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PERES DISMISSES IDEA OF A U.S.-ISRAEL DEFENSE PACT

Says Israel Keeping Close Watch On Egyptian Build-Up On Suez Canal
By David Landau

JERUSALEM, March 5 (JTA)--Defense Minister Shimon Peres said today that there were no differences between himself and Premier Yitzhak Rabin over the nature of a second-stage settlement with Egypt in Sinai, said a settlement was possible, provided that Egypt's present position is not its final one, and dismissed the idea of a U.S.-Israeli defense pact until a final peace settlement is reached in the Middle East, in which case, he observed, it would not be needed.

Addressing foreign journalists at a luncheon here, Peres said that Israel was keeping a close and careful watch on "the continuous and gradual build-up" of Egyptian forces on the Suez Canal. He indicated that while Israel was troubled by this development it was "neither sudden nor sensational" and involved no violations of the Israel-Egyptian disengagement accord.

He said he would forebear from giving details of the Egyptian build-up in order not to contribute to the creation of tension. He stated that Israel was not about to issue any stern warnings to Egypt but was merely "advising" that the next developments be left up to the diplomats without either side "adding military movement" to the situation.

Peres expressed his views as the second visit of Secretary of State Henry A. Kissinger to the Middle East since February approached. Kissinger will arrive in Aswan, Egypt on Friday for talks with President Anwar Sadat. He will fly to Damascus Sunday for further talks with Syrian President Hafez Assad and is expected in Jerusalem Sunday night.

Two Realistic Alternatives

Referring to Kissinger's forthcoming efforts to arrange a second-stage agreement between Israel and Egypt, Peres observed that "between the Ides of March and Passover, vital decisions would be taken, or alternatively, would not be taken, that would affect the fates of the Middle Eastern nations." He said it was "too early" to judge whether the atmosphere of optimism being generated, particularly in Cairo, was overstated. He said that if Egypt's declared stand is only its initial position, leaving room for maneuvering, "there is hope." Otherwise, he doubted if a settlement could be reached.

Peres said that Israel's position was based on two realistic alternatives--a "modest" interim agreement which did not include Israeli withdrawal from the Mitla and Gidi Passes and the Abu Rodeis oil fields, and a "broader" option. "The Cabinet's position, the Premier's position, is completely supported by me," Peres said, adding that "I cannot see right now any differences" between himself and Rabin.

Other Israeli sources have said that since Kissinger's last visit, Israel has abandoned the "modest" option for a Sinai agreement because Egypt absolutely refuses to consider it. Peres

said, in reply to questions, that he was not enthusiastic about ceding the Sinai passes. He said that Israel sought a "limited forces zones" arrangement, new arrangements for demilitarized areas, the continued presence of the United Nations Emergency Force (UNEF), and pledges by both sides to "reduce their military build-up" and to continue negotiations. He also referred to an increase in economic activity between the two sides but did not elaborate.

Peace Would Negate Need For Pact

In return for a broad accord, Israel will demand a non-belligerency pact signed directly with Egypt. He said an accord that Egypt signed with the United States in order to escape signing with Israel, would only weaken the commitment to non-belligerency. Sadat must find the courage to "take a different direction with Israel," Peres said.

He said that Israel has not asked for a defense pact with the U.S. and the U.S. has not offered any. He said he could not envisage any such pact unless and until full peace is achieved in the Middle East. But in that happy event, Israel could live closely with its Arab neighbors with tight economic links and other ties which would render a defense pact with the U.S. unnecessary, Peres said. He affirmed that the present state of U.S.-Israeli relations was satisfactory enough and noted that a defense pact with Israel might deepen Soviet involvement in the Middle East.

MISSILE ATTACK DRILL HELD

TEL AVIV, March 5 (JTA)--Civil defense officials wrote a grim scenario for the garden suburb of Ramat Gan to test their ability to protect the population in the event of missile attack or natural disaster. In fact, the two were superimposed in the civil defense exercise today which had the city under mock attack by "Soud" missiles while simultaneously suffering an earthquake.

At the first alarm, householders were evacuated to a school building converted to a temporary shelter for the homeless. Another school simulated a center for shock victims. People who volunteered for the role of victims were carried on stretchers to cars and ambulances. According to Interior Ministry officials, there are shelters for 60 percent of the Israeli population.

