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JEWISH AGENCY ASSEMBLY OPENS TO COMPLAINTS ABOUT LACK OF HOUSING DELAY IN STARTING 'PROJECT RENEWAL'

By David Landau

JERUSALEM, June 25 (JTA) -- Numerous expressions of unrest over the housing situation in Israel and the slowness with which "Project Renewal" is getting off the ground clouded the atmosphere yesterday for the opening of the Jewish Agency Assembly at the Binyanei HaOoma convention hall here. In the Katamon Tet area at the other end of the capital, hundreds of local people protested angrily, and at times violently, against their inadequate living conditions and against the fact that "Project Renewal," although slated to start in their area, has so far shown no tangible signs of activity.

The protest was intended to coincide with the opening of the Assembly, where "Renewal" and the housing problem -- especially the problem of housing for new immigrants -- were certain to be focal issues. At the same time, the head of the Association of Americans and Canadians in Israel said the AACI would warn potential olim not to come unless there were drastic improvements in the housing situation.

Mrs. Esther Zackler, head of Pioneer Women in the U.S., before emigrating, said she would tell Americans and Canadians thinking of aliyah to postpone coming here for 3-5 years until the situation improved or until they could save enough money to buy a home in Israel. A four-room apartment in a good residential area of Jerusalem sells today for between IL 2.7-3.0 million, about \$120,000.

Sharp Cabinet Exchange

In the Cabinet, meanwhile, the opening of the Jewish Agency Assembly was the occasion for a sharp exchange between Housing Minister David Levy and Deputy Premier Yigael Yadin over "Project Renewal." Levy has long criticized the Jewish Agency's position that overseas donors and communities providing funds for "Renewal" should be directly involved in the specific "Renewal" projects. According to a radio news report, Levy accused the Jewish Agency yesterday of "trying to set up a state within a state." He reportedly said that the Agency had raised some \$60 million for "Project Renewal" but was refusing to release the money. Yadin defended the Agency position, referring to an agreement between the government and the Agency. But several other ministers seemed to sympathize with Levy's sentiments.

Summing up the brief debate, Premier Menachem Begin said it was high time to end these feuds and get down to the practical work of "Project Renewal." The same message was the theme of President Yitzhak Navon's address at the opening session of the Agency Assembly. "Renewal" could boomerang, Navon warned, unless "words are overtaken by deeds." He seemed to refer to the mounting resentment in many substandard housing areas at the fact that two years of talking and planning have not yet materialized into new homes, schools and community centers.

Navon also urged an end to the demarca-

tional disputes that have dogged the project. "Immediate decisions must be taken as to who is to do what and how," he said. "It is important that the Jews of the diaspora, the local authorities and the inhabitants of the target areas themselves be taken into partnership in thinking and planning... It is not too late to put the situation right."

BODIES OF 11 SOLDIERS RETURNED

By Yitzhak Shargil

TEL AVIV, June 25 (JTA) -- The remains of 11 Israeli soldiers listed as missing in action since the Yom Kippur War were turned over to Israel by Egypt at a somber ceremony in El Arish this morning. The Egyptians provided an honor guard commanded by a Brig. Gen. The flag-draped coffins were received by an Israeli burial unit headed by the chief chaplain in the presence of Gen. Dan Shamron, commander of the southern region.

The remains were placed in army trucks to be taken to Tel Hashomer Hospital near Tel Aviv where pathologists will attempt to identify the dead prior to military funerals which will take place at a later date. Identification is expected to be difficult inasmuch as the Egyptians provided no details as to the location of the remains. It was reported earlier that they were found in the course of development work along the Suez Canal.

With today's transfer, Israel's missing-in-action list is down to 12 soldiers. Military authorities are preparing maps to try to pinpoint where the missing soldiers were supposed to have been during the battle.

MODAI SEEKS OIL IN MEXICO

By Gil Sedan

JERUSALEM, June 25 (JTA) -- Energy Minister Yitzhak Mordechai left Israel today for Mexico for talks aimed at ensuring Israel's oil supply from that country. Oil contracts are usually signed in September and October. It is understood that Mordechai was to make preliminary arrangements for an agreement. Israel buys one million tons of oil annually from Mexico. Its annual consumption is seven million tons.

Meanwhile, Israel and the United States signed an agreement guaranteeing American oil to Israel in the event of a boycott, as provided by the Camp David agreements. A spokesman for the Energy Ministry said the pact was for 15 years, but Israel would make every effort not to exercise this option, taking care of its own oil supply through other countries.

