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US CONTINUES STALL ON SALE OF JETS TO ISRAEL; REQUEST STILL UNDER STUDY

WASHINGTON, Nov. 16 (JTA)--The State Department said today that Israel's request for more Phantom jets was "under continuing study and review." Department spokesman Charles Bray made that statement at today's press briefing against the background of newspaper reports that the US has decided not to sell Israel more Phantoms at this time because the Soviet Union has been exercising restraint in arms shipments to Egypt.

Those reports were apparently based on an interview with Secretary of State William P. Rogers published in the Nov. 22 issue of US News and World Report. Rogers was quoted as saying that the military balance has not shifted in the Middle East. State Department officials said yesterday that Rogers' remarks stemmed from a review of the Mideast military situation which ended Nov. 1 and indicated that Israel still retains military superiority.

Observers here said, however, that the Rogers interview heralded no new position by the State Department on the question of Phantoms for Israel. The phrase, "under continuing study and review," has been used by the State Department all along as a diplomatic stall. The reaffirmation by Rogers in his interview comes at a time when the Egyptian delegation at the United Nations is preparing to open a debate on the Middle East early next month.

Rogers' statement is therefore seen by observers here as a way of assuring Egypt and other Arab states that the US intends to act as an "honest broker" in efforts to achieve an interim Middle East solution. The US is trying to keep all options open and fears that a commitment at this time to sell Israel jets would force Egypt to scuttle interim negotiations and nullify any effort by the US in its Mideast efforts. Israel has refused to resume substantive negotiations for an interim Suez agreement with Egypt before it is assured that the delivery of Phantoms will be resumed.

Bray said today that American "suggestions for intensified negotiations in closer proximity still stand for Israel and Egypt to reach an interim agreement to reopen the Suez Canal." He added, "We do not now have an agreement from either side to reach the process." He said Israel has asked for clarifications but could not say when they will be forthcoming. He said also "We will be in touch with Egypt." Asked if the US thought negotiations could go forward even without Phantom deliveries to Israel, Bray replied, "We hope so." He said the US preferred to continue with "quiet diplomacy."

STATE COMMITTEE OF INQUIRY APPOINTED TO PROBE OIL SCANDAL

JERUSALEM, Nov. 16 (JTA)--A State committee of inquiry into allegations of a major scandal in Israel's operation of oil fields in the occupied Sinai peninsula was appointed today by the President of the Supreme Court, Dr. Shimon Agranat. Dr. Agranat acted at the request of the Cabinet which has been studying allegations of gross irregularities made against Mordechai

Friedman, director of the government-owned Netivei Neft Co. that has been operating the Sinai oil fields since shortly after the Six-Day War.

The committee will be chaired by Supreme Court Justice Alfred Vitkon who, as a judge in the lower courts, specialized in financial and tax cases. The other two members are Reservists Maj. Gen. Meir Zoreh, a member of Kibbutz Maagan Michael, and Avraham Kalir, owner of one of Israel's largest textile factories.

The charges indicating the possibility of a major scandal were presented to the Ministry of Development by an oil engineer, David Niv, last April. Friedman was accused of having sold equipment belonging to the government-owned company to another oil firm which he owns, at a very low price. Niv also charged gross mismanagement by Friedman including altering the books. He said that valuable equipment belonging to Netivei Neft simply "vanished" while the company's directors and supervisors "turned a blind eye."

Reports Exaggerated

Since the charges were brought, allegations have been made that certain high government officials were involved, at least peripherally with Friedman. The only name mentioned so far in the press was Dr. Zevi Dinstein, the Deputy Minister of Finance, whose resignation has been demanded by some newspapers on grounds that he was not sufficiently watchful over the Sinai oil operation.

Premier Golda Meir, who agreed that the complaints against Friedman warranted investigation, has warned that a line must be drawn at personal suspicions. Observers here said reports in some Western newspapers that Friedman purchased favors from government officials, held orgies at the remote Sinai oil fields and maintained a "feudal barony" there were gross exaggerations.

The charges of scandal brought into the open an aspect of Israel's occupation of the Sinai which, while not secret, has been rarely discussed publicly here. It concerns Israel's utilization of the Sinai's mineral wealth, mainly oil. The oil fields operated by Netivei Neft were previously operated by an Egyptian-Italian firm. Israel is said to be extracting some 6 million tons of oil a year. According to some sources, Israel is selling the oil abroad, putting it in the ranks of the Middle East oil exporting nations. Other sources say, however, that the 6 million tons is barely enough to meet Israel's domestic oil needs.

