

**ISRAEL EXPECTED TO TELL U.S. SHORTLY
IT'S READY TO ATTEND PEACE CONFERENCE**
By David Landau

JERUSALEM, July 22 (JTA) -- Israel is expected to agree in the next few days to attend the Middle East peace conference that the United States has been trying to arrange since the end of the Persian Gulf War.

Remarks by Prime Minister Yitzhak Shamir at a Cabinet meeting Monday and to reporters later indicated that Secretary of State James Baker would soon have the favorable response he is seeking from Jerusalem, enabling him to start arrangements for the conference.

Shamir said Monday night that Israel and the United States had agreed on the key point that only residents of the West Bank and Gaza Strip could represent the Palestinians at the proposed peace talks.

But the Israeli government is still seeking clarifications from the United States on a number of procedural issues, including the precise U.N. role and the circumstances under which the conference would be reconvened once direct negotiations between the parties had begun.

Assuming that the U.S. clarifications are acceptable, Israel will "consult and then respond" to the U.S. proposals to convene a conference, Shamir said. He would not say how long that might take, but officials here were speaking of days rather than weeks.

It is "very possible indeed" that Israel and the Arabs will be talking peace before the year is out, the prime minister told reporters at the festive opening here of the 77th annual convention of Hadassah, the women's Zionist organization of America.

In Washington, White House National Security Adviser Brent Scowcroft was quoted as telling reporters Monday that President Bush would like to have an Israeli response before he leaves for his summit meeting in Moscow next week with Soviet President Mikhail Gorbachev.

Syrian Move Represents 'A Change'

While the Israeli government was not ready to provide that response before Baker's departure from Israel on Monday, it has clearly undergone a dramatic shift in tone, if not policy.

Syrian President Hafez Assad's agreement last week to participate in the peace conference was greeted with strong skepticism by Israeli officials before Baker's arrival here Sunday evening.

But Monday night, Shamir was describing it as "a change. Perhaps it is a tactical change, but it is still a change," he said. He expressed hope that Syria would be among the parties talking directly to Israel in the near future.

The Israeli Cabinet met hours after Baker left for Kuala Lumpur, Malaysia. The secretary told reporters at the airport that "a moment of historic opportunity" was at hand.

According to Baker, Israel stands at the threshold of achieving its long-sought goal of direct negotiations with the Arab states. "Now there is an opportunity to get these direct negotiations," he said.

Baker left behind two senior State Department aides who will work with Israeli officials

over the next few days on the clarifications Shamir needs before announcing his decision.

They are Dennis Ross, head of the department's policy planning staff, and John Kelly, the assistant secretary of state for Near Eastern and South Asian affairs.

U.S. officials here indicated Baker would like to have the conference in October. Shamir's preferred venue was said to be Washington.

The prime minister was described as being in a "good mood" when he convened his Cabinet on Monday. He stressed the U.S. impression that Syria's turnabout on negotiations was historic, adding that "Israel's position is not at all bad."

Opposition From Sharon

His strongest support in the Cabinet came from Interior Minister Arye Deri of the Orthodox Shas party, who urged the government to set aside "technical issues" of procedure and announce its acceptance of the American plan without delay.

Deri believes the Syrian shift is genuine. But even if it is merely a ploy, it is in Israel's interests to accept and "put the ball back in the Syrian court," the minister said.

Foreign Minister David Levy gave an upbeat summary to reporters after the Cabinet session. He said the United States had given no assurances to the Arabs, "and especially not to the Syrians, behind our backs."

But the Cabinet is far from unanimous. Likud's right-wing coalition partners, the Tehiya, Moledet and Tsomet parties, totally oppose the U.S. initiative.

Should Israel attend the peace conference, they, with their seven Knesset members, would pull out of the government, they warned.

Shamir also came under fire from Likud hard-liner Ariel Sharon and the minister of economics and planning, David Magen.

Both warned that the Syrian shift is more tactical than tangible, and they urged Israel not to accept the American terms for a conference.

Sharon, who is minister of housing, told an audience of Jewish settlers in the West Bank town of Efrat on Monday evening that "sadly there is no change. The Arab attitude continues to be one of unbridled hatred of Israel."

