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CAPUCCI RELEASED FROM JAIL

By: GIT Sedan

JERUSALEM, Nov. 6 (JTA)—Archbishop Hilarion Capucci, head of the Greek Catholic Church in East Jerusalem and the West Bank, was released from Ramleh prison this evening after serving three years of a 12-year sentence for arms smuggling and collaboration with terrorist groups. Capucci, 55, was ordered to leave the country immediately as a condition of his release. He flew to Rome tonight.

His release followed an exchange of letters over the weekend between Pope Paul VI and President Ephraim Katzir. The Pope promised that the Archbishop would "not cause harm to the State of Israel" and said his release would be regarded by the Vatican as a friendly act "which will be met with sincere appreciation."

In the letter, which was conveyed to Katzir last Thursday by the Apostolic Delegate in Jerusalem, Msgr. William Aquin Carew, the Pope expressed deep concern over the state of Capucci's health and asked for clemency. Katzir replied to the Pope on Friday, informing him of his decision to pardon Capucci. He wrote that he had taken in consideration "the significance of your request and its importance" and "your expression that the release will not cause harm to the State of Israel."

The exchange of letters represented the culmination of prolonged negotiations between Israel and the Vatican. On the basis of those negotiations the Cabinet decided at its meeting last Sunday to recommend that Capucci be released.

Culmination Of Prolonged Negotiations

The prelate was arrested on August 8, 1974 while driving from Jerusalem to Nazareth via the West Bank. A search of his Mercedes Benz car yielded four rifles, two pistols, hand grenades and about 100 kilograms of explosives. Evidence submitted at his trial revealed that the arms were intended for terrorist and sabotage groups and that Capucci had been smuggling weapons regularly from Beirut in the service of the El Fatah terrorist organization.

His release from prison brought to an end one of the most delicate security cases in Israel's history. Ever since Capucci's detention the government had been under strong political pressure from abroad to release him. Terrorists, too, demanded his release.

Capucci's name appeared on a list of security prisoners that the 1976 Air France hijackers wanted exchanged for their hostages held at Entebbe Airport in Uganda. The Archbishop himself was a troublesome prisoner. He went on hunger strikes several times while in jail which resulted in the deterioration of his health. He also complained constantly that his friends were not doing enough to secure his freedom.

2 KILLED, 3 INJURED IN INCIDENTS

TEL AVIV, Nov. 6 (JTA)—Two Israeli workmen died in a Katyusha rocket attack on Nahariya this afternoon. Several buildings and cars were damaged. The victims were identified as Louis Levy, 45, who was killed instantly, and Shmuel Mintz, 33, who died in the hospital. The 112 mm. rocket shells, fired from the Lebanese border, exploded at 4 p.m., local time near a group of workers who

had just left their factory and were waiting for a bus. Israeli artillery opened fire on the source of the attack. It was the first attack on an Israeli town by Lebanese-based terrorists since the cease-fire went into effect in southern Lebanon Sept. 26.

In an earlier incident, three Israeli bus drivers were injured last Friday when a bomb exploded in the Egged bus company office in Jerusalem. The bomb was concealed in a plastic shopping bag in a bus that had just discharged its passengers. The driver assumed a passenger had forgotten the bag and took it into the office when it exploded, injuring him and two other drivers.

In another incident, an Israeli naval unit sank a fishing boat last night off Rosh Hanikra on the Israeli-Lebanese border. The three occupants of the boat had opened fire on the Israeli naval craft. Their fate was not disclosed.

BEGIN DENIES THAT ISRAEL AND THE U.S. ARE ON A COLLISION COURSE

By William Saphire

NEW YORK, Nov. 6 (JTA)—Israeli Premier Menachem Begin vigorously denied that Israel and the United States "are on a collision course" and said, in an American television interview broadcast nationwide tonight that he believes President Carter's professions of friendship for Israel even though Carter "sometimes ... makes statements which we cannot agree with."

The interview with Mike Wallace, taped in Jerusalem for the CBS Television Network "60 Minutes" program, was Begin's first appearance on national American television since his visit to the U.S. last July. He reiterated Israel's unqualified opposition to PLO representation at a re-convened Geneva peace conference and insisted that "The Soviet Union is not a peaceful factor in this part of the world" (the Middle East), adding, "Everybody should know that."

