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PERES INDEFINITELY POSTPONES TRIP TO SOVIET UNION SET FOR NEXT WEEK

By David Landau

JERUSALEM, Dec. 26 (JTA) -- What had seemed to be steady progress toward normalizing Israeli-Soviet relations appears to have suffered a setback by the last-minute cancellation of Vice Premier Shimon Peres' planned visit to the Soviet Union.

Peres, who is also finance minister and leader of Israel's Labor Party, was to have gone to Moscow in the first week of January. His office announced Monday night that the trip has been postponed indefinitely.

According to a spokesman, the decision was made because of insufficient progress in working out economic and commercial agreements with the Soviets in advance of the visit.

Peres had hoped to wrap up an agreement between El Al and Aeroflot, the Israeli and Soviet national airlines, to establish direct flights between Moscow and Tel Aviv.

Direct flights are important to Israel, because they are expected to bring Soviet immigrants here in much larger numbers than at present.

The two carriers reportedly reached an accord four weeks ago, but the Soviet government has failed so far to ratify it.

Peres also hoped to conclude agreements to sell industrial and technological services to the Soviet Union on a large scale.

He had planned to go to Moscow with a group of prominent international business leaders and industrialists.

The group was to include American oil tycoon Armand Hammer, British newspaper magnate Robert Maxwell and Nessim Gaon, the Swiss-based businessman who heads the World Sephardi Federation and was instrumental in arranging the trip while the vice premier was in the United States this fall.

Peres would have been the highest-ranking Israeli ever to visit the Soviet Union.

No Meeting With Gorbachev

Political observers see the postponement as a major blow to his prestige abroad and his political standing at home.

Speculation is rife that Peres decided against making the trip now because he could not get a definite commitment for a meeting with President Mikhail Gorbachev.

It had been clear during the preparatory talks that Peres regarded such a meeting as essential to the visit and would be loath to embark on the trip without it.

Peres' political adviser, Dr. Nimrod Novik, had made two trips to the Soviet Union to lay the groundwork for the visit.

A sign that Soviet-Israeli relations were becoming strained over the direct flights issue came Monday, when Transport Minister Moshe Katsav refused to grant landing rights at Ben-Gurion Airport to two Soviet cargo planes that were supposed to pick up some 160 tons of fresh fruits and vegetables.

Katsav was said to be angry over the Kremlin's failure to ratify the airline agreement.

THIS CHANUKAH IS A TIME OF FEAR AND HEROISM FOR JEWS OF PANAMA

By Susan Birnbaum

NEW YORK, Dec. 26 (JTA) -- Chanukah has not been a joyous time for the Jews of Panama, but its very first day was a time for heroics, in keeping with the mood of the holiday.

Following the U.S. invasion of Panama on Dec. 21, the Jews, a majority of whom are merchants, found their businesses mercilessly looted, down to the lighting fixtures and toilet facilities. They placed calls of desperation to U.S. Jews.

As dusk approached Friday afternoon, when Jews should have been preparing to light menorahs, those living in the swank neighborhood of Punta de Patilla found themselves about to be assaulted in their homes. They quickly formed their own vigilante brigade.

An armed Jewish brigade of about 30 men, keeping watch from Friday night to Saturday morning, was successful in turning away assailants and even, in one case, capturing armed thugs attached to ousted military strongman Manuel Noriega, according to accounts pieced together from Jewish sources in New York who have maintained close telephone contact with Jews in Panama.

The two pro-Noriega men, whom the Jews turned over to the U.S. troops, were bodyguards of Noriega's mistress, said New York businessman Mitchell Drimmer, who handles shipping for businesses in Central America, a large number of which are owned by Jews.

Jews, in fact, own a substantial share of major businesses in Panama. Guesses at how large a share range from "a conservative estimate of 70 percent" to "over 90 percent," according to three separate descriptions.

The Jews have done well, and now they are wiped out, say those familiar with the community.

Armed With Uzis And Handguns

Jews living in the high-rises of Punta de Patilla knew even before the U.S. invasion last week that their neighborhood would be assaulted, said Drimmer.

Over radio telephones that business owners there keep to communicate with each other, they heard specific directions between members of Noriega's "Dignity Battalions" to assault the neighborhood, Dimmer said.

