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U.S. HAS YET TO DETERMINE APPROACH TOWARD MIDEAST PEACE, KISSINGER SAYS

Further Consultations With Arabs To Follow
Ford-Rabin Meetings, Secretary Discloses
By Joseph Polakoff

WASHINGTON, June 12 (JTA)--Secretary of State Henry Kissinger said today, following the third meeting between President Ford and Prime Minister Yitzhak Rabin, that further discussions are required with other Arab countries before the U.S. will determine its approach towards seeking further progress toward a Middle East settlement.

Appearing before the press at the White House soon after the third-Ford-Rabin meeting, Kissinger said the talks were conducted in a "cordial and friendly atmosphere," that the results were "very constructive" and that "the alternatives" for further negotiations were in "sharper focus."

Kissinger pointed out that the Syrian Foreign Minister, Abdel-Hilim Khadami, will be in Washington to meet the President and he mentioned specifically that Egypt will be consulted again and other "interested parties" but he specifically ruled out meetings with the Palestine Liberation Organization.

U.S. Not Pushing Any One Approach

Kissinger said that the U.S. would "stay in close touch" with the government of Israel and added that "in the next few weeks a final clarification" will be made by the U.S. on the "best course" on "the basis of consensus" of "all the parties."

He did not include the Soviet Union, although he was asked specifically who the parties were. Kissinger pointed out that the purpose of the meetings of the President with Egyptian President Anwar Sadat and Rabin were not for the purpose of "definitive conclusions" or "detailed negotiations" but to enable the President to contact the principal leaders and review the alternatives for progress.

Kissinger said it was not likely that a policy statement would be issued by the President in the next week or two although he characterized the meeting with Rabin as "a considerable step forward." He said that the United States is "not pushing any one particular approach" but intends to pursue the one most promising.

New Mideast Trip 'Not Excluded'

This conviction, he said, was "emphatically shared" by Rabin. He said there was "a certain parallel approach" by Egypt and Israel for an interim agreement which is one of the three options the President enumerated last week. Other options are a convening of the peace conference at Geneva and bilateral talks under the "umbrella" of the Geneva conference.

However, Geneva was not mentioned by Kissinger today. Asked about aid for Israel, Kissinger said there was no question of U.S. economic and military aid to Israel but that the "question" was the relation of the Israeli "large requests" to "other considerations." He said that no precise date for the presentation to the Congress of the U.S. aid program for Israel and its Arab neighbors had been set.

He said neither Egypt nor Israel had put for-

ward a "definitive proposal" for a second interim agreement and he said that a trip by he himself to the Middle East "is not excluded."

Reporters raised questions about the U.S. attitude toward Israel since the breakdown of the last Kissinger mission on March 22. He said there was "no purpose" to return to the issues that led to the breakdown because both sides "know what the major concerns of each other are."

'Fateful Decisions' Face Israel

Kissinger drew laughter when he said "as anyone negotiating with Israel knows, I can assure you that the danger of Israel giving away something for nothing is extremely remote." He also said Israel would face "fateful decisions" and the U.S. "crucial decisions" and the Ford-Rabin meetings gave the leaders "a full opportunity to understand the intangible aspects of the other side."

When he was asked whether there would be an end to the charges that Israel was responsible for the breakdown of the March mediation attempt and whether the impression that Israel was stubborn had been wiped out by the Ford-Rabin meetings, Kissinger joked that an Israeli friend of his defined objectivity as "one hundred percent of Israel's point of view." He said "We are now looking to the future" and "we believe that all the parties with whom we have talked are interested in progress toward peace." He referred to Rabin's toast last night that no country in the world wants peace more than Israel.

11 TERRORIST ACTS ATTRIBUTED TO EL FATAH GANG JUST CAUGHT

TEL AVIV, June 12 (JTA)--Eleven terrorist acts perpetrated between January 18 and May 11 of this year have been attributed by the army to an El Fatah terrorist gang apprehended by security forces several days ago. Ten Arabs have been detained on suspicion of membership in the gang which is believed to have received its orders from headquarters in Beirut.

According to army sources they were responsible for the following: Placing an explosive charge in Jerusalem's Musrara quarter January 18; attaching explosives to a fuel tank in the Baka quarter January 19; planting two explosive charges in a house on the Bethlehem Road February 25; concealing an explosive device in an artist's workshop, "Hutot Hayotzer" in Jerusalem February 26; placing an explosive charge which detonated in the Abu Tor quarter of Jerusalem March 6; and another in the same quarter which injured a local resident on March 21.

