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WEEK OF 'CLARIFICATION,' AND SOUL-SEARCHING UNDER THE SHADOW OF A LOOMING CRISIS

By David Landau

JERUSALEM, June 30 (JTA)--Israel embarked today on a week of diplomatic "clarifications" and political soul-searching that will climax next Sunday in a fateful Cabinet decision on whether to reject or accept Egypt's interim settlement terms. Weighing heavily on the minds of Israeli policymakers is the support and endorsement of the Egyptian position which the U.S. Administration voiced, in clear and unequivocal terms, in Ambassador Simcha Dinitz's meetings with President Ford and Secretary of State Henry A. Kissinger last weekend.

The "clarifications" will take place on the Jerusalem-Washington and the Jerusalem-Cairo axes. The government feels it still lacks detailed knowledge of the Egyptian stance on the crucial issue of the Sinai passes and lacks knowledge, too, of what American policy on the Middle East is likely to be if Israel does eventually accept the settlement terms and contracts a new three-year interim accord.

Will the U.S. refrain from pressure on Israel to make further settlements during those three years? Will it refrain from advancing its own overall peace plan without prior coordination with Israel? These key questions, according to top sources here, have still not been answered with sufficient clarity.

Herut Opposes U.S. Terms

Meanwhile, the Herut Central Committee unanimously adopted a resolution last night urging the government to reject the U.S.-backed Egyptian terms. After listening to Herut leader Menachem Beigin's report of his meeting with Premier Yitzhak Rabin, the committee took the position that if Israel gave up the Mitla and Gidi Passes and the Abu Rodeis oilfields, it would invite the gravest dangers, since Egypt refuses to abandon its state of belligerency. The resolution called on all friendly elements in the U.S. to back Israel's attitude.

Addressing the Central Committee's meeting in Tel Aviv, Beigin said American pressure was unfair. He said that by fully backing Egypt's position, Washington has forfeited its right to offer its good offices as a mediator in the dispute. Beigin contended that the American promise to compensate Israel for the oil it will lose by relinquishing the Abu Rodeis fields would place Israel completely in U.S. hands and would in fact provide the U.S. with a new tool for further pressure on Israel.

A public committee has been established to oppose withdrawal from Abu Rodeis. Headed by geologist Moshe Shafir, it has called on the public to flood the Prime Minister's Office with letters and telegrams protesting such a move.

Dinitz, who has been summoned home to take part in the final decision-making, has been instructed to seek "clarifications" on the points troubling the government. Possibly, he will see President Ford again before returning home towards the end of the week. His task is compli-

ated by the logistics problem of Kissinger's vacation; the Secretary and Mrs. Kissinger are holidaying in the Virgin Islands and have left Joseph J. Sisco, Undersecretary of State for Political Affairs, to "mind the shop" for tendays.

Cairo's Demands Still Unclear

On the more immediate issues of a settlement, Israel is still unclear on Cairo's specific territorial demands. The Egyptian response to Israel's proposals was vague, according to sources here. It contained no maps (perhaps a deliberate attempt to leave "the door ajar," in the view of some observers). In the main, Egypt's response was a negative reaction to Israel's proposals, these sources said. The government here still wants precise information on what Egypt itself proposes before it takes its final decision.

Other points still needing elaboration include the question of the width of the coastal strip to Abu Rodeis which Israel has offered, the question of electronic warning devices in and near the passes, and the issue of economic and political warfare on which Israel is seeking meaningful Egyptian moderation.

One minister said privately he set little store by the "clarification" process. The gut issues were clear enough, he said, and the Cabinet members knew broadly the choice before them. Personally, this minister said, he thought the Premier had heavily committed himself to retaining Israeli control of the eastern part of the passes and would be hard put now to drop that insistence unless some drastic change occurred in Egypt's stance, which did not seem likely.

Another minister was slightly more sanguine. He said the chances of an accord were still 50-50 and that the "clarifications" were meaningful and necessary. If they indicated that Egypt was prepared for some continued Israeli presence in the passes area, then possibly Israel would be able to reexamine its demand for control of half the passes.

This minister's view was shared by the two Mapam Cabinet members, probably by the two Independent Liberal Party men and also by some Laborites. The key question, however, was whether the Premier himself shared it. Political pundits writing in today's press expressed the belief, purportedly based on Rabin's conversations with friends, that the Premier would not climb down even if the Cabinet majority lined up against him. According to one top political writer, Shlomo Nakdimon of Yediot Achronot, Rabin has resolved to resign rather than knuckle under to the American-Egyptian pressure.

