

**LABOR PARTY IS SHARPLY DIVIDED
ABOUT WHETHER TO QUIT GOVERNMENT**

By David Landau

JERUSALEM, July 9 (JTA) -- The Labor Party is sharply divided over whether to end its coalition with Likud over that party's insistence on placing tough new conditions on the government's peace plan.

A decision is expected Monday, when Labor's Executive will convene to discuss the matter.

Although strong elements are clamoring for a break with Likud, party leader Shimon Peres and Defense Minister Yitzhak Rabin seem hesitant at this stage.

The showdown was precipitated by the Likud Central Committee's overwhelming adoption July 5 of a toughly worded resolution on Prime Minister Yitzhak Shamir's peace initiative. Inspired by hard-liners, the resolution imposes severe constraints on the substance of the initiative and its implementation.

Most observers believe that with Likud committed to those conditions, not even the most moderate Arabs would accept the plan.

The peace initiative, which Shamir and his allies promoted vigorously in the United States and Western Europe, is actually a joint venture with Labor.

It was co-authored by Rabin and omitted, by tacit agreement, certain details that might have split the two parties on ideological grounds.

But Shamir was forced to yield to Ariel Sharon, the hawkish minister of industry and trade, who denounced the plan as "the most dangerous ever conceived in Israel's history."

Sharon Says Likud Not Behind Plan

On the Labor side, Energy and Infrastructure Minister Moshe Shahal announced Sunday that he would introduce a motion at the Executive meeting calling for Labor's immediate withdrawal from the government.

Shahal, who is in the second level of the party's hierarchy, was spurred to action after Sunday's Cabinet meeting. According to leaked reports, Sharon stated flatly that Likud was not united behind the peace plan, as Shamir claims.

Sharon said the party backed the conditions approved by the Central Committee, but not necessarily the plan itself, which, among other things, would allow Palestinians to elect representatives to negotiate with Israel.

If Sharon is correct, that is reason enough for Labor to wash its hands of Likud, Shahal maintained.

A bloc of younger, dovish members of Labor's Knesset faction agree. But according to informed sources, Peres and Rabin do not.

Rabin met privately with Shamir early Sunday. The premier tried to convince him that nothing has seriously changed the government's ability to pursue its peace initiative.

Informed sources told the Jewish Telegraphic Agency that Rabin conveyed the impression that while he himself favors caution, there is a powerful movement within his party pushing for a break.

The cautious approach seems to have the support of the kibbutz leadership, an important

constituency of Labor.

Some observers say the kibbutzim are motivated by their precarious financial situation. As long as the government is preserved, Peres, as minister of finance, is in a position to help them.

Electorate Tending Toward Extremes

Labor and Likud agreed when they formed their unity coalition last December -- the second since 1984 -- that in the event either party withdrew, the other would agree to call new elections, rather than try to establish a narrow coalition with the small parties.

Nevertheless, each party is believed to be quietly examining its chances of forming a new government without the other.

But according to Labor insiders, Peres is unlikely to recommend a Labor pullout at a time when the electorate is seething with rage over the Arab-caused bus disaster last Thursday, which claimed 14 lives.

The current national mood, in fact, seems to favor extremist positions. Sharon is said to believe that his standing in Likud has risen since his victory at the Central Committee meeting last week. He is also said to be confident of Likud's prospects if new elections are held.

**JEWISH RAGE OVER BUS ATTACK
SPURS VIOLENT ATTACKS ON ARABS**

By Hugh Orgel and David Landau

TEL AVIV, July 9 (JTA) -- Jewish rage against Arabs flared into violence over the weekend, as 12 of the 14 passengers killed in the Arab-caused Egged bus disaster Thursday were identified.

They range in age from 12 to 74 and include two Canadian tourists. Seven Americans were reported injured, but not all of their names are yet known.

Anger at the outrage was universal. But reprisals were primarily the work of roving gangs of right-wing Jewish youths, who attacked at random Israeli Arabs or Palestinians from the administered territories, at least one of whom was killed.

Israeli politicians, particularly those representing dovish viewpoints, were also targeted.

Vice Premier Shimon Peres, leader of the center-left Labor Party, narrowly escaped physical assault Friday, when he attended the funeral of one of the bus victims.

