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**ISRAELI SECURITY UNCOVERS  
YET ANOTHER PLO TERROR CELL**
**By Gil Sedan**

JERUSALEM, July 31 (JTA) -- Israeli security forces said Monday that they had found yet another hideout confirming the Palestine Liberation Organization's continued involvement in terrorist activities, despite Yasir Arafat's supposed renunciation of terrorism in December 1988.

The hideout served as the base for a terrorist cell, 11 of whose members were captured in the Nablus casbah a month ago. The cell is believed to have many more than 11 members, security sources said.

Described as an underground arsenal, the base was concealed behind the kitchen of a home in the West Bank town. Its discovery was announced a day after Israeli officials said they uncovered a terrorist cell in the Israeli Arab village of Tamra, in Galilee.

Both cells were allegedly linked to Al Fatah, the guerrilla arm of the mainstream PLO.

According to security sources, the concealed room in Nablus served as a hiding place for terrorists. It contained a bed, dresser and a neon lamp and had no outside ventilation.

Rifles, pistols, ammunition, uniforms, helmets, binoculars and bandages were found in the room, along with documents the Israelis said proved their claim that the PLO continues its underground sabotage activities.

**IDF WILL NOT COMMENT ON REPORTS  
OF SHELING OF HEZBOLLAH IN LEBANON**
**By Hugh Orgel**

TEL AVIV, July 31 (JTA) -- The Israel Defense Force has declined to comment on reports that it has taken part in a mini-civil war raging between rival militias and guerrilla bands in southern Lebanon.

If the reports are correct, however, the IDF's involvement would ironically be in support of factions that include the Palestine Liberation Organization against the pro-Iranian, Islamic fundamentalist Hezbollah (Party of God).

Moreover, the Moslem Shi'ite group Amal is also reported to have joined in the fighting, along with its traditional foes.

According to some reports, Israeli tank fire killed 10 Hezbollah guerrillas and wounded four in Jarjouh village Monday.

Over 200 Lebanese have been killed and more than 600 wounded in fighting during the past two weeks, which has been marked by shifting alliances, according to the reports.

Gen. Dan Shomron, IDF chief of staff, told reporters in the region that Israel has no intention of interfering in Lebanon's internal wars unless the situation threatens Israel's security.

In Tel Aviv before the reported Israeli shelling, Defense Minister Moshe Arens said Israel would intervene if it felt imperiled.

Although "we wouldn't be happy to get involved," Arens said, "we will act if our interests are in danger."

The current fighting is taking place about 11 miles north of the Israeli border.

Shomron visited the southern Lebanon secur-

ity zone Sunday, accompanied by Maj. Gen. Yossi Peleg, commander of the northern region. They conferred with Gen. Antoine Lahad, commander of the Israel-backed SLA.

Reports from the area said IDF tanks have fired at Hezbollah positions under siege by the rival Shi'ite Moslem Amal militia, temporarily supported by the PLO.

The latest clashes started on July 16, when the pro-Syrian Amal tried to retake five villages in the Iqlim al-Toufah region, which Hezbollah captured in fierce fighting last December.

Amal and Hezbollah have been competing for the loyalty of the native Shi'ite population. Hezbollah and the PLO are vying for leadership in the Palestinian uprising in the territories.

In this round of fighting, fighters of Al Fatah, the main wing of the PLO, were deployed on hilltops overlooking the battle zone, ostensibly to ensure the safety of Palestinian refugee camps east of Sidon.

The PLO sided with Amal against Hezbollah, apparently because it fears the spread of Moslem fundamentalism.

Islamic Resistance, an umbrella organization of pro-Iranian groups that includes Hezbollah, said the Israeli attacks bolster its resolve to continue to struggle against Israel.

"The war against Israel is a legitimate duty which cannot be abandoned," Islamic Resistance said in a statement.

**ISRAEL'S LEFT-WING CONTINUES DEBATE  
ON REFUSING TO SERVE IN TERRITORIES**
**By David Landau**

JERUSALEM, July 31 (JTA) -- Israel's small left-wing political community is stirred up over whether to support soldiers who refuse to do their required military service in the administered territories.

