



# daily news bulletin

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## 9 ISRAELIS KILLED, 6

### HURT IN TERRORIST RAID

4 Terrorists Also Killed; Israeli Jets Raid Village in Lebanon  
By Yitzhak Shargil

TEL AVIV, June 15 (JTA) -- An Israeli who joined soldiers in an assault on terrorists who occupied his home this morning, killed two terrorists with a burst of machinegun fire and was himself fatally wounded by a grenade. The bitter battle in Kfar Yuval near the Lebanese border left two Israeli civilians and four terrorists dead and six Israelis injured, including a seven month old boy.

Israeli Air Force jets retaliated with four strikes against terrorist bases in southern Lebanon today, an area known as Fatahland. The planes attacked Shuba village, a springboard for terrorist incursions into Israel.

The Israeli dead were identified as Yaacov Mordechai and a relative, Nehemia Yossef Chai. The wounded were identified as Simha Mordechai, Yaacov Mordechai's wife who underwent surgery; her seven month-old son Assaf who was injured in the head and leg; Mordechai Besalel, Yaacov Mordechai's brother and Avraham Yossef Chai. The name of the sixth wounded person was not immediately known.

Meanwhile, two civilians were injured this evening when several Katyusha rockets fired from Lebanon exploded at the seaside resort of Nahariya at about 8 p.m., local time.

The surviving members of Yaacov Mordechai's family were reported out of danger at Safad Hospital tonight. The secretary of Kfar Yuval said today's tragedy only re-enforced the settlers' ties with their village. He asked that the settlers receive arms to defend themselves.

### Peres Visits Village

Defense Minister Shimon Peres and Chief of Staff Gen. Mordechai Gur visited Kfar Yuval this morning shortly after the battle with the terrorists. Peres praised the local population for their swift and resolute action against the intruders. He singled out for bravery Yaacov Mordechai who died in the defense of his home. An army spokesman reported that all Israeli planes that participated in today's raids on Fatahland had returned safely to their bases.

Except for Yaacov Mordechai, who was at a bus stop on his way to work when the terrorists invaded the village, all of the victims were hostages of the terrorists. The latter were identified as members of the Arab Liberation Front, a gang headed by Abdul Wahab el Kiall and sponsored by the Iraqi Ba'ath party. Kiall is reputedly a member of the Palestine Liberation Organization in charge of its education and culture department. The Arab Liberation Front was described as an extremist faction of the PLO similar to the terrorist groups headed by George Habash and Ahmed Jibril. Its members were responsible for a hit-and-run grenade attack on Hanita in December, 1970.

### Eye-witness Accounts

According to eye-witness accounts, four armed

terrorists entered Kfar Yuval, an agricultural settlement founded in 1954 by Jews from India, at 5:15 a.m. local time. They were spotted at a road junction and opened fire with bazookas and Kalashnikov rifles at settlers leaving their homes. The terrorists stormed the first house on the village outskirts, the home of Yaacov Mordechai, and his family and held the occupants hostage. Army and border police units who rushed to the scene, were joined by arms-bearing villagers and exchanged fire with the terrorists. Mordechai was waiting at a bus stop when he heard the shooting and ran back to the village to discover that his own home was the center of the battle.

Eye-witnesses said Mordechai armed himself with a submachinegun and joined an army unit assaulting his house. As he reached the front door, the terrorists hurled a grenade and he fired simultaneously, killing two terrorists but sustaining fatal wounds from the grenade. Soldiers broke into the house killing the other two terrorists. They found one of the hostages dead. The injured were rushed to hospitals by helicopter. The terrorists had shouted demands from the house for the release of 12 terrorists in Israeli jails, including Archbishop Hilarion Capucci who is serving a 12-year sentence for smuggling arms to terrorists in Israel. Kfar Yuval is about three miles from Kiryat Shmona where 18 persons were killed and more than a dozen wounded in a terrorist attack in April, 1974.