BURG SAYS AUTONOMY TALKS WILL PROCEED 'HOPEFULLY BUT CAREFULLY'

By David Landau

HERZLIYA, June 25 (JTA) -- "Hopefully but carefully" was the watchword coined by Israel's chief negotiator, Interior Minister Yosef Burg today, as the Israel-Egypt autonomy talks resumed at a luxury hotel in this seaside resort. It was echoed by his Egyptian counterpart, Prime Minister Mustapha Khalil.

The delegates held a brief late-morning meeting and a longer afternoon session, attempting still to hammer out an agreed agenda. The Israeli side said before the day's talks began that it would prefer to start considering the practical issues of detail involved in creating the projected Palestinian autonomy, i.e., the holding of elections, eligibility of candidates, voting, suffrage, etc.

Israeli sources said the Egyptians seemed to

want the agenda to extend beyond the matter at hand -- autonomy -- and include declarative statements which in effect anticipated the negotiations over the "permanent status of the West Bank and Gaza," set, under Camp David, for three years hence. Thus Egyptian official Herzliya last week had proposed that the agenda include an item labeled "Resolution 242" and another dealing with a "comprehensive settlement." They suggested that the details of autonomy come under a broadly-phrased rubric: "The Self-Governing Authority (Administrative Council)."

The Israeli side, on the other hand, is proposing a long list of precise and detailed items comprising data on how to hold elections, who is eligible to vote, who may stand as a candidate, how the Autonomous Council is to be constituted, its departments, their powers, tax collection, promulgation of ordinances, etc. -- in fact, all the legal minutiae required to set up the council. And the Israelis are balking at the Egyptian quest to include "declarative" material in the agenda, on the grounds that this goes beyond the terms-of-reference of these negotiations.

The Israeli negotiators suspect, moreover, that by seeking to encompass all the myriad details under a single, broadly-worded rubric ("The Self-Governing Authority") on the agenda, the Egyptians might be trying to imply that these details are in fact to be determined by the self-governing authority itself. This would flatly contravene the Israeli view that the authority's ambit of powers must be circumscribed in the Israel-Egypt negotiations, and that Israel must continue, even after the autonomy is established to be the legal source of authority. It was this wide divergence of approach that has held up substantial progress until now, the Israeli sources say.

Eye On Sadat-Begin Talks

The U.S. is also taking part in the talks, with veteran diplomat James Leonard heading its team. The Americans are now very conscious of the upcoming summit meeting of Premier Menachem Begin and President Anwar Sadat, tentatively scheduled for July 10. Sadat himself has said publicly that he hopes problems relating to autonomy talks will be resolved at that meeting, thereby implying that no great deal of progress can be expected before then.

Another round of autonomy talks has been set for July 5 at Alexandria. But rumors here today had it that the Begin-Sadat meeting would be advanced to that date, in part so that President Carter's special ambassador to the autonomy talks, Robert Strauss, can attend the summit. Strauss is expected in Israel next week for talks with various ministers. He will then go to Egypt and is expected to take part personally in the next round of the autonomy talks.

In his opening statement this morning, Burg referred briefly to the dispute that had developed between the delegations in Alexandria two weeks ago over the U.S. role in the talks. "The question of the status of the American delegation that was raised in Alexandria," Burg said, "has been clarified by an exchange of documents. So let us continue our deliberations hopefully but carefully, carefully but hopefully." Khalil picked up this line, agreeing that "the deliberations should move, as Dr. Burg said, hopefully but carefully, so that we can reach what we are all determined to reach -- a comprehensive peace settlement in the area."

In the "exchange of documents" between Jerusalem and Washington over the U.S. role, it was agreed, according to Israeli sources, that the U.S. would be a full partner in the negotiations but not a party to the eventual agreement nor to its implementation. This, in the Israeli view, parallels the situation during the Israel-Egypt peace treaty negotiations. The Israeli team was down to four ministers and their aides this morning. Foreign Minister Moshe Dayan was hospitalized and Defense Minister Ezer Weizman withdrew from the negotiations yesterday.

Weizman Welcomes Egyptians

Egypt's Minister of State for Foreign Affairs, Butros Ghali, sought to visit Dayan in the hospital today, but was apparently told that the Israeli minister is not yet up to receiving guests. Dayan underwent surgery yesterday morning for the removal of an intestinal polyp. Ghali sent him a large bouquet of flowers with a get-well message.

