mast last week.

Bernstein is survived by his mother, Janet; his wife, Stephanie; and his children, Sarah, 8, and Joseph, 5.

SEYMOUR REICH, B'NAI B'RITH HEAD, TO CHAIR CONFERENCE OF PRESIDENTS

By Andrew Silow Carroll

NEW YORK, Dec. 26 (JTA) -- Seymour Reich, a lawyer and international president of B'nai B'rith, has been elected chairman of the Conference of Presidents of Major American Jewish Organizations.

Reich, 55, of Great Neck, N.Y., will begin his one-year term on Jan. 1. He succeeds Morris Abram, who was elected conference chairman in July 1987. Abram agreed to serve an additional six months when the umbrella group's nominating committee became deadlocked over a choice among three candidates to succeed him.

The other front-runners were Ruth Popkin, immediate past president of Hadassah, and Joseph Sternstein, president of the Jewish National Fund.

According to sources close to the nominating process, Reich represented the candidate most likely to create organizational consensus at a time of heightened differences among the United States, Israel and the American Jewish community.

Israel and the United States are at odds over the U.S. decision to open substantive talks with the Palestine Liberation Organization, a move rejected by Israeli Prime Minister Yitzhak Shamir and his political rival, Vice Premier Shimon Peres.

This fall, the American Jewish community parted past practice and disagreed publicly with Israel over what seemed the imminent passage of the "Who Is a Jew?" amendment to Israel's Law of Return.

The 46-member Conference of Presidents was created in 1955 in order to create a unified voice among Jewish organizations concerning U.S.-Israel relations. Its official stands seek common ground, even when its constituent organizations disagree on major issues.

For example, in response to the U.S. decision to open talks with the PLO, Abram released a statement on behalf of the conference that neither condemned nor supported the U.S. decision.

Instead, it called U.S. Secretary of State George Shultz a "statesman of integrity" and urged that the PLO be made to match its words with deeds.

By contrast, the conference did not take up the "Who Is a Jew?" issue, as its Orthodox and non-Orthodox constituents disagree vehemently on the issue.

The conference chairman is sought out frequently by administration figures and the press when they seek the "Jewish reaction" to a particular event or issue.

Reich is a senior partner in the New York law firm of Dreyer and Taub, and was elected B'nai B'rith president in August 1986. He is a former chairman on the civil rights committee of the Anti-Defamation League of B'nai B'rith, and has been a strong advocate on behalf of Soviet Jewry.

Last year he was part of a contingent of nine American Jewish leaders who met with Pope John Paul II at the Vatican, to discuss Jewish concerns over the pope's meeting with Austrian President Kurt Waldheim.

Reich is deeply involved in Jewish organizational life, but he will lack the close ties with elected officials enjoyed by Abram, a Washington insider who served various posts under four U.S. presidents.

Nevertheless, Reich is a "good choice," said Rabbi Wolfe Kelman, executive vice president of the Conservative movement's Rabbinical Assembly.

"This is going to be one of the most difficult times in American-Israeli relations," said Kelman. "The conference will require a strong and sensitive leadership to try and present a common front on issues of vital concern."

RELIGIOUS REFUSENIK TO LEAVE MOSCOW

By Susan Birnbaum

NEW YORK, Dec. 26 (JTA) -- Moscow refusenik Eliyahu Steingart received permission to emigrate last week, the World Jewish Congress reported.

Steingart first applied to emigrate in 1981. He was refused on the grounds that he may have been exposed to state secrets through his work in mathematics and computers.

Steingart took over as leader of the ba'alai teshuvah (newly religious) group in Moscow when Eliyahu Essas left, according to Elan Steinberg, WJC executive director, who visited him several times. Essas, who for years was the revered leader of Moscow's Orthodox community, now lives in Israel.

"Much of that group has emigrated, absolutely all of them to Israel. There's no neshira from that group," Israel Singer, WJC secretary-general, said, using the term for immigration to countries other than Israel by Jews leaving the Soviet Union on Israeli visas.

"They are Zionists and religious at the same time, with equal fervor. They're tireless, selfless people," Singer said. "This doesn't detract from all the others who have Zionist ties or cultural ties alone, but the unique aspect of this group is that the religious component is so central," explained Singer, himself an ordained Orthodox rabbi.

He called Steingart "the last of the old Essas Mohicans."

American visitors say Steingart regularly walked two hours each way between the shul and his house on Shabbat.

Some recall Steingart taking them on a "shortcut" to the Moscow synagogue that was 10 blocks longer -- to avoid passing Lubianka prison, where the KGB headquarters is located.

RUMORS TRIGGER RUN ON BANKS

By Gil Sedan

JERUSALEM, Dec. 26 (JTA) -- The public reacted nervously this weekend as Shimon Peres took over as finance minister in the new Labor-Likud coalition government.

Israelis purchased a single-day record \$60 million in foreign currency Sunday, in a rush fueled by fears of further devaluation of the shekel.

Peres has given assurances that he will not take precipitous action. As finance minister, he faces two urgent problems: The inflation rate is rising and unemployment has gone up 7.2 percent in the past few weeks.

Devaluation is one way to combat inflation, but Peres reportedly told leaders of Histadrut, the labor federation, that he would consider alternative measures.

The Bank of Israel, the country's central bank, has been mum so far on the delicate issue of devaluation. But the bank is known to favor a 15 percent reduction of the shekel.