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SOME IRANIAN SOLDIERS IN UNIFIL DEFECTING TO PALESTINIAN TERRORISTS By Yitzhak Shargil

TEL AVIV, Jan. 9 (JTA) -- A number of Iranian soldiers in Lebanon defected to the Palestinian terrorists after military authorities in Teheran ordered their unit home, it was learned today. The defectors were members of Iran's contingent in the United Nations Interim Force in Lebanon (UNIFIL). They include one sergeant and about a half dozen privates. All were said to be Shi'ite Moslems. They reportedly crossed the lines into the terrorist-held stronghold of Nabatiyeh.

Meanwhile, a group of officers of the Lebanese regular army arrived in south Lebanon yesterday and were assigned to liaison duties at UNIFIL headquarters. They were the first Lebanese army regulars posted to south Lebanon since the evacuation of Israeli forces last year. Their presence has disturbed the Christian militia which regards the Lebanese army as pro-Syrian and likely to aid the terrorists. The officers arrived by helicopter without the knowledge of the militia commanders.

DUTCH LAWMAKER ASKS GOVERNMENT TO PARDON 3 IMPRISONED WAR CRIMINALS By Henriette Boas

AMSTERDAM, Jan. 9 (JTA) -- A prominent Calvinist member of the Dutch Senate has asked the government to pardon the last three Nazi war criminals imprisoned in Holland on grounds that their continued confinement no longer serves any purpose.

The request, by Prof. Isaac A. Diepenhorst, a member of the law faculty at the Calvinist Free University here, was addressed to Justice Minister Jacob de Ruiter. He petitioned the minister in his capacity of chairman of the Interchurch Commission for Judicial Institutions. Diepenhorst belongs to the Calvinist wing of the Christian Democratic Party.

The prisoners, all Germans, are Ferdinand aus der Fuenfen, Franz Fischer and Joseph Kofaello, all originally sentenced to death for crimes committed during the Nazi occupation of Holland. Their sentences were later commuted to life imprisonment. In March 1972, a petition for their release, then under consideration by the government, raised a storm of protest and a motion to that effect was defeated in parliament by a vote of 85-61.

Diepenhorst argues that the three men, confined to Breda Prison in southwest Holland for the past 33 years, should be released because punishment has no meaning for prisoners who are old and are no longer fully competent mentally. Organizations of war victims and former resistance fighters said they would oppose his appeal.

Diepenhorst conceded that the release of the three may cause anguish to victims of Nazi crimes. But in his view, irreparable suffering cannot find compensation in punishment imposed by men. He recalled that in the immediate post-war years the Dutch judicial authorities exercised mercy in the cases of most persons accused of war crimes or collaboration with the enemy.

He said that over 100,000 such persons arrested after the war have long since been released, except for 45 who were executed and the three held in Breda.

REPORT SUCCESSFUL TESTING OF NEW METHOD TO EXTRACT OIL FROM SHALE THAT COULD REVOLUTIONIZE INDUSTRY By Yitzhak Shargil

TEL AVIV, Jan. 9 (JTA) -- Scientists of the Haifa Technion announced today that they have successfully tested a new method of extracting shale oil with use of a laser beam that, they say, could revolutionize the world's fuel industry. The announcement was made by Profs. Joseph Rom and Joseph Schwartz of the Technion's aeronautical engineering department who conducted the research and tested the process in the Technion labs. A patent has been registered by the school.

According to Rom, who is a Likud MK, every country possesses oil shale reserves but the extraction of fuel in the form of kerogen, a combustible liquid or gas, is extremely expensive, requiring tunneling, blasting and refining. The laser beam process, he said, utilizes relatively inexpensive industrial machinery and the kerogen can be marketed immediately without refining. He said a pilot plant and field testing would cost several million dollars and take 2-4 years to develop.

The method developed by the Technion scientists employs a moderate power laser beam directed through a narrow diameter pipe in a shale oil boring. The high temperatures created by the beam converts the shale oil into gases that can be extracted through a system of pipes. The kerogen may be burned as gas or condensed into a liquid fuel. Rom said the U.S. possesses shale oil reserves greater than the known oil reserves of all the Organization of Petroleum Exporting Countries and that Israel itself has two million tons of shale, enough to provide for its fuel needs for 25-30 years.

