



**SHAMIR SAYS SENATOR'S PROPOSAL ON AID 'AUGURS ILL FOR ISRAEL,'**

By Gil Sedan

JERUSALEM, Jan. 18 (JTA) -- Prime Minister Yitzhak Shamir said Thursday that Sen. Robert Dole's proposal to cut U.S. foreign aid to Israel and four other countries to provide assistance to emerging democracies in Eastern Europe "augurs ill for Israel."

He expressed hope that "the administration and the Congress will not adopt such proposals."

Shamir's remarks in an Israel Radio interview were his first public comment on the controversial proposal by the Senate minority leader, Dole, a Republican from Kansas, floated the idea in an article Tuesday on the op-ed page of The New York Times.

Dole suggested more U.S. aid should be made available to the emerging democracies in Eastern Europe and Panama by cutting 5 percent from the amounts earmarked for the five largest recipients of U.S. aid, including Israel and Egypt.

Israel gets \$3 billion a year in the form of military and economic assistance grants from the United States; Egypt receives \$2.3 billion.

"The proposal augurs ill for Israel, especially when we find ourselves in the very midst of a great human endeavor -- the absorption of large numbers of Jews coming to us from Eastern Europe, the same Eastern Europe which the proponent of that proposal is so exercised about," Shamir said.

He dismissed the idea that Dole's proposal was a "gentle hint to him" to be more flexible with respect to the peace process and talks with the Palestinians. "I don't think that's the intention," Shamir said.

**Says Israel Shouldn't Be Redivided**

The prime minister also referred to the strong reaction abroad to his comments last Sunday night linking the influx of Soviet Jewish immigrants to Israel's need to retain the administered territories.

He said the reaction in the United States was exaggerated and he would try to explain Israel's position to Sen. Daniel Patrick Moynihan (D-N.Y.), who is visiting Israel.

Moynihan, who criticized the juxtaposition of immigration and the territories, was to meet with Shamir late Thursday.

Shamir said he would tell the senator his criticism was grounded in an "incorrect apprehension of our position and what we say."

The prime minister stressed, however, that his Likud party's position is that "Eretz Yisrael" should not be redivided in a peace settlement.

"The country is very small, and no partition of it can solve problems. Partition would only create problems," Shamir said. He added that his position is well known to everyone.

As for the Arabs, he said, they "oppose any immigration, regardless of my comments. For them, the immigration of Jews is a disaster, losing their war."

Shamir indicated he was not concerned by the lack of movement in the peace process, for which he blamed the Arabs. He said there is no deadline for peace.

**RABIN SAYS AFTER TALKS WITH BAKER THAT AID TO ISRAEL WILL STAY SAME**

By David Friedman

WASHINGTON, Jan. 18 (JTA) -- Israel Defense Minister Yitzhak Rabin expressed confidence Thursday that the United States will continue to provide Israel with the \$3 billion in economic and military aid it has received annually since 1986.

The aid budget for the current year has already been approved, Rabin said. As for the 1991 fiscal year, "I have the reason to believe that there will be no reduction," he said.

Rabin's remarks were made to reporters after a one-hour meeting with Secretary of State James Baker, which ended his two-day visit to Washington.

The defense minister said he discussed Israel's economic and military needs with Baker and with a number of other Bush administration officials on Wednesday. They included Vice President Dan Quayle, National Security Adviser Brent Scowcroft, Defense Secretary Dick Cheney and the secretaries of the Army, Navy and Air Force.

State Department spokeswoman Margaret Tutwiler said Baker did not make any comment on the specific aid level. He only said that "the United States has always supported Israel, and we will continue to support Israel," she reported.

Rabin always makes the case for continuing the current level of U.S. aid to Israel when he visits Washington.

But the issue took on more urgency this time because of a suggestion this week by Senate Minority Leader Robert Dole (R-Kan.) that aid to Israel and four other top recipients be cut 5 percent to meet the needs of the emerging democracies in Eastern Europe and Panama.

**Dole Proposal Criticized**

The Bush administration has said that it supports Dole's argument that President Bush needs more flexibility in providing foreign aid, rather than the present situation, where two-thirds of the \$14.6 billion aid budget is earmarked for five countries.

