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The View From Jerusalem: OPTIMISM WANES AS VANCE PROCEEDS ON HIS MIDEAST TOUR

By David Landau

JERUSALEM, Aug. 7 (JTA)--The mood of optimism which enveloped U.S. Secretary of State Cyrus Vance's current Mideast tour in its early stages appeared to be waning over the weekend as Vance journeyed from Jordan to Saudi Arabia, his penultimate stop. He is expected in Israel on Tuesday and will stay here for two days before making one more lightning round of the Arab capitals en route for home.

Before the tour began all talk was centered on the hope for reconvening of the Geneva conference in October. Everyone knew that the problem of Palestinian participation remained to be surmounted, but somehow, encouraged by positive statements from President Carter, Premier Menachem Begin and President Anwar Sadat of Egypt, observers allowed their optimism to sway their predictions.

After Vance's Cairo talks the focus seemed to shift to a slightly less apocalyptic goal: a "working group" of Mideast foreign ministers to be held in New York simultaneously with the United Nations General Assembly. Israeli officials, taking their cue from Begin himself, were quick to voice their welcome of this idea — though they cautioned that it would be meaningless if Syria did not approve it too.

As it quickly turned out, the caution was wiser than the welcome. Syria rejected what it saw as an attempt to circumvent the issue of Palestinian participation. Egypt, sensing the way the wind was blowing, let it be known that what it in fact had in mind was not face-to-face talks at a round table, but "proximity talks" with Vance shuttling between the delegations' hotel suites. Jordan apparently echoed the Syrian line, and Vance himself forced to concede that the most that could be hoped for was indeed some kind of proximity talks in New York.

Ready For Proximity Talks As Alternative

Israeli officials over the weekend were at pains to stress their readiness to participate in this sort of dialogue, too — in line with the Begin government's general policy of emphasizing Israel's readiness to talk anywhere, anyhow, without preconditions — with all or any of the original December 1973 Geneva participants.

Clearly, the Vance mission was in trouble, though. Israeli officials were careful not to say anything that might contribute to the atmosphere of letdown, especially before Vance arrived in Jerusalem. There was also the hope that his personal report to Begin and Foreign Minister Moshe Dayan might yet be more promising than the media reports of his talks in the Arab capitals seemed to foreshadow.

But as far as one could judge from those media reports, there had been no marked progress on either procedural or substantive issues and the New York talks — whatever their ultimate form — seemed to be intended as a formula for sustaining momentum in the absence of really meaningful progress.

As such, of course, it was useful to both the Americans, who have invested much prestige in the effort to advance Mideast peacemaking, and to the

Mideast protagonists themselves — on the assumption that they all want to avoid a deterioration that could bring a new war.

Another Round Of Pre-Talks Talks

Thus it seemed, before Vance's arrival here, that the most his tour would achieve was the hope of yet another round of pre-talks talks, this time in New York, with all those involved standing by in the hope that a more significant breakthrough could be developed in New York.

While the political policy-makers here maintained, at least outwardly, the attitude of ultimate optimism regarding Geneva that they developed during the Begin visit to the U.S., other "circles in Tel Aviv" have been airing pointedly less rosy prognoses. These "circles," in meetings with newsmen, have been saying candidly that the chances of Geneva reconvening do not look good, and therefore the chances of renewed hostilities must be taken most seriously.

There was no immediate explanation as to why these two widely differing outlooks had been allowed to be publicized. But some observers surmised that the Tel Aviv "circles" wished to impress the public that they were ready for the worst.

The View From Washington: CARTER SEES SITUATION BOTH AS 'FLUID' AND 'EXTREMELY DIFFICULT'

By Joseph Polakoff

WASHINGTON, Aug. 7 (JTA)--What's next in the Middle East political process was a decidedly speculative question here this weekend following Syrian President Hafez Assad's rejection of Egyptian and U.S. ideas for settlement talks.

The Geneva conference that Arab leaders had been insistently demanding since the Carter Administration took office in January is now a victim of differences among those very same leaders and is unlikely to take place this year, let alone in October as President Carter had predicted three weeks ago.

Carter, whose October date prediction followed his mid-July meeting here with Israeli Premier Menachem Begin, called the situation both "fluid" and "extremely difficult". He made the comments in a brief meeting Friday with a reporter following Assad's rejection in Damascus of Secretary of State Vance's proposal to reconvene the Geneva conference and Egyptian President Anwar Sadat's suggestion that a "working group" of foreign ministers meet in the United States to arrange procedures for the Geneva talks.