Weizman, although not participating in the meetings, made a point of being at Ben Gurion Airport this morning to welcome Khalil and Egyptian Defense Minister Kemal Hassan Ali. Weizman did not take part in the official red-carpet welcoming ceremony but hurried over to the Egyptian motorcade just as it was about to drive off and warmly greeted the two ministers. Weizman took Ali out for lunch in Tel Aviv and escorted him back to the Accadia Hotel in Herzliya where the talks are being held. He parted from his Egyptian counterpart with a handshake at the door to the meeting room, as the television cameras whirled, as if to demonstrate as blatantly as possible his non-participation in the actual talks.

Tonight, Burg is to host the Egyptian and American teams at a dinner in Caesaria to be followed by a moonlight tour of the Roman Amphitheater and ruins there. Begin is touring Galilee today and tomorrow and there is still some doubt as to whether he will find time to see Khalil.

2 KILLED BY BOMB IDENTIFIED

By Yitzhak Shargil

TEL AVIV, June 25 (JTA) -- The two Israeli Arabs killed when a bomb exploded in their pick-up truck outside the central bus station here yesterday morning were identified today. Security sources said they were victims of their own device which they had intended to plant in the bus terminal although neither man had a record of past contacts with extremist or terrorist groups.

The dead are Issa Ismail Yousouf, 43, a dealer in Arabic books in Kfar Kassem village who owned the Ford pick-up truck and George Theodor, 24, an employee of the East Jerusalem Electric Corp., an independent utility that supplies East Jerusalem and neighboring villages with electricity.

Yousouf was described as a wealthy man of a respectable family. His relatives said today that the bomb -- 5 kgs. of high explosives -- was placed in his truck without his knowledge. But security sources believe Yousouf was employed by terrorists to transport the bomb because his vehicle carried Israeli license plates that would not arouse suspicion in Tel Aviv. They are also investigating whether Theodor, an electrical engineer, might not have been engaged in preparing bombs and timing devices.

According to security sources, the bomb intended for the bus station was set to detonate in mid-morning. However, unusual traffic jams may have caused a fatal delay, they said, or, alternatively, the bomb may have exploded when the truck was brought to a sudden stop. In any event, numerous lives were spared. The explosion caused slight injuries to five passers-by from flying glass. There were no other fatalities.

GROMYKO SAYS PALESTINIANS SHOULD HAVE 'SMALL STATE OF THEIR OWN'

By Joseph Palakoff

WASHINGTON, June 25 (JTA) -- Soviet Foreign Minister Andrei Gromyko, outlining his country's views on the Arab-Israeli situation, said today that "the Arab people of Palestine" should have "a small state of their own." Gromyko's remarks, made at a press conference in Moscow with Soviet and foreign journalists, related to issues discussed by President Carter and Soviet President Leonid Brezhnev at their summit meeting in Vienna a week ago. Tass, the Soviet news agency, distributed an English version of his remarks.

According to Tass, Gromyko said "The principled stand of the Soviet Union in Middle Eastern affairs has been and remains the same as it was formulated many years ago. Its essence is as follows: Firstly, all lands which Israel captured should be returned. Secondly, the Arab people of Palestine should get an opportunity to create if only a small, and I repeat it, if only a small state of their own. Thirdly, all countries, including Israel, should have a possibility to exist and develop as independent and sovereign states."

Tass added that Gromyko pointed out that "The Soviet Union has never objected to Israel's existence. The Israeli leaders, however, are obsessed with a craving for the acquisition of territories of others and that is not a far-sighted point of view."

An independent news source reporting from Moscow, quoted Gromyko as saying, "It is not for us to say that Israel should cease to exist. We ourselves proposed the creation of Israel at the United Nations. In Israel they should understand our position." The Tass version of the press conference did not contain those statements.

Carter's Statement Recalled

In Washington, reaction to Gromyko's statement on a Palestinian state was to refer to President Carter's news conference prior to the Vienna summit, at which he said that a Palestinian state would have a "destabilizing" effect on the Middle East. He offered that view when questioned about alternative suggestions for a Palestinian state, an autonomous entity or an entity linked to Jordan. The President had previously said he preferred a Palestinian entity connected with Jordan.

The Tass report also said that Gromyko pointed out that the U.S. and Soviets differed at the Vienna summit. "In the opinion of the U.S. side, the Soviet Union should have supported the separate treaty between Egypt and Israel," Gromyko was quoted as saying. "It goes without saying that the USSR cannot agree to such a point of view. Leonid Brezhnev expressed the principled stand of the Soviet Union and stated there can be no question of Soviet Union support for the anti-Arab treaty as well as for any mechanism which is being created to service the treaty's implementation. The impression was that (President) Carter did not expect any other answer."

