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ISRAELI CABINET APPROVES PLAN ON SELF-RULE IN THE TERRITORIES By Gil Sedan

JERUSALEM, Tuesday, Aug. 31 (JTA) - In a major advance for the peace process, Israel's Cabinet has approved a tentative agreement that would establish limited Palestinian self-rule in the Gaza Strip and a small portion of the West Bank.

The vote approving the accord, which was hammered out in a series of secret meetings with officials of the Palestine Liberation Organization, came shortly after midnight Monday, culminating a special Cabinet session that stretched late into the night.

As the Cabinet deliberated, thousands of demonstrators blocked a road outside the Prime Minister's Office and clashed with police trying to disperse them.

Throughout the day Monday, Cabinet ministers had stopped by the offices of Prime Minister Yitzhak Rabin to review the documents relevant to the proposal -- and most of them expressed satisfaction with the draft agreement.

In the end, 16 ministers approved the plan and two abstained. There were no votes against.

The tentative agreement between Israel and the Palestinians reportedly was reached during a meeting in Norway between Foreign Minister Shimon Peres and Mahmoud Abbas, a high-ranking PLO official. The Aug. 20 meeting was apparently held in the VIP lounge of Oslo's international airport.

But lengthy secret negotiations on the agreement reportedly began earlier in the summer. Representing the Israelis at those sessions were Yoel Singer, a legal adviser with the Foreign Ministry, and Uri Savir, the ministry's directorgeneral. They were later joined by Shlomo Gur, assistant to Deputy Foreign Minister Yossi Beilin.

Beilin himself reportedly met several times with PLO officials in hotels where the multilateral talks on Middle East regional issues were held.

Chief Negotiator Offers To Quit

Cabinet Secretary Elyakim Rubinstein, head of the Israeli team negotiating with the Palestinians, tendered his resignation in protest over his failure to be informed of the secret talks with the PLO.

But Rabin asked him on Monday to avoid such a move until he had time to study the draft agreement. Rubinstein agreed to wait a few days, but he decided not to leave immediately for Washington, where the 11th round of bilateral talks was to open Tuesday.

For the time being, Eitan Bentsur, the Foreign Ministry's deputy director-general, will stand in for Rubinstein at the talks.

The Israeli-Palestinian proposal includes a five-page declaration of principles, an eight-page agreement and supplements that deal with future cooperation between Israel and the Palestinians, particularly in the economic sphere.

The main points in the draft agreement are:

 The Palestinians will be granted self-rule in the administered territories, which will be implemented first in the Gaza Strip and the West Bank city of Jericho.

* Residents of both areas will be allowed to

move freely between them, but there will not be an independent corridor linking the two sites.

* Israel will retain its control over security and foreign affairs in the territories.

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* Palestinian self-rule will not extend to eastern Jerusalem or Israeli settlements in the territories. Nor will the Palestinians have any jurisdiction over Israeli citizens.

• Under the terms of self-rule, Palestinian will have the power to impose local law and order by means of a local Palestinian police force.

 Although the Israel Defense Force will withdraw from some parts of the territories, it will be able to move freely within both the Gaza Strip and Jericho.

Several Unresolved Issues

Despite the apparent agreement on these points, there are still gaps between the Palestinian and Israeli versions of the draft agreement.

One issue still needing to be worked out is the issue of control over the strategically important Jordan River bridges located near Jericho.

According to Israel, the bridges will remain under Israel's control. But the Palestinians are maintaining that they will be transferred to the control of the United Nations.

In another issue of possible contention, Israeli officials are maintaining that under the terms of the agreement, Israel will redeploy its forces in the administered territories to areas on the outskirts of Gaza and Jericho.

But Palestinian sources in Amman said that Israeli forces would conduct a total withdrawal from Gaza and Jericho within four months.

Now that the Cabinet has approved the plan, its job is to sell it to the Israeli public. An opinion poll conducted Sunday showed a narrow majority of Israelis support the Gaza-Jericho deal, with 53 percent in favor and 45 percent against.

While Israeli leaders were busy securing support among the people for the interim agreement, PLO leader Yasir Arafat went on a tour of several Arab countries to shore up their support for the accord. Arafat first stopped in Cairo and then went on to Yemen.

