



daily news bulletin

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

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Vol. XLIII - 59th Year

Monday, June 7, 1976

No. 109

CABINET POSTPONES DECISION ON PROPOSED IL 2 BILLION BUDGET CUT

By David Landau

JERUSALEM, June 6 (JTA) -- The Cabinet decided today to defer for one week a decision on an IL 2 billion budget cut urged by Finance Minister Yehoshua Rabinowitz. The deferment was requested by Defense Minister Shimon Peres who firmly opposed a reduction, reportedly of some IL 800 million, proposed for the Defense Ministry. Peres said he wanted more time to "further study" the issue.

Housing Minister Avraham Ofer also voiced objections to the budget cut, arguing that it would create further unemployment in the construction industry where joblessness is already high. Rabinowitz explained that cutbacks were necessary to maintain the IL 85.2 billion budget ceiling for the current fiscal year. He said the Cabinet's earlier calculations were based on a 25 percent rise in costs whereas the actual cost increase will run over 30 percent this year. He was challenged by other ministers to tighten up on income tax collections to bring more revenue into the Treasury.

Much of today's Cabinet session was devoted to reports and assessments of the situation in Lebanon by Premier Yitzhak Rabin, Peres, Foreign Minister Yigal Allon and Shlomo Gazit, chief of military intelligence. The Cabinet sat as a ministerial defense committee for that part of its discussions which were classified as secret.

FORD SEES NO RETURN TO GENEVA IN 1976

NEW YORK, June 6 (JTA) -- President Ford said today that the momentum for an Arab-Israeli peace settlement must continue but he did not believe a Middle East peace conference would be held this year.

"It is not likely that there would be a Geneva Conference this year," Ford said in response to questions on CBS-TV's "Face The Nation" program. "I don't rule it out entirely, but it is not likely."

The President stressed that if the Mideast momentum is stopped "the pot begins to boil again. So we are trying to deal bilaterally urging other nations to get together, to move forward." (See related story on page 4.)

ALLON SAYS ISRAEL DOES NOT NEED TO ATTEND DEBATE ON PALESTINIANS

JERUSALEM, June 6 (JTA) -- Foreign Minister Yigal Allon told the Cabinet today that "Israel does not need to attend" the Security Council's debate on "the inalienable rights of the Palestinian people" which is expected to take place later this month. His remarks indicated that Israel does not intend to participate in the deliberations of the "Committee of Twenty" which it does not recognize and with which it refuses to cooperate. But he appeared to leave the door open for a change of mind should Israel decide to put in an appearance.

The "Committee of Twenty" which includes 16 nations that have no diplomatic ties with Israel,

presented a report last week calling for Israel's total withdrawal from the administered Arab territories by mid-1977, the eventual repatriation of Palestine refugees to Israel and the establishment of a Palestinian "entity."

The committee, whose official name is the Committee on the Inalienable Rights of the Palestinian People was created by the General Assembly last year. The United States and most West European countries refused to have anything to do with it. (By David Landau)

POLICE QUELL NABLUS DISTURBANCES

TEL AVIV, June 6 (JTA) -- Israeli police used tear gas grenades fired by rifles to quell disturbances by Arab youths in Nablus yesterday, the ninth anniversary of the start of the Six-Day War. Several demonstrators were injured. A curfew imposed on the town was lifted last night.

The incidents in Nablus were the only ones to mar an otherwise peaceful Shavuot weekend which saw tens of thousands of Israelis take to the seashore and countryside. Their return home Saturday night and Sunday caused massive traffic jams and put a severe strain on public transportation.

Meanwhile, the Labor Ministry has begun an investigation of a Shavuot eve accident in Tel Aviv which cost the lives of five construction workers and injured seven others. All were Arabs from Israel and the administered territories. The accident occurred when a scaffold collapsed on a new building being erected in central Tel Aviv Thursday. Fire brigades and army engineers worked most of the day extricating the dead and injured from piles of debris.

