

**CENTRALITY OF UNIFIED JERUSALEM MARKED BY WORLD JEWISH LEADERS**

By Cynthia Mann

JERUSALEM, May 19 (JTA) -- Representatives of world Jewry signified their identification with Jerusalem this week by signing a symbolic covenant in a ceremony at the home of President Ezer Weizman.

The signing ceremony -- conducted in Hebrew, English and French -- took place Wednesday on Jerusalem Day, the 26th anniversary of the city's reunification.

The event was part of a three-day international conference on Jerusalem intended to demonstrate world Jewish solidarity with a united Jerusalem as the capital of Israel and the Jewish people.

The conference drew more than a thousand Jewish leaders from some 70 countries. Seven hundred came from the United States alone, and U.S. Jewish leaders figured prominently in the conference programs.

Several said they felt the conference sent a clear and unified message to the world that Jerusalem's status is not negotiable. And they said the message comes at a pivotal time in light of concessions Israel will be called on to make in the current peace talks.

At the ceremony at the president's residence, Weizman said the signing of the covenant by leaders of world Jewry reaffirmed the link between Jews in the Diaspora and Israel.

But he also said that "the future of Jewry is in Israel. This is the only place."

**'This Brings The Message Home'**

Shoshana Cardin, former chairman of the Conference of Presidents of Major American Jewish Organizations, addressed the gathering, saying Diaspora Jews had come to "reaffirm the pledge" that "Jerusalem is the eternal united capital of Medinat Yisrael and the eternal capital of the Jewish people."

But urging that actions match words, she called upon Jewish leaders to go back to their respective countries and push for diplomatic recognition of Jerusalem as Israel's political capital.

Lester Pollack, current chairman of the Conference of Presidents, signed the covenant during the ceremony on behalf of North American Jewry.

After the ceremony, he said the event "manifests the clear, unequivocal view of world Jewry that Jerusalem is central -- spiritually and politically."

"Lots of things are relegated to the Israelis to decide," he said, "but the status of Jerusalem is for world Jewry to decide. This brings the message home."

The conference ended Wednesday evening with an outdoor ceremony on Ammunition Hill, the site of one of the critical battles of the Six-Day War. There, under a starry night illuminated in part by torchlight, copies of the Jerusalem covenant signed by Jewish communities around the world were presented to Weizman.

The signed covenants will form a "Book of Communities," to be housed at the Western Wall.

**COALITION CRISIS GROWS UGLIER AS MINISTERS EXCHANGE EPITHETS**

By Gil Sedan

JERUSALEM, May 19 (JTA) -- If Prime Minister Yitzhak Rabin thought a two-week "timeout" in the coalition crisis would heal political wounds, he learned otherwise this week.

Warring Ministers Shulamit Aloni of the secularist Meretz bloc and Arye Deri of the Orthodox Shas party spent Wednesday morning shuttling from one radio station to another, exchanging verbal blows.

The ministers from the Labor Party's two coalition partners announced, in effect, that their continued coexistence in the same government was becoming more and more difficult.

Aloni, in an understood reference to a corruption investigation involving Deri, noted that she had no police files, underwent no criminal investigation, had no financial mentors and did not own any villas.

Deri, returning the fire in a follow-up interview, said he was amazed how Aloni, the leader of a Meretz faction called the Civil Rights Movement, could smear him before he was convicted of any wrongdoing.

Deri is the subject of a police investigation into suspected financial misconduct in his capacity as interior minister.

The verbal confrontation became uglier and uglier, until Knesset member Eli Dayan, chairman of the Labor Knesset faction, asked Rabin to intervene.

**Rabin Holding 5 Portfolios**

The prime minister reportedly was furious, suggesting that if the Meretz leader wanted to bring the present coalition to a narrow margin without Shas, she should say so clearly rather than creating an ugly confrontation.

The crisis started when Shas threatened to quit the coalition unless Aloni were removed from her post as education minister.

Under a compromise worked out last week, the Knesset on Wednesday approved giving Rabin both Aloni's education portfolio and Deri's interior portfolio, until the dispute is resolved.

