

**DIPLOMATIC TIFF EMERGES, SUBSIDES
OVER U.S. REACTION TO BUS INCIDENT**

By Howard Rosenberg

WASHINGTON, July 11 (JTA) -- The Israeli Embassy here appeared satisfied with the State Department's determination Tuesday that last week's attack on an Israeli passenger bus, which killed 14 people, was an act of terrorism.

But an embassy official sharply criticized the State Department for reporting that the Palestine Liberation Organization had called the incident "a tragedy."

Israel has criticized U.S. reaction to the July 6 tragedy, when an Arab man from the Gaza Strip commandeered a Jerusalem-bound passenger bus, forcing it off the road into a ravine, where it burst into flames.

The incident, in which 27 people were injured, was the deadliest attack against Jews since the beginning of the Palestinian uprising.

A diplomatic exchange over U.S. reaction to the incident escalated Tuesday, when the Israeli Foreign Ministry called a news conference to chastise the United States for not calling the incident an act of terrorism.

Speaking in Jerusalem, Alon Liel, the Foreign Ministry spokesman, asserted, "If the United States does not call it terrorism, in fact it gives a license to kill to every Palestinian individual or organization."

The United States, in its initial reaction to the attack last Thursday, called it a "senseless, tragic incident," but did not describe it as an act of terrorism.

'Clearly An Act Of Violence'

But on Tuesday, State Department deputy spokesman Richard Boucher said, "It was clearly an act of violence against innocent civilians. I think in everybody's minds that would constitute an act of terrorism."

The Israeli official in Washington said his government was satisfied with Boucher's statement Tuesday that it was a terrorist act.

But the official, who requested anonymity, criticized the State Department for implying the PLO "spoke with great sympathy and understanding at this terrible terrorist attack."

The official quoted Bassam Abu Sharif, a PLO spokesman, as saying last Friday: "The attack on the bus was a human reaction. No one can control human beings under desperate conditions. He who protects his rights and opposes occupation is not a terrorist. If it were so, George Washington himself would be a terrorist."

Abu Sharif's statement shows once again that the PLO's renunciation of terrorism in December, which paved the way for a U.S.-PLO dialogue, is meaningless, the Israeli official said.

In New York, leading American members of the International Center for Peace in the Middle East wrote a letter Tuesday to Abu Sharif in which they called on him and the PLO leadership to "strongly condemn" the bus attack and "all other acts of violence against innocent civilians."

The letter was signed by 10 members of the center's American executive committee, including five who met last Dec. 6 with PLO leader Yasir Arafat in Stockholm.

NEWS ANALYSIS:**STAKES ARE HIGH IF LABOR AND LIKUD
END THEIR MARRIAGE OF CONVENIENCE**

By Gil Sedan

JERUSALEM, July 11 (JTA) -- The Labor Party and the Likud have maneuvered themselves into a virtual divorce, though, on the face of it, both have every reason to preserve their marriage of convenience.

The alternative would seem to be a return to the chaotic, divisive political situation that prevailed after the inconclusive Knesset elections last November.

The Labor Party Executive, its top leadership forum, voted overwhelmingly Monday to end Labor's coalition with Likud, which it accused of wrecking the peace initiative undertaken by both parties.

The initiative envisions Palestinian elections in the West Bank and Gaza Strip, to be followed by negotiations with Israel, first for a five-year interim period of Palestinian self-rule and, later on, to determine the final status of the territories.

The plan was hammered out by Prime Minister Yitzhak Shamir, the Likud leader, and Defense Minister Yitzhak Rabin, the No. 2 man in the Labor Party hierarchy.

But the Likud Central Committee, which met on July 5, overwhelmingly endorsed a set of four principles proposed by party hard-liners.

They placed new restrictions and preconditions on the peace plan, rendering it unpalatable to even moderate Palestinians who might have been persuaded to endorse it.

Strategies Shamir Is Considering

The Central Committee move was seen as a defeat for Shamir at the hands of his party's extreme right wing, led by Ministers Ariel Sharon, David Levy and Yitzhak Moda'i.