The Citizens Rights Movement has split sharply over the issue -- while it opposes the Israeli presence in the territories, its leadership draws the line in principle against the refusal of military duty.

Yossi Sarid, a member of its Knesset faction, argued that refusal to serve could undermine the Israel Defense Force and give comfort to Israel's enemies in Syria and Iraq.

But others in the CRM believe soldiers who would sooner go to jail than fire tear gas or rubber bullets at young Palestinian stone-throwers should get moral support and even honor.

The issue arose after 43 CRM elected officials signed a newspaper advertisement which offered encouragement to a CRM city councilman from Ramat Gan who did just that.

Yesh Gvul, a movement that gives moral and material support to IDF reservists who refuse as a matter of conscience to serve in the territories, welcomed the controversy, because it brought the issue of refusal to serve into the headlines.

The CRM central committee, meeting in Tel Aviv on Sunday night, overwhelmingly adopted a resolution reiterating the party's "rejection of refusal and of encouragement of refusal." Nevertheless, Yesh Gvul and many other Israelis of diverse political persuasions believe the much-publicized CRM discussion marks a general aware-

ness of the refusal phenomenon, which gnaws at a small but important part of Israeli society.

While Yesh Gvul itself is marginal and is not considered an influential source, the CRM is certainly neither marginal nor able to be dismissed. It sees itself, and many observers see it, as part of the political mainstream.

Only five of the 70 members attending the CRM Central Committee meeting favored a clause "expressing understanding for the refusal by individuals who are prepared to pay the price for their action."

It was proposed in defense of the controversial advertisement that appeared last Friday. During the debate, a former IDF chief education officer, Mordechai Baron, said that if he had been asked to sign the advertisement, he would gladly have done so.

"Every morning, I ask myself what can I do to try to help end this occupation," said Baron, a former CRM Knesset member.

From Yesh Gvul's point of view, the episode was a singular success, if only because the sacrifices of the 116 IDF officers and soldiers jailed for refusing to serve in the territories since the intifada began has forced itself upon the public mind.

Sarid continued to argue Sunday that if he and other CRM leaders endorsed refusal, thousands of young Israelis, including many officers, might take their cue from the people they voted for in the Knesset elections and refuse to enlist for reserve duty.

"I am not sure that (Iraqi president) Saddam Hussein and (Syrian president) Hafez Assad will see the refusal in the right light," Sarid said Sunday.

### Sap IDF's Strength

Some independent observers have warned that if refusal took hold as a mass movement, it could quickly sap the IDF's strength.

They recalled the pervasive and profound problems of morale and discipline during the latter stages of Israel's occupation of southern Lebanon in 1983 to 1984.

An important difference, however, is that at that time, IDF personnel were being killed and wounded almost daily, while in the intifada, that is not the case.

The fact is that after nearly three years of intifada, the number of what are now being referred to as refuseniks is tiny.

Behind them, however, as every reservist knows, is a much larger number of officers and ranks who manage either to be abroad or otherwise engaged when their call-up time rolls around, or who manage, through personal contacts, not to get assigned to the territories.

Israel's leading newspaper Ha'aretz, in a carefully worded editorial Monday, gave voice to the unease felt by many left-wing Israelis.

"We should not support the spread of refusal," the paper said. "But it would be proper to point to refusal as an almost inevitable phenomenon in a society which is deeply divided by a dangerous and controversial policy.

"The government's policy is leading us along a mistaken path. It is this policy which has resulted in the determination of the handful of refuseniks. Their personal and public decision, for which they suffer lawful punishment, must serve as a warning sign for Israeli society: it signals a moral distress whose force and profundity cannot be ignored."

### **ISRAEL TO LAUNCH RADIO NETWORK FOR SOVIET AND ETHIOPIAN OLIM** **By Hugh Orgel**

TEL AVIV, July 31 (JTA) -- The Israel Broadcasting Authority plans to establish a new radio network to help immigrants from the Soviet Union and Ethiopia integrate more quickly into Israeli life.

It will broadcast in Russian and Amharic, the language of Ethiopia.

