



daily news bulletin

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

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Vol. XLIV -- 60th Year

Tuesday, February 1, 1977

No. 22

ZADOK: RELEASE OF DAOUD WILL LEAD TO TIGHTENING OF STRUGGLE AGAINST TERRORISM IN MANY COUNTRIES

By Tuvia Mendelson

JERUSALEM, Jan. 31 (JTA) -- Justice Minister Haim Zadok expressed the belief today that the French release of Palestinian terrorist Abu Daoud will result in the "tightening of the struggle" against terrorism in many countries.

Speaking to the 300 Jewish leaders from the United States and Canada participating in the 1977 Prime Minister's Israel Bonds Conference, Zadok said Israel is pleased with the vigorous reaction of the United States and other countries, many of them close friends of France, to the release of Daoud.

"We cannot reverse the process and bring Abu Daoud back to France," Zadok asserted. "But we have no reason to be dissatisfied with the reaction of the world public opinion and public opinion in France to France's action in letting Daoud get away."

The Justice Minister warned Arab countries not to mistake the current internal disputes in Israel as a sign of weakness. He said Israel is going through a period of national reappraisal and soul-searching intensified by its economic and social problems. But, Zadok stressed, Israel is a democracy where "internal differences, rivalries, squabbles and recriminations are there for all to see." He added that in an election year this becomes particularly acute.

Referring to the recent cases here of corruption and embezzlement, Zadok stressed that no country is immune from such developments and Israel "is no exception and not all of us are paragons of virtue." But he said the true test of a democratic society is not "whether cases of corruption and embezzlement occur, but how the authorities react and what they do to investigate every suspicion, to bring the accused to trial and to punish him if he is found guilty." The Prime Minister's mission ends tonight with a dinner hosted by Premier Yitzhak Rabin.

VISIT BY FRENCH MINISTER POSTPONED

JERUSALEM, Jan. 31 (JTA) -- The visit to Israel by France's Minister of Commerce and Economy, Michel d'Ornano, has been postponed indefinitely for political reasons, it was announced here last night. Government spokesmen said Israel suggested the postponement of the visit, which was scheduled for Feb. 7, because of the charged political atmosphere between the countries following France's release of Palestinian terrorist Abu Daoud. No new date has been set for d'Ornano's visit.

In related developments, Israel last week turned down an invitation to attend the inauguration of the European Parliament's new building in Strasbourg. At the same time there was no confirmation of reports that French Foreign Minister Louis de Guiringaud would visit Israel Feb. 26 as had earlier been scheduled. Israel's Ambassador to France, Mordechai Gazit, is still in Israel after having been called home two

weeks ago "for consultations" following Daoud's release. However, Foreign Minister Yigal Allon is still expected to meet with de Guiringaud in Brussels Feb. 8 when Israel signs an agreement with the European Economic Community.

RABIN, AS CANDIDATE, FLUNKS ON UNIVERSITIES, PASSES AMONG WOMEN

TEL AVIV, Jan. 31 (JTA) -- Premier Yitzhak Rabin may be the most popular candidate with Israeli women but he makes a very poor showing among university students according to the results of a series of polls released here.

Women who responded to a questionnaire selected Rabin as their favorite by 20.6 percent, followed by Defense Minister Shimon Peres (17.5 percent), Likud leader Menachem Beigin (14 percent) and Yigal Yadin, leader of the Democratic Movement for Change (4 percent).

On the Haifa Technion campus, however, students favored Yadin's movement by 27.8 percent, followed by Peres (26.6 percent) and Rabin, a poor third (13.9 percent). Beigin almost tied Rabin with 13.6 percent approval. Gen. Ariel Sharon, head of the Shlomzion movement, trailed with 8.3 percent.

Peres topped the list at Bar Ilan University where he was favored by 21 percent of the student body followed by Beigin (20 percent), Yadin (13.5 percent), Sharon (6.4 percent) and Rabin and former Foreign Minister Abba Eban tied with 4.3 percent each.

