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**CABINET REAFFIRMS PEACE PLAN,
PUTTING END TO COALITION CRISIS**

By David Landau

JERUSALEM, July 23 (JTA) -- Prime Minister Yitzhak Shamir delivered a stinging rebuff to Likud party hard-liners Sunday, as he convinced both Labor and Likud members of the Cabinet to reaffirm his peace initiative.

The Cabinet voted 21-4 to reaffirm the peace plan "without additions or amendments." The Cabinet further resolved that it "will act in accordance with this peace initiative, which is binding upon the Cabinet and its members."

Sunday's vote seems to resolve the crisis within Israel's unity coalition government that arose after the Likud Central Committee appended a series of hard-line conditions to the initiative on July 5.

Labor had threatened to dissolve the unity government if the conditions were to be considered amendments to the peace plan, which the Cabinet formally approved May 14.

Voting against the decision Sunday were the three Likud ministers who instigated the effort to add tough conditions to the peace plan: Industry and Trade Minister Ariel Sharon, Construction and Housing Minister David Levy, and Economics and Planning Minister Yitzhak Moda'i.

Also voting against the Cabinet's decision to reaffirm the peace plan was Science and Development Minister Ezer Weizman of Labor, who once again called for direct talks between Israel and the Palestine Liberation Organization.

Another Labor dove, Minister-Without-Portfolio Raphael Edri, abstained.

Levy Concedes Tactical Defeat

Sharon and Levy were reportedly passive as the Cabinet considered the agreement, which had apparently been sewn up between the two parties before the vote.

Moda'i raised the legal objection that the Cabinet was barred from voting on a previously adopted decision, but Shamir brushed it aside.

Speaking to reporters after the vote, Levy seemed to concede a tactical defeat for those who see the initiative as a danger to Israel. But he added, ominously, "We shall yet see whether the Likud's (Central Committee) decision has been erased."

Ehud Olmert, a Cabinet minister without portfolio who is a close adviser to Shamir, argued after the meeting that Shamir and the majority of Likud ministers had not contravened the conditions adopted by the Central Committee.

Among those conditions, swallowed by Shamir as the price for maintaining unity within Likud, was one barring Arab residents of East Jerusalem from voting or running in the Palestinian elections proposed in the initiative.

The conditions did not change the original peace initiative, said Olmert. Instead, when the plan becomes operative, "we shall then try to persuade Labor" to make the changes, he said.

Peres, addressing the same point, said he hoped that when the time came to implement the peace initiative, there would be a Cabinet majority backing Labor's position that East Jerusalem-ites be allowed to vote.

**BILL RESTRICTING CONTACTS WITH PLO
UNCONSTITUTIONAL, SAYS STATE DEPT.**

By David Friedman

WASHINGTON, July 23 (JTA) -- Legislation adopted by the Senate last week will not change the way the United States conducts its dialogue with the Palestine Liberation Organization, the State Department said Friday.

Richard Boucher, the department's deputy spokesman, said the Bush administration considers a Senate bill barring U.S. contacts with members of the PLO who have been involved in terrorist activities unconstitutional.

But the bill adopted Thursday "is far less offensive" than the original measure proposed by Sen. Jesse Helms (R-N.C.), Boucher said.

He said the legislation, adopted with only Helms opposing it, "ensures that we can continue our dialogue and thereby give diplomacy a chance."

Helms' proposed amendment to a bill authorizing funds for the State Department would have required the president to certify that each PLO official the United States talked to had not been involved in terrorism.

It was defeated by a 75-23 vote, after President Bush warned that it could force the United States to end its dialogue with the PLO, thereby derailing U.S. peace efforts in the Middle East.

Instead, the Senate adopted a substitute measure introduced by Senate Majority Leader George Mitchell (D-Maine) and Senate Minority Leader Robert Dole (R-Kan.). It bars U.S. contacts with PLO officials the president knows to have been involved in past acts of terrorism.

The legislation was a reaction to a meeting between Salah Khalaf, a top PLO official, and Robert Pelletreau, the U.S. ambassador to Tunisia and the only U.S. official authorized to meet with PLO members.