**BAKER'S TALKS WITH PALESTINIANS
CREATE A RIFT IN THE TERRITORIES**
By Gil Sedan

JERUSALEM, July 22 (JTA) -- U.S. Secretary of State James Baker's talks with a group of Palestinian leaders here Sunday has opened a deep rift in the Palestinian political community on the issue of peace talks with Israel.

The rejectionist camp has mounted a bitter personal campaign against Faisal Hussein, the East Jerusalem activist whom it considers too prone to compromise.

Hussein headed the group that met with Baker, which apparently agreed to the U.S. proposal for a joint Palestinian-Jordanian delegation to negotiate directly with Israel. Jordan's King Hussein had given his assent to Baker earlier.

But the Popular Front for the Liberation of Palestine, the Democratic Front for the Liberation

of Palestine and the Women's League in the administered territories denounced the plan at a news conference here Monday.

They called it "an American conspiracy to push the Palestine Liberation Organization out of negotiations and fill their places with local representatives."

Speakers for the rejectionist front warned that if the fate of the Palestinian people is determined by a joint delegation, a Palestinian autonomy plan dictated by Israel will result.

They demanded instead negotiations that would lead to an independent Palestinian state with Jerusalem as its capital.

The rejectionists said they were preparing a petition against the Baker initiative among supporters of Al Fatah, the largest and strongest PLO faction.

The Popular Front is said to have made death threats against Hussein. Leaflets have appeared in East Jerusalem opposing his talks with Baker.

Hussein insisted, however, that he did not get the impression from Baker that the United States had abandoned the idea of Palestinian representation at a regional peace conference.

Nor are the Palestinians dropping their demand to include representatives from East Jerusalem in their delegation, Hussein said. Israel, for its part, refuses to negotiate with East Jerusalem Arabs on grounds that it would compromise Israel's claim to sovereignty over the united city.

BEHIND THE HEADLINES:

ARAB BOYCOTT FAILED TO BREAK ISRAEL, BUT LIFTING IT COULD BRING BENEFITS
By Gil Sedan

JERUSALEM, July 22 (JTA) -- Israeli leaders have reacted angrily to an Arab proposal to end the economic boycott against Israel on the condition that Israel freezes settlement activity in the administered territories.

"Goyishe chutzpah," were the words Deputy Foreign Minister Binyamin Netanyahu used to describe the offer, and Defense Minister Moshe Arens called it "more of a gimmick than a sincere proposal."

Privately, however, the Israelis have cause for satisfaction.

The tradeoff proposed by oil-rich Saudi Arabia and concurred with by economically battered Jordan was an admission by the Arabs that, after four decades of military and economic pressure, Israel cannot be defeated.

It is a tacit acknowledgment that the Jewish state is an integral part of the Middle East and will remain so, a premise from which peace should logically follow.

The boycott has hurt Israel's economy, but never crippled it. Its worst effects have been to inhibit foreign investments, not Israel's trade with the rest of the world.

Much of the damage was cushioned by foreign aid, chiefly from the United States and from what had been West Germany until East and West Germany united last year.

Nevertheless, Israelis admit that had there been no boycott, their economy could have grown more robustly and the need for foreign aid could have been reduced by 10 percent, with savings of hundreds of millions of dollars annually.

The boycott has several levels. The primary boycott bans any form of trade or economic relations between the Arab League member states

and Israel. It was broken only by Egypt, which signed a peace treaty with Israel in 1979.

The primary boycott predates the Jewish state. It was initiated against the Yishuv, the Jewish community in Mandate Palestine, in 1946, two years before Israel's independence.

A secondary boycott developed over the years. Aimed first against non-Arab companies that traded with Israel, it was expanded to include companies that trade with companies which do business with Israel.

U.S. Began Fight In 1977

That is the basis of the notorious blacklist of hundreds of companies, published biannually by the Arab League Boycott Office in Damascus. It prompted many enterprises around the world to avoid business ties with Israel.

For years, such multinational giants as Pepsi Cola, Toyota and Nissan boycotted Israel.

According to Foreign Ministry sources, about a quarter of the big European corporations selling products to Israel refused to buy from Israel, even when the prices were competitive, for fear of repercussions from Damascus.