They requested direct American assistance in their neighborhood, which is some 100 yards from the Vatican mission where Noriega has taken refuge.

One tank entered the neighborhood for two hours, said Dimmer. He was among several New York Jews who called local members of Congress and the State Department, asking for help in the Jewish neighborhood.

When it became apparent that adequate protection was not coming, the Jews formed their own defense group and took to the streets.

On Friday night, under the leadership of a Jewish retailer of ladies' clothes, the Jews went out, armed with Uzis and handguns, and pitifully little ammunition, and used cars and vans to cordon off the three streets that provide access to the area.

They stopped cars and asked for proof of registration, Dimmer said, pulling out those who could not provide it. There were many car thefts by local brigands associated with Noriega.

By Tuesday, the situation had improved, with the streets reported to be calmer. Jews were said to be no longer fearing for their homes.

Despite accounts of fear and stress, the story is not one of anti-Semitism, emphasized Rabbi Morton Rosenthal, director of Latin American affairs for the Anti-Defamation League of B'nai B'rith.

He said the Jews should be seen as Panamanians suffering from the effects of war and angry that the U.S. invasion plan did not include protection of civilians and streets to complement the military strategy.

Largely Sephardic Community

Although there was said to be some level of cooperation between Noriega and business leaders, many of whom are Jews, it is believed that few Jews voted for him in this year's presidential election, won by Guillermo Endara but invalidated by Noriega.

Virtually all Panamanian Jews support the U.S. invasion, according to sources there.

About 70 percent of the some 4,000 Jews of Panama are Sephardic, most of whom are of Syrian origin, their families coming mainly from the city of Aleppo.

Other Jews are of Egyptian, Greek or Portuguese origin, and there are a substantial number of Israelis there.

One Israeli, Avi Cohen, was a leader in the vigilante brigade.

Dimmer credited one native Panamanian Jew, Victor Angel, with the defense of Punta de Patilla. Angel, owner of a chain of women's wear stores, La Casa Amarilla, found his business looted down to the tiles on the ceiling.

In his stores, as well those of others, looters carried away not only all the merchandise but the toilet facilities, rugs and lights.

Monday night, about 300 business leaders held a meeting at the local synagogue, Shevet Achim, and estimated that their losses from looting amounted to \$400 million, with some 5,000 Panamanians out of work.

Their insurance situation is unclear, they report, and they say they need help.

BUS CARRYING ARAB WORKERS HIJACKED

By Gil Sedan

JERUSALEM, Dec. 26 (JTA) -- Intifada activists staged a daring bus hijacking inside the pre-1967 borders of Israel on Tuesday, in their continuing effort to enforce their will on the Palestinian populace.

The vehicle was burned, but no one was hurt.

The Egged bus, carrying Arab workers from the West Bank to jobs in Israel proper, was seized en route from Jenin to Haifa.

The Arab driver, Mohammad Abu-Rabia, told the authorities later that he was forced at hatchet point to turn off the highway into the Israeli Arab village of Zalafa.

The bus passengers fled. The driver said he was forced to drench the bus with gasoline, which the hijackers ignited.

The incident, the first of its kind in Israel proper, triggered a large-scale manhunt for the perpetrators.

KNESSET PANEL CHAIRMAN FURIOUS OVER SILENCE ON IRANIAN CONTACTS

By Gil Sedan

JERUSALEM, Dec. 26 (JTA) -- The Knesset's Foreign Affairs and Defense Committee, apparently convinced that Israel has been involved in an oil-for-hostages deal with Iran, is furious with the government for not informing lawmakers of the secret transaction.

The panel's chairman, Eliahu Ben-Elissar of Likud, delivered a stern lecture on the subject during an appearance by Defense Minister Yitzhak Rabin.

Rabin denied to reporters afterward that there are now or have been "direct contacts between Israel and Iran."

But Ben-Elissar spoke as if the transaction was a fact, regardless of the lack of official Israeli confirmation.

The matter surfaced when NBC News reported on Dec. 18 that Israel paid Iran \$36 million for 2 million barrels of oil delivered to Eilat in November.

In addition, the network said, Israel offered to free "hundreds of Shiite prisoners," including Sheik Abdel Karim Obeid, who was seized by Israeli commandos from his home in southern Lebanon last July.

