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ISRAEL DEVALUES POUND: NOW SIX IL TO U.S. DOLLAR INSTEAD OF 4.20 By Gil Sedan

JERUSALEM, Nov. 10 (JTA)--The government initiated emergency economic measures late last night including devaluation of the Israel Pound by nearly 43 percent, an IL 1 billion cut in the national budget, sharp price hikes for oil and basic food commodities and a curb on imports including a six-month ban on the import of private carst

The devaluation of the IL is the first since Aug. 1971. As of this morning the U.S. dollar on which Israel's currency is based is now worth IL 6 instead of IL 4.20. Viewed the other way, an IL is now worth about 16 1/2 cents instead of the

previous 42 cents.

(See separate story for typical price hikes.) Finance Minister Yehoshua Rabinowitz went on the radio at 2 a.m. local time Sunday to announce the emergency program and explain to the public that it was required to prevent a serious economic crisis and further depletion of the nation's foreign currency reserves that have been shrinking at a dangerous rate. He said that unless the measures were taken, widespread unemployment would ensue.

He told Israelis that the country has been living beyond its means. "We should beware of the illusion that we can live the life of peace and bounty when the economic reality is of war and privation," he said. "The choice facing us is between a severe economic crisis and an attempt to forestall it by painful decisions," the Finance

Minister declared.

#### Unions Will Demand COL Hikes

The severe economic measures were long anticipated and came as no surprise although until last night government officials had insisted there were no plans at this time to devalue the Pound. Most economic observers agreed today that the test of the new economic policy will be how the government responds to the inevitable demand for cost-of-living allowance increases to compensate the public for soaring prices. Prospects for a stormy debate on that issue increased this morning.

Histadrut Secretary General Yeruham Meshel said he had "mixed feelings" about the measures and gave notice that Histadrut will demand a full COL payment in Jan. and additional compensation later in 1975 to ease the burden of sharp price increases. He said he understood that the price hikes were a direct result of devaluation but believed they were "too sharp." He said Histadrut would demand that the government reexamine the increases. "We shall not hesitate to get into a confrontation with the government on this subject," Meshel declared.

The IL I billion (about \$232 million) budget cut means a sharp curtailment of public services but there was no indication today where the axe will fall. The intended effect of the measures is to soak up spendable income thereby stemming inflation that has been soaring since the Yom Kippur War. Predictably, the Israeli public has been on a buying spree in the past few weeks in anticipation of the new austerity measures. Housewives began hording foodstuffs against the expected price rise and such imported goods as

television sets and washing machines were swept off the shelves.

The government's program provides for compensation to low income families and families with many children through increases in the allowances paid by the National Insurance to the Welfare Ministry. The extent of the increases will be decided in consultation with Histadrut and the National Insurance Institute, subject to approval by the Knesset.

#### Government Had No Choice

All Israeli wage-earners are scheduled to receive a 30 percent COL increase in Jan. but the demand now will be for higher increases. Some economists calculate that a family of four will have to add IL 500 a month to its budget to maintain its present living standard. A family that cannot raise its income would have to lower its living standards by about 25 percent, to the levels of 1972. A family with a car will have to add IL 187 a month to its budget just to keep the vehicle running.

By and large, economists feel the government had no choice but to undertake the painful measures. Israel's present foreign currency reserves are reportedly sufficient for the purchase of only two months' supplies of essential imports. Next year's adverse balance of trade is expected to

reach a record \$3.5 billion.

The Israel Radio conducted street-corner interviews this morning to find out what the public thought of the new measures. Some people felt they were unavoidable; others that they were too long overdue; and still others blamed the government for wasting millions and coming to the public for more sacrifices. The general feeling was, however, that the man-in-the-street is not ready to judge the new program until he feels the impact of the higher prices.

#### NEW CONSUMER PRICES

JERUSALEM, Nov. 10 (JTA)--New consumer prices went into effect today. Typical of the price hikes are: brown bread, one IL up from 55 agorot: white bread, 95 agorot from 55 agorot; kilo of gugar, six IL from two IL; bottle of cooking oil. 2.60 IL from 1.05 IL (quantity: 580 grams); margarine, one IL from 45 agorot (200 grams); frozen meat, 20 IL per kilo from 17.8 IL; liter of milk, 1.60 IL from one IL; one kilo yellow cheese, 18 IL from 11 IL; and butter, two IL from 1.20 IL (100 grams).

