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SECURITY FORCES GUARD VILLAGES

TEL AVIV, May 15 (JTA)--Israeli security forces and civil defense groups maintained a tight cordon around the Lebanese border and stood guard in towns and villages throughout Upper Galilee today to foil possible terrorist assaults on the occasion of the 27th anniversary of Israel's independence and the Shavuot holiday. Shells were fired from Lebanon yesterday at Shetallah settlement without causing casualties or damage, Israeli artillery fired back but no further incidents were reported.

Security forces nevertheless were at peak strength along the northern borders. Road blocks were set up on all roads to check traffic and settlements are on the alert. Israel officially celebrated its Independence Day last month, according to the Hebrew calendar. But May 15 has frequently been a target date for terrorist attacks. Exactly one year ago today, the attack on Maalot occurred taking the lives of 25 Israelis including 21 high school students.

JEWISH 'COUNTER-TERRORIST' GROUP CLAIMS CREDIT FOR ARAB BUS ARSON

JERUSALEM, May 15 (JTA)--A Jewish "counter-terrorist" organization claimed credit for a fire that destroyed an Arab-owned bus shortly before midnight last night in the Arab neighborhood of Wadi Joz northwest of the Old City walls. An anonymous telephone caller told the Jerusalem police department and newspapers that the bus was burned in retaliation for recent arson against Jewish-owned buses and other vehicles. "Terror and counter-terror, an eye for an eye," the caller said, adding before he hung up that the group planned further reprisals for Arab terrorist acts.

Police originally believed the bus was set on fire by Arab terrorists to warn its owner, the Arab Bus Corp. to halt service today, the 27th anniversary of Israel's independence. But the anonymous telephone caller said the Jewish identity of the arsonists would be confirmed on a wooden plaque near the burned bus. Such a plaque, bearing a Star of David and the legend "An eye for an eye" was found near the burned-out vehicle this morning.

Police said the organization, which calls itself "Terror, Counter-Terror, An Eye For An Eye," was well known to them from leaflets it has distributed in the past. But up to now it has not claimed responsibility for acts of violence. Police suspect it is composed of former members of the Jewish Defense League and the "Doy" (Dikut Bogdim--Suppression of Traitors) organizations of militant extremists.

Meanwhile, an explosive charge discovered this morning in the Mea Shearim religious quarter in West Jerusalem was dismantled by police before it detonated. The explosives were found in a truck loaded with containers of inflammable gas. The incident was the latest of its kind in Jerusalem and nearby towns. An Egged bus was burned in the West Bank town of Ramallah last Saturday, and the private car of a Jewish couple who live in an Arab neighborhood was set on fire.

2 YEARS OF HIGH JOBLESSNESS SEEN

JERUSALEM, May 15 (JTA)--Israelis face

record unemployment, much higher taxes and a lower level of consumption under a five-year economic stabilization plan now being completed by the Treasury for the period 1975-79. The newspaper Yediot Achronot which disclosed the existence of the plan in an exclusive story today, said the Treasury envisioned the next two years as "critical years" for Israel's economy with a record 120,000 people out of work.

The measures called for, according to the five-year plan, include an increased rate of taxation up to 42 percent of the gross national product, compared to 28 percent at present, the newspaper said. The Israel Pound, which was devalued last year, will be subject to an immediate further devaluation by 15 percent to be followed by repeated changes in the foreign currency exchange rate to adapt to changes on the world market.

Yediot Achronot said the plan also envisaged a reduction of capital imports, a reduced rate of economic growth and a radical decrease in private consumption which will be frozen for a period of five years. According to the paper, the plan will be discussed thoroughly soon after Finance Minister Yehoshua Rabinowitz returns from his current visit to the U.S. (Rabinowitz left the U.S. yesterday and was due back in Israel today.)

EEC DELEGATION SEEKS TO CALM ARAB ANGER OVER PACT WITH ISRAEL

BRUSSELS, May 15 (JTA)--A delegation from the European Economic Community (EEC) has left for Cairo for discussions with Arab leaders in an effort to calm Arab anger over the Israel-EEC trade accord signed last Sunday. The EEC delegation will hold discussions mainly with the Arab League Secretary General Mahmoud Riad.

Arab leaders have expressed dissatisfaction with the Israel-EEC agreement, and many have asked for the suspension of current talks preparing the Euro-Arab dialogue which was scheduled to begin in Cairo June 10. The EEC hopes that the special delegation will be able to convince Arab leaders in Cairo that the Israel-EEC accord fits perfectly into the EEC balanced policy in the Middle East.

