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DAYAN RESIGNS FROM THE GOVERNMENT OVER DISAGREEMENT WITH CABINET MAJORITY ON AUTONOMY NEGOTIATIONS

By Gil Sedan

JERUSALEM, Oct. 21 (JTA) -- Foreign Minister Moshe Dayan resigned from the government today declaring that he could not continue to serve because of his disagreement with the Cabinet majority over the conduct of the autonomy negotiations with Egypt and other basic policy matters and because he and his office have been relegated to a secondary role in foreign affairs.

Dayan announced his resignation after briefing the Cabinet on the current political situation. The announcement took his fellow ministers by surprise, except for Premier Menachem Begin who knew of Dayan's intentions two weeks ago and had the Foreign Minister's letter of resignation in hand. Begin expressed deep regret over Dayan's decision and praised his contributions to the peace process over the past two years. He said Dayan's resignation was an important "national and international event" but stressed that the government will continue to fulfill all of its obligations.

According to law, Dayan's resignation takes effect 48 hours after its submission to the Prime Minister. There was no indication of who will replace him. Begin said that for the time being he would handle the Foreign Ministry post himself.

Reactions Are Swift

Reaction to Dayan's bombshell announcement was swift. Labor Party spokesmen declared it spelled the beginning of the end of Begin's Likud coalition government and its "bankrupt" policies. But opponents of Dayan's moderate policies in Herut and the National Religious Party welcomed his departure.

(In Cairo today, Egypt's Minister of State for Foreign Affairs, Butros Ghali, a participant in the autonomy negotiations, said Dayan's resignation was proof that the Israeli government's settlement policies on the West Bank were an obstacle to peace and that this was recognized even within Israel.)

Associates of the Foreign Minister said today that his resignation had nothing to do with his health. Dayan underwent surgery last June for the removal of a malignant tumor from his intestines but was reported to have recovered fully.

Spells Out Details

Dayan, speaking to reporters at his home in the Zahala section of Tel Aviv after today's Cabinet session, spelled out in some detail his reasons for quitting the government that he joined two years and four months ago. He said he found himself in a situation where neither he nor his ministry were participating in key policy formulations. In fact, he said, he was dealing only with minor matters and this was not coincidental but stemmed from his disagreements with the Cabinet majority.

He made it clear that he was dissatisfied with the progress of the autonomy talks under In-

terior Minister Yosef Burg of the National Religious Party who Begin selected to head the Israeli negotiating team. "As long as we had the peace negotiations with Egypt, I was engaged in political work and there was an understanding between the Premier and myself," Dayan said.

"However, when the second chapter began, the negotiations over autonomy, I refused to head the Israeli negotiating team because I do not express the basic position of the present coalition on this issue. In brief, in what I wanted to deal, I do not deal. With what I deal, I do not want to deal - cocktails and ceremonies. Under this situation there was no point in my being Foreign Minister. We need a Foreign Minister whose views are accepted by the Cabinet and who, on the most important subject of relations with the Arabs, can express the views of the government and I am not that person."

In recent months Dayan has proposed that in the absence of progress in the autonomy talks, Israel should take such unilateral steps as removing its army from the occupied territories and replacing it with local civilian bodies. He also stressed the need to negotiate with local Palestinians, excluding members of the Palestine Liberation Organization. But he himself came under fire recently for meeting privately with well-known PLO supporters on the West Bank and Gaza Strip and informing Begin only after the fact.

Resigns Without Rancor

Dayan resigned without rancor. In his letter of resignation he said he had "favorable ideas about the government and the Premier." It was learned today that he first informed Begin of his intentions in a letter dated Oct. 2. He planned at that time to remain in office until December after completing several assignments including visits to the United States and Mexico. Cancellation of his Mexican visit decided Dayan to advance the date of his departure.

It appeared clear that he had already made up his mind to quit the government when the Cabinet debated the controversial issue of seizing Arab lands on the West Bank and Gaza Strip to make room for large scale Jewish settlements last Sunday. The Cabinet's decision to expand existing settlements without resorting to the expropriation of privately owned land was seen as a victory for the Foreign Minister.

