



# daily news bulletin

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## **RABIN DETAILS ISRAELI POLICIES, HITS SOVIETS, PRAISES U.S.**

By David Landau

JERUSALEM, June 15 (JTA)--Premier Yitzhak Rabin presented a detailed and comprehensive review of Israel's foreign policy to the Knesset today during which he defined the so-called "Red Line" with respect to Lebanon, took a conciliatory but firm position toward the Arab states and assailed the Soviet Union. Moscow, of late, has become even more of an obstacle to progress towards peace in the Middle East than previously, the Premier charged.

Addressing the Knesset at the opening of a major foreign policy debate, Rabin praised U.S. leaders for backing Israel's refusal to attend a Geneva conference where the Palestine Liberation Organization was present. He expressed appreciation of American military and political aid to Israel on an unprecedented level. He acknowledged that there were differences of outlook with Washington but said he was confident they would be overcome. Rabin focused on the situation in Lebanon which, he stressed, was unpredictable because it was "fluid and changing from hour to hour." He said he would "prefer not to say if or when a cease-fire will take hold or if or when Lebanon will return to being an independent state."

### **Components Of The 'Red Line'**

He said Israel was maintaining careful and constant surveillance of events in Lebanon. It prefers not to act, but "if a new situation arises, our own position could well change, in accordance with our security considerations," the Premier warned. In that connection Rabin explained the meaning of the "Red Line," the unofficial label given to a hypothetical situation that could cause Israel to intervene in the Lebanese conflict. He said it consisted of several components, among them "the aim of the foreign forces operating in Lebanon and the targets against which they are operating; their geographical position and its proximity to Israel; their military strength; and the length of time they spend in a given area."

Rabin said that two specific dangers to Israel and to the Middle East's stability as a whole could arise from the Lebanese war. "If Lebanon loses its independence and falls to the terrorist organizations or their allies or if Lebanon comes under Syrian domination," these dangers could become acute, he said. He added, however, that the "various factors operating in Lebanon are aware of what moves and situations would be considered intolerable by us."

Rabin was cautious in his assessment of Syria's position both with respect to its intervention in Lebanon and the Middle East situation as a whole. He said he "willingly noted" Syria's recent consent to renew the mandate of the United Nations Disengagement Observer Force (UNDOF) on the Golan Heights with no conditions attached. On the other hand, he said, Syria has shown no readiness to negotiate with Israel. It still demands Israel's total withdrawal from the administered territories and the establishment of a Palestinian state as a condition for talks--and not even talks aimed at a full peace settlement. Syria has not responded to the U.S.-Israeli end-of-war initiative and

"this obstinacy is the obstacle on the road to peace," Rabin declared.

With respect to Egypt, Rabin noted that quiet has been maintained along Israel's southern and northern lines and attributed this to the second interim agreement with Egypt signed last September. Syria's agreement to extend the UNDOF mandate four times was doubtlessly linked to the situation in Sinai where two interim accords were successfully implemented, Rabin said. He said those agreements benefitted both parties although Egypt has been attacked by Arab hard-liners for having, in effect, given Israel a "safe border" in the south.

### **Warns Jordan**

Rabin noted that Cairo has strenuously denied that charge but observed that "It is not for us to involve ourselves in this inter-Arab feuding." He acknowledged that Egypt still takes bitter anti-Israel positions in the United Nations and other international arenas. "Indeed, I cannot, regretfully, rule out the possibility of Egyptian recidivism which would be dangerous" to the peace process, Rabin said. "But, Egypt's signature and observance of the second interim agreement in Sinai is proof of its desire to remain within the U.S. orientation rather than pursue the war option with Soviet aid, he asserted.

The Premier warned King Hussein of Jordan not to go too far in his "romance" with Syria and the Soviet Union. Hussein is due in Moscow for a state visit this week-end. However, Rabin said, so far Jordan has acted with restraint in its rapprochement with Syria. For the present, therefore, Israel has "no reason" to alter its policy on the "eastern front." Israel still regards Jordan as a potential negotiating partner, he said, and disregards the Rabat summit decision which assigned that role to the PLO.

