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CAPITAL PUNISHMENT FOR TERRORISTS MAY HAVE TO BE RECONSIDERED

JERUSALEM, March 11 (JTA)--Police Minister Shlomo Hillel said today that the question of capital punishment for terrorists may have to be reconsidered. Appearing before the Knesset's Interior Committee, he disputed the claim of its chairman, Likud leader Yosef Tamir, that the execution of terrorists would make martyrs out of them.

"Those terrorists who are killed in action are considered martyrs anyway," Hillel said, and "capital punishment, therefore, may prove to be a deterrent." He said the murder of hostages, as in last week's Savoy Hotel tragedy, justified reconsideration of the issue but he did not say whether he would raise the subject in the Cabinet.

Capital punishment is barred by Israeli law though it may be imposed in extreme cases by a panel of civilian jurists. As terrorists are normally tried by military tribunals, the maximum penalty is life imprisonment. A case in point is that of Koza Okamoto, the sole survivor of the three Japanese Red Army "kamikaze" terrorists who perpetrated the Lod Airport massacre in 1972 and is now serving a life sentence.

Hillel told the Knesset committee that the government has appointed a special ministerial team, aided by experts, to map out contingency plans for dealing with emergencies such as the Savoy Hotel attack.

4 OF THE 8 TERRORISTS WHO ATTACKED SAVOY HOTEL WERE LONG-TIME VETERANS OF EL FATAH

TEL AVIV, March 11 (JTA)--Four of the eight terrorists who attacked the Savoy Hotel last Wednesday were long-time veterans of El Fatah who survived the Jordanian purge of terrorist gangs in 1970, it was disclosed today by Israeli authorities investigating the identities of the killers. They were 27 and 28 years of age, in contrast to the other four, including the sole survivor, Moussa Jumma'a, who were between 18-21 and relative newcomers to El Fatah.

Only one of the gang had a high school education; the rest had schooling only at the elementary level. One member of the group held the rank of Lieutenant in El Fatah, the investigation disclosed. The interrogation of Jumma'a revealed that the objectives of the sea-borne assault on Tel Aviv were the Opera House and a youth club on the beach.

The terrorists landed from their rubber boats roughly midway between the two points, but instead of making for their objectives, opened fire indiscriminately on passers-by, alerting the police. They were forced to barricade themselves in the Savoy Hotel where they took hostages and later blew up the building killing 18 persons including seven of the eight terrorists.

Persons injured in the attack were reported to be improving today at various hospitals. Karl Feinmann of Holland, whose 15-year-old son was killed, was taken off the critical list today.

10 HELD IN BOMBING INCIDENT

PARIS, March 11 (JTA)--Ten persons are be-

ing held by French police in connection with the bombing of the Paris headquarters of the Franco-Arab Solidarity Association. The bureau, located in central Paris, was severely damaged by a bomb which exploded at 2:15 a.m. this morning. Police found the inscription "Israel will live" on the walls of one of the offices. No organization has claimed responsibility for the attack. There were no injuries.

REPORT DEFENSE DEPARTMENT WILL NO LONGER PROVIDE FREE TRAINING TO SAUDI ARABIAN TROOPS

WASHINGTON, March 11 (JTA)--Rep. Elizabeth Holtzman (D,NY) announced yesterday that the Department of Defense no longer will provide U.S. training free of charge to Saudi Arabian troops. Ms. Holtzman said she received assurance from the chairman of the House Subcommittee on Foreign Operations, Rep. Otto Passman (D,La.) that all training from now on will be on a reimbursable basis for Saudi trainees.

Under the legislation that had been adopted, \$220,000 was available for grants to Saudi Arabia to pay for Saudi military training. Although \$38,000 of this amount has already been obligated the remainder will not be spent. Congresswoman Holtzman said: "U.S. training of Saudi Arabian troops is a highly questionable policy. If such training is provided, certainly it is sheer nonsense to provide such assistance free of charge. Oil-rich Saudi Arabia is not an impoverished nation entitled to foreign assistance" at the expense of the American taxpayers.

During the debate on the aid legislation last month, Ms. Holtzman raised the question of free U.S. military training for the Saudis. At her request, the chairman of the House Appropriations Committee, Rep. George Mahon (D,Texas) agreed to persuade the Administration to work out a more acceptable arrangement. Her assurances from Passman stemmed from that.