In exchange, Israel would get back its soldiers held captive by pro-Iranian groups in Lebanon and other Western hostages could also be freed, NBC reported.

The NBC report said the United States had given its blessing to the deal, an assertion flatly denied by the State Department in Washington.

Deliberately Withheld?

Ben-Elissar charged that the Israeli defense establishment deliberately withheld from the committee information about the oil deal with Iran and efforts to obtain the release of Israeli prisoners in Lebanon.

The information was withheld "despite an explicit commitment by the defense establishment at the time of Irangate that the subcommittee would be briefed on any contacts with the Iranians," Ben-Elissar said.

"Irangate" is a term used to describe the scandal surrounding the Reagan administration's sale of arms to Iran, with Israel's help, in 1985.

"How can one accept that the committee hears of the deal on NBC?" Ben-Elissar asked.

"In the past, we had always received full information on negotiations regarding prisoners and missing persons, and if this suddenly stops, it calls for answers," he told reporters.

"The Foreign Affairs and Defense Committee will not be able to fulfill its duty if the government does not keep it up-to-date," he said.

"After all, it is not the government which decides what it is permitted to report to the Knesset, but the Knesset decides what the government must report," Ben-Elissar added.

Rabin commented that "By their very nature, the issues necessitate full discretion."

Rabin also discussed with the committee the strengthened ties between Egypt and Syria, which he viewed favorably from Israel's perspective.

Because of the New Year's Day holiday, JTA will not publish the Daily News Bulletin on Tuesday, Jan. 2.

MENORAH GOES UP IN PITTSBURGH ON THE FIFTH NIGHT OF CHANUKAH

By Allison Kaplan

NEW YORK, Dec. 26 (JTA) -- After a progression of legal battles and a trip to the Supreme Court, members of the Chabad Lubavitch movement succeeded Tuesday evening, on the fifth night of Chanukah, in erecting a menorah on the steps of Pittsburgh City Hall.

The issue of the display of menorahs on government property fell into the hands of the Supreme Court for the second time this year last Friday, shortly before the eight-day Jewish holiday began.

U.S. Supreme Court Justice William Brennan Jr. ruled Friday afternoon that the Pittsburgh city government must, for the moment, grant Chabad permission to put up a menorah on the steps of City Hall, next to the city's Christmas tree.

In doing so, he reinstated a federal district court order that had been overturned last week by the U.S. Court of Appeals in Philadelphia.

Following Brennan's ruling, Chabad wound up back in federal district court to contest the amount of money the city required as bond for the menorah. That battle and the logistical problems of obtaining bond money over the holiday weekend meant the menorah could not be put up until Tuesday.

Nathan Lewin, the attorney for Chabad, said he was "gratified" by Brennan's ruling.

"It's unfortunate that the proceedings delayed the display of the menorah as long as they did, but we are pleased that (Brennan) made this decision," he said.

Pittsburgh city attorney George Spector said that he was preparing an appeal to the entire Supreme Court to reverse Brennan's ruling. He said he "had no idea" whether there was a realistic chance the full court would be able to take up the issue before Chanukah ended.

Mayor Opposed Menorah

Lawyers for the city and for Chabad have been involved in this tangle of litigation ever since Pittsburgh Mayor Sophie Masloff, who is Jewish, announced that her administration did not want the menorah displayed.

The Masloff administration's decision to oppose the menorah came in the aftermath of last July's Supreme Court ruling on the issue in Pittsburgh.

The high court ruled at that time that while a menorah standing beside a Christmas tree was constitutional, a nativity scene displayed alone in a courthouse was not.

But the city decided this fall that if there would be no nativity scene, there would be no menorah.

Brennan's decision to temporarily force the city to permit the menorah would indicate that cities presently have little leeway to oppose religious symbols on public property, as long as they are part of larger holiday displays.

Such a trend would disappoint groups, such as the American Jewish Congress, the Anti-Defamation League of B'nai B'rith and the Union of American Hebrew Congregations, that oppose the display of any religious symbols, including menorahs, on public property.

AJCongress attorney Marc Stern said his organization will now "be urging cities to adopt ordinances that free-standing displays cannot be displayed on public property."

Lewin called the AJCongress effort "outlandish and offensive."