RABINOWITZ SAYS ISRAEL FACES CRITICAL ECONOMIC PROBLEMS

NEW YORK, May 15 (JTA)--Addressing a luncheon meeting yesterday of national and New York Israel Bond leaders on Israel's 27th anniversary, Israeli Finance Minister Yehoshua Rabinowitz emphasized that the military, political, and economic problems the nation faces today "are as crucial as in the days of our War of Independence." Rabinowitz left for Israel last night after signing a joint statement with Secretary of the Treasury William Simon Tuesday in Washington aimed at expanding economic cooperation between Israel and the United States "particularly by increasing opportunities for trade and investment."

Prior to his departure, Rabinowitz met with more than 100 members of the National Campaign Cabinet of Israel Bonds at the Regency Hotel where he stressed the importance of the agreement for the strengthening of Israel's economy and underlined the role of Israel Bonds as a pioneering example of American investment in Israel's

leaders, casting an uneasy eye on the massing of Jordanian troops and armor near Israel's eastern border, warned today that while Israel was ready to make peace it was strong enough to defeat any attack.

Shavuot, the Feast of Bikurim, commenced at sundown. In ancient times it was the occasion for bringing the first crops of the spring harvest to the Temple priests. Today, gifts were made to the Jewish National Fund. Newspapers heralded spring by publishing with bright green headlines and any resemblance to St. Patrick's Day was purely coincidental.

At Kibbutz Gennosar on the Sea of Galilee, Premier Yitzhak Rabin joined Foreign Minister Yigal Allon at the latter's home for the annual spring reception for leaders of Israeli minority groups--Arabs, Druze, Circassians--and for foreign ambassadors and the mayors of Israeli towns.

Israel is strong and confident and able to defend herself against any threat of war, Rabin declared. Because Israel is strong, she wants to make peace, and the first condition is the acceptance by the Arab leaders of a strong and sovereign Israel and their willingness to sit down with Israel's leaders to solve all outstanding problems, Rabin said. He added that with good will, all problems can be solved.

Jordan Warned About Build-Up

Allon told the guests that the failure of the recent bilateral talks with Egypt conducted by Secretary of State Henry A. Kissinger was not the end of the chapter but only a page. He said Israel was ready for unconditional negotiations at Geneva or anywhere else with Egypt and with all the Arabs. He said that within the framework of peace, the Palestinians would be granted an expression of their identity in a constructive manner.

However, Allon warned Jordan to tone down its war talk and not to indulge in displays of strength. The Jordanian military build-up just east of the Jordan River continued today. Jordanian forces are deployed on the western slopes of the Gilead and Ammon mountains overlooking the river. Military circles said the Jordanian moves were not a war game or exercise. Defense Minister Shimon Peres and Chief of Staff Gen. Mordechai Gur toured the Jordan Valley settlements yesterday. (By Yitzhak Shargil)

SEC URGED TO REQUIRE FIRMS REGISTERED WITH THEM TO DISCLOSE IF THEY COMPLY WITH ARAB BOYCOTT

NEW YORK, May 15 (JTA)--The American Jewish Congress urged the Securities and Exchange Commission today to require companies registered with it to make public disclosure of whether they comply with Arab boycott demands and the extent of their compliance.

In a statement submitted to the SEC, AJ Congress President Rabbi Arthur Hertzberg said that just as investors had a right to know about their company's financial affairs, they also had the right to be informed whether it was "polluting the physical environment, affording equal opportunity for employment and promotion to women and racial and ethnic minorities, lending assistance to the maintenance of a governmental system of segregation in South Africa or complying with the Arab boycott."

The SEC is currently holding meetings in Washington to decide whether it should mandate disclosure of information on environmental and other "socially significant matters."

Rabbi Hertzberg cited Department of Commerce statistics showing extensive compliance with the Arab boycott of Israel and American firms doing business with Israel. "The boycott was aimed at firms which have business relationships with Israel and has extended not only to industrial enterprises but, in recently well publicized instances, to investment banking houses deemed sympathetic to Israel," Rabbi Hertzberg said.

He noted in his statement to the SEC that the boycott "operates largely behind closed doors" and that while many American firms have resisted it "others have complied--and those that have complied naturally refrain from publicizing their compliance." He recalled that the SEC has taken "prompt enforcement action" against companies found guilty of offering bribes in foreign countries to do business there. Disclosure of Arab boycott compliance is "equally compelling," he said.