### **Likud Rebuttal**

Likud leader Menachem Begin, responding to the Premier, charged that the government had no workable peace plan. He claimed that the Premier himself had admitted recently that the Arabs would not accept Israel's most generous territorial offers which would have Israel retain only part of the Golan Heights and united Jerusalem. Begin charged it was the "height of irresponsibility" for the government to offer major withdrawals in exchange for non-belligerency. He insisted that Likud's policy of retaining all of the West Bank could lead to peace. He claimed that raising the demographic issue--the possibility Arabs under Israeli rule would eventually outnumber Jews--was a denial of the basic Zionist faith that many millions of Jews would settle in Israel.

## **HARASSMENT STILL LOT OF SOVIET JEWS SEEKING EXIT VISA**

By Maurice Samuelson

LONDON, June 15 (JTA)--Hardships, harassment and delay continue to be the lot of Soviet Jews applying for emigration visas according to the latest information reaching here from the Soviet Union. In Kishinev, where newspapers have carried anti-Zionist and anti-Semitic articles in recent weeks, applicants who were granted

visas have been forced to evacuate their apartments one month before their scheduled departure for Israel.

For the past six months, the family reunion invitations from Israel which the Soviet authorities require before they will even consider a visa application, have not been getting through to Jews in Kishinev. The same situation prevails in Kiev. In the latter city, a scientific seminar run by "refusniks" was harassed by police. The last one was held in a park after two Jewish scientists who came from Moscow to lecture were physically ejected from the city. In Moscow, the 100th session of a seminar on "mathematical application to medicine" was held, however, at the apartment of Prof. Alexander Lerner.

#### Activists Call For Renewed Ties With Israel

Jewish sources reported that Boris Shtern, a member of the journalists' union in Kaliningrad, has been refused an exit visa and his son, Maurice, has been threatened with conscription into the army. In Moscow, Joseph Elkind, a lawyer who once headed a colony for the rehabilitation of juvenile delinquents, has applied for an emigration visa but has received no reply. He fears he may be turned down because his former employer was the Ministry of Interior. A group of Jewish army veterans in Moscow who were refused visas because of their military service, took their case directly to the Soviet Defense Ministry last month. They were interviewed separately and told their cases would be reviewed.

Thirty-four Jewish activists in Minsk, among them former Red Army Col. Lev-Ovischer, have signed a petition to the Soviet government urging it to resume diplomatic relations with Israel in the interests of Middle East peace. Ovischer had applied for a visa to go to Israel but was refused. It was reported, meanwhile, that the widow of the late Col. Yefim Davidovich, the Red Army hero who died in Minsk last April, has applied for an emigration visa for herself, her daughter and grandson. Her husband had been repeatedly refused a visa on grounds of security.

#### SENATE OKs FOREIGN AID BILL; ISRAEL

##### TO GET \$4.5 B OVER 27 MONTHS

By Helen Silver

WASHINGTON, June 15 (JTA)--The Senate voted 62-18 yesterday to approve a \$9.4 billion foreign aid bill that will provide Israel with \$4.5 billion in military aid and economic support assistance for the period July 1, 1975-Sept. 30, 1977. The retroactive package, which extends to the end of the 1977 fiscal year, includes \$550 million in funding for the three-month transitional quarter between the end of fiscal 1976 June 30, and the start of fiscal 1977 on Oct. 1.

The measure will go to the House-Senate Conference Committee which is expected to report out a bill by next week. The legislation had been revised after President Ford vetoed an earlier aid package on grounds that some of its provisions inhibited Presidential policy-making prerogatives. Israel is the largest single recipient of U.S. aid under the Senate measure. Egypt ranks second with \$1.6 billion for the same 27-month period.

#### FRENCH PREMIER MEETS WITH ISRAELI MINISTER IN PARIS

By Edwin Ryan

PARIS, June 15 (JTA)--Israel's Health Minister Victor Shemtov met here today with French Premier Jacques Chirac for 30 minutes to review

the Middle East situation. The meeting, which took place at the Premier's official residence, Hotel Matignon, was attended by French Health Minister Mrs. Simone Veil and the Israeli Ambassador to France, Mordechai Gazit.

Shemtov, who arrived here yesterday for an official three-day visit as the guest of Mrs. Veil, is due to visit French health installations in Paris and Nice and confer with French health experts. Although his meeting with the French Premier was described as a courtesy call, the two men discussed the overall situation in the Middle East and Israel's peace options. Shemtov told the Jewish Telegraphic Agency that he found the French Premier well informed on the various aspects of the situation. After the meeting, Shemtov hosted a luncheon tendered in honor of Mrs. Veil.

