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STRAUSS ARRIVES IN ISRAEL FOR TALKS TO PREPARE HIM FOR AUTONOMY NEGOTIATIONS

By David Landau

JERUSALEM, July 1 (JTA) -- Robert Strauss, President Carter's special Ambassador to the Israeli-Egyptian autonomy negotiations, arrived here this afternoon accompanied by a large delegation of American Middle East specialists. He will go to Cairo Tuesday and will attend the next session of the autonomy talks to be held in Alexandria Thursday and Friday.

This is Strauss' first visit to the area in his new capacity. He is also President Carter's special trade representative. He was greeted at Ben Gurion Airport by Interior Minister Yosef Burg, chairman of the Israeli negotiating team and other members. In a brief statement to reporters, Strauss said he hoped the negotiators — Burg, Egyptian Prime Minister Mustapha Khalil and himself — would follow the bold lead shown by President Anwar Sadat, Premier Menachem Begin and President Carter that resulted in the Israeli-Egyptian peace treaty.

Strauss will meet with Begin early tomorrow morning and will spend most of the day in conference with Burg. He is due to see Begin again Tuesday. He will be taken on a helicopter tour of the West Bank before leaving for Egypt Tuesday afternoon.

Meanwhile, the Israeli negotiating team met today with Begin participating to review the Egyptian proposals made last week for an agenda that would include definitions of the "aims and objectives" of the autonomy plan. The team will meet again on Wednesday, giving Burg and Begin an opportunity to review their discussions with Strauss, before a specific stand is taken on the Egyptian proposals.

TEMPORARY PRICE FREEZE APPROVED

By David Landau and Gil Sedan

JERUSALEM, July 1 (JTA) -- The Cabinet voted today to temporarily freeze the prices of basic commodities, a move demanded by Premier Menachem Begin to "cool the economy," but gave no indication how long it would last. Only last week the freeze was vehemently opposed by most ministers, including Finance Minister Simcha Ehrlich, because it implied an increase in price support subsidies which the Treasury can ill afford.

Economic observers said today's decision represented a compromise. The freeze will last for an undisclosed period of time but eventually will be replaced by a comprehensive new policy that will do away with subsidies of food and other basics. That would mean the doubling of the price of such items as bread and fuel oil. The government's long range plan is to compensate low-income people and large families through national insurance and child benefit payments. This is in line with Likud's fundamental economic philosophy which is that the needy consumer rather than the commodity itself should be subsidized.

It was not immediately clear whether fuel was to be included in the temporary price freeze or if the government would adjust its price upward in

line with the new OPEC prices and the steady decline in the value of the IL.

Ehrlich Resignation Threat Denied

Meanwhile, Ehrlich has flatly denied media reports that he had offered to resign because of the deteriorating economy and his differences with Begin over the price freeze. Davar reported today that Ehrlich had approached David Golan, director general of the First International Bank, to replace him. According to that report, Ehrlich would be appointed coordinating minister for economic affairs. Another report said former Commerce and Industry Minister Yigael Hurwitz was a possible candidate for Ehrlich's job. Hurwitz resigned from the Cabinet last year in protest against the Camp David agreements but Begin reportedly has asked him to re-join the government. Ehrlich said in an interview published in Yedioth Achronot today, "I did not meet anybody on this subject and did not raise any such ideas."

Minister of Commerce and Industry Gideon Patt signed an order Friday obliging the manufacturers of a long list of goods to give 30 days' notice of any intention to raise prices. Such plans could be blocked by the government and the manufacturers forced to adhere to a price ceiling.

DAYAN'S RECOVERY 'RAPID'

JERUSALEM, July 1 (JTA) -- Foreign Minister Moshe Dayan, who had a malignant tumor removed from his intestines last Sunday, will be discharged from Tel Hashomer Hospital this week and can return to work after a short period of rest, his doctors said today. They described his recovery as "surprisingly rapid."

Dayan was informed on Thursday that the tumor was cancerous but had not spread. His physician, Dr. Boteslaw Goldmann, made his condition public in a television interview Thursday night and indicated that prospects for a full recovery were very good.

In a bedside interview published in Yedioth Achronot today, Dayan said that had the prognosis been otherwise he would have resigned from the government immediately. "A public servant in my position must be in full physical condition. If he is incapable in any way he must resign. That's what I told Premier Begin," he said, adding "and so I shall do," had he felt he could not carry on.

