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ISRAEL IN TWO ATTACKS ON TERRORIST BASES IN 'FATAHLAND'

TEL AVIV, Aug. 7 (JTA)—Israel Air Force planes attacked twice today terrorist bases in the "Fatahland" area of southeast Lebanon in apparent retaliation for the kidnapping of four Druze workers by Arab terrorists yesterday. The first raid at 1 a.m. (local time) was followed by another one this afternoon. Israeli officials, however, denied the raids were in retaliation for the kidnapping.

The four Druze laborers, who were employed by the Israel army, were reinforcing the security fence along the Israel-Lebanon border near Har Dov when they were kidnapped by three armed terrorists and taken across the border into Lebanon. A fifth worker escaped and reported the incident. One of the kidnapped Druze escaped from his captors during the night and managed to find his way back to Israel by this afternoon. He said he had been kept in the village of Rashaya-Al-Fukhar which was one of today's targets, and also kept in the village of Kafar Zayid, a target of past attacks.

After the incident was reported yesterday an Israeli army unit crossed the border in an attempt to find the kidnapped Druze. However, the Lebanese army intervened with mortar fire. The Israeli unit returned fire before recrossing the border. This was the first time the Lebanese army has taken action against an Israeli unit that was searching for terrorists.

The Israeli unit took six Lebanese civilians from the village of El Madjiyeh back to Israel for questioning. Israeli sources noted that terrorists, who had several months ago retreated back into the interior of Lebanon, have been returning to "Fatahland" recently. The sources stressed that the villagers must have seen the terrorists leaving for Israel and returning with their captives. The Red Cross is making efforts to locate and secure the release of the kidnapped Druze workers.

Meanwhile, Defense Minister Shimon Peres and Chief of Staff Gen. Mordechai Gur addressed several thousand soldiers from technical services of the Israel Defense Force, most of whom are finishing their compulsory three years of service, and appealed to them to remain in the army "in the face of the threat of renewed hostilities."

FRANCE TO 'REEXAMINE' ITS ARMS SALES TO ARABS, ESPECIALLY TO LIBYA

By Edwin Eytan

PARIS, Aug. 7 (JTA)—The French government announced today that it will "reexamine" its arms sales to the Arab countries, especially to Libya. This decision was taken following Egyptian President Anwar Sadat's admission last night that Libyan Mirages are stationed in Egypt, flown by Egyptian pilots and had participated in the Yom Kippur War fighting.

Political circles here believe that the French government's decision to study the entire issue of arms sales to the Arabs was taken after a number of ministers pressed at today's Cabinet session for an immediate halt to all deliveries of arms and spare parts to Libya. It is understood that the Ministers of Foreign Affairs and Defense promised to present concrete recom-

mendations on this subject at the next government session.

The Franco-Libyan contract for the sale of 110 Mirages contained an article forbidding Libya to hand over to any third country the French-made planes or to engage them in the Middle East conflict. France's self-imposed embargo regulations specify that no arms can be sold or supplied to any country actively participating in the Middle East war.

Israeli Charges Were Denied

A few days after the Yom Kippur War broke out, Israel charged Libya with having engaged part of its Mirages in the fighting. The Israeli Ambassador in Paris, Asher Ben Natan, called a special press conference to say that Israel had shot down five Libyan Mirages and had captured two Egyptian pilots who had flown them. The two Egyptians, Ben Natan said, had told the Israelis that they had been trained under Libyan identities at a French air base near Dijon.

The following day, Oct. 10, 1973, French Information Minister Joseph Comiti said, "The only Mirages used in the Middle East war are those belonging to Israel." A few days later, Oct. 14, the Libyan government denied Israel's charge, and the French Foreign Ministry released a report from the French military attache in Tel Aviv saying that "Israel has not submitted any evidence to its claims." One month later, Libyan President Muammar Qaddafi officially denied the claim in an interview with the French newspaper "Le Monde."

Egypt Still Needs The Mirages

Last night the issue became a public scandal as Sadat accused the Libyans of wanting him to return the Mirages while he still "needs them." In a letter addressed to the Libyan government, Sadat revealed that the Mirages were in Egypt at the time of the Yom Kippur War during which they were used by Egyptian pilots. Sadat added that the planes "are still needed as the war (with Israel) is not yet over and fighting could break out again at any moment."