## RABIN INDICATES HE DOESN'T KNOW WHAT IS U.S. MIDEAST POLICY

By Yitzhak Rabin

NEW YORK, June 15 (JTA) -- Premier Yitzhak Rabin of Israel indicated here last night that after two days of meetings in Washington with President Ford and Secretary of State Henry A. Kissinger he was still in the dark as to what U.S. policy will be in the Middle East. Addressing 2300 Jewish leaders from the United States and Canada at a dinner given in his honor by the Israel Bond Organization at the Waldorf Astoria Hotel, Rabin said that he had explained Israel's position "very thoroughly" to President Ford but did not know if "all was accepted."

He said, "I am sure there was understanding to what I told Ford" but that he does not know now what the U.S. government's decision on the Middle East will be. "I explained to Ford that conditions not accepted by Israel in March will not be accepted today," Rabin said, referring to Kissinger's "shuttle" diplomacy which broke down last March. He rejected the contention that Israel is intransigent, emphasizing that "We do all for progress" but that Israel has the right to decide what is right and wrong when it comes to its future and security. He said Israel is ready to make concessions to the Arabs but cannot make any that would endanger its security.

Describing his country's relations with the U.S. as "friendship deeply rooted in values and beliefs," Rabin said that Israel had demonstrated

flexibility but was not prepared to accept Egyptian demands. "We said no, even when the U.S. was ready to accept Egyptian dictation," Rabin declared.

### Sees Improved Situation

He said that Israel was committed to do whatever was possible to achieve an interim agreement with Egypt but observed that if that is not achieved, there will be a need to move toward the negotiation of an overall settlement. He did not mention the Geneva conference. He emphasized however that if Egypt will be "forthcoming" Israel will be the same.

He described the present situation in the Middle East as better than it was three months ago. He said the threat of war had diminished, the Suez Canal is re-opened, the mandate of the United Nations peace-keeping forces has been extended and Israel's recent unilateral thinning out of its forces in Sinai has contributed to further relaxation.

As to the future, he stressed that Israel is ready to negotiate for peace not for its right to exist. "Our existence as an independent Jewish State does not depend on their (Arab) recognition," Rabin asserted. He said he doubted that peace would be achieved in the Middle East as long as the Arab leaders refuse to reconcile themselves to Israel's existence as an independent Jewish State. At present, he said, the gap between the Arabs and Israel "is too wide to breach."

### Israel Opposes Stalemate

Before leaving Washington Friday, Premier Rabin told Jewish leaders from the United States and Canada that Israel is no less opposed than the United States to any stalemate in the diplomatic process toward peace in the Middle East. But he said he considered the movement toward peace to be still in the exploration stage and that a long diplomatic road with many pitfalls lies ahead before a settlement can be reached. Rabin made his remarks at a closed door meeting at Blair House with representatives of the 32 constituent organizations of the Conference of Presidents of Major American Jewish Organizations, headed by conference chairman Rabbi Israel Miller and with five delegates representing the Canadian Jewish Congress.

Rabin also met with some 500 representatives of the United Jewish Appeal and local federations and welfare funds in Washington Friday and told them that their "warmth and identification with Israel are one of the sources of Israel's strength." He met with them behind closed doors.

Rabin also stressed that while Israel continued its search for peace she must continue working for the immigration and absorption of Soviet Jews and for the freedom of "our persecuted brethren in Syria." In New York yesterday, he met with Governor Hugh Carey and Mayor Abraham Beame.

### KISSINGER SAYS U.S. ISRAELI DIFFERENCES ARE 'FAMILY QUARRELS'

By Joseph Polakoff

WASHINGTON, June 15 (JTA) -- "We could never live with ourselves if we had impaired the wellbeing and security of Israel," Secretary of State Henry Kissinger told a group of high American and Israeli officials, including Premier Yitzhak Rabin, at a dinner at the Israeli Embassy last week.

Kissinger characterized Israeli-American official "differences" in their analyses of the Middle East situation as "merely family quarrels because we are people of the same values and there are limits beyond which these disagreements can never be pushed." Regarding Rabin's talks with President Ford, Kissinger and Defense Secretary James Schlesinger last week, Kissinger said "the discussions we have had have moved us closer to a new momentum in the Middle East."

Kissinger's remarks came in a toast to Rabin at a dinner Thursday night given by Israeli Ambassador Simcha Dinitz. Those present included Donald Rumsfeld, President Ford's Chief of Staff at the White House, and Robert Hartmann, an intimate advisor to the President. An Israeli official present described the remarks as the most favorable to Israel made by Kissinger since he became Secretary of State three weeks before the Yom Kippur War broke out.

