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WHITE HOUSE MUM ON ALLEGATION THAT CIA GAVE ISRAEL GOVERNMENT MONEY FOR PROJECTS IN AFRICA

Israel Embassy Denies The Allegation
By Joseph Polakoff

WASHINGTON, Feb. 22 (JTA)--The White House today refused to discuss a published allegation that the Central Intelligence Agency "provided large sums to the Israel government" for use in Africa. The Israeli Embassy dismissed the report with a brief denial.

In declining to comment, deputy Presidential news secretary Rex Grandum referred to the White House statement last Friday in the King Hussein case that Administration policy is not to comment--not to confirm or to deny--alleged covert stories because if it did "the operation no longer would be covert." An Israeli Embassy spokesman denied the allegation, saying: "We have never heard of such a thing."

The question arose after the Wall Street Journal reported today that the CIA "played both sides of the street in the Mideast" and added: "While published reports say the CIA has given millions of dollars to King Hussein of Jordan in an apparent effort to strengthen relations with Arab moderates, the Wall Street Journal has learned that the agency provided large sums to the Israeli government."

It said the purpose of the payments to Israel was to finance "foreign aid" projects in African nations "apparently" to bolster "Israel's political standing on the African continent." The period of payments, it alleged, included "at least the period" from 1964 - 1968 and "perhaps beyond."

The CIA paid Israel, the Journal continued, a total estimated in the millions of dollars. In the late 1960s it said checks for several hundred thousand dollars each were frequently delivered by U.S. government officials to the Israeli Foreign Ministry in Jerusalem. "The money was then to be channeled to the African recipients," it said.

During the 1960s Israel began to provide both military and technical assistance to several African nations, including Uganda and the Central African Republic, according to the article. "Israel hoped to earn both good will and specific support from the African recipients in voting on Mideast issues in the United Nations," the paper stated. "Nonetheless, most African countries eventually came to support the Arab cause and in the early 1970s, they began breaking relations with Israel. It isn't known whether CIA payments to Israel have continued since then," the Journal said.

Deny Improper Conduct By Rabin

Meanwhile, Israeli sources also denied as "utterly without foundation" another report alleging that Premier Yitzhak Rabin engaged in improper conduct during the 1972 Presidential election. Discussing the Yadin affair in Israel, financial writer Elliot Janeway commented in last Sunday's Washington Star:

"It is appropriate that Rabin should be engaged in an Israeli version of Watergate. He

seems to have learned nothing but forgotten nothing from his own participation in it during his tour of Ambassadorial duty in Washington. He accepted and probably met a jumbo-sized quota from CREP (the Committee to Reelect President Nixon) in defiance of all known standards of propriety, let alone legality."

PEACE ON THE LABOR FRONT

By Yitzhak Shargil

TEL AVIV, Feb. 22 (JTA)--With Israel embroiled in the toughest election campaign of its history, the government bought peace on the labor front today but at a very high price. Agreements signed early this morning ended a five-day strike by some 35,000 publicly employed engineers and academicians, by giving in to most of their demands. These and anticipated demands from other groups of public servants are expected to cost the Treasury at least IL 1 billion this year.

Treasury officials warned in Jerusalem today that the wage agreements could lead to a 50 percent inflation rate this year rather than the estimated 30-35 percent on which the new budget was based. According to the officials, the proposed budget will probably be about IL 4.5 billion higher than originally planned. Because the Knesset refused to act on the draft budget last month, Finance Minister Yehoshua Rabinowitz is expected to submit a four-month interim budget next week to tide the country over the elections.

The agreements signed today allow engineers special compensation of between IL 200-300 per month depending upon the level of their academic degrees. Similar compensation was awarded the academicians, adding a total of IL 300 million to the annual budget. The government took this action fully aware that it will precipitate demands from other sectors with which it will now have to comply if strikes are to be avoided before the elections.

LABOR PARTY CONVENTION BEGINS: RABIN STRESSES ROLE HIS GOV'T. PLAYED IN BRINGING ISRAEL ALONG ROAD TO PEACE, ECONOMIC RECOVERY

By David Landau and Gil Sedan

JERUSALEM, Feb. 22 (JTA)--Premier Yitzhak Rabin, fighting for his political life, told the Labor Party convention which opened here today that his government has brought Israel far along the road to peace with its neighbors and to economic recovery at home.

