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BEGIN TO HOLD DEFENSE MINISTRY POST UNTIL COALITION ENDS DISPUTE OVER WEIZMAN'S REPLACEMENT

By Gil Sedan

JERUSALEM, June 1 (JTA) — Premier Menachem Begin announced today that he will serve as Defense Minister until the coalition crisis over the replacement of former Defense Minister Ezer Weizman is resolved. Begin's interim appointment of himself was approved by the Cabinet at its weekly meeting and will be announced officially tomorrow. The Cabinet also reappointed Mordechai Zipori as Deputy Defense Minister.

Weizman resigned officially on May 26 with a scathing attack on the performance of the Likud-led government in which he served for the last three years. Begin promptly announced that Foreign Minister Yitzhak Shamir, who took office in March, would be shifted to the defense slot and that Energy Minister Yitzhak Modai, leader of Likud's Liberal Party, would be named the new Foreign Minister.

His plans ran into stiff opposition from the Democratic Movement which said Modai was unacceptable to it, from the National Religious Party which complained that it was not consulted in advance and from Agriculture Minister Ariel Sharon who presented himself as the most suitable candidate for Defense Minister and threatened to resign if the post went to Shamir. He accepted the interim appointment of Begin.

Begin, Sharon Trade Words

Today's Cabinet session was marked by sharp exchanges between Sharon and Begin. Sharon, a Yom Kippur War hero and the Cabinet's most outspoken hawk, claimed that if Shamir became Defense Minister and Modai Foreign Minister, Begin would have "abandoned the security of Israel." Begin retorted that he did not consider it necessary to have a military man as Defense Minister and noted that in many countries, including Britain and the U.S., that office traditionally is held by a civilian.

Many observers believe that the hard-line Sharon was, in fact, Begin's first choice to replace Weizman. But he was served notice by the DM and the Liberal Party that they would oppose Sharon. The Liberals insist that they will accept only Modai who emerged as the party's strong-man in its internal elections last month. The DM claims Modai lacks the qualifications to serve as Foreign Minister and has been pushing its own No. 2 man, Justice Minister Shmuel Tamir, for the job.

The NRP is the only coalition partner which has indicated that it will hold off for the time being and not adopt a final position. Begin met with an NRP delegation Friday and apparently reached an understanding with them. Although Begin himself threatened to resign last week unless the Cabinet crisis is resolved, he changed his mind. He reportedly told the NRP members that if he quit now, bringing down the Likud government, the next government might be headed by the Labor Alignment which could mean, according to Begin, handing the West Bank over to the Arabs to form a Palestinian state. "My hands will not

spill this blood," he said. Meanwhile, the Labor Party charged the Begin government with endangering national security. "The security and the very existence of the State have become toys in the hands of a quarrelsome and unstable government," the Labor Party said over the weekend. "It is not a matter of conflict between the opposition and the government but real concern for our existence," the party communiqué said.

ISRAEL, EGYPT DEFUSE CRISIS

JERUSALEM, June 1 (JTA) — A potential crisis between Israel and Egypt was defused over the weekend at a meeting between President Anwar Sadat and Israeli Ambassador Elihu Ben-Elissar in Cairo.

The matter grew out of Premier Menachem Begin's remark to the Knesset's Foreign Affairs and Security Committee Friday that Israel would not complete its withdrawal from Sinai by May, 1982 — the date set in the Israeli-Egyptian peace treaty — unless there was prior agreement for the establishment of an international supervisory force to guarantee that the peninsula remains demilitarized.

That declaration triggered an angry reaction in Egypt. Ben-Elissar immediately asked for a meeting with Sadat which was granted yesterday. The Israeli envoy presented a written message from Begin which clarified the Israeli view on the issue and assured Sadat that Israel would continue to fulfill its part of the peace agreement. Sadat, for his part, expressed his "friendship and confidence" in Begin and also voiced the hope that the autonomy talks, which he suspended last month, would be resumed soon.

Negotiations May Resume Soon

The Cairo weekly October, which often reflects Sadat's views, reported today that the negotiations may be resumed this week or early next week.

The meeting with Sadat was Ben-Elissar's first since he presented his credentials three months ago. The fact that it was held on Saturday posed personal difficulties for the Israeli Ambassador who is observant and therefore walked nearly two miles from his hotel to Sadat's office. According to Ben-Elissar, the Egyptian leader apologized for setting their meeting on the Jewish Sabbath.