FAILURE OF SOVIET AUTHORITIES TO DELIVER MAIL SENT BY AMERICANS TO RUSSIAN JEWS PROBED BY HOUSE GROUP

By Joseph Polakoff

WASHINGTON, March 5 (JTA)--The House Subcommittee on Postal Service is investigating charges that the U.S. Postal Service is lukewarm in protesting the failure of Soviet authorities to deliver mail sent by Americans to Russian Jews, the Jewish Telegraphic Agency learned today. Rep. James M. Hanley (D.N.Y.), the subcommittee's chairman, has requested the Postal Service to provide detailed information on its action with Soviet officials over the failure of parcels and insured mail to reach their destinations in the Soviet Union.

The investigation stems from the demand in a letter to Hanley by Rep. Joshua Eilberg (D.Pa.) that "four postal officials should be doing everything they can to get the Russians to deliver mail

which originates in this country rather than giving up after a minimum effort."

By seemingly "doing little or nothing on behalf of U.S. citizens who have been refused" both the return of their parcels or indemnification for insured mail, Ellberg wrote Hanley, the Postal Service, "in effect," is "cooperating with the Soviet Union's policy of persecuting its Jewish citizens."

Ellberg said that he had forwarded complaints about Soviet policy to the Postal Service and had received in reply "a copy of the regulations which the Russians are probably using to stop delivery of the mail." He added, "There is no evidence of any attempt beyond a routine inquiry to have the Russians deliver the mail."

Problems Greater With Soviet Service

Capitol sources familiar with the matter told JTA that the Postal Service has similar problems with other countries but they are "twice as great" with the Soviet service. The U.S. service has "limited leverage," one source said, that it can employ against the Soviet authorities and even that "modest leverage is severely limited by the State Department" because of its efforts not to ruffle aspects of Soviet-American detente.

Ellberg had a brush with U.S. postal authorities two years ago when Jews in New Jersey and Pennsylvania sent packages of matzo to Soviet Jews through the Soviet Embassy here. The Embassy refused to accept the packages and the U.S. postal authorities stored them in quarters where they were subject to vermin and other forms of spoilage. Postal authorities thereupon burned the matzos estimated at about 20,000 pounds. A Congressional inquiry into the matter resulted in a rebuke to the postal authorities for their handling of the matter.

BANK OF ISRAEL NEGOTIATING WITH BANK OF JORDAN FOR LATTER TO OPEN WEST BANK BRANCHES

JERUSALEM, March 5 (JTA)--The Bank of Israel, the country's State Bank, was reported today to be on the verge of concluding negotiations with the Arab Bank of Jordan for the latter to open branches on the West Bank. However, Meir Het, supervisor of banks at the Bank of Israel, denied that an agreement already has been reached. He said the negotiations with the Jordanian bank, one of the largest Arab banks, have been going on for some time but there were still a few obstacles to overcome. Het expressed hope that the negotiations would be completed within "weeks."

One of the reported obstacles was the Arab Bank's demand to be permitted to open a branch in East Jerusalem, which the Bank of Israel has refused. But the problem is being overcome, one source said today. Representatives of the Arab Bank were said to have agreed in principle to accept the Bank of Israel's supervision of its branches in the administered territories. But one representative observed that "it is not a normal situation to have banks operating, whose center is in an enemy country." He said that this was the source of some of the problems that have to be solved.

Negotiations are also reportedly being conducted with a local bank in Gaza which wants to resume operations that were suspended during the Six-Day War.

ARMY INTRODUCES AUSTERITY PLAN

TEL AVIV, March 5 (JTA)--The army has

introduced an austerity plan it says will save Israeli tax-payers about IL 100 million a year without reducing the efficiency of the armed forces, though it may reduce the weight of some soldiers. One element of the plan, designed to cut down on wasted food, is already evident at military bases and installations around the country. Smaller loaves of bread, smaller packages of margarine and smaller quantities of jam and olives are being served in the mess-halls.

Those are the items of greatest waste, according to the three generals, including the Quartermaster General, who devised the plan. Since they were cut down, the soldiers have been consuming the same quantities as previously, but leaving less on their plates. So far no complaints have been reported.

The army is also issuing senior officers smaller Fiat-132 staff cars instead of the gas-gulping Detroit models heretofore used. Smaller fuel quotas are being issued to units and the cars will be run for longer periods before trade-in. The army is also making an effort to conduct more advance training programs for officers in Israel instead of sending personnel abroad.