#### Significance Attached To Meetings

Shemtov's official visit to France, in return for Mrs. Veil's visit to Israel last summer, indicates an improvement in the Franco-Israeli climate. No French Minister had ever visited Israel before Foreign Minister Jean Sauvagnargues went there in the autumn of 1974. French sources also stress that it is highly unusual for the French President to personally receive foreign ambassadors posted in Paris and therefore the audience President Valery Giscard d'Estaing granted Israeli envoy Gazit last week should be viewed as an overall French desire to strengthen Franco-Israeli ties. At both Giscard's meeting with Gazit and Chirac's meeting with Shemtov, the position of the two countries remained widely divergent on most subjects. But French and Israeli circles welcome the continuation of an open and cordial dialogue between Paris and Jerusalem.

#### Assad Due In Paris

Meanwhile, President Hafez Assad of Syria is due here Thursday for a three-day official visit at the invitation of President d'Estaing. The two leaders are expected to discuss the Lebanese situation and overall developments in the Middle East as well as Franco-Syrian economic ties. French sources believe Syria is not presently interested in buying French military hardware since it obtains Soviet weaponry at amazingly low prices. Assad, who leaves Paris Saturday, will stop over at Belgrade and Bucharest for meetings with Marshal Tito of Yugoslavia and President Nicolai Ceausescu of Rumania.

#### AIRPORT BLAST SUSPECTS RELEASED

AMSTERDAM, June 15 (JTA)--Two young Dutch nationals held as suspects in the Ben Gurion Airport explosion May 25, were released by local police today. Although exonerated of any direct connection with the blast, Hugo Muller and Rudolph Mayer face trial on charges that they made Muller's passport available to the West German terrorist who carried the explosives to Israel.

The latter, identified as a member of the West German extremist Bader-Meinhoff group, was killed along with an Israeli woman security officer when he opened his booty-trapped valise in the airport arrivals area. His passport was traced to Muller who was arrested here when he was unable to explain to police why he failed to report its loss.

WASHINGTON (JTA)--The Jewish Historical Society of Greater Washington will celebrate the 100th anniversary of the dedication of the original Adas Israel Synagogue here June 20.

# **DEMOCRATIC PARTY PLATFORM FOR '76 CALLS FOR U.S. RECOGNITION OF JERUSALEM AS CAPITAL OF ISRAEL**

By Helen Silver

WASHINGTON, June 15 (JTA)--The Democratic Platform Committee is scheduled to approve tomorrow a policy statement on the Middle East which calls for the strong support of Israel and the recognition by the United States of Jerusalem as the capital of the Jewish State. The statement is part of the platform which will be submitted to the Democratic National Convention in New York in July.

The last paragraph of a statement on the Middle East drafted by the subcommittee on international relations, declares that "We recognize and support the established status of Jerusalem as the capital of Israel with free access to all its holy places provided to all faiths. As a symbol of this stand the U.S. Embassy should be moved from Tel Aviv to Jerusalem." The U.S. and most other countries have refused to move their embassies from Tel Aviv to Jerusalem. The long Middle East statement also says:

"We shall continue to seek a just and lasting peace in the Middle East. The cornerstone of our policy is a firm commitment to the independence and security of the State of Israel. This special relationship does not prejudice improved relations with other nations in the area. By the Middle East will permit Israel and her Arab neighbors to turn their energies to internal development and will eliminate the threat of world conflict spreading from tensions there."

## **Cites Jewish As Well As Arab Refugee Problem**

The draft statement also said that the fundamental U.S. principles in the Mideast must include "our consistent support of Israel, including sufficient military assistance to maintain Israel's deterrent strength...and the maintenance of U.S. military forces in the Mediterranean adequate to deter intervention by the Soviet Union"; and opposition to an imposed solution from outside while promoting "direct face-to-face negotiations between the parties and normalization of relations and a full peace within secure and defensible borders."

The statement said that a solution must be found to the problems of both Arab and Jewish refugees, but "such problems cannot be solved, however, by recognition of terrorist groups which refuse to acknowledge their adversary's right to exist or groups which have no legitimate claim to represent the people for whom they purport to be speaking." The draft statement also declared that "we support initiation of government enforcement action to insure that stated U.S. policy--and opposition to boycott against friendly countries--is fully and vigorously implemented."