But the feisty Shamir insists that he won the battle. There is "absolutely no change in the peace initiative," he told a visiting West German politician Tuesday.

That being the case, as far as Shamir is concerned, the partnership with Labor should continue.

While he appeared to be denying the obvious, associates of the prime minister were outlining stratagems by which he could turn tables on his right flank.

Shamir could ask the Cabinet to reaffirm its endorsement of the original peace initiative, which it gave all but unanimous approval in May.

Such a move would put Sharon and his allies in the minority within the government or force them to vote for the plan in its pristine form.

Another option open to the prime minister is to talk with influential Palestinians in the territories.

That would demonstrate that he is not bound by Sharon's principle that no negotiations can begin before the 19-month-old Palestinian uprising is permanently crushed, Shamir's aides said.

The problem there is to find any Palestinians of influence who would agree to meet with Shamir in the present circumstances.

It is also questionable whether Labor would

play along with Shamir's attempt to assert leadership in the peace process.

Clearly, Labor's patience is running out and so is the influence of those Laborites who support a continued partnership with Likud.

Both Parties Buying Time

Still, Israeli politicians never slam the door. The Labor Executive's decision was only a recommendation. It must be approved by the party's 1,300-member Central Committee.

No date has been set for the Central Committee to convene on the matter, but it is unlikely to meet before August.

Labor's final word, therefore, is left hanging, with ample time for patching up differences with Likud.

But it remains for Shamir to prove he still leads his own party, and the peace initiative is a major test of strength.

If the prime minister can pull off a vote of confidence in the Cabinet, he will have given Labor the assurances it needs to postpone a decision to leave the government.

There is one rumor floating that if Sharon continues to be recalcitrant, Shamir may dismiss him from the government, where he now holds the industry and trade portfolio.

What all of this boils down to is that both Labor and Likud are buying time. For if the present government falls, the consequences are unpleasant to contemplate.

Labor is not likely to prevail in new elections, since the Palestinian uprising has propelled the electorate further to the right.

But Likud has no more chance of winning a governing majority now than it did in the last elections.

In their coalition agreement last year, Likud and Labor pledged that if either party broke the alliance, they would submit motions to dissolve the Knesset and hold new elections within 100 days.

But no one expects the parties to abide by that agreement if either one thinks it has a chance to form a government with the minority parties.

Competition For Religious Backing

That means Likud would try to put together a narrow-based coalition with the ultra-Orthodox and right-wing parties.

Labor would try to do the same, though its task would be harder, because it would be seeking a coalition of incompatible elements: the anti-religious left wing and the ultra-Orthodox.

In either case, the ultra-Orthodox would be placed in a position of power far exceeding their electoral strength.

Shamir, and Vice Premier Shimon Peres, the Labor Party leader, have both started a tentative courting of the religious parties.

Shamir met Monday with leaders of Shas, the National Religious Party and the Agudat Yisrael. Peres had a talk with Rabbi Menahem Pinhas Alter, the Vizhnitzer rebbe.

If a government crisis becomes inevitable, those talks will intensify. Both major parties will be courting the rabbis, as they did after the elections last year.

That will mean promising to enact legislation that could impose Orthodox religious practices on Israel's largely secular population and, at the same time, alienate large numbers of Conservative and Reform Jews overseas.

On the political side, a right-wing coalition led by Likud would change the face of Israel.

Sharon would surely get his wish to be appointed defense minister, the office he held during the disastrous Lebanon war in 1982.

Other ministers would be likely to come from the far right.

People like Rafael Eitan of Tsomet, Rehavam Ze'evi of Moledet, and Geula Cohen and Yuval Her'emman of Tehiya could make Sharon and his hard-line Likud allies look like moderates, some analysts say.

Advocates of a Labor departure from the national unity government spoke this week of serving heroically as a principled force in the opposition.

But they may find themselves fighting courageously in the opposition, while a new kind of Israel is formed before their very eyes.

TWO ISRAELI SOLDIERS WOUNDED DURING CLASH IN SOUTH LEBANON
By Hugh Orgel

TEL AVIV, July 11 (JTA) -- Two Israeli soldiers were wounded, one of them seriously, in a clash Monday night with gunmen just north of the southern Lebanon security zone.