Political Figures Comment

Several prominent political figures in and outside the government commented on Dayan's resignation today. Deputy Premier Yigael Yadin, leader of the Democratic Movement who is recovering from a mild heart attack, expressed surprise and regret. MK Yossi Sarid of the Labor Alignment said Dayan's departure should not be regarded as a personal step but as a "letter of resignation to the government's bankrupt policy." Dayan was always among the first to sense "when a ship was sinking" and to promptly leave it, Sarid said, a reference to his resignation from the Labor Party shortly before it went down to defeat in the 1977 elections.

Former Premier Yitzhak Rabin, interviewed in New York today, said he was surprised by the timing of Dayan's resignation but had nonetheless expected it considering the deteriorating state of the Begin government. Former Foreign Minister

Abba Eban said "Dayan was in the impossible position of handling secondary issues while he differed with the government on the most vital one, the question of autonomy."

Defense Minister Ezer Weizman who was in Cairo today for meetings with Egypt's Defense Minister Kamal Hassan Ali, told reporters that Dayan's resignation would not help the moderates in the Israeli Cabinet. Asked if it would have a detrimental effect on the peace process, his reply was "yes; and no." He indicated that while he shared many of Dayan's views, he had no plans to quit the government.

No Effect On Parliamentary Majority

Political observers said today that Dayan's resignation would have no effect on Begin's parliamentary majority. The outgoing Foreign Minister never joined Likud. He retained his Knesset seat as an independent one-man faction and has no particular constituency. His traditional supporters, former colleagues of the Rafi wing of the Labor Party, are now members of the die-hard Laam component of Likud and follow policies closer to those of Herut and the NRP, the observers noted. On the other hand, they said, Begin's government has lost one of its more brilliant members, and this will contribute to the deterioration of its public image.

According to the observers, a reshuffling of the Cabinet, demanded by the NRP and some Likud ministers but resisted by Begin, is now unavoidable. Whatever form the reshuffle takes, Dayan's resignation has weakened the more moderate wing of the coalition which was headed by himself and Weizman.

The NRP, supported by hard-liners such as Transport Minister Haim Landau and Agriculture Minister Ariel Sharon, may now be in a position to push more activist policies with regard to settlements and autonomy, the observers said. On the other hand, this would probably force the Democratic Movement to leave the coalition, diminishing Likud's Knesset majority by seven seats.

Stormy Political Career

Dayan's political career has been stormy. As Defense Minister and acknowledged author of Israel's strategy in the Six-Day War, he emerged as Israel's No. 1 hero. He served as Defense Minister in the Cabinets of Premiers Golda Meir and Yitzhak Rabin. But his reputation plummeted after the Yom Kippur War and, although cleared of any responsibility for Israel's lack of preparedness in October, 1973, he subsequently resigned from the Cabinet and from the Labor Party on whose ticket had had been elected to the Ninth Knesset.

Shortly after Likud's surprise victory in the May, 1977 elections, Dayan accepted Begin's invitation to join the new government as Foreign Minister, a move for which he was denounced by his former Labor colleagues. He dismissed charges of opportunism, saying he joined the new regime only out of "national considerations."

He said it would have been irresponsible to have rejected Begin's offer at a time when negotiations with the Arabs seemed at hand. "If I had refused, and then things would have turned out contrary to my views, I would have felt very bad," he said at the time.

Within hours after Dayan's announcement, speculation was rife over who would replace him. Herut sources were quick to declare that the Foreign Ministry portfolio belonged to them as the

majority component of the Likud coalition. Some Herut circles suggested Knesset Speaker Yitzhak Shamir as Dayan's successor. Others called for the appointment of Moshe Arens, chairman of the Knesset's Foreign Affairs and Security Committee. But it was acknowledged that Arens, a hard-liner who voted against the Camp David agreements, would find it difficult to pursue a policy based on those accords.

In some quarters, where the Democratic Movement was seen as holding the balance of power in the coalition, either Deputy Premier Yadin or Justice Minister Shmuel Tamir were suggested to replace Dayan. Such an appointment by Begin would tie the Democratic Movement more closely to the government and preclude its defection, it was argued. These same sources claimed that Yadin's candidacy would win the support of the NRP.

Under such a reshuffling, Finance Minister Simcha Ehrlich would become Deputy Premier and former Minister of Commerce Yigal Hurwitz of the Laam faction would become Finance Minister. Ehrlich has been under pressure to resign because of Israel's worsening economic situation.