Dayan said "I demanded that the doctors tell the whole truth about my physical condition" not only because the public had the right to know but because the reputation of the hospital would have been compromised otherwise.

Dayan's case was said to be the first in Israel where the serious illness of a public figure in high office was immediately disclosed. The late Premier Golda Meir was under treatment for Hodgkins Disease, a form of cancer, for 15 years unknown to the public. (By Gil Sedan)

APPEARS COURT REVOKES CITIZENSHIP OF ALLEGED NAZI WAR CRIMINAL

By Rochelle Seidel Walk

ALBANY, N. Y., July 1 (JTA) -- Walter J. Rockler, head of the newly-reorganized federal special unit responsible for Nazi war criminal investigations, told the Jewish Telegraphic Agency

that a New Orleans federal appeals court ruling against Fedor Fedorenko would "tend to strengthen the position of the office of special investigation." Rackler made the statement in a telephone interview from Washington. The special investigation unit is in the criminal division of the U.S. Justice Department.

The Fifth Circuit Court of Appeals in New Orleans Thursday reversed the decision by U.S. District Judge Norman C. Roettger, Jr. in Fort Lauderdale, Fla., that had held that Fedorenko, a one-time guard at the Treblinka death camp, could retain his U.S. citizenship.

In a 3-0 ruling, the appeals court instructed Judge Roettger to revoke the citizenship of Fedorenko because he had lied about serving as a Treblinka guard when he entered the United States in 1949. Fedorenko told immigration authorities then that he had been a farmer and a factory worker during World War II. Judge Roettger had ruled that Fedorenko's lie had not been serious enough to justify revoking his citizenship.

The appeals court held that by concealing his Nazi past, Fedorenko prevented the government from conducting an investigation at the time of his entry. Such an investigation might have produced evidence that would have warranted denial of his entry or granting of citizenship.

The appeals court instructed Judge Roettger to "cancel the certificate of naturalization issued to the defendant" in 1970. The denaturalization order, which can be appealed to the Supreme Court, will presumably be followed by deportation proceedings to return Fedorenko to his native Ukraine.

"Immigration law does not allow a defense in a naturalization case, that a material misrepresentation was motivated by fear of what might have resulted if the applicant told the truth," the appeals court ruled.

Holtzman Calls It 'Victory'

Rep. Elizabeth Holtzman, (D. N. Y.) chairman of the House Judiciary subcommittee responsible for Nazi war criminal cases, issued a statement in Washington that she was "extremely gratified" by the appeals court ruling. She also said "this is a tremendously important victory which will help facilitate the prosecution of all suspected war criminals who have found sanctuary in the United States. I heartily congratulate the Justice Department and the Solicitor General's office which argued the appeal for their fine efforts."

In New York, Howard M. Squadron, president of the American Jewish Congress, said today he was "deeply gratified" by the court ruling. He recalled that the AJCongress had led a delegation to the Justice Department in Washington, which successfully urged Attorney General Griffen Bell to appeal the lower court decision which held that Fedorenko could remain in the U.S. as a citizen. The AJCongress also wrote a friend of the court brief, submitted to the appeals court, which argued — as the court eventually ruled — that Fedorenko's false statements on entering the country was grounds for revoking his citizenship.

ISRAEL WON'T PARTICIPATE IN DEBATE IT SEES ENDANGERING PEACE PROCESS

By Yitzhak Rabi

UNITED NATIONS, N.Y., July 1 (JTA) — Israel charged at the Security Council last week that a debate on Palestinian rights is taking place because the enemies of peace in the Middle East "attempt to subvert the ongoing peace process in

the Middle East, which has now entered its second phase."

Warning that "the Security Council now stands in danger of being exploited by the enemies of peace," Yehuda Blum, Israel's Ambassador to the United Nations, also said that Israel "will have nothing further to do with this debate, whatever its course and outcome."

The Security Council was called into session Friday to discuss a report by the Committee on the Exercise of the Inalienable Rights of the Palestinian People. The committee is composed of 23 countries, 19 of which do not have diplomatic relations with Israel. The committee, which was established by the General Assembly in November, 1976, is recommending the establishment of a Palestinian state, the return of the Palestinians to their "homeland" and Israel's withdrawal from Arab territories.