The boycott became a political issue in the United States. In 1977, Congress passed laws barring U.S. companies from complying with boycott rules, even if it meant losing contracts, exports and jobs. There was a corresponding increase in trade between the United States and Israel.

Four of the 12 European Community states -- Belgium, France, Luxembourg and Holland -- passed similar legislation. But to the extent that the other E.C. countries failed to pass anti-boycott laws, the struggle there was less effective.

The official Israeli view distinguishes between the primary boycott, which Jerusalem considers a legitimate issue for negotiations, and the secondary boycott, which has nothing to do with Israeli-Arab relations.

According to Israel, the secondary boycott should be dropped as a precondition for peace negotiations. By no means should the Arabs be rewarded by Israeli concessions on this issue, Israeli leaders believe.

The Arab boycott has always contained loopholes and means of circumvention. Its importance diminished in recent years until the boom in Soviet aliyah to Israel.

Recent Promising Signs

A year ago, the Arab League instructed the boycott office to add to its blacklist all foreign companies that in any way assisted aliyah. These included airlines, shipping lines, hotels and housing construction companies.

But while the boycott itself made no dent on aliyah, the shortage of foreign capital investments in Israel reduced its ability to create jobs for immigrants, causing many to postpone their plans.

Since the Persian Gulf War, there have been many promising signs with respect to the boycott.

Toyota, Nissan and Mazda, under U.S. pressure and perhaps attracted by the Israeli market, have agreed to sell their cars in Israel.

Coca-Cola, unavailable in the Arab world for a generation because of its bottling plants in Israel, was recently taken off the blacklist, though not the publications of British-Jewish media magnate Robert Maxwell.

Now the Persian Gulf emirates, particularly Kuwait, indicate they will reduce their participation in the boycott, though they have not formally renounced it.

TWO ARABS WITH KNIVES STAB PETACH TIKVA FACTORY OWNER

By Gil Sedan

JERUSALEM, July 22 (JTA) -- A 59-year-old Petach Tikva factory owner was severely wounded by two Arabs who stabbed him at his plant after hours Sunday afternoon.

Avraham Caldero was reported in stable condition Monday after surgery for removal of an injured kidney. He sustained multiple stab wounds all over his body.

The assailants, identified as former employees of Caldero's plastics products plant, were arrested after they were found hiding in a junk pile near the factory. Both are residents of Tulkarm in the West Bank, in their early 20s.

They were being questioned in connection with recent murders in the area.

According to police, Caldero was alone in the empty factory when the two men, whom he reportedly knew, approached and asked for work. He turned them down and they attacked him.

The police believe, however, that the motive was nationalistic rather than personal. Stabbings of Jews by Arabs in Israel proper, as well as in the administered territories, have become one of the most troubling aspects of the intifada lately.

A 17-year-old Palestinian girl was taken into custody Saturday after inflicting knife wounds on a border policeman in Jerusalem's Old City.

Sunday's incident occurred shortly before U.S. Secretary of State James Baker arrived in Jerusalem for diplomatic talks.

A Palestinian man stabbed four Jewish women to death in Jerusalem in March, a day before Baker was due on his first mission after the Persian Gulf War.

SHARON STILL FIGHTING IT OUT WITH MEDIA OVER LEBANON WAR

By David Landau

JERUSALEM, July 22 (JTA) -- Ariel Sharon is still slugging it out with the media over his role in the Lebanon war.

In 1986, after a lengthy and highly public fight, Sharon and Time magazine settled out of court following a libel suit he had brought against the American magazine for an article it ran on his alleged involvement in the 1982 massacres at the Sabra and Shatila refugee camps in Beirut.

Now, Sharon has filed a libel suit against Israeli daily newspaper Ha'aretz and one of its columnists, Uzi Benziman. This, too, revolves around Sharon's alleged connections to the killings, which were perpetrated by Lebanese Christian Phalangist militia.

This latest suit could become "the political trial of the decade," commentators here say.

The outspoken Likud minister, one of Israel's most controversial politician, claims he was maligned by Benziman in a column published in May.

It alleged that Prime Minister Menachem Begin was duped by Sharon into the Lebanon war in 1982, when Sharon was defense minister.

Sharon, who filed suit in Jerusalem District Court last week, is asking half a million shekels in damages, the equivalent of about \$210,000.