Khalaf, also known as Abu Iyad, founded the extremist Black September terrorist group, which perpetrated the 1972 attack on Israeli athletes at the Olympics in Munich.

Boucher would not answer whether Pelletreau would meet with Khalaf again. He said the question was hypothetical, since the legislation is not yet law. The bill still needs to be approved by the House and would have to be signed by the president.

"The dialogue continues," he said. "We are not going to get into who we are or are not meeting with at a specific point."

**200,000 RETURN TO CLASSES
AS WEST BANK SCHOOLS REOPEN**
By Gil Sedan

JERUSALEM, July 23 (JTA) -- Some 200,000 Palestinian children went back to school Saturday, as Israeli authorities opened West Bank schools for the first time since Jan. 20.

Israel had closed the schools for most of the 19 months of the Palestinian uprising, on the grounds that they served as bases for violent demonstrations.

Israeli authorities said the reopening went smoothly, despite a general strike in the terri-

tories, with about 183,000 elementary-school students and some 10,700 high-school seniors returning to class.

The older students were allowed to return to school in order to take their matriculation exams. The remaining 125,000 children of secondary-school age will return to school gradually, provided schools remain quiet. The school year is due to end Nov. 23.

Classrooms were full and students assured reporters that there would be no more demonstrations in the schools.

Brig. Gen. Shaikha Erez, head of the civil administration in the West Bank, met with students and told them that their future is in their own hands.

"If you want to learn, you have the opportunity to do so," he told students at a school in Tulkarm. "If you don't, then that's your choice too."

A MILLION ISRAELI WORKERS STRIKE AS PERES PROPOSES TO CREATE JOBS By Gil Sedan

JERUSALEM, July 23 (JTA) -- One million Israeli workers staged a two-hour warning strike Sunday to protest rising unemployment, as the Cabinet debated a plan put forth by Finance Minister Shimon Peres to create new jobs.

Peres' proposal, calling for new aid to ailing factories and \$100 million in spending on the national infrastructure, is an effort to reverse an unemployment rate that has risen as high as 9.7 percent, the worst since 1967.

A meager 1.6 percent increase in the gross domestic product last year, \$600 million in exports lost to the Palestinian uprising and a \$75 million military supplement budgeted Sunday to fight the uprising have created an emergency atmosphere, which Peres hopes his plan will confront.

The demand for immediate government action to reverse the rising jobless rate was the message of the strike, which took place between 11 a.m. and 1 p.m.

Leaders of the Histadrut labor federation called the work stoppage "unique in that the workers were not demanding higher wages or better working conditions," but relief for the estimated 140,000 Israelis out of work.

The strike, covering all national and local government workers, as well as employees of the Jewish Agency for Israel, was virtually complete in the public sector, but spotty in private enterprises. Shopping centers were open and did a thriving business with the idle workers.

During the strike, some 5,000 local trades union representatives held a mass demonstration in front of the Knesset.

Anguished Appeals From Jobless

What makes the current economic crisis one of Israel's worst ever are the anguished calls for change from the bottom, as well as the top. Unemployment is concentrated within the weaker segments of Israeli society, particularly in the development towns.

Several unemployed workers have committed suicide or, like a 46-year-old single mother of two, are considering it. She told Israel Radio with unnerving calm that her only hot meal is a scrambled egg and that she did not believe she would live to see next year.

"Dear God, this is an emergency," Aliza Tamir, chairwoman of the Histadrut employment

committee, said during Sunday's protests. "How can they be so indifferent?"

By "they" she referred to the country's economic leaders, including Peres, who as Labor Party leader is nominally in control of Histadrut.

Peres' response to these appeals is a plan to finance projects to construct new roads and schools, with the hope of creating 1,000 new jobs.

Peres also is calling for liberalizing tax legislation to encourage corporate mergers, financial aid to struggling firms, tax exemptions and bank loans.

Measures will be taken to offer incentives for the unemployed to seek out jobs actively and not suffice with unemployment compensation.

Non-Interference Vs. Spending

The catch to the plan is that it presents Israel with the traditional tough choice between unemployment and inflation.

Peres said last week that the additional burden of his plan on the national budget would be "marginal."

