



daily news bulletin

Published by Jewish Telegraphic Agency 165 West 46th St. New York, N.Y. 10036

© 1976, Jewish Telegraphic Agency, Inc.

Vol. XLII - 58th Year

Wednesday, February 26, 1975

No. 39

LABOR, MANAGEMENT TO WITHHOLD ACTION ON TAX HIKES PENDING CLARIFICATION OF THE SITUATION

By Yitzhak Shargil

TEL AVIV, Feb. 25 (JTA)--Labor and management expressed severe misgivings over the new sales and payroll taxes imposed by the government yesterday but both sectors decided today to withhold overt opposition until they could clarify the situation with Finance Minister Yehoshua Rabinowitz. The Histadrut Executive held a five-hour emergency meeting here this morning at which hardly a word was spoken in favor of the government's economic measures, their timing and the way they were imposed. But the Executive agreed not to take any action pending a meeting with Rabinowitz.

A similar decision was taken at a lengthy meeting of the Employers Association of which the Israel Manufacturers Association is the main constituent. The Manufacturers Association, Histadrut and the government are partners in the Wage and Price Policy Institute which meets regularly to seek consensus on labor-management issues.

Leaders of the Manufacturers Association decried the new 7.5 percent payroll tax as clearly harmful, illogical, and almost certain to increase unemployment. Some participants at the meeting suggested that the Association divorce itself from any bodies on which the government is represented to protest the new tax. Others proposed that factories hardest hit by the levy be shut down. But it was finally agreed to await a meeting with Rabinowitz in whom, as one industrialist put it, "we had high hopes to change the economic system and methods of action that have prevailed hitherto."

The employers noted that payroll taxes, while not uncommon in some countries, are normally applied to non-productive or service sectors of the economy in order to encourage the productive or manufacturing sectors. In Israel, however, they said, the government, which is one of the largest employers, has exempted itself from the tax and has placed the burden squarely on the nation's productive capacity. That, apparently, will be one of the arguments the employers intend to use to persuade Rabinowitz to reconsider the payroll tax. If they are unsuccessful, the employers say they will consider more concrete action.

Consumer Reaction Mixed

Meanwhile, prices on the Tel Aviv Stock Exchange fell sharply yesterday in response to the new sales and payroll taxes announced by the government. The Exchange and all banks were closed today because of Purim.

Consumer reaction was mixed. New car show-rooms were deserted and no car sales were made yesterday. There was a rush on electrical appliances, however, as dealers said they would retain the old prices as long as present stocks last despite the new 7.5 percent sales tax. Meanwhile, housing contractors said the new tax package would increase the price of flats by about 10 percent, leading to a further slowdown of the already sluggish private housing market.

40 TOMBSTONES OVERTURNED IN JEWISH CEMETERY OF FONTAINEBLEAU

PARIS, Feb. 25 (JTA)--Forty tombstones were overturned in the Jewish cemetery of Fontainebleau, south of Paris. The discovery was made Sunday. The cemetery, founded at the time of the French Second Empire, has about 120 graves and is still the only cemetery of the Fontainebleau community.

The attack on the cemetery is the first act of anti-Semitism in the Fontainebleau area, the community leader, Judge Louis Guthmann told the JTA, but he stressed, "This act carries the traces of a great hatred." A letter has been written by the Representative Council of Jews of France (CRIF) to Interior Minister Michel Pontatowski, informing him of the incident. The Mayor of Fontainebleau offered the assistance of the town to put the cemetery back in order.

ADL CHARGES MAJOR U.S. FIRMS, TWO FEDERAL AGENCIES WITH BOWING TO ARAB PRESSURE AGAINST ISRAEL, JEWS

By Yitzhak Rabi

NEW YORK, Feb. 25 (JTA)--The Anti-Defamation League of B'nai B'rith today charged that a score of major American companies and two federal agencies are discriminating against Jews and refusing to do business with Israel as a result of Arab pressure and economic warfare against Israel and Jews.

At a press conference at the ADL offices here, Seymour Graubard, ADL chairman, charged those companies with "subvergence of the American Constitution" and with violating American policy as set forth in federal export control regulations which discourage boycotts against friendly nations, and the anti-discrimination provisions of the 1964 Civil Rights Act.