Former Defense Minister Moshe Dayan polled only 3.2 percent and former Interior Minister Yosef Burg of the National Religious Party got only 1 percent of the student vote at religious-oriented Bar Ilan. At Tel Aviv University, Likud swept the field with 74 percent of the student vote.

MAPAM OPPOSES PERES' BID TO OUST RABIN AS LABOR PARTY LEADER By Yitzhak Shargil

TEL AVIV, Jan. 31 (JTA) -- Mapam is on record today as opposing Defense Minister Shimon Peres in his bid to oust Premier Yitzhak Rabin as leader of the Labor Party. The leader of the Labor Party is also in effect the leader of the Labor Alignment in which Mapam is one of the two partners.

The Mapam convention, in agreeing by a 527-313 vote last night to remain in the Alignment, did not only make it conditional on the Labor Party accepting the recommendation of its political subcommittee that Israel express willingness for territorial changes on all fronts. It also set a condition that Labor nominate for Premier a man who can identify himself with this policy and be trusted to implement it when he comes into office. This was seen as official opposition to Peres who is considered a hardliner on the issues

of the territories. Mapam also demanded that the Labor Party be ready to move toward a socialist economic policy, a softer attitude toward Israeli Arabs and the creation of Labor-Mapam forums at which policies could be worked out. The Labor Party's answer will come at its convention Feb. 22.

Opposition Follows Heated Discussion

The decision to oppose Peres came after a heated discussion. Meir Talmi, Mapam's secretary general, who supported the resolution, said "No one can demand of us that we shall not have a say as to the candidate for Premier because there is a political significance to the man who will lead the list." Talmi stressed the opposition was not "personal" but "political."

The delegates opposed to intervening in the Labor Party struggle, led by veteran party leader Meir Yaari, argued that it was the Labor leadership that was at stake and it was up to Labor alone to settle it.

Both Rabin and Peres sent cables to the Mapam convention. Rabin stressed the importance of continuing the Alignment and urged Mapam to look at the Alignment itself rather than Labor's leadership struggle.

Peres said he considered the Mapam convention a trial not only of Mapam but of the entire Labor movement and its position in the nation, the government, and the Histadrut. He said there was no future for the movement without discussions just as there was no substitute for the democratic system.

DAYAN SEES DAWN OF A NEW ERA IN THE MIDDLE EAST

HOUSTON, Jan. 31 (JTA) -- Former Defense Minister Moshe Dayan declared here Saturday night that "the dawn of a new era in the Middle East" has arrived because "the Arabs for the first time are asking for peace." He predicted that the new Carter Administration would not pressure Israel.

Dayan spoke to nearly 1,000 persons attending the Southwest Regional Conference of the United Jewish Appeal at the Oakes Hotel here, the largest group to attend a meeting of this kind in Houston. Outside some 200 Arabs demonstrated carrying placards that said: "The Jewish People, Yes. Zionists, No.," and a "Home for Palestinians."

Dayan said that before 1977 ends Israel may achieve its greatest foreign policy victory -- "ending the state of war with the Arabs." He said he felt that the Syrian incursion in southern Lebanon was based on internal Arab problems and that Lebanon and Israel would continue their friendly relations. In response to question, Dayan said Israel has the capacity to turn back a combined Arab assault and the Arabs know this. He also said he did not think Egyptian President Anwar Sadat had lost any credibility by the recent turmoil in Egypt.

Asked how young American professionals can assist Israel, Dayan replied "buy a one-way ticket to my country." His response drew laughter from the audience. Dayan added that professionals could work on Israeli farms like David Ben Gurion and Golda Meir.

The business of Israel, Dayan said, is to fulfill the "dream of our people which has

stayed alive with us for two thousand years." In future peace talks, he said, Israel is willing to compromise "on our realities" but "we are not going to compromise on our dreams."

JDL WARNS ABOUT BREIRA

NEW YORK, Jan. 31 (JTA) -- The Jewish Defense League has declared war on Breira and has demanded that the national B'nai B'rith fire all Hillel leaders who are members of Breira. Bonnie Pechter, JDL national director, stated that it "is inconceivable that B'nai B'rith can give so much credibility to a group of outcasts, whose ultimate programs can only lead to the destruction of Israel." She said that the JDL will launch a campaign "to expose to the Jewish community just what kind of group this (Breira) is."