TREASURY PREPARING AUSTERITY ECONOMIC BUDGET IN MOVE TO FIGHT INFLATION By Gil Sedan

JERUSALEM, Jan. 9 (JTA) -- The Treasury was reported today to be preparing an austerity economic program in an all-out attempt to fight inflation. According to Yediot Achronot's economic correspondent, the plan, designed to soak up some IL 10 billion annually, includes a five percent levy on income tax, in effect a tax on taxes.

Finance Minister Simcha Ehrlich promptly denied that there was any move to increase taxes. He insisted there were no new economic plans at this time and that he has not even studied working papers for any. The Yediot correspondent said the plan is still in its initial stages and probably would undergo a number of changes before it is approved. Some observers suggested that it was deliberately leaked in outline to test public reaction.

The program calls for cuts in the State budget, reduced subsidies for various economic enterprises, the sale of public lands, a freeze on public construction and on the number of government employees and linkage of government-financed mortgages to the cost-of-living index. The most controversial item is the proposed levy on income tax.

The Treasury explained, according to the

Yediat Achronot report, that the plan is not to increase taxes as such but to impose a five percent levy on existing tax rates. A tax bill of ILC 1000 would, for example, carry an additional payment of ILC 50.

The Likud Knesset faction urged the government yesterday to prepare a comprehensive socio-economic plan for the next two years. MK Haim Kofman who introduced a resolution to that effect, said it was intolerable that the faction be kept in the dark as to what the government was doing in the social and economic fields.

The Likud MKs also decided to submit an agenda motion to take legal action against yordim (Israelis who emigrate) who rent apartments they purchased with government subsidies at an excessive price to the new tenants. Dov Shilansky who raised the issue said many yordim bought apartments with government supported loans before they left the country and are now reaping large profits. He proposed legal action to deprive them of the property.

Dulzin Calls For Construction Freeze

Meanwhile, Leon Dulzin, chairman of the Jewish Agency and World Zionist Organization executives, called on the government today to freeze all public construction, except defense construction, and freeze luxury apartment construction so that construction efforts could focus almost entirely on the needs of olim and poorly housed Israelis. Dulzin told a meeting of the WZO Executive that he would make his proposal formally at a meeting later this week with Premier Menachem Begin.

Rafael Korfowitz, chairman of the WZO Aliya Department, warned that any and all aliya plans would be doomed to failure unless the housing bottleneck for olim is broken.

ALLON RAPS LIKUD 'SURRENDER' TO GUSH By David Landa and Gil Sedan

JERUSALEM, Jan. 9 (JTA). -- Former Foreign Minister Yigal Allon attacked the Likud government tonight for "surrendering" to the Gush Emunim and jeopardizing the peace negotiating process thereby. Allon, a Labor MK, was referring to widespread reports, and claims by the Gush, that the government has agreed to the establishment of a Jewish settlement near the Arab town of Nablus in the Samaria district of the West Bank. Government sources earlier had denied that any promise was given.

The sources conceded, however, that a group of 25 Gush families who ended an eight-day vigil on the Kalkiyia-Nablus road last night, were given official recognition as a settlement group and that their request to erect a "Jewish town of Nablus" near the Arab town would be reviewed. Allon called this a "shameful surrender" and warned that by giving in to pressure from the Gush and their supporters, the government was "inviting further pressures." From the point of view of negotiations with Egypt, expected to be resumed shortly, the "sell-out" to the Gush Emunim was ill-advised, Allon said.

Earlier today, Labor MK Yossi Sarid, joined by members of the Shai and Sheli factions and backed by the Peace Now Movement, introduced urgent agenda motions in the Knesset protesting the "government's surrender to the Gush Emunim."

The 25 Gush families returned to their homes at "Elon Moreh" inside the Kadum army base last night on the strength of what their spokesman, Zvi Slonim, described as "satisfactory clarifications" from the government. Slonim

claimed that the "essence" of the government's position is that they could settle anywhere they wished on the West Bank but he was not specific about what, if anything, was promised. Other Gush circles said today that plans would begin immediately to build a Jewish town near Nablus.

Still Favors 'Border Areas' Settlements

Allon, interviewed on Israel Radio, said he still strongly favored Jewish settlements in the "border areas" of the West Bank, meaning the sparsely populated Jordan River valley. That was part of the so-called "Allon Plan" that surfaced after the Six-Day War. But, he said, the decision to plant settlements in the heart of Samaria would inevitably weaken the effort at the point where it should be focused, namely the Jordan Valley.