In addition, they are accused of: sabotaging the Beersheba-Hatzerim pipeline April 4; placing two explosive charges in Jerusalem's Talpote quarter April 9, one of which detonated; dismantling a section of railroad track southeast of the Bar Giora station in the Jerusalem region May 11; placing explosive charges which detonated in the Musrara quarter May 11; and planting explosives under a motorcycle belonging to the Communications Ministry on the same date. The charge detonated. Another explosive device was found nearby.

LITTLE PROGRESS ON RUMANIAN EMIGRATION

WASHINGTON, June 12 (JTA)--Little progress was reported by 15 Congressional leaders who met

with Rumanian President Nicolai Ceausescu at the Rumanian Embassy yesterday to discuss U.S. trade benefits for Rumania and the Eastern European country's policy on Jewish emigration. But Congressmen said they hoped there would be progress in Rumania's emigration policy.

Ceausescu apparently tried to convince the Congressmen that Rumania has been lenient in allowing Jews to emigrate to Israel. But Jewish groups, while saying this was true in the past, stress that Rumania has been more restrictive in the last few years and this year particularly. They have urged Congress to hold up approval of President Ford's requested bill providing Rumania with the most favored nation trade status and other benefits. The Rumanian President, who also met President Ford yesterday, spent only five hours in Washington on his way home from a visit to Latin America. (By Joseph Polakoff.)

GOVERNMENT TO PARE BUDGET BY ONE BILLION POUNDS. RABINOWITZ SAYS

JERUSALEM, June 12 (JTA)--The government will cut another billion Pounds of this year's IL 56.3 billion budget in an effort to cut down the growing deficit, Finance Minister Yehoshua Rabinowitz told Labor Alignment members of the Knesset Finance Committee today. His surprise announcement came only a day after Rabinowitz told newspaper editors that "several economy measures were under active consideration" to keep the budget deficit within the IL 1.5 billion limit originally envisaged. There were several previous cuts, made after long bargaining with government ministries, each eager to preserve its budget intact.

Rabinowitz explained that the cuts were necessary because of the planned direct tax reform, which was expected to cause an immediate loss of IL 750 million in this year's State revenues. (see story on P. 4.) It is assumed that the Housing Ministry would have to bear most of the budget cuts because of the low demand for housing, caused mainly by the decrease in immigration. At the meeting between Rabinowitz and the Alignment MKs, it was reported that some 4000 completed apartments were standing empty because they were originally intended for immigrants who did not come. Some MKs suggested they be handed over to young couples who live in inadequate housing.

JDC AIDED 400,000 NEEDY JEWS IN 1974, ANNUAL REPORT NOTES

NEW YORK, June 12 (JTA)--Although there was a decline of more than 40 percent in the emigration of Jews from the Soviet Union in 1974 there was a sharp increase in the number of Russian migrants going to countries other than Israel. This was revealed in the annual report for 1974 of the Joint Distribution Committee issued today by Samuel L. Haber, JDC executive vice-chairman.

"Russian emigration, which had reached a peak of about 35,000 in 1973, was reduced to about 20,000 in 1974," he said. "Of these, 16,000 went to Israel and 4000 to the United States and Canada. In Rome, where the JDC caseload at the beginning of 1974 was about 1000; by the end of the year the figure had increased to 1781, of whom 1720 were Soviet Jews." During 1974, JDC aid went to some 400,000 needy Jews in 25 countries overseas, Haber reported. Costs of

JDC programs rose to \$30,550,000, almost \$1,000,000 more than in 1973.

In a foreword to the report, Jack D. Weiler, JDC chairman noted that the increased costs were due mainly to adverse economic conditions. "The devaluation of the American dollar, the revaluation of some foreign currencies and the continued upward movement of prices, compelled JDC to spend \$1,000,000 more than the previous year just to maintain its ongoing programs," he said. The major areas of JDC operation for 1974 continued to be Israel, North Africa, Iran and Europe. In 1974 JDC spent about one-third of its global budget aiding over 110,000 men, women and children in Israel in a wide range of social welfare, health, rehabilitation and educational services. Most of the \$9,800,000 spent in Israel was earmarked for "Malben" the JDC program in Israel. The figure includes \$1,000,000 for aid to more than 150 yeshivot, with a total student enrollment of 22,600, to refugee rabbis and scholars and other religious activities.