Other possible candidates mentioned today for Dayan's job included Burg and Leon Dulzin, chairman of the World Zionist Organization and Jewish Agency Executives. Whoever is ultimately selected and whatever course the Cabinet's re-organization takes, political pundits agreed today that the long-range effects of Dayan's resignation could spell trouble for the Begin government.

VANCE PRAISES DAYAN FOR HIS CONTRIBUTIONS TO MIDEAST PEACE

WASHINGTON, Oct. 21 (JTA) -- Secretary of State Cyrus Vance said today that Moshe Dayan as Israel's Foreign Minister had not only made an "outstanding contribution" to the peace process in the Middle East but also to United States-Israel relations.

Vance, who is in La Paz, Bolivia for a meeting of the Organization of American States foreign ministers, said in a statement issued in Washington that Dayan's resignation was an internal matter of Israel, and that the U.S. would not comment on the reasons for his resignation.

"On a personal level," however, Vance added, "let me say that I and every one of us in our government who has worked with him has the highest regard for Moshe both personally and professionally. He is a man whose talents and long experience we greatly respect and admire. He has made an outstanding contribution not only to the peace process in the Middle East but also to U.S.-Israel relations."

Sen. Henry Jackson (D. Wash.), in an interview on CBS-TV's "Face the Nation," said he did not believe that Dayan's resignation over the autonomy issue would affect Israel in Congress. He said the American people understand that there are different points of view in Israel. He said the "critical point" is for the American people to understand that the West Bank "poses a national security problem for the Israelis." Jackson said an arrangement must be worked out to provide Israel with defensible borders. "An arrangement must be worked out where the Israelis will have primary defense responsibility for the West Bank and Gaza," he stressed.

ARAFAT INVITED TO FRANCE

By Edwin Eytan

PARIS, Oct. 21 (JTA) -- A French govern-

ment special representative has reportedly invited Palestine Liberation Organization chief Yasser Arafat to France without fixing a date for the visit, however. The representative, Gabriel Robin, head of the French Foreign Ministry's Political Department, met last Friday with Arafat in Beirut. Robin is one of the key men in the Quai d'Orsay and his rank is equivalent to that of Deputy Secretary of State.

French official sources say Robin went to Beirut mainly to discuss the situation in south Lebanon. Political sources, on the other hand stress, however, that his main task was to meet Arafat, sound him out on the PLO's political intentions and extend an undated invitation to visit France.

The French believe that no comprehensive and lasting peace agreement can be reached without Palestinian participation. Foreign Minister Jean Francois Poncelet has often indicated, most recently on Oct. 12, that the nine European Economic Community member states consider the PLO as the Palestinian representative body.

The French would like Arafat's visit to France to mark a "milestone" in the Middle East negotiations and hope to use the PLO leader's visit for a joint declaration recognizing Israel and accepting its 1967 borders. Such a declaration, French sources say, would spell out Israel's recognition by the PLO and somehow force Washington into a dialogue with the Palestinian organization.

Meanwhile, French sources said that Moshe Dayan's resignation as Israel's Foreign Minister will probably speed up the process of European contacts with the PLO. One French official commented, "With Dayan's departure there is little in the way of concessions we can hope from" the Israeli government. This official felt West Europe must now use its own influence to obtain such Israeli gestures.

AT LEAST 2 PERSONS KILLED IN FLOODS

By Gil Sedan

JERUSALEM, Oct. 21 (JTA) -- At least two persons were killed in unprecedented floods that hit the beaches of Sharm el-Sheik and the town of Ophira. Sudden heavy rains which poured all night flooded large areas, especially in the tourist resort of Na'ama, north of Ophira.

Dozens of visitors, who were spending the weekend at this popular summer resort, were caught by the streams of water, but they were rescued. Air Force helicopters and navy boats, conducted wide spread searches today for possible additional victims. At least two people are missing.

The damage was heavy. The promenade along the beach was completely destroyed, the local Marina Hotel was heavily damaged, the camping beach was flooded, roads leading to the town were blocked by sand dunes, and the electricity supply broke down. Bedouin residents of the area said a similar flood occurred 30 years ago.

The army rushed an airplane with food and medical supplies to the area. Tourists were evacuated to the north in vehicles and airplanes. The army's heavy mechanical equipment was busy today reinforcing the sand dunes to prevent the buildings on them from collapsing.

