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ALLON TO VISIT MEXICO NEXT WEEK; SEVERAL AGREEMENTS BETWEEN ISRAEL AND MEXICO ARE DUE TO BE SIGNED

By David Landau

JERUSALEM, Feb. 24 (JTA)--Informed sources here confirmed as basically accurate reports published today that Israel and Mexico will sign an agreement to establish a plant in Mexico to manufacture Israel's commercial jet aircraft, the Arava. The two countries will also discuss a possible joint petro-chemical venture to be located in Mexico.

The report in Yediot Achronot said both ventures would be on the agenda of Foreign Minister Yigal Allon's visit to Mexico City next week. The Foreign Minister and Mexican officials are expected to sign or at least initial the agreement for Mexico to assemble the Arava, a transport plane designed and built by Israel Aircraft Industries.

Another agenda item is the negotiation of an aviation agreement between Israel and Mexico which will include landing rights for El Al in Mexico City. The agreement will be initiated during Allon's visit but the negotiations are likely to be protracted, the Yediot Achronot report said.

Officials here noted that Israel gives high priority to its commercial ventures with Mexico and that accounted in part for the dismay last year over Mexico's vote in favor of the anti-Zionist resolution in the UN General Assembly. That issue has since been resolved in diplomatic contacts between the two countries.

Allon will visit three Central American countries--Guatemala, Nicaragua and Costa Rica--Foreign Ministry sources disclosed. His visits will be brief and his stop-over in Guatemala will be of only a few hours' duration and in the form of a condolence call to that country recently ravaged by an earthquake. In Costa Rica, Allon will call on the President and address that country's parliament.

Official sources here expressed hope that the Foreign Minister's visit will have favorable repercussions throughout Central and South America where there has been a disturbing erosion of support for Israel in recent months. The officials said that after studying the results of the Foreign Minister's visits to Central American countries, a decision would be made on further visits later this year to several South American countries.

Allon will stop at Paris for one day enroute to Mexico to lunch with French Foreign Minister Jean Sauvagnargues. One item on their agenda will be France's alleged stalling on a financial pact between Israel and the nine European Common Market nations, sources here said.

100 SOVIET JEWS ARRIVE IN ISRAEL; MANY SAY NEW WAVE OF SOVIET ALIYA DUE TO WORLD CONFERENCE IN BRUSSELS

By Vitshehak Sharell

TEL AVIV, Feb. 24 (JTA)--A group of 100 Jews from the Soviet Union, including several leading activists who spent years in their fight for exit visas and 101-year-old Rabbi Moshe

Epstein of Leningrad, arrived at Ben Gurion Airport last night.

Many of the new arrivals agreed with some Israeli circles that they were the vanguard of a new wave of immigration from the USSR that was attributed to the second World Conference on Soviet Jewry held in Brussels last week. It remained to be seen, however, whether last night's arrivals spelled an end to the year-long drought in aliya from the Soviet Union.

One of the emigres, Prof. Alexander Lunz, a 52-year-old mathematician who first applied for a visa in 1972, said experience proved that the Soviet authorities understand the language of pressure. He said Soviet Jews expect that Brussels II and the efforts of world Jewry at large will influence the Soviets to change their emigration policies. (See related story P. 3.)

7 Activist Families Included

The arrivals included seven other activist families, among them Israel Vernibitzki, 47, a shipyard engineer from Leningrad, who is joining his son, a student at Haifa Technion; Prof. Ilya Platetzki, of Moscow; Victor Kogan, a geologist from Moscow; Smuel Stroginitz, of Leningrad; and Irma Chernyak and Mordechai Pritzker who both participated in the Brussels conference before coming to Israel.

Most of them expressed the opinion that they got their visas only because of Brussels II. Platetzki, a mathematician who will join the faculty of Tel Aviv University, observed, however, that "Nobody in Russia knows why he suddenly gets the exit visa." He said he was refused one for years on grounds that he was engaged in secret research, an allegation he denies. Vernibitzki said he waited five years for his visa and that while some activists received permission to emigrate, the applications of others were repeatedly turned down.

Rabbi Epstein's arrival created a stir at the airport. The fragile centenarian had to be helped off the plane. He arrived with members of his family, including a daughter and grandchildren. He said he wanted to live in Jerusalem. Rabbi Epstein once headed the Jewish community in Leningrad and at one time was exiled to Siberia for Zionist activities.

