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**JEWISH COMMUNITY URGING BUSH
NOT TO SELL SAUDIS F-15 PLANES**

By Larry Yudelson

NEW YORK, Sept. 3 (JTA) -- The organized American Jewish community is strongly urging President Bush not to allow Saudi Arabia to buy as many as 72 sophisticated F-15 fighter aircraft from the United States.

But the community has not decided what course of action to take if the president decides to go ahead with the sale, valued at \$5 billion.

The president is legally required to give Congress 30 days' notice of an arms sale and the chance to vote it down. Sources say formal notification of the sale could come within the next week.

In a statement issued late Wednesday, the Conference of Presidents of Major American Jewish Organizations warned that such a sale "would erode Israel's qualitative edge, upset the military balance in the region and necessarily intensify the Middle East arms race."

The prospective sale was also opposed by the National Jewish Community Relations Advisory Council. Its chair, Maynard Wishner of Chicago, urged Bush in a letter to delay its submission to Congress and to "work instead to implement the guidelines that you yourself proposed requiring restraint in the production and supply of arms to the Middle East."

Both groups also asked Democratic presidential nominee Bill Clinton to oppose such a sale.

But neither the NJCRAC letters nor the carefully worded Conference of Presidents statement said whether the Jewish community would mount a lobbying campaign against the sale if it is submitted to Congress.

"We'll determine our reaction when we're cognizant of the details of the package and its implications," said Malcolm Hoenlein, executive director of the Conference of Presidents.

Already A 'Done Deal'?

In Jerusalem, Israeli Prime Minister Yitzhak Rabin reportedly said that on his recent trip to Washington, he found members of Congress unwilling to fight a Saudi sale.

"I don't like lost battles," he was quoted as saying, implying that he is unwilling to engage in a high-profile battle over the issue a month before the U.S. presidential election.

Earlier this week, reports in the Israeli press suggested Israel would drop its opposition to the sale if the United States persuaded the Saudis to lift the Arab boycott against Israel. According to the reports, Israel views the F-15 sale as a "done deal."

A sale of 72 F-15s would nearly double the number of F-15s in the fleet of the Royal Saudi Air Force.

Even more worrisome to pro-Israel activists is that the model reportedly under consideration for the sale is significantly more advanced than the 50 F-15s in the Israeli air force.

Precisely which version of the F-15 is offered to the Saudis will likely play a major role in the debate over the sale.

Democratic nominee Clinton has stated that under the right circumstances, an F-15 sale to

Saudi Arabia would not affect Israel's security and should be approved.

But the Arkansas governor has also said he opposes arms sales to Arab states that would endanger Israel's strategic edge, citing in particular the role of high-tech enhancements. He has said he would consult Israel about assessing its security needs.

These points were reiterated in a telephone call that Democratic vice presidential candidate Al Gore Jr. made to the Conference of Presidents on Wednesday.

**MIDDLE EAST PEACE TALKS RECESS
WITH THE BALL IN ISRAEL'S COURT**

By Cynthia Mann

States News Service

WASHINGTON, Sept. 3 (JTA) -- The Middle East peace talks recessed Thursday with the onus appearing to be on Israel to come up with responses to Syrian positions when the negotiations resume Sept. 14.

The Israeli-Syrian talks appeared to bear the most fruit early in the latest round of talks, which began Aug. 24.

The acrimonious tone that had characterized previous rounds had given way to a "businesslike" atmosphere, and then Syria surprised the Israelis by submitting a written proposal for a comprehensive peace accord.

But by Thursday, the Syrians were chastising Israel for its failure to respond seriously to its document.

Ambassador Mowaffak Allaf, head of the Syrian delegation, said that while the talks had been "useful," they had not reflected "substantive progress" on the part of the Israelis.

"The only important positive development came from the Syrian side," he asserted. "We have not yet received a serious reaction to this challenge. We hope for it after a resumption of the talks."

The Syrian plan calls for full Israeli withdrawal from the Golan Heights in return for peace and security guarantees. Israel rejects full withdrawal but has taken pains to note that the plan "takes into account" its concerns about security.