45 CONGRESSMEN CAUTION USSR ON DETERIORATING JEWISH CONDITION

WASHINGTON, May 15 (JTA)--A bipartisan bloc of 45 Congressmen cautioned the Soviet government today that while many members of Congress want to nurture "the spirit of good feelings and cooperation that has been growing" between the United States and the Soviet Union, "we cannot so long as the repressive treatment of Soviet Jews continues."

"We would re-emphasize to you," the Congressmen wrote Soviet Ambassador Anatoly Dobrynin, "that human rights remains a basic concern of members of Congress, and we see Congressional resolve only hardening in the face of the deteriorating situation (of Jews) in the Soviet Union."

The Congressmen added: "This of course has grave implications for the future of detente. Congress will not be willing to permit a closer relationship with your country unless it is convinced your government shares a commitment to basic civil rights and liberties. In the absence of that commitment we see only a dim future for the cause of detente. This saddens us as we feel our two countries have much to gain from each other both culturally and technologically."

The Congressmen's letter, originated by Reps. Gilbert Gude (R,NY), Benjamin Rosenthal (D,NY) and Jonathan Bingham (D,NY), noted that more than 65 Soviet Jewish men and women have been sentenced to prison terms of from three to 15 years "following their expressed desire to leave the USSR for Israel" and that most of them still remain in Soviet labor camps.

ALBANY (JTA)--The New York State Banking Department has warned banks in the state against yielding to Arab economic pressure to discriminate against Jews. Acting Superintendent of Banks Ernest Kohn has sent letters to bank presidents across the state reminding them that state law forbids discrimination by banks and advising them that his department would check on compliance with the law through its regular bank examinations.

BUDAPEST (JTA)--The first Jewish exhibition to be held here in 40 years is currently going on at the site of the Budapest ghetto. During the war, 600,000 Jews died in that ghetto or were deported from it to die in camps elsewhere.

BONN (JTA)--West German President Walter Scheel is to open a new German-Israeli youth center at Ueberlingen on Lake Constance June 23. It will be known as the Martin Buber Center. A West Berlin Jewish businessman, Werner Haberland, who died in 1970, donated DM 1.2 million for the center.

economic development. Referring to the agreement Israel reached several days ago with the European Common Market, the Finance Minister described it as "a very important step for Israel both politically as well as economically."

"But," he added, "I must caution you against assuming that this agreement will solve all our economic problems. While it will open up new opportunities for development, it will also create a great many other problems and difficulties. The promise of wider trade relations with Europe also represents a challenge to our productivity and industrial growth," he stated. The whole world is suffering from great economic and financial difficulties, the Finance Minister asserted, but "Israel has been hit harder than most countries...." Although the Arab boycott is not new, he said, that during the past year "it has grown in strength and power as a result of the Arab states' newly acquired oil wealth."

Five Major Problems

Rabinowitz stressed that the Arabs would not talk peace with an economically weak Israel. "Only a strong Israel will persuade them to reach a peace settlement," he maintained. The Minister outlined five major problems confronting Israel at the present time: financing heavy defense expenditures; absorbing an increased immigration, and providing better social services for the population; improving the state of the balance of payments, and stopping the drain of foreign currency reserves; curbing inflationary pressures; and returning to a fast rate of growth of the economy.

Rabinowitz stated that "Israel's main economic problem is its balance of payments." He said that from 1972 through 1974 the balance of payments deteriorated drastically, increasing the deficit from \$1 billion to \$3.5 billion. This huge deficit came about, he explained, as a result of an increase in expenditures for three principal items: defense, oil, and basic foods.

"Additional expenditures for these items alone added up to \$2.7 billion," he reported. Rabinowitz said that Israel's foreign debt increased from \$4 billion at the end of 1972 to \$6 billion at the beginning of 1975 and that it was expected to reach \$8 billion by the end of this year. "This," he states, "is by far the highest debt per capita in the world."

VIKTOR STERN ARRESTED, CHARGED WITH PARASITISM; 28 MOSCOW JEWS PROTEST PHONE CUTS AND WIRETAPPING

NEW YORK, May 15 (JTA)--Viktor Stern, son of Dr. Mikhail Stern, has been arrested by Soviet authorities and charged with parasitism, it was reported today by the National Conference on Soviet Jewry. He was ordered to work as a porter in a brick factory but has declined. Viktor has been seeking an exit visa to go to Israel. At the same time, August Stern, Viktor's brother, told the Student Struggle for Soviet Jewry in a phone call from Israel today, that Dr. Stern's physical condition has worsened sharply. Dr. Stern is in a labor camp near Kharkov where he is serving an eight-year sentence.