Since legally, a ministry cannot exist without a minister, Rabin formally became the minister in charge of both. He was expected, however, to delegate his authority to others.

In addition to being prime minister, Rabin now is responsible for the Defense, Interior, Education and Religious Affairs ministries.

Addressing the Knesset, Rabin did not say how long the crisis would last.

Deri, adopting a new tactic, said he would not pressure Rabin to make any fast decision, as long as Aloni was not appointed minister of culture and communications, a promise Rabin had made to Aloni as part of a compromise proposal.

Meanwhile, Deri seemed content to remain in his new role as minister without portfolio for an extended period of time.

But Aloni said she would not allow this situation to go on for long. She said that her patience could hold out until next Monday, the original deadline Rabin had set to end the coalition crisis.

**NEWS ANALYSIS:**
**PARTY UNITY BECOMES ELUSIVE GOAL FOR NETANYAHU AT LIKUD CONVENTION**

By David Landau

JERUSALEM, May 19 (JTA) -- Opposition leader Benjamin Netanyahu had hoped this week's Likud convention would usher in a new era of unity for the party. But the gathering ended on a sour note, with key factions of the party more divided than ever.

Netanyahu, elected earlier this year as chairman of the party, opened the convention in the ruins of an ancient synagogue on the Golan Heights and said in his welcoming address that he wanted to bring Likud out of the "jungle" of internal strife among rival camps.

The popular Netanyahu, a member of the party's younger generation who is known by his nickname "Bibi," said he wanted to give the movement a clear sense of purpose.

After the symbolic opening in the Golan, a gesture meant to underscore Likud's opposition to a contemplated Israeli withdrawal from the strategic plateau, the 3,000-odd conference delegates moved to Tel Aviv for two days of deliberations at the Yad Eliyahu basketball stadium there.

Netanyahu tried to push through a revised party constitution that would have given the chairman new sweeping powers. But he later authorized his followers to give ground, watering down paragraphs that had been branded by rival camps within the party as autocratic.

Netanyahu's concessions were generous, considering that the rank-and-file Likudniks had empowered him to take hold of the party and lead it when they voted him in as chairman in late March, in the party's first primary.

The suave, American-educated Netanyahu won an outright majority over his rivals: David Levy, Ze'ev (Benny) Begin and Moshe Katsav.

Despite Netanyahu's generous gestures, however, the convention ended late Tuesday night on a sour note.

The breach in the movement, between the victorious Netanyahu camp and that of the resentful and bitter Levy, is wider and deeper now than it was a week ago.

**Levy's Brother Stalks Out**

The most salient impression etched on the public mind by this convention was not Netanyahu's call for unity, but rather Maxim Levy, mayor of Lod and David Levy's brother, hurling the charge of "dictator" at the red-faced chairman and then stalking out of the hall, along with a group of his brother's followers.

Maxim Levy took this step when, as he claimed, it became clear to him that Netanyahu had thrown his weight against Maxim's election as chairman of the Likud Executive.

Until that moment, it seemed that David Levy's younger brother would serve as the bridge on which, some day, the resentful and bitter former minister would walk back into the Likud mainstream.

But as it happened, David Levy boycotted all of the convention's deliberations.

From his office in downtown Tel Aviv, David Levy sent a message through his lieutenants: Party unity would prevail only if Netanyahu offered a public apology for accusing Levy earlier this year of political blackmail.

Levy was referring to "Bibi-gate," the confused scandal during the election campaign, in

which Netanyahu went public with the accusation that he was being blackmailed to withdraw from the primary with threats to release a videotape showing him in a compromising situation with another woman.

Netanyahu reacted by openly confessing he had been having an affair and then implied Levy and his followers were behind the blackmail attempt.

Subsequent police inquiries failed to substantiate Netanyahu's charges against the former foreign minister.

But by the time the police investigation was over, it was too late: Netanyahu was party leader and Levy, with 25 percent of the vote, a poor runner-up.

"Don't believe him -- he betrayed his own wife," Levy supporters shouted in the maelstrom that followed his brother's walkout Tuesday night.

But again, it was too late. Netanyahu had already read out a slate of names for the new Executive, with only a handful of Levy supporters among the 50 members.

