O JA 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

Wednesday, May 25, 1977

No. 100

PROPOSAL BY LIKUD TO INVITE MILTON FRIEDMAN TO HELP REVAMP ISRAEL'S ECONOMY RAISES OUTCRY FROM LABOR ALIGNMENT, LEFTIST GROUPS By Yitzhak Shargil

TEL AVIV, May 24 (JTA)--The proposal by Simha Ehrlich, Likud's number two man, that Nobel Prize winning economist Milton Friedman be named an advisor on economic policy to the Israeli government is being taken up as a rallying cry by the Labor Alignment and leftist groups for the forthcoming Histadrut elections.

With the upset defeat of Labor in last week's Knesset election, there were some fears by Labor that its longtime hegemony in the Histadrut would also be shattered by Likud in the June 21 election for the general trade union federation. But now the proposal regarding Friedman, especially in light of the conservative American economist's views that Israel needs to increase unemployment to combat its eyer-growing inflation, has given Labor an issue which it believes it can use in the Histadrut. election.

Ehrlich, an economist who is slated to become Finance Minister in the new government, said that he proposed Friedman because the economist's views are close to those of Likud. Ehrlich and Yehezkel Flumin, another Likud economics spokesman, said that Friedman's appointment would also demonstrate that Israel did not only look to world Jewry for financial support but was also world Jewry for financial support but moscilles WASHING TOIN, May 24 WING A willing to turn to prominent Jewish personalities Carter, in his first talk today with Saudi Arabian for advice.

Friedman Indicates His Approval

Friedman has confirmed to Israeli newsmen that he is willing to be an advisor to the government. Hel told them that he believes inflation can be reduced by partial unemployment, cuts in government spendt ing and decreasing government involvement in industry, including handing over certain governmentcontrolled companies to private industry.

Meir Tzaban of the left-wing Sheli movement immediately called for a meeting of the Histadrut Executive to discuss Friedman's recommendations on unemployment. The left-wing group also noted that Friedman was an advisor to the Chilean junta. (Friedman, in a recent letter in The New York

Times denied this allegation.)

Likud Will Not Negate Labor's Gains

Histadrut leaders also stressed that they would not allow Friedman's views on unemployment to be applied in Israel. This brought a statement today from David Levy, Likud's candidate for Histadrut secretary general, that a Likud-led Histadrut will not allow increased unemployment and will not fallow the government to abolish the cost-of-living allowances or to abolish subsidies to essential commodities.

Likud said that Friedman would work with Israeli economists. It said he would give advice and That the decisions would be made by the Likud leadership in the government in cooperation with the Likud faction in the Histadrut.

SYRIA AGREES TO UNDOF EXTENSION

- UNITED NATIONS, May 24 (JTA)--Syria has

agreed to an extension of the mandate of the United Nations Disengagement Observer Force (UNDOF) on the Golan Heights for another six months until Dec. 1, the Syrian Ambassador to the UN, Mowaffak Allaf, said today in a telephone call to Secretary General Kurt Waldheim.

Waldheim announced at a press conference yesterday that Israel had already agreed in principle to an extension of the current UNDOF mandate, which expires May 31. The Security Council is expected to meet Thursday or Friday to

extend the mandate. In a report to the Security Council on the past six months of the UNDOF operations, Waldheim recommended another six-month extension and

-said the UN force had continued to perform its tasks-effectively with the cooperation of Syria and Israel and that the situation on the Golan

Heights remained quiet.

But Waldheim warned that the situation in the area would continue to be unstable and dangerous unless there was real progress toward a settlement. He also said that unless meaningful negotiations were resumed promptly, there would be a growing danger of serious deterioration of the situation. (By Yitzhak Rabi)

CARTER-FAHD TALKS EXTEND CONCEPT OF PALESTINIAN HOMELAND TO A DISCUSSION OF RECOGNIZED BOUNDARIES By Joseph Polakoff

Crown Prince Fahd, seemed to go a step further in pursuit of his concept of a Palestinian homeland, In a review of their nearly two-hour conversation at the White House this morning, Presidential News Secretary Jody Powell told reporters at a press briefing that the two leaders spoke of "recognized boundaries" for Israel and the "homeland." Powell said Fahd and Carter had a "very good discussion of that general issue" but he was "not in a position to present it with some degree of specificity."