"There are literally hundreds of options being discussed," Carter said at the White House. "It is such a fluid situation." While deprecating media emphasis on the "negative aspects" of Vance's efforts that "possibly distorts" the outlook, Carter said "It is an extremely difficult situation." He added, "I think all leaders in the Middle East genuinely want peace — on their own terms, obviously."

Aim Appears To Have Shifted

The Voice of America broadcast that "it is already clear that the emphasis has shifted from

trying to reconvene the Geneva conference in the near future. The aim now, it would appear, is to explore the possibility of some kind of preliminary negotiations which would keep the diplomatic momentum going and at the same time — to use Vance's figure of speech — hammer out the framework for the Geneva conference at some future date."

The VOA said that Vance "may return to some of the capitals he has visited, either for additional substantive discussions or for courtesy calls," following his visits to Jordan, Saudi Arabia and Israel on "his critical mission." It has been reported that Vance will be back in Damascus and Cairo after he is in Jerusalem to open what appears to be a Vance-type renewal of former Secretary of State Henry Kissinger's shuttle diplomacy.

Its purpose, as the VOA indicated, is to maintain diplomatic discussion and prevent a breakdown in the diplomacy until the United Nations General Assembly in September brings foreign ministers to New York. Some expect intense pressure on Israel from the Communist-Arab bloc at that time with perhaps the climax coming when the deadline nears for the vote to continue the United Nations presence on the Golan Heights which expires in November.

BEGIN URGES SYRIA, JORDAN TO REVERSE OPPOSITION TO PLAN RAISED BY SADAT

By Yitzhak Shargil

TEL AVIV, Aug. 7 (JTA)—Premier Menachem Begin urged Syria and Jordan today to reverse their negative reaction to the proposal made by Egyptian President Anwar Sadat, at his meeting in Alexandria with Secretary of State Cyrus Vance, for a working group of Mideast foreign ministers to meet preceding the Geneva conference.

Begin, speaking during a visit to Ramat Hagolan, said there was still time for Syrian President Hafez Assad and Jordan's King Hussein to change their minds. He added that, if the proposal could not be followed, Israel would agree to bilateral talks, Israel talking with Vance and the Arabs talking with Vance at separate meetings. Begin offered a proposal for such proximity talks during his July visit to Washington.

Begin called the Golan Heights the security belt for Israel's populated areas and said the Heights were now in good, strong, devoted hands. He was accompanied by Defense Minister Ezer Weizman, Chief of Staff Mordechai Gur, and Gen. Rafael Eytan, commander of the northern front.

Discussing the talks Israeli officials will have with Vance when he arrives here Tuesday, Begin said the talks will cover all subjects bearing on the "main question" as to how and with what to promote "the talks between us and the Arabs" toward a peace settlement. He said there was now agreement between Israel and the United States that the goal was a peace agreement which is essential for Israel and the Arabs.

Will Not Desert Lebanese Christians

Earlier the Premier and his entourage visited the good fence at the Lebanese border. He also examined the nearby Lebanese terrain as the deployment of the Lebanese Christians and Palestinian terrorists was explained to him.

Begin said later it was "inconceivable" that Israel would desert the Christian minority in south Lebanon. He said the Israelis, a minority in the region, would do their "utmost" to prevent the "genocide" of the Christians in south Lebanon.

He denied rumors of U.S. pressure on Israel to close down the good fence, as alleged by Major

Saad Hadad, commander of the Christian Lebanese in the south. Begin reiterated Israel's determination to help the south Lebanese Christians to defend themselves, adding that "I told that" to President Carter. He said that the Christian world should also know of the "danger of extermination" he said loomed over the Christians in south Lebanon.

EBAN: EMERGENCY SITUATION FACING ISRAEL REQUIRES UNITED JEWISH WORLD

NEW YORK, Aug. 7 (JTA)—In his first address before a Jewish group during his current speaking tour on behalf of the Begin government, former Foreign Minister Abba Eban told the Conference of Presidents of Major American Jewish Organizations that the current "emergency" situation facing Israel requires the "full power and solidarity of a united Jewish world."

Addressing some 150 top Jewish leaders here, Eban said American policy makers were "unusually sensitive to Jewish opinion". But he warned that in the absence of any progress toward filling the diplomatic vacuum, the Arab states may choose the military option. This would require, he said, a "second line of defense, a contingency plan," if the gap between the present positions of Israel and the Arab states proves too great.

