

### As Israel Struggles With Inflation, Unity Partner Relations Sour

JERUSALEM (WNS) — During a week when Israel's unity government sought to curb Israel's record inflation, relations between the coalition partners reached a new low as party leaders exchanged charges of who was to blame.

The new rift developed as a committee of senior Finance Ministry officials and academicians worked on plans to prevent re-emergence of hyper-inflation when the present wage-price freeze agreement ends in January. Experts here predicted that February will be the critical period of Israel's battered economy.

Finance Minister Yitzhak Modai asserted that a new inflation surge, after the freeze ends, was not inevitable. He said that much depends on the behavior of consumers and predicted a gradual but significant slowdown in the roaring inflation rate between now and January.

Modai predicted the November price index will show an 18-21 percent inflation rate, the December index will be between 10 and 12 percent and the January index between seven and nine percent.

Opposition Knesset members from both the right and left reacted to government policies both on the economy and Lebanon, but as small parties they represented no threat to the coalition.

No-confidence motions were presented by Mapam, the Civil Rights Movement (CRM), the Progressive List for Peace and the Hadassah Communities and the rightwing Tehiya party. From the left came complaints that rising joblessness posed a threat to the entire work force. Politicians seeking to use unemployment as a tool to cure inflation were denounced.

Another charge was that the wage-price freeze would not cut inflation but would hurt wage-earners, an apparent reference to a freeze requirement that wage-earners give up one-third of their monthly cost-of-living allowances during the three-month freeze.

The strain on Labor-Likud relations was evidenced in the comment by Deputy Premier

Yitzhak Shamir, the Herut leader, to the Herut executive committee, that "when we formed the national unity government, we knew who our partners were - and until now we have not been favorably surprised."

Previously, Likud leader Gideon Patt, Science and Development Minister, said an "economic catastrophe" would follow the freeze. Patt's comment triggered one of the few times Premier Shimon Peres has reacted. He responded that the "economic catastrophe" was present when the unity government took power, succeeding a Likud coalition, and that the present economic policy was aimed at averting a catastrophe.

The threat of heavy joblessness from Treasury-proposed cuts in Israel's budget touched off a political furor and the wrath of Histadrut, which said the plan would not work. The Treasury proposals - yet to be acted on - call for immediate dismissal of 4,000 teachers, 4,000

defense-related government workers, 1,500 employees of local authorities and several thousand social and health services staff members. Public works would be sharply curtailed.

Histadrut Secretary General Yisrael Kessel warned that if the government did not take compensatory measures, such as new training schools, unemployment may rise to 100,000 by the end of the year.

Authorities moved swiftly against violations of the freeze which took effect recently. A Tel Aviv magistrate set fines of up to 50,000 Shekels for 100 merchants charged with freeze price violations. All pleaded guilty. Prices must be quoted in Shekels, pegged at the official rate of 526.97 Shekels to the dollar.

Police action against black money market changers brought the arrest of five dealers in Jerusalem, but generally illegal transactions were simply moved to side streets to continue undisturbed.

### Madrid Reports Spain Will Soon Send First Envoy To Israel

BONN (WNS) — A prominent Spanish Socialist politician, Enrique Mugica-Herzog, is preparing himself for the task of becoming his country's first Ambassador to Israel, according to well informed sources in Madrid. The sources said that Spain is taking seriously warnings by West European nations that failure to establish diplomatic relations with Israel could add to Spain's difficulties in joining the European Economic Community (EEC) at the beginning of 1985.

Madrid apparently wants to appoint a "political" Ambassador rather than a professional diplomat to what is considered to be an extremely sensitive task of representing Spanish interests in Israel some time in the near future.

While the Spanish Foreign Ministry officially maintains that no new steps have been taken to establish diplomatic relations with Israel, it is, at the same time giving the impression that the time is ripe for new initiatives.

This has been made clear in recent reports by Spanish journalists who are close to the Foreign Ministry, such as Pilar Cernuda.

Diplomats in Spain, in telephone interviews, confirmed that the reports by Cernuda and other journalists have

been "more than just speculations." The diplomats pointed to what they termed "a rapid development of contacts between Spain and Israel in recent months." They added that Prime Minister Felipe Gonzales of Spain and Premier Shimon Peres of Israel are known to have established very good contacts.

### Candlelighters Of Clark County Plan Holiday Fundraiser



(L-R) Mary Kullberg, Judi Collins and Alex Batlowni. The Candlelighters of Clark County, KVBC-TV 3 & Wendy's of Las Vegas, Inc., are jointly planning a holiday fundraising project for children with cancer. Candlelighters of Clark County is a non-profit organization of families and friends of children with cancer. They provide transportation to out of state treatment centers, family counseling, information and emergency aid not covered by insurance. For more information call 876-5879.

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