The IBA, a quasi-governmental agency, is acting on the recommendation of Minister of Education and Culture Zevulun Hammer. He proposed that it broadcast Hebrew lessons, lectures on Jewish festivals, values, traditions and Israel's geography for the benefit of the immigrants.

At present, radio programs for immigrants consist of news bulletins aired three times a day in five- to 15-minute segments. The new network could provide jobs for immigrant journalists, producers and other professionals, Hammer suggested.

### **ON EVE OF LEVY'S VISIT WITH BAKER, ISRAEL SEEMS FIXED AGAINST U.S. PLAN** **By Hugh Orgel**

TEL AVIV, July 31 (JTA) -- An Israeli commentator indicated Tuesday that on the eve of Foreign Minister David Levy's first meeting with U.S. Secretary of State James Baker, the Likud government has not budged from its rejection of the U.S. formula for peace talks with the Palestinians.

"In anticipation of his meeting, we are witness to an unprecedented phenomenon," Shimon Shifter wrote in Yediot Achronot.

"His (Levy's) office, the political establishment, the government and the ministerial defense committees have not participated in formulating the positions which the foreign minister will discuss in the United States," Shifter wrote.

"Not one senior minister has demanded a discussion before the visit," he added.

"Among those close to the prime minister, there is a feeling of satisfaction and calm concerning the manner in which the foreign minister has conducted himself and statements he has made regarding the political process," Shifter noted.

He said that the hard-line ministers are satisfied that at the meeting, scheduled for Aug. 9 or 10, Levy will not digress from the policies of constraint they formulated, and therefore are not disturbed by reports that he has moderated his positions somewhat since taking office.

"Reports arriving from Washington also indicate that Washington understands that Israel has its mind made up and that a breakthrough cannot be expected from this government," Shifter wrote.

Therefore, he added, "The sense of urgency which characterized the U.S. administration's activity in connection with the Israeli-Palestinian conflict in the past has been diverted to other areas of conflict."

The Israeli government, for its part, "has decided to lower its profile in the political sphere and concentrate on immigration and absorption matters," Shifter said.

His reading of the situation, if accurate, means that the long-standing conflict between Washington and Jerusalem over Israeli peace moves toward the Palestinians are far from resolved but have been put indefinitely on hold.

## ADMINISTRATION INCREASINGLY WORRIED OVER ISRAELIS MOVING BEYOND '67 BORDERS

By Howard Rosenberg

WASHINGTON, July 31 (JTA) -- The Bush administration is concerned that Israel's housing squeeze may lead a growing number of Israelis, not just Soviet immigrants, to settle beyond its pre-1967 borders.

"Financial incentives to settle in the territories continue to exist," John Kelly, assistant secretary of state for Near Eastern and South Asian affairs, told a House subcommittee Tuesday. As the population grows within the so-called Green Line, the pre-1967 borders, more Soviet Jews and others "may be going to the settlements," he said.

Kelly said less than 1 percent of Soviet immigrants have settled in the West Bank or Gaza Strip in the past year, but warned that in that period, the territories' overall Jewish population grew by 10,000 to 12,000 people.

Ruth Yaron, spokeswoman for the Israeli Embassy here, could not confirm the population growth, but she said "it's difficult to argue with the trend" that there is population growth in the territories due to the housing shortage. She said 75,000 to 80,000 Jews now live in the territories.

One Israeli observer here criticized Kelly's statement before the House Foreign Affairs subcommittee on Europe and the Middle East as "very similar to the argumentation that King Hussein (of Jordan) is using."

At its June summit in Baghdad, the Arab League criticized both Soviet Jewish immigration to the territories as well as immigration to Israel proper.

### Housing Loan Guarantees

Also in his testimony, Kelly affirmed administration support for the \$400 million in housing loan guarantees for settling Soviet Jews in Israel proper, as signed into law by Bush in May.

The United States has yet to ask Israel for certain assurances about where they settle Soviet Jews, which has been one of its conditions for giving Israel the green light to seek the \$400 million in loans from commercial banks.

Kelly, however, said he expected those concerns to be worked out in the "near future. I would hope for a rapid wrapping-up of the matter," Kelly said.