Eban expressed the opinion that a "failed peace conference at Geneva" could be worse than a peace conference that does not take place. He said Israel was "wise" to insist on a full peace treaty as the "ultimate destination" of Arab-Israeli negotiation but he indicated that there was a greater likelihood of winning agreement on steps toward that destination than on the final outcome.

Eban cautioned against expecting that Israel would be "rescued" by divisions within the Arab world. He also rejected Arab efforts to "blow up" the significance of the recent Knesset action in legalizing the three settlements on the West Bank. The importance of that action, Eban said, was "marginal, minimal and subsidiary".

Approach To U.S. Public Opinion

He indicated that the theme of Israel's approach to American public opinion would be to emphasize that "only Israel can decide the minimum conditions for our security because only Israel is prepared to sacrifice the lives that may be necessary to assure that security." American support on this issue, he said, was essential.

In response to a question on his relationship to the Begin government, he said it was his hope that the new leadership in Israel, which has the power, would take advantage of the experience of members of previous governments so that the full range of Israeli strength could be mobilized in support of Israel's struggle for peace and security. Eban was warmly received by the representatives of the 32 constituent members of the Presidents Conference who were augmented by leaders of various local Jewish communities.

U.S. JEWISH GROUP FORMED TO CREATE SETTLEMENT ON WEST BANK

NEW YORK, Aug. 7 (JTA)—The formation of a group of American Jews planning to create the first American Jewish settlement in the West Bank and plans to create "at least" 12 new Jewish communities in the West Bank were announced at a press conference sponsored by Emunim, a group formed in the U.S. to support Jewish settlements throughout the West Bank area.

A spokesman for the American group called Lev

Tzion (heart of Zion), said it had been started six months ago and now includes 25 adult members prepared to settle in administered areas. Lev Tzion was described here Friday as sponsored by the Religious Zionists of America and co-sponsored by Emunim-USA, the support group in this country for Israel's Gush Emunim settlement movement.

Lev Tzion intends to begin a settlement at Shiloah. Its members were described as religiously-inclined and intending to incorporate traditional tenets into an economic plan based on American-style technology and farming. The spokesman said several members hold doctorates and all have completed college. The group includes two three-months old infants.

Plans for the new Jewish settlements were described by Amnon and Daniella Weiss who said announcement of the plan had been geared to coincide with the current visit of Secretary of State Cyrus Vance to the Middle East. The Weiss's live at Kadum, one of three Gush Emunim settlements legalized two weeks ago by Premier Menachem Begin's Cabinet.

Proposed Settlements Listed

Mrs. Weiss listed the proposed settlements, to be established this summer as at Dotan, in the Sanur-Arava region; Samaria, located around that city; Tirzoh, near the Nablus-Damia bridge highway; Karnei Shomron, above the Kakilyah-Nablus road; Timnath Heres, on the Terashen hills; Shiloh; Nebi Zalah; Bet El; Bet Horon; Givon, at an abandoned Jordanian army camp in the Givon foothills; Jericho; and Zif, south of Hebron.

Members of the American settlement group were listed as including both single and married participants from New York City, Detroit, Chicago and San Francisco. The spokesman said intensive recruitment was taking place in these and other cities, as well as preliminary efforts to attract candidates in Britain, South Africa and other English-speaking countries.

FIERCE BATTLE IN SOUTH LEBANON

TEL AVIV, Aug. 7 (JTA)—A fierce battle is taking place in South Lebanon between Palestinian terrorists and Lebanese Christians. Although a truce calling for a total cease-fire was signed in Shoura recently, the terrorists have "intensified" their artillery attacks against Christian villages, according to Saad Hadad, a Lebanese major who crossed into Metullah Friday.

Hadad said that his village of Merj Uyun, on a hill facing Metullah, and other Christian villages are almost completely cut off. A shell that exploded in the village Friday killed one person and injured five. The injured were brought to the "good fence" for treatment.

Hadad charged that the Syrians have reversed their position and are providing the terrorists with supplies, advisors and long-distance artillery. Saying that he was appealing to the "world's conscience," Hadad declared: "Why do they aid the Palestinians whom they call refugees, although they are the kings of Lebanon now? We are the ones who are suffering."