He declared that under his leadership, the Labor Party was undergoing a rejuvenation process, that the wise and correct political decisions by his team made possible the army's spectacular recovery from the Yom-Kippur War and forged ties of unprecedented strength between Israel and the United States.

Rabin delivered the keynote address in the convention hall packed with the 3000 delegates who must decide tomorrow whether to retain him as party leader or replace him with Defense Minister Shimon Peres. The convention is also being attended by an array of dignitaries from abroad, including Chancellor Bruno Kreisky of

Austria, Premier Joop Den Uyl of Holland, former Premier Olaf Palme of Sweden and former West German Chancellor Willy Brandt.

Ready For Peace, Compromise

Rabin said the people of Israel were "ready for peace and ready, under Labor leadership, for the drawn-out and nerve-wracking efforts that achieving peace will possibly entail." He said the people were ready for compromise on all fronts in return for peace. Rabin also referred to recent political developments.

He said Egyptian President Anwar Sadat's proposal for a Jordanian-Palestinian link-up before the Geneva conference is "a step in the right direction but only a small and unclear step." He added, however, that it signaled Jordan's return to the negotiating arena which was long hoped for and predicted by his government.

Rabin said his government constantly sought to promote peace initiatives and would continue to do so. He said its cautious but firm position on Lebanon has been vindicated by events there and restored Israel's credibility. The Premier, who was warmly received, got his biggest applause when he declared that 1976 had been the first year in Israel's history when not one single Israeli soldier or civilian was killed by enemy action.

The Premier also claimed that his government is overcoming the huge economic problems it inherited after the Yom Kippur War. He noted that it succeeded in narrowing the balance of payment gap, that it initiated income tax reforms that put hundreds of thousands of new taxpayers on the tax rolls and that it succeeded in maintaining full employment, an aim that has eluded much stronger and more stable economies than Israel's.

Rabin, Peres Each Confident Of Victory

Rabin is Israel's first Prime Minister to be challenged for leadership by a member of his own party. He is also the first who will be voted on by all 3000 convention delegates rather than, as in the past, by the 600 members of the party's central committee alone.

As the convention opened, both he and his rival, Peres, exuded confidence. Each claimed that victory was assured. Rabin and Peres will both make last minute appeals to the convention tomorrow evening after which the balloting will commence. The results are not expected to be known with any certainty before midnight Israel time.

Peres, and one of his principal supporters, former Foreign Minister Abba Eban, held a press conference today. Eban rejected the charge that his dovish views and the hawkish position of Peres made for a peculiar alliance. He noted that the Labor Party always embraced a wide spectrum of opinion and claimed that a Peres-led government would allow full expression of its diversity.

Peres denied that he has adopted a more moderate line on territorial concessions on the West Bank for election purposes. He said he had long held the view that concessions were possible in the context of a real peace. He pledged that under his leadership, Israel would seek new methods to increase immigration and to narrow the social gap.

Peres spoke of the need to decentralize the government and reduce the number of ministries. Above all, he declared, there is wide public demand for change in Israel's leadership and the

Labor Party, headed by himself, could satisfy that demand.

Some of the other foreign guests who delivered greetings to the convention were Invar Leveros, chairman of Norway's Socialist Party; Klei Olsen, vice-chairman of the Socialist Party of Denmark; Francois Mitterand, leader of the French Socialist Party and a possible Presidential candidate; and Francisco Salgado Senja, second in command in the ruling Socialist Party of Portugal. Attending from Britain were Peter Shore, Minister for Environment and Ian Mikardo; chairman of the Labor Party's national executive.

YADLIN GETS FIVE YEARS

By Yitzhak Shargil

TEL AVIV, Feb. 22 (JTA)--Asher Yadlin, former head of KupaT Holim, was sentenced to five years imprisonment today and fined IL 250,000 on several counts of bribery, fraud and embezzlement to which he pleaded guilty a week ago. Judge Hadassah Ben-Itto who pronounced the sentence, said she disbelieved Yadlin's claim that he had turned most of the bribe money he accepted over to the Labor Party for its election campaign fund in 1973. The sentence can be appealed.