When the reporter recalled that Allon was Foreign Minister when the original Gush group settled illegally at Sabastia in Samaria and was later shifted to the Kadum base under a compromise reached with the Labor government, Allon said he had no responsibility for those developments. He said he had strongly opposed the compromise in public statements and subsequently initiated a Cabinet motion to remove the settlers from Kadum. The motion was adopted but never implemented.

SARA FEDER-KEYFITZ DEAD AT 80

NEW YORK, Jan. 9 (JTA). -- Funeral services for Dr. Sara Feder-Keyfitz, former president of the Pioneer Women and a prominent sociologist and advocate of women's rights, will be held tomorrow in Jerusalem. She died yesterday in Jerusalem at the age of 80. Dr. Feder-Keyfitz, who immigrated to Israel in 1970 from the United States, was the founder there of the Adult Education Association which operates an innovative continuing education school with courses in the English language. She was born in Russia and came to the U.S. as a child.

A holder of doctorates from both Columbia University and the University of Chicago, she joined Pioneer Women while still at Columbia and was one of its earliest members. She served as national president from 1955 to 1955 and later continued to be active on the national level. After her aliya, she was active in Naamat, Pioneer Women's sister organization in Israel.

Feder-Keyfitz helped introduce the celebration of Yom Haatzmaut, Israel's Independence Day, in the diaspora with her 1963 booklet, "Yom Haatzmaut: A Family Celebration" which is still being distributed by Pioneer Women.

A member of the sociology department at both Columbia University and the University of Missouri, Feder-Keyfitz was the author of numerous books and articles in her field. She was a delegate to White House conferences and served on top level governmental commissions on the status of women, equal opportunity, and equal pay for women.

GENEVA (JTA). -- Officials of the office of the United Nations High Commissioner for Refugees here warmly welcomed Israel's decision to admit 100 Vietnamese refugees who have been stranded for weeks aboard a freighter in Manila Bay. The Commissioner was quoted as saying he was most grateful to the Israeli government. Other officials noted that Israel had already absorbed 100 Vietnamese refugees who were rescued at sea by an Israeli cargo ship last year. Great Britain has accepted 255 refugees and Greece will admit 50. According to a spokesman for the High Commissioner, 200,000 Vietnamese refugees are still looking for a haven.

BEHIND THE HEADLINES**THE FRENCH CONNECTION IN THE MIDEAST**

By Edwin Eytan

PARIS, Jan. 9 (JTA) -- At the time of the French President's recent visit to Spain, a veteran French politician looked at the pictures showing President Valéry Giscard d'Estaing and King Juan Carlos, standing side by side and commented: "How strange: Here we have a President who would like to be King and a King who would like to be President."

The French President has given his administration a "royal" tone. At the Elysee Palace, old and oft-forgotten customs and protocols have been reintroduced, often after a two-century lapse. Former royal hunting lodges have been brought to life and a coterie of advisors have turned into a royal retinue. In political affairs, the "royal" trend is also felt. Policies are changed or adopted practically overnight and often without consulting or even informing Cabinet members or Parliament.

This trend is especially visible in foreign affairs over which the President maintains solid control. The recent appointment of the former Elysee Secretary General, Jean Francois-Poncet, as France's new Foreign Minister, replacing former career diplomat Louis de Guiringaud, has removed even the former pretense of a normal, autonomous department. French diplomats stress that the new minister, who has been working with Giscard for over 10 years, "does not even have to be given orders. He can guess them before they are handed out."

Changes In Franco-Israeli Relations

This single-handed control over France's foreign affairs has enabled Giscard to change and mold French policy in the Middle East, practically at will. For the first few years after his election, this change had been towards a normalization of Franco-Israeli relations.

Both because of his own character -- he intensely dislikes a situation of stress and animosity -- and because of the two major elections which marked the first four years of his administration -- (municipal and then parliamentary elections with a strong left-wing opposition), the general tone given by the President was towards mending the fences with Israel.

Giscard was the former anti-Israel declarator, the "moral" sermons and the diplomatic initiatives launched by Charles de Gaulle and his successor, Georges Pompidou. French diplomats, acting on clear Presidential orders, kept a discreet silence whenever the Middle East came up for discussion at the United Nations or at the joint meetings of the nine European Economic Community (EEC) member state representatives.