The French press throughout the day highlighted the Sadat report which came at a highly awkward moment for the French government—during Egyptian Foreign Minister Ismail Fahmy's visit here and while Egypt and France plan to further strengthen their ties. Fahmy said today when questioned about the incident, that it was a "purely inter-Arab affair, unconnected with my visit in Paris."

ISRAELIS CONCERNED THAT NIXON'S WATERGATE CRISIS MAY HAVE ADVERSE AFFECT ON ISRAEL-ARAB RELATIONS

By Yitzhak Shargil

TEL AVIV, Aug. 7 (JTA)—President Nixon's deepening Watergate crisis and the snowballing impeachment proceedings are beginning to evoke concern among Israeli public opinion leaders, including its governmental officials, that it may result in new pressures for Israel to move more quickly under United States prodding toward additional negotiations with the Arab states, observers reported today. They also suggested that Israeli officials may respond to the President's worsening plight by a more cautious approach to such negotiations.

Israeli newspapers, previously circumspect in

their coverage of the President's steady loss of public confidence and abandonment by leaders of his own party, are now reporting extensively on the widespread anti-Nixon mood in the United States among both the people and Republican leaders. The government has continued to maintain its policy of strict silence, in effect since the Watergate scandal began.

Some newspapers expressed surprise editorially that at a time when the Nixon Administration may be near its end, the State Department was continuing its activities as though its motto was "business as usual." There have been no direct comments in any Israeli media on whether the President is guilty or not guilty or on whether he should be impeached or whether he should resign, but the implication of the Presidential crisis is getting growing attention among Israelis, the observers indicated.

One of the sharpest media comments was made by Eli Eyal in Maariv, the influential daily, who warned Israeli political leaders should respond with caution to any United States urgings for speedy action in negotiations with the Arab states. Israel should move ahead on "the political road," he wrote, but should realize that Nixon "who was a friendly President to Israel--and apparently still is, in his heart--whose balance on Israel is absolutely positive, in arms shipments and political support--is today a damaging President for Israel.

Eyal declared that he did not believe that Nixon had "changed his mind against us" but that the circumstances in the United States "force him to weigh American foreign policy not according to pure American interests but as it is motivated by his own personal interests."

Eyal asserted that foreign policy was Nixon's "excelling sphere" and that, to "keep his head above the Watergate swamp, he must demonstrate diplomatic achievements. Hence the insistence of the Americans for a speedy Israeli move." Eyal argued that, "at this moment," Nixon's "own existence may be more important" to him "than Israel's existence."

Nixon And The Arts:

BLUMBERG; REMARKS UNFORTUNATE BUT NO EVIDENCE OF ANTI-SEMITISM SQUADRON; SHOCKED BY ETHNIC STEREOTYPE, LIBEL AND CALUMNY

WASHINGTON, Aug. 7 (JTA)--B'nai B'rith President David M. Blumberg issued a statement today declaring that he found no evidence in the White House transcripts released Monday to warrant charges of anti-Semitism against President Nixon.

In a conversation between the President and then-White House Chief of Staff H.R. Haldeman in the transcript of June 23, 1972, Nixon recommended that his daughters avoid museums and art functions while campaigning for him because, "The arts you know--they're Jews, they're left-wing--in other words, stay away."

Blumberg said, "The President's unfortunate remarks, read in the cold print of the transcript, is a sorry example of crude stereotyping. But weighed against his actual relations with Jews and the Jewish community--and on personal judgements drawn from several White House meetings with him--I find no evidence to charge Mr. Nixon of being anti-Semitic." Blumberg warned that in the context of the complicity of the Watergate affair, this particular incident should not be exaggerated.

In New York, Howard M. Squadron, chairman of the National Governing Council of the

American Jewish Congress, said, "We are dismayed that President Nixon should have stooped to linking 'Jews' with 'left-wing' politics. It represents a way of thinking that classifies people by ethnic stereotype and repeats a calumny that the overwhelming majority of Americans have long ago rejected." Squadron continued, "We are shocked to read such a libel against the Jewish community in the name of the President of the United States."