Judge Ben-Itto said that even if the claim were true, it did not mitigate Yadlin's offenses. She added, however, that because Yadlin pleaded guilty and because his career and reputation are ruined, she did not impose the maximum allowable sentence of seven years. Yadlin stood stony-faced during the 40 minutes it took to read the charges and hear the judge's statement. He burst into tears when the sentence was pronounced. Members of his family claimed he had been maligned by the press.

The focus of interest in the case is less Yadlin's fate than the possible damage his testimony could do the Labor Party in the coming elections and the personal repercussions for Premier Yitzhak Rabin. Yadlin was not only a long-time Labor stalwart but had been nominated by Rabin last year for the prestigious and influential post of Governor of the Bank of Israel. His nomination was withdrawn by the Cabinet only after a warrant was issued for his arrest.

JEWISH LEADERS CONFER WITH PORTILLO

WASHINGTON, Feb. 22 (JTA)--A group of 14 American Jewish leaders told Mexican President Jose Lopez Portillo that his country's recent votes in the United Nations had "done much to ease past strains." This was the second time Lopez Portillo had met with representatives of the American Jewish community in the U.S. The first meeting was held last September, when he visited Washington as President-elect at the invitation of then President Ford.

Following the one-hour meeting at Blair House last Thursday, Elmer L. Winter, president of the American Jewish Committee which had arranged the event, described the discussion as "most cordial." David Blumberg, president of B'nai B'rith, and Joel H. Levy a member of the executive committee of the AJ Congress, informed Lopez Portillo that the tour program to Mexico operated by their organizations had been reinstated.

At the conclusion of the conversation, Winter, speaking on behalf of the group, expressed the hope that the traditional friendly relationship between the United States and Mexico had been

reinforced. Winter presented the Mexican President with a two-volume set of the book "Jewish Art and Civilization" by Geoffrey Wigoder.

Jewish leaders, in addition to officials from the AJ Committee, AJ Congress and B'nai B'rith, who met with Lopez Portillo and other Mexican officials, included Albert Chernin, executive vice-chairman, National Jewish Community Relations Advisory Council; Theodore Comet, overseas director, Council of Jewish Federations and Welfare Funds; and Jacques Torczyner, chairman, World Jewish Congress-American Section.

VANCE IS CAUTIOUSLY HOPEFUL OF PROGRESS IN THE MIDDLE EAST

By Joseph Polakoff

WASHINGTON, Feb. 22 (JTA)--Secretary of State Cyrus R. Vance has returned from his six-day visit to six Middle East countries, cautiously hopeful of progress but publicly acknowledging no specific forward move in the political process for an Arab-Israeli settlement or even a conference.

"No, I don't think there has been any made on this trip," Vance said last night with reference to procedure or substance. But he pointed out that was not his goal. His purpose, he said to reporters, was to define points of understanding and disagreement among the antagonists and it appeared that Israel, Egypt, Saudi Arabia, Jordan and Syria all agreed in principle for a Geneva conference to negotiate substantive issues without preconditions when procedural questions are resolved. (Vance also was in Lebanon which is not a party to the Geneva conference as presently constituted.)

The chief obstacle to procedure is also substantive since it is the matter of representation at a conference by the Palestine Liberation Organization. On this point, the situation is unchanged, as UN Secretary General Kurt Waldheim found in his visit to the Mideast earlier this month. Israel won't deal with the PLO.

Vance has apparently moved closer to the Israeli view since he said during the trip that the PLO must alter its covenant that now calls for elimination of Israel in addition to adhering to UN Security Council Resolutions 242 and 338.

Vance has said that the parties continue to be "deeply divided" over the nature of peace, Israeli withdrawal and the resolution of the Palestinian question. While the Arabs, he indicated, are also divided over the PLO, he was reported as commenting yesterday to reporters during a flight from Damascus to the Azores where his plane made a refueling stop. "If Israel is going to respond to peace efforts of the Arab side it must recognize as a prerequisite the rights of the Arab people of Palestine."

This point may be clarified after this week or perhaps not publicly until Feb. 28 when Vance makes his scheduled appearance before the Senate Banking Subcommittee that is conducting hearings on legislation to combat the Arab boycott.