But the administration has shied away from naming any country that should be cut.

Dole has not received much public support from his colleagues for his views. One of them, Sen. Connie Mack (R-Fla.), has sent a letter to Baker, arguing that "we should not be in the business of pitting embattled democracies against each other."

He said if inflation is taken into account, U.S. aid has already been reduced to each of the five countries mentioned by Dole: Israel, Egypt, Philippines, Turkey and Pakistan.

"U.S. aid to Israel, for example, dropped by almost 15 percent if inflation is taken into account," Mack said.

Rabin said Thursday that Israel still needs the \$1.8 billion in military aid it receives from Washington, because the lessening threat from the USSR in Europe has not benefited the Mideast.

Cheney reportedly reassured Rabin that Israel will continue to get the \$1.8 billion in military aid.

But sources reported that Rabin was warned at the Pentagon that there is no way that Israel

could not be affected by the massive cuts planned for the U.S. military budget in the coming years.

This would mean that Israel could sell fewer arms to the U.S. Defense Department, there would be fewer arms available for purchase and there would be a reduction in joint U.S.-Israeli projects.

Rabin also stressed that Israel continues to need the full \$1.2 billion in economic aid it receives, especially now that the number of emigrants from the USSR is rapidly increasing.

But according to a report Thursday in the Washington Times, the U.S. Embassy has submitted a report to the State Department suggesting that Israel does not need the full \$1.2 billion in economic aid.

#### No Meeting With Egyptian

Tutwiler appeared to confirm the report during her State Department briefing. She said all U.S. ambassadors are routinely required to submit assessments of the needs in the countries to which they are assigned.

"It is an assessment, not a recommendation," and "many assessments are not acted on," she said.

Meanwhile, Rabin's visit apparently did not result in any breakthroughs on the peace process, though it was discussed in all of his meetings.

Tutwiler said there is still no date for the meeting Baker is scheduled to host in Washington with Israeli Foreign Minister Moshe Arens and Egyptian Foreign Minister Esmat Abdel Meguid.

She said that they were still working on the assurances sought by Egypt and Israel on accepting Baker's five-point proposal for Israeli-Palestinian talks in Cairo.

Rabin may have been reluctant to discuss the peace process publicly because of charges by Shamir and his Likud colleagues that Labor is trying to undermine Likud's responsibility for foreign affairs in the coalition government.

Shamir has already made such a charge against Vice Premier Shimon Peres for agreeing to meet next week with Egyptian President Hosni Mubarak, who has so far refused to meet with the Likud prime minister.

Rabin did not meet here with Meguid, who was also in Washington and met with Baker on Tuesday. The Egyptian official was scheduled to see the secretary of state again on Friday.

#### **ARAFAT AND MUBARAK FORMULATE FIVE-POINT PLAN FOR DIALOGUE**

By Cathrine Gerson

JERUSALEM, Jan. 18 (JTA) -- Yasir Arafat and President Hosni Mubarak of Egypt accept the idea of Palestinian elections, which is the centerpiece of the Israeli peace initiative launched by Prime Minister Yitzhak Shamir in May.

According to a report in the East Jerusalem Arabic newspaper Al Quds, elections are part of a five-point program for a Middle East settlement formulated by Mubarak and the Palestine Liberation Organization chief in Cairo this week.

It urges Israel to accept the principle of land for peace.

But the elections are seen as the first step toward an international conference, which would serve as the framework for a comprehensive Mideast settlement.

Israel has long rejected any international conference.

Another point in the Mubarak-Arafat proposals would guarantee the PLO the right to choose

the members of a Palestinian delegation to engage in dialogue with Israel.

Each side would be entitled to express its positions and opinions in detail at the opening meeting, but all meetings thereafter would be limited to the elections plan.

The dialogue would be held on the basis of U.N. Security Council resolutions 242 and 338.

#### **LEADER OF NORTH AFRICAN JEWS CALLS FOR TALKS WITH ARAFAT**

By Gil Sedran

JERUSALEM, Jan. 18 (JTA) -- Rabbi Baruch Abuhatzzeira, an influential leader of Israel's huge North African community, has called for direct negotiations with the Palestine Liberation Organization.