Blum charged that the committee's recommendations were "a thinly disguised formula for the dismantling of the State of Israel in stages." He also said that the recommendations ignored Security Council Resolution 242 and failed even to mention the concept of negotiation. "This debate is manifestly designed to obstruct the peace process. The cause of peace is better served by non-participation in these proceedings. Therefore, and in keeping with its consistent position vis-a-vis the Palestine committee and all its works, Israel will have nothing further to do with this debate, whatever its course and outcome."

'EROSION' OF RABBINATE DEPLORED

FALLSBURG, N.Y., July 1 (JTA) — Rabbi Abraham B. Hecht, president of the Rabbinical Alliance of America, told the annual convention of the Orthodox rabbinical group here last week that there has been "a gradual and ultimately devastating erosion in the importance of the Orthodox rabbinate."

Rabbi Hecht, who was elected to a third term as president, attributed the development to two factors: "First, the predominant preference among rabbinic students to reject the pulpit following their ordination; and second, the tendency among yeshiva alumni to choose 'stiblach' and yeshiva services rather than join established synagogues." He said the first development had resulted in "a dearth of qualified Orthodox rabbis" and that the second had "deprived once vibrant congregations of a well-informed and scholarly laity."

The Orthodox rabbis approved resolutions urging rabbinic candidates to "re-examine the rabbinate as a viable vocation" and urging non-rabbinic yeshiva graduates "to bolster their neighborhood synagogues."

Rabbi Hecht said there had been an erosion process underway in the American Jewish community and attributed it to the "almost total emphasis" on Israel during the past decade. He said "American synagogues have been so busy concerning themselves with Israel that they have neglected the needs of the local Jewish community." He said "the time has come for the synagogue and the rabbi to de-emphasize Israel, and re-emphasize the most important Jewish community in the world — our own."

TEL AVIV (JTA) — A pipe bomb exploded Sunday near the Tel Aviv City Hall. There were no casualties or damage. The small pipe filled with explosives was placed under a bus stop bench.

ALLON TO CHALLENGE PERES FOR LABOR PARTY LEADERSHIP

By Gil Sedan

JERUSALEM, July 1 (JTA) — Yigal Allon, who served as Foreign Minister in the last two Labor governments and derives his political support from the Labor-oriented kibbutz movement, has indicated that he may challenge Shimon Peres for leadership of the Labor Party well before the next elections.

In a radio interview Friday, Allon said the next Labor Party convention would probably have to choose between two or possibly three candidates for the office of chairman. At the moment, the incumbent, Peres and former Premier Yitzhak Rabin are the only candidates mentioned although Rabin has given no indication that he would challenge Peres. Allon hinted strongly that he would enter the race. "Those who reject competition over the office give the Labor Party the image of a rabbit party," Allon said in an apparent jab at Peres. He rejected allegations that he was using last week's merger between the former Mapai and former Ahdut Avodah kibbutz movements to advance his own political career.

Allon spoke only a day after Peres himself suggested that the Labor Party elect a "shadow government" — on the style of the British opposition — within the year. He stressed that the idea was not to appoint people to specific posts in a future Labor Cabinet but simply to elect a party leadership in preparation for the next selections.

Addressing the Labor Party Bureau, Peres denied that he would head a "shadow government." But he suggested that Rabin be Foreign Minister, Allon Defense Minister and Yaacov Levinsohn, chairman of the Bank Hapoalim, Finance Minister. He offered no suggestions for Premier.

Speaking of his relations with Peres, Allon said they were good. But he stressed that he did not consider himself "number two" in the party but "merely a number." He said that so far he has not found it necessary to contend for leadership. He recalled that after the death of Premier Levi Eshkol the party had passed over the two most likely successors, himself and Moshe Dayan, and when Premier Golda Meir retired, they selected "my pupil and comrade in arms, Yitzhak Rabin. I supported Rabin," he said.

HUSBANDS JOIN WIVES IN HEBRON

JERUSALEM, July 1 (JTA) — The Israeli authorities appear to be relenting in the case of a group of women and children from the Orthodox township of Kiryat Arba who have been squatting for the past 65 days in the former Hadassah hospital building in the adjoining Arab town of Hebron. The Military Government permitted their husbands to spend the Sabbath with them for the first time yesterday. The families conducted religious services and celebrated the birth of a daughter to one of the women.