Sen. Jacob K. Javits (R. NY), who was the author of the bill creating the National Endowment of the Arts, which last year had a budget of \$61 million and is presently being considered by Congress for an allocation of \$82 million, called the President's comments "extremely distasteful."

Art officials from institutions throughout the country reacted with shock and confusion to Nixon's words in the transcripts, pointing to the President's strong support of the arts during his administration. "It's a shocking statement coming especially from a man who has done so much for the arts," said Kenneth Donahue, director of the Los Angeles County Museum of Art.

A spokesman for Nancy Hanks, chairman of the National Endowment of the Arts in Washington, said that Ms. Hanks "assumes that the President's and his family's record in support of the arts and enjoyment of them through the years speaks more to the point than the words of the transcripts."

HARTLING AN 'ISRAEL SYMPATHIZER'

COPENHAGEN, Aug. 7 (JTA)--Danish Prime Minister Poul Hartling has told the JTA correspondent here that he is "an Israel sympathizer." The Prime Minister also expressed his desire to visit the Jewish State again in the near future. He has visited Israel several times in the past, both as a private citizen and in his capacity as Prime Minister. Each time he said he returned with "a wonderful impression of the country."

Israel Embassy sources here said that Israel cannot officially invite the Prime Minister until after Danish Foreign Minister Ove Guldberg's visit to the country. It was recently announced here that Guldberg will travel to Israel before the end of the year as the guest of his Israeli counterpart, Yigal Allon.

10-YEAR-OLD DAUGHTER OF PROMINENT AMSTERDAM BUSINESSMAN FOUND DEAD

AMSTERDAM, Aug. 7 (JTA)--The daughter of a prominent Amsterdam Jewish businessman was found strangled to death yesterday morning. The body of 10-year-old Helene Isaac was discovered several kilometers from her home. She had been missing since Monday. No clue to the identity of the killer has yet been uncovered. Helene was the youngest daughter of Arthur Isaac, director of Amsterdam's largest department store, "De Bijenkorf." The Isaac family is connected with many charitable Jewish and Israeli causes.

U.S. ENVOY TO SYRIA CONFIRMED

WASHINGTON, Aug. 7 (JTA)--Richard W. Murphy, a career Foreign Service officer, was confirmed by the Senate today as the first United States Ambassador to Syria since 1967. Syria broke diplomatic relations with the U.S. during the Six-Day War. The resumption of diplomatic relations was announced by President Nixon and Syrian President Hafez Assad when they met in Damascus June 16. Murphy has been U.S. Ambassador to Mauritania since 1971.

TEL AVIV (JTA)--Israeli original arts and crafts will be exhibited at the Frankfurt fall fair for giftware trade opening Aug. 25.

TESTIMONY SHOWS ARAMCO OFFICIALS CARRIED OUT FAISAL'S ORDER TO FORCE U.S. TO ALTER PRO-ISRAEL POLICY

WASHINGTON, Aug. 7 (JTA)--The four American oil firms comprising the huge Arabian-American Oil Co. (ARAMCO) undertook a six-month propaganda campaign last year, under orders from King Faisal of Saudi Arabia, to diminish United States support of Israel, a Senate subcommittee reported yesterday. The Senate Foreign Relations subcommittee on multi-national corporations said, in releasing previously secret testimony, that the campaign was started in May, 1973 by Mobil, Exxon, Texaco and Standard Oil of California, after Faisal threatened to nationalize ARAMCO operations if U.S. policy was not changed.

One highly-publicized result, which drew a storm of criticism and a retraction, was a letter to employes and stockholders of Standard Oil of California from its chairman, Otto Miller on July 26, 1973, urging support for "the aspirations of the Arab people." The letter was the first time a major oil company took a public stand on the Arab side of the Middle East issue.

Nixon Refused To Answer Letter

The Faisal threat reportedly was made during a May 23, 1973 meeting in Geneva between the King, other Saudi Arabian leaders and ARAMCO officials. Sen. Frank Church (D. Idaho), said ARAMCO officials met with U.S. government officials after Faisal made his threat. The propaganda and lobbying campaign extended into Oct. 1973, highlighted by a letter to President Nixon which apparently was not answered, according to the testimony which also included a report that confidential meetings on the issue took place between ARAMCO officials and Secretary of State Henry A. Kissinger at his request.