He urged the step while leading a pilgrimage to his grandfather's grave in Egypt on Tuesday, and reiterated his views in an interview with Israel Radio on Thursday.

He also criticized Israeli leaders for making a demon of PLO chief Yasir Arafat.

Such remarks are heresy to large numbers of Israelis and were promptly denounced in some religious quarters.

Abuhatzzeira, known as Baba Baruch, and the majority of his constituents are of Moroccan origin. He lives in Netivot, a development town in the Negev.

His spiritual leadership is largely the heritage of his father, the late Rabbi Shalom Abuhatzzeira, who was known as Baba Sali and widely credited with mystical powers.

Baba Baruch made his controversial statements to a delegation of 5,000 Jews, many of them Israelis, who were gathered at the graveside of his grandfather, Rabbi Ya'acov Abuhatzzeira of Morocco.

#### Initiative Under Way In Morocco

Apparently impressed by the peaceful relations between Egypt and Israel, Baba Baruch said, "The leaders of Israel frighten the people against meetings with the PLO, depicting Arafat as a Satan. We must engage in negotiations with them, such negotiations which would lead to peace."

He made essentially the same comments in the radio interview, adding that the PLO must renounce terrorism and recognize the existence of the State of Israel.

But his views were promptly condemned by the ultra-Orthodox Agudat Yisrael party, which Abuhatzzeira supported in the last elections.

Rabbi Menahem Porush, the Agudat Yisrael leader in the Knesset, said his party is opposed in principle to any negotiations with the PLO. The only negotiations they support are with local Palestinians, he said.

Nevertheless, Baba Baruch's position is expected to have a strong impact in the North African community. He is the first of their leaders to speak out unequivocally in favor of talks with the PLO.

Meanwhile, the ultra-Orthodox weekly Yom Hashishi reported that a wealthy leader of the Jewish community in Morocco recently met with PLO leaders, including Arafat, to try to organize talks between Israelis and Palestinians.

According to the paper, the unidentified Jewish leader was informed by Arafat that half of a \$40 billion fund was earmarked by King Hassan of Morocco for the peace process, provided that Israel enter direct negotiations with the PLO.

## COURT RULING ON TAXING OF BIBLES GETS A MIXED REACTION FROM JEWS

By Howard Rosenberg

WASHINGTON, Jan. 18 (JTA) -- Jewish groups had lukewarm reactions to a ruling issued Wednesday by the U.S. Supreme Court that upheld California's right to impose its 6 percent sales tax on religious books sold by religious groups.

Evangelist Jimmy Swaggart had challenged California's decision to bill him \$183,000 for taxes on his ministry's sale of Bibles and other religious materials. He argued that the tax violated the First Amendment clause guaranteeing free exercise of religion.

But a California appeals court upheld the state's right to impose the tax, and the Supreme Court unanimously backed that decision in its ruling Wednesday.

Dennis Rapps, executive director of the National Jewish Commission on Law and Public Affairs, or COLPA, which represents Orthodox Jews on legal matters, called the ruling "a restatement of the law."

"It has always been true that religious institutions are taxable," said Rapps. "I never thought the court would change its mind."

Marc Stern, legal director of the American Jewish Congress, said he was concerned about "the ease with which the court reached the decision."

"That there is nothing problematic" with taxing religious material "is more than a little bit disturbing," said Stern. He said he was unhappy about the "broad brush with which the court spoke."

Rabbi Shlomo Cunin, the Lubavitch movement's California director, said his group is "not affected by the ruling." He explained that the movement's California bookstores, unlike Swaggart, paid the sales tax all along.

## POLICEMAN SUSPENDED FOR USING UNNECESSARY FORCE AT PEACE RALLY

By Hugh Orgel

TEL AVIV, Jan. 18 (JTA) -- A policeman on duty at a peace rally at the Old City walls in Jerusalem on Dec. 30 has been suspended for using unnecessary force.

Police Inspector General David Kraus ordered the man removed from duties that brought him into contact with the public.

The officer, who was not identified, will be assigned henceforth to desk jobs.

Kraus acted Wednesday after viewing television footage of the peace demonstration shot by Israeli and foreign camera crews.

