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BEHIND THE HEADLINES

GERMAN LEADER SEEKING TO INVOLVE EEC IN SEARCH FOR MIDEAST PEACE

By Jon Fedler

BONN, Jan. 3 (JTA)--West German Foreign Minister Hans-Dietrich Genscher is launching a major and significant bid to involve Western Europe in the search for a Mideast peace solution. In the last week of 1976 Genscher surprised political observers by unexpectedly calling separate talks with the ambassadors of Israel, Saudi Arabia, Jordan, Egypt and Syria.

He also announced he would visit Damascus and Amman in February, and Israel later. Government sources hinted, too, that Genscher would unveil suggestions for a positive Mideast peace role for the European Economic Community (EEC) when the Community's ministers meet in London this month. The sources stressed that any EEC contribution would have to be made after prior consultation--and in coordination--with the U.S. government.

At this stage it is not clear whether Genscher has concrete proposals for a detailed peace agreement, or whether, as seems more likely, he is merely trying to define what the EEC can do to help the Mideast countries themselves to thrash out those details and to provide EEC guarantees for an eventual settlement.

Certainly his Mideast travels will enable him to sound out the different positions of the opposing parties. Because of its strong economic ties and good relations with both the Arabs and Israelis and the U.S., Germany is in an exceptionally good position to act as go-between.

Wants Well-Laid Basis For Geneva Talks

Sources say Genscher is particularly anxious that any future Geneva peace talks should be well prepared so that major obstacles are identified and resolved beforehand. Apart from Genscher's itinerary, Egyptian Foreign Minister Ismail Fahmi is due to visit Germany this spring, and both former Chancellor Willy Brandt and Chancellor Helmut Schmidt are understood to be planning visits to Israel this year.

Sources say the initiative was motivated by recent "peace signals" in speeches by various Arab leaders, and by Saudi Arabia's "moderate" role in the recent Organization of Petroleum Exporting Countries' oil-pricing decisions. Germany imports 95 percent of its oil requirements and two-thirds of those oil imports are from Arab producing countries.

Some observers also think Genscher--an ambitious politician--is seeking to fill the vacuum created by U.S. Secretary of State Henry A. Kissinger's departure from international diplomacy. However, government sources categorically reject this view.

LIKUD DEFEATED IN BID TO CENSURE GOLDMANN FOR EFFORTS TO ARRANGE MEETING BETWEEN SADAT, WJC LEADERS By Yitzhak Shargil

TEL AVIV, Jan. 3 (JTA)--The Israeli Executive of the World Jewish Congress adopted a resolution today welcoming political steps by WJC leaders that would promote Israeli-Arab

peace provided that these efforts are coordinated with the Israeli government. The resolution represented a defeat for the Likud members of the Executive who had demanded that it censure WJC president Dr. Nahum Goldmann for his recent efforts to arrange a meeting between WJC leaders and President Anwar Sadat of Egypt.

Dr. Joseph Shofmann, of Likud, urged the Executive to instruct Goldmann and Philip Klutznick, chairman of the Governing Board of the WJC and a former U.S. Ambassador to the United Nations, to "discontinue the shameful contacts with the Egyptian Ambassador to Washington" Ashraf Ghorbal. Shofmann claimed that Premier Yitzhak Rabin had disavowed any knowledge of such contacts and that they were totally denied by Egyptian officials.

But Goldmann told the Executive today that he had consulted Rabin about the contacts and that the Premier welcomed the idea and in fact discussed the composition of the WJC delegation. It would include Klutznick, Rabbi Alexander Schindler, chairman of the Conference of Presidents of Major American Jewish Organizations, Lord Fisher, president of the Board of Deputies of British Jews, and Baron Guy de Rothschild of France.

Goldmann said that Rabin lacked knowledge only of technical contacts with Egyptians to agree to a date. He said the WJC delegation would go to Israel for consultations before proceeding to Egypt.

Goldmann said the delegation intended to warn the Arabs not to expand their conflict with Israel into a world-wide conflict of Arabs vs. Jews. He said it would also stress that the entire Jewish people backs Israel and that before Israel offers any concessions, the Arabs must extend recognition to the Jewish State. The WJC leader said, "I believe that for peace one has to pay, but if there is no full, overall peace, there should be no payment." He said he expected a difficult year ahead for Israel in the political sphere. But he was optimistic that there is, for the first time, a real chance for a Middle East settlement.