ELIYU; SARTAWI GET KREISKY PRIZE!

VIENNA, Oct. 21 (JTA) -- Arie Eliav, a leading Israeli "dove," and Isam Sartawi, a

Palestine Liberation Organization official, received the "Kreisky Award" here last Friday "for services rendered to humanity." The prize is named after Chancellor Bruno Kreisky. In a statement during the brief ceremony, Eliav said "There will be no peace until we recognize the right of the Palestine national movement and until they recognize the right of the Israel national movement." He added that both the Jews and the Palestinians "have full rights" to "the same piece of land."

In an interview with "Le Monde," the influential French daily, Kreisky said on the eve of the awards presentation that Israel and the PLO should simultaneously recognize each other. Sooner or later, he added, "all the world except for Israel and South Africa will recognize the PLO as the Palestinian representative organization." He claimed that the Soviet Union is pressing the PLO to recognize Israel.

The jury which nominated Eliav and Sartawi for the prize said the two men were being honored for "the personal risks they took in favor of a reconciliation between the Israeli and the Palestinian peoples." The two men met in Paris in 1976 and 1977 with the help of former French Premier Pierre Mendes-France and Kreisky. Other winners of the Kreisky Prize included Cardinal Raoul Silva Henriquez, Archbishop of Santiago, Chile; Miguel Obando y Bravo, Archbishop of Managua; and the Austrian section of Amnesty International.

Meanwhile, Egypt's Prime Minister Mustapha Khalil, who arrived in Austria last Thursday for a seven-day official visit and for several meetings with Kreisky, said there is a chance the PLO will join the Middle East peace negotiations "if we achieve progress in the current negotiations."

WASHINGTON: BOYCOTT

By Joseph Palakoff

WASHINGTON, Oct. 21 (JTA) -- The Department of Commerce announced it has charged Library Bureau Inc. of Herkimer, N.Y., with violating the U.S. anti-boycott laws by having "explicitly agreed to obey all the laws and rules of Libya's boycott against Israel." Vincent J. Rocque, acting director of the Department's anti-boycott compliance staff, said that in April of 1978 the company signed a contract with the Libyan Secretariat of Information and Culture by which it would refuse to do business with Israel.

This is the first case brought under the revised administrative procedures issued by the Department on Oct. 12. Rocque indicated, a department spokesman said, that as a result of these new procedures, charges against other companies would follow quickly. The Library has 30 days to reply to the allegations before facing proceedings for penalties. The Department charged that the company's president, Thomas Hovey, signed a contract with the Libyan Secretariat, agreeing to export to the Libyan National Library in Benghazi furniture and library equipment.

RIO DE JANEIRO (JTA) -- An attempt by Iraq and Kuwait to oust Israel from the World Postal Union (WPU) during the congress of the WPU here was thwarted by a majority of the delegates from 142 countries. The motion by Kuwait and Iraq to modify the paragraph in the WPU's regulation requiring a vote of two-thirds of the organization's membership to oust a member was defeated. The two Arab delegations proposed a simple majority vote to oust Israel.

BUSH: ISRAEL'S SECURITY MUST NEVER BE TRADED FOR OIL

By Yitzhak Rabi

NEW YORK, Oct. 21 (JTA) -- Republican Presidential hopeful George Bush told a group of Jewish leaders here that if elected President he will be "sensitive" to the need to keep Israel, "our ally," strong, and would never trade the Jewish State's security for oil.

"It is wrong to trade the security of an ally," he declared in a statement before more than 40 Jewish leaders at a meeting last Thursday sponsored by the American Jewish Committee at its headquarters. "We have to keep our commitments to our friends," Bush said. He claimed that the problem with American foreign policy is that "nobody believes us any more" and that the credibility is questioned by U.S. allies.

The former Ambassador to the United Nations said he continues to believe that the U.S. has "special relations" with Israel. "I don't want to see a trade off of Israel's security for oil" or for any other reason, he said, in a clear reference to a recent statement by John Connally, the former Governor of Texas and also a GOP Presidential hopeful, which proposed linking a settlement in the Mideast to Arab oil supplies.

Bush also said he opposes any negotiations with the Palestine Liberation Organization, claiming that the U.S. credibility as an ally will diminish if it reverses its position on the PLO. He said he "gave credit" to President Carter for his success in bringing together President Anwar Sadat of Egypt and Premier Menachem Begin of Israel. He added, however, that he opposes an imposed "comprehensive" settlement in the Mideast.

