



daily news bulletin

Published by Jewish Telegraphic Agency 165 West 46th St. New York, N.Y. 10036

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Vol. XLII - 58th Year

Friday, June 27, 1975

No. 123

ISRAEL CONCERNED BY FORD'S ANGER OVER LEAK ON ALLEGED OFFER TO EGYPT

By David Landau

JERUSALEM, June 26 (JTA)--Government circles were clearly shaken today by President Ford's angry reaction yesterday to a New York Times story from Jerusalem detailing what purported to be Israel's latest territorial offers to Egypt for a second-stage interim settlement. A Foreign Ministry spokesman said this morning that Israel disapproved of "leaks" of secret negotiations no less strongly than the U.S. and agreed with President Ford that the Times story contained inaccuracies. It should not be viewed as reflecting the Israeli proposals submitted to Egypt through the good offices of the United States, the spokesman said.

But the severity of Ford's admonition worried Israeli officials. The President's statement denouncing the leak was read by State Department spokesman Robert Anderson who made it clear that the President was not criticizing the Times when he declared that the U.S. "will not get into the business of competitive leaks of confidential diplomatic exchanges." Times Jerusalem correspondent Terence Smith attributed his information to Israeli government sources. (See separate story P. 3)

New Softening Process Feared

Ford's strong reaction surprised many observers here because the Smith story added little to what has already been reported here and in Washington on the progress of the negotiations. Concern was expressed that the episode could lead to a new period of tension between Israel and the U.S. which abated after Premier Yitzhak Rabin's meetings with Ford in Washington earlier this month. Some analysts suggested a deeper motivation for Ford's reaction to the Times story than Presidential pique over leaks of confidential information.

According to these sources, the President's statement marked the beginning of a new effort by Washington to pressure Israel into softening its terms. This theory assumes that Egypt's reply to the latest Israeli proposals did not seem promising to Secretary of State Henry A. Kissinger and that the Secretary believes a further softening of Israel's stand will be necessary if an interim settlement with Cairo is to be obtained.

The Foreign Ministry spokesman noted pointedly today that leaks are not a one-way affair. His statement that Israel strongly disapproved of leaks whatever their source was taken as an oblique hint by the Israeli government that it too has been upset and incensed in the past by Washington's penchant for feeding selected information to selected newsmen, often as a means of exerting subtle pressure on Israel.

4 TERRORISTS KILLED, 1 ISRAELI SOLDIER WOUNDED IN NEW BORDER CLASH

By Yitzhak Shargil

TEL AVIV, June 26 (JTA)--Four terrorists were killed and one Israeli soldier was slightly injured in a clash in the Idmith region near the Lebanese border shortly before midnight last

night. The incident occurred after an Israeli patrol spotted a fresh break in the border security fence and, following a trail, surprised the terrorists. The latter engaged the patrol in a sharp exchange of fire and tried to escape into Lebanon but all four were mowed down by Israeli gunfire. The injured soldier was hit by grenade fragments and evacuated by helicopter to a hospital for treatment.

The terrorists, wearing olive drab shirts and trousers, were heavily armed with Kalashnikov assault rifles, bazookas and large quantities of explosives. Axes and wire cutters were also found on their bodies. There was no immediate identification of which terrorist group they belonged to but it was clear to military authorities that they were on a sabotage mission inside Israel. Israeli soldiers were alerted along the Lebanese border following a bazooka and small arms attack on a patrol near Za'arit Wednesday morning in which no casualties were sustained.

GESTURE TOWARD NATIONAL UNITY SEEN IN STATE FUNERAL FOR STERNISTS

By Gil Sedan

JERUSALEM, June 26 (JTA)--The re-burial here today with full military honors of the remains of two members of the Stern group for whose bodies Israel released 20 convicted terrorists to Egypt yesterday, was regarded by most observers as a demonstration of national unity by the government at a crucial moment of history for Israel when national unity is essential. It was also seen as a further manifestation of the gradual weakening of the bitter feelings that divided Israelis in the latter years of the Palestine Mandate over the activities of underground militants such as the Sternists who resorted to violence.

Re-interred in the military cemetery on Mt. Herzl this afternoon were Ellahu Hakim and Ellahu Beth Tzuri who were hanged in Cairo in 1945 for the murder of Lord Moyne, the then British Resident Minister in the Middle East. The assassination set off severe repercussions at the time and was condemned by Dr. Chaim Weizmann, the world Zionist leader who, three years later, was to become Israel's first President.