SAPIR BACKS SACHER AGAINST CRITICISM BY EMISSARIES

By David Landau

JERUSALEM, June 12 (JTA)--Jewish Agency Executive chairman Pinhas Sapir today strongly backed Michael Sacher, chairman of Britain's Joint Israel Appeal and a member of the Jewish Agency Board of Governors against criticism by Jewish Agency emissaries in London. In a statement here, Sapir angrily rejected the emissaries' charges of "bossism" and "hegemony of the rich" over their activities in Britain. Those complaints were contained in a cable to Sapir yesterday which was published in some local newspapers.

The emissaries objected to economy measures recommended in a recent report by a committee headed by Sacher which suggested cuts to meet the Agency's budget difficulties. One of the cuts was in the number of Israeli emissaries promoting aliya in Britain. The chief aliya emissary in Britain, Yitzhak Meyer, announced his resignation yesterday. Sapir, who heads the Agency's aliya department; said Meyer had been asked to complete his two-year term and that it was his, Sapir's decision not to extend it for a third year. Sapir noted that Sacher has devoted "tens of years of energetic activity to the Zionist cause" and "anyone who knows him and knows his work," he told the emissaries "knows the inaccuracy of your terminology."

KREISKY SAYS HE TOLD ARABS TERRORISM INJURES THEIR CAUSE

VIENNA, June 12 (JTA)--Austrian Chancellor Bruno Kreisky condemned terrorism in the Middle East today and suggested efforts to end it by a peaceful settlement of the conflict. Addressing the Austrian Parliament, Kreisky said, "I told Arab representatives repeatedly that terrorism was destructive and damaging for the Arab cause."

The Chancellor said he "met with understanding by some Arab politicians." They were aware of these dangers themselves. He said there is no fool-proof way to fight terrorism. However, he believed that peaceful solutions in the Middle East would at least partly paralyze it.

TEL AVIV (JTA)--Israeli sources said Thursday that Egypt is expected shortly to return the bodies of two members of the terrorist underground Stern Group who were hanged in Cairo in 1945 for the assassination of the British resident minister, Lord Moyne. The newspaper Yediot Achronot cited recent statements by President Anwar Sadat to this effect.

NO INTERIM AGREEMENT POSSIBLE WITHOUT CHANGE IN EGYPT'S POSITION, RABIN SAYS

Agrees With Kissinger That Parallel Approach By Both Sides Essential
By Joseph Polakoff

WASHINGTON, June 12 (JTA)--Israeli Premier Yitzhak Rabin made it plain today after the close of his talks with President Ford and Secretary of State Henry A. Kissinger that unless there is a change in the Egyptian position from last March no interim agreement is possible between Israel and Egypt.

His comments to newsmen at Blair House came less than two hours after Kissinger told reporters at the White House that a "parallel approach" by Egypt and Israel was a prerequisite for a resumption of his efforts for a second-stage agreement. Rabin said he agreed with this approach saying "we need parallelism on the part of the two sides, then it will be possible to make a judgement." He stressed that since Israel is working through the United States for an interim agreement it will be up to the Americans to make this judgement.

"It's very unfortunate," Rabin said, "that Egypt which talks so much of peace refuses to have any direct talks with Israel. This reluctance of talks such as at kilometer 101 (that resulted in the first interim agreement) has not facilitated a move forward towards an interim agreement."

Israel Ready To Show Hand At Geneva

Rabin said there were basically two options, "either an interim agreement with Egypt or an overall settlement (at the Geneva conference) in which all problems can be solved at once. You cannot mix the two. The essence of an interim agreement is to create a period of several years in which the area will be relaxed and forces will establish themselves in peaceful ways and discuss an overall settlement." Rabin said this has been explained to Ford, Kissinger and others. He said that if the negotiations go to Geneva, Israel will put all of her positions related to peace on the table. But, he warned, if such a meeting is not well prepared, he doubted that it will be anything different from a United Nations General Assembly session.

Asked about the shipment of cargo through the Suez Canal, Rabin declined to answer the question directly, but he emphasized that "Israel assumes any agreement has to be carried out in all its parts before a new agreement can be made."

Israel Will Never Deal With PLO

Strongly defending Israel's willingness to adapt its position toward agreements on the road to peace, Rabin stressed that "for us the essence of an interim agreement is a step towards peace. It has never been tried in the past. All efforts for eight years since the 1967 war to bring about an overall settlement have failed. Israel's flexibility was shown by its taking a risk, by giving something for a change in attitude which is essential if real peace is to be achieved."