He would not say whether Israel will participate in the UN-ordered arms embargo against South Africa and dismissed as "fantastic stories" recent reports that Israel had surreptitiously obtained enriched uranium from the U.S. and several European countries.

Begin insisted that Jewish settlements on the West Bank were not illegal. But he refused to endorse or reject Agriculture Minister Ariel Sharon's recently stated plans for two million Jewish settlers in that territory. He also denied that he ever said the Palestinians have no rights to a homeland or independent state. He claimed that the Palestinians "have their homeland" now "and they live as free men wherever they live in this country."

Says Carter Shows Good Will

The interview opened with questions on the troubled relations between Israel and the Carter Administration. Wallace noted that President Carter "is the first American President" to speak about a Palestinian homeland and the legitimate rights of the Palestinians.

Begin replied: Sometimes President Carter makes statements which we cannot agree with. And then we say openly and sincerely. Then we have out debates with him. On the other hand, I cannot forget that President Carter makes, also,

very friendly statements about Israel. For instance, such a statement, he would prefer to commit political suicide rather than to hurt Israel or Israel's security. I never remember another President having made such a statement."

Asked by Wallace, "Do you believe him," Begin said, "I surely believe him. I think I will go on believing the President. I believe he's a man of good will." Asked if he thought the U.S. and Israel "are on a collision course," Begin replied: "No, no, no. I don't believe they are on a collision course ... Please understand, America's got interests in the Middle East and sometimes there is an expression of those interests. Yes, I will say frankly there's a problem, Saudi Arabia with its influence, its oil. We cannot give up our freedom, our independence, our life for the sake of oil. We can't and we shall not."

West Bank Mayors Acceptable At Geneva

With respect to the PLO, Begin said "Everybody knows in the United States and elsewhere that we shall not accept any representation by the so-called PLO, either members of the PLO or nominees of the PLO or representatives of the PLO at Geneva."

He said, however, that the elected mayors of West Bank towns such as Hebron, Nablus, Jericho, Ramallah would be acceptable, "if they come as elected mayors representing local people. But if they say, as they do, that PLO is the only representative of the Palestinians and they will go to Geneva only by the agreement of the PLO, then they won't be acceptable We oppose the so-called PLO and will not accept the concept of a so-called Palestinian state."

Wallace asked, "Then you're saying that the Palestinians have no rights to 'a homeland', an independent state?" Begin replied, "I never said so, Mr. Wallace ... They have their homeland. They live now in their homeland ... And they live as free men wherever they live in this country."

On the continuation of Jewish settlement on the West Bank, Begin said the "West Bank means the country west from the Jordan River up to the sea ... We said, time and again, there are no illegal Jewish settlements in any part of this land. It is Palestine in the foreign languages. It is the land of Israel in the historic name." Questioned about Sharon's massive settlement plans, Begin replied, "He made a speech, it was published and why shouldn't you ask Gen. Sharon about this?"

Begin rejected that U.S. view that the Soviet Union can help bring a peace settlement in the Middle East. He observed that "The Soviet Union has sent arms to Egypt, to Syria, selling to Libya under a very curious ruler by a fanatical Maslem, and to Iraq. Now they take over Ethiopia. The Soviet Union is not a peaceful factor in this part of the world. Everybody should know that."

Issue Of South Africa

Asked "Why is Israel so close to South Africa?" Begin replied: "As far as we are concerned South Africa wants to be friends with Israel. We are anti-racist. And we told this time and again to South Africa and the whole world. But if they come and say they want to stretch out their hand, we are surrounded by enemies on all sides, we have very few friends, we're not going to reject any hand stretched out to us."

Asked if Israel will abide by the arms embargo against South Africa voted by the UN, Begin

replied, "I don't say we are shipping arms now. Whenever a decision is taken we shall consider it ... If I say Israel will consider the decision you have to draw your own conclusions." Asked how much enriched uranium for nuclear weapons comes from South Africa, Begin said "I don't know anything about nuclear weapons ... My profession, I am a lawyer. I have no idea about nuclear weapons."

Begin denied a recent Washington Post story claiming that senior Israeli defense officials are preparing for "a war of annihilation" against the Syrian and Egyptian armies. Begin replied that "The best proof that this is an invented story is the use of the word annihilation. We have never used such a word and will never use it."

The Premier would not say whether Israel would be self-sufficient in weaponry and ammunition should a new Middle East war break out. "I pray that we should be self-sufficient," he said. "If we are, it's good. If we are not, well, we shall find ways."