The opening gun was fired yesterday when 12 members of the JDL disrupted a meeting sponsored by Breira at Temple Israel in Manhattan. When the main speaker, Trudy Rubin, began to address the audience, the JDLers stood up and began to shout, "Hell, no, PLO, Breira traitors must go." They were joined by eight members of Betar, according to JDL associate director Danny Simckes who led the group in disrupting the meeting. As a result of this action the meeting was cancelled.

Ms. Pechter warned ominously: "Breira must be crushed once and for all, and those who aid and abet it will get lost in the crush as well."

SYNAGOGUE, CEMETERY IN WARSAW IS BEING REPAIRED: APARTMENT BUILDINGS NOW ON GHETTO SITE

NEW YORK, Jan. 31 (JTA) -- The only remaining synagogue in Warsaw, which was in poor condition last year, has begun to be repaired but still has a long way to go before it is entirely restored, it was reported by Ira Lipsius, leader of the Yavneh Holocaust Tour which recently visited several East European countries. The synagogue, located at TWARDA 6, does not have a shofar for use on Rosh Hashanah.

Lipsius, writing in the latest issue of the Center for Holocaust Studies Newsletter, reported that the last wall of the Warsaw Ghetto, located near Mariana Buczka Street, has recently been torn down by the Polish government. Due to construction in the area, what remained of the ghetto area after the Nazis destroyed it was leveled and new building built on top of the rubble.

"To this day the remains of the Warsaw Ghetto, including bunkers, lie underneath modern apartment buildings," Lipsius said. Continuing, he wrote: "As we walked from the Mila 18 bunker site to the last wall of the ghetto, a pile of rubble and a shattered monument was all that remained of the wall."

He reported that some changes have taken place at the Gisha Cemetery, one of the world's largest Jewish cemeteries. Lipsius said that a group of 10 Dutch non-Jews are engaged in repairing the cemetery. During a period of two weeks several months ago they worked 8-10 hours a day cleaning gravesites and straightening fallen monuments.

**VANCE REAFFIRMS U.S. POLICY TOWARD
THE PLO; SAYS U.S. OFFICIALS WILL
NOT MEET WITH THE TERRORIST GROUP**
By Joseph Polakoff

WASHINGTON, Jan. 31 (JTA) -- Secretary of State Cyrus R. Vance today reaffirmed long standing United States policy regarding the Palestine Liberation Organization by saying neither he nor any U.S. designated official will meet with the terrorist group under present circumstances.

"It is difficult to see how progress can be made," on the Palestine question, Vance said, since the PLO up to this point has refused the right of Israel to exist or recognize the framework of UN Security Council Resolutions 242 and 338. However, he added, "we continue to believe recognition of the legitimate interests of the Palestinian people will be critical to any peaceful settlement."

Responding to questions at his first news conference at the State Department, Vance said that "there are a number of views among the parties" regarding the Palestinian issue and he expected to discuss them with the Middle East leaders on his weeklong trip to Israel and five Arab countries beginning Feb. 14. He hinted he has his own views too but would not reveal them at present.

1977 Is A Critical Year

Vance said 1977 is a "critical year" in the Middle East settlement process since "all parties have indicated willingness" to proceed "promptly" to Geneva. "If this is allowed to drag out and we do not proceed" then "all kinds of disruptive factors may occur."

However, he cautioned, "it would be foolhardy" to hold a conference "until the ground-work is thoroughly explored and plans arrived at so there is a realistic chance of a constructive solution". He declined to suggest a "deadline" for a conference date.

Asked about the impact on Israel, Iran and Saudi Arabia of President Carter's move to reduce the flow of U.S. arms abroad, Vance said the Administration has not yet discussed the effect on the individual countries but he called it "a terribly important issue." As the largest seller of arms, he said, the U.S. has a responsibility to put "our own house in order and then work with other nations to develop programs."

Vance met over the weekend with United Nations Secretary Kurt Waldheim who starts his own 10-day visit to the Mideast tonight.

