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STRAUSS AGREES WITH ISRAELIS ON COURSE AND PACE OF AUTONOMY TALKS By Gil Sedon

JERUSALEM, Sept. 12 (JTA) -- Robert Strauss, President Carter's special envoy to the Middle East, ended a series of meetings today with the ministerial committee on autonomy headed by Interior Minister Yosef Burg, apparently in agreement over the course and pace of the Israeli-Egyptian autonomy negotiations until the end of this year.

According to Strauss, the scenario for the next three months calls for faster and more intensive negotiations between the Israeli and Egyptian working groups on such technical matters as agriculture, education and economics on the West Bank and Gaza Strip under the autonomy plan.

The delicate and far more controversial issues of the powers to be allocated to the autonomous council and whether East Jerusalem Arabs will be permitted to vote in the autonomy elections will be deferred for later discussions. Strauss and the Israeli ministers also agreed that there would be no rush to get the Palestinians to participate in the autonomy talks, a position taken by President Anwar Sadat and Premier Menachem Begin at their summit meeting in Haifa last week.

All parties were in agreement, however, that the May, 1980 deadline for conclusion of the negotiations, set at Camp David, would be adhered to.

The decision to speed up one aspect of the autonomy talks and mark time on others, led to some confusion. Israeli sources said Strauss had agreed with the ministerial committee to slow down the pace of the negotiations. Strauss, however, told reporters that "We now move into second gear, in a bit of a quickened pace."

He added by way of clarification, that "we intend to do so by intensifying our discussions on a far broader set of issues on a technical level. We hope those technical teams will be able to work for longer periods of time, with more intensity than they have been able to do in the past. We hope that sufficient technical progress will have been made by December so that we will be ready to take these up at the plenary level."

No Rush To Get Palestinians Involved

Strauss said there was no urgency in getting the Palestinians, much less the PLO, into the autonomy talks. The U.S., he said, is not trying to "woo the Palestinians to negotiate. We are all interested in number one: seeing that these discussions proceed. Our mandate is, and I believe it is the intention of each of the other parties, that these discussions should continue within the framework of (United Nations Security Council Resolutions) 242, 338 and the Camp David accords. This is what President Sadat said in Cairo, what I have said here, what Premier Begin has said and this is what the President (Carter) has said."

Strauss, who conferred with Sadat in Cairo before coming to Israel, reportedly told the ministers that Sadat was highly satisfied with his latest meeting with Begin and said that Begin had contributed more to the promotion of autonomy in the territories than he, Sadat, had done. Sadat praised Begin's determination to pursue the goal of autonomy despite internal difficulties in Israel,

Strauss said.

Sadat also reportedly agreed that the autonomy talks should continue at the present pace and fashion until the end of the year, and then, on completion of a half year's negotiations, the progress made would be evaluated.

"We are in accord, as we found accord in Cairo, that in reviewing the progress of the autonomy groups, we really are certainly up to schedule, if not ahead of schedule, with respect to where we expected to be in September," Strauss said. At his meeting with Begin yesterday, the American envoy raised the issue of Israeli air raids in south Lebanon which he said severely damaged Israel's image in the U.S. Begin reportedly replied that if the terrorists did not renew their attacks on Israel the area would remain quiet.

Strauss Meets With Freij

Strauss took time out yesterday to meet with Mayor Elias Freij of Bethlehem who had just spoken in support of Jordanian-Palestinian confederation. Speaking in private at the U.S. Consulate in Jerusalem the two men "exchanged views" but there was no attempt to recruit Freij to join the autonomy talks, American sources said.

The Bethlehem Mayor, considered a moderate, expressed his opposition to Israeli settlements on the West Bank and its air raids on south Lebanon. He reportedly stressed that peace could come only by talking to the PLO. Freij told reporters later that Strauss planned to meet with more Arab leaders on his next visit to the region.

EEC MINISTERS POSTPONE ACTING ON PLO

AMSTERDAM, Sept. 12 (JTA) -- At the insistence of Dutch Foreign Minister Christoph van der Klaauw and West German Foreign Minister Hans-Dietrich Genscher, the Foreign Ministers of the European Economic Community (EEC) meeting in Dublin refrained from extending political recognition to the Palestine Liberation Organization as a rightful partner in the Middle East peace talks.

A statement by the ministers regarding the PLO, proposed by France and Italy, has been shelved for the time being. But it is expected that the EEC ministers will again consider this proposal when they meet in New York City on the eve of the opening of the United Nations General Assembly Sept. 18.