Basis For Isolation

Asked to comment on Israel's apparent isolation in the world today, Begin attributed it to "the big lie of the propaganda, successful propaganda" by the Arabs which depicts "the defeated aggressor" as "the wronged victim."

Asked if he thought there was any point in going to Geneva believing that the PLO is determined to destroy Israel and therefore cannot be a partner to negotiations, Begin replied: "That depends on the conditions. The PLO has got a document, a written document ... in which they say that the State of Israel must disappear ... There is no such Egyptian charter. So we observe the fact that, from time to time, Arab rulers say that they recognize the fact of the existence of the State of Israel. But Arafat and the so-called PLO doesn't have any position except one, to destroy the State of Israel."

EBAN PRAISES CARTER FOR NOT FAVORING SEPARATE PALESTINIAN STATE By Maurice Samuelson

LONDON, Nov. 6 (JTA)--Abba Eban tonight praised President Carter's latest affirmation that he does not favor a separate Palestinian state between Israel and Jordan, and said that it had greatly eased relations between Israel and the United States.

In a speech prepared for the conference of the British Zionist Federation, the former Israel Foreign Minister said it was "preposterous" to regard the creation of a 23rd Arab state to be as important as the Jewish people's right to sovereignty and security.

Turning to the prospects for a Geneva conference, Eban said that once procedural and representational issues were solved, the major crisis would center on Israel's quest for territorial security. Even the most moderate members of the Israeli Knesset would not agree to the restoration of the explosive 1967 map.

Israel Should Be Ready For Compromise

However, Israel should be ready for compromise in the West Bank and Gaza as well as in other areas, Eban said. Despite its headline pronouncements, he implied that the present Israeli government might yet recognize this. "Every political party that comes to power with a record of emphatic slogans finds it necessary to seek a compromise between its rhetoric and its responsibility," Eban said.

As a result of Israel's concessions on a unified Arab delegation and the possibility of Palestinian Arab representation at Geneva, it was now for the Arab side to contribute to the removal of obstacles preventing a peace conference, he observed.

Turning to the internal Jewish front, Eban said that the greatest need of the hour was universal solidarity. He called for reconciliation between passion and reason, historic sentiment and political realities, and between the quest for security and the need for peace.

Eban's only strong criticism of the Israel government concerned proposed alterations in the definition of "Who is a Jew." "It would be irresponsible to enact measures that conflict with the existing pluralism of Jewish religious expression, and thus make Israel a divisive force in Jewish spiritual life," he said.

8000 WORKERS STAGE PROTEST RALLY

By Tuvia Mendelson

JERUSALEM, Nov. 6 (JTA)—About 8000 workers, mainly civil servants and municipal employees, demonstrated outside the Prime Minister's office today to protest the government's new economic policy and the sharp increases in living costs. The demonstration, while the Cabinet was holding its weekly meeting inside the building, was peaceful and police massed to deal with possible violence had little to do. A group of young Likud members tried to interfere with some of the speakers but no incidents developed. Earlier, a mass meeting of municipal employees was held at the "Beit Ha'am" hall.

The demonstration was organized by Histadrut and the Jerusalem Labor Council. The council's secretary, Nissan Harpoz, said it was not politically motivated but was intended to protect the rights of wage-earners and the welfare of poverty families with several children.

Strikes and work-stoppages occurred today in Haifa, Kiryat Shmona and Afuleh but were only partly effective. Some Haifa municipal workers stayed away from their jobs but others went to work as usual. In Afuleh 7000 workers signed a petition to Premier Menachem Begin asking for an audience. But most of them ignored the strike call.

See C.O.L. Rising By 60%

Meanwhile, a firm of economic consultants employed by the Bank Leumi predicted today that the cost-of-living index will rise by 60 percent over the next 14 months as a result of the reduction of price supports for basic foods. They forecast monthly price increases of five percent and a consequent depreciation of the Pound relative to the U.S. Dollar. The ratio now is IL 15.20-\$1.

The consultants said that living costs will show a 35 percent increase for the period November 1976-78. They said the building industry would be the hardest hit by the new economic policies but the tourist industry would benefit from the new dollar rate.

MEIR DINNER PRODUCES IL 15.1 M IN ISRAEL BOND COMMITMENTS FOR 1978

NEW YORK, Nov. 6 (JTA)—A record amount of \$15.1-million in advance Israel Bond commitments for 1978 was obtained at a national dinner here in honor of Golda Meir under the auspices of the Israel Prime Minister's Club, which she founded when she occupied that office.