With Maxim Levy's brief dalliance with Netanyahu now shattered, the outlook for Likud unity seems bleak.

This is all the more disappointing to party veterans, since a unified Likud could take advantage of the difficulties currently facing Prime Minister Yitzhak Rabin, who is facing both a coalition crisis and a precarious situation in the peace process.

**Ideological Battles Fought, Too**

In his speeches, Netanyahu has sought to marshal Likud's strength to lead a concerted campaign against the government's peace policies, namely a far-reaching autonomy arrangement for Palestinians in the territories and an eventual withdrawal from at least parts of the Golan Heights.

But here, too, personal and ideological clashes blur Likud's message.

Hard-liner Ariel Sharon demanded at the convention that the party abandon outright its commitment to the Camp David accords and its proposal of Palestinian autonomy.

Sharon also said Arab Knesset members should not have the right to vote in decisions regarding the future of the country.

Another party hard-liner, Knesset member Uzi Landau, drew criticism from his more moderate colleagues when he proposed that Likud declare it will not honor international commitments made by the present government if they include territorial concessions.

From the opposite, more moderate flank of the party, former Police Minister Ronni Milo proposed that Likud endorse a "Gaza first" position, calling for Israel to implement Palestinian autonomy unilaterally and immediately in the Gaza Strip.

Milo was shouted down at the convention's policy committee and received scant support on the floor. Some party sources said he was floating a trial balloon for Netanyahu himself in raising the "Gaza first" idea.

The convention even failed to give Netanyahu the "nachas" of a parting blessing from his predecessor, Yitzhak Shamir.

In his speech, the former prime minister was full of dire warnings about Rabin's policy, but pointedly did not even mention Netanyahu, much less wish him luck in his new and plainly uphill job.

## IDF TROOPS KILL TWO TERRORISTS; ANOTHER SOLDIER DEAD OF WOUNDS

By Gil Sedan

JERUSALEM, May 19 (JTA) -- In the unending battle against Palestinian militants in the administered territories, the Israeli army prided itself on the killing this week of two activists, at least one of them armed.

The clash took place Tuesday night in a southern suburb of Hebron. It was the first major confrontation between the Israel Defense Force and gunmen since the territories were sealed off from Israel proper almost two months ago.

A senior officer said the soldiers were in the midst of "routine work," when they closed in on a deserted building serving as a hideout for the militants.

The soldiers reportedly called on the men to come out of the building before taking action against them.

According to military sources, there was no response, and so soldiers fired an anti-tank missile at the building to force the terrorists out.

When the two Palestinian tried to flee the scene, they disobeyed orders to stop and were shot and killed.

One of them reportedly was carrying a Kalachnikov rifle. The soldiers found blankets and plenty of food in their room, indicating they had spent the past few days hiding in the building.

The soldiers also found false identity cards and hundreds of Jordanian dinars, the currency used by some Palestinians in the West Bank.

Palestinian sources said the two had belonged to an armed wing of the Islamic fundamentalist Hamas group, which earlier this week had claimed responsibility for the murder of the four vegetable dealers in the Gaza Strip.

A senior army officer said the two men were on their way to carry out a terrorist attack.

In another development, Theo Samuel, an Israeli soldier badly wounded in an attack on an army observation post last week in Nablus, died of his wounds Wednesday at Tel Hashomer Hospital in Ramat Gan. He was 21.

## GUNMEN WHO KILLED IDF SOLDIER IN LEBANON WERE TRAINED WELL

By Hugh Orgel

TEL AVIV, May 19 (JTA) -- Lt. Zohar Halamish, 21, the Israeli officer killed in a clash with Hezbollah gunmen this week in southern Lebanon, was buried Wednesday at his home in Kibbutz Ma'agan Michael, on the coastal plain.

Two other soldiers were injured in the fire fight Tuesday: Lt. Yisrael Tsur of Ma'aleh Adumim, seriously wounded in the neck, and Sgt. Ohad Geri, 21, of Kibbutz Eilon, lightly wounded in the hand.

Israel Defense Force sources said that the Hezbollah gunmen had fought well in a professional manner. The guerrillas carried out a well-planned operation, indicating an improvement in their training, probably under Iranian professional soldiers.