But the PLO leader's biggest problems lie with Jordan, which has complained of being left out of the negotiating process. Arafat was in Jordan last week, where he reportedly was given a cold reception by King Hussein.

KNESSET OPPOSITION AND SETTLERS UP IN ARMS OVER PEACE AGREEMENT By Gil Sedan and Cynthia Mann

JERUSALEM, Aug. 30 (JTA) - Israel's tentative agreement with the Palestinians on a plan for self-rule in the administered territories has provoked storms of protest by members of the Knesset opposition and by right-wing demonstrators throughout the country.

Police officials braced themselves for civil disturbances, including mass demonstrations by the political right and possible terrorist attacks by groups opposed to the peace process.

In the Knesset, the ruling coalition and the opposition parties agreed Monday that if Prime Minister Yitzhak Rabin presents a draft of the agreement with the Palestinians to the Knesset

next week, the government will have to face a motion of no confidence presented by opposition factions.

Coalition members of the Knesset House Committee agreed that since an accord of historic significance was involved, the government was bound to seek the legislature's confidence.

The Knesset interrupted its summer recess to convene Monday, and the debate on the proposed agreement with the Palestinians was stormy.

Opposition members were fierce in their criticism of the government and dramatic in their predictions of disaster if the agreement becomes a reality.

Benjamin Netanyahu, leader of the opposition Likud party, blasted Rabin, saying he was betraying and endangering the Israeli people. He said the agreement would create a "mini-Libya" and a "mini-Teheran" in Israel's back yard.

Netanyahu likened Rabin to former British Prime Minister Neville Chamberlain, who tried to appease Adolf Hitler by allowing the Nazis to annex part of Czechoslovakia.

Another member of Likud, Knesset member Yehoshua Matza, went so far as to say that the party should incite the public to rebel against the

Appearing before the Knesset, Rabin publicly admitted for the first time that Israel had negotiated the agreement on self-rule with Palestinians living outside the territories.

Israeli leaders had publicly maintained that they would only negotiate with Palestinians residing within the territories. But in recent weeks, reports repeatedly surfaced of high-level meetings between Israeli officials and PLO representatives.

Defending the preliminary agreement with the Palestinians, Rabin told the Knesset that now is the time for Israel to take a risk for peace.

He said that the agreement that had been reached would not harm the security of the state or the Jewish settlements.

Rabin Congratulates Peres

Rabin also used the occasion to congratulate Foreign Minister Shimon Peres for his achievements in the recent negotiations with senior PLO official Mahmoud Abbas in Oslo.

It was during the Oslo talks, which were held in secret, that the details of the preliminary agreement were worked out.

Rabin also rejected what he said was the hypocrisy of the Likud attack on the agreement.

He reminded the opposition that it was Likud Prime Minister Menachem Begin who surrendered "every square inch" of Sinai during the negotiations that resulted in a peace treaty with Egypt.

Peres also addressed the Knesset in defense of the agreement, saying it would not compromise Israel's security and was in accordance with the Camp David accords.

He also ridiculed as absurd charges that a Palestinian police force in the autonomous zone would threaten Israel.

President Ezer Weizman spent Monday touring the country and calling on Israelis to focus on the positive aspects of the agreement.

"The human body has a left hand and a right hand," he said on Israel Television. "When they work together," they can accomplish things they cannot when they work alone, he said.

But throughout the country groups of demonstrators saw things differently.

On Sunday night, soldiers and police dispersed a group of settlers who attempted to establish a new settlement outside the West Bank town of Tekoah, near Bethlehem.

The settlers declared that this was merely the opening shot in their struggle against the government's plans for an agreement with the Palestinians.

Police Brace For Unrest

Earlier on Sunday, the Council of Jewish Settlements in Judea, Samaria and Gaza said it would intensify steps against the government to prevent an Israeli withdrawal from the territories.

A committee of rabbis in the territories meanwhile warned of civil strife.

In a public statement, the committee described the government's moves as "crazy and dangerous," adding that "the people will not be able to stand idle in the face of extreme treacherous acts against Eretz Yisrael. There will be war over Judea, Samaria and Gaza."