The debate on free training of Saudi troops was heated up by the disclosure that the Vinnell Corporation of Los Angeles had obtained a \$77 million contract to train the Saudi Arabian national guard to defend oil fields in that country. The contract was from the Defense Department, but the money will be paid by Saudi Arabia.

SQUATTERS NEAR RAMALLAH EVICTED

JERUSALEM, March 11 (JTA)--The army today forcibly removed 80 members of the militant Gush Emunim settlement movement from a site near Ramallah on the West Bank where they attempted to set up a settlement last night in defiance of government orders. The troops were forced to break into a deserted Jordanian bunker where the settlers had barricaded themselves and dragged the resisters to buses which returned them to Jerusalem.

The illegal settlement attempt was the first since Secretary of State Henry A. Kissinger returned to the Middle East to resume his efforts to promote a second-stage agreement between Israel and Egypt in Sinai.

The Gush Emunim, which consists largely of Orthodox Jews, announced its intention several weeks ago to challenge Kissinger's peace moves by trying to establish settlements in the administered territories while the Secretary is in the

region. Their main purpose apparently is to dramatize their claim that the West Bank belongs to Israel by Divine right.

Last night, militants calling themselves the "Shilo" group, camped at the Biblical site of Shilo or Baal Hatzor near Ramallah. They set up a dining room, makeshift synagogue and yeshiva and an electric generator and planned to open a blacksmith shop today. Those of the group not working set about studying scriptures when the army arrived.

The Gush Emunim got moral and political support in the Knesset from members of the National Religious Party, which is part of the government coalition and from the opposition Likud. Two leaders of the NRP's "Young Guard," Zevelun Hammer and Yehuda Ben-Meir, presented a motion urging the government not to use the army to dislodge the illegal settlers. Likud presented Knesset Speaker Israel Yeshayahu with a petition it claimed contained 600,000 signatures of people opposed to any Israeli withdrawal from the West Bank.

FOREIGN AID BILL EARMARKS \$624.5 MILLION FOR ISRAEL AND EQUAL AMOUNT FOR THREE ARAB COUNTRIES

By Joseph Polakoff

WASHINGTON, March 11 (JTA)--The House Appropriations Committee yesterday voted out a foreign aid bill of \$3.5 billion including \$624.5 million for Israel and an almost equal amount for three of its Arab neighbors, but it killed a proposal for screening out possible Communist infiltrators among emigrants aided by U.S. funds, including Soviet Jews going to Israel.

The screening proposal would have enlarged on a proviso long a part of foreign aid legislation that committed the Intergovernmental Commission for European Migration (ICEM) in Geneva not to assist emigration of Communist sympathizers who may wish to make new homes in the Western hemisphere.

In an executive session last week of the committee's subcommittee handling aid funds, a proposal was offered for having ICEM, the UN High Commissioner's Office which usually deals with African migration and Bangladesh going to Pakistan, and the International Red Cross join in barring aid to Communists to emigrate in return for U.S. assistance. Under the bill, ICEM is to get \$2.4 million; the UN office, \$1.3 million; and the Red Cross, \$5 million.

Interference in Israel's Internal Affairs

Opponents of the proposal, including the State Department, held the measure was a throwback to cold war tactics. Rep. Les Aspin (D,Wisc.) said it would interfere with Israel's internal affairs and that Israel could handle any such matter itself. Aspin said that ICEM helped the 17,000 Soviet Jews who entered Israel last year.

Neither a record vote of the full committee on the proposal nor information on who proposed the measure in the subcommittee and what motivated them was officially available. A committee spokesman said that he was not free to disclose the identity of its sponsors since this action was behind closed doors. The Jewish Telegraphic Agency learned, however, that the screening proposal was made by Rep. William V. Chappell Jr. (D,Fla).

The bill, which will be considered by the House on Thursday, earmarks for Israel \$324.5 million in economic assistance, \$200 million in

military credit and \$100 million in military grants. In addition, \$40 million was also voted for use in helping the resettlement of Soviet Jews in Israel and several million dollars more was included for schools and hospitals in Israel. The precise amount for the schools and hospitals is not available at the moment because the overall amount of money is to be prorated among several countries.

