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Israel's Devalued Pound Causes 10-20 Percent Price Hike Of Goods

TEL AVIV, Aug. 22 (JTA)--Israeli consumers awoke today to a new economic situation, in the wake of a sudden devaluation and wage and price freeze, in which they found themselves hit by higher prices for most basic commodities, such as bread, butter, milk, eggs, sugar and fish. New prices were posted this morning for a variety of staple foods. Bread prices were up 10 percent; milk, 13 percent; eggs, 20 percent; sugar, 14 percent; and fish, 10 percent. Gasoline prices went up only two cents a gallon but those prices had been boosted 1 1/2 percent in July. As of today, television sets were up in price by about \$100 each and small imported cars up in price by \$400. Increases of about \$100 are expected in the price of most household appliances such as washing machines, refrigerators and air conditioners. The sophisticated Israeli consumers, anticipating significant changes in Israel's price structure since President Nixon announced last Sunday his sweeping program of changes to defend the dollar, had been buying heavily through the week. Today, some people hunted feverishly for products at the pre-devaluation prices with no success. When Israelis were told that an important announcement would be broadcast around 11 p.m. Israel time last night, they tuned in en masse on their radios to hear Finance Minister Pinhas Sapir announce -- after a two-hour delay -- the devaluation and the controls accompanying it. At 2 a.m. they were still listening to commentaries on the devaluation and its likely consequences. (See separate stories from Jerusalem, Washington and Paris.)

Officials of foreign airlines operating in Israel met today and decided to approach the government with a request for a reduction in the travel tax. Israelis now pay 600 pounds plus 10 percent on ship and air travel tickets. The officials expressed concern lest new taxes might sharply reduce overseas travel by Israelis. With banks and other lending agencies closed, except for currency exchanges at Lydda airport and Haifa port, the only "free market" operating was the black market where the dollar was selling at 4.35 pounds, only slightly above the new official rate. Israeli financial circles welcomed the new economic policy. Importers were reported angry because of a ruling requiring them to pay a 20 percent surcharge on goods in stock, declaring they had been promised they would not have to pay more taxes. A spokesman said the importers might seek relief from Israel's Supreme Court. Cab fares are expected to rise 10 percent. Public transport fares, slated to be increased by 18 percent on recommendation of an investigating committee, will go up an additional two percent.

U.S. Asks Thant To Aid Former Head Of Anti-Nazi Spy Ring Leave Poland For Israel

NEW YORK, Aug. 22 (JTA)--Ambassador George Bush, United States Ambassador to the United Nations, has asked U.N. Secretary General U Thant to help bring about the reunion with a family in Israel of a Polish Jew who was head of the famed "Red Orchestra," the anti-Nazi Soviet espionage ring which operated in France and Belgium during World War II. This request came after a discussion last week with Dr. William Wexler, chairman of the Conference of Presidents of Major American Jewish Organizations. Dr. Wexler informed Ambassador Bush that Leib Trepper and his wife Liba, who are elderly and ill, have been refused permission to leave Poland and join their sons and families in Israel. He brought letters from one of Trepper's sons, Dr. Ed Trepper of Tel Aviv, to Thant and Edward Giersek, head of the Polish Workers (Communist) Party, telling of his parents' plight and begging for aid to bring about their emigration. They were forwarded by Bush to Thant.

Dr. Wexler said that in addition to his plea to the United States Mission, to use its good offices in the U.N. to bring about the Treppers' emigration, he was also appealing to the State Department directly to communicate with the Polish Government about the matter. Dr. Wexler expressed "amazement and dismay" that Poland would give such "shabby treatment to two people who had done so much for the victory over the Nazis." All the Treppers want to do now, he said, "is to live out their lives with their children in Israel. This is little enough to ask for all they have done." Dr. Wexler left for Israel on Friday to meet with a special committee formed to help Trepper get out of Poland. The letter to Thant said that the Treppers' relatives had recently reached Israel and that their parents "have been struggling for a long time to go to Israel where they wish to spend the last years of their lives" in the midst of their family. Trepper, who is 67 years old and whose underground name was "Leon Domb," and about whom and his "Red Orchestra" books have been written, was recently arrested in Poland with his wife while working on a French film about the espionage organization with the author of the book "Red Orchestra," Giles Perrault, a Belgian television reporter. They were released after a week and the reporter was expelled and his film confiscated. Trepper, who spent five years in a Stalin prison camp, much of the time in a cell too small in which to lie down, contracted a disease there and has been growing progressively weaker, it was reported.