CARTER PLEDGES MIDEAST PEACE MUST BE BASED ON ASSURANCE OF ISRAEL'S SURVIVAL

ELIZABETH, N.J., June 6 (JTA) -- Former Gov. Jimmy Carter of Georgia declared today that "a real peace (in the Middle East) must be based on the absolute assurance of Israel's survival and security" and "as President, I would never yield on that point." Carter made that pledge before an overflow crowd of more than 2,000 persons at the Jewish Educational Center here. "Our constant and unwavering goal must be the survival of Israel as a Jewish State and the achievement of a just and lasting peace," he said.

Carter, the current front-runner for the Democratic Presidential nomination who faces a crucial primary test in New Jersey this Tuesday, stated what he considered to be the heart of the matter in the Middle East. "Peace in the Middle East depends more than anything else on a basic change in attitudes," he said. "To be specific, on Arab recognition of the right of Israel to exist as a Jewish State. This change must be reflected in tangible and concrete actions by the Arab countries including: Recognition of Israel; diplomatic relations with Israel; a peace treaty with Israel; open frontiers by Israel's neighbors; an end to embargoes and official hostile propaganda against Israel." Carter

declared. He stressed that he favors face-to-face negotiations between Israel and its Arab neighbors, not a settlement imposed by the major powers. He added that "the guide to a general settlement is to be found in United Nations Resolution 242 which has been accepted by Israel." He said that "Arab leaders will have to acknowledge that the Arab-Israeli war is over, once and for all, that this is not just another armed truce."

Promises Continued Aid

Carter said as President he would be committed to continuing aid to Israel, both economic and military, and to maintaining a strong American military presence in the Eastern Mediterranean and a "capacity to re-enforce that presence, forcefully if need be, in order to deter outside intervention in any local conflict." He observed that "We want no clash with the Soviets, but we could not accept the intervention of its combat forces into any Arab-Israeli conflict." He said he still holds to his view, stated several months ago, that the U.S. should not provide offensive weapons to Egypt. But to help Egypt toward its economic development would be a step on the road to peace, he said.

Carter drew prolonged applause when he said, "This is a difficult time for Israel in the international arena. I deplore actions taken recently in the UN. I reject utterly the charge that Zionism is a form of racism. Indeed, Zionism has been, in part, a response to racism against the Jewish people."

JEWISH VOTERS URGED TO REJECT 'STEREOTYPES'

NEW YORK, June 6 (JTA) -- Rabbi Marc H. Tanenbaum, national director of the American Jewish Committee's inter-religious affairs department, urged American Jews today not to vote on "the basis of prejudice, mythologies and stereotypes." Tanenbaum related his remarks to the question, "Is Jimmy Carter good for the Jews?" which, he claimed "is probably the liveliest and most anxious political issue that is being discussed today in the Jewish community." Carter is a Southern Baptist.

In his weekly religious commentary on WINS radio here, Tanenbaum said that "troubled discussion" surrounds the evangelical Christianity practiced by the former Georgia Governor seeking the Democratic Presidential nomination. "Most northern Jews and Christians have no personal experience with evangelical Christians and base their perceptions on historical and literary images, which are overwhelmingly negative," Tanenbaum said.

Noting that during the first 100 years of American history "in order to be regarded as a patriotic American you had to be an evangelical Christian," Tanenbaum said the question is "whether President Jimmy Carter would help resurrect a mentality of second-class political status for non-evangelicals." According to Tanenbaum, "What most northerners do not understand is that today there is a pluralism of the theologies as well as social visions among evangelicals as there is among Catholics and Jews."

SPANISH ROYAL COUPLE MEET U.S. JEWS

By Joseph Polakoff

WASHINGTON, June 6 (JTA) -- King Juan Carlos I and Queen Sophia of Spain met with 11 pro-

minent Jewish leaders during their four-day American visit. The half-hour meeting took place Thursday at Blair House where the royal couple was staying as the guest of President and Mrs. Ford.

Arthur Goldberg, the former U.S. Supreme Court Justice and U.S. Ambassador to the United Nations who led the delegation, told newsmen later that the group was "most cordially received" and that the king and queen were "very gracious and dignified" while paying close attention to the statements by the delegation. Each of the 11, Goldberg said, spoke of his "great appreciation" to the royal visitors for the "acts of friendship" they have demonstrated to the Jewish community in Spain.

