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KISSINGER: IF ISRAEL COLLAPSES AS A RESULT OF USSR ARMS TO ARABS IT WOULD HAVE DIRE CONSEQUENCES FOR DEMOCRACIES THE WORLD OVER By Joseph Polakoff

WASHINGTON, Nov. 19 (JTA)--Secretary of State Henry A. Kissinger told a Senate Foreign Relations subcommittee today that "if Israel collapses because of the armaments supplied (to the Arabs) by the Soviet Union, it would have the profoundest consequences for democracy in the U.S. and other parts of the world; it would strengthen radical forces in the area (Middle East) and would have profound consequences for our economy and our security and the industrialized nations of Europe and Japan."

Kissinger made that statement in the course of his third appearance in two weeks before a committee of Congress to defend the Administration's \$4.7 billion Middle East aid program. His strong emphasis on the essentiality of Israel's continued existence to the U.S. and its allies was stated after the Secretary was pressed by Sen. Jacob K. Javits (R.N.Y.) to tell the subcommittee on security assistance exactly why aid to Israel is important.

Javits had expressed dissatisfaction with Kissinger's initial reply to that question which was only a reaffirmation of America's historic ties with Israel. Javits declined the Secretary's offer to submit an answer in writing.

Kissinger stated, in the course of his testimony today that "a well reasoned and carefully monitored policy is a fundamental tool of our foreign policy in every major area." Speaking of Israel's military requirements, for which the Administration seeks \$1.5 billion, Kissinger said the recommendation "is based on Israeli thinking about its military requirements over the next several years and our analysis of Israel's force modernization plans."

Ford Set Up New Aid Ratio

Kissinger disclosed that originally the U.S. was prepared to provide Israel with grant aid equivalent to 2/3 of the total sum and 1/3 in loans. But President Ford, taking into account U.S. necessities, set up a ratio of about 50-50, the Secretary said. As the aid package now stands, Israel would receive 55 percent in grants and 45 percent in loans. The government can forgive up to \$750 million of the \$1.5 billion recommended military aid, Kissinger said.

He told the subcommittee that "Our new friendship with Egypt does not in any way undermine our traditional commitment to the security and survival of Israel." However, Kissinger implied that Egypt's case for U.S. aid is "equal" to that of Israel. He said that Egypt "has courageously embarked on the road to peace and moved from confrontation to negotiation as a means to resolve the Arab-Israeli dispute."

Kissinger disclosed, in reply to a question by Sen. Hubert H. Humphrey (D. Minn.), that the OPEC countries this year are providing Egypt, Syria and Jordan with \$3,938 billion compared to \$1,033 billion by the U.S. According to Kissinger, Egypt is receiving \$2.7 billion from the oil producing countries; Syria, \$1.132 billion; and Jordan, \$126 million.

YARIV IN U.S. TO EXPLAIN TO CONGRESSIONAL GROUPS ISRAEL'S NEEDS

JERUSALEM, Nov. 19 (JT2)--The current mission of former Cabinet Minister Aharon Yariv to Washington is to persuade various Congressional bodies that Israel's military needs were greater than the U.S. Defense Department's assessment of them, government sources disclosed today. Yariv, a reserve general who was Minister of Information in the early months of the Rabin government and former chief of militia intelligence, left for the U.S. Sunday on a two week trip to explain Israel's arms requirements to American officials.

The government sources indicated today that his mission was prompted by the "absurd" situation that has evolved in Washington whereby the Pentagon and the CIA were arguing for a smaller military aid package for Israel than requested by the White House and Secretary of State Henry A. Kissinger. Israel has taken issue with the Pentagon's assessment of the Arab states' military potential, especially the size of the forces the Arabs would be capable of hurling at Israel in the event of a new war.

20,000 JEWS, NON-JEWS ATTEND ISRAEL FEST IN RIO; VIEWED AS POWERFUL SOLIDARITY WITH THE JEWISH STATE By David Markus

RIO DE JANEIRO, Nov. 19 (JTA)--The attendance by over 20,000 people at Israel Week here, including 140 leading non-Jewish personalities, was viewed as a powerful expression of solidarity with Israel and an implicit protest against the Brazilian government's support for the anti-Zionist resolution adopted by the UN General Assembly.