Powell's statement came in response to a question on Fahd's view published in Time Magazine on the right for a Palestine Liberation Organization state and Israel to exist. "The process by which you would reach the stage where there was a secure homeland for Palestinians and a secure State of Israel with recognized boundaries in each case certainly was a major topic of conversation,

Powell said.

The News Secretary insisted that there were exchanges of thoughts and ideas but no "attempt to reach conclusions." Fahd and Carter will meet again tonight and tomorrow. Powell said that Fahd did not present a joint position of the Arab states as a result of the meeting among the heads of Egypt, Syria and Saudi Arabia last week. But he said Fahd indicated the points of view of the other Arab leaders.

Powell said the question of an oil embargo and pricing and the level of oil production did not come up at this meeting. He also said that the Israeli election "was not a matter of discussion at any length at all." He said it is "too early to judge the consequences" and it would "not be

productive" to judge them.

Issues Discussed At Meeting

In a notice to the press, the White House said that Fahd expressed the "view that the Palestine issue is at the core of the problem" of the Middle East conflict. "The President went over in detail the core issues—territorial and security problems, the nature of peace in the Middle East, and the Palestinian question, both the immediate problem of Palestinian representation in the negotiations and the question of a Palestinian homeland in the final settlement."

The White House said that the two leaders agreed that the "major effort should continue to-ward trying to reconvene the Geneva conference in the second-half of 1977." Powell also said that Carter and Fahd touched briefly on the Arab boycott but not in detail. Carter presented it in terms of free trade, Powell said.

Fahd Optimistic About Carter

Carter and Fahd opened two days of talks on oil and Middle East politics today with the visiting potentate expressing optimism that their discussions will prove fruitful because of the President's "attitude" towards the area's problems.

"Frankly," Fahd said to Carter in the welcoming ceremonies on the White House lawn, "this optimism stems from your views--your own wise views--that the issue of the Palestinians is the core of the problem and it is necessary to create a hameland for the Palestinians."

In addition, he said, his optimism is supported by the President's "urging" to "all countries" to "seize this opportunity for a settlement or else it will be lost."

In his welcoming remarks, Carter was restrained in his view towards the future. This, he said, is an "important period for the search for peace" and "our business today and tomorrow is designed to accommodate that search in the face of a tremendous challenge and at the same time tremendous opportunity." The President noted the "great trade" between the two countries, including imports of oil, and their "growing friendship and inter-relation-ship." He said "we share the same commitments," including "belief in the free enterprise system" and said "our countries are the centers for deep religious convictions."

Fahd's visit to Washington was heralded by full-page ads in major newspapers by the Embassy of Saudi Arabia in Washington proclaiming "A Very Special Relationship" between the U.S. and Saudi Arabia, an apparent play on the words referring to the "special relationship" Carter said exists between the U.S. and Israel.

LIKUD, DMC BEGIN COALITION TALKS By Gil Sedan

JERUSALEM, May 24 (JTA)—The Likud and the Democratic Movement for Change (DMC) began their negotiations today for a coalition government and agreed on several foreign policy issues but not on the issue of settlements on the West Bank. Yiga! Yadin, leader of the DMC, refused to say whether he was optimistic after the talks. "It is too early to tell," he stated to reporters.

The negotiations, which were held in the Likud headquarters in Tel Aviv, were headed by Simha Ehrlich for Likud, in the absence of hospitalized Menachem Beigin, and Yadin for the DMC. The two parties reached agreements on the need for peace in the Middle East, the Geneva conference, the need for direct negotiations with the Arab states, opposition to an independent Palestinian

state on the West Bank and that the Jordan River should be the "security border" of Israel.

But on the question of West Bank settlements, the DMC said they should only be authorized for security reasons while Likud supports Jewish settlements there in general. However, both parties agreed that all settlements must have government authorization, an obvious reference to Gysh Emunim's attempt to establish settlements without the government's permission.

Negotiations between the two parties will continue Thursday at which time the DMC's demands will be discussed, including its proposal that the election system be changed to provide for constituencies and that a new election be held within two years under the changed rules. Likud is scheduled to begin talks tomorrow with the National Religious Party. Meanwhile, Premier Yitzhak Rabin returned to his official duties today ending the vacation he began on April 22. He has scheduled a meeting with the new American Ambassador Samuel Lewis.