Waldheim said in an interview on ABC-TV's "Issues and Answers" yesterday that in his meeting with Vance he found "that there is a great willingness on the side of the United States to cooperate with the United Nations in regard to a Middle East solution." He said there is "no competition between him and Vance" in their separate trips to the region. Waldheim emphasized that "we cannot impose a solution" in the Mideast but "if we are unable to achieve a breakthrough in the negotiating process this year," he feared another Middle East war within two years.

REPORT ON THE ISRAEL CORPORATION
By Gil Sedan

JERUSALEM, Jan. 31 (JTA) -- State Com-

troller Yitzhak Nebenzahl released a scathing report sharply critical of Baron Edmund de Rothschild, chairman of the board of directors of the Israel Corporation (IC), and Mordechai Limon, chairman of the directorate's General Council, for their alleged negligence in permitting the development of a major scandal that rocked the corporation in 1974.

The report, described by Knesset members as one of the "sharpest ever written by the State Comptroller," accused them of failure to supervise the activities of the corporation's director general, Michael Tzur, who is serving a 15-year prison term for embezzlement, and fraud. No criminal action was taken against Tzur's alleged co-conspirator, Swiss-Jewish financier Tibor Rosenbaum.

The Comptroller's report, released last Thursday, was prepared in response to an agenda motion introduced in the Knesset two-and-a-half years ago. Rothschild retorted angrily on a radio interview from Paris. He said it was absurd to release the report at this late date when the IC is getting back on its feet. He praised the integrity of Limon and accused the Comptroller of singling out the IC although other Israeli companies were victims of illegal transactions by Tzur and Rosenbaum.

Explains Reason For Delay

The Comptroller explained that the report was delayed because of the Tzur trial and because its preparation required time-consuming investigation. The investigation was conducted by Arnold Spaer, a private attorney engaged by the Comptroller. Spaer interviewed 36 witnesses under oath at 54 separate hearings. Rosenbaum refused to testify and there was "no need" to question Baron de Rothschild, the Comptroller explained, although the Baron agreed to it.

The report does not question the integrity of either Rothschild or Limon. It claimed, however, that lack of supervision and control over Israel Corp. activities by senior members of its directorate allowed Tzur to commit the offenses for which he was subsequently indicted. The Comptroller rejected explanations by board members that they had failed to supervise Tzur because at the time they had absolute confidence in him.

The report accused Limon of signing documents submitted by Tzur without reading them. Tzur was charged with the embezzlement of \$8.7 million of IC funds earmarked for capital development projects in Israel and funneling them into shaky banks and dummy corporations maintained by Rosenbaum.

Meanwhile the Knesset State Control Committee met today to discuss Nebenzahl's report and decided to look into the consequences of the report. Yitzhak Modai, the Control Committee's acting chairman and a Likud member of Knesset, proposed that the three protagonists in the Israel Corporation drama -- Finance Minister Yehoshua Rabinowitz, Rothschild and Rosenbaum -- be invited for an on-the-spot confrontation. "In a direct confrontation much of this may be clarified," Modai said.

BEHIND THE HEADLINES GERMANY SEEKS MIDEAST PEACE ROLE

By Jon Fedler

BONN, Jan. 31 (JTA) -- Foreign Minister Hans-Dietrich Genscher's visit to Syria, Egypt, and Jordan Feb. 9 - 12, and to Israel in March will be watched by Bonn diplomats with unusual interest. Though earlier reports of a planned German peace initiative in the Mideast appear to be exaggerated, there is strong evidence that Germany is seeking a more active and positive role for the European Economic Community (EEC) in furthering peace talks.

At recent meetings with the Ambassadors of Israel and various Arab countries, Genscher did not unveil any magic formula for peace, according to informed sources. Still, he stressed that peace prospects have never been better, calling on the combatants to "do everything in their power to make good use of this situation." Adding the hope that the Geneva Conference could soon be reconvened, he emphasized that it should "be so well prepared beforehand that it does not end in failure," sources say.