The 140 non-Jewish personalities attending the inaugural dinner included former President Juscelino Kubitschek; Dom Antonio Moraes Jr., the Archbishop of Niteroi; 10 members of Brazil's Academy of Literature, headed by its president, Austregesilo de Athayde; members of the Brazilian Senate and House of Representatives; and high officials of the Rio State government.

The Israel Week, sponsored by the Rio branch of the Brazilian Zionist Organization, the Israel Consulate and the Brazil-Israel Cultural Center, displayed 20 tons of Israel-made goods, conducted five Israeli fashion shows and held five dinners for 400 people each, prepared by the chief chef of Tel-Aviv's Dan Hotel.

Proceeds from the event, held at the Copacabana Palace, will not go to Israel but will be donated to the Catholic-controlled Banco do Providencia, a central body that assists local philanthropic institutions.

BEHIND THE HEADLINES: NEW REALITIES IN EUROPE By Edwin Eytan

BRUSSELS, Nov. 19 (JTA)--Israeli Foreign Minister Yigal Allon this week concluded a 14-day visit to three West European countries which included audiences with Queen Juliana of Holland, King Baudouin of Belgium, Prime Ministers and top officials of the European Economic Community. The visit was not just a courtesy tour but a concrete demonstration of the increasing role Europe

JTA Daily News Bulletin political and diplomatic chessboard.

Two facts mark this new Israeli-European relationship: the signature last May of a preferential trade agreement between Israel and the EEC, which opened a new economic hinterland to Israeli products, and West Europe's vote on the Arab-sponsored resolution equating Zionism with racism. All the nine EEC member states voted against it as did most of the rest of Western Europe. The only exceptions were strife-torn Portugal; Malta, considered a Libyan colony; Cyprus and Turkey. Greece abstained.

At the conclusion of his trip, Allon told the Jewish Telegraphic Agency that "the amelioration in Europe's attitude to Israel is clear and visible." He added, however, that "Europe will never be able to replace the United States; it can only play a complimentary role."

U.S. Role Still Dominant

The Foreign Minister explained that while Western Europe can and should play an ever-increasing economic and political role in relation to Israel, it has neither the material capacity nor the political influence of the U.S.

Allon stressed that Western Europe is already Israel's largest export market and that the new trade agreement will open further possibilities to Israeli exports. "The new trade agreement gives us an enormous chance to develop our economy. It is up to Israel's own industries to pick up the opportunity," Allon told the JTA.

The Minister said that politically, Europe can play a number of important roles: it can first demonstrate to the U.S. that it is not alone in supporting Israel; it can show the Soviet Union that Israel is less isolated than Soviet propaganda claims; it can serve as a bridge across the Mediterranean between Israel and its neighbors. "We are in favor of the EEC signing with the Arab states trade agreements similar to that it concluded with us. It can serve to bring us all closer together," Allon said.

One of the results of Allon's last visit to Europe will be an Israeli attempt to still further strengthen its ties with European countries on an individual basis and with the EEC nine as a bloc. The President of the EEC Commission, the Common Market's supernational government, Francois-Xavier Ortoli, is due to pay an official visit to Israel next month, and the Commission will open a permanent representation in Israel. Some half-dozen West European ministers are also due to visit Israel in the coming months.

Arab Policy Doesn't Pay

Israeli officials attribute this West European change of attitude to the realization that a pro-Arab policy "just does not pay." They also believe that public opinion, which has remained consistently pro-Israeli, has finally left its imprint on official circles.

France's more balanced attitude in the Middle East conflict, which started with the election of Valery Giscard d'Estaing to the Presidency, is also believed to have influenced the other European countries. And finally, the last blow on Israel's behalf was struck by the Arabs themselves with their UN resolution on Zionism which caused an uproar throughout Western Europe.

Improved relationship with Europe will also probably affect the attitude of its various Jewish communities and increase the ratio of immigration to Israel.

Allon said that immigration remains a vital Israel need. "An additional Jew in Israel is a lesser risk of war," he stated.