'Doves' Organizing Effort

The "doves," meanwhile, were organizing a concerted effort today to sway the Israel decision towards their view. Leading Laborite "doves" reportedly asked Rabin to convene a special ad hoc forum, comprising Labor's Cabinet ministers and members of the Knesset Foreign Affairs Committee, to formulate the party's stand. They recalled that Golda Meir had summoned the same forum in August 1970 when it had been resolved to accept the American peace initiative.

The "doves" were reportedly pressing former

half of Foreign Secretary James Callaghan over the decision to hold a state funeral for Moyné's assassins. The message expressed "regret that the government of Israel has seen fit to treat in this way the bodies of two convicted assassins" at a time when Britain, Israel and other states were making efforts to combat international terrorism.

The message is understood to have referred to the fact that the Jewish community in Palestine and the world Jewish leadership had condemned the assassination at the time and strongly dissociated themselves from it. Israel is expected to deliver a formal reply to Britain through its Embassy in London.

The Board of Deputies of British Jews and Lord Rothschild have also deplored Israel's decision to give the Sternists a heroes' burial. Israeli circles indicated last week that the decision was a gesture in the interests of national unity and an indication that the bitter controversy that divided Israelis in the latter years of the Palestine Mandate and the early years of Statehood over the violent tactics of groups like the Sternists has now been healed.

PERES PROPOSES FEDERATION PLAN BETWEEN ISRAEL, WEST BANK

By Gil Sedan

JERUSALEM, June 30 (JTA)--Defense Minister Shimon Peres has proposed a plan for a federation between Israel and the West Bank which he hopes the Labor Alignment will begin discussing. Peres has long been a supporter of the federation idea but he did not present any details on implementing it until this weekend in an interview with Davar's political correspondent Hagai Eshed.

Peres said the plan should be promoted both on a national and an international level and the government should adopt the federation plan perhaps during the negotiations for an overall settlement of the Mideast dispute.

Peres' plan would give Arabs both in Israel and the administered territories a free choice of citizenship, with those accepting Israeli citizenship being able to vote for the Knesset. Peres said the problem of ensuring a Jewish majority could be solved by using what he called the "Canadian system" in which a ratio of two-thirds Jewish votes and one-third Arab votes could be maintained until the area was stabilized. He also suggested a high degree of autonomy for the residents of the occupied territories both on a local and a regional basis.

The Defense Minister has no illusions that his plan can be achieved quickly, but suggested implementing it in stages. "Nobody dreamed a European Common Market was possible, in the thirties, and yet it became a European reality in the fifties," he said. Eventually a federated parliament could be created, similar to the European parliament, he said.

ISRAELIS AWAIT OUTCOME OF NEW MAJOR FISCAL POLICIES

By Yitzhak Shargil

TEL-AVIV, June 30 (JTA)--Thousands of Israeli wage earners, salaried employes, businessmen and professionals were left in a state of uncertainty today as the old fiscal year ended without the settlement of any of the major fiscal matters that affect their every-day lives. Normally, the last day of June terminates existing labor agreements and cost-of-living allowances. But the labor agreements have not been officially extended or renewed and the COL scale has not been recalculated; nor was their any decision as to what

portion of the allowance for higher living costs will be tax free--if any.

The new tax reform measures were supposed to come into effect tomorrow with the start of the new fiscal year. But they are still in the Knesset Finance Committee undergoing preparation for final reading before the full Knesset. Treasury officials said that since July salaries are usually paid at the end of the month, the new tax regulations would be applied provided the Knesset approves them by July 12. Otherwise, they will not take effect until September. Although the tax reforms greatly reduce the rate of taxation, virtually all exemptions have been abolished and loopholes closed.

Meanwhile, Histadrut and the Treasury have agreed tentatively to continue existing labor contracts on a day-to-day basis until the tax reforms are approved. Histadrut has conditioned its agreement on postponement of the projected added value tax from its present October deadline to sometime next year. Histadrut is also insisting on maintaining the COL allowances tax free as the only means to protect workers against rising prices.