ISRAEL MAY LOSE SOME \$550 MILLION IN TRANSITIONAL QUARTER ASSISTANCE

By Joseph Polakoff

WASHINGTON, Feb. 24 (JTA)--The House Appropriations subcommittee on government operations has decided against special funding for the transitional quarter in the foreign military assistance appropriation bill and this action is expected to be adopted by the full House committee at its meeting late Monday.

Unless the Ford Administration submits a budget proposal for the three months this summer between fiscal year 1976 which ends June 30 and fiscal year 1977 that begins Oct. 1, the likelihood is the measure to be given to the House for debate will not include close to a billion dollars for the transitional quarter, affecting some 50 countries. More than half of this sum--about \$556 million--is ticketed for Israel in authoriza-

tion measures approved by other Congressional bodies thus far.

The White House did not earmark any funds for the transitional quarter in budgeting for the current 15-month period that ends Sept. 30. The House appropriations subcommittee majority accordingly decided not to take that responsibility, an authoritative Congressional source told the Jewish Telegraphic Agency.

Further Actions Required

The full House is expected to follow the lead of its appropriations committee. However, the source said, should the Senate vote additional funds for the transitional quarter or should the White House submit a supplemental budgetary request, then the subcommittee will give that additional appropriation sympathetic consideration in the Senate-House conference to iron out the differences in the House and Senate measures the JTA was told.

At present, the Senate has voted an authorization bill that provides \$2.24 billion for Israel plus 25 percent more for the transitional quarter. Other authorizations include \$750 million for Egypt; \$50 million for Syria and \$2.2 million for Jordan. In each case, an extra 25 percent is to be added, as in Israel's allocation.

The House International Relations Committee also has voted an authorization measure with slightly larger sums for the individual countries, including a 25 percent increase for the transitional quarter. However, the language for the quarter differs from the Senate version, and should the House not alter it in its debate, that measure will require Senate-House conference discussion.

The House committee's authorization bill goes before the House Rules Committee March 2 and consideration by the House as a whole probably will take place that same week.

Meanwhile, the Senate appropriations subcommittee dealing with the aid bill is marking time, JTA was told, on its legislation pending action in the House where money bills traditionally are generated first.

While the Administration appeared to have given its blessing for a transitional quarter funding when the House International Relations Committee adopted such a measure at the insistence of Rep. William Broomfield (R, Mich.), the committee's ranking Republican member, it now appears that the White House did not signify the same approval for appropriations.

STEVENSON: ARAFAT LESS INTRANSIGENT THAN LEADERS OF IRAQ AND SYRIA

TEL AVIV, Feb. 24 (JTA)--Sen. Adlai Stevenson III (D, Ill.) said today that he met with PLO chieftain Yasser Arafat and found him less intransigent than the leaders of Iraq and Syria with whom he also met on his current Middle East tour. Stevenson, who arrived here from Teheran last night, will be meeting with Premier Yitzhak Rabin. He said he believed that in order to avoid a new war in the Middle East, it was necessary to maintain multi-party contacts that included all parties in the Mideast conflict, presumably meaning the Palestinians as well as the Arab states.

Secret Israel-Arab Contacts

Meanwhile, Minister-Without-Portfolio Israel Galili disclosed last night that secret contacts have taken place between Israel and its Arab neighbors and will continue to take place. He re-

fused to elaborate, in his address at Ben Gurion University in Beersheba, noting that the other side insists on secrecy and the Israeli government is keeping these contacts secret.

Galili stressed the difference between contacts and negotiations. He told his audience that Israel was open to contacts with the Arab states and the Palestinians. He said it could be assumed that Palestinians who are prominent in the government and parliament of Jordan would participate in discussions, including the Geneva conference.

Galili reiterated that Israel will never negotiate with the PLO and was unalterably opposed to a third state between itself and Jordan. However, he said, the problem of Palestinian national identity must be part of a solution of the Mideast conflict and this could be accomplished in the framework of negotiations with Jordan.

U.S. DENIES IT IS CONSIDERING SALE OF J-79 PHANTOM JET ENGINES TO EGYPT

WASHINGTON, Feb. 24 (JTA)--The Ford Administration categorically denied today that it is considering selling J-79 Phantom jet engines to Egypt. Egypt wants the engines to install them in its Soviet-made MIG-21 planes because the Soviet government has reportedly refused to sell Egypt replacement parts for the aircraft.