The women lay claim to the premises because they belonged to a Jewish institution 50 years ago. They consider themselves a vanguard of the Kiryat Arba settlers, mostly Gush Emission members, who demand the right to live in Hebron and to repossess buildings said to have been owned by Jews who were killed or fled during the Arab uprising in 1929.

When they took over the deserted building more than two months ago, the squatters were kept in isolation. Premier Menachem Begin even went so far as to criticize the Gush for taking unauthorized action. But the Military Government supplied

them with food, water and other necessities and later allowed the women free movement to and from the building. The family reunion was the latest concession although journalists and other civilians are still banned from the building. Last week Begin offered to bring the women's demand up at a Cabinet meeting if they agreed to evacuate, but the Kiryat Arba residents association rejected the proposal. (By Gil Sedan)

NABLUS LEADER SAYS SETTLEMENTS 'ANNOY' WEST-BANK ARABS

JERUSALEM, July 1 (JTA) — Hikmat Al-Massri, the former chairman of the Jordanian Parliament, told Israel Radio Friday he joined the anti-settlements demonstrations in Nablus, because "the settlements really annoy the people." Al-Massri was one of the Nablus leaders who were summoned to the Military Government for their participation in the demonstrations.

"There is no longer moderation," he said. "All the people here, whether moderates or radical, seek self-determination. Therefore there is no difference between moderates and radicals in pursuing the ultimate object of self-determination," he said.

Al-Massri said since self-determination was the key issue, he did not see any prospects for Palestinian participation in the autonomy talks, unless it was agreed that after a transitional period, the Palestinians were granted self-determination.

He said that if Israel agreed to this, even the Palestine Liberation Organization might join the talks. "If they (the PLO) are not convinced, we will go and convince them," he said.

However, he said he was not hopeful because he charged that Israel did not show good will toward the Palestinians. Among the major obstacles he said was continued Israeli claim for the territories, and primarily the question of the settlements.

"Settlement after settlement after settlement... the settlements issue is very important," he declared. "As long as you say that you will continue with the settlements, you are actually saying that the West Bank and the Gaza Strip is part of Israel." (By Gil Sedan)

TO POSTPONE ELECTION AGAIN

JERUSALEM, July 1 (JTA) — A law postponing the Chief Rabbinate elections for another year and extending the term of the present rabbis accordingly will be introduced in the Knesset by July 9, the Cabinet decided today.

The terms of the chief rabbis have already lapsed in fact since the election was scheduled for the fall of 1977. Sephardic Chief Rabbi Ovadia Yosef has ceased going to his office in an effort to pressure the government and the political parties into holding new elections.

There is little chance of this however, since Likud and the National Religious Party have in effect agreed on a further postponement.

During the coming year, new legislation will be passed, if the government has its way, reconstituting the Chief Rabbinate so that incumbents would be elected for ten-year terms, instead of the present five, and their roles would be split — with each serving alternately as Chief Rabbinate Council President and Rabbinical Court President, instead of each fulfilling both functions simultaneously as at present. (By David Landau)

TEL AVIV (JTA) — Energy Minister Yitzhak Mordechai said Israel can count on Mexico for oil.

JEWISH AGENCY ASSEMBLY ENDS WITH HOPE THAT 'PROJECT RENEWAL' CAN FINALLY GET OFF GROUND

By David Landau

JERUSALEM, July 1 (JTA) — Leaders of the Jewish Agency from abroad who attended the Agency's Assembly here last week seem more hopeful now than they were in the past that "Project Renewal" is finally getting off the ground.

The project, which calls for the refurbishing of some 160 slum areas throughout Israel, at an initially-estimated cost of \$1.2 billion, has been held up virtually since its inception nearly two years ago by wrangles over authority and powers between the Agency and the government, within the government itself, and between both and the local authorities.

According to Max Fisher, chairman of the Jewish Agency Board of Governors, pressure caused by dissatisfaction among United Jewish Appeal and United Israel Appeal leaders overseas, coupled with pressure from community leaders in Israel whose communities are among "renewal target areas," has finally forced some energetic stock-taking.

During the Assembly, an agreement was reached between the various agencies on a streamlined breakdown of authority for the project in Jerusalem. Jewish Agency leaders are more hopeful than ever that the Jerusalem example is about to be followed country-wide.