Egypt is to receive \$250 million in grant economic aid; Jordan, \$77 million; and for Middle East requirements there is \$100 million which is understood to be going to Syria. In addition, Jordan is programmed for \$94 million in military grant aid and a credit of \$30 million. These military amounts, however, may be reduced since the overall budget for military aid is reduced, Israel's is specifically slated.

The current continuing resolution carrying the aid program expires March 25. Since the Senate is expected to adjourn for the Easter recess March 21, only a little more than a week remains for the bill to pass both branches of the Congress and go to the President for signing into law.

3 EX-DIRECTORS OF HABIMAH GET PRISON TERMS FOR EMBEZZLING MORE THAN IL 500,000 BETWEEN 1962-68

By Yitzhak Shargil

TEL AVIV, March 11 (JTA)--Three former directors of Habimah, Israel's national theater, were sentenced to prison terms by a district court here today after their conviction on charges of embezzling more than IL 500,000 from the theater's funds between 1962-68. Asher Sherf, who was the administrative director of the famed company and allegedly received the largest share of the embezzled funds, was sentenced to six years imprisonment, three of which were suspended, and fined IL 94,000.

Abraham Ninlo, 57, a stage director, actor and former member of Habimah's directorate, got a three-year prison term of which two years were suspended and was fined IL 43,000. The third defendant, Mrs. Bat Ami Elyashiv, 63, an actress and former member of the directorate, drew a three-year suspended sentence and an IL 85,000 fine. Implementation of the sentences will be held up pending appeal.

A scandal in another area emerged today when Tzvi Alderotti, chairman of the board of directors of Amidar, the State-owned housing company, submitted his resignation to Housing Minister Avraham Ofer. His resignation followed charges of forgery and theft on the part of the company's treasurer. Alderotti said that while the alleged crimes were perpetrated by another individual, he considered himself morally responsible in the eyes of the public. Amidar is a holding company that controls flats allocated to new immigrants. About 200,000 families occupy Amidar flats, making it the largest landlord in Israel.

THESPIANS CANCEL ISRAELI TOUR

VIENNA, March 11 (JTA)--The Vienna Burgtheater may have to cancel a planned tour of Israel because some of the actors are afraid of Arab terrorist activities. Fritz Klingenberg, director of the State-owned theater, said today he was informed by several actors they could not go to Israel "for family reasons." But theater sources said they cancelled their participation because of last week's terrorist attack in Tel Aviv. The Burgtheater was scheduled to start its guest performances in Israel March 17. The Austrian government will have to make a final decision whether to cancel the whole tour, Klingenberg said.

COMMITTEE EXPECTED TO RECOMMEND DRASTIC TAX CUTS AND ABOLITION OR CURTAILMENT OF MANY EXEMPTIONS By Gil Sedan

JERUSALEM, March 11 (JTA)--A special committee on tax reform is expected to recommend tomorrow that the rate at which Israelis pay income tax--said to be the highest in the world--be drastically reduced while many exemptions are abolished or severely curtailed. The committee, headed by Prof. Haim Ben Shahr of Tel Aviv University, will submit its report tomorrow to Finance Minister Yehoshua Rabinowitz.

According to reliable sources, the recommendations include a reduction of the tax rate from 87.5 percent to a maximum of 60 percent of income. If adopted by the government, almost 95 percent of the tax-payers will pay not more than 35 percent of their taxable income, economic experts said.

But the committee will also recommend the abolition of tax exemptions for professional literature, except for those professionals who can prove an absolute need for it; it will also call for an end to exemptions claimed for clothing and car expenses and for abolition of the special tax arrangements that apply to certain groups such as airline pilots who are paid partly in foreign currency.

The Ben Shahr committee was appointed by the Treasury to study tax reforms in face of the fact that the high tax rate discouraged many people from working overtime at a time when workers are being urged to increase their productivity. Rabinowitz has made it clear that although the government would adopt part, if not all of the recommended reforms, it had no intention of reducing its income. While direct taxes will be cut considerably, the difference will be made up by indirect taxes such as the 7.5 percent sales tax instituted by the government several weeks ago and an added value tax expected to be imposed this summer.