Juan met with a delegation of World Sephardi Jews shortly after assuming the throne. Queen Sophia visited a synagogue in Madrid during Friday night services, becoming the first member of Spanish royalty to do so since the expulsion of Jews from Spain in 1492. Goldberg said that Thursday's meeting was "a most historic event in itself and means a great deal."

Goldberg said the delegation also "expressed the hope that relations would be normalized between Spain and Israel." Israel and Spain do not have diplomatic relations but do engage in trade and tourism between the two countries. There are an estimated 9,400 Jews in Spain.

ILO VOTES TO SEAT PLO

GENEVA, June 6 (JTA) -- The executive board of the International Labor Organization decided Friday to grant the Palestine Liberation Organization observer status by a vote of 31 to 23 with one abstention. The PLO will enjoy this status with the World Conference on Employment now being held here and not on a permanent basis.

The executive board earlier turned down the Arab request on behalf of the PLO but changed its mind after a number of Arab states threatened to leave the meeting. The U.S. delegation which had strongly opposed seating the PLO decided not to walk out but to confine its protests to boycotting sessions at which the PLO will speak.

ISRAELI FIGHTER PLANE WON'T BE SHOWN AT BRITISH AIR SHOW

By Maurice Samuelson

LONDON, June 6 (JTA) -- The Society of British Aerospace Companies has told the Jewish Telegraphic Agency that there was no truth to reports that political considerations had entered into the exclusion of the Israeli-made combat jet "Kfir" from the prestigious British Air Show at Farnborough in September. The SBAC organizers of the event, said the "Kfir" would not be displayed or demonstrated because its manufacturer, Israel Aircraft Industries, had applied too late. "They are the victims of their own slow decision-making machinery," an SBAC spokesman said.

A spokesman for the Israeli Embassy here expressed surprise over the exclusion of the "Kfir." He said that a newsletter circulated by the SBAC stated that entries would be welcomed up to the eve of the show.

DAYAN ACCUSES GOVERNMENT OF SPREADING 'DOUBT AND CONFUSION' AMONG JEWS ABROAD

By David Landau

JERUSALEM, June 6 (JTA) -- Former Defense Minister Moshe Dayan expressed the view over the weekend that Syrian action in Lebanon poses no threat to Israel. He took a militant stance in favor of Jewish settlements on the West Bank, however and delivered a scathing attack on the government of Premier Yitzhak Rabin which he accused of spreading "doubts and confusion" among Israel's most faithful ally abroad -- the Jewish people.

Dayan's remarks, coinciding with the second anniversary of Rabin's assumption of office, were widely viewed here as evidence that the former defense chief is planning a political comeback. Some pundits are linking him with Prof. Yigal Yadin, the former army chief of staff turned archaeologist, who recently entered the political arena and is challenging some of the policies of the Rabin government. But Dayan differs sharply with Yadin over the future of the administered territories.

With respect to Lebanon, Dayan said that Israel should not consider intervening unless Syrian actions posed a direct threat to its security or unless the Lebanese Christian community specifically asked Israel for help and offered to make peace with Israel. Since neither of those contingencies is imminent, Dayan said, he saw no need for Israeli intervention in an internal Lebanese dispute.

Urges More Settlements

Dayan urged Israel to seek end-of-war or non-belligerency agreements with Syria and Egypt through the United States. In the meantime, the government should act unilaterally in accordance with its final peace map, if it has one, Dayan said. In that connection he called for the establishment of more Jewish settlements on the West Bank, especially on the chain of hills running from Jerusalem to Nablus. He also saw the possibility that Israel and Jordan could settle the Palestinian issue between themselves even without formal peace talks.

He noted that King Hussein has re-instated the West Bank delegates to the Jordanian Parliament, reversing his decision to suspend Parliament following the Rabat summit meeting. According to Dayan, this indicates that he might not, after all, comply with the pro-PLO resolution at Rabat. Hussein has also announced plans to re-settle a half million Palestinian refugees on the east bank of the Jordan. Israel should "try very hard indeed" to encourage the U.S. and other Western countries to help Hussein in this project, Dayan said. He observed that if a half million Palestinians were settled on the East Bank, and if Israel provided housing for the 200,000-plus Palestinian refugees in the Gaza Strip, the would-be Palestinian state will have been accommodated.