Treppers Doomed To Isolation, Untimely Death In Complete Loneliness, Son Writes

Born in Poland, and active in a Zionist youth movement from the time he was sixteen, Trepper was recruited into the Russian espionage mechanism and sent to Paris in 1938 charged with the task of organizing an anti-fascist spy-ring there. Operating under the code name "Red Orchestra," Trepper's underground organization became one of the most successful espionage operations of its kind in World War II. Trepper, or "Domb," was the first to uncover Hitler's plans to attack the Soviet Union, but Stalin paid no attention to his report. At the end of the war, in 1945, he returned to Moscow where he was decorated for his exploits. In 1949, during one of Stalin's anti-Yewish campaigns and purges, he was sent to a labor camp and released in 1955 after Stalin's death and "rehabilitated." He returned to Poland that same year under the repatriation agreement between that country and the Soviet Union.

There he became manager of a publishing house for a while, and was elected chairman of the Social and Cultural Union of Polish Jews in 1962, serving until 1968 when Poland's "anti-Zionist" campaign began.

Trepper began asking permission to leave the country for Israel when Gomulka's campaign against the Jews went into high gear and Jews were being dismissed from all government and party posts as well as from the universities and other positions. Exit visas were given to some 25,000 Jews, including his sons and their families, but not to him and his wife. His son's letter to Thant said that the refusal to let his parents emigrate was "dooming them to complete isolation and untimely death in complete loneliness. Our mother and father are very ill and they cannot count on decent medical aid." He said that they were taking no part in Polish political life and that he and his brothers considered the denial to let them emigrate a "cruel act, a slow skilling and an act of retaliation against old and defenseless people." Trepper's son asked Thant to "express your opinion openly via the media of mass information" and to appeal to Polish authorities for his parents' release.

Cabinet Approves Devaluation Of Pound; New Rates For Grants To Low Income Families

JERUSALEM, Aug. 22 (JTA)--The devaluation of Israel's pound by 20 percent, approved after midnight at an emergency session of Israel's Cabinet, was reported at 1 a.m. this morning by Finance Minister Pinhas Sapir. The pound today is worth slightly less than 24 United States cents as against 28 cents yesterday. The new official exchange rate is 4.20 Israeli pounds to the dollar compared with the previous rate of 3.50 to the dollar. Sapir declared in his radio report to the nation that devaluation had become imperative because of President Nixon's policies, generally described as a de facto dollar devaluation, and because of Israel's heavy defense outlays. The first official devaluation made by any country since the new Nixon economic policies also was aimed at keeping the U.S. measures from widening an already massive trade deficit. Along with the devaluation, Sapir announced a series of sweeping economic controls designed to keep devaluation from ballooning Israel's domestic prices. He said every price increase domestically could not be more than 20 percent of the foreign currency factor involved in its costs and that all price increases will have to be approved by a special board. He said legislation embodying those controls will be enacted at a special session of the Knesset tomorrow but that the regulations were in effect immediately under the Cabinet's right to issue emergency regulations.

Sapir also listed a series of other regulations as part of the new economic program. He said no new taxes would be imposed and that planned tax reforms will be implemented on schedule. All existing stocks of products in Israel are to be sold at pre-devaluation prices or be subject to a tax equal to any price increase. He said bank credit was being frozen at present levels. Labor unions are being asked not to present any new wage demands before expiration of existing collective wage pacts next year. Later today, Sapir announced new rates for grants to low income families. Until now they have been 48 pounds a month for families whose total income did not exceed 490 pounds monthly. The rate of payments were on a progressively declining base until a family had, or reached, a monthly income of 586 pounds per month, which disqualified it for the monthly grants. All such payments have been increased by a flat boost of 30 pounds tax free. In reply to a question, Sapir said the Histadrut, which had asked for such action, had been informed of the new grant scales and had acknowledged them.

Steps Taken To Halt Illegal Price Increases; Banks, Financial Firms Closed

Sapir cited three basic causes of the new Israeli economic policy: the new United States 10 percent surcharge on imports; restrictions of the European Common Market customs union; and the fact that the Common Market gives duty rebates to 77 nations classified as developing, which excludes Israel.