A cursing mob tried to break through a cordon of security guards and, failing that, stoned his car as he beat a hasty departure.

Attacker Is Identified

Right-wing youths also stoned the Jerusalem home of Dedi Zucker, a Knesset member of the left-wing Citizens Rights Movement, who has spoken out for Arab civil rights.

Little information has been released about the Arab passenger who grabbed and twisted the wheel of the packed Tel Aviv-to-Jerusalem bus and sent it careening hundreds of feet down a rocky hillside, where it burst into flames.

The attacker, one of 27 passengers injured, was identified as Abdul Rahadi Rafad Agam, 25, a resident of the Nuseirat refugee district in Gaza.

He was transferred over the weekend from Hadassah University Hospital at Ein Kerem to a prison hospital, where the Jerusalem Magistrates Court has ordered him held in custody.

He reportedly is now cooperating with his interrogators and has told them he acted alone, not on behalf of any Palestinian terrorist group. Initial reports said he was a member of the Islamic fundamentalist movement Hamas.

Police say the attacker did not shout "Allah akhbar" (God is mighty), as widely reported, but rather the name of a friend reportedly wounded by Israeli soldiers.

He is said to have traveled the bus route from Tel Aviv to Jerusalem several times recently, to check out where best to carry out his attack.

Most of the bus victims have been buried. The youngest was Kinneret Cohen, 12 of Jerusalem, who had been on a shopping trip to Tel Aviv for her upcoming Bat Mitzvah celebration.

The Canadians who died were Fern Rykiss, 17, of Winnipeg and Dr. Sheldon Halpenny, 33, a dentist from Vancouver.

Others who died were Fabian Reznik, 25, who emigrated from Argentina four years ago, and Esther Naim, 44, and her husband, Yitzhak, 47, from Holon.

Shimon Dahan, 27, a reserve soldier from Herzliya, was killed, as were Mordechai Rosenberg, 50, from Sha'arei Tikva; Shaul Hai-Tsur, 21, a soldier from Netanya who was to be demobilized Sunday; Shlomo Atzmon, 60, from Lod; and Ya'acov Shapira, 74, from Jerusalem, probably the oldest victim.

Some Americans Named

Another victim, Miriam Zarafi, 40, of Jerusalem, is survived by her husband, a personal acquaintance of Peres, and three children, 6, 15 and 17 years old.

Zarafi was employed as a secretary at the Housing Ministry. It was at her funeral Friday that Peres, representing the government, encountered angry mourners who beat on his car shouting "Peres go home" and threw stones as he was hustled away by police.

Among the wounded were four identified as Americans: Eliezer Ben-Yehuda Kassuto, 52, of Brooklyn, N.Y.; Fella Feingrish; Rita Levine, 39; and Sylvia Martinez. The nationality of another injured passenger, Mel Feingrish, was not immediately available.

Kassuto, who is the granddaughter of Eliezer Ben-Yehuda, the scholar who revived modern Hebrew, was on her way to watch her daughter, Sigall, perform in the women's gymnastic competition of the Maccabiah.

At the Maccabiah, the international Jewish sports competition, a minute of silence was observed before the start of events Friday. During the day, drivers all over the country kept their headlights on as a sign of mourning.

Aspirations for coexistence between Jews and Arabs are receding as extremists on both sides become more vocal and more active.

Over the weekend, Arab sunbathers on the beach at Caesarea were stoned and beaten by Jewish gangs. Bystanders reportedly made no effort to intervene and, in fact, encouraged the assailants.

Jamal Nasser, an Arab from Gaza, was killed when a fist-sized rock was thrown into his car from a passing car believed to have been driven by a Jew.

The incident occurred near Moshav Shibolim

in the Negev. Nasser died at Soroka Hospital in Beersheba. Four passengers in his car were slightly injured when it overturned.

Other Arabs were stoned by Jews in Jerusalem. Near Ashkelon, an Arab driving a car was seriously injured by stones. His car was set on fire by a mob, after the driver was taken away in an ambulance.

Many observers fear that the continuing intifada and Jewish reprisals could create two political entities inside Israel and the administered territories, each tending to withdraw into itself.