Emigration Not Mentioned

Gromyko's remarks on the Egyptian-Israeli treaty seemed to underline Soviet opposition to a UN force between Egypt and Israel in Sinai when the Israeli forces withdrew in compliance with the Camp David accord.

According to the Tass version, Gromyko did not mention Soviet-American trade policies

with respect to emigration from the USSR. Tass said, however, that Gromyko stressed that "an improvement of bilateral relations, in particular in the economic field, will create a more sound base for the entire complex of relations between the USSR and the U.S." At the State Department today, chief spokesman J. William Miller said he had "nothing new, now," with respect to the Carter Administration's position on the possibility of asking Congress for a waiver of the Jackson-Vanik Amendment to provide the Soviet Union with most-favored-nation trade treatment.

PRICE FREEZE DEBATED

By Gil Sedan

JERUSALEM, June 25 (JTA) -- A sharp controversy has arisen within the government and the economic establishment over whether the Treasury should freeze the prices of basic commodities, a course strenuously advocated by Premier Menachem Begin for what, critics contend, are largely political reasons. Cabinet Secretary Arye Nuri announced yesterday that a decision to freeze prices for an undetermined period was in fact taken at a meeting of the Ministerial Economic Committee attended by Begin.

Earlier reports that this was a full Cabinet decision were greeted by strong opposition from Treasury officials, the Bank of Israel and several prominent economists. Finance Minister Simcha Ehrlich was said to have been against it but was overruled by Begin. But according to some ministers who participated in yesterday's meeting, no formal decision on prices was taken and none was expected until the Cabinet meets again in regular session next Sunday. Those ministers said Begin was in the minority at the meeting. Other senior sources said there was no intention to embark on a long-term price freeze and that Begin will prepare a detailed plan to submit to the Cabinet next Sunday.

The Premier seemed to be reacting to angry protests that greeted the latest price hikes. He declared last week that inflation was a "disease that can be cured" and that the time has come to put an end to the inflationary spiral. But Treasury officials warned that a freeze would only contribute to inflation because the public would have more money to spend on other consumer goods. The Bank of Israel called on the government to cut ministerial budgets proportionately and stated that as long as it is incapable of doing that it should raise prices as previously planned.

WANT JEWS IN HEBRON HOUSES

JERUSALEM, June 25 (JTA) -- Residents of Kiryat Arba urged the government today to start settling Jews in the neighboring Arab town of Hebron. Leaders of the Kiryat Arba community, meeting at a press conference, called upon the government to confiscate 12 Arab houses which were owned by Jews in the past, and move Jews into them.

Meanwhile, women from Kiryat Arba are still occupying the old Hagdassah building in Hebron. Last week, the Military Government allowed them free passage to and from the building. The ban on entry of others -- including newsmen -- is still in force. The women want the building to be the first to be resettled with Jews.

TEL AVIV (JTA) -- A slow-down by maintenance workers at the Israel Electric Company has been causing a series of blackouts in Israel, sometimes for a half-hour at a time. With the supply of electricity dropping at a time when there is peak use because of the hot weather, the electric company has to cut off various areas from time to time.

JEWISH GROUPS URGING CARTER TO EASE PLIGHT OF 'BOAT PEOPLE'

By Judith Rosen

NEW YORK, June 25 (JTA) -- American Jewish organizations are urging President Carter to take action on the plight of the thousands of Southeast Asian refugees fleeing the Communist regime in Vietnam.

American Jewish Committee president Richard Mass sent a telegram to Carter asking him to double U.S. quotas for admission of the refugees and to provide necessary funding for such action. "As Jews who have suffered the trauma of being abandoned by the world when our brothers and sisters were being systematically put to death, we find it morally impossible to stand idly while such destruction of human lives, all created in the sacred image of God, takes place before our eyes," Mass explained.

The American Jewish Congress sent a letter to Carter on the problem of the "boat people." AJ Congress president Howard Squadron, recalling the horror of Jewish refugees from Nazi Germany, also urged the United Nations to use its influence to save the Southeast Asians.

Maxwell Greenberg, national chairman of the Anti-Defamation League of B'nai B'rith also asked the United States to take the lead in "spearheading an international movement to open up the doors of nations for the homeless victims of Vietnamese cruelty." At the ADL's 66th annual national commission meeting here recently, Greenberg announced the ADL's plan to convene a meeting with leaders of religious and human rights groups to discuss the refugee problem.