Other price increases are: one egg, 38 agorot from 25 agorot; chicken up 22 percent; high grade petrol, 2.80 IL from 1.70 IL per liter; cooking gas, 30 IL per cannister from 18 IL; electricity rates to rise 70 percent; bus and taxi fares to rise 40 percent. Home heating fuel, 1.25 IL per liter from

70 agorot.

A series of 29 items that must not be imported for the next six months include cars, electrical goods (TV, stereo, hair dryer, vacuum cleaner, etc.). This provision is designed to curb spending of hard currency. In addition, travel tax will now be IL 750 plus 15 percent of the ticket price--from IL 600 plus 10 percent. (This, of course, is over and above the rise in the price, in dollars, of the ticket itself.

KISSINGER SCENARIO CALLS FOR
SECOND STAGE OF ISRAELI-EGYPTIAN
TALKS FOR PARTIAL SINAI SETTLEMENT
By David Landau

JERUSALEM, Nov. 10 (JTA)--Secretary of
State Henry A. Kissinger, on his latest whirlwind
tour of the Middle East that ended here Friday,
left behind a scenario that calls for a second
stage of Israeli-Egyptian negotiations for a partial Sinai settlement, to begin next month if all
goes well. The Secretary brought that proposal
to both Cairo and Jerusalem. He hopes to hold
preliminary talks with Egyptian and Israeli representatives in Washington in the coming weeks
and intends to return to the region in Dec. to firalize the time, place and level of the second stage
talks.

(See separate story on Kissinger's talks in Israel and separate analysis on the Arab challenge to the U.S.)

Kissinger hopes that the Israelis and Egyptians will have concluded an agreement before the scheduled visit of Soviet Communist Party Secretary Leonid I. Brezhnev to Cairo Jan. 17. Top Egyptian officials are expected to be in the U.S. for the United United Nations Palestine debate which starts this week. Israel will probably be asked to send its own representatives to confer with Kissinger in Washington.

Briefing newsmen after the Secretary's departure for Tunis Friday, Information Minister Aharon Yariv stressed that his visit had been devoted largely to a thorough review of the Rabat summit and to bilateral issues in the U.S.-Israeli relationship. He said that neither the "modal-ities"—time, place and level—of the forthcoming talks with Egypt, nor their content were discussed in depth. That would be left for the Secretary's next visit in Dec., Yariv said.

#### Fate Of Second Stage Sinai Talks

Other well placed sources said, however, that Kissinger had conveyed a broad hint from Egyptian President Anwar Sadat that he would be prepared to negotiate various "political" components in a partial settlement, although formally, Egypt would continue to insist on a "military" framework for the talks. Kissinger did not specify which "political" components Sadat would agree to discuss.

The fate of second stage Sinai talks depends largely on whether Kissinger is able to narrow the wide gap between the Israeli and Egyptian concepts. Cairo insists that any new talks must be primarily on "military" matters, such as its undertaking to maintain the cease-fire for a specific period in return for substantial new Israeli withdrawals in Sinai--something akin to the disengagement agreement of last Jan. but on a much wider scale.

Sadat is said to rationalize his insistence on a purely military accord by explaining that the Rabat summit allowed him to proceed separately in negotiations with Israel only to achieve a military arrangement. Any political progress, the Rabat conference resolved, must be undertaken in unison by all the Arab parties including the Palestine Liberation Organization.

#### Israeli Withdrawal Crucial In Next Stage

Israel, on the other hand, demands that second stage talks result in a settlement of major political significance. It seeks an open-ended cessation of belligerence coupled with political and economic provisions aimed at setting both countries in the direction of peace. Israeli officials

have proposed an end to the Arab boycott, open borders for foreign tourists and free passage of the Suez Canal for Israeli ships, or at least, in the beginning, for Israeli cargoes. They also want a diminution of hostile political propaganda.

The extent of a new Israeli withdrawal in Sinai will obviously be the crucial issue in the next stage of talks. Egypt is said to be adamant on the return of the strategic Mitle Pass and evacuation of the Sinai oil fields at Abu Rodeis. Israel is not believed prepared to give up the oil fields at this time.

Kissinger's return visit to the Middle East next month will follow the scheduled summit meeting of President Ford and Brezhnev at Vladivostock. Yariv insisted that the Russians could not exercise any kind of "vēto" on the Secretary's efforts in the Middle East. But he conceded that the Mideast probably would be discussed at Vladivostock, a factor that cannot be discounted.

Israeli sources believe that Kissinger hopes, once again, to upstage the Soviets on the Middle East and thus head off their renewed thrust for influence in Egypt. It is believed here that Sadat may be willing to cooperate in that endeavor in order to retain his delicately balanced independence from both super powers and to prove to Moscow that his reliance on American diplomacy this past year has brought Egypt practical results.