Allaf called his document "the first such endeavor to present a well-balanced document containing all essential elements of a just and comprehensive solution" to the Israeli-Syrian conflict.

Indeed, its sweeping nature appeared to take the Israelis off guard, reportedly prompting their request for a 10-day recess during which delegation members will return to consult with the government in Jerusalem.

Allaf said he hoped that when the Israelis returned, they would show fresh evidence that Israel's new Labor-led government had abandoned the hard-line positions of the previous Likud regime.

The Israeli delegation has said it hopes the talks with Syria will produce a finalized text of an agreement by the end of the current round on Sept. 24. But there were also efforts to play down dramatic expectations.

At the Israeli delegation's final press brief-

ing before the recess, spokesman Yossi Gal said the Syrian talks continued to reflect "an improved atmosphere and tone." But "we are not there yet," he cautioned.

'Significant Differences' Remain

"The most important outcome" of the last two weeks has been "the fact that we are engaged in serious negotiations," said Itamar Rabinovich, head of the Israeli team negotiating with the Syrians. "Yet significant differences of opinion remain," he said.

After a brief impasse earlier in the week, Israeli and Palestinian negotiators reported progress in their efforts to reach an agreement on interim Palestinian self-rule.

"There are still wide gaps, to be sure," said Israeli spokesman Gal. "But it seems the general direction is productive."

"We feel the second week showed signs of progress and the beginning of signs of engagement," said Palestinian delegation spokeswoman Hanan Ashrawi. She said the delegation has seen an Israeli "willingness to understand they can't have their way on everything."

The two teams have agreed in principle to break up into working groups, including one dealing with human rights that was requested by the Palestinians.

The Israelis did not want the issue of human rights to sidetrack the talks from the "core issue," which is the composition, power, responsibility and procedure for electing the self-governing authority.

The Israelis also responded this week to the Palestinians' submission of two documents. One was a draft agenda for the talks and the other was a proposed framework for an autonomy agreement.

Gal said Wednesday that the Israelis worked through the night after receiving the proposals to prepare a response that "tried to take their sensitivities into consideration."

It evidently succeeded. "The Israeli response to our agenda showed an effort to respond to our concerns," said Ashrawi.

Little Progress With Jordan

A dispute arose Wednesday after the Palestinians tried to bring into the negotiations a legal expert with a Jerusalem identity card. The Israelis refused to allow him entry, saying his participation did not comply with the rules of engagement.

"We welcome bringing in experts" for the working groups, said Gal, "but there can't be a unilateral decision to change the rules."

The Palestinians said they did not consider the Israeli decision final and maintained they have the right to call experts in when and if they are required. The Israelis, they said, have brought their experts in without their objections.

Meanwhile, the Israeli-Jordanian talks apparently have made little headway. On the eve of their recess, the two sides were still stuck trying to work out an agenda for the talks.

Marwan Muasher, the Jordanian delegation spokesman, told reporters there were difficulties because the two teams were trying to tackle the issues "head on without benefit of any interim arrangements." But he said Jordan was committed to the process.

"We are willing to give it all it needs and not leave any door shut," he said. "We have made a strategic commitment to peace, and we will follow that."

RABIN EXPRESSES HIS FRUSTRATION WITH PALESTINIAN STANCE IN TALKS

By David Landau

JERUSALEM, Sept. 3 (JTA) -- Prime Minister Yitzhak Rabin this week expressed frustration with Palestinian negotiators at the peace talks in Washington and used frank language to indicate Israel's desire to detach from the Gaza Strip.

At the same time, he urged Israelis to "cut loose from illusions (fostered by) the religion of Greater Israel" in the interest of seeking peace.

Rabin accused the Palestinians of focusing on "the symptoms rather than on the problem itself" during the past two weeks of negotiations in Washington.

"I hope the Palestinians keep in mind that we are in control of the territory," Rabin told visiting leaders of the Washington Institute for Near East Policy here Wednesday.

He warned that without progress in the talks, Israel would make no further goodwill gestures toward the Palestinians.