Urge Borders Be Opened

Elie Wiesel, the noted writer and chairman of the President's Commission on the Holocaust, made an appeal to all countries to provide asylum for the refugees. "I implore all countries to open their borders and to extend rights of refuge and asylum to the boat people," Wiesel said. Pointing to the inhumanities of the Nazi period, Wiesel said, "We hope that this nation will grasp this clear opportunity to learn from the history of the Holocaust and not to err again." Wiesel expressed confidence that President Carter in the "spirit" of his commitment to human rights and human dignity "will do all within his power to alleviate this situation and assume a leadership role in resolving this problem."

Wiesel was joined in his plea by the National Coalition for Refugee Resettlement, The Joint Distribution Committee, HIAS, the AJ Committee and members of the Resettlement Committee.

Other Jewish groups have expressed their concern about the refugee problem. The Jewish Community Relations Council of Greater Philadelphia sent a letter to Carter and also made a plea to the Ambassador of Malaysia, Zairi Azraqi to ease Malaysia's position on the boat people.

REFORM JEWS CRITICIZED FOR JOINT JEWISH-CHRISTIAN SERVICES

FALLSBURG, N.Y., June 25 (JTA) -- Leaders of Reform Judaism were denounced for sponsoring combined synagogue-church services by Rabbi Nissan Shulman, chairman of the annual convention of the Rabbinical Council of America, in an address at the closing session of the gathering of Orthodox rabbis here last week.

Rabbi Shulman was referring to recent reports of Reform rabbis officiating with Christian clergymen in joint religious services amidst the display of religious symbols of both faiths.

"It is a mockery to both religions," Shulman told the 300 delegates, "to combine the display of the Torah and the cross and thereby to confuse the symbolism of each. Interfaith harmony is not furthered by diluting the singularity and unique identity of two separate religious traditions. Judaism is not Judaism if it allows for Christianity as its successor which the cross represents. Christianity is not Christianity if its predecessor faith still retains its binding validity. The distinctiveness of both faiths need not be compromised for the sake of illusory goals."

Shulman said "great religious traditions are deserving of respect in their own right and they need not be homogenized with other faiths for the sake of intergroup amity." He also criticized Reform rabbis for announcing a program of seeking converts to Judaism from Christian ranks.

Delegates adopted a resolution calling on the United States government to recognize Jerusalem as the capital of Israel. The delegates also hailed the promise of the Canadian government to move its embassy from Tel Aviv to Jerusalem.

In another resolution, they urged Premier Menachem Begin and Jerusalem Mayor Teddy Kollek to cease work on a major sports stadium in Jerusalem in order to assure the "sanctity of Jerusalem, the Sabbath and all other sacred values that might be threatened by the stadium or any other similar endeavors in the Holy City." Rabbi Bernard Rosenzweig of Kew Gardens, N.Y., was re-elected president of the Rabbinical Council.

YEHUDA SHARETT DEAD AT 78

TEL AVIV, June 25 (JTA) -- Yehuda Sharett, brother of the late Premier Moshe Sharett and an educator and composer, died Saturday night at the age of 78. Funeral services were held yesterday at his kibbutz, Yagur. Sharett composed the music for many classic Hebrew poems. He also composed the songs for the Passover Haggadah used by many kibbutzim.

UNITED NATIONS (JTA) -- Israel protested Monday in a letter to Secretary General Kurt Waldheim and the UN Secretariat, the listing of the "terrorist" Palestine Liberation Organization (PLO) as "government" in an official UN publication. The publication was issued by the Special Unit on Palestinian Rights at the UN Secretariat. The Israeli letter stated in part: "This is further evidence of the fact that the integrity of the UN Secretariat has been gravely compromised, and that the unit is a pliant tool in the hands of the terrorist PLO."

TEL AVIV (JTA) -- Jack L. Cummings of Montreal has been elected chairman of the Board of Governors of Tel Aviv University. He succeeds Dr. Raymond Sackler of New York City, who held the post for four years. Cummings is the first Canadian to head this international body, which governs Israel's largest university.

ROME (JTA) -- Joseph Oberhauser, a former SS officer wanted in Italy for mass murders committed during World War II, enjoys full freedom in West Germany where, at age 65, he dispenses beer at the Zum Franziskaner restaurant in Munich; it was reported here in Il Messaggero. Oberhauser is held responsible for the slaughter of about 750,000 persons, including 5000 Italian and Yugoslavian Jews and partisans in Italy's only concentration camp, San Sabba in Trieste.