Already there is a tendency on the part of Jews to avoid non-essential trips through Arab areas, including the Old City and rest of East Jerusalem.

On the Arab side, there are more defiant displays of the outlawed Palestinian flag and residents of the territories are paying greater heed to calls for general strikes and the withdrawal of Arab labor from Israel.

BAKER HINTS U.S. COULD BACK INTERNATIONAL PEACE CONFERENCE

NEW YORK, July 9 (JTA) -- The United States may shift policy and back an international conference as the best route to peace in the Middle East, if tough new conditions set by Israel's Likud bloc prevent the Israeli peace plan from being realized.

That was the message U.S. Secretary of State James Baker conveyed to reporters traveling with him in Asia over the weekend.

According to news reports in The New York Times and other sources, Baker said the United States would have to consider organizing such a conference to break the impasse set up by the conditions Likud hard-liners succeeded in pushing through at a July 5 meeting of the party's Central Committee.

Among other things, the conditions limit the circumstances under which proposed elections in the West Bank and Gaza Strip could take place. The Palestinian uprising would have to come to a complete halt and Arab residents of East Jerusalem, where many prominent Palestinian leaders reside, would not be allowed to participate.

Baker told the reporters Saturday, "Our calculus all along has been that if things totally bog down, if you can't make progress with this election proposal, then we would have to look a little bit more closely at the prospects for an international conference."

Baker spoke with reporters who were traveling with him from Brunei to Oman, where he rested before leaving to join President Bush in Poland on Sunday.

The secretary's statement was seen by some as a warning to Prime Minister Yitzhak Shamir, who strongly opposes the concept of an international conference, because he believes it would subject Israel to undue international pressure.

The Arab nations have continued to press for an international peace conference, and they have received European support. Two weeks ago, the 12-nation European Community issued a statement calling an international conference the best framework for peace.

"There is an awful lot of support for that out there from other countries," Baker was quoted as saying Saturday.

"We have always said that an international conference, properly structured, at the right time, might be useful," he said.

WEST GERMANS BEEF UP SECURITY AT TARGETED JEWISH INSTITUTIONS

By David Kantor

BONN, July 9 (JTA) -- The authorities beefed up security measures in and around Jewish and Israeli installations in West Germany over the weekend.

They reacted swiftly to urgent requests from Jewish community leaders, following the disclosure Thursday of a series of Arab bomb plots against Jewish and Israeli targets.

A 21-year-old Lebanese physics student was arrested June 23 in Munich, on suspicion of planning the attacks.

They were said to be directed against American, Jewish and Israeli premises, including the Jewish community center in Munich, the El Al Israel Airlines office in Frankfurt and an unspecified target in Darmstadt, a city south of Frankfurt.

The student, not identified, reportedly has been cooperating with the authorities. The police said they found detailed plans in his Darmstadt apartment.

The youth apparently came under suspicion after the authorities intercepted a coded letter sent to an address in Beirut.

It took months to break the Arabic code and to trace the letter-writer. The letter asked for explosives and other lethal equipment.

The suspect reportedly received orders from Lebanon and acted out of religious and political motives.

According to news reports here, the bomb plots were uncovered at least partly as a result of intelligence Israeli officials provided their West German colleagues.

West German security forces have been in an almost constant state of alert for the past month because of threats to attack Frankfurt's airport, the busiest in Europe, and other facilities.

The threats are attributed to Arab groups seeking the release of Mohammed Hamadci, a Lebanese sentenced to life imprisonment in May for the 1985 hijacking of a TWA airliner and the murder of one of its passengers.

RAILROAD CAR USED TO DEPORT JEWS IS DONATED BY POLAND TO MUSEUM

By Howard Rosenberg

WASHINGTON, July 9 (JTA) -- A Polish railroad freight car used to transport Jews to Nazi death camps during World War II arrived by ship in Baltimore on Thursday.

The Polish government agreed to donate the freight car, one of a handful of its kind surviving, to the U.S. Holocaust Memorial Museum, scheduled to open here in 1992.

The car transported an estimated 100 to 200 Jews daily on a 60-mile trip from Warsaw to the Treblinka concentration camp. The museum has not been able to find out how many trips the car actually made to the camp, where an estimated 750,000 Jews were gassed to death from July 1942 to November 1943.