TEL AVIV, Jan. 3 (JTA)--Israeli Housing Minister Avraham Ofer committed suicide this evening. His body was found in a car at a deserted beach north of Tel Aviv. (See P. 3 for full story.)

PLO DENIES SIGNING A JOINT DOCUMENT WITH ISRAELI PEACE GROUP SAYING IT WAS READY TO RECOGNIZE STATE OF ISRAEL By Yitzhak Shargil

TEL AVIV, Jan. 3 (JTA)--The Palestine Liberation Organization today flatly denied that any of its representatives had signed a document in Paris over the weekend affirming readiness to recognize Israel as a Jewish Zionist State and to live in peace with it on the basis of the 1967 borders. The purported document was shown to newsmen here yesterday by Maj. Gen. (Ret.) Mattiyahu (Matti) Peled, chairman of the Israel Council for Israeli-Palestinian Peace.

Peled, who heads the department of Arabic studies at Tel Aviv University, claimed that he

and a "top PLO figure" who he did not identify both signed the document at a private meeting in Paris Jan. 1. But Farouk Kadoumi, head of the PLO's political section, promptly issued a denial that any PLO personality had signed a document with Peled or had even met with him in Paris. (See separate story from Paris.)

The denial was a severe blow to Peled's movement which includes such prominent Israeli personalities as MKs Arieh Eliav and Meir Payili; Uri Avneri, publisher of Haolam Haze; and Dr. Jacob Arnon, former director general of the Finance Ministry. All were present at the press conference where Peled hailed the document as an "historic breakthrough."

Peled said that it represented the PLO's acceptance of his Peace Council's manifesto as a basis for negotiations. The manifesto defines Israel as a Zionist State and calls for the establishment of a Palestinian state on the basis of the 1967 borders with alterations to be agreed on by the two parties. The PLO is ready to recognize Israel on that basis, Peled told reporters.

Not Surprised By Skepticism

Asked when the PLO would announce its recognition, Peled said that Israel would first have to announce its recognition of the Palestinians' right to self-determination. He said also that the PLO would amend its covenant, which calls for the replacement of Israel by a secular state in Palestine, before peace negotiations were completed.

He said he was not surprised by the journalists' skepticism and that he expected the Foreign Ministry to brand his Paris meeting a smoke-screen designed to mislead the public. Other members of Peled's group admitted that the Israeli government had not been consulted or involved in the Paris meeting though some said they had reported on the talks to certain Cabinet ministers who were personal friends.

Peled identified the PLO person he said he met in Paris as "a top PLO figure mandated to the meetings by PLO chairman Yasir Arafat and the leadership of the Palestinian movement." He said that this "PLO leader has been active lately in the United States where he endeavored, together with his comrades, to acquaint the public with the PLO's policy as defined by its leadership." Some here believed Peled was referring to

Dr. Issa Sartawi, a PLO person who held private meetings with a number of American Jews in New York and Washington late last year. According to the Jewish participants, no change in the PLO position was evidenced at those meetings.

Meetings With PLO Scored

Foreign Minister Yigal Allon today sharply criticized Israeli circles that engage in so-called negotiations with the PLO and thereby prolong the life of that "dying organization." In a barb obviously aimed at Peled's group, Allon told students at the Haifa Technion that Israelis who have contact with the PLO and claim to have reached an accord with it only perpetuate the erroneous impression that the PLO is the sole representative of the Palestinian people.

OFFICIAL DENIAL BY PLO

PARIS, Jan. 3 (JTA)--The Palestine Liberation Organization denied here today it has signed a joint document with an Israeli peace group recognizing the State of Israel and said it would

never countenance the existence of the "Zionist entity." The statement rebutted the claim made in Tel Aviv by Mattityahu Peled.

The PLO statement said: "We can confirm that no Palestinian leader acting on PLO instructions signed such a document. The PLO will not authorize any of its members to act contrary to the objectives of our people's struggle and the resolutions of the Palestinian National Council."