In another development, 28 Moscow Jewish activists have appealed to the International Telecommunication Union, a United Nations affiliate, protesting the wiretapping and disconnection of their phones by Soviet authorities, according to the SSSJ. The activists stated that 150 phones in Moscow alone have been cut since the time of former President Nixon's USSR visit three years ago.

In a letter to ITU, the activists revealed an official decree which forbids phone calls "for purposes contradictory to the State's interests and to the public order." Such a decree, they declared, "proves the existence and authorizes the use of wiretapping. Since the decree, selective wiretapping has become widespread, with consequent disconnections." Not only have phones used for calls been cut, but also phones on which overseas calls were expected. In addition, the Jews said, "our attempts to use the telephone exchanges were also blocked."

Continuing, the activists wrote: "At this time of active steps towards relaxation of tension, we find ourselves isolated from our relatives and friends overseas. The telephone service has played an important part in our lives. Broadcasts of the 'Voice of Israel' are jammed, our correspondence is censored, our peaceful protests end in arrests--the telephone is the only means of finding out the truth about our friends and the only means of providing information about ourselves. We are made to understand that telling people abroad about our true situation compromises 'state interests.'"

CATHOLIC LEADER ISSUES SUPPORT FOR ISRAEL AS SOVEREIGN STATE

NEW YORK, May 15 (JTA)--An American Catholic leader declared yesterday that "The right of Israel to exist as a sovereign state with secure boundaries is clear and needs no further explanation," but added that "The Palestinian Arabs must have a voice in any negotiations" because "a basic human right of any group is that no settlement in a matter which affects them so directly and intimately may be imposed on them."

Those remarks were made by Archbishop Joseph L. Bernardin, president of the National Conference of Catholic Bishops, and Archbishop of Cincinnati, who was guest of honor and principal speaker at a dinner reception held by the American Jewish Committee and attended by nearly 100 national Jewish and Christian leaders.

Archbishop Bernardin also said that "Roman Catholics should strive to understand and respect the religious significance of the link between the Jewish people and the land of Israel." He said, about the Middle East situation, that efforts to bring a lasting peace must continue because "a military solution is unthinkable" and "given the strategic importance of the Middle East in the global picture, war would be disastrous not only for the region but for the world as well." He stressed that "it is only through successful negotiations, which recognize the basic rights of all parties, that this (peace) will come about."

Archbishop Bernardin said the situation of Jews in the Soviet Union was "aggravated because the cause of their persecution runs deeper than Marxist hostility toward all religion; the cause has prejudicial roots which touch the Jews' very being, not only their religious beliefs."

While declaring that the persecution and harassment of Soviet Jews was "a violation of human rights which has a very special character and cannot be ignored by silence," the Roman Catholic leader also urged that opposition to the persecution of Soviet Jews "be broadened to include all people whose human rights are being violated, not only in Russia but elsewhere."

SHAVUOT BEGINS WITH ANXIETY ABOUT JORDANIAN BUILD-UP

TEL AVIV, May 15 (JTA)--Israeli housewives cleared grocery shelves of cheese for the traditional "blintzes" on Shavuot eve while the nation's

BEHIND THE HEADLINES**ROLE OF IRAN IN THE MIDEAST**

By Joseph Polakoff

WASHINGTON, May 15 (JTA)--Despite Cambodia and the numerous other foreign and domestic problems pressing on the Ford Administration, it is beyond question that President Ford and his immediate advisors will devote their fullest attention to what the Shah of Iran, Mohammed Reza Pahlavi, will have to say to them.

The American assessment of the Shah and the Shah's conversations during his three-day state visit in Washington beginning today will go far towards determining not only U.S. policy in the Middle East--from Israel's security to the flow of oil--but the strategy of maintaining Western influence from the eastern Mediterranean to the Indian Ocean.

Of critical importance to American strategists is whether, in moving towards a settlement of some kind between Israel and her neighbors, the Soviet Union can be prevented from getting a permanent foothold either in the oil areas or on the waters between India and Africa. In this vastness, Egypt some day may be a major factor in Western strategy and Saudi Arabia may develop, too, as a power.

But at present, the only state outside of Turkey and Israel worthy to be called dependable is Iran; its potential as a bulwark in the decades ahead is even greater. When Congress was being apprised of American strategy two years ago as U.S. arms began flowing to Iran, the State Department observed with rare frankness that Western strength in the area depended to a large extent on Iran's course.