Two possible wrap-up dates are Aug. 9 or 10, when Secretary of State James Baker and Israeli Foreign Minister David Levy are scheduled to meet here. But a State Department official said it is unlikely that the issue would be resolved by then.

On other matters, Kelly said there is "no conclusive evidence that Israeli cluster bombs have been used" in Ethiopia by government forces.

At the hearing, Rep. Mel Levine (D-Calif.) charged that President Bush "pointedly omits" the name of Israeli Prime Minister Yitzhak Shamir in his public statements when he commends Egyptian President Hosni Mubarak and Jordan's King Hussein for making positive contributions to the region.

"It is unfortunate," he said, that at the highest level of government, "there has been allowed, by calculation or default, a process to develop where there is no warmth between the president of the United States and the government of Israel."

## KIDS FROM USSR, EASTERN EUROPE, PARTICIPATE IN ZIONIST PROGRAMS

David Landau

JERUSALEM, July 31 (JTA) -- An elderly Israeli, originally from Poland, and his grand-nephew, whom he had never met before, sit silently. The interpreter, whom the World Zionist Organization's Youth and Halutz Department has provided to communicate between them, weeps instead of interpreting. The poignancy of the encounter is too much for him.

That recent scene, at the department's campus at Kiryat Moriah in Jerusalem, aptly reflects the new realities with which this veteran department is now dealing, says the new chairman, Ze'ev (Bill) Levine.

Elected unanimously at the recent session of the Zionist General Council, Levine represents the World Confederation of General Zionists on the WZO Executive.

Levine, 55, had his first contact with Israel as a participant in a Youth and Halutz Department summer program in 1957. He is now responsible for an array of programs that are bringing 5,000 Jewish young people to Israel this summer and 9,000 in all of 1990.

Levine is gratified by those figures. They are up from last year, though not on a par with the early 1980s, when the department shepherded more than 11,000 youngsters a year on a variety of programs in Israel.

Among the groups coming this year are three from the Soviet Union, comprising a total of 135, and one from Poland, Romania and Czechoslovakia, comprising 80 participants, all of them assembled with the assistance of the American Jewish Joint Distribution Committee in those countries.

### Program Called Shorashim

The Soviet groups include a party of technologically gifted children, who are spending six weeks at a program in the development town of Carmiel, run jointly by the WZO department and ORT.

Another, more general program for Soviet Jewish youth is called Shorashim ("roots"). It includes their first-ever visit to a well-stocked supermarket, Levine noted.

Finally, Kinor ("violin"), a 28-member dance and Jewish folklore group from Riga, will give several public performances during its stay in Israel.

Levine, who formerly headed the WZO's Organization Department, says he emphasizes the Youth and Halutz Department's links with the estimated 20,000 to 40,000 madrichim, or group leaders active among Jewish youth movements all over the world.

In an age of accelerated polarization within Jewish communities, their task is twofold, Levine said.

They must deepen the commitment of the committed, and stanch the constant hemorrhaging toward apathy and alienation, he explained.

This summer, the Youth and Halutz Department has dispatched more than 400 madrichim and counselors from Israel to help run summer camps in Jewish communities in the Diaspora, coordinated with the American Zionist Youth Foundation.

Most of these leaders are headed for the United States, where, says Levine, 90,000 Jewish kids go to more than 400 camps "of which we reach maybe 100."

**NEWS ANALYSIS:**

**CLASH BETWEEN SHARON AND MODA'I ON SOVIET OLIM A BATTLE OF WILLS**

By Gil Sedan

JERUSALEM, July 31 (JTA) -- The clash between two ambitious Likud ministers over priorities for Soviet olim is as much a matter of hard facts as it is of strong wills.

Ariel Sharon, the retired general whose brilliant tactics made him the only hero to emerge from the 1973 Yom Kippur War, believes in quick, bold action.

As minister of construction and housing, he has staked his political career on a crash program with a \$13.5 billion price tag, which will provide housing for 1 million immigrants expected over the next five years.

Without it, Sharon warns, Israel will be consumed by social unrest.

Moda'i, a former and present finance minister, is a tireless politician who does not leap at quick solutions. He has announced his opposition to Sharon's program on grounds it will lead to devastating inflation and unemployment.