Reacting to these and other threats, senior police commanders met Monday to discuss strategies for dealing with possible large-scale unrest.

Concerned about the same possibility, Labor Knesset member Hagai Meirom introduced a bill in the Knesset on Monday that would impose a fouryear jail sentence on anyone "disrupting regular public life" in an effort to prevent the implementation of a peace agreement.

The bill would exclude demonstrations that had been approved in advance by the authorities.

U.S. TO RETAIN BAN ON CONTACTS WITH PLO, STATE DEPARTMENT SAYS By Deborah Kalb

WASHINGTON, Aug. 30 (JTA) -- The United States will continue to shun direct contacts with the Palestine Liberation Organization, despite the fact that Israel is now negotiating directly with the Tunis-based movement.

When asked at the State Department briefing Monday if the United States planned to review its own policy on the PLO in light of the developments in the Middle East, spokesman Mike Mc-Curry replied in the negative.

"Is that policy under review? No. There's no

change in our policy," McCurry said. The United States broke off a low-level, 18month dialogue with the PLO in June 1990, after the group's executive committee failed to condemn an attempted terrorist attack on Israel staged by one of the PLO's factions.

McCurry said the United States "didn't encourage or discourage any contact that Israel may or may not have had with Palestinian representatives" in recent weeks.

On the eve of the resumption here of the Middle East peace negotiations, McCurry welcomed the "substantial progress" made between Israelis and Palestinians that has led many to expect this 11th round of bilateral talks to produce a breakthrough.

'We hope and expect that this progress will now be reflected in the next negotiating round beginning tomorrow and will lead to an early agreement on the draft declaration of principles" that the United States has been brokering between Israeli and Palestinian negotiators, McCurry

President Clinton also welcomed the progress on the Israeli-Palestinian negotiating track.

"I'm very much encouraged by what is happening there and very hopeful," the president told reporters Monday.

AMERICAN JEWS GREET SELF-RULE PLAN WITH OPTIMISM, AND SOME SKEPTICISM By Larry Yudelson

NEW YORK, Aug. 30 (JTA) -- American Jewish groups are by and large reaffirming their support for the government of Israel in the wake of its dramatic moves toward a preliminary settlement with the Palestinians on self-rule in the administered territories.

Groups on the right of the political spectrum are echoing the Likud opposition's call for a vote of no confidence in the government. And groups on the left see vindication for their long-articulated support for direct dealings with the Palestine Liberation Organization.

But the centrist consensus position is probably best summed up by Abraham Foxman, national director of the Anti-Defamation League.

"It's a moment of optimism in the Jewish community," he said. "Whether or not it's optimism tinged with skepticism, or skepticism tinged with optimism, depends on what kind of political eyeglasses you wear."

The Israeli government, mindful of the need to maintain its ties with the American Jewish community that were fraved several times in the first year of the Rabin administration, last week summoned to Jerusalem the leaders of the Conference of Presidents of Major American Jewish Organizations.

Lester Pollack, the umbrella group's chairman, and Malcolm Hoenlein, its executive vice chairman, were briefed in anticipation of the developments by both Prime Minister Yitzhak Rabin and Foreign Minister Shimon Peres.

Also late last week, the Israeli Consulate in New York called leaders of Jewish organizations to give them "a heads-up as to where things are moving," as one of the leaders later described it.

Not only the Israelis were reaching out to American Jewish leaders. Henry Siegman, executive director of the American Jewish Congress, was invited to Egypt last week, where he was briefed by both Egyptian and PLO leaders.

And on Monday, U.S. Secretary of State Warren Christopher called Pollack of the Conference of Presidents to get the American Jewish community's reaction to the developments.

'Opportunity For Real Peace'

One factor complicating initial reactions was the tentative nature of the breakthrough.

Not only was it not officially approved by the Israeli Cabinet until Monday evening, but it was not altogether impossible that the government would collapse before the end of the week, because of the long-running scandal regarding Interior Minister Arych Deri.