WZO TAKES STEPS TO IMPROVE INFORMATION NETWORK IN EUROPE

By David Landau

JERUSALEM, Jan. 3 (JTA)--The World Zionist Organization announced yesterday that it has established a new coordinating body to be concerned with the activities of Zionist federations in Europe. Avraham Shenker, head of the WZO's organization and information department, said it would coordinate and improve the Zionist information network in Europe, strengthen the status of Zionist federations there and serve as a center for the exchange of information. He said a working plan for the new body would be submitted to the European federations within three months.

Shenker's announcement coincided with sharp criticism of Zionist federations abroad from veteran WZO official and Labor Zionist leader Yitzhak Koren. In an interview published today in the Jerusalem Post, Koren charged that the functions of Zionist federations around the world were hampered by inactive or indifferent members and complicated by party politics. "They are in a state of deep freeze and must be reformed," he declared.

Koren also suggested that the federations be opened to new groups, not necessarily party organizations, but groups such as the World Sephardi Movement or the movements of Reform and Conservative Judaism.

Shenker announced that an agreement has been reached in negotiations with the Conservative Movement which is joining the WZO. He said their senior representative would sit on the WZO Executive in Jerusalem and an additional representative would be a member of the WZO-American Section, but without voting power.

JEWISH SOLON IN PROVINCIAL CABINET

TORONTO, Jan. 3 (JTA)--Norman Vickar of the prairie center of Melfort, Saskatchewan, has joined the provincial Cabinet as Minister of Trade and Commerce. Elected to the provincial legislature as a New Democrat in 1975, Vickar will be the first Jewish Cabinet minister in the province of Saskatchewan. Vickar was born in the Jewish farm colony of Edenbridge--a name based on the half-Yiddish name "Yiden-Bridge"--founded at the turn of the century by his family. He has been an active leader in the Melfort and Edenbridge Jewish communities, taking a leading part in synagogue work, the Histadrut and the United Jewish Appeal. Vickar had been mayor of Melfort but resigned from that post when he was appointed to the Cabinet.

NEW YORK (JTA)--The award-winning Israeli film "Orchestra" is scheduled to be shown on the ABC-TV network show "Directions," Jan. 9, at 1 p.m. EST. The film received the first prize at the International Film and TV Festival in October, 1976, and also received and was selected for a special press award.

AVRAHAM OFER COMMITS SUICIDE; LEAVES NOT SAYING HE WAS INNOCENT OF ANY WRONG-DOING IN THE SCANDAL INVOLVING HISTADRUT HOUSING COMPANY By Yitzhak Shargil

TEL AVIV, Jan. 3 (JTA)--Avraham Ofer, Housing Minister in the Cabinet of Premier Yitzhak Rabin, committed suicide today. He was 54 years old. His body was found in his car on a lonely stretch of beach north of Tel Aviv. He left a note declaring his innocence of any wrongdoing in connection with a scandal involving Shikun Ovdim, the Histadrut housing company that Ofer headed before joining the government in 1974. He was rumored to have been under investigation by police at the time of his death.

Police said that he shot himself at 6 p.m. local time. Radio programs were interrupted to broadcast the report of his death and statements of condolence to his family. Ofer himself had been interviewed on the Army Broadcasting Station only an hour before his body was discovered.

In his suicide note he said: "For weeks and months I am tortured, my blood is shed for no wrong that I have ever done. I have no doubt that my innocence will be proven and that I have not betrayed, have made no frauds, but I cannot wait for that day, I can bear it no more...."

Police sources said that there was no formal investigation underway of Ofer's activities as head of Shikun Ovdim but rather an informal collection of information. This apparently was initiated on the basis of charges made against Ofer by Yigal Laviv, a journalist who filed a complaint last year against Aharon Yadlin, former head of the Histadrut sick fund, Kupat Holim, who had been the Labor Party's choice for Governor of the Bank of Israel.

Yadlin, reportedly a close friend of Ofer, is presently in jail awaiting trial. The case against him was not connected with the allegations against the Housing Minister. The latter included charges that Ofer gave cheap flats built with public funds to relatives of senior officials, including his own son, to certain journalists and to various persons of wealth and influence who were not entitled to them under law. He also was accused of illegal land deals in the administered territories.