But today Premier Yitzhak Rabin was the first of several hundred Israelis to file past the coffins of the two Sternists which lay in state in the Russian Compound before the funeral procession. The Education Ministry distributed booklets to schools explaining the motives behind the assassination of Lord Moyne in Cairo in 1944. The British official was depicted as one of the strongest opponents of the admission to Palestine of survivors of the Nazi Holocaust.

ROSEN HOPEFUL OF VISAS FOR RUMANIAN JEWS

TEL AVIV, June 26 (JTA)--Chief Rabbi Moses Rosen of Rumania ended a two-day visit to Israel last night with an expression of hope that every Jew in Rumania who wishes to emigrate to Israel will receive an exit visa. He said he was satisfied that the Rumanian authorities adhere to the principle of family re-unification and said this humanitarian attitude has not changed. Rabbi Rosen, who is a member of the Rumanian parliament, would not elaborate on the nature of his mission to Israel.

RABIN, PERES TOUR SINAI PASSES ISRAEL MAY GIVE UP

By Yitzhak Shargil

TEL AVIV, June 26 (JTA)--Premier Yitzhak Rabin and Defense Minister Shimon Peres inspected the Mitle and Gidi Passes in Sinai yesterday in what was apparently a personal evaluation of the situation should Israel agree to withdraw from the western reaches of the two strategic mountain passes in order to secure an interim agreement with Egypt. The two ministers, who, with Foreign Minister Yigal Allon comprise the government's negotiating team for an interim accord, were accompanied on their day-long inspection tour by Chief of Staff Gen. Mordechai Gur and Gen. Yekutieli Adam, commander of the southern front.

Abu Rodeis Pullback Would Be Expensive

The Premier spoke at length with senior field officers on the possible military consequences of a partial Israeli withdrawal from the passes. The Premier and Defense Minister did not visit the Abu Rodeis oilfields in southwestern Sinai which is another key point that Israel may be prepared to relinquish in exchange for an acceptable interim agreement. It would be an expensive withdrawal, not only in terms of the lost oil which now covers most of Israel's domestic needs, but the new fortifications that would have to be built. It was learned today that an Israeli withdrawal from Abu Rodeis would require the abandonment of a fortified defense line that cost Israel tens of millions of Pounds to build. A new line would have to be constructed to defend the approaches to A-Tour and Sharm el-Sheikh.

It was learned, meanwhile, that increased naval activity has been observed recently in Saudi Arabian coastal waters opposite Sharm el-Sheikh which controls the Straits of Tiran. The Saudian coast is barren, without civilian or military outposts, but Israeli authorities do not discount the possibility that the Saudians may take up positions in the area. They now have in their arsenal American "Hawk" anti-aircraft missiles which can be deployed swiftly on the Saudian side of the straits.

JORDAN BRIDGES WILL REMAIN OPEN DESPITE INCREASE IN TERRORISM, PERES SAYS

By Gil Sedan

JERUSALEM, June 26 (JTA)--Describing the Allenby Bridge as "our biggest entry port after Lod" (Ben Gurion Airport), Defense Minister Shimon Peres said today that the open bridges policy which permits Arabs from neighboring countries to visit their relatives and friends in the administered territories and East Jerusalem, would remain in effect this summer despite the mounting incidence of terrorist acts and sabotage.

Standing in the center of the span that links the West Bank with Jordan, Peres said he would not make the generalization that all who pass over the bridge are potential terrorists. He even conceded that the political sympathy with the PLO held by many visitors did not mean they approved of terrorist acts. He indicated that Israel had ample means of checking out each visitor. Peres noted that while security measures have been tightened at the Jordan River crossings, special arrangements were being made to ease the entry process. He said that about 64,000 have crossed the bridges since the

beginning of this month, 25,000 of them summer visitors from Arab countries.

The terminal on the Israeli side of the bridge indeed resembles any busy travel center and hardly gives the appearance of a border post between two hostile countries. Everything from private cars to trucks and air conditioned tourist buses line up in both directions as impatient tourists wait for customs and security officers to pass them through. But security measures are much stricter than elsewhere. The contents of passengers' luggage is spread on tables and trucks are examined from top to bottom.

