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KNESSET GIVES PRELIMINARY OK TO BILL ON CONTACT WITH THE PLO By David Landau and Lisa Clayton

JERUSALEM, Dec. 2 (JTA) -- The Knesset gave preliminary approval Wednesday to a bill lifting a 6-year-old ban on contact with the Palestine Liberation Organization

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The bill passed its first reading by a razorthin margin of 37-36. It now goes to committee and must pass two more readings in the house before becoming law.

In introducing the bill Wednesday, Justice Minister David Libai stressed the move implies no change in the government's opposition to a direct PLO role in Middle East peace negotiations.

Moreover, he said, Jerusalem expects the United States will continue to exclude the PLO from the peace talks.

But politicians of the opposition Likud bloc differed sharply during parliamentary debate on the bill.

Knesset member Binyamin Netanyahu said the move was tantamount to government endorsement of "a body whose declared purpose is the destruction of Israel."

He said it would pave the way for a resumption of talks between the United States and the PLO and "undermine the basis of Israel's objection to the creation of a Palestinian state."

But Laborites argued that there is no "national security" justification for the ban and that it contravenes the principles of democracy.

The ban on meetings with the PLO "has nothing to do with state security and places restrictions on the freedom of the individual," Libai told foreign correspondents shortly before submitting the bill to the Knesset plenum.

The justice minister pointed out that the current law allows the government to have contacts with the PLO or any other terrorist organization, but that anyone else is subject to prosecution for a criminal offense.

PLO Still Seen As Obstacle To Peace

In reality, Knesset members who have met with the PLO have enjoyed parliamentary immunity from prosecution. Those involved in peace negotiations who have met with the PLO have not been tried because the government does "not want to impede the peace process," Libia siad.

On the other hand, he said, peace activists such as Abie Nathan and David Ish-Shalom have been prosecuted for meeting with PLO officials (and, in Nathan's case, have gone to jail) despite the fact that they clearly intended no harm to Israeli security.

As the law now stands, an individual who believes meeting someone else might improve the chances for peace is not allowed to do so, Libai observed.

"This amounts to trying to force a political view on individuals," he said. If the government is permitted such contacts, he asked, why should not those in opposition, or any other individuals, also be allowed to do so?

The proposed bill would still allow the government to prosecute people who have contact with a member of a terror organization if they cannot provide a "reasonable explanation" for

such a meeting. To convict such a person, the prosecution must also prove an intent to harm state security.

The government's support for the bill does not mean it is changing its policy toward the PLO, Libai said. He said the government still regards the Tunis-based organization as an obstacle to peace.

"Without the PLO," he said, "there is a much better chance of making progress. That's why we also expect the U.S. government to leave the PLO outside the negotiations."

Shas Voted Against Government

But Likud Knesset member Michael Eitan argued that the bill's message is that Israel is moving toward negotiations with the PLO.

Indeed, Labor Knesset member Avraham Burg expressed hope that the Cabinet would "soon hold a sincere and profound and courageous debate over whether to talk to people whom the Palestinian people regard as their legitimate representatives."

And a member of the left-wing Meretz bloc raised the specter of being forced to deal with militant Islamic fundamentalists.

"If we don't negotiate with the PLO today," said Knesset member Naomi Chazan, "then we will find ourselves face-to-face with Hamas."

Wednesday's preliminary vote was close because all five members present from the fervently Orthodox Shas party, which is part of the governing coalition, voted against the bill as "punishment" for the government's insistence on going ahead earlier in the day with a bill legalizing prostitution.

Political observers expected renewed tension within the coalition as a result of the Shas vote.

BILL LEGALIZING PROSTITUTION ADVANCES DESPITE OPPOSITION By David Landau and Lisa Clayton

JERUSALEM, Dec. 2 (JTA) - A bill to legalize prostitution has moved forward a notch amid strong opposition from Orthodox members of Prime Minister Yitzhak Rabin's government.

On Wednesday, the Israeli parliament passed a preliminary reading of legislation giving prostitutes legal protection and allowing them to move their trade indoors from the streets.