Warns Of New Round Of Inflation

Last night, Finance Minister Yehoshua Rabinowitz, Minister of Commerce and Industry Haim Barlev, and Labor Minister Moshe Baram came to Tel Aviv for a meeting with the Histadrut Executive to persuade the trade union leaders to accept the government's request that they extend the old labor contracts, agree to modification of the COL allowances and minimize new wage demands. Rabinowitz warned that without an extension of the old contracts the economic situation would deteriorate further.

He told the Histadrut Executive that new COL allowances, coupled with the tax reforms, would pour billions of Pounds into the economy that could touch off a new round of inflation leading to economic catastrophes. Barlev argued that to pay full compensation for price hikes would cost IL 700 million which neither Histadrut nor two-thirds of the nation's businesses could afford.

Histadrut officials were not particularly worried about the delay in reaching new agreements. It is commonplace for negotiations to continue long after the expiration dates. The chief concern of the trade unionists is to prevent unemployment and they seem inclined to extend the old contracts provided the added value tax is put off. No decisions were reached last night, however, and the discussions in Histadrut circles will continue into next week. They are expected to result in a decision to extend the old contracts for the time being.

FORD: U.S. TO CONTINUE UN SUPPORT

WASHINGTON, June 30 (JTA)--President Ford said today that the United States will continue to be a "determined supporter" of the United Nations but "will firmly resist efforts by any group of countries to exploit the machinery of the UN for narrow political interests or for parliamentary manipulation." The President made that statement at the swearing-in ceremonies for Daniel P. Moynihan as the new United States Permanent Representative to the UN. Moynihan, who succeeds Ambassador John Scall in the post, said he concurred fully with the President's remarks. Ford said that "We have been determined supporters of the UN and we will continue to be so in the future. There is no other course consistent with our advocacy of peace with justice for all humanity."

Finance Minister Pinhas Sapir to postpone his scheduled trip to South America--he is due to leave at the week's end--so that the party "strongman" is on hand to throw his weight behind the dovish campaign.

Much will probably depend on the role played by Foreign Minister Yigal Alon who has to date reserved his opinion. Some observers said his report to the Cabinet Sunday was distinctly different in tenor from that of the Premier, with broad hints that he (Alon) would favor further concessions on the passes without relinquishing them completely.

But even if they can push their will through the Cabinet, the "doves" will find it hard to muster a Knesset majority since the Labor "hawks" mainly of ex-Rafi, are also showing signs of ferment and uttering veiled threats that they would rebel rather than sanction a surrender to American dictates.

Denies Ultimatum By Ford

(In Washington, White House Press Secretary Ron Nessen denied today reports that Ford had delivered an ultimatum to Dinitz during their meeting last Friday. He declined, however, to say what Ford and Dinitz discussed, noting that it would not help anyone for him to go into a detailed accounting of what had been discussed. Nessen added: "I would not accept any characterization of the President putting pressure on anyone." He said that Ford had some ideas about how the Mideast deadlock should be broken but he was not ready to announce any steps being drawn up in his current reassessment of Mideast policy.)

ISRAEL PROTESTS MAKARIOS' ALIGNMENT WITH QADDAFI

JERUSALEM, June 30 (JTA)--The Israeli government protested sharply last night against Cypriot President Archbishop Makarios for joining President Muammar Qaddafi of Libya in a virulently anti-Israel statement. The joint communique condemning Israel was issued in Libya where Makarios is on a state visit.

The Israeli statement expressed "great regret" that Makarios lent his name to an extremist statement which, in effect, negated Israel's right to exist. "Cyprus' own bitter experience has once more proved the dangers inherent in international incitement and violence and the need to settle disputes peacefully and with mutual respect," the Israeli statement said.

"Col. Qaddafi spurns such ways as far as the Israel-Arab conflict is concerned," the statement continued, adding that "Israel seeks friendship with the people of Cyprus....It hopes that Cyprus' leaders, in their quest for a settlement in their own country, will not...lend a hand to those who plot against the rights of Israel...."

BUCKLEY TO URGE FORD TO PROVIDE ISRAEL WITH MORE ARMS ASSISTANCE

TEL AVIV, June 30 (JTA)--Sen. James L. Buckley said on his arrival here last night that he would urge President Ford to provide Israel with greater than average military assistance and expressed concern over the Ford Administration's current reassessment of American Middle East policy. "This is no time to re-evaluate our policy towards Israel--it is a time to re-affirm it," the New York Republican-Conservative said.