Both were evacuated by Israel Defense Force helicopter and were to be flown to Haifa. But the precarious condition of one of them necessitated an emergency landing at Safad, where the helicopter was met by a mobile intensive care unit.

The badly injured soldier underwent emergency surgery by the light of parked vehicles. He was flown to Haifa later and reported in satisfactory condition at Rambam Hospital.

The latest clash occurred in the course of a large-scale search operation north of the security zone, conducted by the IDF and the Israeli-backed South Lebanon Army.

Gen. Yossi Peled, head of the northern command, said the IDF is warning local villagers that it will take tough measures, including house-to-house searches, if they collaborate with terrorists.

Meanwhile, the pro-Syrian Popular Front for the Liberation of Palestine, led by George Habash, acknowledged that three terrorists killed Monday in a skirmish with SLA forces north of the security zone were acting on its behalf.

The PFLP statement, issued in the Syrian-occupied Bekaa Valley of eastern Lebanon, said the men were engaged in a joint operation with the Palestine Popular Struggle Front, another pro-Syrian Palestinian group.

STUDENT'S KILLER IS CONVICTED
By Hugh Orgel

TEL AVIV, July 11 (JTA) -- A young Arab prostitute said to be retarded was convicted of manslaughter Tuesday in Jerusalem District Court for shooting to death a yeshiva student Eliezer Schlesinger more than a year ago.

Sentence will be pronounced in several weeks.

The charge was reduced from murder to manslaughter, after the court was convinced the accused has a mental age of 10 or 12, and was incapable of premeditated crime.

Nevertheless, she admitted she had decided to kill the youth to ingratiate herself with Arab society, which had rejected her because of her relations with Jews.

JEWISH OPPOSITION TO PBS FILM RANGES FROM CONCERN TO OUTRAGE

By Allison Kaplan

NEW YORK, July 11 (JTA) -- Opposition is mounting in the Jewish community to a Public Broadcasting Service television documentary on the Palestinians, with a wide spectrum of organizations expressing concern about the film, which is scheduled to air Sept. 6.

The documentary, titled "Days of Rage: The Young Palestinians," is an examination of "why the Palestinian uprising continues and the young Palestinians behind it," according to producer Jo Franklin-Trout, who calls her approach "simple and straightforward."

But criticism of the film in the Jewish community ranges from branding it "dishonest advocacy journalism," to claims that it is "overt and shameless propaganda."

While major Jewish organizations seem to concur on their dissatisfaction with the documentary, they differ on what action, if any, should be taken.

"It's a very sensitive, delicate issue," said Abraham Foxman, national chairman of the Anti-Defamation League of B'nai B'rith.

"We are concerned about First Amendment freedom of speech. At the same time, we are concerned about accurate journalism, and we are concerned that this is not an accurate portrayal," Foxman said.

ADL is taking a cautious approach to the issue and is still "talking about various strategies and approaches," according to Foxman.

Among the possibilities discussed is the organization submitting an alternative film to PBS, which could be shown alongside "Days of Rage."

Direct Action At Local Level

The Conference of Presidents of Major Jewish Organizations has distributed information about the documentary and has held meetings to discuss the issue with many of its member and observer organizations, including the United Jewish Appeal, Hadassah, American Jewish Congress and American Jewish Committee.

More direct action against the documentary, including calls for its cancellation, is taking place mainly on the local level.

"We've developed an approach which has called for local communities to communicate with local PBS affiliates about the airing of such a one-sided, biased piece," said Martin Raffel, coordinator of the National Jewish Community Relations Advisory Council's Israel Task Force.

Raffel said that communities are "reminding PBS affiliates that they are under no obligation to run (the documentary). That is an editorial judgment that each PBS affiliate has to make for themselves."

New York's WNET-TV, is the PBS affiliate taking the most heat over "Days of Rage." As the documentary's "sponsor station," WNET is responsible for developing programming to balance the documentary's pointedly pro-Palestinian sympathies. WNET accepted sponsorship of the program after another New York public television station, WNYC, decided not to sponsor it, calling the film "biased."