In interviews with two Israeli newspapers, Yediot Achronot and Maariv, the Finance Minister said he expected an average price increase domestically of not more than five percent. He added that if wage demands were made and granted and prices went up "too much" as a result, the Government would impose higher taxes to offset such increases. The Government meanwhile set up a military-type network of field headquarters where offenders against the price freezes could be reported but — as one customer at Jerusalem's Supersol supermarket said — Israeli citizens are like guerrillas as consumers and no army has ever been able to really cope with "small wars." The Supersol management simply marked up all prices this morning. In response to customer complaints that the stores should sell their old stock at the old prices, the management reply was "we have no stock." Every bank and money-lending firm was placed under police guard and no one was allowed to enter such enterprises.

Treasury officials, accompanied by bank officials, started visiting every financial institution to prepare lists of all assets in all currencies. Officials said it was hoped those procedures could be completed by tomorrow morning with banks then expected to reopen. In general, Israel's public took the devaluation calmly although there was some grumbling. Sapir said last night that everyone would lose a little and that seemed to sum up the prevailing reaction. There was resistance in the Cabinet to the emergency measures. It was reported that Mapam Ministers required intensive persuasions to accept the program. Some economic experts contended that the devaluation was too little and too late. Tourists began enjoying the new rates which give them more Israeli pounds for their dollars. They made the exchanges at the only operating financial institutions — at Lydda Airport and Haifa port. Another group standing to gain from the devaluation is made up of Israelis receiving restitution funds from West Germany. Meanwhile, the value of the Jordanian dinar went up today from 9.80 to 12 Israeli pounds as a result of the devaluation and the increased demand for the dinar in the West Bank. Prices of all products there climbed steeply and food products disappeared from the markets. West Bank merchants are expecting an even sharper increase in prices.

U.S. Officials See Israeli's Devaluation As Way To Maintain Her Trade Positions

WASHINGTON, Aug. 22 (JTA)--Israel's devaluation was seen today by American officials as being primarily a means to maintain and possibly bolster its trade position in the U.S. and other countries. An International Monetary Fund spokesman, however, told the Jewish Telegraphic Agency that the Israeli devaluation was mainly directed at Israel's domestic economy noting that the Israeli government today had increased domestic prices of commodities at an average of 15 percent. The IMF officially announced

near midnight last night that it had concurred with the Israeli monetary move. Israel was seen as having problems both in its balance of payments and in inflation in its domestic economy similar to those in the U.S. which caused President Nixon to adopt a new economic policy. Both U.S. and foreign officials refrained from speculating on the outcome of the Israeli measure which stems directly from the Nixon policy.

The Americans pointed out that the result will depend on where the dollar settles after the world monetary exchanges reopen tomorrow. Most currencies probably will be revaluated upward in relation to the dollar, the U.S. Treasury spokesman pointed out. A devaluation such as Israel has made will mean Israeli goods will be cheaper in the American market and other foreign goods in relation to them will be more expensive. This will help enable Israel to maintain its price levels and competitive position in the American market. Israeli goods also will probably have a competitive advantage in other countries which use dollars to pay for American goods, he said. Both the U.S. State and Treasury Departments spokesmen again vigorously denied that Nixon's new economic policy restricts fundraising for Israel in the U.S. through the sale of Israel Bonds and private contributions. Capital flow from the U.S. to countries abroad is not restricted by the policy, they said. Indirectly, however, the flow of funds to Israel might be affected since a weaker American economy would presumably reduce sales of Bonds and contributions.

The spokesmen, however, took a positive view, saying that Nixon's action would result in an improved American economy and thus provide a better market for Israeli goods and greater fundraising prospects. The spokesmen at both departments also said that no decisions have yet been taken on the President's order to cut foreign military and economic assistance by 10 percent. Funds for foreign aid for the 1971 fiscal year budget, which was closed out June 30, are not affected, he said. The new economic and military aid budget for fiscal 1972 totaling \$3.2 billion, has been adopted by the House of Representatives. The Bill is now in the Senate Foreign Relations Committee. Congress is in recess until Sept. 8. The Nixon Administration's decision on how to put the 10 percent reduction into effect — by an overall world wide cut, regionally or country by country — probably will not be taken until after Congress decides on the new aid budget appropriations, the officials predicted.