But Michael Bruno, the governor of the Bank of Israel, warned that a diversion of \$200 million from the original budget would speed up inflation, which was successfully curbed in the past few years at great effort.

The crisis also revived the traditional debate between the libertarian school among economists, which advocates minimum government intervention in the economy, and the socialist approach, which believes government spending is a panacea for the nation's ills.

Peres' approach seems intended to mollify both camps. He would like to create the impression that the government is willing to invest enough in order to stop the growth of unemployment, and yet avoid monstrous inflation.

Paradoxically, there are indications that better times lie ahead for the Israeli economy.

Some experts, including the director general of the Ministry of Industry and Trade, say that unemployment is the unfortunate but necessary cost of streamlining the economy for the 1990s.

But in a lengthy interview on television last week, Peres did not sound hopeful. To make matters worse, Histadrut elections are coming up, and the Labor leader knows full well that, for the first time, his party faces the real danger of losing its grip on the powerful trade federation.

Israelis have met the current crisis with a strain of black humor. Shlomo Maoz, the Jerusalem Post's economic analyst, wrote last week that there was no reason to worry that the unemployment rate would hover around 10 percent for long. If Israelis can't find jobs, he said, they'll simply leave the country.

(Contributing to this report were JTA correspondents David Landau in Jerusalem and Hugh Orgel in Tel Aviv.)

THEY'RE BACK WORKING ON THE RAILROAD By Hugh Orgel

TEL AVIV, July 23 (JTA) -- Railroad workers ended a nine-day strike Sunday following the Transport Ministry's promise to ensure negotiations between workers and the government's Ports and Railroad Administration.

The railroad workers committee, whose members have been fined heavily for failure to obey court summonses to call off the work stoppage, agreed to appeal to their members to return immediately to work.

FRESH DENOUNCEMENTS, DEMONSTRATIONS AS DEADLINE FOR MOVING CONVENT PASSES By Edwin Eytan

PARIS, July 23 (JTA) -- European Jewish leaders have denounced the Roman Catholic Church for failing to meet the latest deadline to remove the Carmelite convent at Auschwitz.

One leader is calling for a freeze in Jewish-Catholic relations until the move takes place.

Meanwhile, European Jewish students demonstrating at the convent site Sunday were jeered by local Polish residents in the third demonstration in 10 days to take place at the site of the former death camp.

There were no reports of violence during Sunday's demonstration, unlike on July 14, when seven activists, mostly from the United States, received blows and other indignities from Polish workers, while police stood by without interfering. The seven demonstrated again on July 16, without incident.

The demonstration Sunday was staged to protest the Polish Church's failure to meet a July 22 deadline Catholic representatives had given for the nuns to move to a temporary site.

The Catholics had suggested the date after they failed to meet the original Feb. 22 deadline for the evacuation of the convent that was set out in a Catholic-Jewish accord signed in Geneva on Feb. 22, 1987.

According to reports from Poland on Sunday, about 200 Poles from Oswiecim, the Polish name for the village of Auschwitz, shouted and laughed at dozens of students who circled the convent, blew a shofar, lit memorial candles and read texts by survivors of the camp.

The students, who came from throughout Europe, chartered a plane from Brussels to stage the protest and brought journalists with them to witness the demonstration.

Attack Called 'Mini-Pogrom'

Belgian historian Bernard Suicheky, a leader of the Jewish students group, read a statement blaming Pope John Paul II for the existence of the convent.

The protesting students referred to the previous attack on Jewish demonstrators as a "mini-pogrom" and accused the nuns of failing to intercede.

"We are here to sound the shofar so that the walls of incomprehension, fear and hatred behind which you are hidden come tumbling down," Suicheky was quoted as saying.

On Friday, Theo Klein, a Jewish leader at the 1986 and 1987 Geneva talks with Catholic Church representatives to remove the convent, launched a bitter attack on the Church's failure to respect its pledges.

Klein, past president of both the European Jewish Congress and CRIF, the Representative Council of Jewish Institutions in France, announced in Paris that he had written to Cardinal Albert Decourtray of Lyon, telling him to rule out future formal relations between the two sides until the convent is removed or relocated.