Replying to reports in Israel that such a U.S. sale is pending, State Department spokesman John Trattner said, "I categorically deny the proposal exists." He said the proposal "is not even considered in the Administration," adding that he had "no idea" on what the Israeli press reports are based.

Gen. (res.) Mordechai Hod, former head of the Israel Air Force, in an interview with Yedioth Achronot yesterday, said that if Egypt received the American engines it would gain a distinct advantage in air power. He was commenting on reports of the sale here that originated in Washington.

Meanwhile, Pentagon sources earlier today made similar comments to that by Trattner but left open the question whether Egypt has asked for the engines. Trattner said he was "not aware" that Egypt had asked for the J-79 engine. Despite the disclaimers at the Pentagon and State Department, informed sources here said that some Administration sources are considering selling the engines to Egypt and that it could be done through a third country or in some other manner at an appropriate time.

NAUM KACOWIOZ DEAD AT 72

BUENOS AIRES, Feb. 24 (JTA)--Funeral services were held here today for Naum Kacowioz, a prominent Argentine-Jewish businessman and philanthropist who died yesterday at the age of 72. He was stricken while addressing a luncheon in Mar Del Plata for the benefit of the Ezrah Hospital in Buenos Aires of which he was president. He was buried in the Tablada cemetery. Four years ago, Mr. Kacowioz was kidnapped and released after three days when his family paid a ransom amounting to about \$1 million.

Mr. Kacowioz was born in Poland and came to Argentina in 1926. He amassed a fortune in the meat packing industry and became one of the country's leading philanthropists. His donations aided many Jewish organizations in need, including hospitals, schools, orphanages and homes for the aged. Shortly before his death he was a member of the emergency committee of presidents of various Jewish bodies established to deal with the financial crisis in the local Jewish community.

LUNZ RAPS FORD, KISSINGER

TEL AVIV, Feb. 24 (JTA)--Prof. Alexander Lunz, a prominent Jewish activist from Moscow who was one of 100 Soviet Jewish immigrants arriving at Ben Gurion Airport last night, charged that the policies of President Ford and Secretary of State Henry A. Kissinger with regard to emigration from the Soviet Union led to increased pressure on Jews seeking to leave the USSR.

Lunz, 52, a mathematician who received his exit visa only after four years of struggle with the Soviet authorities, spoke bitterly against those who, however well intentioned, advocate "quiet diplomacy" as the means of liberalizing Soviet emigration practices. He said "quiet diplomacy" brought no results while direct pressure did. Lunz said the recent visit of British Chief Rabbi Immanuel Jakobovits to the Soviet Union achieved little. Jakobovits has been an advocate of dialogue with the Soviet authorities to achieve emigration and the rights of Jews remaining in the USSR.

Lunz said that when Ford and Kissinger stated publicly that the Jackson Amendment was counterproductive in that it resulted in fewer Jews leaving the Soviet Union, they were making a dangerous allegation that was interpreted by the Soviet authorities as an incentive to increase pressure on Jews.

He also spoke scornfully of the "yordim"--Jews who went to Israel but returned to Russia. He said he was convinced that many of them were sent by the Soviet authorities in order to smear Israel, but that would be difficult to prove. He said the appearance on television of several "yordim" on the eve of the Brussels conference was "sickening."

Lunz, who arrived with his wife and 18-year-old son, denied Soviet allegations that only 1.5 percent of visa requests are refused. According to Lunz, there were 4000-5000 refusals last year when 12,000 Jews left the Soviet Union. He said many Jews feared to apply for visas because of harassment and that it took great courage to apply. He stated that he was continuously harassed by the KGB (secret police), his home searched and personal belongings confiscated, repeatedly interrogated and threatened with criminal prosecution and was once jailed for two weeks for participating in a demonstration.

RABINOWITZ: ECONOMIC SITUATION CAN BE IMPROVED IN ABOUT TWO YEARS IF NECESSARY MEASURES ARE TAKEN NOW
By Tuvia Mendelson

JERUSALEM, Feb. 24 (JTA)--Finance Minister Yehoshua Rabinowitz held out hope today for greatly improved economic conditions in about two years provided that Israelis take the painful measures necessary to bring the country out of its present economic crisis--and provided that the political situation remains stable.

Rabinowitz addressed the Knesset at length today on the content and objectives of the IL 85.2 billion national budget for fiscal 1976-77 which he described as "the first budget in the history of the State providing less means for government ministry operations." He added that "The difficult times we are facing, the burdens, oblige us to strive more and do with less."