Mysterious Meeting Hinted New Scandal

The first hint that a new scandal involving a government figure might be brewing was a mysterious meeting in Tel Aviv last Saturday between Premier Rabin, Justice Minister Chaim Zadok, Police Minister Shlomo Hillel and Attorney General Aharon Barak. The Prime Minister's office confirmed press reports of the meeting but refused to divulge what transpired.

The positions of the persons who attended, however, suggested that the discussion may have involved the legal problems of a senior official and their possible repercussions. The meeting was also said to have dealt with the possibility of postponing Yadlin's trial to avoid reviving the scandal in the news media while the Labor Party was involved in the election campaign.

Ofer is known to have had a meeting yesterday with Rabin. He reportedly begged the Premier to hasten the investigation of charges against him in order to put an end to rumors and clear his name. According to one source, the police said they required more time to complete their investigation. In the Knesset, Likud MK Ehud Ullmert demanded a statement from the govern-

ment last week confirming or denying that Ofer was under investigation.

Influential In Party's Inner Circles

Ofer, a businessman and member of the Labor Party's former Mapai faction, was considered influential in the party's inner circles. He was born in Poland and came to Palestine in 1933 at the age of 11. He was among the founders of Kibbutz Hamadiyeh in the Beisan Valley and during Israel's War for Independence in 1948 he headed the manpower division of Israel's Navy with the rank of Lt. Commander. Later he was the first commander of the naval base at Eilat.

Ofer served as a member of the Tel Aviv City Council and was Deputy Mayor until his resignation in 1957. He was a member of the Histadrut holding company, Hevrat Ovdim and a founder and leader of the Mapai-sponsored youth movement Htqua Hameuchedet. He also served as deputy director general of the Ministry of Agriculture and participated in negotiations with the European Common Market.

DUTCH MINISTRY ASKED TO OMIT RELIGION FROM POPULATION REGISTRY

AMSTERDAM, Jan. 3 (JTA)--The Association of Netherlands Municipalities has asked the Ministry of Interior to omit the designation of a person's religion henceforth from the population registries. In making the request, the Association noted that such designation constituted a breach of privacy and in certain situations, such as that of Dutch Jews during the Nazi occupation, a threat to life.

The issue was raised recently as a consequence of demands from Arab countries that certificates of non-Jewish origin be attached to visa applications by Dutch nationals. The Association asked the Interior Minister to consult with the various religious congregations with respect to changing the present system of recording religious affiliation. The Association said that the general census taken every ten years was sufficient to establish how many people belonged to any religious group.

STRIKE HALTS RADIO NEWSCASTS

TEL AVIV, Jan. 3 (JTA)--Israelis remained without their hourly radio newscasts for the second day today as the state-owned broadcasting network halted its Hebrew bulletins because of a dispute with newroom journalists. The only broadcasts available were news headlines. Foreign language broadcasts were not affected. The move by the broadcasting authority's board of governors followed several days of sanctions by radio journalists who complained that top editors were mismanaging available manpower. The journalists denied management claims that they were demanding more pay for night work. Management has demanded that full news service be provided or it will discontinue the service entirely.

Meanwhile, another labor dispute has affected thousands of patients in 25 government hospitals. The 48-hour strike was begun yesterday by administrative and maintenance workers who are demanding higher wages. Except for kitchen services, all other services came to a standstill. Patients could not be released and patients arriving for surgery could not be accepted. Some operations had to be postponed.

THE YEAR IN REVIEW**THE STATE OF ISRAEL'S ECONOMY**

By Tuvia Mendelson

JERUSALEM, Jan. 3 (JTA)--Economics has been called the "dismal science" and no characterization was better suited to the state of Israel's economy during the year just ended. Inflation was rampant. Prices soared for all basic commodities and services. Unemployment increased. The Pound shrank and shriveled to a point where it begins to resemble the Wei market. There was labor unrest in all sectors. The rich seemed to be waxing richer and the burdens of taxation appeared to fall increasingly on the poor.

Most disquieting, however, was the government's apparent inability to cope with the worsening conditions. Its anti-inflation measures only spurred inflation. It sabotaged its own policy of holding the line on prices by withdrawing State subsidies for bread-and-butter items. Its feeble attempts to soften wage demands drew the wrath of the trade unions and led to a wave of strikes, walk-outs and work slow-downs that paralyzed public services and forced plants to shut down.