CASE REJECTS CHARGE CONGRESS TO BLAME IF DEAL TO SELL JORDAN 'HAWKS' FAILS

By Joseph Polakoff

WASHINGTON, June 6 (JTA) -- Rejecting assertions that Congress would be to blame if Jordan buys missiles and other weapons from the Soviet Union, Sen. Clifford Case (R. N.J.) de-

clared last week that the proposed U.S. sale of arms to Jordan has hit snags "because of efforts to expand enormously upon the original program."

Case was among those in Congress last year who scrutinized the proposal to sell U.S.-made Hawk surface-to-air missiles and reached an agreement with the Administration for an arrangement that, he said, "would neither damage our relations with Jordan nor upset the arms balance in the Middle East."

King Hussein of Jordan signed the contract for the missiles last December, Case pointed out, but in February the State Department said obstacles to the sale had arisen because of the "increase in price," while the Defense Department contradicted that position because, Case said, it "made it clear" that the prices had not increased.

With Congress being blamed by some with having caused a delay by its investigations and in the meanwhile prices had increased, Case told the Senate that what happened was that the State Department and the Government of Jordan had expanded the original program and had contemplated additional expenditures far above the original program limits. The additional expenditure would raise the total program to nearly three times the original costs -- from about \$350 million to \$800 million -- and these costs were being resisted by the Saudi Arabians who had agreed to finance the original package.

NCSJ WELCOMES RIGHTS MONITORS

NEW YORK, June 6 (JTA) -- The National Conference on Soviet Jewry has welcomed the signing by President Ford of the Fenwick-Case bill which provides for a U.S. commission to monitor the 1975 Helsinki pact, especially its human rights provisions. The accord calls on the signatory countries, which include the Soviet Union, to observe international customs on the re-unification of families and other aspects that would help Soviet Jews obtain emigration visas to join their families abroad.

Stanley H. Lowell, chairman of the NCSJ said, "We believe that the Soviet Union's signature to that document should not remain an empty gesture of detente, concerning human rights. In a shrinking world, the rights of citizens of any country can no longer remain the 'internal affair' of that country.... The Jews of the Soviet Union, among others, anxiously await this affirmative action and they will be heartened by this firm step forward on the part of the U.S. government." Lowell called on President Ford and members of Congress "to make certain that the requested appropriation is available to fund the work of the new body." He expressed confidence that the President and Congress "will appoint Commission members who reflect a basic commitment to, and a knowledge of the field of human rights."

Ford did not issue a statement when he signed the measure, sponsored by Sen. Clifford Case and Rep. Millicent Fenwick, both New Jersey Republicans. Case said the law was an "important step in implementing our concern for the cause of human rights."

JERUSALEM, (JTA) -- Israel has asked the EEC to help cut the \$1.2 billion trade deficit it has with Israel.

BEHIND THE HEADLINES TRIAL BALLOONS ARE BEING FLOATED FOR MIDEAST CONFERENCE IN FALL

By Joseph Polakoff

WASHINGTON, June 6 (JTA) -- Trial balloons are up and soaring for a Geneva-type conference in early autumn to move towards "settlement" of the Arab-Israeli conflict. Although the White House has denied the reports as untrue, skeptics noted that they were floated by commentators intimate with highest Administration authorities and they are usually accurate in their disclosures of Administration ideas.

Actually, the Jewish Telegraphic Agency saw signs of balloons being readied for floating some five weeks ago and noted at the time that some Administration people were forecasting a grave crisis in late summer in the Middle East in which President Ford would have to take a hand. This role would consequently enhance his global image as a peacemaker at the height of the Presidential election campaign.

In any event, some analysts see the groundwork being readied by the U.S. foreign affairs establishment for movement towards a climax on the problems of the area. Of deep concern to observers is the view taken by Secretary of State Henry A. Kissinger that "world opinion" dictates his position on Rhodesia. While the democratic principle of rule by the majority of a country's inhabitants is naturally regarded as right by analysts, the difficulty associated with that "world opinion" as it affects Israel is that it is easily manufactured by the Arab-communist-Third World Bloc in the United Nations and they often get support from others, too, which put expediency above principle.