He said the central economic problem that faced Israel since its establishment has been balance of payments, meaning that the country imports more than it sells abroad. The govern-

ment's economic policy therefore is focussed on two principal goals--to check the deteriorating balance of payments and to curb inflationary pressures, Rabinowitz said.

The Finance Minister said "Our economic situation will improve gradually but significantly" if the right steps are taken. He warned, however, that there is no way to avoid the material difficulties expected over the next two years. But from 1978 on we can expect "an ever-increasing improvement in our situation," he said.

Predicts Economic Growth

Rabinowitz warned in that connection that the improvements will not come about by themselves. "We will have to continue to follow an energetic policy in order to ensure their attainment." He predicted that in the course of 1978, economic growth will increase and approach rates to which Israel was accustomed in the past. He forecast a gross national product increase of 7 percent per annum from 1978-1980, a substantial growth in investments and an improvement in the exploitation of existing capital.

"If we act with courage and wisdom we shall bring closer the day when the economy will once again show rapid growth, when the current balance of payment deficit shrinks to dimensions we can live with, when the standard of living can again begin to rise," Rabinowitz said. "But for this day to arrive as soon as possible, we must be ready to take the difficult road ahead, each and every one of us, each sector of the economy assuming their share of the burden."

The Finance Minister listed the burdens, among them reduction of private and public spending and consumption, a cooling off of the economy to a growth rate of about one percent per annum to curb inflation, a reduction in government services and subsidies and incentives for export producing industries.

Rabinowitz said the subsidies budget for fiscal 1976 is about 50 percent smaller in real terms than the fiscal 1975 budget. He said the objective was to bring consumer prices closer to their real value and that the new principles have been formulated in close consultation with Histadrut. Rabinowitz noted that the defense budget for fiscal 1976 totals IL 32.3 billion compared to IL 25.3 billion last year. He said the increase was necessary to continue strengthening the defense forces and to cover price rises. * * *

NEW YORK (JTA)--The Long Island Council for Soviet Jewry said it has learned from Benni Deborah in Jerusalem that his mother, Dr. Devorah Semolovitch, a 63-year-old Moscow chemist, has been granted an exit visa from the Soviet Union. * * *

LONDON (JTA)--Jewish sources in the Soviet Union report that the monument to the martyrs of Shchedrin, once a largely Jewish town near Bobroisk, Byelorussia, has again been desecrated by hooligans. Previously, the monument bore an inscription in Yiddish, but this was erased. * * *

TEL AVIV (JTA)--Heavy pressure is being brought to bear on Labor Party secretary general Meir Zarmi to reconsider his decision to resign from that post which he announced last week. It remains to be seen whether Zarmi will change his mind, but the urgings that he continue in office are coming from the highest levels of the party leadership and its kibbutz movement.

THOUSANDS OF SAUDIAN TROOPS IN SYRIA AND JORDAN IN SUPPORT OF COMMON ARAB FRONT AGAINST ISRAEL By Joseph Polakoff

WASHINGTON, Feb. 24 (JTA)--The Ford Administration acknowledged to Congress yesterday that Saudi Arabia has some 5000 troops in Syria and as many more in Jordan in support of "the common Arab front" against Israel. But Alfred C. Atherton Jr., Assistant Secretary of State for Near Eastern Affairs, testifying before the House International Relations Committee's subcommittee on international political and military affairs, denied that Saudi Arabia's American-equipped forces would make "a substantial difference" in another Arab-Israeli war.

Atherton said he could not "rule out the possibility of some engagement" by Saudi Arabia in a future Arab-Israel war "but one cannot say it will be absolutely the case," he said. He admitted that "there is, of course, no ultimate guarantee that military equipment we sell to one state will not be transferred to another." But, he testified, "there are serious" political and legal restraints and "technical limitations."

Atherton's appearance before the subcommittee was intended to justify the Ford Administration's new \$1.2 billion arms sales program for Saudi Arabia that will bring U.S. military equipment and services to that country in the past six months to about \$5 billion in contracts. He declared that the sales "would not significantly affect" the "relative balance of forces in Saudi Arabia and its neighbors."