HISTORIAN DENOUNCES REVISIONIST WRITERS WHO WHITEWASH NAZISM

LOS ANGELES, May 24 (JTA)—A noted historian lashed out at "revisionist writers" who "whitewash the Nazi years and claim that Hitler was really Mr. Nice Guy." Addressing a luncheon session of the Anti-Defamation League of B'nai B'rith national executive committee meeting at the Beverly Hilton Hotel here Sunday, Dr. Robert G.L. Waite, professor of history at Williams College, Maryland, and a specialist in German history for 30 years, called efforts to "de-demonize" Hitler and the Nazi era "defamation of both the victims of the Holocaust and of historical scholarship."

He centered his remarks on a recently published book by British writer David Irving, "Hitler's War," which contends that Hitler did not order the massacre of the Jews and did not even know about it until late in 1944.

Waite, whose book "The Psychopathic God: Adolf Hitler," will be published next month, said his study of Hitler's life and career reveals that hatred of the Jews and a determination to destroy them "obsessed Hitler's private life and became the guts of his public policy."

He also criticized a book which caused a furor earlier this year written by Northwestern University professor Arthur Butz. The Butz book, "The Hoax of the Twentieth Century," contends that the Nazi extermination of six million Jews was a myth propagated by the Jews themselves. According to Waite, Irving has appeared nationally on radio and television interview programs and has received widespread newspaper and magazine coverage for his thesis that Hitler was innocent.

Emphasis On The Danger Of Both Books

Waite said the danger of the Butz and Irving books is the veneer of scholarship attached to both —Butz because of his affiliation with Northwestern and Irving because he is a known author and his book has been published by a respected American firm (Viking Press).

"But both books," he added, "are wrong and no better than the Holocaust revisionist works written and disseminated over the past 10 years by anti-Jewish extremists in America and abroad. Indeed, the Butz book is already being promoted by the American Nazi Party and other anti-Semitic factions; the Irving book will most likely also be adopted by such groups."

According to Benjamin R. Epstein, national

director of the ADL, there are over 100 neo-Nazi. weekly newspapers published in West Germany and available on public newsstands there. Their favorite targets, he said, are the German government and the State of Israel. He asserted that some of the neo-Nazi books and materials have been picked up by American hate groups.

BEHIND THE HEADLINES BEIGIN AND BRITAIN By Maurice Samuelson

LONDON, May 24 (JTA)--When Menachem Beigin next visits Britain, it should prove a unique test of the friendship between this country and Israel. For years, the former commander of the Iraun Zvai Leumi has occupied a unique place in Britain's popular demonology.

Of all who fought the British Empire, Beigin has been least successful in winning the respect which the British are so wont to extend to her former enemies--Eamon de Valera, Jawaharlal Nehru, Jomo Kenyatta, and even Anwar Sadat--who challenged Britain's imperial might. But once these rebels turned into rulers, their past "misdeeds" were largely forgotten by the easy-going British people. Some even earned their affection and respect.

If Beigin still stirs embers of hatred here, it is not--as he himself may perhaps think--because he is a Jew. ... It is because, unlike so many others, hedid not emerge to lead his people once the British yoke had been thrown off.

Thus, instead of being exposed to the healing processes of public explanation and discussion, actions like the dynamiting of the King David Hotel in which about 90 people died and the retaliatoryhanging of two British sergeants have remained suppurating wounds. The ruling Labor leaders of Israel either disclaimed responsibility for them or shifted it to their right-wing political rivals.

A Revealing Encounter Ahead

Now, at last, the British will be able to meet the leader of the Irgun as equals, and it will be a very revealing encounter. There will be plenty of trouble-makers here--indeed the rumbles have already started. But, by and large, these are supporters of the Palestine Liberation Organization or perhaps plain anti-Semites. Guesstimates are that a visit by Beigin will be an occasion for hatchetburying and thus for the further strengthening rather than the weakening of Anglo-Israeli relations.

When Beigin came here with his wife five years ago, that did not happen. The Sunday Express raked up all the old grievances and said Beigin should not be allowed into the country. A London hotel refused to allow him to address a dinner after receiving a bomb threat and pro-Arab MP Christopher Mayhew raised the matter in Parliament.

Above all, he received only a cool reception from the Anglo-Jewish community. Gerald Kaufman, now a leading minister in the Labor government, openly attacked the visit in the columns of The Jewish Chronicle. But even amid the uproar, there were signs of reconciliation. Gen. Sir Eric Bols. one-time Commander of the Sixth Airborne Division in Palestine, would have attended the hotel dinner had it not been cancelled.