In a section on U.S.-Soviet relations, the draft statement urges support of Soviet Jewry although not by name. The clause says: "Our stance on the issue of human rights and political liberty in the Soviet Union is important to American self-respect and our moral stand in the world. We should continually remind the Soviet Union, by word and conduct, of its commitment in Helsinki to the free flow of people and ideas and how offensive we and other free peoples find its violation of the Universal Declaration of Human Rights. As part of our program of official technical, trade, cultural and other exchanges with the USSR we should press its leaders to open their society to a

genuine interchange of people and ideas."

In an amendment to the policy statement, the subcommittee declared that "We steadfastly oppose any move to isolate Israel in the international arena or suspend it from the United Nations or its constituent organizations."

## **SECURITY COUNCIL TO RESUME DEBATE ON PALESTINIAN RIGHTS**

UNITED NATIONS, June 15 (JTA)--The Security Council is expected to resume debate tomorrow or Thursday on the report of the 20-member "Committee on the Exercise of the Inalienable Rights of the Palestinian People," it was learned today. Israel has been boycotting the debate which began last week on grounds that the committee's recommendations are "a formula for the destruction of Israel." Sixteen of the nations on the committee have no formal diplomatic relations with Israel.

## **GENERAL ATTACKS AGRANAT PANEL MEMBERS**

By Yitzhak Shargil

TEL AVIV, June 15 (JTA)--The Agranat Committee's findings on the conduct of the Yom Kippur War have come under renewed attack from the former commander of the Sinai front who the committee held in large measure responsible for Israel's initial setbacks in October, 1973. Gen. (res.) Shmuel Gonen, who resigned from active duty as a direct result of the Agranat report, declared on a Kol Israel broadcast that he was determined to clear his name.

He went about it by seeking to discredit the two former chiefs of staff who were members of the panel headed by Supreme Court Justice Shimon Agranat--Haim Laskov and Yigael Yadin. Gonen claimed that each of them, who held commands in Israel's 1948 war for independence, were two decades behind the times and simply did not understand the military situation of the Yom Kippur War. He recalled that Gen. Laskov who was a battalion commander during the fighting in the Latrun region in 1948 had been forced to abandon a captured position. It is not too late to have an investigation of what happened there, Gonen said. As for Yadin, the former Sinai commander claimed he conducted the 1948 war from a headquarters office and never saw combat.

## **MILITARY COURT ACQUITS LEVINGER**

JERUSALEM, June 15 (JTA)--A Ramallah military court has acquitted Rabbi Moshe Levinger, leader of the Kiryat Arba community, of charges that he had prevented Israeli soldiers from fulfilling their duties during Arab disturbances in neighboring Hebron last March 13. The charges developed out of an altercation between Levinger and Lt. Gloria Streichmann when the latter asked Levinger and a group of Kiryat Arba residents to leave Hebron.

Lt. Col. Gershon Orion, presiding officer of the court, ruled that Levinger and his followers had not caused any provocation and that, as civilians and residents of the area, they were not obliged to obey the orders of a junior officer. He found further that Lt. Streichmann had insulted Levinger. However, the court advised the army that at times of tension such as occurred in Hebron last March, Kiryat Arba residents should not be permitted to enter the neighboring Arab town. Levinger saw his acquittal as proof "once again that settlements on the West Bank are important."

## SPECIAL REPORT "VAT" SPELLS NEW BURDEN FOR ISRAELI TAX-PAYERS

By Gil Sedan

JERUSALEM, June 15 (JTA)--Pretending they don't face one of their worst economic crises ever behaving as if they can own the world, many Israelis are out on the streets again this week shopping. They buy whatever is in sight, giving inflation another boost. The reason for this latest buying spree is fear of a general price increase July 1, when the latest threat to the Israeli pocket-book, the value added tax, is introduced.

The value added tax is a relatively new invention of the international community of masterminds advising governments in their tax operations. At the present it exists in some 20 countries, among them members of the European Common Market and other European countries, countries in North Africa and Latin America. The institution of VAT in Common Market countries was one of the reasons for its introduction in Israel.