COMPENSATION FOR PROPERTY LEFT BEHIND BY JEWS FROM ARAB COUNTRIES PART OF FINAL PEACE SETTLEMENT

JERUSALEM, Nov. 19 (JTA)--The Knesset Foreign Affairs and Defense Committee said today that Israel will demand full compensation for the property left behind by Jews from Arab countries when they were forced to emigrate after the establishment of the State of Israel in 1948. A statement issued by the committee said the compensation for Jewish property would have to be part of any final peace settlement with the Arabs.

It was pointed out that Jews lived in Arab countries for centuries but large numbers of them were driven out after Israel's independence and their property was either abandoned or seized by the Arab authorities.

The number of Jews who fled Arab countries for Israel after the 1948 war is roughly similar to the number of Arabs who left the territory that is now Israel. What took place at that time was actually an exchange of populations, the Knesset committee said. But whereas Israel absorbed the Jewish refugees and granted them full citizenship rights, the Arab countries have not done the same for their Palestinian brethren; the statement pointed out.

THE COMRADES ARE CAPITALISTS; USSR DUMPING DIAMONDS ON WORLD MARKET TO UNDERCUT ISRAEL'S INDUSTRY

TEL AVIV, Nov. 19 (JTA)--The Soviet Union is resorting to the old fashioned capitalist device of price-cutting and dumping to undercut Israel on the world diamond market, Moshe Schnitzer, president of the Israel Diamond Exchange, charged here today.

He said the Russians, who entered the international market for polished diamonds only two or three years ago--previously they produced only rough gems--were making use of a highly efficient, modern and largely automated diamond polishing industry that is beginning to cut into Israel's share of the market.

Polished diamonds have long been one of Israel's chief exports, earning millions of dollars in foreign currency annually. Schnitzer told reporters that in recent months, some \$10 million worth of diamond orders from Israel by Asian dealers were cancelled because the Russians were offering the finished stones at nearly half the current world market price. He said the Russians had the advantage of direct access to uncut diamonds while Israel depends on an international syndicate of diamond producing countries for its supply.

In addition to the inroads being made by the Russians, Israel's diamond industry is suffering from the world-wide economic recession, Schnitzer said. He said that Israeli polishing plants that specialized in large stones for the past few years are presently processing only stones of one carat or less. Nevertheless, Schnitzer noted, Israel's diamond industry can still absorb workers while in Belgium, Israel's chief competitor in the field, about half of the diamond workers are on half time.

N.Y. FEDERATION OF JEWISH PHILANTHROPIES, UNION START TALKS

NEW YORK, Nov. 19 (JTA)--A full-scale bargaining session between negotiators for the New

York Federation of Jewish Philanthropies and striking members of the Federation, from Monday until 3 a.m. Tuesday, ended with no settlement of the two-week strike which has closed the offices of both the Federation and the United Jewish Appeal of Greater New York. The UJA office is not on strike. New talks have been scheduled, both sides said.

A spokesman for the Federation said a definite offer had been put on the bargaining table during the long session, covering issues of wages, contract duration and other elements. A spokesman for District Council 1707, Community and Social Agency Employees local of the American Federation of State, County and Municipal Employees, said the offer had been rejected by the local's negotiating committee as unsatisfactory.

A total of 150 fund-raising workers walked out of the Federation offices on Nov. 8 and 400 unionized workers at the New York UJA offices refused to cross picket lines, forcing closing of the New York UJA office. On Nov. 10, the 400 union members in the New York UJA office joined the picket lines in front of both offices. The union-Federation contract ended last July 1. The New York UJA contract continues until Jan. 31.

A year ago, the two agencies set up a joint fund-raising campaign in which 70 Federation fund-raising workers switched to the New York UJA offices for the joint fund-raising. The union spokesman said the negotiations were extremely difficult because negotiations were underway simultaneously for the Federation workers and for those in the joint campaign. (By Ben Gallo)

KISSINGER: ISRAEL WILL BE CONSULTED FIRST IF U.S. SHOULD DECIDE TO CHANGE ITS POLICY TOWARD THE PLO

By Joseph Polakoff

WASHINGTON, Nov. 19 (JTA)--Secretary of State Henry A. Kissinger reaffirmed today that the U.S. has not altered its position toward the Palestine Liberation Organization and stressed that no change would be made in any case before "the fullest consultation with Israel."