In addition, many British politicians have met Beigin in Israel and have never failed to break the ice with him there. Now that the former Irgun leader is likely to become Israel's next Premier, the stage is set for an overdue reconciliation with the country with which he was once at war.

CARTER ASKS SENATE TO RATIFY CONVENTION ON GENOCIDE

WASHINGTON, May 24 (JTA)--President Carter today recommended to the Senate that it ratify the International Convention on the Prevention and Punishment of the Crime of Genocide that the United States has failed to do since the United Nations General Assembly unanimously adopted it more than 28 years ago. Successive American Presidents, beginning with President Iruman, have urged its ratification but opponents in the Senate have blocked it from coming to a vote.

Senate ratification is necessary to make it binding on the United States. The last attempts to override a filibuster in 1974, failed to gain the needed majorities. Opponents fear it will interfere with American justice. All major Jewish American organizations have consistently called

for its ratification.

In a letter to the Senate, Carter noted that the Convention was "initially drafted in the wake of the wanton acts committed by some of our enemies during the Second World War." He noted it has 83 parties that "undertake to establish genocide as a criminal behavior under their own legal systems." Among its supporters, he observed, is the American Bar Association.

The letter was disclosed as the Senate Foreign Relations Committee opened hearings to renew the ratification process. Two State Department. officials, Warren Christopher, Deputy Secretary of State, Herbert J. Hansell, the State Department's legal advisor, and Sen. William Froxmire (D. Wisc.) who is a leading proponent of the genocide treaty, urged ratification.

Proxmire told the Committee: "None of us can envision the monstrosity of six million Jews put to death in concentration camps——the most hideous genocide committed in our lifetime. But it is in this context that this human rights document was conceived." The Convention, he said, "attempts to safeguard under international law the most fundamental human principle--the right to live. It is that simple. It is that complex.

ANTI-SEMITISM CONTINUES TO EXIST IN FRANCE, PUBLIC OPINION POLL SHOWS

PARIS, May 24 (JTA)--Anti-Semitism continues to exist in France but has steeply decreased over the last few years, according to a public opinion poll published here by the Socialist weekly, "Le Matin de Paris." The poll reveals that the average Frenchman dislikes other minorities such as the Blacks, the Arabs, the Protestants and the Portuguese more than he dislikes the Jews.

When asked what minorities they dislike, 46 percent of those questioned said, the Blacks; 25 percent, the Protestants; 24 percent, the Arabs; and 23 percent, the Portuguese compared to 22 percent who mentioned the Jews. Those questioned could give more than one answer which explains why the total is over 100 percent.

On a personal level, 68 percent said they "did not mind" having a Jewish son-in-law and 63 percent did not mind having a Jew serve as France's President. The figures of the last similar poll in 1966 gave 49 percent and 38 percent for

these same questions, respectively.

The only question to which the answers showed a certain suspicion of Jews was: "In case of trouble to whom would their loyalty go: France or Israel?" Thirty-eight percent of those questioned said Israel as against 18 percent who believed it would be France.

SPECIAL INTERVIEW DULZIN MAY BE NEW FOREIGN MINISTER By David Landau

JERUSALEM, May 24 (JTA) -- Leon Dulzin, treasurer of the Jewish Agency and the World Zionist Organization, seems to be Likud's strongest candidate for the post of Foreign Minister, according to informed political sources. Dulzin himself did not deny this in an interview with the Jewish Telegraphic Agency. But he said it was too early yet to discuss Cabinet portfolios.

Dulzin is a leader of the Liberal Party in Likud, second only in that party to Simcha Ehrlich, an economics expert with no pretensions to the prestigious Foreign Ministry portfolio. Obviously Dulzin's chances of getting the post will depend on the eventual composition of the coalition. If the Democratic Movement for Change does join in the end, it will expect some of the top-flight positions to

come its way.

On the other hand, DMC leader Yigal Yadin and his top aides have directed most of their interests and attention during the campaign to social and economic problems and may well seek to have specifically domestic portfolios.

Will Face Painful Dilemma

Dulzin, urbane and cultured man-of-the-world who immigrated to Israel in the 1950s from Mexico, is supported for the Foreign Minister post by his Liberal colleagues because they see in him a counterpoise to the rigidity of Menachem Beigin. In Likud terms Dulzin is considered something of a "dove." Coupled with that he is known as one of the few men within the bloc who can stand up to Beigin--and yet remain on excellent terms with him

- Dulzin told the JTA that if he is offered the post he will face a painful dilemma over choosing between it and the Jewish Agency-WZO chairmanship which is now his for the asking. Acting chairman twice, Dulzin was defeated for the chairmanship by Labor's Yosef Almogi who, with the change of government in Israel, will be automatically required to step down at the Zionist Congress in February, 1978--if he does not do so earlier on his own volition. The universally accepted understanding is, the Jewish Agency-WZO head must hail from the party that is in power in Israel.