The President and administration members stopped talking about a "Palestinian state" and government spokesman used "ifs" and "buts" when talking about Israeli withdrawal from the territories it occupied in 1967.

Situation Changes Abruptly

The situation changed abruptly, a couple of weeks ago. Suddenly and without giving any advance notice, France broke the former EEC solidarity during a major UN vote. While all its eight EEC partners, including traditionally pro-Arab Italy and Ireland, voted against a violently pro-Palestinian resolution at the General Assembly, France abstained.

At the same time, Giscard encouraged

Egyptian President Anwar Sadat in his new demands for a revision of the Camp David agreements. Diplomatic sources in Paris say that Giscard on two different occasions told Sadat, presumably either by telephone or through diplomatic representatives, that he advises him not to sign the agreements in their original form.

During Jordan's King Hussein's recent visit to Paris, Giscard, according to these same sources, encouraged him to continue refusing to take part in the post-Camp David negotiations and adopt an attitude of "wait and see." France, according to these usually well-informed diplomats, was the only West European country to have fully supported Hussein's policy of non-involvement in the talks and of demands for a full Israeli withdrawal from the West Bank. There seem to be several reasons for Giscard's new Mideast policy.

France continued to believe that no real Middle East settlement can be obtained without the full participation of the Palestinians and without a comprehensive settlement between Israel and all the Arab states. Immediately after Sadat's trip to Jerusalem in November 1977, France was the only Western country to openly express doubts as to the success of his mission.

The recent difficulties in the negotiations and the failure of Secretary of State Cyrus Vance's mission to Jerusalem and Cairo last month, have reportedly further strengthened Giscard's initial doubts.

Pessimist About Peace Process

The French President is now, according to these sources, almost certain that the current peace process cannot succeed. Even if an Israeli-Egyptian peace treaty were to be signed its implementation would be practically impossible and major problems would crop up within weeks making the treaty unapplicable.

Giscard tends to blame Israel for the failure of the peace process. What is worse in his eyes, he tends to regard Israel's leaders as lacking realism and failing to take advantage of a unique chance to try and reach a global and comprehensive agreement with all their neighbors.

France believes that the Moslem world is slowly being won over by the extremists and that the process which has started in Iran will spread to such other countries as Turkey and Egypt. In accordance with this belief, France has granted political asylum to the Shah's main opponent Ayatollah Khomeini and has done nothing to try and prevent him from launching appeals for violence from his French residence.

The tension in Israeli-American relations is generally thought by experts to be deeper and more serious than it is generally assumed. French analysts believe that the current tension is the start of a long range process of cooling relations between America and Israel.

Series Of Consequences Foreseen

This new French approach can have serious consequences for Israel. On Jan. 1, France assumed chairmanship of the EEC for a six-month term. French representatives will chair all joint meetings of the nine member states, will prepare the basic files and draw up the agendas for the subjects to be discussed.

The chairmanship, which passes by rotation among the nine, gives the country holding it extra weight in influencing EEC policies. When the country happens to be, as is the case now, the most politically ambitious among the nine, it gives the chairmanship still more weight in having its views

adopted as joint policy by its eight European partners.

Three more European countries -- Spain, Portugal and Greece -- are due to join the EEC in the coming months. All three are known for their anti-Israel stand and two of them, Greece and Spain, have no normal diplomatic relations with Israel. Their entry into the EEC will also jeopardize Israel's exports to Europe.

All three, especially Spain and Greece, export products similar to Israel's: citrus, citrus by-products, agricultural products, flowers and light industry. From the date of their admission, all three will enjoy an easing of customs dues which will rapidly disappear as they integrate into the community and thus jeopardize Israel's already sick economy. France has advocated their admission into the EEC and is its strongest supporter so far. Therefore, it appears that difficult days lie ahead for Israel in its relations with France and Western Europe.

JEWISH SCHOOLS FUNCTIONING IN IRAN

NEW YORK, Jan. 9 (JTA) -- Rabbi Moshe Milstein, international executive vice-president of Ozar Hatorah (Love of Torah), said today he has received reports from the Ozar Hatorah staff in Iran that its schools there have been open for a total of 30 school days since the beginning of this semester last September, which included the period of the recent disturbances. The Iranian school year consists of 130 school days compared to 180 days in the United States.