A decision in favor of Sharon would significantly boost his chances to succeed Yitzhak Shamir as leader of the Likud, when the 75-year-old prime minister decides to step down, and could place Sharon in the offing as Israel's next prime minister.

Observers point out that Sharon has had good luck in the courts, citing the outcome of his libel suits against Time magazine both in the United States and Israel.

The Tel Aviv District Court in September 1985 awarded Sharon \$2,000 for trial costs in his Israeli suit against Time and ruled the magazine had defamed him.

In the American courtroom, Time, in exchange for Sharon's dropping his libel action, was ordered to agree that its cover story of Feb. 21, 1983 had been "erroneous" and to pay part of Sharon's legal fees.

Under Israeli law, it is not necessary to prove malice in a libel suit. One must only prove a story was false and defamatory.

Benziman's comments appeared, ironically, in the context of an article praising Sharon's accomplishments as Israel's housing czar.

"Menachem Begin knows full well that Sharon duped him," Benziman wrote, "but he does not want to hide behind the ample back of his defense minister his own responsibility, as prime minister, for the war, its ups and downs, its final outcome and, above all, its cost."

Sharon is said to plan to call Begin to the witness stand or, failing that, obtain a sworn deposition from the former prime minister, who has been a semi-recluse since his surprise resignation in 1983.

FRENCH TEACHERS UNION PROTESTS TEST QUESTIONS ON NAZI GERMANY

By Michel Di Paz

PARIS, July 22 (JTA) -- The French Teachers Union is up in arms over a high school history examination given in Toulouse which, they say, extols the economic progress made by Nazi Germany before World War II.

"The subjects (of the questions) led the pupils to praise Hitler's regime," the union contended in letters of protest to President Francois Mitterrand and the Education Ministry.

But Pierre Cadars of the ministry's Toulouse branch in southwest France said the union had gone too far.

"The pupils had occasion during the academic year to study Nazism, and they learned perfectly well that behind the appearance of economic success, there lurked a monstrosity," Cadars said.

He added that, after all, the questions had not been written by French Holocaust rejectionist Robert Faurisson.

But the teachers were not satisfied. They said it is impossible that the commission controlling the curriculum and the persons in charge of choosing examination subjects were unaware of the kind of answers the questions elicited.

"We assume it was not a mistake, especially as those who wrote the questions belong to the local branch of the Ministry of Education, which the extreme right wing is known to influence," they wrote.

Five exam questions related to the economy of the Third Reich included parts of a speech by Hitler to the Reichstag in 1939 and charts showing the improvement of Germany's economy since the Nazis took over in 1933.

The students were required to base their answers on that material which, the union says, conveyed the message that Hitler set Germany on the road to recovery from the depression and that fascism can resolve economic problems.

GRAND MUFTI HUSSEINI ASKED HITLER TO HELP WITH ARAB 'FINAL SOLUTION'

By Tom Tugend

LOS ANGELES, July 22 (JTA) -- Haj Amin al-Husseini, the notoriously anti-Jewish grand mufti of Jerusalem, sought Adolf Hitler's help for an Arab version of the "Final Solution" to the Jewish problem, according to the Simon Wiesenthal Center.

The center made the statement after analyzing documents uncovered at the United Nations Archives in New York.

The mufti wielded considerable power as both the religious and nationalist leader of Arabs in Palestine and beyond during much of the British mandatory period.

He fled to Nazi Germany in late 1941 and started a systematic drive to extend the Nazis' anti-Jewish policies and methods to the Arab Middle East, anticipating an Axis victory.

One significant aspect of the find, said Rabbi Marvin Hier, dean of the Wiesenthal Center, is that it counters the longstanding argument among many Palestinians that while they had no part in Hitler's persecution of the Jews, they are paying the price for his crimes.

"The documents, in fact, show that the dominant leader of the Palestinian Arabs wanted to do to the Jews of the Middle East what Hitler was doing to the Jews of Europe," Hier said.

After participating in a short-lived pro-German coup in Iraq, Husseini arrived in Berlin on Nov. 6, 1941, and over the next few months sent Hitler 15 drafts, proposing an official declaration by Germany and Italy on the Middle East.