Coinciding with the present round of negotiations, the government is releasing 800 jailed Palestinians. It has also lifted deportation orders against 11 Palestinian activists.

Rabin told members of the Washington research group that he wished "Gaza would sink into the sea. But since that is not going to happen," he said, "a solution must be found to the problem of the Gaza Strip."

The remark raised some eyebrows in Jerusalem's political community for the gruffness of its tone and drew a sharp response from the Palestinian negotiators in Washington.

"This is exactly the type of mentality we had hoped to transcend," Palestinian spokeswoman Hanan Ashrawi said at a briefing Thursday. "The comment is racist and indicative of a very alarming mind-set inconsistent with the peace process."

Had a Palestinian made such a comment about Israel, she said, "there would have been an international outcry."

'A Settlement Will Be Found'

But Ashrawi welcomed Rabin's remark urging a separation from the "Greater Israel" ideology.

Speaking at an award ceremony commemorating Palmach leader Yitzhak Sadeh, the prime minister said, "The strength of a nation is measured not by the territory it holds, but by its confidence and its ability to develop its society, its economy and its security."

The sense of disappointment that has been evident on the Israeli side of the negotiations with the Palestinians came through clearly in Rabin's remarks to the policy institute.

Israeli officials feel their conciliatory gestures have not been reciprocated and that the Palestinians have clung largely to rhetoric rather than enter into substantive discussions on an autonomy plan for Palestinian self-rule.

But despite the difficulties, Rabin said he believed the parties would reach agreement within nine months to a year.

"The process is not a short one and it requires much patience," the premier said. "It is important not to become agitated by tactical moves made by various parties or by exercises in public relations."

"I believe that despite the difficulties, a settlement will be found," he said.

(Contributing to this report was Cynthia Mann of States News Service in Washington.)

ARAB AFFAIRS ADVISER FORCED OUT, MARKING END OF SEPARATE TREATMENT By Gil Sedan

JERUSALEM, Sept. 3 (JTA) -- The resignation this week of Alexander Blei as adviser to the prime minister on Arab affairs -- a move encouraged by the premier -- marks a historic change in the treatment of Israel's Arab population.

For the first time in the history of the state, neither an Arab affairs adviser nor a single minister will be in charge of the 700,000 Arab citizens living within Israel's pre-1967 borders. The Arabs will be on their own.

The office of Arab affairs adviser was established in the early days of the state, to serve as a liaison between the Arab sector and the government, particularly during the era when the Arab citizens of Israel lived under military rule.

Those days are long since gone. The military government in the Arab population centers in Israel was abolished in 1966 -- but the adviser's position remained.

Despite their good intentions, there was little most of the officials who served in this capacity could do; they had neither adequate budgets nor the clout to come up with more funding.

Under the new arrangement, the director-general of the Prime Minister's Office will chair a committee of director-generals, representing all government ministries, to deal with issues that arise in the Arab sector.

The change came about at the request of Arab Knesset members, who argued that if the government aspired to count them as equal citizens, they should be treated by the same official agencies as the rest of the population.

The first task of the director-general of the Prime Minister's Office in his new capacity was to put an end this week to the 10-day sit-in strike of Arab mayors in Jerusalem.

A VISITING N.Y. GOV. MARIO CUOMO ASSURES ISRAEL OF CLINTON SUPPORT By David Landau

JERUSALEM, Sept. 3 (JTA) -- New York Gov. Mario Cuomo assured Israelis this week that Arkansas Gov. Bill Clinton, if elected U.S. president, would be a solid supporter of the Jewish state and would implement Democratic Party platform promises regarding Israel.

"I nominated him because I believe he will carry out his promises," Cuomo told reporters Thursday after a meeting here with Prime Minister Yitzhak Rabin.

The governor is here on an official visit as guest of Foreign Minister Shimon Peres. In a four-day schedule crammed with meetings, Cuomo is focusing on enhancing economic ties between his state and Israel. He promised Peres he would see greater involvement by New York state to stem the Arab boycott against Israel.

