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DRAFT RESOLUTIONS BY ARAB, COMMUNIST DELEGATIONS TO UNESCO SAY FIGHT AGAINST ZIONISM IS MANDATORY

By Edwin Eytan

PARIS, Dec. 15 (JTA)--Arab and Communist delegations attending a UNESCO conference here plan to call on the international organization to fight "Zionism to the same extent as racism, apartheid and war propaganda." The conference is drawing up draft resolutions for the general conference due to take place October, 1976 in Nairobi. Its resolutions will deal with the fight against racism, apartheid and war propaganda in the mass media.

At the opening session today, the Algerian delegation called on the conference to adopt amendments making the fight against Zionism mandatory. The delegate said, "Israel is an imperialist state. It is ruled by Zionist ideology which is comparable to apartheid and war propaganda."

This stand was supported by Iraq and the delegate from Byelorussia. Actual amendments will be presented tomorrow when Israel will reply. This is the first time since UNESCO adopted anti-Israeli resolutions last year that an Israeli delegation attended a UNESCO-sponsored conference.

Most of the interest in the UNESCO building centered, however, on the resignation of a senior official, Joel Blocker, UNESCO's director of information. Blocker, 41, a former Newsweek staffer, wrote UNESCO's Director General Amadou M'Bow of Senegal to say he is resigning to protest the organization's anti-Israeli resolutions and the General Assembly's decision to equate Zionism with racism. Blocker said his resignation will become effective Dec. 31.

ISRAEL CONCERNED ABOUT FRANCO-EGYPTIAN ARMS INDUSTRY DEAL

By David Landau

JERUSALEM, Dec. 15 (JTA)--Officials here expressed serious concern today over Egypt's apparent plans to establish its own modern arms industry with technical assistance from France and financing from the Arab oil states and to increase its present arsenal with the purchase of sophisticated weaponry and equipment from the West, chiefly France and Britain.

These reports were given added weight by the joint communique issued in Cairo yesterday at the end of French President Valéry Giscard d'Estaing's five-day official visit as the guest of President Anwar Sadat of Egypt. The communique stated that France would help Egypt set up an arms industry that by 1980 would be capable of manufacturing or assembling the most advanced weaponry. (See separate story from Paris.)

Officials recalled that Sadat has stated recently that he has by no means abandoned the war option despite the second interim agreement concluded with Israel last September. They said that French support would help him maintain that option and could hardly be seen as a contribution to peace in that region.

According to Western sources, Egypt plans to invest \$5 billion in an armaments industry, most of it to come from the Arab oil states. In the interim, it plans to buy the present generation of weapons from the West to supplement its Soviet-

made arms.

Three-Pronged Expansion Plan

Israeli experts say Egypt plans to expand its war arsenal in three phases. In the short-range it will continue to look to the Soviet Union and the Eastern European Communist bloc for spare parts and servicing of its existing equipment, nearly all of which is of Soviet or Eastern European origin. At the same time, Egypt will buy electronic equipment and other items from the West which it can integrate with its Soviet arms.

Egypt's intermediate range plans call for the purchase of such items as Mirage-3 and Mirage F-1 jets from France and Sea-King and Gazelle helicopters and naval equipment from Britain. Cairo's long-range plans, based on Arab oil money and Western know-how and technology, call for the construction of an indigenous arms industry to produce the weapons of the 1980s, the Israeli experts said. French technicians reportedly will be sent to Egypt shortly to prepare the groundwork for the new arms industry.

GISCARD EXPLAINS DEAL WITH EGYPT

PARIS, Dec. 15 (JTA)--French President Valéry Giscard d'Estaing said here today that France's decision to help the Arabs build an arms industry of their own should not be considered an unfriendly gesture towards Israel.

Speaking at Orly Airport upon his return from a five-day official visit to Egypt as the guest of President Anwar Sadat, Giscard d'Estaing said, "Egypt's choice of France (for building the arms industry) strikes me as wise. Israel ought to consider that France's policy aims at peace in the Middle East." He added, "It is only natural for Egypt's leaders to organize their own security."

Precise details on the arms industry which will be set up are not yet known. Reports from Cairo say it will be a three-party affair with France supplying the technical knowhow, Egypt the manpower, and the Gulf States--Saudi Arabia, Qatar and Kuwait--the funds estimated at \$9 billion. France has also agreed to help Egypt set up a nuclear industry of its own and build atomic piles which, Egypt hopes, will supply the country with half its energy requirements by 1985.