The vote was 26-15, with most of the 120member Knesset absent. There were two abstentions

Opposition by Shas and other haredi, or fervently Orthodox, parties in the opposition will pose hurdles for the measure as it moves to committee

At the same time, the timing of the private member's bill has been attributed to coalition politics.

The measure was pushed forward by Avraham Poraz of the left-wing Meretz bloc as a way of signaling party unhappiness over what it says is Rabin's failure to grant a promised Cabinet post to Yossi Sarid, according to the newspaper Hadashot.

Justice Minister David Libai told the parliament he supports the bill. But he said it does not enjoy the endorsement of the Cabinet on the whole, because of opposition by the interior minister, Arye Deri, who is a leader of Shas.

A Shas spokesman, Deputy Minister Rafael Pinhasi, said the bill threatens the government's stability, as it has been put forward in the absence of approval from the coalition executive.

Religious party speakers said the bill would create an increase in prostitution, prompting Poraz to replay that failure to pass it would help spread AIDS.

Condom Dispenser Raises Hackles

Agreeing, Yoram Lass of Labor objected to the bill's failure to require prostitutes to provide their clients with condoms. Condoms are considered the most effective means of preventing the transmission of HIV, the virus that causes AIDS, during sexual intercourse.

The AIDS issue raised tempers at another parliamentary forum.

Rabbi Yosef Ba-Gad of the far-right Moledet party, stormed out of a meeting of the Knesset's Education Committee on Tuesday after a condom dispenser was placed on display to mark World AIDS Day.

The display was defended by Labor's Avraham Burg as important to committee discussion on a proposal to introduce the dispensers in schools.

Ba-Gad said that it was outrageous for the "impure" machine to have been brought into the committee room. The only way to combat the spread of AIDS, he said, is to educate youngsters in correct family values.

POLICE INVESTIGATING CHARGES AGAINST FORMER MINISTER OLMERT By David Landau

JERUSALEM, Dec. 2 (JTA) -- The national police fraud squad is investigating allegations that former Likud Health Minister Ehud Olmert was involved in collusion over the purchase of medical equipment by state hospitals during his term in office.

Olmert on Wednesday denied any wrongdoing in transactions involving sales of computerized equipment made by Microshev, a small firm owned by party colleague Yigal Cohen-Orgad.

He said he hoped for a speedy inquiry "to deny my political foes the opportunity to exploit" the incident.

Police opened their investigation two months ago at the request of Attorney General Yosef Harish, in the wake of findings by State Comptroller Miriam Ben-Porat.

The former health minister said that at the time he had urged hospitals to buy Israeli-made equipment, as long as it was up to international standards.

standards.

But he said he had not even been aware of Cohen-Orgad's stake in Microshev.

Cohen-Orgad's stake in Microshev.

The manufacturer served briefly as minister of finance during the 1980s.

Olmert's name has been mentioned as a leading Likud candidate for the mayoralty of Jerusalem when Teddy Kollek steps down at the end of next year.

Meanwhile, official sources this week confirmed that the attorney general has formally asked Swiss banking authorities to cooperate in Israeli inquiries connected with Interior Minister Arye Deri.

News reports say the inquiries center on the accounts of two close friends of Deri's. U.S. businessmen Isaac Wolf and Moshe Reich freely

admit they contributed large sums to a media campaign supporting Deri against his accusers. But they say there was no question of a quid pro quo from the minister.

AFTER MANY RUMORS, IT'S OFFICIAL: SHOVAL WILL END TENURE IN FEBRUARY By David Landau

JERUSALEM, Dec. 2 (JTA) -- An announcement this week that Israel's ambassador to Washington, Zalman Shoval, will end his tour of duty Feb. 5 puts an end to an embarrassing spate of reports surrounding his departure date.

Shoval will be succeeded by Itamar Rabinovich, a former rector of Tel Aviv University and chief Israeli negotiator in the peace talks with Spria

Shoval had been openly fighting with the Foreign Ministry -- some reports had it with the foreign minister, Shimon Peres -- over his recall date.

He has now apparently won his wish to stay on for the inauguration of Bill Clinton over the reported plans by Rabin and Peres to have a new envoy in place as a new U.S. administration takes office.