European Trade Officials Not Surprised By Israeli Devaluation

PARIS, Aug. 22 (JTA)—Common Market officials declared here today that they "were not surprised" by Israel's decision to devalue although they saw "no real reasons for doing so." These officials told the Jewish Telegraphic Agency that, for some time now, they had felt that Israel was waiting for the first available opportunity in order to devalue its currency. They said, however, that the opportunity chosen "does not seem to be logical" as most of Israel's imports are from the United States (payable in devaluated dollars) while its exports are towards strong-currency European countries. French and German trade officials said here today that Israel has not actually suffered from the dollar devaluation and that its decision is mainly "preventive." General Agreements on Tariffs and Trade (GATT) officials, who are currently preparing for a general conference on the subject of tariff barriers which will open on Tuesday in Geneva, said that Israel's decision to increase taxes on imports will be discussed at the conference. "It is to be expected that a number of countries will find the Israeli decision to the contrary of the GATT agreements," these sources said.

Eban Astonished At State Department Reaction To Dayan Speech

JERUSALEM, Aug. 22 (JTA)—Foreign Minister Abba Eban reportedly expressed astonishment today at the U.S. State Department's criticism of Defense Minister Moshe Dayan's speech last Thursday in which he told an army graduation ceremony that Israel should act as a permanent government in the administered territories. Eban noted that the State Department could not have had time — when it issued its criticism on Friday — to determine whether Dayan's statement expressed the policy of Israel's government. (Robert J. McCloskey, State Department spokesman, said: "We consider Minister Dayan's statement harmful, and if this represents the view of the government of Israel it would be completely inconsistent with Israel's acceptance of the United Nations Security Council Resolution (242) of Nov. 22, 1967.") Eban's comments were understood to have been made at today's regular Cabinet session after Dayan reportedly reiterated at the meeting that he did not mean annexation when he said Israel should act in the areas like a permanent government.

Under pressure from critical government colleagues, Dayan took to the radio yesterday to explain that in his statement Thursday, which was widely interpreted as calling for permanent Israeli government of the administered Arab territories, he had not proposed Israeli annexation of the areas and that what he did mean was that he opposed a temporary administration which delays needed programs or abstains from them altogether. It was reported that Prime Minister Golda Meir interjected the comment that Dayan's statement had not been cleared in advance with her but that she felt he was within his rights when he expressed — at an army ceremony — his views on a matter concerning army functions. Eban was then reported to have said that his Ministry had answered inquiries, reportedly from the U.S. Embassy in Tel Aviv, and that the reply was that the policy of Israel remained as it had been repeatedly approved both by the Cabinet and the Knesset — that Israel would remain on existing cease-fire lines until new lines were agreed on within the context of peace negotiations and that, until then, Israel would continue to strive for peace. In his clarification address, Dayan also said that permanent borders with Egypt did not "necessarily" require an Israeli military presence on the east bank of the Suez Canal but that Egypt "should learn to accept the fact" that Israel will remain at Sharm el Sheikh, at the southern end of the Sinai peninsula, to protect Israeli access to the Tiran Strait to and from its Elat port.

Edith Burghalter Given 8 Years Imprisonment, Husband Gets 4 Years

TEL AVIV, Aug. 22 (JTA)—An Israeli military tribunal imposed a sentence of eight years on Edith Burghalter and four years on her husband, Pierre. The elderly French couple — he is 69 and she is 60 — were found guilty of having been in the service of a terrorist group and with possession of sabotage devices. They were acquitted of charges of being members of a terrorist organization. They had been arrested as carriers of activating devices for explosives slated to be transmitted to three French girls previously sentenced to prison terms, who came to Israel to carry out sabotage acts.

AJCommittee Urges Nixon To Consider Plans For Implementation Of Dual Enrollment

NEW YORK, Aug. 22 (JTA)--The American Jewish Committee has called on President Nixon to "convene concerned, national educational and religious leaders to consider together plans for possible implementation of 'dual enrollment' programs" as a means of meeting the financial problems of parochial schools. Philip E. Hoffman, AJCommittee president, explained that the dual enrollment concept, also known as "shared time," "permits religious school pupils to attend nearby public schools, on a part-time basis, for instruction in non-religious subjects such as mathematics, science, industrial arts, home economics and physical education." Hoffman made his suggestion following President Nixon's statement, last Tuesday evening at the annual Knights of Columbus dinner in New York, that he would seek to reverse the current trend toward closing financially troubled parochial schools. Earlier, on June 28, the U.S. Supreme Court declared it unconstitutional for states to reimburse Roman Catholic and other church-related schools for instruction in non-religious subjects. The Court thereby invalidated state laws in Rhode Island and Pennsylvania that had provided for supplementation of teachers' salaries in parochial schools, provided the teachers taught only "secular subjects."