Although a crisis was avoided, the issue of an international force in Sinai poses serious problems which are bound to surface as the time for Israel's total withdrawal approaches. According to the terms of the peace treaty, during the final stages of withdrawal, small international units will be deployed in the Sharm el-Sheikh region and along the international border to replace Israeli forces.

President Carter assured Begin when the peace treaty was negotiated that if the United Nations Security Council is unable to provide the international supervisory force, the U.S. would take "all necessary steps" to establish an alternative force. It appears unlikely that the Security Council will assume the responsibility. But neither the U.S. nor Egypt has taken any measures so far to arrange an alternative. (By Gil Sedan)

CABINET APPROVES U.S. POSITION

JERUSALEM, June 1 (JTA) — The Cabinet

expressed its appreciation to President Carter and Secretary of State Edmund Muskie today for their firm opposition to a proposed new Middle East initiative by the Western European nations and the President's unequivocal warning that the U.S. would veto any move in the United Nations Security Council to alter or discard Resolution 242.

Carter declared in an interview yesterday inaugurating a new all-news cable television network, that the U.S. would exercise its veto if its European allies or any other nation attempted an initiative that would damage the Camp David peace process which is based on Resolution 242. Carter also predicted that the stalled autonomy talks between Egypt, Israel and the U.S. would be resumed shortly.

The President repeated his veto threat today on the CBS television program, "Meet The Press." The basis for progress toward peace in the Middle East "has got to be" the resolution and the Camp David accords "which is almost like a Bible now," he said.

Premier Menachem Begin is expected to state Israel's position on the European initiative in a statement to the Knesset tomorrow. He will also clarify Israel's position on the future of Jerusalem and his proposed Cabinet changes following the resignation of Defense Minister Ezer Weizman on May 26.

Israel fears that the European initiative, being pressed by France, Britain and West Germany, will confer legitimacy on the Palestine Liberation Organization and support a Palestinian state on grounds that the Palestinians are entitled to self-determination. Carter's strong objections to the initiative were especially welcome here.

EEC To Meet June 11-12

The initiative is expected to take shape when the leaders of the nine member states of the European Economic Community (EEC) meet in Venice June 11-12 to discuss action on the Middle East situation. Carter will meet with them in Vienna later in the month. The Europeans have been saying for some time that they would press for changes in the peace process launched at Camp David if the autonomy talks failed to yield noticeable progress by the May 26 target date. The talks were suspended last month by President Anwar Sadat of Egypt on grounds that Israel's positions on autonomy were holding up progress.

But Sadat expressed hope over the weekend that the negotiations would be resumed shortly. Carter said yesterday that he expected Israel and Egypt to start talking again within two weeks. "My prediction to you is without very much more delay we will be back at the negotiating table making progress again toward the Mideast peace treaty on that (Camp David) basis and full autonomy for the West Bank and Gaza," he told the Cable News Service.

He said he did not expect a European move for several weeks but "We have a veto power that we can exercise if necessary, to prevent the Camp David process from being destroyed or subverted and I would not hesitate to use it if necessary," he declared. He acknowledged the wide differences between Egypt and Israel over the nature of autonomy and other matters and observed, "These kinds of things are extremely hard to resolve but we are down to what you might call the nitty gritty now. The issues are clearly defined."

Carter said the Europeans had the "same hope that we do that the issue of autonomy on the

West Bank, the resolution of the Palestinian problem, the provision of security for Israel, a permanent peace in the Middle East (be) comprehensively negotiated with Israel's neighbors. We have the same goals."

Carter Warns Europeans

He noted that he would be attending a seven nation European economic summit meeting in Vienna on June 22 and that the EEC leaders will convene in Venice ten days earlier. "There will certainly, almost certainly be no action by them before that date. We are encouraging the European allies not to intervene in the (Israeli-Egyptian) negotiations as long as we are meeting and are making progress toward a Mideast peace settlement," he said. He warned however that "Even if they do come in, we will not permit in the United Nations any action that would destroy the sanctity of and the present form of UN (Security Council Resolution) 242."