### Israel Must 'Look With More Care'

Kissinger also said in his toast "the stories that make newspaper headlines" of Israeli and American analyses do not go to the heart of the matter. He pointed out that "our perspectives are different. Your margin of survival is so much narrower than ours."

Noting that any "mistakes" Israel might make are "likely" to lead to grave consequences, Kissinger said, "you therefore have to look with more care. We have not known tragedy as a country in any sense of the word as you have."

"No people needs peace more than Israel, and no one has been working harder to achieve it than the Prime Minister, whom I have admired for his statesmanship ever since I met him," Kissinger said.

In his toast, Rabin said that Israel is small and remote and "still we feel...that when we think something serves our interests, we do it even though it is not always liked by some people here. But we do it because we feel there is a strong basis of common interest, common heritage, and common feelings in the long run between Israel -- the small democracy -- and the United States, the great democracy."

### JEWISH AGENCY ASSEMBLY OPENS TODAY

JERUSALEM, JUNE 15 (JTA) -- More than 300 Jewish leaders are expected here tomorrow for the opening of the Jewish Agency Assembly. The opening ceremony will be attended by President Ephraim Katzir and Cabinet Ministers.

It will be the fourth Assembly since the Jewish Agency was expanded in 1971. The delegates are member of the Zionist general council and heads of fund-raising organizations abroad. The Assembly will also be attended by 100 community and organization leaders who will have the status of observers. Jewish Agency chairman Pinhas Sapir will deliver the keynote speech at the opening session. He is expected to review Jewish Agency activities during the past year, and to outline programs for the coming year. Agency treasurer Arye Dulzin will present a budget of \$640 million, based on the assumption that some 45,000 immigrants will come to Israel during this fiscal year.

WASHINGTON (JTA) -- The first world assembly of Jewish war veterans will be held in Jerusalem January 25-30, 1976.

# RABIN PREFERS INTERIM ACCORD TO GENEVA, MEETS KISSINGER FOR 90-MINUTE DISCUSSION

By Mindy Yochelson

NEW YORK, June 15 (JTA) -- Israeli Premier Yitzhak Rabin said today his country prefers to reach an interim agreement with Egypt before resuming talks at the Geneva peace conference. Rabin made his comments on CBS's "Face the Nation" television program this morning, following a meeting here with Secretary of State Henry Kissinger. Rabin declined to comment on the meeting except to say that the two discussed the sequence of events that would occur whether or not an interim agreement between Egypt and Israel is reached.

Kissinger told the reporters after his unscheduled 90 minute meeting with Rabin that "We have now fully clarified all the positions and the nuances of all the positions beyond any possibility of misunderstanding."

Rabin said on CBS that an interim agreement would create "a more relaxed atmosphere in the area." He also said an interim agreement would make it easier for the parties involved to move toward a more lasting "overall" agreement. He said he felt that the more time that passes without war, the better it would be for a more lasting peace.

He said, however, that unless "both sides are forthcoming" there could be no interim agreement. He said the focus on the agreement would be toward settling for eliminating the option to use force.

## Israel Will Show 'Flexibility'

If such an agreement is reached, Rabin said that Israel's efforts to move toward peace would be continued. He said that Israel would show her "flexibility" by giving up oil fields and other strategic points, although he did not specify which strategic points he meant. The Premier said that to avoid disappointment he didn't want to see any "dramatic" changes in negotiations, such as shuttle diplomacy, in the near future. "We'll continue to maintain communications through diplomatic channels," he said.

Rabin declined to comment on the reassessment of U.S. policy toward the Middle East. But he did say he was "optimistic" about future U.S.-Israeli friendship, despite the suspension of arms negotiations till the end of the U.S. reassessment. But he said he realized that U.S. friendship is not a "carte blanche" to approve everything Israel does. Rabin said Israel has learned under many circumstances that "the defense of Israel depends on us."