The dinner on Thursday evening was followed by a special pre-opening performance of "Golda," the play about Mrs. Meir's life, with the Israeli

leader and approximately 1,000 Israel Bond subscribers in attendance. Purchases of Israel Bonds at the dinner ranged from \$500,000 to \$25,000. Anne Bancroft has the title role in the play which is to have its official Broadway opening on November 14. Mrs. Meir, who is here on a private visit, was heavily guarded by police and security men, particularly at the theater.

Addressing the dinner, the former Premier stated firmly that the world should "let us decide our fate." Mrs. Meir declared that "we have one purpose and that is the continuity of the Jewish people and we have never wavered in our belief that we would be free in our own homeland." In an obvious reference to recent discussions with the United States, she said that "we know better what is good for us" and no one could make Israel's freedom "dependent on the wishes of Arafat." She added, "Even if the PLO recognizes us, we still won't be safe."

Asserting that Israel is not prepared to accept international guarantees of her security, Mrs. Meir asked: "Who can guarantee the guarantors?" She noted that Israel was one of the first countries to warn the world against the spread of terrorism and hijacking. She was happy, she said, that Israel's spectacular rescue mission at Entebbe had paved the way for the recent West German action which freed the passengers of a plane hijacked to Somalia.

Although "there is something basic in our friendship with the United States," Mrs. Meir questioned the right of any power to "endanger" Israel's future. She told the audience of U.S. and Canadian Jewish leaders: "We are fighting as one, together. And we will win the battle, too." Sam Rothberg, general chairman of the Israel Bond Organization, presided at the dinner.

ISRAEL REJECTS SADAT'S PROPOSAL

JERUSALEM, Nov. 6 (JTA)—Israel today rejected a reported proposal by Egyptian President Anwar Sadat to postpone the Geneva Conference and establish an Israeli-Arab working group to lay the groundwork for the conference first. The Cabinet decided to stick by the Israeli-American "working paper" which Israel regards as the basis for reconvening the Geneva talks.

Sadat, in a television interview Friday, reiterated the proposal he made during Secretary of State Cyrus Vance's tour of the Middle East last August for an Arab-Israeli working group to draft an agenda of topics to be discussed at Geneva. The original proposal collapsed when Syrian President Hafez Assad dismissed it as useless. In a report in Cairo yesterday, Egyptian Foreign Minister Ismail Fahmy denied that Sadat was reviving his proposal and claimed the Egyptian President was only recalling developments in Mideast diplomacy.

Israeli Foreign Minister Moshe Dayan told the Cabinet today that Sadat's proposal should be rejected because the Egyptian President was probably trying to neutralize the American-Israeli working paper and because Israel did not want to negotiate with a joint Arab delegation.

WASHINGTON (JTA)—Mark Turkow, executive director of the Latin American branch of the World Jewish Congress for 25 years and a founder of the WJC since its preparatory meetings in 1941, announced his retirement Thursday at the concluding session of the WJC General Council meeting here. Turkow was named a member of the Council.

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BEHIND THE HEADLINES

STRATEGY FOR THE MIDDLE EAST

By Joseph Polakoff

WASHINGTON, Nov. 6 (JTA)—The Carter Administration is spreading the word that its Middle East policy is firmly charted and the course it is taking will not be revised because of domestic criticism.

The Administration acknowledges that it has problems with Congressional and American public opinion over its Middle East course but it must stay with it and it is attempting to explain its policy in terms of the national interest and U.S. commitments, it was indicated.

These were among the points a "senior U.S. official" made to selected reporters Thursday at the State Department on a background basis, in the wake of President Carter's address at the World Jewish Congress (WJC) last Wednesday and two meetings by U.S. officials at the State Department a week earlier with American Jewish leaders and the Jewish media.

Intense criticism has been aroused against the Administration's Mideast policy, especially by the U.S.-Soviet joint statement of Oct. 1. Sen. Howard Baker (R. Tenn.), the Republican Senate minority leader, and former Secretary of State Henry Kissinger both attacked the Administration's policy before the WJC, Baker explicitly and Kissinger implicitly.