Carter's strong statement of his position came after visiting French Foreign Minister Jean Francois-Poncet told reporters in Washington Friday that the European allies would take a new initiative in the Middle East very shortly to meet Palestinian aspirations, despite American objections. He said the Europeans would act because they felt that the American-mediated autonomy talks had broken down. He said that while the specific language of the European initiative has not yet been decided, "it will be and must be a balanced approach" that should provide for Israel's security and for Palestinian self-determination, a term generally interpreted as the right of the Palestinians to have their own state on the West Bank and Gaza Strip.

Poncet met with reporters after he conferred with Muskie. The Secretary of State reportedly urged against a European initiative in the Mideast and insisted that the U.S. did not feel the autonomy talks were dead.

The Carter Administration had a similar reaction to proposals by British Foreign Secretary Lord Carrington in Washington last month. The British diplomat urged the U.S. to accept the idea of a European conference to alter Resolution 242. He was reportedly told by the Administration that the Camp David formulas based on 242 provided the only tangible progress in the peace negotiations. (By Gil Sedan)

CORRECTION

A Jerusalem dispatch in the May 14 Daily News Bulletin stated erroneously that the Knesset had passed on first reading a government bill asserting that Jerusalem is the capital of Israel. The bill approved was in fact a private members bill presented by MK Geula Cohen of the opposition Tehiya faction. Interior Minister Yosef Burg said at the time that the government intends to introduce its own bill to the same effect shortly which will be incorporated into the basic law, Israel's quasi constitution. The government's bill however has yet to be drafted and has not been submitted to the Knesset.

GOVERNMENT WILL NOT RESTORE SUBSIDIES

JERUSALEM, June 1 (JTA) — The Treasury has no intention of restoring large subsidies to basic food products, officials at the Finance Ministry declared today. At the moment bread, frozen chicken and public transport are subsidized. Sugar, instant coffee and rice prices went up again today. Sugar is now sold for approximately \$1 a kilo, and the price of rice is only slightly cheaper.

THOUSANDS MARCH IN SALUTE TO ISRAEL PARADE UP 5TH AVENUE; 'ONE PEOPLE, ONE HEART'

By Sharyn Perlman

NEW YORK, June 1 (JTA) — Enjoying perfectly blue, sunny skies and warm temperatures, thousands of spectators cheered on some 75,000 marchers in the Salute to Israel Parade here today. The marchers, organized groups of youths above the age of 10 through college age, representing 90 schools and 20 youth organizations, enthusiastically headed up Fifth Avenue singing Israeli songs, dancing Israeli folk dances, and chanting slogans based on this year's theme, "One People, One Heart."

The parade included many floats bearing banners such as "Jerusalem is not a Settlement, It Cannot be Dismantled," "Jews attached by Heart and Soul to Israel," and "From Sand to Land." One float bore the likeness of an oil rig with several students pumping for fuel. Another group of people represented New York's Yemenite community, wearing traditional costumes while performing Yemenite dances. Some of the floats were even made by the marchers themselves. Marching bands from as far away as Maryland and Massachusetts joined the others in celebrating Israel's 32nd Independence Day.

The guest of honor at this 16th parade was Leon Dulzin, chairman of the World Zionist Organization and the Jewish Agency Executive. Dulzin said that the parade signifies the "pride and hope that Israel represents for the entire Jewish people." He described Israel as the "fulfillment of Jewish destiny and mastery of fate after centuries of persecution."

Israel "Sanctuary" For Jews

In a proclamation Mayor Edward Koch officially declared today as "Salute To Israel Parade Day," heralding each Independence Day anniversary as "a milestone to this brave country, and a declaration of its living reality." In continuation of that spirit the Mayor appeared today telling the crowds that Israel is the "single sanctuary for every Jew who is under attack to go to without restriction" and that Israel is the center of "democracy, freedom, and peace."

There were many other officials present including Stephen Aiello, special advisor to President Jimmy Carter on Ethnic Groups, representing the White House. Aiello reiterated the Carter Administration's five-point commitment to Israel including a commitment to an undivided Jerusalem and a promise "not to negotiate with or recognize the PLO unless it recognizes, without doubt, the right of Israel to exist."

The parade is sponsored by the American Zionist Youth Foundation. There are also over 100 national and local organizations which lend their support in all areas.