It showed police officers firing rubber bullets at demonstrators who were already fleeing the scene.

There were a number of injuries, including one Italian woman who lost an eye.

The demonstration was organized by Israel's Peace Now movement and various European peace groups, which were invited to participate.

Several thousand Israelis, Arabs and Europeans joined hands to ring the Old City.

Scattered disturbances attributed to young Palestinian troublemakers drew police intervention, which the organizers of the rally charged was indiscriminate and excessive.

The police originally claimed they acted properly, but the television evidence and Kraus' action seem to indicate otherwise.

## JORDAN WORRIED OVER SOVIETS SETTLING IN THE TERRITORIES

By Catharine Gerson

JERUSALEM, Jan. 18 (JTA) -- Jordanians were jolted by Prime Minister Yitzhak Shamir's remarks Monday implying that Soviet Jewish immigrants pouring into Israel would be settled in the administered territories.

The Foreign Affairs Committee of the Jordanian Parliament discussed the issue Wednesday, and the newspaper Ad-Dastour warned against a "new nucleus for another Israel in the region."

Shamir's remarks were widely interpreted as a justification for Israel's retention of the territories it seized in the 1967 Six-Day War.

The prime minister said later that he meant only that large-scale immigration would require a "strong, united Israel."

The Jordanian newspaper nevertheless called on the Soviet Union to consider the possible negative ramifications of large-scale Soviet immigration to Israel, at a time when Moscow is striving for a settlement in the Middle East.

Israel Radio reported Thursday that King Hussein has urged all Arab states to assist the Palestine Liberation Organization's peace efforts.

## 11,000 KOOR WORKERS GO ON STRIKE, EXPRESS FEAR OVER RECOVERY PLANS

By Hugh Orgel

TEL AVIV, Jan. 18 (JTA) -- More than 11,000 striking industrial workers sent a message to the country's political and financial leaders Thursday to take no measures that would cost them their jobs.

The one-day walkout was observed by employees from about 100 factories operated by 50 affiliates of the gigantic but financially crippled Koor Industries, a conglomerate owned by Histadrut.

Koor's fate, including its possible sale to overseas investors, is currently under debate.

A meeting Wednesday night attended by Finance Minister Shimon Peres and top officials of Histadrut, Bank Hapoalim and Koor executives failed to come up with a solution on how to deal with the Koor problem.

Demonstrations by the striking workers at various Koor factories were peaceful but created massive traffic jams all over the country.

Koor, which accounts for a third of Israel's industrial output, employs more than 20,000 people.

About half of them did not observe the strike. They are employed by various divisions of Tadiran, a manufacturer of electronic and communications equipment, household appliances and batteries.

Tadiran is Koor's largest single component and also, reportedly, its biggest money-loser because of cutbacks in military spending and the general economic downturn.

Its workers did not join the strike, they said, because they preferred to choose a form of protest best suited to their own particular problems.

These stem from Koor's plans to divest itself of the company. The Finance Ministry has not decided whether to sell Tadiran as a unit or piecemeal.

Striking workers said their biggest fear is Koor's possible sale to foreign investors, who will be indifferent to the local work force.

**NEWS ANALYSIS:**

**LABOR EMERGED FROM WEIZMAN AFFAIR WITH NEW BACKING FROM THE ORTHODOX**

By David Landau

JERUSALEM, Jan. 18 (JTA) -- The 48-hour flap earlier this month over Ezer Weizman's alleged contacts with the Palestine Liberation Organization cast a revealing light on changing party politics in Israel, which may foreshadow events to come.

While the crisis was resolved by compromise before it became irreversible, the Likud-Labor coalition came within a hair's breadth of collapse -- and not because the maverick Weizman was considered unexpendable by his Laborite colleagues.

The unity government tottered because Vice Premier Shimon Peres, the Labor Party leader, was able to put together at least the template of an alternative regime, based on a coalition led by Labor with support from the ultra-Orthodox parties.

The government did not fall, largely because of Defense Minister Yitzhak Rabin, who would rather be a junior partner in an alliance with Likud than see Peres become prime minister.