The IDF is concerned about the steady improvement in the training and operation of the well-armed, Iranian-backed Shi'ite Hezbollah organization.

The gunmen had set a professional ambush on the basis of sound intelligence and continued to use the element of surprise even after the armed clash began.

## ARAFAT TELLS ISRAELI JOURNALISTS HE'D MEET RABIN FOR SAKE OF PEACE

By Marta S. Halpert

VIENNA, May 19 (JTA) -- Twelve Israeli journalists had a rare surprise when they ran into Palestine Liberation Organization leader Yasir Arafat in the lobby of their hotel here and interviewed him for an hour and a half this week.

"I have said that I am ready to meet (Israeli Prime Minister Yitzhak) Rabin at any place for the sake of peace," Arafat told the reporters, who were in Vienna at the invitation of the Austrian Federal Press and Information Service for a promotional tour of the country and to attend the Vienna Art Festival.

"Israel is not allowing the (peace) process to advance," as it "is not giving anything to the Palestinians," the PLO leader said Tuesday.

"Every Israeli proposal that contains a concession -- at the end there is another paragraph that cancels the concession," Arafat said.

"Israel gives with one hand and takes with the other," he added.

The PLO chief was in Austria to meet with state officials and coincidentally was staying in the same top-ranked hotel as the Israeli journalists.

Arafat told the international press after his meetings with Austrian leaders that he felt deep gratitude for Austria's role in the Middle East peace process.

Following his meeting with Foreign Minister Alois Mock, whom Arafat addressed as "my friend," he reminded journalists that the very first idea for a peace conference was born here in Vienna, when he met former Austrian Chancellor Bruno Kreisky for the first time.

## Trying To Rekindle Warm Ties

Arafat, who last came to Vienna in August 1990 for Kreisky's funeral, also met this week with President Thomas Klestil, Chancellor Franz Vranitzky and the two presidents of the Austrian Parliament, Heinz Fischer and Heide Schmidt.

Arafat's relationship with his Austrian friends cooled down abruptly during and immediately after the Persian Gulf War, presumably because of the PLO's support for Iraqi President Saddam Hussein.

The current visit is therefore seen as the product of Arafat's effort to re-establish the formerly good relations.

Arafat told the journalists that the latest American proposals were unacceptable and he claimed that Israeli Prime Minister Yitzhak Rabin was using exactly the same slogans and tactics as his predecessor, Yitzhak Shamir of Likud.

Arafat's visit is neither a state visit nor an official one, according to strict protocol -- it is just a visit.

The exact diplomatic situation is a bit convoluted.

Five years ago, Austria granted the PLO's representative in Vienna the status of ambassador -- without, however, giving the PLO representation the status of an embassy. Austria has not acknowledged the Palestinians' self-proclaimed state.

Nevertheless, this half-acceptance is criticized by the Israelis, much as the Arabs have protested the establishment in Vienna of a chapter of Teddy Kollek's Jerusalem Foundation.

Arabs complained that was an acknowledgment of Jerusalem as the Israeli capital.

**JUSTICE DEPT. NOMINEE QUILTS CLUB  
AMID CONCERNS RAISED BY ADL, OTHERS**

By Deborah Kalb  
States News Service

WASHINGTON, May 19 (JTA) -- Webster Hubbell, President Clinton's old friend and nominee for associate attorney general, has resigned from a mainly white country club, in the wake of concerns raised by Jewish officials and others.

Hubbell's membership in the Country Club of Little Rock, which only recently admitted its first black member, had troubled officials of the Anti-Defamation League, which raised the matter in a meeting with the nominee Monday.

As associate attorney general, the third-ranking position in the Justice Department, Hubbell would have responsibility for civil justice policy, and some wondered how his club membership would affect his job performance.

The Little Rock attorney told the Senate Judiciary Committee on Wednesday that he had resigned from the club because he was afraid the issue would detract from the work he would do in the Justice Department.

"I have come to realize that there remains in the minds of some people the perception that my continued membership in the club reflects some lack of sensitivity," Hubbell said.