## ALLON SEES BRITISH ENVOY OVER ARMS DEAL REPORT

JERUSALEM, June 15 (JTA) -- Foreign Minister Yigal Allon called in the British Ambassador, Sir Bernard Ledwidge last night to voice Israel's concern over reports of impending massive Britain-Egypt arms deals. The reports followed last week's visit to Britain by Egyptian Foreign Minister Ismail Fahmy. They spoke of deals totalling nearly half a billion Pounds Sterling. British officials have termed the reports premature -- but have not denied their substance.

(The deal was made public when it was raised by some members of the British Parliament last week. Greville Janner, a labor MP and a leader in the British Jewish Community said "we have

sold our souls up the River Nile. Selling arms to slaughter our friends is not the way to extract our economy from its present mess.")

(In Washington, the State Department had no comments on the reports)

Allon also voiced his displeasure at public statements made by British Foreign Secretary James Callaghan at a dinner in honor of Fahmy which, Allon maintained, were in discord with the spirit of Security Council Resolution 242. Callaghan said: "I know Egyptian policy is firmly founded on the permanent realities of the Mideast situation as well as on the requirements of national honor and interest, an end to foreign occupation and the recognition of the legitimate rights of the Palestinian people..."

Allon is understood to have taken exception to the last two expressions which, he said, could imply a demand for total evacuation of all occupied areas and the creation of a West Bank Palestinian state.

## JEWS MARK 5th ANNIVERSARY OF SOVIET MASS ARRESTS

NEW YORK, June 15 (JTA) -- Jews across the Soviet Union were scheduled today to begin hunger strikes in connection with the fifth anniversary of the June 15, 1970 mass arrests which led to the Leningrad trials of 1970 and 1971, the Student Struggle for Soviet Jewry said today. The protests will draw attention both to the plight of prisoners of conscience in labor camp and to the Soviet government's harassment of Jews seeking exit visas.

In Tel Aviv, many Soviet immigrants including former prisoners of conscience demonstrated today in front of the Finnish Embassy which represented the USSR here. Some of the demonstrators joined in the hunger strike which is being held in the Soviet Union.

In New York a massive campaign aimed at gaining freedom for the scores of Soviet Jewish "prisoners of conscience" was launched at a Foley Square rally in Manhattan Friday by the Greater New York Conference on Soviet Jewry. Bronx Borough President Robert Abrams, a vice-chairman of the Greater New York Conference, presided at the rally, at which an "Amnesty Appeal" signed by prominent humanitarians, civil libertarians, and public officials, was released urging the Soviet Union to grant freedom to the Soviet Jewish prisoners.

In Washington, Friday, passersby near the Soviet Embassy, as well as Soviet personnel, were greeted at the noon hour with copies of an "Open Letter to Soviet Ambassador Dobrynin" that noted June 15th is the fifth anniversary of the mass arrests of Soviet Jews in 1970 which "led to the infamous 'Leningrad trials' and to the continuing imprisonment of Jews who seek to emigrate to Israel." The letter was signed by Frank Ridge, chairman of the Jewish Community Council's Soviet Jewry Committee. The letter said that "175 synagogues and Jewish organizations in the Washington metropolitan area, together with others in cities throughout the United States, Canada and Europe, have observed the date of June 15th as an anniversary of the USSR's gross and open violation of the principles of justice and human rights."

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TEL AVIV, (JTA) -- Abbie Nathan's "peace ship" was believed to be anchored somewhere off Port Said Sunday.

**BEHIND THE HEADLINE****WAITING TAX REFORM'S AFFECTS**

By Gil Sedan

JERUSALEM, June 15 (JTA) -- The big question Israelis are asking each other today is "How will Ben Shazar affect you?" They are referring to the far-reaching tax reforms recommended by a committee of experts headed by Haim Ben Shazar which were approved by the Cabinet and overwhelmingly endorsed by the Knesset last week on the first reading as a legislative measure.

Until a year ago, Haim Ben Shazar was a relatively unknown economics professor at Tel Aviv University. Then he was picked by Finance Minister Yehoshua Rabinowitz to head a tax reform committee whose labors, it now appears, will affect the lives of every Israeli. Several months ago, Ben Shazar submitted his committee's recommendations. At about the same time, quite coincidentally, he was named president of Tel Aviv University, one of Israel's leading institutions of higher learning.