DINITZ SAYS MIDEAST MAY BE ON THRESHOLD OF NEW ERA

By Yitzhak Rabi

NEW YORK, Feb. 22 (JTA)--Simcha Dinitz, Israel's Ambassador to the United States, declared Sunday night that the Middle East may be "on the threshold of a new era" and that there might be "a beginning of a change" in the Arabs'

attitude toward Israel. But at the same time, Dinitz said, Israel must be "doubtful and skeptical" in regard to the Arab countries intentions, and must keep herself strong.

Addressing some 1500 persons attending the annual award dinner of Bnai Zion, the Israeli diplomat said that "1977 could be the most crucial year for Israel" in its relations with the neighboring Arab states. Dinitz said the Arabs "have buried their differences under the rug" in order to achieve some unity which they can use now either to negotiate with Israel or to confront the Jewish State.

Charging that the Arabs are "testing" the new Carter Administration, "to see whether they could create a wedge between Israel and the United States" that would result in American pressure on Israel to make greater concessions to the Arabs, Dinitz warned that peace cannot be imposed. "Peace must be a result of a dialogue... Only people who talk to each other can live together," he said. Stating that the months ahead will "be difficult," he called on American Jewry to unify "more than ever" in support and understanding of Israel.

Dinitz, who returned Saturday from Israel after meeting with Secretary of State Cyrus R. Vance, was presented with the 1977 Bnai Zion Israel Friendship Award by Rabbi William Berkowitz, president of Bnai Zion.

Carter Reaffirms Commitment To Israel

President Carter, in a telegram to the award dinner, asserted that the mutual devotion by the United States and Israel to the cause of peace and justice "has never been more important than it is today as Secretary Vance completes his initial contacts with key leaders in the Middle East and we begin to explore the possibilities for future negotiations." The President reaffirmed his "profound commitment to the security and survival of Israel and to the values we share as democratic societies."

NO BED OF ROSES

By Jon Fedler

BONN, Feb. 22 (JTA)--German and Dutch flower growers have expressed alarm at massive imports of cheap Israeli roses. Daily flights of Israeli fruit and flower-laden jumbos started arriving at Cologne Airport late last year. By the end of this winter, Israel will have sold about 50 million roses to Europe, and this figure is expected to double next winter.

The Europeans say their roses cost about eight cents apiece to grow, but Israeli roses, in spite of air freight costs, are being sold to wholesalers at "a fraction of this." In fact, German flower sellers are not passing on this cost advantage to their customers on Europe's biggest flower market.

Roses, whatever their origin, cost about 24 cents to 40 cents each retail. An even bigger headache for flower growers is resulting from carnations from Kenya and Colombia which, unlike the Israeli flowers, blossom all year round. The German Flower Growers Association has told its members there is nothing it can do. It recommends that they switch to growing more exotic flowers which, unlike roses and carnations, cannot be transported long distances. ☺

TEL AVIV (JTA)--Israeli trains will get 8 luxury coaches for the Haifa-Tel Aviv line, which will be added to the regular trains that operate between the two cities.

LEVESQUE ASSURES QUEBEC JEWS

By Michael Solomon

MONTREAL, Feb. 22 (JTA)--Premier Rene Levesque has assured the Jews of Quebec that his program to enhance the French nature of the province will not harm "the natural rights of people." The leader of the Parti Quebecois which won a surprise victory in last year's provincial elections, made his statement at a recent meeting with representatives of the Canadian Jewish Congress.

Quebec Jews have been uneasy over the party's stated aim to separate Quebec from the rest of Canada and its stress on the French language and culture. They fear that a separate Quebec would have adverse economic and political effects on the Jewish community. But Levesque told the Jewish leaders that he recognized that "Jews belong to a different universal faith and have a unique and natural attachment to the State of Israel." At the same time, he reserved the right to criticize Israel without being branded an anti-Semite.

He told the CJC delegation that "Everyone who speaks French will be considered Franco-phone by my government." He said that "Certainly, we don't have the pogrom mentality which made national minorities leave Europe in the past." He stated that "Changes will take place to help make the province more French without harming the natural rights of people."

The Premier indicated that he was knowledgeable in matters concerning ethnic minorities in general and the Jewish minority in particular. The delegation asked him to recognize the traditional rights of the Jewish community as regards day schools and to understand the requirements of Jewish social services. He expressed astonishment to learn that about 20,000 Jews in Quebec province live below the poverty line.