Another item on the austerity list is newspapers and magazines. Fewer will be distributed to each unit and the army's own publications will be reduced in number. The Army Broadcasting Service, Galei Zahal, has been ordered to cut down expensive programming.

THE KNESSET ALIGNMENT FACTION LABORS AND BRINGS FORTH A MOUSE By David Landau

JERUSALEM, March 5 (JTA)--The Labor Alignment (Labor-Mapam) Knesset faction had one of its stormiest ever meetings in the House last night with sharp differences of opinion aired over the Maale Adumim issue and last Sunday's partisan settlement attempt at the site. But the greatest uproar at the faction meeting was generated not by a hawk, nor by a dove--nor indeed by any ornithological species--but by a small mouse which made a fleeting appearance in the faction committee room.

Former Chief of Staff Haim Barlev (now Commerce Minister), eagle-eyed, stalked the rodent expertly and delivered it a hefty kick which left it sprawled lifeless. Buxom ex-Rafi Knesset member Matilda Ghez, however, was not calmed by the ex-Chief of Staff's heroism, and she ran screaming across the room to cower panic-stricken in the opposite corner. Even when Barlev held up the corpse as proof that the danger had passed, Ms. Ghez found it hard to recover her cool. Barlev said expertly that the mouse seemed small and young and that its parents were probably somewhere on the legislature premises.

NEW YORK (JTA)--Paul Zuckerman, chairman of the World Fund Raising Committee of the Jewish Agency and former general chairman of the United Jewish Appeal, has been elected to the board of governors of the Ben Gurion University in Beer-sheba, it was announced Wednesday by Yosef Tekoah, who was recently named president of the university. The Israeli Ambassador to the United Nations will be inaugurated in his new post March 12.

FLASH: TEL AVIV (JTA) -- Three people were killed and several wounded late last night when a band of Arab terrorists landed on a beach here and holed up on the roof of a waterfront hotel, according to early reports. Israeli troops were called in on the scene.

ADMINISTRATION OFFICIALS OPPOSING NEW FEDERAL LEGISLATION TO COMBAT BOYCOTT TAKE REBUKED BY WILLIAMS

By Joseph Polakoff

WASHINGTON, March 5 (JTA)--Leading Administration officials who have been opposing new federal legislation to combat the Arab boycott and possible Arab control of major American companies were rebuked today by Sen. Harrison Williams (D,NJ), chairman of the Senate subcommittee on securities.

After hearing two additional government witnesses at the second day of the three-day hearings, Williams said "We have yet to get the feeling of urgency of concern and action. There is almost no concern over the impact of the Arab boycott." Williams said that if foreign investment is "legitimate business, hallelujah, come aboard. If not, someone in authority--the President--should say no."

Williams made his remarks after exhibiting two letters. One, from the Central Paper Co. of Newark, N.J., protested the Arab boycott's "biased discrimination" that threatened "the existence of our economy." The letter pointed out that the company's late chairman, Benjamin S. Berkowitz, was devoted to Israel. Williams also read a letter from Lykes Bros. Steamship Co., Inc. of 17 Battery Place, New York City.

The Lykes letter stated "We hereby certify that its vessel is not of Israeli origin and will not call at any Israeli port" and is not to its knowledge "blacklisted" by the Arab Boycott Bureau. The steamship firm was one of 14 lines charged yesterday by the Anti-Defamation League of B'nai B'rith with alleged collusion in the Arab boycott of Israel. Williams represented the two letters as indicative of the circumstances facing America and declared that "such discrimination factors have no place in our commerce and industry."

Claims Potential Abuse Not Clear

Williams' comment came during the testimony of John M. Niehuss, assistant director of the Council on Economic Policy, a government agency which collects information from government agencies and makes reports to Congress. Niehuss in general supported the testimony yesterday by the Department of State, Treasury and Commerce, opposing the legislation proposed by Williams and Sen. Jacob K. Javits (R,NY) to curb boycott practices and calling for disclosure of ownership of stock in American firms.

Niehuss, opposing the bills, said "There is no clear indication of potential abuse of foreign investment in the United States that cannot be handled by existing laws." He proposed consultations with "major government investors."