Van der Klaauw and Genscher stressed that now is not the time to politically boost the PLO by recognizing this organization as a partner in the peace negotiations. He told reporters that developments in the Mideast during the next two weeks will determine whether a statement on the PLO will be issued by the ministers.

ISRAEL PRESENTS U.S. WITH FINANCIAL NEEDS BUT NOT WITH SPECIFIC SUM

By Gil Sedon

JERUSALEM, Sept. 12 (JTA) -- Israel has advised the United States that its budgetary deficit will amount to \$3.45 billion in the next fiscal year but has not requested any specific amount in U.S. aid at this time, it was announced here today by Amiram Sivan, Director General of the Treasury. Sivan presented the estimated short-fall for the fiscal year beginning Oct. 1, 1980 to Sam Hart, economic attaché at the U.S. Embassy.

(In Washington yesterday, Israeli Ambassador

Ephraim Evron submitted the figures to Secretary of State Cyrus Vance. It is nearly double the \$1.785 billion in U.S. military credits and economic assistance allotted to Israel for the fiscal year beginning this Oct. 1. See related story from Washington P. 3.)

Sivan stressed that Israel was not asking for a specific sum but was presenting the U.S. with its economic needs. The U.S. should consider the possibly serious implications if it decides not to cover Israel's economic deficits, he said.

Ephraim Dovrat, Deputy Director General of the Treasury, explained today that "we merely presented the financing needs of security imports (military hardware) as well as the deficit in the balance of payments. The total of the deficits is \$3.45 billion but we have nowhere asked for a specific sum but rather that when the U.S. government determines the size of aid to Israel it would take into consideration the consequence of this analysis, the burden of the Israeli national debts and the problems of our economy in general."

NORWAY TO DISCUSS OIL SALE TO ISRAEL

By Barbie Zelizer

JERUSALEM, Sept. 12 (JTA) -- Israel and Norway are to begin discussions in coming months on the possible supply to Israel of surplus oil from Norway's North Sea wells. This was agreed on yesterday in Norway in talks between Energy Minister Yitzhak Modai and his Norwegian counterpart. It was reported today in Jerusalem.

Israel has approached Oslo on the oil issue in the past but was turned down on the grounds that Norway's total oil production is earmarked under other long-term contracts. According to press reports, Washington has applied pressure on Norway to show more flexibility on the issue. It is also believed that the Norwegian readiness to discuss oil with Israel is based on the continuing development of the North Sea fields.

Sources in the Energy Ministry said last night that Israel plans to approach other oil suppliers as well as Norway. The need to find new supplies has become more urgent in light of the impending return of the Alma oil fields to Egypt.

Observers contend as well that Modai's success in talks with his Norwegian counterpart was at best limited. They note that Modai did not succeed in getting real concessions from the Norwegians but received only an obscure promise about future talks.

MOVES TO CURB INFLATION

By Barbie Zelizer

JERUSALEM, Sept. 12 (JTA) -- The Ministerial Economic Committee decided yesterday to take a series of measures to halt the spiraling rate of inflation, including cooling the economy and freezing all wage agreements.

Following five separate meetings on the subject in recent weeks, the committee decided to reduce investments in the economy by some IL 4 billion, a step considered essential if economic activity is to be slowed down. The cool-off is expected to hurt the country's industry only minimally. "If the step is really implemented in order to reduce the government's deficit, then there is a chance we can reduce the rate of inflation," said Bank of Israel Governor Arnon Gafny. "While I can't say I'm totally happy with the decision taken, we will have to wait and judge it by its implementation."

The committee also decided to freeze all wage agreements until April, 1980. "We now see

1978-80 as the end of a period," said Finance Minister Simcha Ehrlich. "There will be no more demands and no new agreements." Wage agreements currently under negotiation are to be finalized by the end of September.

Will LIB VAT On Apartments

A third decision taken by the committee that will affect the public to the greatest degree concerns housing. Persons entitled to an apartment according to the point system used by the Housing Ministry, such as young couples and soldiers, will no longer have to pay the value-added tax (VAT) on their new apartments. It is estimated that this step will cost the government some IL 1 billion and will reduce the price of a given apartment by some 20 percent.

"This is a social question of the first order," Ehrlich said. "Housing is one of this nation's most foremost problems." Housing Minister David Levy agreed.