In a June 22 meeting with representatives of Jewish organizations, WNET executives admitted that the documentary is "one-sided." But they contend that their programming surrounding the

documentary will put it in a proper context.

"The ultimate question will be whether the entire presentation is seen to be fair and responsible," said Richard Hutton, director of public affairs programming for WNET, who participated in the meeting.

Memberships Canceled

Hutton said that some WNET memberships had been canceled because of the airing and that the station had received numerous protests by mail.

Hutton would not discuss details of the programs that will run with the documentary. He said WNET was considering panel discussions both before and after the airing, or possibly showing a mini-documentary with an alternative point of view alongside "Days of Rage."

For some Jewish leaders, promises of a balanced presentation are not enough.

Dr. Kenneth Kelner, vice president of the Manhattan region of the Zionist Organization of America, said WNET should cancel "Days of Rage" entirely.

"We are urging all concerned people to contact PBS and Channel 13 (WNET) to protest the anticipated showing of this program," said Kelner, who took part in the June meeting with WNET executives.

The association of Conservative congregations, the United Synagogue of America, has also written to WNET saying that it "firmly opposes" the station's decision to air "Days of Rage."

Balancing the documentary with panel discussions would not be enough, said Lois Goldrich, a United Synagogue spokeswoman.

"No matter how carefully a verbal introduction is framed," Goldrich said, "the impact of the pictures on the screen is what will remain with the viewer."

Producer Franklin-Trout said she is outraged at attempts to suppress the documentary, calling such actions "totally inappropriate."

She charged that American Jewish leaders are "much more censorious of controversy and debate than the Israelis themselves," and condemned what she called the financial pressure and intimidation being put on PBS and WNET.

A BIG LIFT(OFF) FOR ISRAEL

By Hugh Orgel

TEL AVIV, July 11 (JTA) -- The great balloon race is on.

At 8 a.m. local time Tuesday, 50 of the brightly colored hot-air bags from 14 countries rose almost simultaneously from the Negev town of Arad, overlooking the Dead Sea.

They are competing in Israel's second International Balloon Competition. But the contestants' fortunes depend as much on the air currents and winds as on skill.

One foreign entrant reportedly sent a personal fax message to King Hussein of Jordan, asking permission to land if his balloon is blown there.

The event also signaled the opening of the two-day Israel Song Festival in Arad. And it marked the 206th anniversary of the first manned flight in an airborne device.

That occurred in 1783, when the French army, fighting Austria, lofted a balloon with an observer over the enemy's positions. The Austrians, realizing the French could see their entire order of battle, beat a hasty retreat.

**ISRAEL COULD LOSE 'MILLIONS'
BECAUSE OF FEDERAL BAN ON UZIS**

By Andrew Silow Carroll

NEW YORK, July 11 (JTA) -- A federal ban on semiautomatic weapons could have a "devastating effect" on the division of Israel Military Industries that manufactures the Uzi, according to the sole U.S. importer of the assault-type rifle.

The Bush administration moved July 7 to ban imports of assault weapons, making permanent the temporary ban it imposed March 15.

Chayim Stern, operations manager of Actions Arms Ltd. in Philadelphia, declined to give a dollar figure or exact number of the Uzis his firm has sold.

But he said that as many as 100,000 of the guns have been sold since Action Arms obtained the patent for the semiautomatic version of the Israeli-made firearm nine years ago.

Stern said that the semiautomatic version of the gun used to sell for approximately \$700 at the retail level, but prices have zoomed to \$1,500 to \$2,000 per gun since the March 15 temporary ban was announced.

Stern said Uzi sales have come to "the millions of dollars" since 1980.

Zvi Yoram, director of Israel Military Industries-USA in Chevy Chase, Md., also declined to say how much money the Israeli government-run company stands to lose due to the ban.

"Basically, we have to honor the decisions which have been taken, and then manage to survive," said Yoram.

"I think the message is clear: If it's not good for the United States, it's also not good for us," he said.