Buckley declined to comment on the latest developments which included a reported Ford ultimatum to Israel to soften its position on an

interim agreement with Egypt. The Senator will meet with Premier Yitzhak Rabin, Defense Minister Shimon Peres and other government officials during his stay in Israel.

Buckley said he was concerned over Portugal's refusal to allow U.S. transports to use Azores airfields for an arms airlift to Israel in the event of another Middle East war. For that reason, he said, Ford should consider the need to provide Israel with larger than average stores of military equipment, spare parts, combat consumables, up-to-date aircraft, surface-to-surface missiles and related materials needed to meet the military threat to Israel's survival. Buckley said this war materiel should be stored in several parts of the world, including the Middle East.

ECHEVERRIA PRAISES MRS. RABIN

MEXICO CITY, June 30 (JTA)--President Luis Echeverria praised Mrs. Leah Rabin yesterday for standing up to the Arab, Communist and "Third World" delegates who staged a walk-out last week during a session of the International Women's Year Conference when the wife of Israel's Premier Yitzhak Rabin began to address the assembly.

"Please give my best regards to Mrs. Leah Rabin and my recognition for her valiant answer to Arab delegates who walked out when she spoke in Israel's name," Echeverria said to Mrs. Zina Harman and two other Jewish women. The three were present in the official residence of Mexico's President during a ceremony at which three prominent Mexicans were given the Elias Sourasky Award for science, art and literature.

The annual award of 75,000 pesos for each recipient is named after a Mexican Zionist leader. Echeverria and Education Minister Bravo Ahuja, who were present during the ceremony, praised Sourasky for his efforts to stimulate the fine arts in Mexico. The award winners this year are Dr. Donato Alarcon Segovia for science, Eduardo Mata for arts, and Dr. Gonzalo Aguirre Beltran for literature.

EFFORTS BEING MADE TO FIND OUT WHO DECIDED TO HOLD STATE FUNERAL FOR TWO STERN GROUP MEMBERS

JERUSALEM, June 30 (JTA)--Observers here are attempting to find out, so far without success, who decided to hold a state funeral for Eliahu Hakim and Eliahu Beit-Tzuri, the Sternists hanged in Egypt 30 years ago and re-buried on Mt. Herzl last Thursday with full military honors. Official sources said it was not a Cabinet decision.

Circles close to Foreign Minister Yigal Alon intimated that he had not been involved in the decision-making although he, along with Premier Yitzhak Rabin were among the thousands of Israelis who paid their respects before the two coffins prior to the funeral and President Ephraim Katzir sent a wreath.

The men, known in Israel as "the two Eliahus" were sent to Cairo in 1944 to assassinate Lord Moyne, the then British Resident Minister in the Middle East who opposed Jewish immigration into Palestine. They were caught, sentenced to death and hanged in 1945 and were buried in the Jewish cemetery in Cairo. Last week, Israel released 20 convicted terrorists to Egypt in exchange for their remains.

Britain Expresses Regret Over Funeral

The British Ambassador, Sir Bernard Ledwidge, telephoned the Foreign Ministry yesterday to deliver his government's expression of regret on be-

ONE VIEW OF ALIYA; FROM PERSONAL CHOICE TO COMMUNITY OBLIGATION

By Sheryl Anne Gura

NEW YORK, June 30 (JTA)--The first group of 90 American Jews will soon depart for Israel under the coordination and guidance of the Student Mobilization for Israel (SMI). The goal of SMI is "to change the nature of aliya from a personal choice to a community obligation," Barry Topf told the Jewish Telegraphic Agency in an interview during a reception held for the group several days ago at 515 Park Avenue. Topf is a new immigrant and the director of the SMI's Jerusalem branch which will open July 17 under the auspices of the Jewish Agency's Aliya Department.

Yehoshua Yadin, director of the Aliya Department of the Jewish Agency in the United States, in a short address to the gathering, echoed Topf's sentiments. He remarked, "to decide to make aliya, it is not necessary to ask what you can do for Israel; rather see what Israel can offer you--a challenge, a feeling of being needed, motivation or a personal identity." All the prospective olim interviewed by the JTA concurred in their reasons for making aliya. They expressed the similar belief that they could only lead a "meaningful, inspiring and rewarding life" in Israel.