Giscard d'Estaing's visit has also helped boost Sadat's prestige within the Arab world and coordinate Franco-Egyptian policies and diplomatic moves. France believes Sadat to be "a moderating force" in the Middle East and plans to encourage him. This view, French sources here said, will also be made known to the other, more extremist Arab states, such as Syria and Iraq.

AUSTERITY BUDGET SPARKS BITTER DEBATE

Higher Prices, New Taxes, Living Standard Decline, Joblessness Foreseen
By David Landau and Gil Sedan

JERUSALEM, Dec. 15 (JTA)--The Cabinet began yesterday what is expected to be a prolonged and bitter debate over the IL 84.2 billion austerity budget submitted by Finance Minister Yehoshua Rabinowitz for the next fiscal year. The draft budget, strongly backed by Premier Yitzhak Rabin and the Bank of Israel which helped to shape it, represents the beginning of a 3-4-year effort to

put Israel's severely strained economy in order by drastic cuts in government expenditures and, hopefully, substantial increases in income from taxes and an invigorated export industry.

Already dubbed the New Economic Program (NEP), the budget would demand major sacrifices from the public in the form of higher prices, new taxes, reduced services, lower living standards and, most painful of all, a sharp increase in unemployment. The Treasury's economic planning authority concedes that unemployment would soar to about 80,000 next year compared to 37,000 this year if the new budget is adopted.

This would mean that one out of 20 Israelis would be jobless next year and the unemployment rate would rise to 64,000 in 1977. In 1978, the Treasury predicts, the unemployment rate would begin a slow decline, leveling off at about 56,000 that year.

Memories Of Mid-60s

The proposed budget, challenged at the outset by various Cabinet members whose ministries would be affected by the reduced spending, was bitterly attacked today by Histadrut which charged that the heaviest burden would fall on wage earners.

The budget evoked unhappy memories of Israel's economic stagnation of the mid-60s which was reversed only by the outbreak of the Six-Day War in 1967. Some economists say the Treasury is over-estimating the increased income from taxes and other sources and was too optimistic about the beneficial results of the austerity program.

The new budget exceeds the current one by IL 21 billion, but in real terms is actually five percent lower because of inflation. It reflects Israel's immense defense burdens. Of the proposed IL 84.2 billion, IL 25.25 billion is earmarked for defense. The Education Ministry would get IL 3.16 billion and the Health Ministry IL 1 billion. The budgets of all other ministries would fall below the IL 1 billion mark.

Steps To Cushion Impact

The Treasury hopes to cushion the impact of unemployment by transferring about 100,000 workers from public service to productive industries over the next four years and by introducing new incentives for foreign investors who, presumably, would create new jobs.

It hopes to add to the government's income by imposing the long projected five percent added value tax, tightening up on tax collection procedures and auditing "cash transactions," a common form of tax evasion. Export intensive industries would be granted tax exemptions and would be protected from the periodic devaluation of the Pound. The same inducements would apply to foreign investors.

The government would drastically reduce its subsidies for basic food products and public transportation which have kept prices in those areas more or less stable up to now. The price of bread, for example, could be expected to go up by more than 60 percent. Israelis would pay more for fuel, water and electricity.

Elimination Of Services

In addition, road construction would come to a virtual halt as would the construction of public buildings. The waiting period for new telephones, already as long as three years in some areas, would be lengthened even more. Although the government promises no more major devaluations of the Pound, the so-called "creeping devaluation"

of 1-2 percent depreciation every 30 days--would continue. The Pound, which now stands at 7.1 to \$1, would decline to IL 10 to \$1 by the end of 1976.

The new budget would eliminate State financing for ninth grade education. Education Minister Aharon Yadlin said at yesterday's Cabinet meeting that his ministry could not function under the proposed allotments even though they exceed the budgets of all other ministries except defense. He warned that education in Israel would deteriorate seriously.

Health Minister Victor Shemtov told reporters last night that while he supported any move to keep the lid on spending, it was a grave error to slash government supported health services because "people's lives are affected and ultimately this hits at the nation's security." Housing Minister Avraham Ofer warned of wholesale unemployment in the housing industry and a serious slowdown in home building.