At the same time, Senate majority leader Robert C. Byrd (D. W. Va.), Sen. Abraham Ribicoff (D. Conn.) and Rep. Paul Findley (R. Ill.) defended Carter's Mideast policy as he had outlined it to the WJC. Noting that this is the "time to cool rhetoric," Ribicoff told the Senate Thursday, "I trust" the President, Vice President and Secretary of State on the Middle East as a Senator, as an American and as a Jew.

Say U.S.—USSR Statement Is A Plus

The Jewish Telegraphic Agency learned that the official at Thursday's background briefing was Assistant Secretary of State Hoddging Carter who articulates Secretary of State Cyrus Vance's policy almost daily at briefings. The JTA learned that Carter said much of America's Jewish community and some Senators criticize the U.S.—Soviet Mideast statement but that the U.S. thinks it got the better part of the bargain. His contention was that while the U.S. allowed the use of "legitimate rights" to appear in the statement the Soviets agreed to "normal relations".

"Legitimate rights" of the Palestinians, Hoddging Carter said, "could" include human rights and status rights but it is for the parties at the Geneva conference to determine them. He denied that "legitimate rights" is a code phrase for "a Palestinian state".

He volunteered, it was said, to the reporters that the Carter Administration does not think the Palestine Liberation Organization necessarily represents the Palestinians. For that reason, he said, the Administration refers to "Palestinians" instead of to the PLO.

The spokesman said the Middle East, SALT, Southern Africa and Panama are the Administration's four main foreign policy concerns, with the Middle East first. The second set of foreign policy concerns are human rights, nuclear proliferation and transfer of weapons among nations abroad.

Seeking To Win Support

In seeking to win public support, the Administration has gone to unprecedented lengths with the American Jewish community, in particular, on the

Middle East issue and with Congressional figures and others on SALT and other matters dealing with détente and the Soviet Union. However, the opponents are not being satisfied apparently with the official explanations, open or on background, public or private.

The fact that the Arab governments and the PLO were elated by the President's statements and Administration tactics over the past eight months while the Israelis and their supporters have been correspondingly subdued indicates the reaction toward the Carter Middle East policy.

Neither the President nor any spokesman has flatly said he will repudiate the PLO but rather they have watered down the kind of statement they now expect from the terrorist leaders so they can talk with them. In addition, the Administration has given approval for a PLO official to enter the U.S. but refuses to reveal the circumstances.

While the President told the WJC he prefers not to have a Palestinian state, he does not make explicit what he does want to see in the form of sovereignty on the West Bank and what he precisely means by "secure and recognized" borders for Israel.

ISRAEL WILL NOT WITHDRAW FROM ILO

JERUSALEM, Nov. 6 (JTA)—Israel will not withdraw from the International Labor Organization, despite the United States' decision to do so, the Cabinet decided at its weekly session today.

The Israeli decision came despite the fact that the U.S. quit the organization due to Arab manipulation of the organization as an anti-Israeli instrument. The explanation in Jerusalem was that contrary to Washington, Israel could not return to the ILO when she would wish to do so. Furthermore, a withdrawal from the organization would mean playing into the hands of her enemies, who are trying to get Israel out of international bodies.

The Israeli decision came, a government spokesman said, in consultation with the U.S. government, the AFL-CIO, the Histadrut and the Manufacturers Association. All these parties endorsed Israel's decision to remain in the ILO.

WASHINGTON (JTA)—Kim Weissman of Baltimore, who at 16 was the youngest delegate to the General Council meeting of the World Jewish Congress here last week, crocheted a yarmulka with the name "Jimmy" on it, and presented it to President Carter Thursday evening. Miss Weissman represented the National Conference of Synagogue Youth, which she said was a 30,000-member organization.

TEL AVIV (JTA)—Seven persons were killed and 14 injured Saturday when a minibus and an Egged bus collided head on after trying to avoid a camel that had wandered onto the Arava road in the Negev. The dead were all in the minibus, the driver and six tourists from Holland and Denmark. In another accident Saturday, one tourist was killed and 22 injured when a truck smashed into the back of a tourist bus on the Tel Aviv-Haifa road.

TEL AVIV (JTA)—Foreign Minister Moshe Dayan said that the support of U.S. Jewry was one of the four factors that will enable Israel to maneuver and negotiate at the Geneva conference, if and when it convenes, without surrendering its positions. The other factors were that Israel is in possession of the occupied territories and can continue to hold them; the possibility of co-existence with the Arabs; and the strength of the Israeli army.