As West Europe's foremost economic power, nothing terrifies Germany more than the prospect of another Mideast war and the accompanying risk of a new oil embargo. About 95 percent of Germany's oil needs are imported, and 64 percent of the imports are from Arab oil producers.

Hence Bonn also views seriously Saudi Arabia's oil minister Sheik Ahmed Zaki Yamani's warnings of increasing oil price hikes in the absence of Mideast peace progress. It fears more hikes would trigger off a new world recession with grave economic-political consequences for the export-heavy German economy.

German-Arab Trade Mushrooming

The visit comes at a time when German-Arab trade is growing by leaps and bounds. In the first nine months of 1976 (the latest figures available) German exports to Arab countries jumped 25 percent to \$4 billion and Arab deliveries to the federal republic (mainly oil) also climbed 25 percent, to \$5 billion. Last year, for the first time, Germany replaced France as the number one supplier of mechanical equipment and factory installations, and for most Arab countries it is second only to the U.S. and Japan as a supplier.

A cynic might cite this as the main reason for Genscher's tour. But it can also be argued that the surge in trade gives Genscher added political clout in the Arab capitals, where German knowhow and technology are highly esteemed.

Another useful weapon is aid. Bonn has already supplied \$400 million in capital aid (cheap long term credits) to Cairo. The World Bank has reportedly promised a major loan to bail Egypt out of its economic problems, and Germany, as a major contributor to the bank's reserves would have a decisive say in settling the amount and conditions of such a loan.

The fact that Genscher was originally not planning to visit Egypt, but announced this additional stop shortly after this month's Egyptian riots, lends credence to the view that more German aid -- either directly or as part

of a World Bank or EEC contribution -- is in the offing.

Factor Of Guilt Feelings

Oil and trade are certainly not Bonn's only motives for seeking a speedy Arab-Israeli peace agreement. Undoubtedly, lingering guilt feelings about the Holocaust add fuel to a genuine concern for Israel's safety. West Germany is also a staunch advocate of, in Genscher's words, "cooperation instead of confrontation" both in Europe and in the world trouble areas.

Hence Bonn's "ostpolitik," and its backing for the U.S. peace initiative in southern Africa last year. As a newly elected member of the U.N. Security Council it intends using its influence to this end.

Genscher may want nothing more than to persuade the combatants to hurry up and start talking, or to sound out their different positions -- which could conceivably be conveyed to U.S. Secretary of State Cyrus R. Vance as background for Vance's own subsequent Mideast tour.

Further clues about his aims might emerge this week at the EEC Foreign Ministers' meeting in London where the Mideast is high on the agenda. Whatever Genscher's goals, he can be sure of a sympathetic hearing both in Jerusalem and the neighboring Arab capitals.

NCJW URGES UNCONDITIONAL AMNESTY

NEW YORK, Jan. 31 (JTA) -- The National Council of Jewish Women (NCJW), at the conclusion of its recent executive committee meeting, appealed to President Carter and the new Congress to grant unconditional amnesty to the tens of thousands of young people who remain in legal jeopardy because of their resistance to the Vietnam War. "Six years after the movement for amnesty began," stated NCJW National President Esther R. Landa, "the debate is still going on and the continuing legal restrictions bar restoration to useful citizenship of these young people." The committee asked Carter to go beyond his promise to pardon draft resisters and to proclaim unconditional amnesty for all.

2500 ALLERGISTS CANCEL CONCLAVE IN FRANCE IN PROTEST VS. DAUD RELEASE

SAN FRANCISCO, Jan. 31 (JTA) -- A prominent San Francisco allergist has informed the American Jewish Congress, Northern California Division, that his organization has cancelled its international convention of allergists scheduled to meet in France shortly. Dr. Herbert Kaufman of San Francisco was instrumental in having his organization cancel more than 2,500 confirmed reservations as a result of the French government's decision to release the notorious Palestinian terrorist, Abu Daoud.

Locally, the AJ Congress is continuing to sponsor informational vigils in front of French government offices as well as advising its membership to curtail their visits to France at this time. Members of the community who belong to professional associations that may have scheduled trips to France this year are advised to follow the allergists' example.