In a cautiously worded statement issued late Monday, the Conference of Presidents welcomed "reports that significant progress in the peace process may be imminent. While decisions on the specific points of agreement belong to the democratically elected government of Israel, we support it in its quest for a just and lasting peace.

"Once again, Israel is demonstrating tangible ways its commitment and determination to achieve a real peace with its Arab neighbors while assuring security for its citizens. We take pride in Israel's pledge that it will never refuse to say 'yes' to an opportunity for real peace."

World Jewish Congress President Edgar Bronfman sent a letter to world Jewry, saying: "At this decisive moment, the people of the State

of Israel must know that the Jewish world stands behind them."

It continued: "Just as we gave our full support to Israel in time of war, the Jewish communities of the Diaspora with equal vigor are one with Israel as it decides on the necessary steps toward peace. The world should know of our confidence and faith in the prime minister of Israel."

Organizations on the left of the spectrum plan on stepping up their efforts to rally support

for Rabin.

"We're obviously very pleased," said Gail Pressberg, president of Americans for Peace Now. "Rabin has in essence begun a process where both parties will be able to secure a peace, and we hope the community rallies" around him.

'Precursor To A PLO State'

APN is launching a telegram campaign, in which it will ask its 10,000 claimed members to register their support for the peace initiative in messages to both the White House and the Israeli Prime Minister's Office.

Project Nishma, a group that believes territorial concessions do not compromise Israeli security, plans to continue running an advertisement expressing support that Rabin can deliver a trustworthy peace for Israel.

"There's a new wave of momentum in support of our ad," said Tom Smerling, the group's executive director. "Now rallying around Rabin becomes more important."

Smerling cautioned that "it's important for people to brace themselves for a wave of increased terror and violence, not to be surprised by it. We've always known that as peace draws closer, extremists will increase their activities."

On the other end of the political spectrum, Americans for a Safe Israel is dismayed by the violence Israel may open itself up to by agreeing to negotiate with the PLO and allow the Palestinians to run their own affairs in the Gaza Strip and parts of the West Bank.

"If this agreement goes forward, it is a precursor to a PLO state," says AFSI Chairman Herb Zweibon, "and it is my belief that will either lead to a war, a very costly war, or the

demise of the country.

Rabbi Avi Weiss, president of the Coalition Jewish Concerns-Amcha, sent a letter to Rabin urging a national referendum before making any concessions, the position taken by Benjamin Netanyahu, leader of the opposition Likud party.

HIGH COURT REBUKES SHAS LEADER

JERUSALEM, Aug. 30 (JTA) -- The stability Israel's coalition government was further threatened Monday when Israel's High Court of Justice sharply condemned the conduct of Interior Minister Arych Deri while hearing petitions calling for his ouster.

The five-judge bench did not rule on the petitions Monday, but the court was expected to

issue its decision within a week.

Deri, who heads the fervently Orthodox Shas party, a partner in the Labor-led coalition, faces charges of bribery and misappropriation in connection with his personal financial affairs.

In light of those charges, Attorney General Yosef Harish has recommended that the interior minister be removed from his post immediately.

But Prime Minister Yitzhak Rabin opposes Deri's ouster at this time, fearing it would lead Shas to pull out of his government.

JEWISH GROUPS WILL NOT PROTEST NOMINATION OF GEN. SHALIKASHVILI By Deborah Kalb

WASHINGTON, Aug. 30 (JTA) -- Jewish organizational officials say that President Clinton's nomination of Gen. John Shalikashvili to head the Joint Chiefs of Staff should not be affected by revelations that his father served in a Nazi unit in World War II.

The Los Angeles-based Simon Wiesenthal Center found information documenting that the general's father, Dmitri Shalikashvili, collaborated with the Nazis during World War II and earned the rank of major in a Waffen SS unit.

But Jewish officials from groups dealing with Nazi-related issues said this week that they felt the activities of the father would not -- and should not -- affect the fate of the son.

The Wiesenthal Center researched the elder Shalikashvili's past after being requested to do so by the publication Defense Daily, which first reported the revelations last week.

Dmitri Shalikashvili, now dead, was a native of European Georgia who immigrated to Poland and later served in an ethnic Georgian battalion organized by the Nazis that ended up under the command of the Waffen SS.