"This Nazi cattle car is the antithesis of everything wonderful and beautiful," Harvey Meyerhoff, chairman of the U.S. Holocaust Memorial Council, said at an arrival ceremony at the Port of Baltimore. "Nevertheless, for the institution we are in the process of creating, the train is most significant."

The 27-foot-long freight car had been held

by the Polish State Railways Authority since the end of World War II and was repainted several times. Most recently, it was housed in a Warsaw railroad depot.

The Holocaust museum plans to return it to its condition during World War II, which may take 18 months, said council spokesman Sam Eskenazi.

For security reasons, Eskenazi would not disclose where the car will be kept in the interim, except that it will be in a warehouse.

The car was donated under an agreement the museum signed in 1987 with Poland's Main Commission for the Investigation of Nazi War Crimes, a government agency.

It sailed to Baltimore on the MS Stefan Starzynski, a Polish ship named for a Warsaw mayor allegedly murdered by the Nazis in 1939.

The Holocaust council also has signed an agreement with the Soviet Union and is working on others that Eskenazi would not disclose. The council has received archival material from the Soviets, Eskenazi said.

The museum, which is being built on federal land near the Washington Monument, is being financed by private sources. The fund-raising campaign for the museum has so far reached \$66 million, and is seeking an additional \$81 million.

VICHY POLICE OFFICIAL DEAD AT 79

PARIS, July 9 (JTA) -- Jean Leguay, a Vichy regime police official believed responsible for rounding up Jewish children for deportation to Nazi death camps, died of liver cancer during the weekend of July 1, at the age of 79.

Leguay managed to evade justice and had a successful business career in France and the United States after World War II.

According to Nazi-hunter Serge Klarsfeld, he offered his services to the Gestapo to arrest every Jewish child over 2, along with adults.

He was said to be responsible for arresting 12,000 foreign Jews, 4,000 of them children, and confining them to the Paris stadium in July 1942.

They were kept there for several days in sweltering heat, awaiting deportation. Eventually all were sent to death camps in Eastern Europe. Only a handful survived.

But Leguay was never tried. A decree against him for collaboration was revoked after the war. He went into business and for a year represented French industries in the United States. He stayed on in America until 1957, working for major perfume manufacturers.

ISRAELI STABBED IN ANTWERP

By Yossi Lempkowicz

BRUSSELS, July 9 (JTA) -- Mystery surrounds the stabbing Friday of Moshe Schnitzer, president of the Tel Aviv Diamond Exchange, who was on a business trip in Antwerp.

Schnitzer, 68, was knifed three times in a hotel elevator. The assailant, described as a young man dressed "like a hippie," escaped without robbing his victim.

Nevertheless, the police seem to think he was a "hotel thief."

They consider a terrorist motive unlikely, because the attack occurred only hours after Schnitzer arrived in Antwerp.

Schnitzer is a frequent visitor to Antwerp, which is known as the diamond capital of the world. He underwent emergency surgery on his small intestine and was said to be out of danger.

JEWISH GROUPS TAKE BOTH SIDES ON QUESTION OF DESECRATING FLAG

By Andrew Silow Carroll

NEW YORK, July 9 (JTA) -- The Jewish War Veterans of the USA have launched an attack against the U.S. Supreme Court's recent ruling upholding the rights of protesters to burn the American flag.

But other Jewish groups welcome the ruling as a victory for free speech and oppose President Bush's proposal for a constitutional amendment that would outlaw desecration of the flag.

The veterans' group said in a statement that the court decision "seriously wounds our nation's veterans, for whom the flag is much more than a symbol."

The veterans said they defend the First Amendment's guarantees of freedom of speech, but "to desecrate the flag" is "a savage act worthy of punishment to the fullest extent of the law."

By contrast, the American Jewish Congress said the court's decision demonstrates "the vitality of the First Amendment in protecting views which are imprudent, unwise and even abhorrent."

The group's president, Robert Lifton, said in a statement that the burning of the flag is a "deliberate and deeply offensive affront," but that the First Amendment offers a protection "which must be maintained and safeguarded."