A similar position was taken by Ian MacGregor, chairman of the United States Council of the International Chamber of Commerce, who welcomed the State Department's testimony yesterday that it intends to seek prompt agreement from the governments of the major oil producing states that they will consult with Washington in advance of making any major new investments in the United States.

Niehuss contended that the proposed legislation could have "the effect of discouraging substantial amounts of beneficial foreign investment" would violate United States treaties of friendship, commerce and navigation, and that restrictive U.S. legislation "would tend to give respectability to additional restrictions on U.S. firms by foreign governments."

Javits, asking Niehuss for a report on laws by foreign countries that govern American commerce and investment, declared: "Nobody is fighting foreign investment. I have spent all my life encouraging it, but we face a new situation. The country may be harmed by the political view and the narrowness of some foreign investors."

He said that most people feel that the pricing of oil is a "holdup," and, Javits said, "without insulting these nations," he expressed belief that new laws were essential to "come abreast" of the new situation. Javits said "The business community must not bury its head in the sand." He praised President Ford's statement against discrimination in trade, terming it as "most admirable."

SEC Has 'Significant Rule-Making Authority'

Ray Garrett, Jr., chairman of the Securities and Exchange Commission, said that the SEC had already "significant rule-making authority" to require the new disclosures contained in the Williams-Javits bill. That measure would require disclosure of shareholders who hold five percent of the equity of a company and of persons proposing to acquire five percent.

Garrett said he was "generally in favor of improved disclosure of the identity of persons with the power to vote the equity securities of large American companies who would not otherwise be required to file reports" to the SEC. But he contended that the SEC wants that it "be authorized to require the publication of those reports if we find it necessary in the interests of investors."

Javits became embroiled with MacGregor and George Ball, a senior partner in Lehman Brothers, who associated himself with the Council's statement saying that the government already has "mechanisms for control of investors." Javits pointed out that there was not a single line in the MacGregor statement "that takes any cognizance whatever of the immoral nature of this issue--any feeling of it."

MacGregor said "We didn't come down to talk about this." He added that he disapproved of boycotts in any form, including consumer boycotts against such products as lettuce. Javits asked Ball and MacGregor whether they agreed with President Ford's statement last week against discrimination. MacGregor said, "Yes, generally." Ball agreed.

DAYAN: CLOSER TO PEACE SETTLEMENT

JERUSALEM, March 5 (JTA)--Former Defense Minister Moshe Dayan told Hebrew University students today that a failure to reach a new agreement with the Arabs did not mean a war would break out, although tension in the Mideast would grow. "We are closer now to a peace settlement with the Arabs than we have ever been in the past," he said, adding that this did not mean a settlement was certain.

Dayan said that of all the Arabs, the Palestinians living in the administered territories wanted war the least. "They know more than anyone else that if a new war breaks out they will suffer. Neither Nablus nor Hebron nor Gaza nor Khan Yunis want the war to be waged on their backs, because they know war would reach them before Tel Aviv or Amman," Dayan said. He stated that unless Egypt agrees to an unlimited non-belligerency agreement in the form of a written document signed directly with Israel, there should be no Israeli withdrawal from the Middle and Gidi Passes or the Sinai oil fields.

KISSINGER GIVEN A 50-50 CHANCE FOR ANOTHER ISRAELI-EGYPTIAN ACCORD

By Joseph Polakoff

WASHINGTON, March 5 (JTA)--As Secretary of State Henry A. Kissinger left tonight for his eleventh trip to the Middle East to seek a solution to the Arab-Israeli conflict, a diplomatic source here offered his assessment of chances on this visit for another Israeli-Egyptian agreement as being 50-50. The optimistic 50, he noted, is that Israel will cede the Abu Rodeis oil fields and the Mitla and Gidi Passes in the Sinai for an agreement with Egypt that will include non-belligerency by Egypt. The negative 50 is that nobody knows what the Egyptian government is willing to do.

The high expectations prevailing in the Egyptian media of Egypt regaining the Sinai passes and oil fields is based on the calculation of Cairo propagandists that if a settlement does not take place on Egyptian terms, Israel can then be charged with intransigence. Israel is insisting, the source said, that the Egyptian government publicly and directly inform its people that if Israel gives up the passes and oil fields, it is not an act of surrender of what Egyptians may think is rightfully theirs but a step in the direction of peace for which Egypt must provide some elements of non-belligerency.