DAYAN RAPS BONN'S POLICY ON PALESTINIAN SELF-DETERMINATION

TEL AVIV, Sept. 12 (JTA) -- Foreign Minister Moshe Dayan, returning from a three-day visit to West Germany today, said the Bonn government's attitude toward Israel was positive despite its strong criticism of Israel's settlements policy and its activity in south Lebanon. But he said those controversial issues did not come up in his talks with Chancellor Helmut Schmidt and Foreign Minister Hans-Dietrich Genscher.

(According to a report by Alfred Schneider, JTA correspondent in Bonn, Dayan said at a press conference in Bonn before his departure yesterday that relations between Israel and West Germany have changed for the worse because of Bonn's support for Palestinian self-determination. He said that in Israel's view, that could lead only to the creation of a Palestinian state which Israel would veto. "We would have to veto any such decision or intention by the Palestinians," Dayan told reporters in Bonn, adding, "The idea that the Palestinian Arabs should have the right for self-determination is absolutely unacceptable to us.")

(On the other hand, Dayan said he had received assurances from the German government that there will be no official representation of the Palestine Liberation Organization in Bonn and that the government will not establish relations with the PLO. He said he was very pleased with his two lengthy talks with Schmidt. "The Chancellor expressed and showed deep feelings toward Israel, warm and friendly. Apart from the question of current political issues, I found in him one of the closest friends that we can rely on in Germany." West German officials have described their policy toward the Palestinians as based on the common Mideast policy adopted by the European Economic Community.)

MANN HITS MOVES TO DEAL WITH PLO

By Yitzhak Rabi

NEW YORK, Sept. 12 (JTA) -- Theodore Mann, chairman of the Conference of Presidents of Major American Jewish Organizations, criticized "the recurring phenomenon, until recent weeks, in the State Department of attempts to deal with the Palestine Liberation Organization." But, at the same time, Mann said, at a press conference here today, that he was pleased with the current American policy in the Middle East, especially the direction of the negotiations on Palestinian autonomy.

He said he was satisfied with the recent statements by President Carter, Secretary of State Cyrus Vance and Carter's special envoy to the Middle East,

Robert Strauss, which "appears to recognize that the only sure way to peace is to let Egypt and Israel reach agreement without putting any pressure on them to do so or to meet any specific deadline other than those they accepted in the Camp David agreements and in the treaty they signed."

Mann said that American Jewry's message to the Administration should emphasize the importance of face-to-face negotiations between Israel and its neighboring states but not with the PLO. He warned that with the upcoming session of the UN General Assembly beginning Sept. 18 it could be expected that Americans will be deluged with "a barrage of PLO propaganda" on Palestinian human rights.

Mann disclosed that he met with President Carter for lunch last week and that they had agreed that the distinction between the PLO and the Palestinians should be emphasized with greater clarity to the American people.

Mann recalled that he wrote to Vance on Aug. 6, inquiring about media reports that high Administration officials were warning that the U.S. had only until October to break the negotiating stalemate in the Middle East lest Saudi Arabia reduce oil production.

He quoted from Vance's letter of reply, dated Aug. 30, in which the Secretary of State said: "I want to assure you that the U.S. is not under any threat or deadline with regard to the peace process. It is indeed important that continued progress be made in the peace negotiations but I know of no effort at pressure or intimidation." Vance, according to Mann, added that "The United States remains firmly committed to the support of Israel. . . . President Carter has repeatedly reaffirmed that commitment, and I can assure you that it has not and will not be changed."

Black-Jewish Relations

Replying to a question about relations between the Black and Jewish communities in the aftermath of Ambassador Andrew Young's resignation, Mann said he was hopeful that the Black-Jewish reactions have "quieted down." He said he believed it will continue to quiet down and relations between the two communities will improve. While he did not rule out the possibility that one or another Black leader will speak on behalf of the PLO, Mann said, "I do not think the Black community as a whole will ever forge an alliance with the PLO."

ISRAEL ASKS FOR \$3.45 BILLION IN AID

By Joseph Polakoff

WASHINGTON, Sept. 12 (JTA) -- The State Department said today that Israel has "formally" asked the United States for \$3.45 billion in military and economic aid for fiscal 1981, \$1.85 billion in military aid and \$1.6 billion in economic aid. The Department said it was not yet prepared to announce a figure from Egypt for the same purposes.

Department spokesman Hadding Carter said the U.S. "will look at the requests in the context of our close relationship with both countries," but he declined to forecast the totals the Carter Administration will ultimately present to Congress for action. The fiscal year 1981 begins Oct. 1, 1980. Congress has not yet completed action on the aid appropriations for the fiscal year 1980 that begins on Oct. 1.