Graubard called for "an immediate government probe, a clear statement of federal policy, implementation of U.S. regulations, and the adoption of new legislation, if necessary, to halt dishonorable and illegal business practices." According to Graubard, a nationwide, ongoing investigation conducted by the ADL revealed that while there are American companies resisting Arab demands, others are yielding to Arab coercion and discriminate against Jewish employes and refuse to do business with Israel.

Graubard charged further that some American companies are voluntarily excluding Israel and American Jewish management and professional staff in the U.S. and abroad "as they make a wild scramble for a piece of the Arabs' new wealth." The principles of Hitler "are being approached by the Arab nations," Graubard said, adding that "Jews are once again being singled out as the scapegoat for economic imperialism."

OPIC And Army Engineers Corps Cited

Arnold Forster, ADL associate director and general counsel, who directed the nationwide investigation through the agency's fact-finding department and its 27 regional offices, cited two government affiliated agencies as the Overseas Private Investment Corporation, which is empowered to stimulate investments abroad with a \$100 million credit from the U.S. Treasury Department;

**KISSINGER: U.S. STUDYING GUARANTEES
TO ISRAEL IN CONTEXT OF OVERALL
MIDDLE EAST PEACE SETTLEMENT**
By Joseph Polakoff

WASHINGTON, Feb. 25 (JTA)--Secretary of State Henry A. Kissinger said at a press conference here today that the U.S. is studying the matter of guarantees to Israel in the context of an overall Middle East peace settlement because it was "axiomatic" that a final settlement had to have some sort of guarantees.

The Secretary also stressed that the issues of aid to Israel and aid to Cambodia and South Vietnam were unrelated; said that Egyptian President Anwar Sadat was prepared to offer Israel quid pro quo in a second stage Sinai settlement; and characterized as "a hopeful sign" Syrian President Hafez Assad's statement in Newsweek magazine that he would sign a formal peace treaty with Israel if certain conditions were fulfilled.

In what may be his last press conference before returning to the Middle East early next month for another round of step-by-step diplomacy, Kissinger touched on all of the immediate issues relating to that region and on some longer range possibilities. He said the U.S. "will be prepared to discuss" a limitation of arms shipments to the Middle East as part of a final settlement and that he thought the Soviet Union was prepared to do the same in that context, but not at present.

He said, in reply to questions, that he saw "no evidence that Congress is applying a harder look at military aid for Israel," notwithstanding its reluctance to agree to the Ford Administration's request for more aid to Cambodia and South Vietnam. "I don't want to be put in a position in which I am asserting that the lessons of Vietnam will be applied to other areas," Kissinger said. He added that he was not bringing Southeast Asia and Israel "into a relationship."

Views Assad's Statement As Helpful

The Secretary's remarks on what he deemed was "a major step forward" in Syria's attitude toward a Middle East settlement were based on statements by Assad quoted in an interview published in Newsweek magazine yesterday. The Syrian leader said he would sign a formal peace treaty with Israel if the latter withdrew from all Arab territories it occupied in 1967 and agreed to the establishment of a Palestinian state on the West Bank and Gaza Strip.

Although those demands are unacceptable to Israel, Kissinger said he thought Assad's statement was helpful to his step-by-step diplomacy. He gave no indication that he had elicited a similar statement from the Syrian President when they met in Damascus two weeks ago, nor was there any evidence here that what Assad told Newsweek editor Arnaud de Borchgrave was published in Arabic in the Middle East.

The Secretary, nevertheless, appeared to put great stock in Syria's "step forward." He recalled that when he visited Damascus the first time in 1973 from Israel, Syrian newspapers reported that he had arrived "from occupied territory--Tel Aviv."

Re-Enforcement, Not A Substitute

Kissinger asserted that a Mideast "peace, to be lasting, must involve all fronts and an agreed settlement," adding, "I am sure Israel shares this view." He observed that any agreement must be acceptable to both parties, but "direct and individual assurances might be left to negotiations."