Viewed As A Genuine Moderate

The immediate power of the Shah may be seen in the simple fact that the sinking of a single oil tanker in the strait linking the Persian Gulf with the Gulf of Oman can effectively block the oil flow from that entire area to the West. For all the criticism leveled at the Shah, he is in his outlook a genuine moderate in the Middle East. Indeed, some Western Asian experts here regard his policies at this time both for the region and his own country as probably the most realistic and progressive in practical terms.

In addition to meeting and dining with the President at the White House, the Shah will meet Vice-President Nelson A. Rockefeller, Secretary of State Henry A. Kissinger, Defense Secretary James Schlesinger and the Senate Foreign Relations Committee. He will be questioned Sunday on NBC's "Meet the Press" program.

His visit comes on top of other visits in recent days to the White House by Jordan's King Hussein and Egyptian and Saudi officials and before Ford goes to Salzburg to confer with Egypt's President Anwar Sadat June 1 and 2. Therefore, some observers note, the Iranian monarch's reasoning may well establish some patterns in the President's own approaches both to the Sadat meeting and with Israel's Premier Yitzhak Rabin June 11 and 12 in Washington.

Status Of Jews

While Moslem and Mideastern, Iran under the Shah has taken stands in a spirit of tolerance that has enabled the country to go forward socially as well as economically and politically. This is exemplified by the treatment of the country's tiny Jewish minority. Among the 35 million living in Iran only about 70,000--one-fifth of one percent--are Jewish.

Under the Shah's rule, their lot has improved

immensely. A Jew sits in Parliament, many Jews practice medicine and engage in other professions, and numerous Jewish students and teachers are in the universities. A Jewish educational system is encouraged and no limits are put on emigration. The emancipation of Jewry in Iran began with the Shah's father in the early 1920s after they had lived in extreme poverty and much ignorance for generations. In turn, Jews when emancipated have helped develop Iranian industry and education.

While diplomatic relations do not formally exist between them, Iran extended de facto recognition to Israel in 1950 and considerable commerce flows between them. Iran did not participate in the Arab oil embargo stemming from the Yom Kippur War and indicated it will not take part in another. It is prepared, if the parties so desire, to help mediate a settlement between Israel and her neighbors.

Thus, as the pressures mount in the countdown towards the President's meetings with Sadat and Rabin, the Shah's views on means to counter anti-Western influences in the Middle East, plus discussions of an Iranian-Saudi alliance to brace the Middle East on the way to modernization without violence and in harmony for all the states in the area, including Israel, may well be seen in retrospect as a major element in America's course in the area during the foreseeable future.

JNF OPENS SECOND RECREATION PARK

JERUSALEM, May 15 (JTA)--The Jewish National Fund has opened Israel's second "active recreation park" in the Herzl Forest at Ben Shemen, near Lydda. The park is one of four planned and executed jointly by the JNF and the sports authority of the Education Ministry. It offers apparatus for physical exercises for campers and pioneers of all ages, along with rustic tables and benches, barbecue grills, piped water and lavatories--to enable families and school groups to spend the day in the woods, exercising, eating and relaxing. The first such park was opened last autumn at Hazorea in the Galilee and two more are planned, at Kiryat Gat in the south and in Safed in the far north.

Opening the park, JNF Chairman Jacob Tsur said it was built to serve the main Tel Aviv area with a novel form of healthy and invigorating recreational activity. Sports authority head Yariv Oren said Israeli pioneers could now enjoy fun and exercise along with the customary "shishlik" cooked over the open forest barbecue fires. Tsur, Oren and their aides then strolled along the 1100-meter apparatus course, Oren and the aides trying out the various facilities while Tsur encouraged and applauded their efforts.

Tsur told a group of assembled children that the Herzl Forest at Ben Shemen was the first JNF forest in Israel. The first trees planted there had been olive trees, he said. Documents of the time (1904) showed that it had been the planters' hope that their income from olive oil would suffice to found and fund a Hebrew University at Jerusalem. After World War I the project collapsed, and pines have now taken the place of the olive trees.

ISRAEL TO PARTICIPATE IN PARIS AIR SHOW

PARIS, May 15 (JTA)--Israel will participate in the annual Paris air show opening May 30. The new Israeli fighter jet, "Kfir," will not, however, be presented, at the request of the French organizers of the show. Special security precautions will be taken to protect the Israeli stand. Among visitors to the show will probably be large delegations from Egypt and Libya.

MANCHESTER (JTA)--A permanent Israel exhibition has gone on display at the King David Jewish school in this British city.