Even the reduced budget would leave Israel with an IL 3.5 billion deficit next year, but that would be an improvement over this year's IL 5 billion deficit. While every Cabinet minister is expected to put up a last ditch fight for his budget needs, the Cabinet as a whole realizes that without compromise the national budget would exceed IL 100 billion which the government simply cannot afford. Nevertheless, hard bargaining is expected during the months ahead.

Limit Profits On State Bonds

The government announced, meanwhile, measures to limit profits on State bonds linked to the cost-of-living index. The reduction will be carried out gradually until the c.o.l. linkage will be only 70 percent of the face value of the bonds. Only bonds issued as of yesterday will be affected. Public institutions and pension funds that invest in government bonds are exempt from the cut. The government also announced a 1.5 percent sales tax on bond transactions, a move aimed at speculators. No tax will be imposed on the redemption of the bonds when they mature.

DINITZ: POWERFUL EFFORTS UNDERWAY TO CHANGE U.S. POSITION ON PLO

NEW YORK, Dec. 15 (JTA)--Israeli Ambassador Simcha Dinitz told the Conference of Presidents of Major American Jewish Organizations today that "powerful efforts" were underway to change the American government position on non-recognition of the Palestine Liberation Organization. He said that there had been some "erosion" in press and academic circles but that the State Department was still standing firm.

Dinitz told some 75 Conference leaders that the problem of recognition of the PLO was one of three major issues confronting Israel today, the others being the massing of modern military equipment and technology in the hands of the Arab states and the attack on Israel and Zionism in the United Nations.

Rabbi Israel Miller, chairman of the Presidents Conference, said that American Jews would redouble their efforts to support large-scale military and economic aid to Israel, would intensify programs to interpret the meaning of Zionism and would "seek in every possible forum to make clear that any discussion with or recognition of the terrorist PLO would inevitably lead to an Arafat-State on the West Bank, thus jeopardizing not only the security of Israel but the whole strategy of American policy in the Middle East."

U.S. SEEN SEEKING TO PRESS FOR A SECOND SYRIA-ISRAEL INTERIM ACCORD

JERUSALEM, Dec. 15 (JTA)--Speculation mounted today that the United States was about to press anew for a second interim agreement between Israel and Syria on the Golan Heights. Evidence for this view was seen in the visit by U.S. Assistant Secretary of State for Near Eastern Affairs Alfred Atherton who is due here tonight for talks with Israeli leaders before proceeding to Damascus.

Atherton's visit was not expected until later this month and the announcement of its advance came as a surprise and indicated to observers here that the U.S. may be seeking early action on an Israeli-Syrian accord.

Officials here insisted that this was most unlikely. They said the American aim seemed to be "to show the flag" and that no specific mediation effort was in the making. But Atherton, whose stopover in Jerusalem will be the first leg of a five-nation Middle East tour, may well be seeking to lay the ground work for such an effort in the near future, observers said.

The U.S. official will meet with Foreign Minister Yigal Allon at his home at Ginosar tomorrow and will confer with Premier Yitzhak Rabin in Jerusalem tomorrow evening. Government sources said no dramatic developments were expected from Atherton's visit.

In Washington, the State Department said today that Atherton's visit to Israel, Syria, Jordan, Saudi Arabia and Egypt is intended to be "part of our continuing consultations with them." It said "the visits should be seen as a dialogue in the whole range of bilateral interests."

Ford Asks For Prior Consultations

Meanwhile, it was learned that Rabin disclosed at yesterday's Cabinet meeting that he had received a personal message from President Ford calling for consultations and a deepening of mutual trust between Israel and the U.S. The message, which arrived at the end of last week, reportedly spoke of consultations "before actions" which was interpreted here as a polite but firm request by the U.S. that Israel consult with it before taking actions such as the bombing of terrorist strongholds in Lebanon Dec. 2. Rabin also reportedly informed the Cabinet that former Premier Golda Meir, currently on a fund-raising tour of the U.S., would meet with President Ford.

HERZOG WARNS THAT ADOPTION OF MEXICO CITY RESOLUTION WOULD CONSTITUTE AN INTERNATIONAL SCANDAL By Yitzhak Rabi

UNITED NATIONS, Dec. 15 (JTA)--Israel charged today that endorsement by the General Assembly of the anti-Zionist portions of the International Women's Year resolutions adopted in Mexico City last summer would constitute "an international scandal of major proportions" and an exploitation of the universal support of women's rights for "evil" and "sinister" purposes.