BRITISH FOREIGN SECRETARY REJECTS ARMS EMBARGO ON MIDEAST

LONDON, June 26 (JTA)--Foreign Secretary James Callaghan said today an effective agreement limiting arms in the Middle East is "possible only with the support of the parties to the dispute and in the context of a general agreement." His statement was a reply to a question from a Labor MP, Frank Allaun, who suggested that in order to encourage the Mideast negotiations, Britain should prohibit the proposed arms sale to Egypt and future arms sales to Israel and take the initiative for a joint embargo in arms to the Middle East supplied by Britain, the United States, France and the Soviet Union.

Callaghan stressed that no arms exporter could ship out arms from Britain without a license. "But the situation is quite simply at the moment that if Britain were not to meet minimum requests from these countries, not only would they feel that Britain was unwilling to assist but also they would turn elsewhere perhaps to quarters you would not wish them to turn." Another Labor MP, Robin Corbett, suggested that at least an attempt could be made at limiting arms to the Mideast since if the countries involved did not have the means to wage war it would make a new war unlikely. "Yes, but that is an ideal situation and I live in a world of reality," Callaghan replied. "There is not the faintest chance of this being achieved."

UNION ORDERS STRIKING DECKHANDS BACK TO WORK

TEL AVIV, June 26 (JTA)--The Seamen's Union Council ordered striking deckhands back to work today but also demanded that Histadrut take proper action to protect seafarers' wages which may be threatened by the tax reform measures now before the Knesset. The Council also rejected Histadrut's decision to suspend Moshe Levy, secretary of the deckhands' branch of the union, who unilaterally called the wildcat strike two days ago.

Finance Minister Yehoshua Rabinowitz met with El Al air crews today to discuss the impact of the tax reforms on their wages. He assured them that their net income would not suffer but did not address himself to the main bone of contention--whether increments such as foreign currency allowances for lay-overs abroad would be regarded as taxable income. Both the flight crew and the seamen are concerned that the tax reforms will reduce their take-home pay and benefits accruing from the fact that they are employed for long periods away from home. . . .

TEL AVIV (JTA)--The army's burial society, working with medical experts, have identified the 24th of 39 bodies of Israeli Yom Kippur War dead returned by Egypt two months ago. The soldier was identified as PFC Yona Rotchils, 27, who was killed Oct. 6, 1973, the first day of the Yom Kippur War, in the northern section of the Suez Canal zone.

SYRIA TO GET \$58 M IN U.S. AID

But Congress Warns It Will Link
Future Aid To Treatment Of Jews
By Joseph Polakoff

WASHINGTON, June 26 (JTA)--Congress will allow the Ford Administration to make an additional economic loan of \$58 million to Syria without opposition but with ample warning that further financial assistance will be opposed with floor action unless the plight of Syrian Jews is alleviated.

With the House going into a ten-day recess today, those who chose to make a fight against the second loan to the Damascus government have found they had virtually run out in their legislative time to block the Administration's action. On the first loan of \$25 million granted earlier this year, Congress made no move to prevent it in view of Secretary of State Henry A. Kissinger's preparation at the time for his ill-fated venture for a second Egyptian-Israeli interim agreement. Congressional supporters of a better atmosphere for Syrian Jews felt pressure against Syria would be considered by the Administration as jeopardizing the Kissinger mission. The Administration's move to allow a second loan for Syria brought angry opposition at a hearing in which Administration policy was roundly scored as detrimental to American interests since principle was being sacrificed for pragmatic deals which, as Rep. Benjamin S. Rosenthal (D,NY) and others indicated have resulted in failure in other parts of the world.

Ford Did Not Raise Emigration Issue

In addition to the opposition at a public hearing, 57 House members called on President Ford to take up the issue of harassment of Syrian Jews and refusal to allow them to emigrate with Syrian Foreign Minister Abdal Halim Khaddam during his visit here last weekend. The President, it appears, did not refer to the issue with Khaddam in their one-hour White House meeting, but Administration sources hinted that it was mentioned in "diplomatic channels."

"Our general policy for supporting free emigration is known to the government of Syria," a White House spokesman told the Jewish Telegraphic Agency reporter who had inquired whether the President had expressed concern to Khaddam over Syrian Jews: "This matter is handled in diplomatic channels which we consider the most effective and appropriate means of addressing this issue," the spokesman added. "I would not want to comment any more specifically than that." Both in their letter to the President and at the hearing, Congressmen charged that granting financial aid to Syria without improvement in the lot of the remaining 4500 Syrian Jews violated the U.S. Foreign Assistance Law.