Weizman May Get Defense Post

Meanwhile, the man tipped to get the key defense portfolio is Likud election boss and former Air Force Chief Ezer Weizman. His appointment, it is understood, would be welcomed in some defense establishment circles. He would certainly be much more widely accepted than another Likud candidate! for the job, Arik Sharon. It is thought that Likud leaders themselves, especially Liberal leaders who Sharon reviled during the election campaign, will block Sharon's efforts to get the defense spot.

There is speculation, however, that Sharop may return to the army as Chief of Staff. It was the Labor government's repeated refusal to consider the brilliant but impetuous general for that post that prompted Sharon to leave the army in 1972 and again (after his Yom Kippur War return) in 1974.

ORTHODOX POC MAY BE SENT TO PENAL INSTITUTION FOR OBSERVING SABBATH

NEW YORK, May 24 (JTA) -- An Orthodox Jewish Prisoner of Conscience who, since 1970, has been serving a 12-year prison sentence in a strict regime Soviet labor camp, may be transferred to the most infamous Soviet penal institution because he refused to work on the Subbath, the Greater New

York Conference on Soviet Jewry has learned. losif Mendelevitch, a 29-year-old student engineer from Riga, has steadfastly tried to maintain Orthodox Jewish practice within the labor camp to which he was originally imprisoned.

For refusing to work on the Sabbath, he was threatened with transfer to Vladimir Prison Camp, an institution to which prisoners from around the Soviet Union are sent for punishment by their camp commandants. Prisoners are usually sent to Vladimir for short periods of time, but Mendelevitch's sentence at Vladimir is reportedly over a

year, according to the Conference.

During his years as a prisoner, Mendelevitch has refused for reasons of kashruth to eat some foods comprising part of his meager 1200 caloriea-day diet, he had worked longer hours during the week to fulfill his work quota and not work on the Sabbath, and he has been known to abstain from eating any solid food during the eight days of Passover rather than eat foods containing leavened ingredients forbidden during the holiday, the Conference reported.

ARCHBISHOP OF PANAMA DENOUNCES ANTI-SEMITIC LEAFLETS.

NEW YORK, May 24 (JTA)--Panama's Archbishop Marcos G. McGrath has bitterly denounced anti-Semitic flyers which have been widely distributed in recent weeks in Panama City, according to the Anti-Defamation League of B'nai B'rith. Rabbi Morton M. Rosenthal, director of ADL's Latin American affairs department, said the Roman Catholic bishop declared in a May Day address that the leaflets contained "false accusations which incite manifestations of hate.

One hand-written flyer said, "Out with the. Jews! We support General Torrijos in his support for Palestinians. Long live the Palestinian cause. Another denounced the alleged domination of the Panamanian economy by Jews, called for their expulsion, concluded with the phrase:

Panama for the Panamanians.

In his address, Bishop McGrath described the leaflets as products of a group of "narrow and really sick minds." Citing the apparent attempt to capitalize on Gen. Torrijos' trip to Libya, he reminded his listeners that the government of Panama has often stated that it tries to maintain good relations with both the Arab countries and the State of Israel.

ANTI-SEMITISM IN AUSTRIA A CONCERN

TEL, AVIV, May 24 (JTA)--Anti-Semitic propaganda aimed at college students in Austria especially in the Vienna area, has prompted Israeli representatives of the World Jewish Congress to express their concern to the Austrian Ambassador to Israel. Itzhak Koren, chairman of the Israeli Executive of the WJC and Dr. Nathan Lerner, its general director, cited the activities of the new neo-Nazi group Aktion Neue Recht (Action New Right) which has been distributing virulent anti-Semitic and neo-Nazi propaganda among students and teachers. They appealed to the ambassador to urge the Austrian government to invoke a law which bans racist and neo-Nazi movements in Austria. The ambassador promised to relay the message to his government.

JERUSALEM (JTA)--A home-made bomb discovered on a bus in the Orthodox Bayit Vegan suburb Tuesday was quickly disconnected by a police supper before it could go off. The bomb was discovered by the wary bus driver.