RADIO LIBERTY DROPS NAZI SUSPECT

NEW YORK, Feb. 22 (JTA)--Radio Liberty, the federally funded radio station that broadcasts to the Soviet Union, will stop buying scripts from an alleged Nazi war criminal, Sig Mickelson, president of Radio Liberty, said.

In a letter to Rep. Edward Koch (D.N.Y.), who last week demanded that Congress investigate Radio Liberty for using scripts supplied by a suspected Nazi war criminal, Mickelson wrote that the station will stop buying any more scripts on Latvian life from Vilas Hazners, 71, a prominent Latvian emigre living in upstate New York, who is accused of complicity in the killings of several hundred Jews in and around Riga, Latvia during World War II.

The disclosure on the connection between Hazners and Radio Liberty was made after a deportation hearing was held last week in Albany by the Immigration and Naturalization Service.

RABBI CAHN DENOUNCES BREIRA AS A DANGER TO ISRAEL'S SECURITY

NEW YORK, Feb. 22 (JTA)--Rabbi Judah Cahn, president of the New York Board of Rabbis, declared here that because Israel lives in "peril," the question of free speech with respect to Israel must take into account that "free speech does not include the right to cry 'fire' in a crowded theater." Cahn made his remarks in the course of his acceptance speech when he was re-elected president at the Board's 96th annual meeting here during which he lashed out against Breira which, he claimed, "endangers Israel's security."

Cahn was also sharply critical of the Orthodox Church in America which has suspended Archbishop Trifa who has been accused of war crimes but has yet to acknowledge his moral guilt. In another part of his address, he accused the Soviet Union of "flouting" the Helsinki Agreement with respect to its treatment of Jews and the denial of their right to emigrate.

Referring to Breira, which he likened to the anti-Israel, anti-Zionist American Council for Judaism, Cahn claimed that "some of the leaders of this group have histories of affiliations with groups which were unfriendly, if not hostile, to the State of Israel." He noted further that among Breira leaders "are directors of the B'nai B'rith Hillel Foundations who, because of their positions, have direct and immediate access to Jewish college students." Cahn claimed that "B'nai B'rith has been torn by dissension over this question of free speech for its Hillel directors."

Appeals To B'nai B'rith

He observed that "The principle of free speech is one with which we are in full accord, but as Justice Holmes pointed out, free speech does not include the right to cry 'fire' in a crowded theater." He said, "We appeal to B'nai B'rith to prevent the Breira members within its Hillel family from speaking as leaders of B'nai B'rith. In these cases, personal opinion and official position cannot be separated," Cahn said.

He said that in the case of Trifa, the Archbishop was relieved of his duties "but the word 'suspension' was not used to describe his status" and in a supplementary statement, "the speaker for the Orthodox Church stated that the action did not imply the Archbishop's guilt or impugn his record as a clergyman." Cahn said "It is beyond comprehension that a church body must await a legal decision before establishing moral guilt."

Cahn said "The flouting of the Helsinki Agreement by the Soviet Union is so outrageous that it places all other questions in shade; I think we can all agree that so long as one Jew remains in the Soviet Union or any other land against his will, we are all prisoners. Our primary objective is to free Jews from those national prisons in which they are being held and where they undergo physical and mental torture. The methods we or they use are secondary to the purpose."

NEW YORK (JTA)--In what the Greater New York Conference on Soviet Jewry described as a surprising development, Soviet officials gave Piotr Rotberg permission to emigrate on the same day he applied for an exit visa. Rotberg, the leading Jewish activist in Kishinev and long a major figure in the efforts to strengthen Jewish cultural life in the Soviet Union, was the subject of numerous threats and harassment by the KGB. The home of the 35-year-old philologist had been searched several times and Jewish cultural materials were seized some months ago in what seemed like a prelude to a full-fledged criminal investigation.

PARIS (JTA)--France and Israel concluded their talks here Monday on the practical application of their extradition agreement. Israeli sources said "the talks and their conclusion were satisfactory." The talks were held in order to try and prevent repetitions of incidents similar to the Abu Daoud affair which resulted in the release by France from detention of a man charged by Israel with masterminding the Munich massacre.