Noting that the long overdue presentation by the Administration of its Foreign Aid Program for the new fiscal year for Israel, Jordan, Egypt and Syria will probably be presented early in July, advocates of assistance to Syrian Jews indicate they will center their efforts to block financial aid to Syria in the program for the coming year. Under the current program Syria may get up to \$100 million and with the second loans, all but \$17 million of that has been already pledged. Daniel Parker, director of the Agency for International Development (AID), is to appear before the House International Relations Committee July 10. It is at this hearing that the Administration will be pressed to show how Syria has eased its restrictions on emigration of Jews and there-

by become eligible for further American benefits.

**FORD 'NOT PERSONALLY ANGRY'
OVER NEWS LEAK SAYS WHITE HOUSE**

WASHINGTON, June 26 (JTA)--White House Press Secretary Ron Nessen said today that President Ford is "not personally angry" with anyone over the publication yesterday of a purported Israeli proposal for a second interim agreement with Egypt. Nessen offered that statement when the Jewish Telegraphic Agency asked why the President was so angry over the "leak" that he made his statement assailing it through the State Department. The issuance of a Presidential statement through the State Department is a rare occurrence.

Observers here are puzzling over why the President expressed himself publicly with such ire over a news report, attributed to Israeli sources, which he himself described as "inaccurate and highly misleading." Some analysts suggested that the Presidential statement originated with the State Department which saw it as a means to pressure Israel and demonstrate to the Arabs that the President has no qualms about applying such pressure. Others believe Secretary of State Henry A. Kissinger felt undercut in his role as mediator between Israel and Egypt and urged the President to make his statement as a warning to Jerusalem to keep silent about the negotiations now taking place through diplomatic channels. (By Joseph Polakoff)

**U.S. JEWS URGED TO PAY MORE ATTENTION
TO RIGHTS OF JEWS REMAINING IN USSR**

NEW YORK, June 26 (JTA)--A call for "new initiatives" by the American Jewish community to prod Soviet action on both Jewish emigration and rights of "hundreds of thousands who will never be able to leave the USSR," was sounded today at the annual plenary meeting of the National Jewish Community Relations Advisory Council. Stanley H. Lowell, chairman of the National Conference on Soviet Jewry, warned the 450 delegates against "letdowns" in their protest campaigns because of passage of the Jackson-Vanik Amendment. "It was a major breakthrough, but it has not, as the general public may have been led to believe accomplished the job of accelerating the emigration," he said.

Moshe Decter, an analyst on Soviet affairs, urged that the Jewish community "get out of its impasse of concentrating only on emigration" and broaden its emphasis to demand full religious, cultural and communal rights for Jews who remain in the USSR. He called the "total and single focus" on emigration an "unnecessary and self-imposed restriction" by the Jewish community.

BUENOS AIRES (JTA)--Mrs. Norma Kennedy, a Peronist activist accused by the DAIA of incitement to pogroms and criminal violence against Jews, has denied that remarks she made a week ago at a public meeting of a Peronist women's organization were aimed against Jews. Mrs. Kennedy was quoted as implying that Jewish shopkeepers were responsible for the shortage of sugar and other items and for the high prices which are, in fact, the result of inflation and the latest currency devaluation. Mrs. Kennedy and Dr. Nehemias Resnizky, president of the DAIA, issued a joint statement this week which said of her remarks that, "At no time had she the least intention of alluding to and even less to offend the Argentine Jewish community or any other community living in this country."

BEHIND THE HEADLINES**AMERICAN JEWS' COMMITMENT TO ISRAEL STRONGER THAN MANY ISRAELIS REALIZE, IRVING BERNSTEIN SAYS**

By David Landau

JERUSALEM, June 26 (JTA)--Some Israelis simply underestimate the strength and depth of the relations between the diaspora and Israel," according to Irving Bernstein, executive vice-chairman of the United Jewish Appeal and American Jewish fund-raising's most senior executive officer. "The diaspora leadership is much warmer, much more involved, much more familiar with Israel's problems than are Israelis with Jewish problems in the diaspora," he said. In Jerusalem last week for the Jewish Agency's annual Assembly, Bernstein had a wide-ranging conversation with the Jewish Telegraphic Agency's executive vice-president Jack Siegel and Jerusalem correspondent David Landau.