Jerusalem Agreement

The agreement, reached between Absorption Minister David Levy, Mayor Teddy Kollek of Jerusalem, Deputy Premier Yigael Yadin and representatives of Jewish organizations overseas, sets up a joint government-municipal corporation to carry out "Project Renewal" in the capital. The actual work will be done by the Prazot Corp., which is jointly owned by the government and the city. Spokesmen for the city said however that Prazot could not cope with the immense rehabilitation work necessary, particularly social problems. According to Kollek, the municipality alone is equipped to handle those complex details. But, he said, if the government insists on doing the job he could no longer fight it.

The agreement followed a demonstration last Sunday by residents of the Katamin quarter, a slum neighborhood where Levy, who is also Housing Minister, promised that work would start immediately. Yaacov Wona, head of a local citizens group, gave the government and the city 100 days to start moving. "If by then Project Renewal is not off and away, we will start riots that will make Sunday's demonstrations look like child's play," he threatened.

Irwin Field, national chairman of the UJA, said in a carefully measured understatement that "American Jews sometimes find it difficult to realize that humanitarian efforts for Jews, when they are undertaken in Israel, are susceptible to political considerations. They are sometimes dismayed at the extent to which decisions in Israel are politicized. Project Renewal is an example of this."

Political Expediency Decried

In an address to the Assembly last week, Field demanded that "renewal not be a subject of political expediency." Speaking to the Jewish Telegraphic Agency Thursday, he indi-

cated greater optimism than in the past that this message has finally been absorbed and that "everyone involved will give a little" for the greater good of the project.

Field pointed out that a social rehabilitation project of this scope and magnitude is unprecedented anywhere in the world. Despite this, and despite the lengthy teething pains, he professed himself convinced that "renewal" would succeed. Field, moreover, sees "renewal" as a "catalyst" for the process of change and improvement that he wants to see happen in the Jewish Agency. He believes the Agency's involvement in a scheme of these dimensions, with the close participation of Jews abroad as well as of the Agency's departments in Israel, will lead to a quickening of the pace of improvement in the Agency's professional abilities and performance — and, as a consequence, to an improvement of the Agency's image here and abroad.

Fisher, in a separate interview with JTA last week, said he had been "finally convinced" by Premier Menachem Begin personally "that the government intends to live up to the agreements" reached with the Agency on "Project Renewal." "I am a great deal more confident now," Fisher said, "than I was before I came." The Detroit industrialist and prominent Republican met twice with Begin last week and "renewal" was high on the list of their topics of conversation.

Controversy Centers On Levy

Much of the tension between the Agency and the government over "renewal" has centered around the figure of Levy. At the Cabinet meeting last Sunday, Levy accused the Agency of "seeking to set up a state within a state" and charged that the Agency was withholding funds raised for "renewal." His tempestuous appearance before the Assembly delegates last Tuesday was one of the more rowdy moments of this restless and exciting Assembly. He flayed the Agency for bureaucratic sloth and for playing politics and vowed that he would fight to retain the Absorption Ministry as the operative authority in the field. He has been in constant dispute with Agency chairman Leon Dulzin who has repeatedly demanded the abolition of the Absorption Ministry.

Despite this, both Fisher and Field, in interviews with JTA, offered praise and high assessments of Levy, the self-made Merut politician from Beit-Shean. "He is one of the brightest men I have come across," said Field. Fisher, though not fluent in Hebrew, still found himself powerfully impressed by Levy's rhetorical style at the Assembly session. Both diaspora leaders are making it their business to establish direct and personal ties with Levy whom they recognize as a powerful and rising political force and authentic representative of a large constituency within Israeli society.

AMERICAN WOMAN RELEASED

NEW YORK, July 1 (JTA) — Terre Fleeener, a 24-year-old woman from San Antonio, Texas, who was sentenced to a five year prison term in Israel for spying for the Palestine Liberation Organization, arrived in New York yesterday and immediately left with her parents for an undisclosed destination. Ms. Fleeener served 20 months in an Israeli jail. Her sentence was commuted on Friday and she departed for the U.S. the same day, via Rome. She was quoted at Rome Airport yesterday as saying she still sympathized with the PLO despite their terrorist tactics because it was "the only route available to them." She was arrested on October 2, 1977.