Shoval himself, in a newspaper interview, hinted at poor relations with Peres, who has been both a longtime political colleague and a rival.

Peres and Shoval both belonged to David Ben-Gurion's Rafi Party in the 1960s. Peres and the majority of members later went back to their mother-party, Labor, while the rump of Rafi drifted steadily to the right and eventually merged into the Likud.

Shoval became a Likud Knesset member and his appointment as ambassador was a Likud political appointment.

In an official statement issued by his office, Rabin expressed "appreciation for Shoval's work as ambassador and for his contribution over the years to the close ties between the two countries."

Battle Over Cabinet Secretary

Meanwhile, another much-reported appointment, that of Shlomo Ben-Ami as Cabinet secretary, appears to have run into snags and is not, at present, being implemented.

Ben-Ami, who recently wound up a highly successful term as Israeli ambassador to Spain, was offered the Cabinet secretaryship by Rabin with the enthusiastic support of Peres. He let it be known that he was negotiating terms, including his insistence on serving as chief government spokesman on the peace process.

According to the Labor-linked newspaper Davar, the incumbent Cabinet secretary, Elyakim Rubinstein, who is also head of the peace negotiations with Jordan and the Palestinians, did not take kindly to the notion, and made his opinion known.

The upshot is that Ben-Ami may withdraw, while Rubinstein will stay on, for the time being, as both Cabinet secretary and as chief negotiator.

Earlier this week, Rubinstein led his negotiating team with Jordan on a field trip to the Arava south of the Dead Sea, where they surveved tracts of land claimed by Jordan.

Moshav and kibbutz farmers told the team that those areas, some of which they themselves cultivate, ought not to stand in the way of a peace treaty. Others maintained Jordan could be compensated in other ways.

ALIYAH LEVEL ROSE IN NOVEMBER, BUT FELL SLIGHTLY FROM EX-USSR By Michele Chabin

JERUSALEM, Dec. 2 (JTA) -- A total of 7,664 immigrants arrived in Israel during November, the highest monthly total this calendar

Immigration from the republics of the former Soviet Union actually dipped a bit, totaling 6,544 arrivals, compared to 6,832 in October and 6,725 in September.

An additional 2,896 Jews from the Soviet successor states arrived in the United States under the government's refugee program, according to the Hebrew Immigrant Aid Society in New York.

Aliyah from the former Soviet Union is less than half what it was last year.

arrived during the first 11 months of 1992, compared to 134,646 for the same period last year, according to figures provided in New York by the Soviet Jewry Research Bureau of the National Conference on Soviet Jewry.

But despite November's slight decline, aliyah from the republics is clearly well ahead of what it was during the first half of this year, when arrivals averaged 4,500 per month.

Immigration officials here credit the recent upsurge in the overall aliyah level to continued political, social and financial instability in parts of the former Soviet Union and the republics that once constituted Yugoslavia.

The American Jewish Joint Distribution Committee and the Jewish Agency for Israel have been working together to evacuate "Jews in icopardy."

But officials of both organizations have been reluctant to discuss specifics for fear of en-

dangering the operations.
"We are doing our best to evacuate Jews
from trouble spots," said an official who asked
not to be identified, "and that sometimes requires

great delicacy and discretion." More German Jews Weighing Allyah

It is no secret, on the other hand, that hundreds of Jews living in Germany have recently requested more information about life in Israel, often with a mind toward alivah.

"The rise in Nazism and anti-Semitism in Germany and elsewhere in Europe has already had an effect on aliyah," said Jewish Agency spokesman Guri Grossman.

"In November alone, 50 Jews living in Germany, mostly Israeli yordim, opened aliyah files in preparation for moving to Israel," he said, using the Hebrew word for Israelis who have left the country.

"Prior to this, only 46 people opened files during the first 10 months 1992," he said.

Alarmed by the surge in right-wing extremism, the Jewish Agency announced Monday that it plans to send several emissaries to Germany to teach the Jews residing there more about Israel.