Rabin flatly refused to deal with the Palestine Liberation Organization and indicated Israel will not permit the PLO to participate in the Geneva conference. He pointed out that the UN Secretary General's letter setting up the conference said that any additional country or body that might participate requires the agree-

ment of the original six participants. He said President Ford has shown "great understanding" of Israel's economic and military needs and he declared that he has "no doubts the problems of Israel's security will find proper solutions at the proper time."

LEADING PERSONALITIES TO ATTEND EMBASSY DINNER FOR RABIN

WASHINGTON, June 12 (JTA)--Top government officials and other national personalities are among the 40 persons invited to the dinner being given for Premier and Mrs. Yitzhak Rabin by Ambassador Simcha Dinitz at the Israeli Embassy tonight. They include Secretary of State Henry A. Kissinger; George Meany, president of the AFL-CIO; William Colby, director of the CIA; and Donald Rumsfeld, President Ford's Chief of Staff at the White House. Also among the invited guests are Katherine Graham, publisher of the Washington Post and Pulitzer Prize winning columnist Mary McGroarty of the Washington Star.

The House Majority and Minority leaders, Reps. Thomas "Tip" Neill (D.Mass.) and John Rhodes (R.Arizona) are on the guest list as are Sens. John Towers (R.Tex.) and Gale McGee (D.Mont.) and Rep. Sidney Yates (D.Ill.) In addition to Kissinger, the State Department will be represented by Undersecretary of State for Political Affairs Joseph J. Sisco and Alfred Atherton, Assistant Secretary of State for Near Eastern and South Asian Affairs. Among the American Jewish leaders invited are Max Fisher of Detroit, and Rabbi Israel Miller, chairman of the Conference of Presidents of Major American Jewish Organizations. (By Joseph Polakoff)

TREPPER BAND DIDN'T MAKE MUSIC. JORDANIAN CENSOR DISCOVERS

TEL AVIV, June 12 (JTA)--The Jordanian censor has recently revoked the ban on the "music" and "records" of "conductor" Leopold Trepper and his "orchestra," it was disclosed here last night. The man in Amman, officially known as General Controller of Publications, apparently has just discovered that Trepper, now a citizen of Israel, is not a musician and that the "Red Orchestra" he headed was the code name for a highly successful Soviet espionage network in Nazi-occupied Western Europe during World War II.

The Jordanian ban was decreed when Trepper came to Israel last year after years of struggle for permission to emigrate from his native Poland. The Jordanian censor meanwhile banned Verdi's opera "Nabucco" from Jordan "in any form" because the work presents an historic event "in a way that sheds a favorable light on the Jews and thus serves the Israeli campaign."

JNF TRYING TO SEPARATE SHEEP AND GOATS FROM PASTURES

JERUSALEM, June 12 (JTA)--The Jewish National Fund is trying to control unlicensed herds of sheep and goats that have proliferated recently because of the high price of meat and are ravaging trees and vegetation in the Negev. The JNF said it was employing motorized inspection teams to track down the herds and would file complaints with the police. The JNF licenses sheep and goat herds in order to conserve pasture lands.

JERUSALEM (JTA)--Afaf Ajluni, who publishes the East Jerusalem Arabic daily Al Fajr, urged police Thursday to resume the search for her brother, Yusuf Nasser, who was kidnapped by terrorists last year and is presumed dead. Ms. Ajluni says she is convinced Yusuf is still alive.

FAR-REACHING TAX REFORMS PRESENTED TO KNESSET

Less Tax Evasion, More Take-Home

**Pay Predicted
By David Landau**

JERUSALEM, June 12 (JTA)--The government has submitted its sweeping income tax reform measures to the Knesset with the approval and support of large sections of the House and of public opinion. Finance Minister Yehoshua Rabinowitz said he hoped the complex of bills which comprise the reform would be speedily legislated so that the reform could go into effect next month.

Some economic observers doubt if this is possible. But all observers have become convinced of the government's urgent intention to implement the reform without delay. Basically the reform will mean that all income will become taxable and the host of privileges, dubious "expenses" and flimsy exemptions will be abolished. Rabinowitz admitted that the "tax ethos" of the Israeli public had become sorely debased over the years and predicted that the new measures would introduce new standards of honesty. Rabinowitz explained that the root of the evil had been "the steep tax scale which has become aggravated by constant inflation that required a middle-income earner to pay a 80 percent tax rate all of which discouraged people from working harder and encouraged them to try to evade taxes."