EX-NAZI, WHO ADMITTED ORDERING MURDER OF 400 PERSONS, IS ACQUITTED

BONN, Aug. 7 (JTA)—A former SS officer, who admitted he ordered the murder of more than 400 men, women and children in Brest-Litovsk in 1942, has been acquitted by a Kiel court on grounds he had acted "in a war situation" out of a "sense of duty" and that "cruelty" or a "criminal

lack of compassion" had not been proven.

The acquittal verdict for Erner Poehls was called "scandalous" by the *Allegemeine Juedische Wochenzeitung*, a Jewish weekly. The court was shown letters, handwritten by Poehls to his commanding officer, complaining that Russian villagers whose lives had been spared during mass shootings included some partisans, and asking permission to shoot them. Evidence indicated that permission was granted and that Poehls later reported "success figures" showing that his unit had shot 417 villagers, including 60 children and 40 women.

The Jewish weekly charged that "only one logical conclusion" could be drawn from the verdict — that the court did not wish to condemn Poehls, who joined the SS as early as 1933 and "was decorated" by SS chief Heinrich Himmler. The weekly added that Poehls was "now a free man, able to exercise all civic rights." The weekly said the acquittal "extended in a horrifying manner the chain of misjudgments in favor of Nazi regime executioners."

SPLIT IN DMC LEADERSHIP

By Yitzhak Shargil

TEL AVIV, Aug. 7 (JTA)—A public split appeared today in the leadership of Prof. Yigael Yadin's Democratic Movement for Change (DMC) only days after its Central Committee voted 61-8 not to join the Likud-led coalition government. Yadin, who held a press conference last Thursday to explain the decision, had no sooner finished blaming the breakdown of negotiations on Likud and its religious coalition partners when he was challenged by DMC MK Meir Zorea.

Zorea alleged that the DMC leaders who conducted the coalition talks — Meir Amit and Amnon Rubinstein — were opposed to joining and deliberately maneuvered the negotiations into a deadlock. He charged that to blame the failure on Likud was "hypocrisy".

Zorea, a general in the reserves, was promptly admonished by Yadin who reminded him that such accusations should be brought before the appropriate party bodies, not the press. Yadin said he disagreed totally with Zorea's charges and was convinced that the party will remain united around its program and objectives.

The DMC Secretariate on Friday condemned Zorea for his behavior and called upon him to consider giving up his membership on the Secretariate. Earlier Yadin and others objected to the demands of some that Zorea be ousted from the Secretariate and that he give up his Knesset seat.

Zorea, while saying he will consider resigning from the Secretariate, was furious that the DMC body did not take up the substance of his charges. Meanwhile, some DMC members are circulating petitions to oust Zorea while others have been phoning him with words of encouragement.

WASHINGTON (JTA)—Fifty-five Democrats and Republicans in the House signed a resolution on behalf of imprisoned Soviet Jewish dissident Anatoly Sharansky before the lower chamber went on its month-long summer recess last Friday. The resolution was introduced two weeks ago by Rep. John Buchanan (R-Ala.), a Baptist minister from Birmingham.

JERUSALEM (JTA)—A small explosive device found Sunday in an East Jerusalem street was safely dismantled by police, an official spokesman reported.

BEHIND THE HEADLINES**CONTROVERSY OVER ORGANIZED CRIME**

By Gil Sedan

JERUSALEM, Aug. 7 (JTA)--Whether organized crime exists in Israel and what to do about it if it does has emerged as a major public controversy here. The issue, which has been raised publicly before, emerged again last week when Likud MK Ehud Olmert said he has documents to substantiate his charge that organized crime exists in Israel and called for a parliamentary investigation.

Police Inspector General Haim Tavori met Friday with Interior Minister Yosef Burg to discuss plans for reorganizing the work of the police against crime. In a radio interview today, Tavori declined to call it organized crime, but said the police did have a file of a number of suspects whose guilt they were systematically trying to prove. Tavori said one of the main problems was presenting the courts with sufficient evidence to prove those suspects' guilt. However, he said, to speak about organized crime is an exaggeration.

Tavori's denial of organized crime in Israel is not the first. Ever since there was talk of an emergence of an Israeli "Mafia," the authorities refrained from admitting its existence, most likely in order to avoid public hysteria and perhaps spare police from criticism for having allowed organized crime to develop.