Of the estimated 50,000 Jews living in Germany, 10,000 are Israeli born, while 13,000 come from the former Soviet republics.

"There is a lot about Israel that they don't know, including the prospects for investment and launching a business," said Grossman. "We'll make every effort to show them what Israel has to offer." SENATORS LOBBY THE E.C. TO FIGHT ANTI-ISRAEL MEASURES IN THE U.N. By Cynthia Mann States News Service

WASHINGTON, Dec. 2 (JTA) -- A bipartisan group of U.S. senators has sent letters to European Community leaders urging them to end the "Israel-bashing" in the United Nations.

Thirteen senators, spearheaded by Sen. Orrin Hatch (R-Utah), last week called on the E.C. leaders to help avert what has become the routine annual passage of 30 anti-Israel resolutions. The measures are scheduled to come up this month in the U.N. General Assembly.

The "anti-Israel resolutions are passed each year in the United Nations, with the specific objective of condemning and embarrassing the government of Israel," and "we believe the resolutions are unjustified." the senators wrote.

The letters were sent to British Foreign Minister Douglas Hurd, who currently chairs the E.C. Council of Ministers, and Danish Foreign Minister Uffe Ellemann-Jensen, who will replace Hurd on Jan. I.

The lawmakers argued the resolutions would fly in the face of the "tangible steps" taken by Israeli Prime Minister Yitzhak Rabin to accelerate the Middle East peace process and, "at this delicate stage," would "only harm the talks."

"In our opinion, Israel should be commended for its commitment to the peace talks, rather than openly condemned in resolutions at the

General Assembly," they wrote.

The senators also called for Israel to be included in a regional working group, which is a prerequisite for full participation in the multi-

lateral organization.

Israel has been excluded from its rightful place in the Asian regional group by members of the League of Arab States and therefore is unable to hold key committee chairmanships or serve as

a rotating member of the U.N. Security Council.

As a result, the Jewish state has applied for temporary membership in the "Western European and Others" regional group.

'Intolerable Vestige' Of Cold War

The senators' effort was lauded this week by the American Jewish Committee, which in recent months has petitioned ambassadors and foreign ministers of key member countries for what it called "Israel's rightful place in the community of nations."

"Isracl-bashing is an intolerable vestige of the Cold War, and the continued petty denials of Israel's nationhood in the U.N. degrade that institution and hinder its effectiveness," said Jason Isaacson, AJCommittee director of government and international affairs.

Last year, the General Assembly rescinded Resolution 3379, which defined Zionism as racism.

But other resolutions scheduled to come before the General Assembly this month include condemnations of Israel's alleged abuses of Palestinian human rights, illegal "imposition" on Jerusalem and cooperation with South Africa, specifically in "military and nuclear fields."

Stuart Feldman, foreign affairs aide to Hatch, said the letters were a logical extension of the senator's efforts "to ensure Israel was treated properly and fairly in the international community."

Hatch has lobbied countries such as Indonesia and Bangladesh to recognize Israel, he said.

JEWISH GROUPS CALL FOR REMOVAL OF OUTSPOKEN BASEBALL TEAM OWNER By Aaron London

The American Israelite

CINCINNATI, Dec. 2 (JTA) -- Jewish groups are up in arms over Marge Schott, the Cincinnati Reds owner whose allegedly racist and anti-Semitic remarks have prompted calls for her removal from baseball.

The American Jewish Committee has called on Schott to resign from baseball and the Anti-Defamation League has called for her suspension by her fellow owners.

"If Ms. Schott remains in baseball, the commitment of the institution to reject bigotry and discrimination will be compromised," said a statement by the AJCommittee.

Similarly, ADL National Director Abraham Foxman said major league baseball "must make it clear that sentiments such as those reportedly expressed by Schott are not an acceptable part of our national pastime."

The major league executive council, baseball's ruling body in the absence of a commissioner, has discussed suspending Schott from baseball for life or forcing her to sell the Reds, according to news reports.

In a telephone conference call this week, the council decided to appoint a panel to investigate the remarks attributed to Schott. In response to the national outcry, the group met in advance of the winter meeting of owners next week in Louisville, Ky., where all 28 teams will be represented.