Marc Schulman, the founder and chairman of the SMI; is a 20-year-old New Yorker and graduate of Columbia University. He leaves for Israel July 10 and until his November induction in the Israeli army will assist other olim in the SMI center in Jerusalem. When asked to explain his decision to make aliya, he replied: "There are two reasons, ideological and personal. Ideologically, I believe that the only place for a Jew to live is in Israel; personally, I love the country and could not live any place else."

Sam Marcus, a 21-year-old New Yorker and graduate of City College of New York, has already lived in Israel one year attending Yeshiva Hakotel. He returned for a visit with his family before his entrance into the army. He stated, in response to why he chose to make aliya: "During my junior year abroad at the yeshiva, I definitely decided that I prefer to help build and work for a Jewish country rather than an American one." He added, "My reasons are purely emotional, not religious."

Full Jewish Life in Israel

A fifty-year-old widow and mother of two daughters, one 16 and the other 26, who has been residing in Israel for the past two years, one of the few adult members of the group, confronts her more difficult problem of adjustment realistically and happily. The widow, who asked that her name be withheld, said: "I want to live in Israel no matter how hard it is for me to adjust to the new way of life. I love the feeling of being among my own people and belonging to the land."

When asked how she expected to resolve the more practical aspects of resettlement, such as the financial, she replied, "I work in New York; why can't I work just as well in Israel." Another major factor in her choice to go on aliya is, as she expressed it, "I want my daughter to grow up there. It is an incomparably better life than one she can have in New York."

Her 16-year-old daughter explained that she hopes to attend Hebrew University, complete a degree in psychology and then enter the army. In answer to the questions who, her mother or her, had to urge whom to make aliya, she said, "neither

of us needed to influence the other. We both wanted this equally." She added that her personal reason for wanting to go on aliya is, "I don't think that a Jew can live a full life any place else in the world."

The SMI was created in reaction to Yasir Arafat's appearance at the United Nations and Gen. George S. Brown's anti-Semitic statements in November 1974. The SMI's only precept is "activism," both through political means and the promotion and encouragement of aliya, prospective olim and SMI members stated. Sharon Fridman, member of SMI executive board and N.Y. alternate representative to the national board, explained that the reception "represented a gesture of congratulations and a sign that these new olim have the security of a group behind them."

LABOR-MANAGEMENT DINNER PRODUCES \$2.3 MILLION IN ISRAEL BONDS

CLEVELAND, June 30 (JTA)--An impressive total of more than \$2.3 million in Israel Bonds was realized here last week as a result of a highly successful labor-management tribute to Jacki Presser, vice-president of Teamsters Joint Council #41. The dinner event was attended by more than 1800 prominent representatives of labor and business from Cleveland and other parts of the country, as well as by Congressional and civic personalities.

Israel's Ambassador Simcha Dinitz and Frank E. Fitzsimmons, president of the International Brotherhood of Teamsters, were the principal speakers at the dinner which was held at the Sheraton Cleveland Hotel and which set a record as the largest event of its kind in the city's history. Dinitz, who discussed the current situation in Israel and the Middle East, conveyed the appreciation of his people for the understanding and support on the part of American labor and management as demonstrated by the tribute to Presser.

Referring to Israel as "a bastion of freedom in a part of the world where individual rights are too often in precarious balance," Fitzsimmons, who visited Israel recently, declared: "We recognize the common bonds that we in the Teamsters Union have with the labor movement in Israel."

TEKOAHS MARKS LAST DAY AT UN

UNITED NATIONS, June 30 (JTA)--Israeli Ambassador Yosef Tekoah marked his last day today as envoy to the United Nations by meeting with Undersecretary Roberto Gruyer to discuss the problems of Soviet and Syrian Jewry. Tekoah is leaving to take up his new position as president of the Ben Gurion University in Beersheba. The new ambassador, Gen. Haim Herzog, will take up his post sometime in August. In the interim, the Israeli Ambassador will be Pinhas Eliav who is the new deputy head of the Israeli Mission in New York. Eliav is scheduled to begin functioning as ambassador sometime in July.

Last week it was reported that Tekoah had rejected offers by private American agencies to go on a cross-country lecture tour for a fee of \$2000-\$3000 per lecture. The envoy, who was asked to return to the U.S. later this year for at least 20 lectures, said that he will be speaking only on behalf of the Ben Gurion University or other organizations affiliated with Israel.

BONN (JTA)--A special section of the Cologne Public Prosecutor's office has instituted criminal proceedings against 10 former members of the SS staff of the Lublin-Maidanek concentration camp.