When Rabinowitz assigned Ben Shazar the task of formulating tax reforms to replace the present complex system riddled with loopholes and inequities, the Finance Minister was criticized on grounds that the committee of experts was little more than window-dressing to show that the government was willing to "listen" to tax complaints. But Rabinowitz indicated that he took its work seriously and fully intended to make use of its recommendations. This, in fact, he has done.

Ben Shazar and his colleagues sat for months, working intensively at their assignment. They finally came up with a detailed plan which was welcomed by virtually everybody -- economists, the Histadrut, the manufacturers, and most important -- by the government, which lost no time translating the recommended plan into the appropriate legislation.

**A Plan Is Simple**

It was a relatively simple plan, abolishing many tax exemptions which enabled much tax evasion. It made practically all income taxable, including, for example, car expenses and telephone bills covered by an employer. It also proposed a considerable reduction of income tax rates -- from an absurd high of 87.5 percent, to a more reasonable maximum of 60 percent.

The general consensus in favor of the suggested tax reforms enabled the government to go ahead with the legislation procedure. Last week Rabinowitz introduced the Income Tax Reform Bill to the Knesset for first reading, winning initial support from both right and left. The target date for the introduction of the reform is July 1, -- the big question after "How will it affect you?" is: "Will he make it on time?" The Knesset will have to work extremely fast and demonstrate a large degree of inter-party cooperation if the legislation is to be completed in two weeks.

The answers to both these questions are largely unknown. Nobody really knows how the tax reform will affect him. "I am afraid some of my employees will have a smaller take home pay once the reform is introduced and they will probably come to me to compensate them for the loss," one employer said. "But I cannot afford it. My profit margin is too narrow anyway." Others express fears of a different nature. Many who did not have "under the table" compensations such as car expenses, may now have a

much larger salary due to the reduced income tax rates. They may cause a return to the dangerous inflationary trends with too much money flowing into the markets. Rabinowitz has already warned that he will make sure that some of that money will go straight back to the treasury by means of additional indirect taxes with the introduction of the value added tax.

**Test Is Government's Determination**

Most economists agree that the test of the reform will be the government's and Knesset's determination to stick to the original Ben Shazar plan, and not to succumb to pressure. The closer one gets to the implementation of the reform, the more pressure one feels. A special problem is car expenses and telephone bills which until now were at least partly tax exempt.

Today the newspaper headlines informed the public that its much valued army officers were among the first to suffer from the reform. A general is entitled to a service car. According to the reform the car may be calculated as additional taxable income of several hundred pounds monthly, and the general's take-home pay may thus be smaller than that of a major, who does not get a car, or who shares one with another officer.

Zim Navigation Co. employees demand that the company continue the tradition of a free trip to Europe every two years -- and they want the trip tax-free. Similar demands are being made by the airline workers, not to speak of the pilots who want to continue receiving part of their pay in Pounds Sterling which is calculated for income tax purposes on the basis of Israeli Pounds worth 14 times less.

The consensus is that the economy is ready for the big operation, but some fear that it may hurt too much, and they prefer that their next door neighbor try it first.

**BEN SHAHAR INSTALLED AS TEL AVIV U. PRESIDENT**

TEL AVIV, June 15 (JTA) -- Prof. Haim Ben Shazar, whose tax reform proposals may soon be enacted into law, was formally installed tonight as president of Tel Aviv University where he had previously taught economics. (See separate story.) He succeeds Prof. Yuval Ne'eman, a physicist, who resigned to take a senior post with the Defense Ministry at the request of Defense Minister Shimon Peres.

Finance Minister Yehoshua Rabinowitz, former mayor of Tel Aviv who selected Ben Shazar to head a tax reform committee a year ago and Education Minister Aharon Yadlin attended the installation ceremonies. Honorary Ph. D. degrees were conferred on the French-Rumanian playwright Eugene Ionescu and the Israeli artist, Yaacov Agam. Ionescu was cited for his contribution to contemporary drama and his struggle as a humanist against totalitarian ideologies. Agam was awarded the degree for the originality of his artistic contributions to 20th century civilization and his breakthrough in kinetic art.

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TEL AVIV (JTA) -- Israel won fifth place in the Asian Games in Seoul, South Korea with two gold, one silver and three bronze medals. Both gold medals were won by sprinter Esther Shachamorov. Sixteen nations participated.