Klein, who has the reputation of being a moderate in his ties with Catholic leaders, said Jewish representatives will refrain from meeting with the pope as long as the Church does not respect its commitments.

"We might still have contacts, but we shall no longer hold joint meetings or conferences," Klein said in his July 20 letter to Decourtray.

Klein insisted in the letter that the Carmelite nuns be housed elsewhere immediately and that the huge cross erected near the concentration camp site be removed.

Another declaration was issued Friday by Lionel Kopelowitz, Klein's successor as president of the European Jewish Congress. Kopelowitz, who heads the British Board of Jewish Deputies, said in a statement published here and in London:

"Our vigilance will remain constant until the last nun has left the building where the Nazis kept the Zyklon B gas, and until there is respect for the memory of all our departed."

ISRAELI AMBULANCE DRIVER ASSAULTED BY EGYPTIAN OFFICIAL AT TABA BORDER By Hugh Orgel

TEL AVIV, July 23 (JTA) -- An Israeli ambulance driver was assaulted by an Egyptian army officer Saturday at the Taba border checkpoint, as he was transferring a patient from the Taba Sonesta Hotel to a hospital in Eilat.

The Magen David Adom ambulance had been summoned to transfer a Ramat Gan resident who had injured his shoulder when he slipped into an empty decorative fishpond on the hotel grounds.

Because of his injuries, the man was propped up inside the ambulance with his legs against the rear door.

Under normal procedures agreed to by Israel and Egypt, ambulances do not have to undergo the usual vehicle and passenger checks at the border. Paperwork is completed later to allow prompt medical treatment.

But this time, eight border guards halted the ambulance and sought to carry out a check. When the driver protested, an Egyptian army officer in plain clothes arrived and tried to force open the rear door.

The ambulance driver, fearing further injuries to the patient, tried to prevent him. Apparently regarding this as an attack on him, the officer punched the driver in the face, knocking him to the ground.

The driver cursed the officer in fluent Arabic, and the officer placed him under arrest, declaring he and the ambulance would not be released "even if President (Hosni) Mubarak himself were to come and appeal."

He said that cursing an army officer warrants a death sentence in Egypt.

The incident ended when, on the intervention of senior Israeli and Egyptian officials, the ambulance driver agreed to offer a written apology and the Egyptian officer rescinded his demand for the driver's arrest.

ISRAELI SOLDIER WOUNDED IN LEBANON By Hugh Orgel

TEL AVIV, July 23 (JTA) -- An Israeli soldier was lightly wounded in southern Lebanon on Saturday night by a land mine that exploded.

The soldier, who was not identified, was flown by helicopter to Rambam Hospital in Haifa, after receiving on-site first aid treatment.

The incident occurred while the soldier was on routine patrol in the eastern sector of the border security zone.

Sources in southern Lebanon said it was likely the mine had been planted by the extremist Shiite group Hezbollah, in retaliation for recent operations conducted north of the security zone by the Israeli-backed South Lebanon Army.

SENATE BILL ON REFUGEE STATUS IS WEAKER THAN HOUSE VERSION

By Howard Rosenberg

WASHINGTON, July 23 (JTA) -- Jewish groups have expressed approval, if not total satisfaction, with the Senate's adoption Thursday of a measure that would make it easier for Soviet Jews to enter the United States as refugees.

The provision was adopted by a vote of 97-0 as an amendment to a bill authorizing funds for the State Department. The bill was a compromise version of legislation introduced by Sen. Frank Lautenberg (D-N.J.).

Jewish groups were hoping that the Senate would follow the House in voting to end a requirement that Soviet emigres seeking to enter the United States as refugees demonstrate that they face a "well-founded fear of persecution" in their native country.

The House approved such language July 13 by a 358-44 vote. Its bill would virtually assure that all Soviet Jews seeking to enter the United States could do so as refugees.

But Sens. Edward Kennedy (D-Mass.) and Alan Simpson (R-Wyo.), respectively chairman and ranking Republican on the Senate Judiciary subcommittee on immigration and refugee affairs, opposed such a presumption, which was contained in the original Lautenberg bill.