He said that Israel has to be the judge of an adequate arrangement. Asked whether an Israeli-Egyptian understanding is possible, inasmuch as Israel has refused to give up additional territory without a quid pro quo, and whether President Sadat agreed to this, Kissinger replied that in view of the fact that he is returning to the Middle East next month, "the answer is yes."

Kissinger emphasized that U.S. guarantees to Israel would not be a substitute for a final settlement but "a re-enforcement" of one that is concluded. He said that at present it "does not exist" with regard to the nature of the guarantees or commitments to Israel and has not been taken up with the Israelis. Nevertheless, Kissinger listed three possible frameworks: A joint U.S.-Soviet guarantee; a settlement guaranteed by the UN Security Council; or a unilateral American guarantee. He confirmed that the U.S. is studying the problem.

FORMER ZIM OFFICIAL ARRESTED

TEL AVIV, Feb. 25 (JTA)--Michael Tzur, former managing director of the Israel Corporation and former chairman of the Zim Lines, Israel's national shipping company, was placed under arrest here yesterday in connection with alleged violations of foreign currency regulations; disloyalty and suspected fraud. The 52-year-old business executive and former civil servant was informed that he was under arrest after he was summoned to police headquarters for further questioning in connection with the allegations against him.

The order to take Tzur into custody was telephoned from police headquarters in Jerusalem where an investigation of his activities is also under way. According to Israeli law, police may detain a suspect for 48 hours after which he must be remanded before a magistrate.

Tzur was forced to resign from the Israel Corp. and the Zim Lines last year after it was charged that he had invested large sums of money belonging to those firms in enterprises headed by his friend and business associate, financier Tibor Rosenbaum. The temporary closure of Rosenbaum's International Credit Bank in Geneva and the failure of alleged "dummy" corporations he set up in Vaduz, Lichtenstein, an international tax haven, sparked a financial scandal here.

Tzur was accused of investing Israel Corp. money, earmarked for Israel's capital development, in Rosenbaum enterprises without the knowledge or consent of his superiors. He is also alleged to have invested large sums of money from Zim and from the Haifa Refiners Ltd, of which he was a board member, in Rosenbaum's failed enterprises. State Attorney Meir Shamgar recommended last November that the police investigate Tzur's transactions.

Tzur, who was born in Germany, came to Palestine in 1934 and received a law degree from Tel Aviv University, held various high posts in the Ministry of Commerce and Industry and the Finance Ministry from 1951-58. He served as director general of the Ministry of Commerce until 1965 when he was named by the government to the chairmanship of the Zim Board of Directors.

TEL AVIV (JTA)--August Stern, one of the two sons of Dr. Mikhail Stern, has arrived here with his wife. He told reporters at Ben Gurion Airport that he and his brother, Victor, who is still in the USSR, would continue their struggle to gain their father's release from a Soviet prison and his emigration to Israel. Dr. Stern of Vinnitsa, Ukraine, is serving an eight-year sentence for alleged bribery.

and the Army Corps of Engineers, which oversees construction work in Saudi Arabia.

Forster gave as an example of OPIC's complicity, its action in organizing a mission of American business representatives to the Middle East and North Africa this month. He said that OPIC asked one of the firms involved to withdraw a Jewish vice-president proposed as a participant and send a non-Jew instead.

The Army Corps of Engineers, he continued, although directly involved in projects which exclude Jews, has issued no instructions regarding such discriminatory conditions. "The question to be asked of the Defense Department," Forster said, "is whether or not the Corps is obliged to comply with the U.S. anti-discrimination law."

U.S. Firms Identified

Among the companies the ADL named were:

* International Schools Services, Princeton, N.J., a teacher recruitment agency for issuing job orders in behalf of the United Arab Emirate State of Dubai which prohibit applications by teachers who are Jewish, have Jewish surnames or Jewish ancestors.

* Guaranteed Mortgage Services, Inc., and Wizard Mortgage Banking Corp., of Lakewood, Colo., for a letter (Sept. 11, 1974) written by an official of Guaranteed, on Wizard stationery, offering short- and long-term investment funds to a Denver bank--with the proviso that "no board member or director shall be Jewish and no stockholder controlling 20 percent or more of the bank's outstanding stock be Jewish."