Connally Seeks To Clarify Position

Meanwhile, Connally sought to clarify "one point that has been the subject of some misunderstanding" of his Mideast peace plan, namely, the linking of oil supplies to a Mideast settlement. This concept has been under severe attack by some of his Republican contenders for the GOP Presidential nomination, Republican Congressmen and Jewish leaders. It was also the chief reason cited by Rita Hauser, a New York lawyer, for resigning from his campaign for the Presidency.

In a letter published today in the Washington Post, Connally wrote: "I do not for a moment believe there is an inverse relationship or total linkage between peace in the Middle East and stable oil supply and prices. I do believe, however, if a just and lasting Arab-Israeli peace settlement could be achieved, the oil problem would be more manageable. The most pressing Arab grievances would be eliminated, the threat of another Arab-Israeli war leading to another oil embargo would no longer exist and it should be possible to contain our differences with Arab states within normal diplomatic boundaries.

"In short, as part of a peace settlement, the Arabs — as I said in my speech — would be expected to 'give up the use of oil supply and prices to force political change.' This would certainly not make our oil supply problem go away; only reduction of our dependence on foreign supplies of crude oil will achieve that objective. It would, however, greatly reduce the danger of catastrophic disruption in the meantime."

BRITAIN TO ERECT ITS FIRST MEMORIAL TO HOLOCAUST VICTIMS

LONDON, Oct. 21 (JTA) -- Britain's first

memorial to the victims of the Nazi Holocaust is to be erected in Whitehall, opposite the Cenotaph, the country's national war memorial.

Member of Parliament Greville Janner,

president of the Board of Deputies of British Jews, said today that the memorial, which would be "simple and restrained," would be on a site due shortly for demolition. The government had approved the project following an approach by the Board which will co-sponsor it together with the Council of Christians and Jews.

According to a Board of Deputies press statement, the memorial would not be exclusively Jewish. It would commemorate the eleven million men, women and children — "six million of whom were Jewish" — who perished under the Nazis. However, it is bound to serve as a Jewish shrine during the annual parades of Jewish former servicemen which are held at the Whitehall Cenotaph.

Explaining its purpose, Janner told the Board that it would serve "not only as a tribute to the dead of many religions but also as a reminder and a warning to generations to come of what can happen when racist policies are carried out. We recognize how easily we, as individuals and as a community, might have been engulfed in the same catastrophe."

The Rev. Douglas Webster, Canon of St. Paul's and chairman of the Council of Christians and Jews, said he felt honored to be associated with this imaginative project. "Nothing exceeds the Nazi Holocaust in cruelty and horror. So long as racial hatred and religious intolerance continue, we need massive reminders of what they do and constant stimulus to explore the paths of peace, understanding and reconciliation."

The precise form that the Whitehall memorial will take will be decided by a committee headed by Baroness Birk, Minister of Arts in the last government, who is herself Jewish.

CARTER ON JACKSON

NEW YORK, Oct. 21 (JTA) -- President Carter has offered the argument that if he had tried to restrain the Rev. Jesse Jackson from going to Beirut to meet with Palestine Liberation Organization leader Yasser Arafat he might then find himself trying to keep American Jews from visiting Israel.

The President's remarks were made in an interview with television reporters yesterday after the dedication of the John F. Kennedy Library in Boston. The interview was scheduled for broadcast tonight.

Refusing to become drawn into the controversy over the Black leader's meeting with Arafat, Carter stressed that "this is a free country and I don't have any control over Jesse Jackson." He said that "if I tried to constrain him because he is Black or because he might talk to some unpopular person, then the next thing that I might want to do is to try to keep Jewish citizens from going to Israel. Jesse Jackson . . . does not represent me."

RIO DE JANEIRO (JTA) -- A number of book stores in Rio de Janeiro and Sao Paulo are again selling "Mein Kampf" and "The Protocols of the Elders of Zion." A 1950's law prohibits both books from being sold. "Mein Kampf," in Portuguese, is being imported from Portugal, and the Protocols is being published in Brazil. The publisher of Protocols is not identified in the book. The Jewish Confederation of Brazil has asked the Justice Ministry to investigate the sales and to order the confiscation of the two books.