Rabin was able to save the government by brokering a compromise that Prime Minister Yitzhak Shamir readily accepted and Peres could not refuse.

The episode showed, however, that the religious bloc is no longer wedded to the nationalist camp represented by Likud. It also indicated that Peres' camp in Labor is willing to pay the exorbitant political price demanded by the Orthodox to buy national leadership.

Rabin demonstrated once again his ability to frustrate Peres' ambitions.

**No Demand On 'Who Is A Jew'**

But he may not succeed in the future if the crisis revolves around the precarious state of the peace process, rather than the fate of a Cabinet minister without much of a political following.

The Weizman crisis began at the weekly Cabinet meeting on Dec. 31. Shamir announced without warning that he was dismissing Weizman from the government, on charges that the dovish former air force commander had illegal meetings with officials of the PLO.

Weizman's ouster from the government was to be effective 48 hours from the time it was announced, in conformity with law.

Labor was in a quandary. As Shamir leaked bits and pieces of information damaging to Weizman, his colleagues began distancing themselves.

But Peres accused Shamir of violating the letter and spirit of the coalition agreement: A Likud prime minister may not dismiss a Labor minister without the consent of the vice premier.

Peres and his associates used the statutory 48-hour waiting period to deftly knit together a new shadow coalition, with the Agudat Yisrael and Degel HaTorah parties as Labor's partners.

The ultra-Orthodox Sephardic party Shas was considered almost certain to join, as well.

In agreeing to join, Agudah no longer demanded a guarantee that the "Who Is a Jew" amendment to the Law of Return be adopted by the Knesset. The amendment, fiercely opposed by most Diaspora Jews, would disqualify non-Orthodox converts to Judaism from receiving automatic Israeli citizenship upon making aliyah.

But Peres was prepared to offer the Ortho-

dox an ironclad pledge that the status quo on religious matters would be unaltered and that their educational and social institutions would benefit from increased state funding.

Details of Labor's successful wooing of the religious bloc came not from Peres -- where it might have raised some skepticism -- but from Shamir, who explained to the hard-line elements of Likud why he had to compromise on Weizman to save the government.

**Rabin Engineered Deal**

The compromise was relatively painless for Shamir.

While Weizman was allowed to retain his Cabinet portfolio as minister of science and development, which has little influence on affairs of state, he was forced to resign from the powerful Inner Cabinet, the government's top policy-making forum of six Likud and six Labor senior ministers.

Shamir thereby removed one of his most outspoken critics from center stage and discredited him, to boot.

Shamir owes his political coup to Rabin, who engineered the deal. Aides to Peres say it was the second time Rabin has thwarted the prospect of Labor governing without Likud.

The first occurred during coalition negotiations after the December 1988 Knesset elections, when Labor was seeking to form a narrow government with the religious parties.

While Rabin was likely motivated in both cases by his personal rivalry with Peres, there are a number of other reasons why Laborites might oppose a narrow-based government.

To begin with, it would inevitably be short-lived and it would embroil Labor in electorally unpopular concessions to the Orthodox.

The party would pay dearly for them in the elections, which would be held sooner rather than later, given the fragility of such a narrow government.

On another level, the latest crisis appears to have highlighted an evolving new reality: The Orthodox are swinging toward Labor and were prepared to strike a deal even over so ostensibly unsavory an issue as a Labor minister's alleged contacts with the hated PLO.

Rabin managed fairly easily to keep this in the realm of the hypothetical for the time being. The question is, but for how long?

**Baker Growing Impatient**

While the defense minister is in Washington later this week, he is likely to be exposed to the irritation and frustration of Secretary of State James Baker because of the impasse in Middle East diplomacy.

The administration perceives Likud to be intransigent over American attempts to launch a preliminary Israeli-Palestinian dialogue that would lead to elections in the West Bank and Gaza Strip.

The Americans point out that Israel itself proposed such elections as the centerpiece of its May 1989 peace plan. They now assert privately that Shamir and his foreign minister, Moshe Arens, are not committed to implementing their own plan.

Rabin, therefore, is likely to be told in bald terms that if there is no movement soon, the secretary will turn away from the Middle East conflict to invest his energies in more productive conflict-resolving efforts elsewhere.