More Take-Home Pay Seen

Under the new system, persons earning IL 3000 will pay 25 percent income tax. Earnings over IL 8500 will be taxed at a rate of 60 percent. A sliding scale will govern earnings between those two parameters. Treasury experts predict that 72 percent of wage-earners and 81 percent of self-employed persons will pay no more than 25 percent tax, with a large number of this group paying no tax at all and some receiving added income from the National Insurance Institute. Only seven percent of wage-earners and 17 percent of self-employed persons would be paying more than 35 percent in tax, the experts forecast. The official forecast is that the vast majority of the population will find themselves with more take-home pay as a result of the tax reform.

The Treasury is presently putting the finishing touches to a second major piece of legislation, due to be introduced later in the year, an added value tax that is expected to soak up excess spending power and largely cover the IL 1.5 billion in revenues which the Treasury will lose as a result of the income tax reform. In presenting the income tax measures to the Knesset, Rabinowitz appealed "to my fellow countrymen" to save any extra money they find in their pockets as a result of the reform instead of spending it and thus firing the flames of inflation which, he warned, would force the government to take new stern measures. Likud's chief economic spokesman, Yohanan Bader, said the tax reform was a victory for the opposition which had long been advocating reform. The present tax structure, he said, had become "an intolerable burden."

The tax reform measure was drafted by Treasury officials on the basis of recommendations presented earlier this year by the "Ben-Shachar tax reform committee." That group, headed by Tel Aviv University President Haim Ben Shachar, was charged by the government to

review the entire income tax system and make proposals for its thorough overhaul. The government adopted the committee's recommendations in full. They also won the blessing of the Histadrut and of the employers.

AJCONGRESS URGES SCRUTINY OF NEW ARAB-BACKED BANK SEEKING NY CHARTER

NEW YORK, June 12 (JTA)--The State Banking Department has been urged by the American Jewish Congress to demand assurances of non-discrimination on account of race, religion or political considerations before granting a charter to a new financial institution to be known as the "United Bank, Arab and French, New York." In a letter to acting superintendent Ernest Kohn, the AJCongress declared: "Many Arab commercial interests, especially within the financial community, have publicly announced their intention to carry out the boycott objectives of the Arab League. We believe it appropriate therefore that your Commission, as a precondition to the issuance of a charter, receive assurances that the business affairs of this new banking institution will be conducted fully in conformity with the letter and spirit of our laws and with the national policy of this country as expressed both in the statements of our government and the enactments of our legislature."

Four American banks--Bankers Trust of New York, First National of Chicago, Security Pacific of California and Texas Commerce Bancshares--have reportedly applied to the State Banking Commission for permission to establish the new financial institution, whose associates would include more than 20 Arab banks and several from Europe. An estimated 40 percent of the bank's initial \$25 million capital will come from Arab sources, according to news reports. The United Bank, Arab and French (U.B.A.F.) currently operates 22 banks around the world, the AJCongress said.

The American Jewish Congress letter, signed by its president, Rabbi Arthur Hertzberg, asked the State Banking Department to make sure "that the operations of the proposed bank will be divorced from non-commercial, political considerations and that it will in no way discriminate in any facet of its operations because of race or religion or because of the alleged or real connections any potential business associate may have with any country friendly to the U.S., including the State of Israel."

GRANT FOR YIDDISH STUDIES AT BEERSHEBA U. ANNOUNCED BY TEKOAH

NEW YORK, June 12 (JTA)--Ambassador Yosef Tekoah, the retiring Permanent Representative of Israel to the United Nations, announced today the creation of a Fund for Yiddish Culture Studies at Beersheba University in the Negev. Ambassador Tekoah, who will assume the presidency of Beersheba University when he returns to Israel shortly, said the grant was received from a distinguished New York family who prefers to remain anonymous. He said the Yiddish Culture Studies will become part of the accredited curriculum at the university.

In acknowledging the gift, Ambassador Tekoah stated that "the Yiddish Culture Studies will add a new dimension to the overall curriculum and thereby enrich the field of study for the more than 4200 undergraduates." He went on to say: "The Yiddish language, literature and the culture of Yiddish speaking communities is part of the Jewish people's distinguished heritage and deserves to be studied by Jew with youth everywhere. There can be no future without the knowledge and understanding of our past."