In asking the federal government to consider seriously the idea of "dual enrollment," Hoffman pointed out that this concept is already authorized as a special educational arrangement under Title I of the Elementary and Secondary Education Act of 1965. "The advantages of 'shared time' are apparent," Hoffman said. "Religious schools can be relieved thereby of the appreciable financial burden of teaching secular courses, thus enabling them to concentrate on sectarian instruction. By bringing more religious school pupils into public schools, racial and religious integration can be significantly advanced and, hopefully, intergroup understanding as well. Such a program should also help to develop broader community support for the pressing needs of both public and private education." Hoffman said that, "While the American Jewish Committee is opposed to the use of public funds to aid religious schools of all faiths, it is deeply concerned about quality education for all American children and is sympathetic to the predicament of all denominational schools and of parents who wish to utilize them."

AJCongress Warns Court Ruling On Parochial Aid May Influence Pending Cases

NEW YORK, Aug. 22 (JTA)--The recent Supreme Court ruling prohibiting state aid to sectarian schools is likely to influence the outcome of 27 among 60 cases on religious freedom and separation of church and state currently awaiting decision in state and federal courts, a national survey by the American Jewish Congress revealed last night. In a statement accompanying release of the findings, Joseph B. Robison, general counsel of the AJCongress and director of its Commission on Law and Social Action, declared that in the nearly two months that have elapsed since the U.S. Supreme Court issued its decision in the parochial cases, "proponents of government aid for church-affiliated elementary and high schools have not reduced either the level of their demands or the vigor with which they have pressed for them. They have insisted that ways can and must be found to get around the court's decision."

Of the 27 aid-to-sectarian-school cases in the Docket, seven arose under the Federal Elementary and Secondary Education Act of 1965 and one under the Federal Higher Educational Facilities Act of 1963. The remaining 19 concern various programs of state aid, as does the new suit in New York, filed July 20 by the Committee for Public Education and Religious Liberty (PEARL). Twenty cases covered in the docket concern other instances of governmental establishment or support of religion. Of these: ten cases involve religious practices in or through public facilities; three challenge city, state and federal tax exemptions for religious institutions; three concern state abortion laws in which religious issues have been raised; three concern the availability of sterilization procedures; and one case challenges the channeling of income from public lands into church treasuries. The remaining 13 active cases in the Docket challenge government interference with the free exercise of religion as guaranteed by the First Amendment.

Klutznick Calls For New Priorities For Jewish Education, Religion

MILWAUKEE, Aug. 22 (JTA)--A former ambassador to the Economic and Social Council of the United Nations and leader of Jewish and community affairs, Philip M. Klutznick, told the Milwaukee Jewish community that action must accompany thought in Jewish activity. Stating that there is a low priority for religion and Jewish education in communities today, Klutznick said he wasn't sure that the community was right in putting priority on Israel itself. "If we can't find an answer to Jewish problems all over the world, then Israel is not necessarily the answer," he said. Klutznick called for a four-point program beginning with the awakening of ourselves to recognizing that there is a new wave of anti-Semitism beginning. Jewish attitudes toward Israel are not as they should be either, he said. There should be a new reordering of priorities to save people of the diaspora and get them to help us support Israel, he said.

Klutznick also suggested a resolution to provide a better Jewish education for the next generation and urged more lay people of the community to help the Jewish service organizations with the responsibilities of the Jewish community. Klutznick spoke Thursday night to more than 400 persons attending the annual Jewish Federation meeting. The 1971 Jewish Welfare campaign chairman also announced that the community had collected more than \$4,800,000—over one million more than in previous campaigns. Leadership awards to the outstanding young man and woman active in Jewish communal affairs were presented by the Federation. Todd Lappin received the Benjamin E. Nickoll award as the outstanding man and Mrs. Sidney J. (Elaine) Friedman received the Sophie Peckarsky award for women.

Rabbi Karasick Commends Nixon's Pledge To Reverse Closing Down Of Private Schools

NEW YORK, Aug. 22 (JTA)--The President of American Jewry's national orthodox synagogue organization suggested today, in a letter to President Nixon, that "legal ways must be found to let the parent determine in which school the City, the State, and the Federal Government should support his child's education, not limiting this choice to the public school." Rabbi Joseph Karasick, President of the Union of Orthodox Jewish Congregations of America, commended President Nixon for his recent statement that the religious community can count on his support to halt the trend of the closing down of parochial schools.