As far as Moda'i is concerned, jobs take precedence over housing. In his view, until they find adequate employment, the newcomers can live in tents or tin huts if necessary.

Moda'i, like Sharon, has based his political future on this issue.

He and Sharon, fierce hard-liners on most policy matters, share the ambition to replace Yitzhak Shamir as leader of Likud and prime minister. They allied themselves last year against Shamir's peace initiative, which called for Palestinian elections in the West Bank and Gaza Strip, and virtually brought it to a halt.

**Wants Quick Solution**

Now the former allies are at swords' point.

Sharon, bitterly criticized for his incursion into Lebanon in 1982, now wants to achieve a quick solution to the pressing housing shortage. He wants to achieve this by unorthodox means, such as the massive import of temporary housing.

Impatient with bureaucracies, he also wants to circumvent the planning and zoning laws and grant tax incentives.

After the High Court of Justice abrogated Sharon's emergency powers earlier this month, he appeared last Sunday before the Cabinet and asked for Knesset legislation to reinstate those emergency powers.

Among Sharon's plans are the purchase of 50,000 mobile homes and 40,000 prefabricated homes over the next two years, at an estimated cost of \$3 billion.

His plans also call for the government to build 45,000 apartments this year and about 60,000 more every year for the next four years.

Sharon would refurbish some 8,500 units belonging to the government-owned Amidar housing company. He would temporarily house some of the immigrants in hotels, guest houses, hostels, army camps and kibbutzim.

The housing minister went on television Tuesday to convince the public. He warned that if there is no immediate solution to the housing problem, aliyah may be halted.

Moda'i, who claims credit for reducing inflation from triple to double digits while he was finance minister in 1985, does not want galloping inflation to return while he holds that office again.

But Sharon fears the potential of a social explosion is so great that one cannot wait for gradual solutions.

He sees not only the pressing needs of the immigrants but also the growing tension among the settled Israelis, especially young couples who cannot find affordable housing.

He is shrewd enough a politician to know he does not have much time. He must show some results by the 1992 Knesset elections or be blamed for the housing crisis.

On the other hand, if the crisis is averted, the credit would be mostly his.

Turning his back on his former constituency when he was minister of industry and trade in the last government, Sharon now wants to import houses against the immediate interests of local manufacturers and builders.

It is "the only way to cope with the situation," he told the television audience.

Moda'i, strictly a man of finance, warns that Sharon's demand for an immediate \$3 billion addition to the state budget for absorption purposes could cause an 8.5 percent budget deficit.

"There is no Western economy that is capable of living with such a deficit," he said last week.

Moda'i is also well aware that even if the housing shortage is relieved, an unstable economy could still shake Israeli society and end the flow of immigrants.

To create jobs requires a revival of the faltering economy, which requires time.

That was behind Moda'i's blunt statement last week that immigrants could just as well live in temporary housing, like the hideous ma'abarot of the early '50s, when waves of immigrants were pouring in from North Africa.

**HOMELESS OCCUPY ABSORPTION CENTER  
DESPITE JEWISH AGENCY HOUSING OFFER**

By Gil Sedan

JERUSALEM, July 31 (JTA) -- Twenty homeless families continue to occupy the Jewish Agency's absorption center in Jerusalem's Gilo neighborhood, which they seized over the weekend despite an offer to make housing units available to them.

The offer was made by Meir Shetreet, acting chairman of the World Zionist Organization Executive and treasurer of the Jewish Agency and the WZO.

He proposed that the agency would turn over 64 apartments at the center to the Housing Ministry. The ministry agreed to allot them to needy young couples at a public tender.

But the squatters refused to leave. After meeting with ministry officials Monday, they fortified themselves at the absorption center and insisted they would not leave until assured of proper housing.

No move was made to evict them.

They are typical of the hundreds of Israeli families made homeless by soaring rents.

Voice of Israel Radio meanwhile, reported Monday that a company in Luxembourg presented a plan to the government this week to build 60,000 new apartments in Israel, to be let at low rents.

According to the report, the apartments would be leased to the government, which would rent them at a deficit to low-income families.

A four-bedroom apartment would rent for under \$300 a month, the radio report said.