BREZHNEV REJECTS APPEAL FOR JEWS

NEW YORK, June 1 (JTA) — Soviet President Leonid Brezhnev has rejected an appeal for clemency by two Jews sentenced to death in August 1978 for "economic crimes," following a year-long trial in the town of Donetsk in the Ukraine, according to the National Conference on Soviet Jewry (NCSJ).

Raphael Adzhiahvili, 49, from Tbilisi, married with three children, and a man named Abasov from Baku, went on trial with 52 co-defendants for allegedly stealing factory surplus

textile for resale. All but eight of the defendants were Jewish. Although the prosecutor asked for sentences of 10-15 years for all of the defendants, four Jews received death sentences. After appealing to the Supreme Soviet of the USSR, two of the four condemned Jews — Gabriel Sepashvili and Ilya Mikhalshvili — had their sentences commuted to 15 years in jail. Sepashvili's clemency, decreed by the First Deputy Chairman of the Supreme Soviet, Vasily V. Kuznetsov, was received a few days ago, before he was transferred from his death cell to a regular prison cell.

Alerted to the fact that the Supreme Soviet had denied Adzhiahvili's appeal for clemency, his family immediately left for Moscow for an eleventh hour attempt to save the life of the condemned prisoner.

According to Marvin Frankel, chairman of NCSJ's National Lawyers Committee, "The affirmed death sentences apparently indicate that the spectre of anti-Semitism is on the rise. While the non-Jews were sentenced to lesser punishment, the Jews were obviously singled out, in a barbaric turn from justice."

Reacting to the blatantly harsh sentences, the NCSJ has called upon members of Congress and the State Department to make inquiries with the USSR.

EAT AND RUN

By Tamar Levy

GENEVA, June 1 (JTA) — The Palestine Liberation Organization delegate to the United Nations and the Ambassador of the Persian Gulf state of Qatar found out here last week that reporters should be made to work for their supper before they are fed.

The object lesson was learned at a gala dinner which the Arab envoys gave at the Intercontinental Hotel for three deported West Bank leaders who were appearing before the UN Human Rights Commission to protest their expulsion from the Israel-occupied territory. After a sumptuous repast, the PLO delegate informed the ladies and gentlemen of the press that "We shall now be glad to answer your questions." This was greeted by groans from the assembled journalists who had met only the day before with Mayor Mohammed Milhim of Halhul, Mayor Fahed Kawasme of Hebron and the Kadi (religious judge) Rajeb Buyud Tamimi of Hebron.

One reporter rose to say there was no point in "damaging this dinner's solemn atmosphere by asking questions." A pro-PLO correspondent admonished the hosts. "They give us food and drink and then tell us to pay the bill," he said, referring to the call for questions.

2 WEST BANK PAPERS BARRED

By David Landau

JERUSALEM, June 1 (JTA) — Two of the three Arabic newspapers published in East Jerusalem have been barred from distribution on the West Bank. The Military Government called in the publishers of A Shaab and Al Fajr today and handed them the restriction orders, issued on grounds of disturbance to the public order.

Both papers are closely identified with pro-Palestine Liberation Organization circles in the administered areas. Al Fajr is the more leftwing of the two. The third East Jerusalem daily, Al Kuds, which is closer to the Hashemite royal house, was also reportedly cautioned to desist from inflammatory articles on pain of losing its right, too, to be distributed on the West Bank.

ADL CHAIRMAN URGES AUTONOMY TALKS SUSPENSION TO RELIEVE PRESSURE

NEW YORK, June 1 (JTA) -- The United States should "take the pressure off Egypt and Israel by initiating an indefinite suspension of the autonomy talks," according to Maxwell E. Greenberg, chairman of the Anti-Defamation League of B'nai B'rith.

"Let the autonomy discussions wait until Jordan's King Hussein and responsible Palestinian leaders join the talks," he said. Greenberg, a Los Angeles attorney, said he was making that suggestion to President Carter and all the other Presidential candidates.

"Let's have our nation show some strength and moral fiber by declaring that it will protect the lives of Palestinian peacemakers against the Soviet-trained terrorists of the Palestine Liberation Organization," he told the 300 ADL leaders gathered at the ADL's National Commission meeting last night. The meeting ends tomorrow.

Wants Issues Clarified

He said that while the tax-exempt ADL "does not and cannot get involved in politics," it could suggest policies to all candidates, or ask them to clarify their attitudes on various issues.