US 'CONTINUING REVIEW' OF JETS TO ISRAEL SCORED AS NEGATIVE

JERUSALEM, Nov. 16 (JTA)--The US State Department's announcement that Israel's request for more Phantom jets was under "continuing review" is taken as a negative reply by official circles here in light of Washington's insistence that the military balance in the Middle East has not shifted. The circles noted today that Israel has not received the "clarifications" it asked for as a condition for resuming substantive negotiations for a Suez interim agreement with Egypt.

Foreign Ministry circles discounted the basis of Secretary of State William P. Rogers' contention that the military balance is unchanged because the

Soviet Union has moderated its shipment of arms to Egypt. They cited the joint communique issued in Moscow last month at the end of Egyptian President Anwar Sadat's visit in which the Russians promised to supply Egypt with all the war equipment it needed. The circles said the fact that Moscow has slowed down shipments to Egypt in this or another month does not indicate a policy of restraint. They said that in previous years the flow was slowed down, only to be resumed suddenly "with a vengeance."

FRANCO-ISRAEL TALKS ON MIRAGES TO BE RESUMED; LONG, DIFFICULT NEGOTIATIONS ANTICIPATED

PARIS, Nov. 16 (JTA)--Talks between France and Israel to settle the fate of 50 Mirage jets bought by Israel but embargoed since the Six-Day War will be resumed here this week after a ten day lapse. Informed sources said the talks would be long and difficult and that extensive negotiations will be required to bring the two sides together.

The chief issue is whether Israel will accept reimbursement for the aircraft, the amount of reimbursement, Israel's demand for interest on the capital tied up on the planes for the past four years and France's counter demand for payment for storage and maintenance of the aircraft. The talks are also linked to efforts on both sides to improve Franco-Israeli relations which deteriorated seriously after the Six-Day War.

The Jewish Telegraphic Agency learned that the talks were adjourned ten days ago to enable the participants to report to their respective governments. The talks are being held at the French Foreign Ministry between Israeli Ambassador Asher Ben Natan and Ambassador Herve Alphand, secretary general of the Ministry. Israel is also represented by Col. Paul Kedat of the Defense Ministry. The French participants include representatives of the Foreign, Defense and Finance Ministries.

COURT TAKES FIRST STEP TOWARD EXTRADITION OF LIPSKY

TEL AVIV, Nov. 16 (JTA)--The first step toward the extradition of Claude Lipsky, a French-Jewish financier wanted in Paris in connection with a major financial scandal, was taken by a Tel Aviv magistrate's court today. The court returned Lipsky and released him on \$18,000 bail on condition that he reports to the nearest police precinct every second day and turns in his passport to police to prevent his leaving the country.

The court acted at the request of police who received a formal request for Lipsky's extradition yesterday from French authorities. The latter asked that the accused be taken into custody until the extradition process is completed.

Lipsky's lawyers said they would appeal to higher courts against any action taken against him in Israel which stems from the newly ratified Franco-Israeli extradition treaty. They said the treaty did not apply to Lipsky's case which he claims is political, not criminal.

The request that Lipsky be taken into custody was conveyed to Israel through Interpol, the international police organization. It followed ratification of the extradition treaty Sunday by Foreign Minister Abba Eban and French Ambassador Francis Hure. The treaty, negotiated in 1958, was approved by the French National Assembly only last week in a surprise action that was believed to be linked to the Lipsky case.

The financier is wanted in France in connection with the failure of his mutual fund company in which hundreds of investors lost their savings.

French sources said yesterday that the authorities want Lipsky to be tried and sentenced before the general elections 18 months from now. Opposition parties have accused certain government figures of involvement in Lipsky's allegedly illegal activities. The accused fled to Israel with his family last Sept. 29 and has applied for immigrant status under the Law of Return. The Interior Ministry is studying his application but reportedly questions his credentials as a Jew because Lipsky's mother was not Jewish.