In a prepared arrival statement Wednesday, Cuomo said the Arab boycott "is in fact an economic boycott against New York state, the United States and the nations of the world."

He pointed out that at \$800 million worth of trade per year, Israel is New York state's 13th-largest trading partner.

The boycott is "wounding the world markets of individual companies and the ability of states like New York to expand our foreign trade," Cuomo said.

GOVERNMENT INTRODUCES '93 BUDGET, WHICH IS SMALLER THAN THIS YEAR'S By Gil Sedan

JERUSALEM, Sept. 3 (JTA) -- The Treasury introduced a 1993 national budget this week that actually registered a drop from the current year.

The new Israeli state budget is valued at 97.6 billion shekels, or \$41 billion, a reduction from the current budget's 107 billion shekels, or \$45 billion. This unusual decrease was explained in part by the smaller number of prospective immigrants expected in the coming year.

The new budget is based on an immigration estimate of 120,000, compared to 200,000 this year.

The Treasury is also proposing cuts of some 900 million shekels (\$375 million) in the budgets of several ministries, particularly in housing and in investments in the administered territories. At least some of those savings will be diverted to investments in infrastructure and education.

Some 150 million shekels (\$63 million) will be set aside as a reserve for the "rehabilitation" of the security-related industries.

Overall, the new budget reflects some changes in the national order of priorities.

Briefing economic reporters, Treasury Director-General Aharon Vogel said: "We would have liked to make greater changes, but I feel this budget can enable a speed-up in economic growth and lower the rate of unemployment."

Allocations in the draft budget are as follows: social services -- 35 percent; defense -- 26 percent; debt payments -- 19 percent; economic investments -- 10 percent; administration -- 10 percent.

Cuts In Taxes -- And Subsidies

Highlights of the budget include:

- * An end to all public housing projects and all government subsidies to speed up housing. The housing budget will stand at 7.2 billion shekels (\$3 billion), similar to its size before the recent wave of aliyah. Two billion shekels (\$830 million) are allocated for honoring government commitments to building contractors who had not managed to sell apartments built according to government plans.

- * A 26 percent rise in investments in infrastructure, which will stand at 2.1 billion shekels (\$880 million). The main focus will be on paving and reconstructing roads, with the remainder invested in water, sewage, industry and tourism projects. The idea is to maintain the same level of investment in infrastructure in the next two years.

- * A rise in the education budget to allow an additional 164,000 teaching hours. The government will also bolster funding of higher education.

- * A cut in taxes by 800 million shekels (\$330 million), as another means of speeding up economic growth.

- * A cut in the defense budget of 200 million shekels (\$83 million). The Treasury had sought to introduce a 900 million shekel (\$375 million) cut, but Prime Minister Yitzhak Rabin, who is also defense minister, vetoed the proposal.

- * Major cuts in transportation subsidies, which will have the most direct impact on individuals' standard of living.

The draft proposal is still subject to wheeling and dealing among the various ministers and the Treasury, as well as to lengthy legislative procedures in the Knesset.

ZIONISTS ANGERED AT PROPOSAL TO SCRAP JEWISH AGENCY POSTS

By Larry Yudelson

NEW YORK, Sept. 3 (JTA) -- A proposal to streamline the Jewish Agency for Israel is being bitterly opposed by Zionist organizations, which say it would threaten the agency's character as a marriage of the Zionist movement and Diaspora philanthropy.

But the leaders of North American Jewish fund-raising agencies say efficiency and savings must be the Jewish Agency's top priorities.

The actual stakes in the dispute are small, compared to the Jewish Agency's overall \$632 million budget for this year: The proposed change to the agency's bylaws would trim three high-level jobs, related secretarial staff and perks.

Advocates of the change, which would require two-thirds approval at the Jewish Agency Assembly in October, say the three department chairmanships to be eliminated duplicate the function of the department director-generals.

Currently, the department chairmen are elected by the World Zionist Organization, on the basis of political affiliation. But they must be approved by the Diaspora fund-raisers.

The WZO's method for selecting the chairmen is similar to that of the Israeli government, where government ministries are headed by politicians picked by the prime minister to satisfy coalition partners and party factions.