* Bendix-Siyanco in Columbia, Maryland, a joint venture of Bendix Field Engineering Corporation and Saudi Maintenance Company, Ltd., which--under the supervision of the U.S. Army Corps of Engineers--is recruiting management personnel, technicians and instructors for the Saudi Arabian Ordnance Corps program and has an employment application requiring applicants to state their religion.

* Pacific Pump Corporation, Huntington Park, Calif., a subsidiary of the Dresser Corporation, Dallas, Texas, for cancelling a pending contract to sell \$2 million worth of industrial equipment to an Israeli corporation in capitulation to the Arab boycott.

* Ashland Chemical Company, Ashland, Kentucky, for specifically stating that it has a corporate management position of not dealing with Israel "either directly or indirectly" because it "represents too serious a risk to even consider."

* Chase Manhattan Bank for refusing to open an office in Israel while doing business throughout the Middle East. The first issue of the bank's new bi-weekly report, "Mid-East Markets," described potential investment opportunities in every Middle East country except Israel, the second issue mentioned Israel only in passing.

In addition, Forster also cited several architectural firms on the East Coast without identifying them by name.

Two Firms Respond To Charges

In response to questions by the Jewish Telegraphic Agency, a Chase Manhattan spokesman denied today the ADL's charges that the bank refused to open a branch in Israel so it could do business with the Arabs. "We did not open a branch in Israel because of economic and business considerations," the bank's spokesman said. He denied that there was any official Israeli demand that Chase Manhattan open a branch in Israel, adding that the bank was handling Is-

raeli Bonds-business here for many years. He admitted, however, that Chase Manhattan is planning to open a branch in Amman, Jordan in addition to its branches in Beirut and the Persian Gulf.

The president of the International Schools Services in Princeton, N.J., Dr. John Sly, said in response to the ADL's accusation: "We are a private, non-profit organization. We do not discriminate against anybody." He said that his organization did not get any order from Dubai against recruiting Jewish teachers, but he added that it was doubtful that any Jewish teacher would receive a visa to enter Dubai.

State Department Opposed To Bias In Any Form

(In Washington, Secretary of State Henry A. Kissinger was asked today to comment on the ADL allegations of discrimination on the part of the U.S. Army Corps of Engineers. The Secretary said he did not know of this charge and said the question should be directed to the Defense Department. He said he did know that the State Department is totally opposed to discrimination in any form. He said Department officers were assigned regardless of race or religion. Kissinger also said that the U.S. basically favors Arab investments in American firms but opposed discrimination by the recipients. He said the U.S. would use whatever moral pressure can be brought to bear in cases of discrimination against banks.)

Recommendations For Ending Trend

Graubard gave the following ADL recommendations for ending what he termed "a disgraceful and dangerous trend":

* Intervention by federal and state anti-discrimination agencies to prevent U.S. business firms from barring Jews in an effort to win Arab contracts.

* Strengthening by the U.S. Department of Commerce of Section 30 of the Export Control Law which now declares "It is the policy of the United States to oppose restrictive trade practices or boycotts fostered or imposed by foreign countries" against friendly nations and requires that the Department of Commerce be notified of requests for such discriminatory compliance. The law should be amended to carry penalties for failure to report and for complying with the demand for discrimination.

* Broadening the investigations of all Congressional committees and federal agencies currently probing the extent of Arab investments in the U.S. to examine evidence of Arab anti-Israel or anti-Jewish demands as the price of the investment.

* Instruction by President Ford to federal agencies and departments involved in promoting international trade or doing business with foreign nations that they must abide by American legal prohibitions against religious and racial discrimination.

* Investigation by the U.S. Attorney General of possible anti-trust violations and, where found, immediate prosecution.

Graubard also called upon American business leaders "who have a high regard for this nation's constitutional precepts and democratic practices" to join together "in condemnation of Arab blackmail demands and those who capitulate to them." He said, "Principles must come before profits." He stated, in response to a question, that the ADL did not write Ford on today's press conference subject, but added, "We hope that he (Ford) will take a decisive action."