According to Tom Hill, a spokesman for the Bureau of Alcohol, Tobacco and Firearms, the July 7 ban affects weapons that are thought to be used for purposes other than hunting and other "appropriate purposes."

Weapon Of Choice For Drug Dealers

Guns fail the test if they have a military appearance, large magazine capacity or are a semiautomatic version of a machine gun.

The ban thus affects both the Uzi carbine and the Galil-type rifle, also manufactured by Israel Military Industries and distributed in North America by Action Arms. The Galil .22-caliber rifle is not affected by the ban, he said.

The machine-gun version of the Uzi has been banned since 1986, said Hill.

Law enforcement groups and advocates of gun control hailed the government's announcement. They point out that the compact Uzi has become the weapon of choice for drug dealers and inner-city gangs.

Other weapons manufactured by Israel Military Industries will continue to be imported and sold in the United States, including the Desert Eagle, a pistol distributed by Magnum Research in Minneapolis, and the Sirkis pistol, imported by Arms Corp. in Silver Spring, Md.

Israel Military Industries has until Aug. 7 to present additional evidence as to why the government should not include the Uzi or Galil-type weapons in the ban.

But speaking as the holder of the exclusive import rights to the Uzi, Stern said he is not optimistic.

"It is not good news," he said of the ban. "It could be devastating as far as that particular division of IMI is concerned. It certainly has a

ripple effect, and we know the shape of the Israeli economy in the first place."

Stern said that it was Action Arms, owned by his father, Harry, which first approached the Israelis nine years ago with the idea of marketing a "civilian version" of their famed Uzi rifle.

He said the biggest percentage of those buying the guns are collectors, but others buy them for target shooting, self-defense and hunting, although their use for hunting had already been banned in many states.

Asked if he had any qualms about selling an Israeli-made weapon with such a notorious reputation, Stern said, "Absolutely none."

"Initially, when you started, you have some doubts," he said. "But the justification is the income we generated for the State of Israel. It's a legitimate business. We are not purveyors of anything illegal."

**AMERICANS SWIMMING THEIR WAY
TO GOLD MEDALS AT MACCABIAH**

RAMAT GAN, Israel, July 11 (JTA) -- The Americans continued to swim their way to gold medals at the 13th Maccabiah here Monday.

Jenny Susser and Ruth Grodsky led the way in the Tel Aviv University pool.

Susser added the 50-meter freestyle gold to her 200- and 100-meters victories.

Grodsky, a returning Maccabiah medalist, matched her winning performance in the 400-meter individual medley with top prize in the 200-meter event.

A recent graduate of Clemson University in South Carolina, she announced that this will be her last official swimming competition. But not before setting another Maccabiah record for the Americans in the 4-by-100-meter women's medley relay.

Samuel Schwartz did the same in the 100-meter breaststroke and the 4-by-200-meter men's freestyle relay.

American competitors had a good day in the track-and-field events at Ramat Gan Stadium, despite a strong performance by Israel.

Todd Kaufman, who is a deputy sheriff in San Jose, Calif., added the shot put to his victory in the discus throw.

North Carolina star Scott Morris set a Maccabiah record for his 14.74 performance in the 100-meter high hurdles, while American Samantha Lincoln took top honors in the long jump.

Sandy Combs of the United States won eight medals in the sprint events, in both the 1985 and 1989 Maccabiah competitions.

The United States stayed the course for its Wednesday night basketball showdown against Israel by swamping Belgium 142-64. In softball, a 9-3 victory over Venezuela put the Americans in position for their gold medal game with Canada on Tuesday.

The U.S. women's volleyball team kept its medal hopes alive with a straight set victory over Belgium. But the men's team fell before Argentina.

The Americans beat Canada in rugby 33-3 and scored a 3-1 overtime victory in soccer against Uruguay, which keeps them in the running for bronze, silver and gold medals.

In tennis, two U.S. doubles teams reached the semi-finals.

Carla Marshack, 18, earned a silver medal in the women's single badminton competition. The United States took a bronze medal in the badminton team event.