The resolution, which was expected to be voted on this evening, contains an operative paragraph which specifically adds Zionism to its condemnation of racism, colonialism, apartheid, and imperialism. From a procedural approach, this paragraph is expected to be voted on separately from the remainder of the resolution.

Attention here was focussed on how Mexico would cast its ballot in view of President Luis Echeverria's remarks to American and Canadian

Jewish leaders in Mexico City Friday that his government "in no way identified Zionism with racism." Although there was no formal commitment by the Mexican leader regarding today's vote, the Jewish group that met with him said they were told that Foreign Minister Emilio Rabasa "is now at the UN to ensure that future votes by Mexico cannot be misinterpreted or misunderstood as equating Zionism with racism or opposing the national aspirations of the Jewish people."

In remarks prepared for an address to the General Assembly late this afternoon prior to the voting on the draft, Israel's Ambassador to the UN, Chaim Herzog, declared that the original purposes of the International Women's Year have, the full support of Israel and that Israel will continue its policy of "promoting and maintaining the rights of women."

But, he added, "Even the loftiest principles can be contaminated by sinister allusions. This is what has happened to this resolution as indeed to the resolution concerning the Decade for Action Against Racism" which the General Assembly adopted Nov. 10 with the addition of a section identifying Zionism as a form of racism.

Herzog declared that Israel would vote against the resolution and urged other delegations to "dissociate themselves from this disgusting stratagem" that "seeks to exploit the universal support of the rights of women by injecting into the texts of the resolutions dangerous, evil and sinister references to the great and noble renaissance of the Jewish people."

GILBERT SAVRANSKY, 51, KILLED

CLEVELAND, Dec. 15 (JTA)--More than 1500 people jammed Temple Beth Am and the adjoining streets yesterday for the funeral service for Gilbert Savransky, an honorary vice-president of the Zionist Organization of America and local Jewish leader, who was shot to death by a youth Friday night.

Mr. Savransky, a 51-year-old Cleveland attorney, his wife and another couple were about to enter a downtown Cleveland housing complex known as Park Center about 11 p.m. Friday when three youths pulled up in a car. One youth attempted to grab a purse from one of the two women, and a second youth, without any provocation, shot Mr. Savransky in the abdomen. He was pronounced dead on arrival at a hospital. Police are holding three 16-year-old suspects.

Mr. Savransky, who lived in suburban Tepper Pike, was scheduled to be re-elected a trustee of the Jewish Community Federation of Cleveland tomorrow night. He was a member of ZOA's National Executive Committee and a former ZOA president in Cleveland, a member of B'nai B'rith and of Temple Beth Am.

JERUSALEM (JTA)--King Hussein of Jordan was honored on his recent 40th birthday by new dinar notes bearing his likeness and a symbol strikingly similar to the Star of David. The Jordanian press immediately demanded the withdrawal of the new currency. But the new dinars have soared in value on the West Bank black market.

JERUSALEM (JTA)--West Bank Arabs must be doing something right. Their population rose by 2.6% in 1974, one of the highest rates since the area came under Israeli control in 1967. It now stands at 674,500, half of them under the age of 14.

BEHIND THE HEADLINES**RABIN UNDER FIRE AS FERMENT MOUNTS IN THE LABOR ALIGNMENT**
By David Landau

JERUSALEM, Dec. 15 (JTA)--The ferment which bubbled to the surface in the Labor Alignment at its Knesset caucus last Tuesday presents Premier Yitzhak Rabin with his toughest challenge since assuming the Premiership in June, 1974. For the first time since then there have been whispers among leading Laborites--albeit gravely exaggerated by the press--about the possibility of replacing Rabin with a more party-minded and less stubborn leader.

At the faction caucus Tuesday, Rabin and Defense Minister Shimon Peres found themselves under sharp attack from Mapam, from Laborite doves, and also and more importantly, from a number of middle-of-the-road ex-Mapai politicians who compose the backbone of the Alignment.

The immediate issue was the Sebastia "compromise"--permitting 30 families to remain in the Samaria area--but the bitterness of the attacks reflected a welling-up of anger and disgruntlement that has its roots in long months of party dissatisfaction with the Premier. All along, party stalwarts have had the feeling that Rabin is in effect ignoring them and deliberately excluding them from the decision-making process.

It was to assuage these feelings that Rabin announced, some months ago, the creation of the "leadership forum" ("haforum hamovil") which was to comprise Labor ministers, top Knesseters and party key men and Histadrut leaders. It met once or twice and has petered out. Its stillbirth added fuel to the flames of party anger.