Arms Sale Policy Blasted

Rep. Benjamin S. Rosenthal (D,NY) filed objections to the seven parts of the latest arms sales program for Saudi Arabia. He and Rep. Dante Fascell (D,Fla.), the subcommittee chairman who scheduled the hearing, both blistered the Administration's policy on arms sales. They elicited testimony from Atherton and Lt. Col. Carl Grantham of the Defense Department on the effects of the highly sophisticated weaponry the U.S. has contracted to sell Saudi Arabia, including the tank-destroying "Dragon" missile that can be handled by a single foot soldier like a rifle.

Congress can block or reduce the program if both houses concur within 20 days. Indications were, however, that Rosenthal lacked the votes for holding back the program. No Senate action has yet been scheduled. The subcommittee took the program under advisement. Atherton also presented programs for \$170 million in military assistance for Morocco and \$150 million for Iran's air force.

Atherton, backed by State and Defense Department experts, told the subcommittee that the Administration is proceeding with its military programs because Saudi Arabia "carries considerable weight both politically in the Middle East and on a world scale in financial and energy areas." He said it was in the U.S. interests to maintain mutually beneficial relations with Saudi Arabia.

The latest program includes construction of naval headquarters at Riyadh, naval facilities at Jidda on the Red Sea and Jubail on the Persian Gulf, and cargo handling facilities near Jidda and on the Persian Gulf. The program also includes military equipment and services to mechanize two Saudian brigades with tanks, armored personnel carriers, "Dragon" missiles and "Vulcan" guns. Saudi Arabia presently has five brigades, one of

them mechanized, Atherton said.

Three Broader Points

In his prepared statement, the Assistant Secretary said it would be "an incomplete perspective" to view this arms program in terms of the Arab-Israeli conflict. He listed "three broader points": the vast terrain and resources of Saudi Arabia; its relationship to the U.S. that seeks to limit "the expansion of Soviet and radical influences in the Middle East," and "the fact" that refusal by the U.S. to provide equipment would be seen "as a conscious and witting step away from our present close relationship" with Saudi Arabia.

Atherton declined, for the time being, to respond to questions as to what other countries have the "Dragon" or "Maverick" missiles which the U.S. intends to supply to the Saudis. He promised to supply that information later. Questioned by Rosenthal about Saudian discrimination against certain American citizens, Atherton said he was not aware of any case in which Saudi Arabia has refused to admit any U.S. official. But he acknowledged that Saudi Arabia does not permit Zionism and equates Zionism with the Jewish State.

MOSES LUTZKI DEAD AT 81

NEW YORK, Feb. 24 (JTA)--Prof. Moses Lutzki, renowned for deciphering and describing medieval Hebrew manuscripts, died last Friday at the age of 81. Born in Russia, he received a Bachelor of Literature degree from Oxford University and in the late 1930s he joined the Bodleian Library at Oxford as a specialist in Hebrew manuscripts. Prof. Lutzki was known for having identified several manuscripts written by Maimonides.

He came to the U.S. in 1939 and became a cataloguer of Hebrew manuscripts for the Jewish Theological Seminary of America in 1940. In 1952, Prof. Lutzki was the first person to carry on a comprehensive cataloguing of extant Hebrew manuscripts for Columbia University's department of Semitic languages. In 1969 he donated his 7000-volume private library to Yeshiva University's Mendel Gottesman Library. Included were rare works of Hebraica and Judaica. He was professor of bibliography at Yeshiva for 20 years.

SIMON TO VISIT MIDEAST

WASHINGTON, Feb. 24 (JTA)--The U.S. Treasury Department announced today that Treasury Secretary William Simon will visit the Middle East for two weeks beginning Thursday and returning to Washington March 11.

Simon's first stop will be in Riyadh where he will meet with Saudi Arabian officials and with the Saudi Arabian-American Economic Cooperation Committee. Next week he will be in Tel Aviv and Jerusalem. His meetings include a session of the U.S.-Israel Joint Committee for Trade and Investment of which he and Finance Minister Yehoshua Rabinowitz are co-chairmen. He also expects to meet with Premier Yitzhak Rabin.

After his visit to Israel, Simon will go to Cairo and Damascus. He will be accompanied on the trip by William Seidman, the President's assistant on economic matters, Gerald Parsky, Assistant Secretary of the Treasury who deals with Arab boycott affairs, and William Rhatigan, public affairs director at the Treasury Department. The Treasury Department said that Simon will be discussing means of strengthening U.S. economic ties with the Middle East countries and increased economic development of the entire Middle East area.