Kissinger Sees No Gap

In another indication of possibilities towards going to Geneva, Kissinger has observed that the U.S. and the Soviet Union are not widely separated in outlooks on Geneva-type conferences. The stumbling bloc is Palestine Liberation Organization participation. The Soviets want the PLO to enter into discussions while the U.S. will not allow this until the PLO recognizes Israel.

In a mid-May interview here, Kissinger was asked about the latest Soviet proposal for a two-stage Geneva Conference, including the possibility of the PLO working in its preparation. Kissinger noted that the U.S. had proposed a two-stage approach and then added that "If the first stage could be conducted without the PLO, without any prejudice, to what happens later, then I think we would be very close to the Soviet position. But the first stage could include those countries that were invited to the first Geneva Conference (Israel, Egypt, Syria, Jordan and the two superpowers,) and that those countries were, after all, the originators of the Conference decide where we go from here."

Kissinger disclosed that the question of whether the PLO would be able to participate as a member of one of those delegations in the preparatory parley "has never been raised yet." This leaves an opening for the Soviets to reach a compromise with the U.S. and in turn both superpowers could put their weight on the PLO to agree to recognize Israel by some formula and Washington in turn could focus on Israel to relent against the PLO because "world opinion" dictates at least that much change in position to move towards peace.

(Kissinger after meeting United Nations Secretary General Kurt Waldheim at the UN yesterday said that while there were ongoing talks about the Middle East situation the U.S. was not engaged in any specific new initiatives to bring about a Mideast peace settlement.)

UJA-FJP LAUNCHES WEEK-LONG DRIVE WITH 10,000 VOLUNTEERS

NEW YORK, June 6 (JTA) -- As many as 10,000 Jewish New Yorkers today devoted themselves to helping literally millions of their fellow Jews who are endangered, oppressed or in need in Israel, in other lands overseas, and right here at home. Thousands of the volunteers spent the day calling at the homes of neighbors -- many Christians among them -- to ask for their contributions to this year's United Jewish Appeal-Federation of Jewish Philanthropies Joint Campaign.

As early as 9 a.m., "Mobilization 76 bell-ringers" began reporting to 99 Mobilization Centers in synagogues, other communal institutions and a few private homes strategically located throughout New York City, Westchester and Long Island. There they received briefings and solicitation assignments.

The activity begun by the "bell-ringers" in the morning was scheduled to continue throughout the day and evening until past midnight. Mid-afternoon activities included squadrons of telephoners calling from dozens of locations all over Metropolitan New York. In the evening there was scheduled a four-hour television special, with Alan King and Bess Myerson as hosts and with more than 50 stars and celebrities as on-camera participants. Hundreds of volunteers were to man a 240-instrument telephone bank set up to receive pledges from viewers, along with reports from hundreds of fund-raising parties arranged in their homes by volunteer hosts and hostesses.

The week-long "Mobilization 76" launched with today's activities aims to reach 200,000 prospective contributors and to raise \$15 million, a record sum for so short a time in the absence of all-out war involving the people of Israel. A similar effort a year ago raised \$8 million. Howard Samuels and Elaine K. Wink are Co-Chairmen of the multi-pronged effort that enlisted people, young and old, from all over the city and suburbs.

NEW YORK (JTA) -- Governor Hugh Carey last week signed a bill permitting savings banks, savings and loan associations and credit unions in New York State to buy State of Israel Bonds. The bill was sponsored jointly in the Legislature by State Senator Roy Goodman of Manhattan and State Assemblyman Leonard Silverman of Brooklyn.

NEW YORK (JTA) -- A gigantic birthday cake with 28 candles will be cut and served at the Isiah Wall near the United Nations at noon Tuesday to mark the 28th anniversary of the State of Israel. The cake will be brought to the Isiah Wall by 28 children from schools and yeshivas in the New York metropolitan area.

NEW YORK (JTA) -- The UJA will close registration for "This Year in Jerusalem" June 10.