However, recently there have been several developments that forced the police into action. One such development was a statement by the former chief intelligence officer in the police department, Shmuel (Sami) Nahmias, who charged that the present police structure was not capable of coping with organized crime. He suggested that a special body be set up for that purpose which would work with the coordination of the Mossad, Israel's secret service.

Nahmias resigned from the police over "differences of opinion" with Tavori. The differences, some observers noted, appeared to be over the scope of organized crime and methods of combatting it. Nahmias has sent a memorandum to Premier Menachem Begin asking him to consider setting up a special body. So far, however, there has been no reaction from the Premier's office.

Olmert In Dispute With Zeevi

Meanwhile, Olmert, who at 31 is one of the youngest members of the Knesset and who has devoted a great deal of his parliamentary career to studying the Israeli underworld, has engaged in a dispute with Reserve Gen. Rehavam Zeevi, former commander of the central command and an advisor on anti-terrorism to former Premier Yitzhak Rabin. Olmert charged that Zeevi threatened him following hints by the MK that "senior army officers" were involved in organized crime. Zeevi denied that he had made any threats against Olmert but announced today that he would sue the Knesseter for libel.

Olmert said he did not say Zeevi was involved with organized crime but he referred to the General's friendship with Bezalel Mizrahi, of Tel Aviv, one of Israel's most successful building contractors. "I have no legal proof of Mizrahi's involvement in criminal actions," Olmert said. "But there is definitely an accumulation of Mizrahi's involvement with criminals, and with criminal events, which raises deep suspicion."

Asked about his relations with Mizrahi, Zeevi said today: "Mizrahi is a very good friend of mine. If he is involved with the Mafia, then I have a problem. But I don't believe he is." Haaretz, in an article today on Mizrahi, described him as the financier of many of the activities of organized

crime in Israel. It is the first time that specific allegations were made against the man, known for his close relations with many of Israel's high society.

Mizrahi, 42, and a fifth-generation Sabra, is the owner of a chain of hotels his construction company, Elishav, built throughout the country. He was also involved in a number of building projects for the government. There was no immediate public reaction by Mizrahi to the Haaretz article, but allegations and counter-allegations are gradually developing into the most involved crime story since the State was born.

A First For A British Prime Minister: CALLAGHAN TO ADDRESS BOARD OF DEPUTIES ON OCCASION OF 60TH ANNIVERSARY OF BALFOUR DECLARATION

By Maurice Samuelson

LONDON, Aug. 7 (JTA)--For the first time, a British Prime Minister has agreed to address the Board of Deputies of British Jews. James Callaghan will appear at a special session of the Board on Oct. 23 to mark the 60th anniversary of the Balfour Declaration in which Britain undertook to support the Jewish claim to a national home in Palestine. It is also believed to be the first time that a serving British Prime Minister has agreed to appear on a public platform to commemorate an event which still stirs anger in the Arab world.

Callaghan agreed to address the community in response to a personal invitation from Lord Fisher of Camden, president of the Board, who will preside at the meeting.

Greville Janner, vice president of the Board and a Labor Party MP, said that by accepting the invitation, the Prime Minister would be "paying a compliment of the highest order" to the community and to the State of Israel. The last occasion on which Callaghan addressed a Jewish gathering was last year when he appeared at a Labor Friends of Israel dinner in South Wales to honor Gideon Rafael, then the Israeli Ambassador to Britain.

Additional Noteworthy Elements

Callaghan's decision to attend the Balfour Declaration event is also noteworthy because, at past Balfour anniversary celebrations, in Britain and in Israel, British governments have usually preferred to be represented by second-rank ministers.

It is also significant since there are considerable differences between Britain and Israel over the notion of a "Palestinian Arab homeland" which the British government supported at the recent London summit meeting of the nine European Economic Community nations. Some observers here are speculating that Callaghan may use the occasion to seek Anglo-Jewish understanding for this new Palestinian policy despite its unpopularity in Israel. The Board of Deputies has itself voiced its dismay at this policy.

A separate commemoration of the Balfour Declaration anniversary will be staged by the Zionist Federation, to which the original historic document was addressed. It will hold a dinner to be addressed by leaders of all three British political parties.

JERUSALEM (JTA)--The Committee For the Protection of Jewish Sanctities plans to install automatic television scanners to combat the recent thefts of grave ornaments in the Holon Cemetery, a committee spokesman said. Some 40 members of the committee met here and decided to hire private detectives to protect the cemetery. Over the last five weeks police have received complaints about thefts of copper fences and marble ornaments.