# KISSINGER: NO CHÀNGE TOWARD PLO By Gil Sedan

JERUSALEM, Nov. 10 (JTA)--Secretary of
State Henry A. Kissinger reassured Israeli leaders repeatedly during his brief stay here that there
has been no change in the U.S. policy toward the
Palestine Liberation Organization. He also conveyed indications that Syria will not oppose renewal of the mandate of the United Nations Disengagement Observation Force (UNDOF) which expires
Nov. 30 and that Egypt is amenable to a second
stage of talks with Israel on a partial Sinai settlement.

Kissinger, who left Friday afternoon for Tunisia, returned to Washington last night. He was reported today to be briefing President Ford on his latest diplomatic tour of the Middle East.

Israeli leaders had been most apprehensive over récent remarks by President Ford and White House spokesmen intimating that the U.S. may be veering toward some degree of recognition of the PLO which the Arab states designated at the Rabat summit to be the sole legitimate representative of the Palestinian people.

Information Minister Aharon Yariv told newsmen Friday that "Dr. Kissinger was very clear in his position that he does accept the Israeli principle that the Israeli government will not negotiate with the PLO." Asked if the U.S. "stood behind" the Israeli position, Yariv replied, "He definitely did (indicate this) as Secretary of State."

#### Kissinger Sees Positive Rabat Results

Informed sources here disclosed that Kissinger saw some benefit to Israel from the outcome of the Rabat conference in that designation of the PLO effectively removed pressure on Jerusalem to negotiate a West Bank settlement at this time, Kissinger pointed out that this relieved Israel of major headaches on both the internal and external fronts; that a firm stand by Israel over a long period of time will result in a softening of the PLO's dogmas and positions; and that King Hussein of Jordan may, in the interval, reassert his role as a negotiating partner on grounds that placing the PLO in that role only worsened the impasse.

Israeli observers were apparently encouraged by the news from Damascus that President Hafez Assad probably would not try to block renewal of the UNDOF mandate. Kissinger told Israeli leaders that he had found a "less bellicose" atmosphere in Damascus. But Assad had stressed that he would engage in no more separate negotiations with Israel and that any further talks must include the PLO, Kissinger reportedly said.

Kissinger reportedly told Israeli leaders that he had found King Hussein and his advisors in a bleak mood when he visited Amman Friday. He said they blamed Israel and the U.S. for missing an opportunity to negotiate a partial West Bank settlement with Jordan last summer.

# THE ARAB CHALLENGE TO AMERICA By Joseph Polakoff

WASHINGTON, Nov. 10 (JTA)--In unanimously raising the Palestine Liberation Organization to respectability, the Arab summit conference in Rabat double-crossed Secretary of State Henry A. Kissinger and chellenged the United States to surrender both its national morality and strategic interests in the Middle East for an easier oil policy.

The penalty of American appeasement of avarice is demonstrated, specialists here note, in the latest Arab blackmail proposal: either the U.S. abandons Israel and obtains petroleum at reduced prices as a reward, or, if it continues support to Israel, warfare and a total oil embargo will follow.

Hardly anyone questioned seriously doubts that the United Nations, after hearing the speeches on the "Palestine Question" this week will put its formal seal of approval on the Rabat decision. Status as a national entity, however, may be delayed. The PLO itself does not expect it for a year or so, according to its American representatives.

The dismal record is that what the Arabs want, the UN gives. That, it appears here, is the natural flow from the Rabat decision that was encouraged by the UN's 105-4 vote to allow the PLO to address the General Assembly. Moscow's might, European cupidity, Arab terror, propaganda and petroleum dollars have done their work at Rabat and at the UN.

The Rabat decision would have never been made. Western observers here firmly feel, without Moscow's signal of continuing complete military support to the Arab states regardless of U.S. support to Israel; encouragement, and perhaps inspiration, from Paris (that other Europeans felt were economically advantageous to them, too); and the incredible American weakness, much of it due to Washington's triple-speak policy to advance Soviet-American detente even though in the Middle East, at least, it is moving mainly on Moscow's terms--continuing appeasement of Arab demands for technical, financial and military aid while pressuring Israel while giving reluctant or no diplomatic support to Israel at crucial junctures.