Decision-Making Virtually Nih

The Golda Meir "Kitchen Cabinet" had come under scathing attack from the Agranat Committee because it was essentially undemocratic. But at least it gave an opportunity to some Labor ministers to contribute input into political decision-making. Under Rabin there is virtually no such opportunity at all. He makes his decisions alone, or with the help of a few advisors.

These last, the advisors, are another cause of discontent within the party. Rabin's choice--particularly of Arik Sharon as his "general advisor" and Rehavam Zeevi as his "intelligence advisor"--is seen as deliberately riding roughshod over party sensibilities. Sharon, after all, is a leading Likud politician with well-known right-wing views, and Zeevi, although he never made a political career (having been a serving general till recently) is believed to hold similar views.

Furthermore, what many consider to be Rabin's blundering, bludgeoning attempt at Cabinet reform, involving the effective demotion of Party faithful and Jerusalem Labor leader Moshe Baran, is also criticized inside the party. Baran, who would lose the Labor portfolio under Rabin's proposed Cabinet reform plan and become Minister of Communications, learned about the proposal from press reports. Rabin did not even consult him before the leaks began.

Above and beyond the personal and factional gripes, however, there is a more significant factor rendering the present unrest within Labor potentially more dangerous than anything Rabin has yet known: that factor is the deep divisions between the Premier and important sections of the party on basic issues of peace and foreign policy.

Rigid Image Evoked

Rabin's recent spate of hard-line pronouncements, on the PLO, on the Palestinians (in general, on a third state and on the Security Council), among others, have left many Laborites wincing. They see their leader inevitably evolving an uncompromisingly rigid image in the world, at a time when, they believe, a measure of flexibility--at least in tactics--is urgently required.

Rabin's adamant refusal to entertain any suggestion that the government adopt the "Yariv-Shefirov formula" on the PLO-Palestinian question--to talk with any group that recognizes Israel and desists from terror--is not understood in broad sections of his party and is seen as misguided toughness that can lead to a rift with Washington.

Notwithstanding Rabin's reluctance to bring these issues out into the open--an understandable reluctance, since open debate would expose the deep ideological gulfs that exist within the party and the coalition--the issues are expected to be debated in both forums.

The Labor Knesset faction, and the party's broader policy-making bodies determined last weekend to hold full-scale political debates at which government policy will be meticulously and critically examined. The Cabinet will also have to address itself to the issues, whether in the form of a formal "political debate" or in a less formal discussion, in the near future.

Foreign Minister Yigal Allon is due to go to Washington early in January with Rabin himself to follow later in the month. Their hosts there are most likely to ask for Israel's latest thinking on the Palestinian-PLO issue. Many Cabinet ministers, therefore, will want to discuss these issues before the Washington visits are held.

REPORT SOME 70,000 ISRAELIS EMIGRATED

JERUSALEM, Dec. 15 (JTA)--About 70,000 Israelis emigrated during the past four years and the yordim rate is coming perilously close to matching the rate of aliya, according to figures prepared by Ephraim Dovrat, advisor to the Finance Minister, which were released here last night. The figures were appended to the Treasury's proposed IL 84.2 billion austerity budget for fiscal 1976-77 which was presented to the Cabinet yesterday. (See P. 1 for main story.)

The figures showed that in 1972, 12,000 Israelis left the country for good and in 1973, the year of the Yom Kippur War, 15,000 departed. Emigration reached a peak of 24,000 last year when most reserve soldiers were demobilized. This year it was down somewhat to 19,000.

According to Dovrat, the yordim rate will decline to 16,000 in 1976 but since next year's aliya is estimated at only 24,000, Israel will have a net gain of only 8,000 immigrants. Some economists who have examined the proposed budget are disputing Dovrat's estimates for next year. They say the increased unemployment will result in a larger number of yordim and fewer olim.

JERUSALEM (JTA)--The Jewish National Fund plans to plant more than one million trees this season in the Negev and Sinai areas. More than 200,000 trees are earmarked for the "Yatir Forest" on the southern slopes of the Hebron mountain range. There will be 6000 saplings planted at Di-Zahav, on the Sinai coast south of Eilat, and another 13,000 at Sharm el-Sheikh. Other priority areas are the Araba and the northern Negev where trees are vital in controlling flooding.