ZIONIST TRIBUNAL BEGINS HEARING ON ZOA, UZR CHARGES

JERUSALEM, Nov. 16 (JTA)--A Zionist tribunal began hearing arguments tonight over the methods to be used in selecting 152 American delegates to the 28th World Zionist Congress which opens here next January. The election of 55 percent of the delegates by mail ballot and selection of the remaining 45 percent by agreement among the various parties was approved by a majority of the American Zionist Federation. The decision was challenged by the Zionist Organization of America and the United Zionists-Revisionists of America which brought their complaint to the tribunal, known as the Zionist Congress "Court of Honor." The hearings are expected to last three days.

ZOA president Herman L. Welsman is representing his organization at the hearing which is chaired by Justice Moshe Landau of the Israeli Supreme Court. The Zionists-Revisionists are being represented by Yochanan Bader of the Herut faction, the ideological counterpart in Israel of the Revisionist movement.

DEMAND NEO-FASCIST'S EXPULSION FROM PARLIAMENT

ROME, Nov. 16 (JTA)--The Federation of Italian Jewish Youth Organizations joined today in a mounting demand for the expulsion from Parliament of a neo-Fascist deputy with a wartime record of collaboration with the Nazis. The expulsion of Giorgia Almirante, secretary general of the "Movimento Sociale Italiano" (Italian Socialist Movement), has also been demanded by various leftist, democratic and centrist organizations. Almirante was actively involved in the persecution and deportation of Jews during the war years. He has since become one of the prime movers of the neo-Fascist movement.

TWO SHOOTING INCIDENTS DISCLOSED

TEL AVIV, Nov. 16 (JTA)--Israel disclosed today two incidents of shooting from the Egyptian side of the Suez Canal at Israeli workers on the east bank. The first shots were fired Sunday afternoon and the shooting was repeated Monday afternoon, a military spokesman said. In both instances the targets were Israeli surveyors working on a rampart adjacent to the canal. Israel classified the shootings as "minor incidents" and said they most likely could be attributed to a trigger-happy Egyptian soldier.

VOA BROADCAST TO USSR CRITICIZED

WASHINGTON, Nov. 16 (JTA)--The National Center for Jewish Policy Studies, a research group, described today the Voice of America's Jewish interest programs scheduled to begin Dec. 12 as a "token to appease American critics" of the current VOA policy. The broadcasts which would include items of religious, cultural and political interest to Soviet Jewry will not be in Yiddish.

CHINESE ROLE IN MIDEAST WILL FOCUS ON PALESTINIAN, ARAB STRUGGLES

UNITED NATIONS, Nov. 16 (JTA)--Diplomatic sources here suggested today that China might not join the Big Four on grounds that she cannot accept Security Council Resolution 242. While it was uncertain what effect such a decision would have on Middle East peace progress, diplomats suggested that the effect could be adverse whichever way Peking went.

They noted that People's Republic membership in a Big Five would increase the "anti-Israel" forces in the quintet from three to four; but they also noted that the Big Four is a largely ineffective peacemaking forum and that China could further her pro-Palestinian efforts more effectively outside that forum by attracting "third world" support from her arch-enemy, the Soviet Union.

Since all the members of the Big Four endorse Resolution 242, though with differing interpretations, diplomats saw special significance in one passage in yesterday's maiden General Assembly speech by Peking's ambassador, Chiao Kuan-hua. In it Chiao declared: "The Chinese government maintains that all countries and peoples that love peace and uphold justice have the obligation to support the struggle of the Palestinian and other Arab peoples, and no one has the right to engage in political deals behind their backs, bartering away their right to existence and their national interest."

Israel's Existence Not Questioned

The phrase "political deals" was seen by Israeli sources as a reference to the Council resolution of Nov. 22, 1967, which calls, in part, for "a just settlement of the refugee problem" but makes no mention of the Palestinian movement to eradicate the State of Israel. The two major Arab countries, Egypt and Jordan, while endorsing Palestinian "rights," have endorsed the Council measure, but Chiao referred to the struggle of the Palestinians and other Arab "peoples," not "states." The Peking regime has been a staunch friend--and military supplier--of the Palestinian guerrillas.

Chiao also scored the "aggression against the Palestinian and other Arab peoples by Israeli Zionism with the support and connivance of the superpowers." This reference to "superpowers"--which by implication includes the Soviet Union--could also indicate a Chinese decision to make an issue of acceptance of Resolution 242. Peking, like the Palestinians, has never accepted the resolution, but heretofore it took that position as an outsider. Now it is an official member of the world community.