In one of the French-language drafts, annotated in Arabic in the mufti's handwriting, he urged inclusion of the following statement: "Germany and Italy recognize the illegality of the 'Jewish Home in Palestine.'"

"They accord to Palestine and to other Arab countries the right to solve the problem of the Jewish elements in Palestine and other Arab countries, in accordance with the interest of the Arabs and, by the same method, that the question is now being settled in the Axis countries.

"Under this agreement, no Jewish immigration into the Arab countries should be permitted."

'Fighting The Jews Without Respite'

At that time, the extermination of the Jews was already in full swing in the conquered Soviet territories, so there is little doubt what the mufti meant by solving the Jewish problem "by the same methods" employed by the Axis, Hier said.

Husseini had a chance to press his points with the fuhrer personally during a 90-minute meeting in late November 1941, which the mufti recorded in his own handwriting in a diary.

Hitler, according to the diary, assured the mufti that the Jews were his foremost enemy.

"Primarily, I am fighting the Jews without respite, and this fight includes the fight against the so-called Jewish National Home in Palestine, because the Jews want to establish there a central government for their own pernicious purposes," the Nazi leader said.

"It is clear that the Jews have accomplished nothing in Palestine, and their claims are lies. All the accomplishments in Palestine are due to the Arabs and not the Jews," he said. "I am resolved to find a solution for the Jewish problem, progressing step by step without cessation."

While "our common enemies are Great Brit-

ain and the Soviets," said Hitler, "behind them stands hidden Jewry, which drives them both."

Despite these heartfelt assurances, Hitler put off the mufti's pleas for an official Axis declaration of support for the Arabs. The right time for such a statement, Hitler said, would be after his armies conquered the Soviet Union's southern Caucasus region, probably in 1942, opening the road to Iran and Iraq.

As it turned out, the Red Army successfully defended the southern Caucasus against the Nazi onslaught.

Continued Fight Against Jews

Husseini remained in Germany throughout the war, met again with Hitler, with SS leader Heinrich Himmler, and apparently with Adolf Eichmann, and "toured" some of the main extermination camps as guest of their commandants.

In 1945, the government of Yugoslavia under former partisan leader Marshal Iosip Tito sought to indict him as a war criminal for his role in recruiting 20,000 Moslem volunteers for the SS, who participated in the killing of Jews in Croatia and Hungary.

He escaped from French detention in 1946 and continued his fight against the Jews, from Cairo and later Beirut, where he died in 1974.

The documents detailing Husseini's petitions and meeting with Hitler were found in the mufti's villa in Germany in 1945. They were transmitted to the United Nations Archives, with copies and some of the documents also held by the U.S. National Archives in Washington and the archives of the Federal Republic of Germany.

The U.N.-held documents were researched over a month's period by Mark Weitzman of the Wiesenthal Center's New York office.

Why weren't the documents discovered earlier? "It's a matter of what to look for and where to find them," said Weitzman, pointing out that incriminating documents on the wartime service of Kurt Waldheim, the Austrian president, also lay undiscovered for decades in the same archives.

The Husseini family continues to play a role in Palestinian affairs, with Faisal Husseini, whose father was the mufti's nephew, active as the leading spokesman for the Palestinian cause.

PLO TRIES TO THWART PAPER'S TAKEOVER

By Jeremy Jones

SYDNEY, July 22 (JTA) -- The Palestine Liberation Organization in Australia is trying to thwart the takeover of Australia's Fairfax newspaper group by a consortium headed by Canadian media magnate Conrad Black, who purchased the Jerusalem Post two years ago.

Ali Kazak, the PLO spokesman in Australia, mobilized opposition among Fairfax staff by charging that the newspapers would lose their "editorial independence" if Black took over.

He cited changes at the Jerusalem Post, Israel's only English-language daily, from "being liberal and open to different views" to "being closed and right wing."

Michael Danby, editor of the Australia/Israel Review, denounced the PLO's efforts and claimed the Post is not closed to liberal viewpoints.

The Fairfax group owns major newspapers, including the Sydney Morning Herald, Melbourne Age and the Australian Financial Review.

It also owns Sydney's Sun-Herald, which the Australian Press Council recently censured for defaming the Jewish community.