"I think it's important that that perception not distract from the job that I hope you will allow me to undertake," he continued. "Therefore, I have resigned my membership from the Country Club of Little Rock."

ADL had been concerned about how Hubbell's membership in the club might affect his discrimination-fighting responsibilities as a top official in the Clinton Justice Department.

**Tried To End Discrimination**

Officials of the organization wrote to the nominee last week requesting a meeting, and he promptly responded. On Monday, he met with Melvin Salberg, ADL national chairman; Meyer Eisenberg, chair of the ADL's National Civil Rights Committee; and Jess Hordes, ADL Washington representative.

The ADL officials emerged from the meeting feeling reassured that Hubbell was working to end discriminatory practices at the club.

"Mr. Hubbell told us he was committed to ending the discriminatory practices at his country club and pledged his best efforts to addressing the cancer of discrimination from his leadership position in the Justice Department," Salberg said in a statement.

Hubbell was praised Wednesday by Senate Judiciary Committee Chairman Joseph Biden (D-Del.) for working to open the club's membership to minorities.

"For some years he has made bona fide efforts, repeated efforts, to encourage African American members of the Little Rock community to join the club," Biden said. "And last year, the first such member of the club was admitted, specifically with the recommendation of Mr. Hubbell, among others."

Hordes said Monday that in the 45-minute meeting, Hubbell also described his efforts to get blacks and women involved on boards and commissions in Little Rock.

The ADL delegation did not raise the issue of Jewish membership in the club, Hordes said, adding that he thought the club did have some Jewish members.

**JEWISH GROUP CHARGES ACCOUNTING FIRM  
PURPOSELY OMITTED ISRAEL FROM LISTING**

By Tom Tugend

LOS ANGELES, May 19 (JTA) -- KPMG Peat Marwick, the world's largest accounting firm, has been accused by the Simon Wiesenthal Center of purposely omitting Israel in its worldwide directory of offices and affiliates in order to avoid offending Arab clients.

The firm's 399-page directory lists branches in 161 countries on six continents and in more than 800 cities. Not listed is the Tel Aviv-based firm of Kesselman & Kesselman, which has worked with Peat Marwick for the past decade, said Rabbi Abraham Cooper, associate dean of the Wiesenthal Center.

However, information on Peat Marwick's contact in Israel can be obtained, at a client's request, in the form of a free-standing page, which the international accounting firm labels as an "optional insert."

In a letter to Jon Madonna, chairman of U.S. operations for KPMG Peat Marwick, Cooper protested that while the company's affiliates and consultants in other countries were listed in the directory, only Israel was relegated to an "optional insert."

"It is obvious that the failure to include Israel is seen as a way by KPMG International to allay certain Arab sensitivities," wrote Cooper.

"But in fact, this approach only serves to reinforce the very same reactionary forces in the Middle East which seek to torpedo a peaceful future for that region," the rabbi wrote.

Cooper requested Madonna's help in correcting "this misguided and unfortunate policy."

"President Clinton and Secretary of State (Warren) Christopher have indicated that it is the foreign policy objective of the United States to seek an early end to the Arab boycott of Israel," he wrote.

**Wants Presence In Israel**

"The decision to finally list Israel as an equal among nations by your important and prestigious firm will add both symbolic and practical momentum in this direction," Cooper wrote in the April 26 letter.

He said Monday that he had yet to receive a response.

But The Wall Street Journal reported Monday that Madonna had sent a reply, dated May 15, in which he denied that KPMG was trying to circumvent the Arab boycott with the optional insert.

The company's worldwide regulations, he wrote, require that only firms with exclusive relationships with his company be listed in the directory.

Madonna added that Peat Marwick desires to be formally represented in Israel and "will continue to seek an appropriate format" to list an Israeli firm as "our service-provider of choice."

The Journal also contacted Avi Berger, managing partner of Kesselman & Kesselman, Israel's largest accounting firm, with branches in Jerusalem and Haifa.

Berger is reported as conceding that Peat Marwick did not list his firm in its directory because of the Arab boycott and only began offering the optional insert last year.

In the past, the Wiesenthal Center has protested similar omissions of Israel in brochures and maps issued by various airlines, the DHL Worldwide express mail service and other firms.