On the positive side, Chiao's speech reinforced the impression of a break by Peking with the Palestinians over the basic question of Israel's right to exist. Until recent days, Peking had denied Israel's right to existence, just as the Palestinians have. Then, in a Nov. 6 interview with a Japanese newspaper, Premier Chou En-lai mentioned Israel by name, condemned "Zionist-imperialists" but not "Israelis," and indicated that his government could recognize Israel if she renounced the fruits of her "aggression." In the Assembly yesterday, Ambassador Chiao condemned "Israeli Zionism" but stopped short of rejecting Israeli sovereignty.

Israel, which voted for the Assembly seating of Peking, was not among the more than 50 delegations that offered spoken welcome to the Maoists yesterday. Israeli sources noted that the original plan--derailed by the lure of the hand-

wagon--had been for remarks by the chairmen of the African, Asian, Eastern European, Latin American and Western European regional entities.

"We voted for the Albanian resolution (to replace Taiwan with mainland China); we don't have to make a speech," an Israeli diplomat commented. "Don't forget," he added, "there were more than 70 members who didn't speak." The unscheduled deluge of speeches, he remarked, represented "ridiculous inflation."

TEKOA DENIES CUTBACK IN SOVIET ARMS SHIPMENT TO EGYPT

KIAMESHA LAKE, N.Y., Nov. 16 (JTA)--Israel's Ambassador to the United Nations, Yosef Tekoah, denied today that Soviet arms shipments to Egypt have decreased in recent months, as has been reported. Addressing the 2,000 delegates to the biannual convention of the United Synagogue of America, Tekoah contended that the balance of power in the Middle East has in fact shifted against Israel, and that "If Soviet shipments are not up to par" the reason was more likely internal production problems than a change in policy.

He declared in this connection that "Any withholding of supplies by our friends, for whatever reasons, means encouraging the intransigence of our enemies." He referred to "a definite modification, a shift in the attitude of the US government on questions that are essential to us." Tekoah added that US "talk of a compromise" on an Egyptian troop crossing of the Suez Canal, coupled with the US suggestion that a cease-fire agreement be reduced from an indefinite period to six months, "raises the possibility of a resumption of firing by Egypt" after an Israeli pullback from the canal.

DAVIES' STATEMENT PLACED IN CONTEXT

WASHINGTON, Nov. 16 (JTA)--The State Department sought today to put into proper context a statement on Soviet Jews by Richard T. Davies, Deputy Assistant Secretary of State for European Affairs. Davies told the House subcommittee on Europe that "claims that Soviet Jews as a community are living in a state of terror seem to be overdrawn." Department spokesman Charles Bray read large portions of Davies' 21-page statement to newsmen in which he referred at length to the plight of Soviet Jews, their inadequate religious facilities and exclusion from careers.

Bray said Davies' remarks had to be evaluated in the context of his full statement. "It is not true nor fair to say that Mr. Davies is taking a light-hearted view of the Jews in the Soviet Union," Bray said. "For a long period we have made frequent expressions of the plight of Soviet Jews. We have paid serious attention to the situation."

Asked for the source of claims about Soviet Jews that Davies said were "overdrawn," Bray said they came by letter, phone calls and statements to officials and by speaking and consulting with various groups in American society.

However, the State Department spokesman said he would not "get into an extensive cataloging of the groups and individuals who represent the antecedents of Mr. Davies' statement." He added, however, "I am not referring, obviously, to the many responsible organizations of the Jewish community in this country which do clearly have and which do obviously have a clear understanding of the situation in the Soviet Union."

There will be no Daily News Bulletin on Thursday, Nov. 25 due to the Thanksgiving holiday.

SPECIAL JTA ANALYSIS**"TERROR CLAIM" IS SEEN AS TACTIC TO CLOUD APPEAL FOR SOVIET JEWS**

By JOSEPH POLAKOFF, JTA Washington Bureau Chief

WASHINGTON, Nov. 16 (JTA)--The two days of hearings about Soviet Jews held by the House of Representatives Subcommittee on Europe were remarkable, among other things, by the disinterest in them by the general press and the ease with which the State Department was able again both to show sympathy for the oppressed and still display a friendly face towards the oppressing Kremlin.