The Pittsburgh case as a whole now goes back to the federal district court, where Chabad and the city will vie for a permanent ruling.

Similar cases in other cities are also in litigation, and it seems probable that the issue will return to the Supreme Court during the coming years.

On the other side of the Atlantic, Chabad does not seem to have run into any similar legal snags in its campaign to put up large menorahs in public places.

In a suburb of Amsterdam, a menorah placed in a shopping center was said to be the first public display of a menorah in Dutch Jewish history.

In Rome, Chief Rabbi Elio Toaff and the city's new mayor, Franco Carraro, supervised the lighting of the menorah set up in the downtown Piazza Barberini, at the foot of the Via Veneto.

The lighting of menorahs in Moscow, London, Paris and Jerusalem were to be simultaneously broadcast Tuesday via satellite on video screens at Lubavitch headquarters in Brooklyn.

(JTA correspondents Ruth E. Gruber in Rome and Henrietta Boas in Amsterdam contributed to this report.)

PERES BUDGET PROPOSALS PASS AFTER MARATHON CABINET DEBATE

By David Landau

JERUSALEM, Dec. 26 (JTA) -- The essentials of Finance Minister Shimon Peres' budget proposals for the new fiscal year were approved by a substantial Cabinet majority late Monday night, despite a fierce rear-guard action fought against them by a hard core of Likud ministers.

At the end of the second day of debate, the ministers voted 19-4, with two abstentions, in favor of the budget framework.

Persistent and at times vociferous opposition was mounted during the marathon session by Ariel Sharon, David Levy and Yitzhak Moda'i.

They were joined on some issues by Foreign Minister Moshe Arens.

Peres' fellow Laborite, Defense Minister Yitzhak Rabin, was also said to be unhappy with his share of the budget pie, despite Peres' last-minute efforts to find an additional \$75 million for the Defense Ministry.

Another source of opposition was the director of the National Insurance Institute, Mordechai Tsippori, who warned that proposed cuts in the child allowances and relatively small increases in old-age pensions would drag whole new sections of society below the poverty line.

Peres has accepted the Bank of Israel's advice to keep the deficit down to \$1.5 billion, to ensure that inflation does not exceed its present rate of 20 percent a year.

Peres has stressed in his speeches the need to fund the wave of emigration from the Soviet Union, while defense spending needs to be kept up to combat the intifada.

His budget proposals include an overhaul of the income tax system, which will raise taxes from 15 to 16 percent next summer, and a value-added tax to be implemented soon.

There also will be hikes in the prices of tobacco and gasoline.

Another of Peres' proposals is to lengthen the school day from noon to mid-afternoon. The extra cost would be picked up by the more affluent parents. Currently, public education is free.

ARYAN BOXING CHAMP HID TWO JEWS FOR FOUR DAYS AFTER KRISTALLNACHT

By Tom Tugend

LOS ANGELES, Dec. 26 (JTA) -- Former heavyweight champion Max Schmeling sheltered two young Jewish brothers in his apartment while a Nazi mob raged outside, one of the brothers recently told guests at a party honoring the German boxer.

Henri Lewin, now president of the Sands Hotel in Las Vegas, was a 14-year-old boy in Berlin on Nov. 9, 1938, when organized bands of Nazis smashed Jewish stores, burned synagogues and attacked Jews during the infamous Kristallnacht, the Night of Broken Glass.

At a special tribute party two weeks ago at the Sands for the now 84-year-old Schmeling, Lewin, with tears in his eyes, recounted what had happened. Pointing to Schmeling, who was seated at a table next to Mike Tyson, the present heavyweight champ, Lewin said:

"I'm going to tell you what kind of a champion Max Schmeling is. Beginning on Nov. 9, for four days, Max hid my older brother Werner and me in his Berlin apartment. He risked everything for us. If we had been found in his apartment, I would not be here this evening, and neither would Max.

"The first day (of the riots), Max didn't leave the apartment. He told the front desk that he was sick and not to let anyone come up . . . After four days, Max felt it was safe to take us to an apartment my father owned in another part of Berlin."

Lewin later said that he had not publicly revealed the story before, at Schmeling's request. Even after Schmeling agreed to attend the tribute in Las Vegas, he asked Lewin not to "glorify" him, Lewin said, adding, "He told me what he had done for me and my brother was 'doing the duty of a man.'"