According to the reports, disturbances were monitored daily and when it was determined that school attendance would interfere with safety, the programs were suspended. But even during those periods the educational process for students attending the Ozar Hatorah schools continued in local synagogues with the help of the schools' staffs. There were periods, the report noted, when the Ozar Hatorah school system was the only functioning educational facility in Iran.

Milstein said that according to the reports he received, the synagogues have become the temporary educational facilities in Iran. Not only are classes provided for the youngsters, but special classes have also been organized for adults. In addition, religious services at the synagogues were well attended. Milstein said Ozar Hatorah is determined to continue its program in Iran as it has for the past 32 years.

Ozar Hatorah serves approximately 4,500 students in Iran, Milstein said. There are more than 40 schools throughout the country. Most of them are located in Teheran and Shiraz, and other schools are located in cities including Abadan, Kerman, Kamyaran and Hamadan. Ozar Hatorah, which is the only school system in Iran that provides Jewish education, according to Milstein, also has schools in France, Morocco and Syria.

ZOA DELIVERS 100,000-SIGNATURE JERUSALEM PETITION TO WHITE HOUSE

WASHINGTON, Jan. 9 (JTA) -- In a ceremony in the Roosevelt Room of the White House last Friday, a delegation of leaders of the Zionist Organization of America formally presented a 100,000-signature petition addressed to President Carter urging him "as a matter of good faith and public confidence" to fulfill the July 1976 Democratic Party Platform by moving the United States Embassy from Tel Aviv to Jerusalem and by recognizing Jerusalem as the capital of the State of Israel.

Noting that it was "unconscionable that the United States still held to the outdated position of supporting an internationalization of the city and morally indefensible that the Administration views parts of the city as occupied territory," (Ivan J. Novick, ZOA president and leader of the delegation, expressed determination to continue the campaign until over a million names have been gathered so that the President will have to take into consideration the depth of concern of the entire Jewish community, as well as many non-Jews on this issue.)

Accepting the petition on behalf of Carter was Edward Sanders, Carter's special advisor. Sanders told the ZOA leaders that he was "delighted" they had come to the White House. "You are here exercising a fundamental right of a U.S. citizen, and that is to petition your government. I want you to know that you are being received warmly and openly," he said, "and that I understand the deep feeling that has prompted you to prepare this petition. I will see to it that it gets to the President with the same sense of urgency that you have conveyed it to me." Sanders added, "I know the President will be interested in your views, and I am sure you will be hearing from him."

LEVICH JOINS TEL AVIV UNIVERSITY

TEL AVIV, Jan. 9 (JTA) -- Prof. Benjamin Levich, the highest ranking Jewish scientist to be permitted to leave the Soviet Union, has announced he is joining the faculty of Tel Aviv University as a professor of physico-chemical mechanics. The university plans to establish a chair and a research team for the 61-year-old former head of the chemical engineering department at Moscow University.

Levich was relieved of his post in 1972 after he applied for an exit visa to Israel. Yuvel Ne'eman, the former president of Tel Aviv University and other Israeli scientists maintained regular phone conversations with Levich in Moscow on scientific subjects and he was named a professor at Tel Aviv University while he was still in Moscow.

EXPECT EXTENSION OF UNIFIL MANDATE

TEL AVIV, Jan. 9 (JTA) -- Israeli sources expressed the belief today that the United Nations Security Council will extend the mandate of the United Nations Interim Force in Lebanon (UNIFIL) which expires in 10 days. But the sources expressed concern that Iran and France are almost certain to withdraw their units from UNIFIL and that the Palestinian terrorists and the Christian militia in south Lebanon would each try to take advantage of the gap. Skirmishes have broken out between terrorists and the militia in recent days.

With respect to developments elsewhere, the Israeli sources believe that Egyptian Prime Minister Mustapha Khalil is emerging as the second strongest political figure in Egypt after President Anwar Sadat and will have a greater role than before in the Israeli-Egyptian peace treaty negotiations. War Minister Mohammed Gammasy has been relegated to the background recently but the Israelis believe he will still play an important role in Egyptian politics. Syria, on the other hand, is seen to be drawing closer to Soviet orbit. The sources said that the present stream of Syrian delegations to Moscow would culminate in a visit to the Soviet capital by President Hafez Assad.

TEL AVIV (JTA) -- Israel's diamond exports increased last year by 31.5 percent over 1977 to \$1.317 billion from \$1.002 billion.