Kissinger, appearing before a subcommittee of the Senate Foreign Relations Committee, made that statement when asked by Sen. Hubert H. Humphrey (D, Minn.) to explain why Israel was disturbed by the statement of Deputy Assistant Secretary of State Harold Saunders before a House subcommittee last week which some Israeli circles saw as a softening of the American stand toward the PLO.

Kissinger replied that he has repeated "innumerable times that the U.S. will not consider dealing with the PLO until it recognizes Israel and UN resolutions" 242 and 338. "If we change it, it won't be announced by a Deputy Assistant Secretary before a Congressional subcommittee. It would be on the level of the President or the Secretary of State and after the fullest consultation with Israel."

U.S. WILL SPARE NO EFFORT TO ACHIEVE ISRAEL-SYRIA ACCORD

By Yitzhak Rabi

UNITED NATIONS, Nov. 19 (JTA)--Secretary of State Henry A. Kissinger said here last night that the United States would "spare no effort" to achieve an agreement between Israel and Syria and expressed hope that the mandate of the United Nations Disengagement Observers Force, (UNDOF) on the Golan Heights will be extended when it expires Nov. 30.

Kissinger also stressed, at an impromptu press conference at UN headquarters after conferring with UN Secretary General Kurt Waldheim, that U.S. policy toward the Palestine Liberation Organization has not changed. He said the U.S. was "prepared to move on to Geneva" in pursuit of a Mideast peace settlement but ruled out PLO participation in the Geneva conference.

His re-affirmation of American policy toward the PLO came in the wake of expressions of concern in some Israeli circles that the U.S. might be softening its position on the PLO in order to induce President Hafez Assad of Syria to agree to extend the UNDOF mandate and to move toward interim negotiations with Israel. Assad has repeatedly stated that he would make no more political moves as long as the Palestinian problem is not dealt with.

But asked by a reporter last night if there was any shift in U.S. policy on the PLO, Kissinger replied, "some people don't take 'no' for an answer."

Will Reply Soon To Soviet Note

Asked if the U.S. would "move on to Geneva" in accordance with a recent Soviet note calling for reconvening the conference, Kissinger said "Not in accordance with the Soviet note. But we are prepared to move on to Geneva and we will be soon replying to the Soviet note with our proposals as to how the conference can be reconvened." The U.S. and the Soviet Union are co-chairmen of the Geneva conference which opened briefly in December, 1973 and has been in adjournment since then.

Kissinger met with Waldheim who leaves for the Middle East Friday instead of Thursday as originally scheduled to try to persuade the Syrians to agree to extend the UNDOF mandate. Kissinger told reporters that he had expressed to Waldheim his view that the General Assembly's anti-Zionist resolution "made the position of several of the member states which supported it more difficult vis-a-vis the (American) Congress." He added, "Of course you know our views, which are violently opposed to this resolution."

100 JEWISH LEADERS CONDEMN UN MEASURE

OTTAWA, Nov. 19 (JTA)--More than 100 Jewish leaders from across Canada met today to adopt a resolution condemning the anti-Zionist resolution adopted by the United Nations General Assembly and commending the Canadian government for voting against it. They also launched a public campaign of Zionist education and information across Canada.

External Affairs Minister Allan Rock told the gathering that "the Canadian government opposes the tainted resolution adopted by the UN, and is going to see whether the resolution will be rescinded. If not, Canada will not attend the anti-racist conference in Africa in 1977."

TOURS TO MEXICO CANCELLED

NEW YORK, Nov. 19 (JTA)--Harold Ostroff, president of the Workmen's Circle, announced cancellation of four tours of Mexico by its members as an expression of indignation at that country's vote on the Zionism-racism resolution in the United Nations General Assembly. The tours had been arranged for January 23, May 7, July 9 and October 22, 1978. Advertised among the organization's 65,000 members, the tours had drawn a number of advance reservations.