Meanwhile, the professional economists and fiscal experts bickered, each one of them a prophet of economic salvation according to his own "true faith." And the public, confused and angry, found their logical scapegoat in the man who presides over the national economy, Finance Minister Yehoshua Rabinowitz.

At no time in history and in no country in the world does anyone love the tax collector. Rabinowitz, as head of the Treasury, is regarded by most Israelis as the man with his hand in their pockets. He is the one who urges them to consume less while they must pay more. He also seems to many to have an unsteady grip on the nation's fiscal levers. His most conspicuous trait, say his critics whose numbers are legion, is a tendency to make policy based on contradiction and paradox.

Inflation Fought And Nourished

There is a recession in Israel. But not for all Israelis. The government fights inflation on one front and nourishes it on the other. For example, the Finance Minister was the most vigorous advocate of the value-added tax (VAT) that went into effect last summer. It is a tax paid on every stage of production from raw material to finished item and it is passed on mainly to the consumer. It has been likened by some to fighting the fires of inflation by pouring on gasoline.

Another example: State subsidies for such commodities as sugar, flour, cooking oil, eggs, bread and many other edibles and for fuel and public transportation consumed a huge portion of the national budget. Rabinowitz and his associates decreed that these subsidies must go lest the deficit becomes totally unmanageable. But if the national budget was relieved, the budget of the average householder took a severe beating. During 1976, inflation increased at a rate of 37 percent per annum. If this wasn't the highest in the world, it was close to it.

Areas Of Success

The Finance Ministry answers its critics by pointing to areas of success. They note that Israel's balance of payments improved as the result of a remarkable increase in exports and a decline of imports. During 1976, Israel's exports

rose by 24.2 percent over the previous year. Its best customer was Europe.

The Treasury also boasts that it reformed the tax system in 1976. Income tax receipts increased by 47 percent which shows how urgently tax reforms were needed. At the same time "specific allowances"--salary increments paid to selected groups of public employees--were abolished. This raised a hue and cry among those affected but it has since diminished and the move seems to have been a genuine attempt to improve the state of the economy.

The Treasury can also take credit for strengthening exports by its so-called "creeping devaluation" of the Pound. Last year the Pound was detached from the U.S. dollar and linked to a basket of foreign currencies including the Pound Sterling, Swiss Franc, Dutch Guilder and West German Mark. This, of course, improved Israel's position on the European market. But it reduced the buying power of Israelis at home.

The government succeeded in stabilizing the price of flats and housing, but only at the expense of a deep recession in the construction industry. It failed utterly in its declared policy of shifting the labor force from service to productive industries. Here again the government acted against itself. Civil servants get more pay--possibly for less work--in government offices than they would in private industry. As a consequence, government bureaus have a surplus of manpower while factories go begging for labor. More and more Arabs are now seen on the production lines.

What's Ahead For 1977

What does the new year have in store? Ya'acov Lavi and Uri Litvin, economists of the Bank of Israel, expect consumer prices to increase by 27 percent this year, four percent more than estimated by the Finance Ministry. They also claim that unemployment will reach five percent; it stands presently at four.

"Creeping devaluation" will continue. Lavi and Litvin propose devaluation at a higher rate but not on a monthly basis as heretofore. They have recommended no devaluations in January and February because as long as domestic demand runs high, devaluation will only spur inflation.

Politics will of course affect the economic picture in 1977, this being an election year. There is a fair chance that Rabinowitz will not serve in the next Cabinet, assuming a Labor victory, or at least not as Finance Minister. But thoughtful observers concede that it is not fair to blame him for Israel's economic woes. They are, after all, a direct result of the Yom Kippur War and the oil price increases that rocked economies much stronger than Israel's--and, of course, an inevitable consequence of Israel's huge defense burden.

Whatever Rabinowitz's weaknesses, they reflect the conflicting interests of the general public. Workers want more pay for shorter hours. Consumers with any cash in their pockets don't want to be forced to tighten their belts. Government bureaucrats seek more and more for their agencies and little personal empires. It is, after all, human nature.

TEL AVIV (JTA)--Paraguay has ordered six Arava planes produced by Israel Aircraft Industries at a cost of \$7 million. It was learned here. The planes are of the civilian type, for 18 passengers, but can be converted to transport planes.