According to the testimony, a staff investigator told the Senators at a closed hearing in June that Congress would have to decide on the propriety of the ARAMCO effort and that ARAMCO, "under U.S. companies, is an instrument of the Saudi Arabian government in carrying out Saudi orders in terms of influencing United States' foreign policy."

Took Oil Combine 'Off the Hook'

The testimony data showed that W.W. Messick of SOCAL, who is also ARAMCO's top technical officer, testified that the Arab oil embargo imposed after the Yom Kippur War took the oil combine "off the hook" because ARAMCO faced a forced cutback in production because of technical problems and delays in delivery of equipment needed to develop Saudi Arabia's huge oil reserves.

Church said that the American oil firms followed Faisal's instructions "and reported on their activities to the King." The Oct. 12 letter to Nixon warned that "any actions by the United States government at this time in terms of increased military aid to Israel will have a critical and adverse affect on our relations with the moderate Arab oil-producing companies."

Jerome Levinson, the subcommittee's chief counsel, said that while U.S. policy became friendlier to the Arabs, the subcommittee probe did not find evidence that the change was related to the oil firms' efforts to carry out Faisal's orders.

FOREIGN CURRENCY RESERVES IMPERILED

JERUSALEM, Aug. 7 (JTA)--The Israeli

economy hit a new crucial stage this week with foreign currency reserves dropping below the "red line" covering import expenses for three months. The reserves are now at \$1.1 billion, which in the present market can pay for Israel's total imports for only two months.

Bank of Israel sources described the situation as serious, and worse than some of the most pessimistic expectations at the beginning of the year. The problem is especially acute because of the delicate military balance in the area, which could cause a drop in domestic production and even a higher dependence on imports. The reserves dropped during July by \$106 million, with a general drop of \$500 million since the beginning of this fiscal year.

One of the explanations for this trend is the increase in speculative activities, some of them caused by rumors of a coming devaluation of the Israeli pound. The transfer of dividends abroad was made earlier than the originally scheduled date, debts were paid early, buyers prepaid for purchases abroad, and others who have rights to buy foreign currency did so for fear they might be too late. The Finance Ministry is currently making an effort to recruit money abroad, and is being forced to pay high interest rates.

BROADCASTING TECHNICIANS STRIKE FORCES CUTBACKS IN PROGRAMS

JERUSALEM, Aug. 7 (JTA)--The ongoing strike by radio and television technicians has forced the managing committee of the Israel Broadcasting Authority to take the unprecedented step of reducing both the number of daily broadcasts and the number of employes. The reduction in radio broadcasting was understood to include cutbacks of hourly news and the elimination of Saturday morning programs. Television broadcasts have been going off the air earlier than usual since the strike began several weeks ago.

Information Minister Aharon Yariv said several days ago that he might suggest to the government that all radio and television broadcasts be halted "for a certain period of time" while a thorough examination is conducted into the working relations with the Broadcasting Authority.

Yitzhak Livini, director general of the IBA, said the core of the problem is the absence of a common grading system for all the professions in the media. He added, however, that most of the employes oppose such a grading. Yariv said that this was a possible solution but it required examination. The technicians themselves have indicated that they want a grading system similar to the one journalists got earlier this year. Yariv stated that submitting to this demand would cost the government some IL 300 million more a year and would be contrary to present efforts to curb inflation.

The IBA managing committee resolution recommending reductions in broadcasts and employes was adopted unanimously but details of the proposed cuts were not disclosed. The committee suggested that the Broadcasting Authority plenary decide how to implement the recommendation.

Meanwhile, the technicians are waiting to see how the Histadrut will react to the committee's recommendation. A spokesman for the technicians said, "If we have no trade union behind us we will have to stop the strike." However, Zalman Shenkman, national secretary of the Television Technicians Union, said the committee's proposed measures would not frighten the union.

PARIS (JTA)--The Egyptian and French Presidents are due to exchange visits to each other's country before the end of the year.