Although the subcommittee was gathering testimony preparatory to writing a resolution for the consideration of the Congress on an issue charged with high moral and political content that looms large both at home and abroad, the hearings attracted few newsmen and no television. Consequently, much information of major importance to Jewish readership was passed over. Ultimately, the Congressional report will be available with all the testimony. But meanwhile, in the marketplace of conceptions developed by the daily news media, the appeal for Soviet Jewry has been put under a cloud, artificial as that cloud may be.

In these circumstances, how the State Department conducted itself is of key importance. Its chief witness was Richard T. Davies, a Deputy Assistant Secretary of State, a clear signal of the Department's low rating of the proceedings. To diplomats and the media, a Foreign Office determines the importance of an event by the rank of its participants. By these means, the Department indicated that it sought to minimize both the hearings and what it had to say--a fact hardly lost on the Soviet Embassy. Implicit in all this was its deep concern for the Kremlin's intense sensitivity on this issue and President Nixon's trip to Moscow next May combined with an election year.

Masterpiece Of Ambiguity

The Department's 21-page presentation was a masterpiece of ambiguity. It sought to placate American supporters of Soviet Jewry who have been making increasingly urgent appeals for the Soviet Union to heed its international obligations. On the other hand, it seemed to be informing the Kremlin that this was a matter which, in a democracy, cannot be suppressed but that it would try to keep it to a low pitch.

Thus, the Department told the Congress that it sympathized with "Jews and others in the Soviet Union who have sought through legal means to exercise these rights which are proclaimed in the Universal Declaration of Human Rights" and, having established what the administration has done in this direction, added that it would be "appropriate" for the Congress to adopt a resolution "on the subject."

This in itself represented an enormous advance by the Nixon administration to meet the appeals made to it and despite the obvious risk it ran in offending the Kremlin. At a time when much of the media still resorts to words like "charges" and "allegations" of "mistreatment" of Jews, this official expression dissolved such suspicions and sealed the complaints with governmental approval.

But then the statement went on to say that "claims that Soviet Jews as a community are living in a state of terror seems to be overdrawn." Since this contention followed the sentence saying "there can be no comparison" with the Nazi holocaust or Stalin's blood purge, the implication was plain. But just who set forth the

"claims" was not identified. Professor Hans Morgenthau spoke for all responsible men when he told the subcommittee that no one has "dared" to make the comparison. The Department's own statement named organizations and men opposed to the Jewish Defense League but neither they nor anyone else was linked in any way to the "claims."

News Media Distortions

To many it seemed the "claims" appeared to be a propaganda tactic for diplomatic purposes to obscure and divert the real issues and please the Kremlin. United Press International, in fact, in its seven-paragraph report to the media in the United States ignored it. Its emphasis was on the Department's position towards the proposed resolution. The Associated Press did not report the proceedings at all. But The New York Times front-paged a two-column head, "U.S. Asserts Soviet Jews Are Not Living In Terror," and stressed that the "Department sought to counter the impression, widespread among many in Congress and Jewish groups, that the three million Soviet Jews were undergoing unusual ordeals."

If this was indeed the Department's intention, then The Times went far beyond the Department's own discussion to put the idea across. While it emphasized "terror" in its headline and front page, The Times did not associate that "terror" with the Nazis and Stalin until deep in its story on an inside page. The Department's support of a Congressional resolution calling on the Russians to improve conditions and allow them to emigrate was dismissed with six lines in the nineteenth paragraph. There were other instances of curious editorial handling of the episode.

Why did The Times do this? One impression among observers was that The Times saw in that part of the Department's statement an affirmation of what The Times itself had reported from Moscow last January. Another impression was that the newspaper, read avidly in Washington's Congressional and governmental circles, sought to influence Congress against any resolution on the assumption that it would be an obstacle toward an improvement of relations between Washington and Moscow.

The next day, the Committee's chamber rang with denunciations from witnesses and Congressmen of what they read in The Times and of The Times itself. But much damage had been done. The Times stressed "several witnesses" disputed the Department's "analysis" under a one-column headline on Page 12. It did not report any criticism that also had been leveled at itself.

Related News Report

Six days after the Department's presentation, the Washington Post emphasized in an incomprehensibly belated news report that the Department's endorsement of a Congressional resolution on the Soviet Jews was "unprecedented." The Post also reported that Pravda and Izvestia focused on that part of the statement "which they claimed refuted the fantasies of the Zionists." Thus, as had been foreseen by some at the hearings, that section of the Department's statement pleased the Kremlin.