Although Israeli merchants and businessmen already complain that they are thoroughly confused by regulations regarding the new tax, it is actually quite simple. VAT is an indirect tax imposed on almost any expense, at each stage of the economic process--production, marketing and consumption. Its exact rate is to be determined by the Finance Minister this week, probably between 8 and 10 percent.

### How The Tax Works

VAT got its name because it is imposed only on the value added between the price of production and the price of sale. The vendor does not transfer the entire tax deducted to the Treasury. He deducts the tax he himself had to pay when he bought the raw material to manufacture the article in question. Thus, it is eventually the customer who pays the entire tax. But the Treasury enjoys the intermediary payments.

For example, an importer buys wood for IL 100 which, assuming a 10 percent VAT, would carry a IL 10 tax. A carpenter purchases the wood for IL 150 and pays the importer an extra IL 15. Now the importer does not pass on the entire IL 15 to the Treasury but deducts the IL 10 he paid when he imported the wood and pays only IL 5 to the Treasury. This chain repeats itself at later stages, with each link receiving tax returns until the final product reaches the customer--who pays the entire tax.

Advocates of VAT say it is the best choice of all possible turnover taxes and they cite a number of arguments to support this claim. But it seems that the main advantage of the new tax is that it is expected to bring a lot of money into the money-hungry Treasury. Mordechai Bareket, Deputy Director General of Customs and Excise, who is in charge of operating the new tax, said in an interview with the Jewish Telegraphic Agency that on the basis of the 1975 annual State budget, each percentage of tax raised would mean IL 600 million for the government's coffers. In other words, if the tax is set at 10 percent, it will account for an injection of IL 6 billion. But the net sum to be expected is some IL 2.5 billion which has been calculated in this year's IL 55 billion budget. The planned abolition of purchase and other indirect taxes accounts for the IL 3.5 billion difference.

Bareket does not expect an immediate price

rise beyond 6-7 percent. Not everything must go up, he told JTA. Textiles, for example, now carry a 30 percent sales tax. If the sales tax is cancelled, of reduced, textiles will actually be cheaper. "But this," he said, "also depends on the behavior of the public. A rush by the public to the stores will only make it easier for the store-keepers to raise their prices beyond the value added tax rate."

### Export Incentive

According to David Peled, Bareket's predecessor, "In branches in which demand is flexible, it can be expected that a considerable part of the tax will be absorbed by the manufacturers, so that the price rise will only be partial."

The new tax is intended to serve as an incentive for exporters, since exports are not taxable. The exporter is entitled to a return of the tax he paid in order to manufacture the exported goods. Moreover, he may enjoy the tax return long before he does the actual exporting. Imports are, of course, taxable, but there are several sorts of imports that are VAT-exempt; these include goods brought by new immigrants, tourists, temporary residents and diplomats; original works of art; and imports of diamonds and other precious stones. Bareket says there is no fear that the new tax might discourage potential investors because under the new system the foreign investor receives the full return of VAT input once he sells his product, just like the Israeli vendor.

### Public Cooperation Needed

Some 400 officials are currently working on the new tax, a heavy and complicated machinery designed to operate a tax that they insist is actually very simple. The new tax will go into effect in less than two weeks. Nobody dares predict that it will work. It is easier to be a pessimist than an optimist. There are some 150,000 assesses who until now have not kept account books and will have to do so and it will take a lot of effort to make them do it. Only 80 percent of them bothered to return the questionnaires the VAT authorities asked them to fill in before they open account books--an indication of the degree of cooperation that can be expected. "It will take at least a year until we get to those people and convince them to keep books," said Bareket.

The tax has already been accepted by management and labor represented by the Manufacturers Association and Histadrut. Basic food products will be subsidized to neutralize the VAT. It is the man on the street--the one that will actually have to pay the money--who must learn to live with the new tax.

### TOURISM TO ISRAEL MAY BE HURT

RIO DE JANEIRO, June 15 (JTA)--A new government measure to discourage travel abroad by Brazilians is expected to have an adverse effect on the tourist and pilgrimage traffic from this country to Israel. During the 12 months between April 1975 through March 1976, nearly 7000 Brazilian tourists visited Israel. But the number is bound to decline because of the new rules intended to conserve foreign currency. The government now requires every Brazilian seeking an exit permit to deposit 12,000 cruzeiros--about \$1100--for one year at no interest. This means that every deposit will lose over 40 percent of its actual value because of inflation.