The Senate compromise states that Soviet Jews, Soviet Evangelical Christians and Indo-Chinese are members of groups that have faced "a well-established history of persecution."

They may qualify for refugee status, the bill states, by demonstrating that they lost their home, job or educational opportunities when denied permission to emigrate, or have faced "prejudicial acts" because of their religious beliefs, such as "adverse treatment in the work place."

Soviet Jews may also qualify for refugee status if they knew of "acts of persecution" against other Jews.

'Best That We Could Get'

"We did not think (the Senate compromise) was perfect," said Phillip Saperia, assistant executive vice president of the Hebrew Immigrant Aid Society, which resettles Jewish refugees worldwide. "We did think that it was the best that we could get at the moment."

It is now up to a House-Senate conference committee to iron out differences between the two bills. Both the House and Senate must then vote again on identical legislation before it goes to President Bush for signature.

In the meantime, thousands of Soviet Jewish emigrants are stranded in Italian transit communities awaiting permission from the Immigration and Naturalization Service to enter the United States.

Refugee status entitles immigrants to U.S. government funds for transportation and resettlement, if funds are available. Between Sept. 1 and June 30, the INS refused refugee status to 18.6 percent of Soviet Jewish families that applied for it, about 4,000 people.

But even if the House and Senate agree to give Soviet Jews a presumption of eligibility for refugee status, backlogs in refugee processing could still occur. That happened this year when the U.S. refugee quota for the Soviet Union was not high enough to meet the crush of refugees seeking to enter this country.

U.S. CONSERVATIVE WOMEN'S GROUP JOINS WOMEN OF THE WALL IN PRAYER

By Cathrine Gerson

JERUSALEM, July 23 (JTA) -- Some 30 members of the Women's League for Conservative Judaism joined the local "Women of the Wall" group Sunday in conducting a morning service at the Western Wall.

Unlike on several previous occasions, the women were not harassed by mobs of ultra-Orthodox men and women, who do not believe women should pray as a group or sing in public.

Only two ultra-Orthodox women tried to disturb the women's prayers, which were led by Marilyn Worman, a third-year rabbinical student at the Conservative movement's Jewish Theological Seminary in New York.

Worman, a kippah perched on her short hair, said afterward that she and the other women had come to show their support for a group of Jerusalem women who have been trying to conduct prayer services at the Wall for several months.

She said they were also there "to make a statement for Israeli women striving for religious equality."

The Women's League national board adopted a resolution on women's prayer groups at the Wall on June 14, which said the group "is committed to the pursuit of equality in Jewish life and has a longstanding history of support for full religious participation of Jewish women in ritual life."

The Women's League, which has 200,000 members in the United States, Canada, Mexico and Israel, is in Israel on a two-week study mission to Conservative Jewish facilities here.

Used Conservative Siddur

On Sunday, only some 20 ultra-Orthodox men were present when the women began their service, and they did not seem to take notice of the women, who stood tightly together. The prayers were conducted according to the Conservative "Sim Shalom" prayerbook.

Physical and verbal harassment on several previous occasions led the Jerusalem women to obtain an order from the High Court of Justice permitting them to pray as a group at the Wall.

But the order, which is in effect until the court makes a definitive ruling on Dec. 27, forbids the women from wearing tallitot or carrying a Torah at the Wall, although it allows them to do so at other, nearby sites.

Bonna Haberman, a Canadian immigrant who initiated the Jerusalem women's prayer group, said Sunday she was astonished the Conservative women were not harassed.

She speculated that the women's relatively late arrival, and the fact that many were tourists, may have deterred a confrontation. Haberman attended the services with her three small children.

Another group member, Anat Hoffman, who in February became the first woman elected to the Jerusalem City Council, applauded the show of support from the Women's League.

"We never before dared to say Sh'ma and Kaddish aloud," she said. She said the fact that many of the group members were visiting from abroad deterred "the usual woman sluggers."

In recent days, support for the women's group has been publicly voiced by Labor Knesset member Avrum Burg, who is Orthodox; Professor Yeshayahu Leibowitz, an authority on Jewish theology; and Leah Shakdiel of Yeroham, the first woman to sit on a municipal religious council.