## Washington Inching Toward The PLO

When and how Washington will deal with the PLO remains speculative. The Administration, while Kissinger was away, made no direct public commitment either way—saying its policy had not changed but not saying "no" to the PLO either. Many indications have come from the highest U.S. levels that Washington is inching delicately toward the PLO, much like former President Nixon and Kissinger did before ultimately embracing the Vietnam "peace."

The White House and State Department claims of "no change" in American policy have not per-

suaded anyone that President Ford perhaps spoke prematurely but not inaccurately when he said the U.S. will deal with either "Jordan or the PLO.

# LATE NEWS DEVELOPMENT

#### PROTESTS AGAINST PRICE HIKES

TEL AVIV, Nov. 10 (JTA)--Several hundred
Tel Aviv slum dwellers rioted against soaring
prices today and about 400 workers demonstrated
outside Histadrut headquarters to demand union
backing for wage increases to meet spiraling living
costs. Port workers in Ashdod called an emergency meeting for wage increases in the wake of
the government's emergency economic measures
announced this morning and threatened reprisals
they were refused.

Police rushed reinforcements to the national quarter, a poor neighborhood in southeastern Tel Aviv, where mobs smashed their way into shops and supermarkets shouting "We want sugar," a commodity that tripled in price as a result of the devaluation of the Pound today. The rioters attacked buses, police cars and other passing vehicles.

According to the police, the unrest began late yesterday with window smashing by youths who objected to the cancellation of a football (soccer) game in which a local team was to have played. When the stern new economic measures were announced this morning, wholesale rioting began. Police blocked off the area and diverted traffic.

# SCALI TOLD U.S. JEWS DISTURBED OVER HIS MEETING WITH MEHDI

NEW YORK, Nov. 10 (JTA)--Rabbi Israel Miller, chairman of the Conference of Presidents of Major American Jewish Organizations, told the U.S. Ambassador to the United Nations, John Scali, that American Jews were "profoundly disturbed" by the interview which Scali granted to Arab propagandist Mohammed Mehdi last Thursday.

Rabbi Miller said Friday that by consenting to meet with Mehdi, Scali had "lent the prestige of his office and thus legitimized a notorious apologist for Arab terror." Rabbi Miller noted that Scali did not see everyone who sought an appointment with him. "When Meir Kahane sought an interview with you," Rabbi Miller told Scali, "you sent a junior aide to meet him in the lobby of the U.S. Mission for a brief conversation in which your staff member did not even sit down."

'Yet when an appointment is requested by Mohammed Mehdi, a citizen of Iraq who wrote a book defending Sirhan Sirhan, the assassin of Robert F. Kennedy, the permanent American representative to the United Nations himself welcomes Mehdi into his office for an exchange of views.'' American Jews, Rabbi Miller added, "are profoundly disturbed by this peculiar show of deference to a non-citizen and apologist for Arab terror."

Earlier, a spokesman for the U.S. Mission had explained that Scali would listen to what Mehdi had to say, just as he had conferred the previous week with Rabbi Miller.

Rabbi Miller also told Scali that the Jewish community would consider a U.S. abstention from the expected UN resolution on the Palestine Liberation Organization as a negative act and retreat from the moral position adopted by the U.S. in voting against the General Assembly resolution to invite the PLO to take part in the Palestine debate. Scali replied that no decision has been taken because no resolution on that subject had yet been offered. The debate on the Palestine issue is scheduled to begin Wednesday and to continue for two weeks.

## SOVIET HARASSMENT CONTINUES (From Combined JTA Wire Services)

Reports from Jewish groups in the United States and abroad monitoring the treatment of Jews in the Soviet Union reported this weekend that harassment of visa applicants and their families and the mistreatment of "Prisoners of Conscience" is intensifying despite guidelines contained in the Oct. 18 letters that were exchanged between Sen. Henry M. Jackson (D.Wash.) and Secretary of State Henry A. Kissinger relating to Soviet trade benefits and emigration policy.

According to reports received from London from Jewish sources in the Soviet Union 100 Soviet Jews sent a letter to Jackson protesting against the recent wave of forced conscriptions of young Jewish visa applicants. "The events of recent days contradict the assurance that the Soviet Union intends to honor the principles of the recent agreement concluded in Washington," the letter stated.

The increase of forced conscription, the letter continued, is particularly alarming since it is obviously being used by the Soviet authorities to penalize applicants and their families as well as to deter others from applying for exit visas. "Its aim is to subject them to hardship and deprive them of their hope to go to Israel for many years," the letter noted.