For example, he went on, while each of the candidates has repeatedly declared support for the right of Israel to exist and be secure within recognized boundaries, and each has called for an "undivided" Jerusalem, "history has taught Jews that these simple phrases have important shadings and nuances."

The questions to be answered, he declared, are: An "undivided Jerusalem" under whose sovereignty? and Will "security" be based upon adequate military and economic support, or the fragile foundation of treaties, or both?

Warning On Group Rights

At an earlier session, Nathan Perlmutter, the ADL's national director, said that the American democratic framework has shifted "from seeking the realization of individual rights to espousing group rights." He said this shift represents "the difference between democracy, which cares for people, and a Balkanized society which pits group against group and renders the individual less and less significant." He said it has resulted in "a cascading avalanche of reverse discrimination, often in the form of racial quotas, drafted and implemented by the federal government."

He warned that with recession and a "limited pie that is already shrinking, the 'Cuban-black dynamics' in Miami may be a precursor of even greater intergroup tension."

Reporting on international concerns, Perlmutter said that "the bottom line issue in the Middle East is not so much Jews or Arabs, a Palestinian homeland or settlements, but the oil of Saudi Arabia and Iran — and who will have access and control of it, the United States or the Soviet Union." Consequently, he said, there is need for increased U.S. expenditures for military defense.

Perlmutter said that Jewish interests are "inextricably related" to American security. He warned that "a Soviet Union that can — with impunity — insinuate itself into the Middle East directly, as in Afghanistan, or indirectly through surrogates like the PLO, threatens Amer-

ican democracy, threatens Israel, and consequently threatens each and every one of us."

AGREEMENT ON TAX DEDUCTIONS SIGNED

By Joseph Polakoff.

WASHINGTON, June 1 (JTA) -- Americans and Israelis under a new tax agreement signed last week will be able, subject to certain limitations, to deduct contributions they make to charitable organizations in each other's country. Other provisions of the protocol will affect the taxation of income from U.S. investments in Israel.

Israeli Ambassador Ephraim Evron and Assistant Secretary of State for Middle East Affairs Harold Saunders signed the document at the State Department Friday. It makes a number of technical changes in the Income Tax Agreement of Nov. 20, 1975, between the United States and Israel. That agreement was held up in the Senate, to which the State Department had submitted it as a treaty, and was not put into force pending rectifications of certain provisions. Negotiations were reopened in 1978 and consummated Friday with the signing of the protocol.

A State Department official told the Jewish Telegraphic Agency that the "whole package — the original convention and the protocol — will be resubmitted to the Senate. We expect no problem for the treaty to be ratified," he said.

The U.S. Treasury Department issued the text of the agreement, which shows that one of the amendments "provides, subject to certain limitations, for the deductibility of contributions by residents of the United States or Israel to a qualifying charitable organization of the other country."

Another amendment, a Treasury official told the JTA, provides that when a dividend is paid to a parent corporation in the U.S. by a subsidiary in Israel out of income which has benefited from Israeli tax holiday provisions, the Israeli withholding rate would be 15 percent instead of the 12-1/2 percent rate otherwise applicable to subsidiary dividends.

HI JACKING SUIT SETTLED

NEW YORK, June 1 (JTA) -- A spokesman for Air France confirmed that the company reached an out-of-court agreement Thursday with a passenger involved in the June 1976 hijacking of an Air France airliner to Entebbe, in Uganda.

According to the spokesman, Air France agreed to pay Murray Schwartz the sum of \$17,500, of the amount of \$1.5 million he claimed in his original lawsuit for damages stemming from the airline's alleged negligence in allowing the terrorist hijackers to board the plane.

The spokesman said this was the first settlement reached in more than 90 other suits resulting from the hijacking. Most of the suits are still pending against Singapore Airlines and Gulf Air which were alleged to have carried the hijackers before they boarded the Air France plane.

Schwartz, of Encino, California, sought damages because of "fear, anxiety, loss of sleep and fear of death."

The Entebbe hijacking ended when an Israeli commando mission raided the airport and rescued the hostages.

UNITED NATIONS (JTA) -- The Security Council extended Friday the Mandate of the United Nations Disengagement Observers Force (UNDOF) on the Golan Heights for another six-month period.