Idolized By The Nazis

From his early days in Berlin as a little-known light-middleweight boxer, Schmeling had many Jewish friends and, according to Lewin, continued to assist German Jews even during World War II.

Lewin recounted one incident when Schmeling's American Jewish manager, Joe Jacobs, came to Berlin in 1935. Jacobs had booked a room at the Adlon, one of Berlin's finest hotels, but was told the management could not accommodate him.

When Schmeling, then Nazi Germany's most idolized athlete, heard about it, he went to the authorities and warned them that he would stop boxing if Jacobs didn't get his room. The Adlon manager rapidly changed his mind.

During the same visit, Lewin said, Jacobs decided to attend services at the Fasanenstrasse Synagogue to hear its charismatic rabbi, Joachim Prinz, and Schmeling accompanied his manager to the lobby of the synagogue.

The relationship between the Lewin family and Schmeling began in the mid-1920s, when the boxer frequently stayed at a hotel owned by Lewin's father in the Berlin suburb of Potsdam. The senior Lewin also was proprietor of a fashionable clothing store, called The Prince of Wales, where Schmeling bought his suits.

On June 12, 1930, Schmeling won the world heavyweight crown in New York on a foul from Jack Sharkey, and lost it to the same fighter on a decision two years later.

But Schmeling is best known for his two dramatic fights with Joe Louis. In 1936, before Louis became champion, he suffered his first career defeat when Schmeling scored a knockout.

The victory was headlined in the Nazi press as "a victory for the white race." Hitler had been trumpeting Schmeling throughout the 1930s as the great Aryan warrior.

An angry Joe Louis had his revenge two years later when, as world champion, he knocked out the 33-year-old Schmeling in the first round at New York's Yankee Stadium on June 22, 1938.

Lewin decided to override Schmeling's request and go public at the Sands party, he said, because "Max is 84, though in excellent shape, and I am 67, and I wasn't sure how much longer both of us would last."

HEBREW IS POPULAR IN YUGOSLAVIA, BUT FEW OF THE STUDENTS ARE JEWISH

By Ruth E. Gruber

BELGRADE, Yugoslavia, Dec. 26 (JTA) -- Hebrew schools are flourishing in Yugoslavia. But the majority of the pupils and at least one of the teachers are non-Jews, according to the one and only rabbi in this Balkan nation of fewer than 5,000 Jews.

The surging interest in Hebrew studies here comes as a surprise to Rabbi Cadik Danon, who is hard at work on a comprehensive dictionary translating Hebrew into Serbo-Croatian and vice versa.

His project could become a major contribution to Jewish scholarship. It will be the first dictionary of its kind since World War II, Danon explained to a visitor in his high-rise flat in Novi Beograd, a suburb of the Yugoslav capital.

"There was a dictionary before the war, but it is rather useless," he said.

He began his own dictionary in response to the Hebrew-language boom, which is a recent phenomenon, Danon said. He said he started teaching Hebrew about 10 years ago.

"In the beginning, there were only about 10 pupils," he said. "Then each year, there were new pupils, and we had to get new teachers. When I described the situation to people in Israel, they were surprised."

Danon said the Belgrade Hebrew School now has 60 to 70 pupils taking lessons in four or five different grade levels. Students he has taught have gone on to teach younger people.

There is a full-time Hebrew teacher in Zagreb, in northwestern Yugoslavia. There are also Hebrew classes in the northern cities of Ljubljana, Novi Sad and Subotica.

"Among my students" is a Serbo-Croatian Orthodox theologian," Danon said. "Most of the students are non-Jews." One Hebrew school teacher is a non-Jew and, in fact, an Arabist, who also teaches Arabic.

The interest in Hebrew is running so high, Danon said, that the philosophy department at the University of Belgrade is preparing to establish a lectureship in Hebrew.

It will try to hire a teacher from Israel who can begin classes in January. It is hoped that eventually the university will establish a Hebrew department.

Meanwhile, Danon hopes to complete his dictionary in two years. "I'm doing it all by hand, but we shall do it," he said, showing the carefully lettered Hebrew words written with vowels, and their Serbo-Croatian counterparts.