The Ben Shahr committee was acting on a purely economic level but political considerations are sure to enter the picture when their recommendations come up for discussion in the Cabinet and Knesset. The attitude of Histadrut is expected to be crucial to their adoption. Therefore, no one can say when the reforms will be implemented. Rabinowitz has promised that they would go into effect by July but most economists and jurists believe it is unrealistic to expect major tax reforms to be instituted in only three months.

TALKS RESUME WITH KISSINGER

JERUSALEM, March 11 (JTA)--Secretary of State Henry A. Kissinger returned here from Ankara tonight and resumed his talks with Israeli leaders at a working dinner at Premier Yitzhak Rabin's residence. The Cabinet met earlier today in secret session as a ministerial security committee to hear a full report on the first two rounds of talks with Kissinger Sunday night and Monday morning, concerning a second-stage Israel-Egyptian agreement in Sinai. Officials insisted that no decisions were taken or called for at today's session because the negotiations are still in their initial stages.

Kissinger was in Ankara for 24 hours in connection with the Greek-Turkish conflict over Cyprus. On his return he was met at Ben Gurion Airport by Foreign Minister Yigal Allon, U.S. Ambassador Kenneth Keating and by Mrs.

Kissinger who remained in Jerusalem during her husband's brief visit to Turkey. There were few reporters at the airport as the Secretary was not expected to make any statement and, in fact, made none. Talks between Kissinger and Rabin were due to start at 10 p.m. local time.

EGYPT CONTINUING TO BUILD UP MILITARY ON CANAL'S TWO BANKS Indication Egypt Preparing Military Options Should Kissinger's Efforts Fail By Yitzhak Shargil

TEL AVIV, March 11 (JTA)--Egypt is continuing to build up its military option on both banks of the Suez Canal while Secretary of State Henry A. Kissinger presses his efforts for a second-stage political agreement between Israel and Egypt in Sinai. Israeli defense forces are maintaining a close watch on the growing Egyptian military deployment.

While there are no indications of an immediate intention by Cairo to launch new hostilities, it is evident that Egyptian forces are being put in a high state of preparedness should Kissinger's negotiating efforts collapse, Israeli sources said. They added that Israeli defense forces are taking appropriate precautionary measures.

The Egyptians are presently building large-scale fortifications in their zone on the eastern bank of the canal. They are digging fire control sites for anti-aircraft missile batteries, preparing artillery sites in which more guns than prescribed by the disengagement agreement have been introduced and have built two more infantry bridges across the Suez Canal.

Naval Build-Up in Suez Gulf

The Egyptians are also beefing up their naval strength in the Gulf of Suez. Israel has already protested to the United Nations Truce Supervision Organization (UNTSO) against Friday's passage of a Soviet-built Egyptian destroyer of the "Skoury" class through the Suez Canal from the Mediterranean to the Red Sea. The protest is based on the fact that the destroyer carries 130 mm. guns while the disengagement accord bars guns larger than 122 mm. from the canal zone.

The Egyptians have concentrated large numbers of armored troop carriers equipped with anti-aircraft and anti-tank (Sager) missiles in the limited forces zone east of the canal. Technically, this is not a violation of the disengagement agreement since the latter limits the number of tanks allowed in the zone but not armored troop carriers.

SEEK ARAB PURCHASING CURBS IN U.S.

WASHINGTON, March 11 (JTA)--Sen. John Sparkman (D, Ala.), aiming to restrict oil-rich Arabs and other foreigners from buying land in the United States, today urged the Senate to empower the U.S. government to stop "excessive purchases" by a foreign purchaser. A bill he introduced would require at least 90 days notice to the secretary of Housing and Urban Development before closing on the purchase or lease of any right, title or interest in or to natural resource land by foreigners.

Sparkman, who is chairman of the Senate Foreign Relations Committee, said that by 1985 the nations in the Organization of Petroleum Exporting Countries (OPEC) will have reserves totaling \$1.2 trillion. Their income in six days would be enough to buy the Bank of America, he said.

BUCHAREST (JTA)--Chief Rabbi Moses Rosen was re-elected to the Rumanian Parliament in last Sunday's general election.