# Dr. Stern's Life In Danger

In New York, the Student Struggle for Soviet Jewry reported that 70 Soviet Jewish activists have appealed to Kissinger to "do all you can to save the life of Dr. Mikhail Stern," a noted pediatrician whose trial in Vinnitsa is expected soon. Dr. Stern has been under detention and constant interrogation for nearly six months on a series of unsubstantiated charges including the alleged poisoning of children. His arrest has been attributed to the fact that his sons, Viktor and August, applied a year ago for visas to emigrate to Israel.

Dr. Stern's sons, who have been dismissed from their jobs and had their property confiscated, said they have sought to find out the specific charges against their father. "We fear greatly for his life, but we cannot find out how he feels," the SSSJ reported. Viktor and August reported that all they have been told by Soviet authorities is that their 64-year-old father "is coughing up blood." A lawyer from the Vinnitsa Lawyers Association has been appointed by the town's municipal authority as counsel for the defense, but he has refused to talk to members of Dr. Stern's family.

## Solitary Confinement And Beatings

Reports from the National Conference on Soviet Jewry in New York stated that Soviet prison authorities are deliberately isolating certain Jewish prisoners by transferring them to other labor camps, thereby separating them from their friends. Others are being punished with solitary confinement or denial of family visits. Among those transferred are Boris Penson, Boris Azernikov, Lassal Kaminsky and Mikhail Korenblit. Conditions in the new camp are reported worse than those in the Potma labor camp from which they were transferred.

In addition, Azernikov, who was arrested in 1971 and is serving a 3 1/2-year sentence, was also given six months solitary confinement, according to the NCSJ. Israel Zalmanson and Penson were denied visits by their families. Anatoly Altman, who is ill, was refused a medical

parcel sent by his family.

According to reports received in London from Jewish sources in the USSR, Col. Yefim Davidovitch of Minsk, a Red Army hero, has been requested to appear before the army registration board and told that he will be stripped of his rank and deprived of his pension unless he gives up his demand for an exit visa to Israel. Davidovitch, who is recovering from a heart attack brought on, according to his friends, by anxiety over his exit visa, told the authorities that he would not be intimidated.

In another development, Jewish sources reported that Vladimir Kisling of Kiev was brutally beaten recently by "unknown persons" and then sentenced to 15 days imprisonment for "hooliganism" because he tried to defend himself. A group of Kiev Jews who complained to the local KGB chief that they are being harassed by his ownmen were warned that they would "meet with the fate of Kisling." Another Jewish activist, Leonid Tsipin, was also beaten by hooligans and complained about the incident to police. When he came to the police station several days ago to ask about the progress of the investigation the police chief refused to talk to him.

#### Buckley Says Jews Are Fearful

These were among some of the incidents reportedly given to Sen. James Buckley (R-C,NY), who met with Soviet Jews in Moscow yesterday at the start of his week-long visit to the USSR. Buckley, a leading campaigner for free emigration for Soviet Jews and a critic of U,S.-Soviet detente, met with Jews outside the Moscow synagogue after the Sabbath service. He told them that he was trying to ascertain what safeguards surrounded the Kissinger-Jackson agreement under which emigration would be eased in return for U.S. trade concessions.

The Senator, who went directly from the Moscow Airport to meet with the Jews, said he found a great deal of anxiety among those he spoke to regarding the U.S. agreement on emigration. The Moscow Jews urged Buckley to make certain that the accord must be implemented in deeds, not just words, and also suggested some form of Congressional monitoring of the agreement to make certain it was being carried out. Buckley, who is visiting the USSR for the first time, said, "If detente is going to work there must be a quid for every pro quo." The Senator is in the Soviet Union in an attempt to see if detente is really working.

\$1.5 M DONATED TO WEIZMANN INSTITUTE

TEL AVIV, Nov. 10 (JTA)—The new Perlman Institute of Chemical Science at the Weizmann Institute of Science in Rehovot was dedicated last week at ceremonies attended by Harold Perlman, of Chicago, who donated \$1.5 million toward its construction in memory of his parents. He was awarded an honorary fellowship by the Weizmann Institute. The ceremonies were part of the yearlong celebrations marking the 100th anniversary of the birth of Dr. Chaim Weizmann, Israel's first President and founder of the Weizmann Institute of Science.

Present were U.S. Ambassador Kenneth Keating and Meyer Weisgal, Chancellor of the Institute who presided. Prof. Israel Dostrovsky, president of the Weizmann Institute, stressed in his remarks the increased interest in chemistry as a means of solving the energy crisis and shortage of raw materials. The Perlman Institute will increase the Weizmann Institute's laboratory space by 15

percent.