The outcry began several weeks ago, when a deposition in a suit filed against her by a former employee revealed that she made racially and ethnically demeaning comments, including the use of the word "nigger" and the term grubbing Jews."

In Schott's deposition, she either acknowledged or did not deny using such terms.

In more recent interviews with the press, she says she has never meant any harm by these remarks, but she has gotten increasingly hazy about whether she actually said them.

Kept A Nazi Swastika Armband

In an interview with ESPN, the sports cable channel, she also acknowledged that she kept a Nazi swastika armband in her home, but said she "never thought of it as anything offensive.

"I don't know the big deal about it," she added.

In an interview with The New York Times, she referred to some of her controversial comments as "ioke terms.

"I'm not a racist; I've never meant any harm," she said. "I'm so sick of all this. It's discouraging. I wish they'd stop all this falseness "

Earlier this month, recalling that she had family members in Germany during World War II, she said "Hitler was good in the beginning, but he went too far.'

Schott met Nov. 20 with local black and Jewish communal leaders and denied allegations of the slurs attributed to her. But she acknowledged there might have been offense.

"If I said anything to offend anyone, it was never my intention and I apologize for any hurt it may have caused," Schott said in a statement following the three-hour meeting at the Reds Riverfront Stadium offices.

She said the meeting was "educational and

instructive." and has committed herself to future meetings to address concerns raised by community leaders.

A Jewish spokesman said he was "pleased" at the progress made at the meeting. Michael Rapp, executive director of the Cincinnati Jewish Community Relations Council, said Schott's apology appeared "genuine and sincere."

Other groups at the Nov. 20 meeting were the Urban League, Black Male Coalition and Cincinnati Human Relations Commission.

Not Smarter, 'Just Sharper'

Schott's alleged remarks came out in depositions filed in the course of a \$2.5 million lawsuit filed by a dismissed employee, Tim Sabo. He claimed one of the reasons he was fired was his opposition to Schott's discriminatory front-office hiring practices.

Racist statements were also alleged in depositions filed by two other former Reds employees, Roger Blaemire and Cal Levy.

Blaemire said Schott reacted to a proposed business deal with anger, remarking that she did not want to have anything to do with "those Jew bastards." He also recounted that on numerous occasions Schott referred to Jews as "dirty Jews" or "Jew bastards."

Levy's deposition said Schott had stated, regarding difficulties with a Jewish businessman. "sneaky God-damn Jews are all alike."

In her deposition, Schott responded to a question regarding her attitude toward Jews by saying that she did not have any prejudice toward Jews. "They are not smarter than us, just sharper," she said.

Sabo's suit and a counter-suit by Schott were dropped Nov. 17 after a judge threw out aspects of Sabo's case.

ANTI-ZIONIST CONFERENCE IS CANCELED IN SWEDEN, OSTENSIBLY DUE TO THREATS By Tom Tugend

LOS ANGELES, Dec. 2 (JTA) -- An announced World Anti-Zionist Conference that was to haven taken place in Stockholm last weekend was canceled by its chief organizer, who claimed he had been threatened with death if the meeting were to take place.

Ahmed Rami of the Stockholm-based Radio Islam told Swedish newspapers that the conference would be held eventually in another European country, according to Rabbi Abraham Cooper, associate dean of the Simon Wiesenthal Center here, who monitored the situation.

The original conference announcement listed a roster of speakers that included black separatists, such as Nation of Islam leader Louis Farrakhan, and Holocaust-deniers, such as David Irving.

Rahmi is an Arab who served a six-month iail term for broadcasting anti-Semitic diatribe.

Cooper had described the planned list of participants as a "who's who of bigots, Holocaust-deniers and terrorists." Swedish authorities said that apparently none of the announced speakers had entered the country in the days preceding the conference date.

An announced parade of right-wing and neo-Nazi elements in Stockholm did take place Monday, a day of commemoration for a Swedish king.

Some 250 skinheads and neo-Nazis were confronted by 1,200 anti-racists and in the ensuing clash 50 demonstrators and police officers were injured.