The next Israeli-Egyptian agreement must contain "visible parts" of a contract between two nations that are mutually obligated and jointly signed, the source observed. Non-belligerency includes such factors as an end to war and blockade and economic warfare. But not all these factors need be "visible" in the public contract.

Three Elements Involved

Three elements are involved in Israel's position, it was noted. One is that Israel requires a political guarantee for oil to compensate for what it is now getting in the Sinai if Iran, in time of war or crisis, should limit or stop its supply. The cost of oil to replace the Sinai supply at current prices is between \$250 million and \$300 million annually.

A second element is that when the parties finally reach Geneva for a lasting settlement, Egypt cannot be in a position to renegotiate any agreement it now may make with Israel. A third element is that Israel, assuming that the area it evacuates in the Sinai will be demilitarized, wants the United Nations force that will occupy the areas to be from nations with the means and willingness to remain there indefinitely.

Furthermore, only the UN Security Council should have power to withdraw the UN force rather than have the authority, as at present, to extend it if both parties are willing. This will mean that the United States, if it wishes, could veto a move in the Council to have the force withdrawn and thereby clear the way for hostilities. Withdrawal of UN forces in 1967 at Egypt's behest was a factor in the origins of the Six-Day War. Withdrawal of UN forces now would result in similar hostilities, the source noted.

American Units Acceptable

Israel would, according to the source, agree to American units in the form of observers in the occupying UN force but not Soviet military units in any capacity. Israel opposes a U.S.-Soviet guarantee of a settlement. In the Israeli view, the source said, such a dual arrangement

is unworkable. With their basically opposing strategic interests, the superpowers will be unable to agree on incidents that will occur. If each superpower would have authority to make sole decisions on incidents, a Soviet ally could receive legitimacy to take action it thought worthwhile.

A U.S. guarantee would be meaningful only as a supplement to a final settlement and not as a substitute for it, the source said. This also is the official American view. The outpouring of U.S. arms to the Arab countries has not yet upset the military balance but the programmed sales of even greater amounts will shatter the balance and Israel then could rightly ask for more American equipment, the source stated.

BLACK LEADER SAYS SOVIET JEWS IN ISRAEL EAGER TO HELP BUILD STATE

NEW YORK, March 5 (JTA)--Manhattan Borough President, Percy Sutton, on a recent visit to Israel, found that Soviet Jewish immigrants there had undergone a profound change since he had met with a group of them in Moscow in December, 1973. In the first of a series of articles in the Amsterdam News reporting on his latest tour of Africa and Israel, Sutton said he visited an Israeli absorption center in January to renew his acquaintance with the same Soviet Jews who two years ago were still struggling to obtain exit visas.

"I saw them and found that the change was great," the Black political leader wrote. "They were excited. They were involved and they were busily attempting to learn the Hebrew language so as to be able to move out of the absorption centers and to utilize their technical and scientific skills toward building a greater Israel." Sutton said "These are brave people who reminded me so much of ourselves, as Black people, in our long struggle for dignity and freedom here in America."

Sutton said that another aspect of Israel that greatly impressed him on his recent visit was the sight of warm weather crops thriving in the cold of January. "It was virtually mind-boggling to see the orange groves, the banana plantations and the tomatoes, the broccoli, cabbage and other vegetables growing in severe cold bigger and better than if they were in the warm sun of Florida or Southern California," Sutton said.

He added: "These fruits and vegetables growing in the cold attested to the genius of a dedicated group of agronomists, technicians and scientists who had turned Israel's roadside, mountains and desert into fertile and productive land; a genius which I was to hear commented upon with favor later in my trip through Kenya, Tanzania and Mozambique."

AID TO ISRAEL APPROVED

WASHINGTON, March 5 (JTA)--The House Appropriations Subcommittee on Foreign Operations yesterday approved a \$3.5 billion foreign aid appropriations bill for the current fiscal year which includes \$324.5 million in economic assistance for Israel and \$300 million in credits to purchase U.S. military equipment. The subcommittee acted on the full aid bill after delaying action on the Administration's request for \$222 million in emergency military aid for Cambodia. The bill also provides \$250 million in economic assistance for Egypt and \$77 million for Jordan.

TEL AVIV (JTA)--Dr. Boris Azarnikoff, a 29-year-old Jewish activist who served a 3 1/2 year sentence at the Potma labor camp for alleged "anti-Russian activities," arrived in Israel Monday night to join his parents who immigrated earlier.