Until a few years ago, the department chairmen appointed the director-generals to run their departments. Now, at the instigation of the Diaspora fund-raisers, the director-generals are selected by a search committee, on the basis of merit, and report to the Jewish Agency's overall director-general.

One source on the fund-raiser side said the costs for the department chairmen, including staff and travel, could be as high as \$700,000 annually, a figure the Zionists dispute.

Phil Granovsky, who sits on the Jewish Agency Executive for the fund-raisers, was more cautious: "What we do know is there's a lot of duplication, and that when you take the department heads themselves, their secretaries, telephones, it will amount to a substantial sum of money," said Granovsky.

Trying To 'Do Away With' Zionists

The Zionists say the total amounts to just a few hundred thousand. But they say the issue is not the amount of money but the distribution of power.

"It's part of a thrust to do away with the Zionist movement," said Rabbi Louis Bernstein of Mizrahi, the Orthodox Zionist movement.

What the fund-raisers denounce as politics, said Bernstein and other Zionists, is in fact a more democratic, volunteer-based system than the corporate structure advocated by the fund-raisers.

"Under their system, only a millionaire can sit there. It's a closed corporation," said Bernstein. "For better or worse, the Zionist influence in the (Jewish) Agency at least has an ideological base and popular input."

While Bernstein conceded that some of the political appointments put forward by the Zionists have left something to be desired, he pointed out that the fund-raising half of the marriage can veto those appointments.

In the past, fund-raisers have vetoed some Likud candidates for Jewish Agency posts, includ-

ing such well-known names as Ariel Sharon and Israel's current ambassador to the United Nations, Yoram Aridor.

"I don't like the inroads made by our partners into the classical Zionist structure," agreed Bernice Tannenbaum, who sits on the Jewish Agency Board of Governors.

"I don't think we should vest more power in a corporate manner, in the concept that professional heads are the only ones who can carry out a job effectively."

Tannenbaum, a longtime Hadassah activist who represents its parent Zionist organization, the Confederation of General Zionists, said that delegating all posts but the chairman and treasurer of the Jewish Agency to professionals would weaken its democratic nature and the influence of the lay bodies that oversee it.

"I also feel that a duly elected person who officially represents a Zionist movement has much more clout with the government of Israel than someone who is simply a paid employee," she said, noting the Jewish Agency's close cooperation with the Israeli government on matters of immigration and absorption.

Approval Of Posts Withheld

But one well-placed source in the fund-raising community defended the proposed reforms, saying they are not aimed at "taking out Zionism."

"The Jewish Agency in the last three years has clearly been the instrumentality of meeting Zionist hopes and dreams, because it has been the agency in bringing to Israel, at this point, hundreds of thousands of people," he said. "That system worked well because we had a professional staff, hired by merit."

The source pointed out that regardless of the changes, the Zionists will continue to hold 50 percent of the seats all of the various Jewish Agency bodies, including the Assembly, Board of Governors, Executive and various committees.

"In those forums, votes are taken on policy and budget," he said. "So I don't see there's a problem of democracy if you remove heads of departments, who cost hundreds of thousands of dollars a year to hold in office."

Meanwhile, the fund-raisers have held back from approving candidates for the three department heads, pending the October vote.

Candidates include two Laborites, Uri Gordon, who would assume a second term as chairman of the Aliyah Department, and Yehiel Leket, who would move from the Settlement Department to the Youth Aliyah Department. Likudnik Salei Meridor is to chair the Settlement Department.

However, a separate but related proposal would merge the Settlement Department with the Project Renewal Department, which does not have a department chairman. Whether the new, merged department would have a chairman or not is similarly a matter of dispute.

The fund-raisers have also rejected several Likud candidates for the post of treasurer of the WZO and Jewish Agency.

While the first candidate, Ronni Milo, was turned down because he refused to relinquish his Knesset seat to take the job, the other vetoes are said to have reflected the belief that the candidates were not qualified.

REMINDER: The JTA Daily News Bulletin will not be published on Monday, Sept. 7.