In opposing Bush's call for an amendment to prevent flag desecration, the American Jewish Committee also raised the flag of the First Amendment.

"The First Amendment is America's first principle," said Sholom Comay, president of AJCommittee. "It protects the freedom of all of us, including heretics, infidels, dissenters of all varieties -- even crazy people who see fit to burn the American flag."

A Jewish legislator from New York was among only five members of the House of Representatives to vote against a resolution expressing "profound concern" over the high court's ruling.

Rep. Ted Weiss (D-N.Y.) said, "We have nothing to fear from the flag burners."

U.S. RACKS UP MORE MEDALS AND NEW RECORDS IN SWIMMING

RAMAT GAN, Israel, July 9 (JTA) -- The United States continued to accumulate gold and silver medals at the 13th Maccabiah and was on its way to overtaking Israel in the overall medal count, as the Sabbath called a temporary halt to competition Friday evening.

The Maccabiah, the quadrennial Jewish Olympic-style sports competition, has drawn about 3,000 athletes from 44 countries this year.

The Americans, who have the largest contingent after Israel, have made an impressive showing in many events, especially swimming.

They swept the 100-meter freestyle at the Tel Aviv University pool Friday afternoon. Keith Kaplan led the way, just ahead of teammates Andrew Geller and Rick Aronberg.

Charles Rose of the United States narrowly defeated his Israeli competitor in the grueling 400-meter individual medley.

The U.S. swimming team won 12 of 18 swimming medals Thursday, including five golds, while setting four Maccabiah records.

The team was paced by Ruth Grodsky, who set records in the 200-meter breaststroke and the 400-meter individual medley.

Aronberg, a teammate of Grodsky, won the 100-meter freestyle. Joshua Mikesell did the same in the 100-meter backstroke.

In gymnastics, Cassandra Frey led the U.S. women with three medals. The American men also fared well with seven medals in individual competition.

The U.S. fencers, led by David Mandell, David Stollman and Peter Brand, beat Hungary for the gold.

The American shooting team racked up three team and three individual medals as sisters Rebecca and Abigail Marcus finished first and second in the women's Olympic free rifle competition, with only one point separating them.

The American wrestling team took the gold in freestyle and the silver in Greco-Roman competition. They were led by Robinson Prebish, Solomon Fleckman and Darren Schulman, who each won a gold in both classifications.

Late Thursday night, American weight lifter Michael Cohen won the gold medal at his fourth consecutive Maccabiah. He has 12 Maccabiah records in four weight classes.

Cohen, a native of Savannah, Ga., is coached by his father, Howard, a past Maccabiah champion.

Meanwhile, the Americans remained undefeated in softball.

VETERAN ISRAELI POLITICIAN IS DEAD

By David Landau

JERUSALEM, July 9 (JTA) -- Moshe Kol, one of the signatories to Israel's Declaration of Independence and a veteran of Israeli politics, died here Saturday at the age of 78. Funeral services were held on Sunday.

Kol, born Kolodny, was elected to the first Knesset in 1949, and to many subsequent ones.

He served as minister of tourism in the governments of Prime Ministers Levi Eshkol, Golda Meir and Yitzhak Rabin.

Kol was a longtime leader of the Progressive Party, which, after a brief merger with the General Zionists in the 1960s, emerged as the Independent Liberal Party.

While not socialist in outlook, it was a close ally of the Labor Zionist movement from the pre-state era until the Labor Party's fall from power in 1977.

Early in his career, Kol served with distinction for many years as the head of youth aliyah.

ART PIONEER IN ISRAEL IS DEAD

By Hugh Orgel

TEL AVIV, July 9 (JTA) -- Avigdor Stematsky, whose original style earned him the title of "father of modern art in Israel," died Saturday at the age of 81.

He had been painting and teaching art in the country for more than 60 years.

A lyric colorist, Stematsky, fellow-artist Yehezkel Streichman and their teacher, Yosef Zaritsky, led the New Horizons movement.

Dating from the founding of the state, it sought to transcend narrative landscape painting by pushing it toward abstraction and a more international language.

Stematsky was born in Russia and immigrated in 1921 to Palestine, where he studied at the Bezalel School. Later he opened his own teaching studio in Tel Aviv.