Jewish groups did not plan to take any action one way or the other regarding the nomination

Shalikashvili's nomination "should not be judged on the basis of what his father did," the Wiesenthal Center said in a statement released Friday.

John Shalikashvili "served the country in a patriotic way," said Jess Hordes, the Anti-Defamation League's Washington representative.

He "shouldn't suffer" from his father's actions, Hordes added.

And World Jewish Congress Executive Director Elan Steinberg said that his group felt that the father's actions "should not reflect on the son as such."

Steinberg added, though, that the information about the father was important, and commended the Wiesenthal Center for releasing it.

One representative from a Jewish group dealing with Nazi-related issues, however, said that if information about Shalikashvili's father had gotten into Soviet hands during the Cold War, the general could have been placed in a compromising position.

Avoided Mention Of Family's Origins

This is just one of a series of controversies that has swirled around Clinton administration nominees this year. The administration has been faulted for failing to investigate thoroughly the backgrounds of several nominees.

In several instances, including the choices of Judge Kimba Wood for Attorney General and Lani Guinier to head the Justice Department's civil rights bureau, the administration dropped the nominations when there were signs of trouble.

But there was no indication after the revelations about Shalikashvili were made public that the administration was going to withdraw the nomination

A senior Defense Department official indicated to The New York Times that in this case White House officials were made aware of the elder Shalikashvili's service in the German army. It was not clear if President Clinton was told.

Neither the Pentagon nor the president was

aware of Shalikashvili's ties to the SS, however, until they were made public last week.

The Pentagon official told the Times that President Clinton's description on Aug. 11 of his nominee's family origins had been carefully worded to avoid any mention of the father's service in the German army.

On that day, Clinton nominated the Polishborn John Shalikashvili to replace Gen. Colin Powell as chairman of the Joint Chiefs.

At the time, Clinton painted the Shalikashvili family's flight from Europe to the United States in poignant tones, stressing the success story of an immigrant who reached the top of the U.S. military.

"In 1944, when he was 8 years old, his family fled in a cattle car westward to Germany in front of the Soviet advance," Clinton said in a Rose Garden ceremony.

Rabbi Marvin Hier, dean of the Wiesenthal Center, said Monday that Clinton's description of the family fleeing in a "cattle car" was inappropriate. "Perpetrators never went in cattle cars. They went first class," Hier said.

The Wiesenthal Center, while stating that it was not criticizing the younger Shalikashvili, raised questions about how the elder Shalikashvili and his family was allowed into the United States after World War II.

It is an issue "worthy of full disclosure." Hier added

The Pentagon was standing by the nominee once the news about his father was made public.

"Gen. John M. Shalikashvili's superb record of achievement in the United States Army speaks for itself." Secretary of Defense Les Aspin said in a statement Friday.

"Allegations about his father are not relevant to Gen. Shalikashvili's nomination to be the next chairman of the Joint Chiefs of Staff," Aspin said.

PRESIDENT CLINTON SPEAKS IN FAVOR OF RELIGIOUS FREEDOM LEGISLATION By Deborah Kalb

WASHINGTON, Aug. 30 (JTA) -- President Clinton, meeting with a group of religious leaders here this week, spoke out in favor of religious freedom legislation now pending in Congress.

At a White House breakfast meeting Monday morning with about 100 religious leaders, including several rabbis, Clinton called the Religious Freedom Restoration Act "a very important issue to me personally."

The act, supported by a broad coalition of Jewish and other religious groups, would make it harder for the government to encroach on free exercise of religion.

The president had previously voiced support for the legislation, which is designed to circumvent a 1990 Supreme Court resolution giving states greater leeway to restrict certain religious practices.

But the bill's supporters were pleased that the president reiterated his backing this week.

"This administration is committed to seeing it through successfully. And I think virtually every person of faith in this country without regard to their party or philosophy or convictions on other issues agrees with that," Clinton said.

The bill was unanimously passed the House of Representatives in May and passed the Senate Judiciary Committee by a 15-1 vote. But the full Senate has yet to take up the measure.