In reporting that Israeli Ambassador Ephraim Evron "submitted formally" Israel's aid request last evening and discussed it with Secretary of State Cyrus Vance, Carter said that "we will seriously, carefully, consider" the request. Carter

observed that for the current fiscal year, Israel is receiving \$1.785 billion, of which \$1 billion is in military sales credits half of which is "forgivable," and \$785 million in security supporting assistance of which he said 57 percent is "forgivable."

Israel, Carter continued, received a grant of \$800 million to help build air bases in the Negev to help replace those bases Israel is giving up in Sinai under its treaty with Egypt, and \$2.2 billion in loans to help meet the cost of military relocation in the Negev.

"As always," Carter said, "it (the new aid request) will be viewed in the context of our close relationship to Israel." Asked whether there would be any difficulties in the Congress on the aid for Egypt and Israel, he replied "the Congress has always taken a sympathetic look" at Middle East aid for a number of countries. Jordan, Syria and Lebanon also receive U.S. aid.

Will Stick Close To Present Aid Level

An authoritative Congressional source told the Jewish Telegraphic Agency that Carter Administration policy seems to be "to stick awfully close to the present level of dollar aid" to both Egypt and Israel. This source, like others, noticed that this means actually a cut in the buying power of the appropriated dollar of 10 to 15 percent as a result of inflation. In addition, the cost of weaponry has risen beyond those figures. The Senate Appropriations Committee is to consider the aid funding, probably next week.

The House last week approved the aid appropriations for fiscal 1980 in which Egypt is to receive \$750 million in economic supporting assistance. Egypt also receives more than \$300 million in other forms of economic aid, including Food for Peace. In addition, Egypt gets \$1.8 billion in special military and economic aid under the Israeli-Egyptian treaty.

Carter noted that 16 of the 35 F-4 Phantom warplanes the U.S. has agreed to supply Egypt will be delivered in "the next few weeks." It is understood that the cost for these will come out of the \$1.5 billion in credits to Egypt spread over a three-year period as a result of the Israeli-Egyptian treaty.

WALDHEIM URGES WORLD CONFERENCE TO REACH SETTLEMENT ON MIDEAST CONFLICT

UNITED NATIONS, Sept. 12 (JTA) -- Secretary General Kurt Waldheim said today that he still believes that a well-prepared international conference involving all parties concerned is the best way to reach a settlement in the Arab-Israeli conflict. Addressing a press conference here, Waldheim said he did not know what the outcome of the autonomy talks between Egypt, Israel and the United States would be. He only knew, he said, that there are difficulties and that there has been no progress until now.

Waldheim said that from his recent discussions with various heads of state, it was his impression that the Arab governments favor an international conference on the Mideast, while the big powers prefer to wait and see how things develop in the present process of direct negotiations. He disclosed that following the Camp David agreements, the Soviet Union told him that it was not in favor of a Geneva peace conference under the new circumstances.

Waldheim reiterated his assessment that the Palestinian question is the "crux" of the Mideast conflict. He said peace in the Mideast is one of the greatest challenges of our time. (By Yitzhak Rabi)

JERUSALEM (JTA) -- A bomb exploded Wednesday in the Mahane Yehuda market here, but no one was hurt.

SPECIAL TO THE JTA STATE DEPARTMENT UNIT TAILED AN AMERICAN EXPERT ON WAR CRIMINALS

By Rochelle Saidel Walk

NEW YORK, Sept. 12 (JTA) -- The State Department's Office of Security has in at least one instance protected an accused German Nazi war criminal by placing under surveillance an American expert on Nazis and leader in anti-fascist causes, it was learned by the Jewish Telegraphic Agency.

Through Freedom of Information Act requests, Charles Allen, Jr. of New York City, widely considered as America's preeminent authority on Nazi war criminals, learned that he was the subject of a memorandum between the State Department and the FBI during the visit to the U.S. of West German Chancellor Kurt Georg Kiesinger in August 1969.

Remarks in the memorandum regarding Allen say that he was a "member of a delegation from demonstrating group organized by Committee to Combat Nazism and Anti-Semitism and picketed the West German Republic Consulate in N.Y. 2/3/65 delegation submitted message of protest to German Chancellor."

The demonstration and message referred to in the memorandum had the purpose of protesting the expiration of the statute of limitations for Nazi war criminals in West Germany, a fact that the State Department neglects to mention. The statute was extended at that time by the West German Parliament and eliminated by the Parliament this year. In addition to Allen, members of the New York department of Jewish War Veterans had been leaders of the protest at the Consulate.