Scandals Have No Effect On Fund-Raising

The issue of the relative warmth and involvement of Israeli and diaspora Jewries came up in connection with recent reports in the Israeli press from the United States, to the effect that the state of financial scandals in Israel was adversely affecting fund-raising for Israel. Bernstein had little patience with such reports which he frankly termed "garbage." "Of course ideally American Jews want to see all Israelis as Ari Ben-Canaans (the hero of the film "Exodus"). But the scandals have had no negative effect on fund-raising efforts," he said. "On the contrary, American Jews give Israel credit for not covering up these 'affairs,'" Bernstein added.

"Obviously, if the situation went on for a considerable time, the atmosphere would begin to get uncomfortable," he said. "But at present it seems to us that the Israeli government and people have resolved to root out the corruption and punish the guilty--and we naturally applaud this." Neither could the occasional reports of inefficiency, mismanagement or actual peccadilloes in the Jewish Agency--the direct recipient of UJA funds--sully the basic image of the Agency, Bernstein said. American Jews saw the Agency and its work as "strong and right" and were not overly influenced by these reports which Bernstein felt were sometimes overplayed or sensationalized in the Israeli press.

Israelis' Attitude Toward Diaspora Jews

The basic attitude of American committed Jews towards Israel was molded, Bernstein said, by a sense of involvement that could well withstand the doubts and questions which were occasioned by open and frank reporting of Israeli life and society. What concerned Bernstein was the ignorant or indifferent attitude towards their brethren in the diaspora of some Israelis. He cited the case of a young army officer who was invited by UJA to lecture to American audiences. The experience opened his eyes to a reality of which he had before been only dimly aware. "A year ago I didn't know you existed," he admitted frankly. "You have made me into a better Israeli and a better Jew."

Favors Realistic Over Ideal Budget

This year Jewish Agency Treasurer Leon Dulzin presented the Assembly with a budget based on a realistic estimate of income rather than on the needs which the Agency would like to meet. Bernstein feels that, on the whole,

this approach is more meaningful and ultimately more productive than that previously employed, under which the budget was always linked to needs rather than to estimates of actual income. He noted that although at first glance it might seem that from the fund-raising viewpoint the bigger figure would be more effective, in practice a big figure, never attainable in realistic terms, discouraged donors who felt: "My donation won't make much difference anyway--the gap is so wide." With a realistic income-linked budget, however, every contributor could be made to feel that his donation counted and was directly appreciated, he said. Bernstein said the current campaign was going well and promised to bring in the second-highest ever total of pledges, less only than the 1974-Yom Kippur War campaign when pledges totalled \$675-million.

Communications Difficulties

The UJA, he said, hoped to collect \$300 million in cash this year, an even higher cash total than that realized during the post-Yom Kippur War year. Bernstein acknowledged that there had been some complaints by Assembly delegates on the budget and finance committee over the inadequate time given them before the Assembly opened to study the budget proposals and the inadequate explanatory material supplied with the figures. He said the Board of Governors, which convened more frequently and were more consistently involved in Agency work, had not experienced these difficulties, but admitted that other Assembly members might well have found themselves confused by the complexities of the budget.

In that connection he observed that the reconstituted Jewish Agency, now four years old, experienced its first communications problems, not all of which were finally ironed out. He noted that bookkeeping procedures in Israel were different from the U.S. He was sure, however, there was no deliberate attempt on the part of Agency officials to hide information or confuse Assembly members. The situation has improved significantly in recent years, Bernstein said, and he was sure it would continue to improve as the weight of the up-and-coming new generation American Jewish leadership made itself felt in top Agency policy-making forums. Bernstein predicted that the Agency would gradually be guided by the fund-raising bodies, which joined with it under the reconstitution, towards higher standards of efficiency and management. He noted that a prominent Harvard management consultant, now on sabbatical in Israel, had been commissioned to look into the Agency's procedures. His commission was one direct result of the reconstitution and the influence of the UJA and United Israel Appeal in the Agency's affairs; and there would, he was confident, be other similarly beneficial results in the future.

Asked if the Israel-U.S. tension that followed the March "shuttle" failure of Secretary of State Henry A. Kissinger had discouraged American Jews in their support for Israel, Bernstein said he had found the very reverse was the case. American Jews have become in past months as steadfast--or, if possible, more steadfast--than even the government of Israel in their determination not to bow to Washington's pressure, he declared. Kissinger's blaming Israel for the March failure seemed to harden American Jewish attitudes, Bernstein said. When Premier Yitzhak Rabin, on his recent Washington visit, vowed that Israel would not accept now what it had rejected in March, he was treated to a round of prolonged and rousing applause by Jewish leaders, Bernstein recalled.