FBI Ordered To Continue Probe

In another document dated Oct. 16, 1967, the Criminal Division of the Department of Justice directed the FBI to continue an investigation that they had begun on Allen. A prominent New York attorney who has successfully reversed FBI procedures against civil rights leaders at a Supreme Court level said that this document meant that a "veritable frameup" was in the making against Allen because of his anti-Nazi activities.

The attorney, who asked not to be identified, said that the struggle for continuing or abolishing the statute of limitations was deemed important enough to be the basis for what had all of the earmarks of a frameup against Allen, and that it probably was continuing.

The government documents did not reveal any information about the Nazi background of Kiesinger, whose security they were "protecting." Beate Klarsfeld, who, like Allen, is a non-Jewish leader in anti-Nazi work, called attention to the Chancellor's fascist past by publicly slapping his face in November 1968 in Berlin.

Kiesinger's Nazi Background

As the deputy director of Hitler's broadcasting department, Kiesinger was responsible for the dissemination abroad of anti-Jewish propaganda broadcasts. The aim of his radio propaganda was to arouse anti-Semitism throughout the world, according to Klarsfeld. A member of the Nazi Party since May 1933, in 1941 he joined the board of directors of Interradio, Nazi Foreign Minister Von Ribbentrop and Nazi Propaganda Minister Goebbels' vehicle for propaganda abroad.

After World War II, Kiesinger was "de-

Nazified" by a commission which included his father-in-law, but he was classified as a Nazi unfit to hold government office. He was later examined a second time by his father-in-law and classified as one of the "least important Nazis."

A number of related incidences of U.S. Intelligence surveillance have recently been brought to light. The Philadelphia "Bulletin" reported last month that the FBI had made plans to tie the late civil rights leader Dr. Martin Luther King, and civil rights and anti-Vietnam War activist Dr. Benjamin Spock to the Communist Party through "counter-intelligence action."

The Student Struggle for Soviet Jewry reported to the JTA on June 29 that it had been under FBI surveillance almost from the day it was founded 15 years ago. This organization has pressed for emigration and civil rights for Soviet Jews, but eschews violence.

ROBERT LIPSON DEAD AT 64

PHILADELPHIA, Sept. 12 (JTA) -- Robert Lipson, a member of the professional staff of B'nai B'rith who dedicated his adult life to local and Jewish community service, died in Nahariya, Israel yesterday at the age of 64, it was reported by B'nai B'rith here today. Lipson was attending the international B'nai B'rith seminar in Israel. His remains will be flown to his home community in Cherry Hill, New Jersey for burial.

Lipson was executive director of B'nai B'rith District 3 serving over 35,000 members in Pennsylvania, New Jersey, Delaware and West Virginia. He was the recipient of the 1977 Israel Award for his advancement of creative Jewish life and his dedication to the cause of Israel. He was a member of the Board of Governors of District 3 and a former B'nai B'rith regional director and insurance director.

Lipson was also a past president of the B'nai B'rith Hillside Lodge and a former president of the Northern New Jersey Council of B'nai B'rith. He was a district life delegate and Youth Organization commissioner of B'nai B'rith International. He received the 1979 Golden Key Award of the B'nai B'rith Youth Organization.

BEGIN TO MAKE SPECIAL TRIP TO U.S. TO HELP HONOR ROTHBERG

NEW YORK, Sept. 12 (JTA) -- Premier Menachem Begin of Israel will make a special trip to the United States to address a dinner in honor of Sam Rothberg, general chairman of the Israel Bond Organization, who will be honored for a lifetime of service to Israel at an International Tribute in Washington on Nov. 18 under the auspices of the Bond Organization.

Robert Smith, of Washington, a community leader and real estate developer, serving as chairman of the Tribute, who made the announcement, said Rothberg will receive the first Golda Meir Leadership Award. The award, authorized by the family of the late Premier of Israel, is to be presented annually to a national Jewish leader who has distinguished himself in promoting Israel's economic and social progress. Rothberg, a principal founder of the Israel Bond Organization, has been a key figure in the growth of the program which has produced more than \$4.5 billion for Israel's economic development since 1951.

While Begin is in the United States he will also meet with leaders of the United Jewish Appeal in New York City on Nov. 19. The Bond Organization also announced that a \$1 billion Economic Development for Peace Loan campaign will be launched at its international leadership conference tomorrow through Sunday in Toronto.