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REAGAN ADMINISTRATION SAYS IT INTENDS TO BUILD MIDEAST PEACE PROCESS ON CAMP DAVID ACCORDS

Confident The EEC Will Not Interfere
By Joseph Polakoff

WASHINGTON, March 5 (JTA) -- The Reagan Administration has emphasized that it "intends to build" on the peace process in the Middle East grounded on the Camp David agreements and expressed confidence that the European Economic Community (EEC) will "take no action" to interfere with it.

The statement was made yesterday by State Department spokesman William Dyess in response to a question by the Jewish Telegraphic Agency asking for a clarification of the Reagan Administration's position in light of conflicting reports, many of them attributed to unnamed sources, on the results of the meetings here last week by President Reagan and Secretary of State Alexander Haig with British Prime Minister Margaret Thatcher, British Foreign Secretary Lord Carrington and French Foreign Minister Jean Francois-Poncet.

Following is the text of Dyess' response to the question on the European Middle East initiative: "We have made plain that this Administration supports the ongoing peace process and intends to build on it in seeking a comprehensive settlement of the Arab-Israeli conflict. We feel that the talks over the past days here with our European allies have confirmed that all of us have a major interest in achieving peace in the Middle East and in strengthening security against the Soviet threat there.

"After these talks, we are confident that our Western European allies understand the importance that they take no action that would undercut the peace process. In these consultations, we were particularly gratified that Mrs. Thatcher was able to say in public that the efforts of the 10 (EEC member states) are meant to be complementary to the efforts being made by the U.S. to move toward a settlement and a peace that we are all seeking."

Thatcher spoke about the EEC's efforts being "complementary" in an interview with Barbara Walters on ABC television last Sunday. Since then, Haig has announced that he will visit Egypt, Israel, Jordan and Saudi Arabia, beginning April 3, and a report, attributed to unnamed sources, said that Lord Carrington would be meeting with Palestine Liberation Organization chief Yasir Arafat before the end of the year. The EEC's Venice declaration of last June called for the "association" of the PLO with the Mideast peace process.

FRIENDLY RELATIONS RESTORED BETWEEN HOLLAND AND IRAQ

By Henriette Boas

AMSTERDAM, March 5 (JTA) -- Friendly relations have been restored between Holland and Iraq just a year after the Iraqis severed them to protest the holding of a tripartite Israeli-Egyptian-American meeting in The Hague. This was accomplished by Foreign Minister Christoph van der Klaauw who visited Baghdad last week in his capacity as chairman of the Council of Ministers of the European Economic Community (EEC).

The rift occurred Feb. 23, 1980 when the Iraqis abruptly cancelled a visit by van der Klaauw who was on his way to Schipol Airport to emplane for Baghdad. The Dutch government explained at the time that The Hague meeting in no way implied Dutch support for the Camp David agreements and that any parties have the right to hold lawful meeting in Holland. Iraq, one of the most vociferous of the Arab rejectionist states, did not accept the explanation.

Van der Klaauw reportedly reiterated his explanation in Baghdad. The Iraq government announced that it considers the matter closed and renewed its invitation to the Dutch diplomat to visit the country in his capacity of Foreign Minister. But van der Klaauw's schedule does not permit him to make the trip before the Dutch Parliamentary elections on May 25, after which it is not certain that he still will be Foreign Minister.

REAGAN ADMINISTRATION CUTS FUNDS FOR RESETTLING SOVIET JEWS IN U.S.

By Joseph Polakoff

WASHINGTON, March 5 (JTA) -- In its slashing of the federal budget, the Reagan Administration has recommended elimination of matching funds totaling $24 million for resettlement of Soviet Jewish immigrants in the United States.

The Administration last month also decided to eliminate the subsidy to Israel of $25 million for the current fiscal year for the resettlement there of Soviet Jews. The funding for Israel is to be ended by March 31. (See Feb. 26 Daily News Bulletin.)

Both actions are being protested by leading members of the House of Representatives. Rep. Jonathan Bingham (D. NY) has protested elimination of funding for Israel and Rep. Sidney Yates (D. Ill.) has assailed the proposal for immigrants in this country. He said "charitable agencies simply cannot provide the necessary funding for this task."

Yates scored the proposal when David Stockman, director of the Office of Personnel and Management (OPM) appeared before the House Appropriations Committee. When he did not respond directly to Yates statements, Yates listed a series of questions for Stockman to answer. His replies are being awaited by Yates.

"What is the logic behind the cut in assistance for Soviet Jewish refugees?" Yates asked Stockman. "As one of the benefits of President Reagan's hardline policy toward the Soviet Union that nation has decided it ought to open the gates to let its people out who want to leave. What does the Administration do rather than taking advantage of the situation by providing necessary funds to help leave the Soviet Union? It proposes to cut back, to reduce the funds to help the refugees adjust to their new homes."

REPORT ARAB OIL WEALTH CREATING A NEW WORLD BANKING SYSTEM

NEW YORK, March 5 (JTA) -- Armed with surpluses totaling billions of dollars -- and growing

each year -- Arab oil producing states are building a new international banking system, the American Jewish Congress reported in the latest issue of its publication, Boycott Report.

Warning that Organization of Petroleum Exporting Countries (OPEC) petrodollars could give the Arabs "unprecedented influence over Western economics and politics," Boycott Report said the OPEC surplus of $7 billion in 1973 has grown to $343 billion. Of this sum, $120 billion was added in 1980 alone. Arab countries which formerly borrowed through international bond and credit markets are now increasingly turning to Arab banks, according to the Boycott Report. It added:

"In the last few months, every major syndicated loan from the Mideast has been led or co-led by an Arab institution. A further signal of the decline of American bank influence in the Mideast is the sale by Citibank of control of its branches in Saudi Arabia, a sale compelled by Saudi authorities. All other foreign banks in that country have already been nationalized."

Five Types of Arab Banks

According to the AJCongress report, there are five types of Arab banks:

* Government banks (or the treasury departments of Mideast states) which act directly as commercial banks -- for example, the Saudi Arabian Monetary Authority (SAMA).

* Arab development banks, such as the Islamic Development Bank and the Arab Fund for Social and Economic Development, which make subsidized loans to Moslem countries suffering from oil deficits.

* Quasi-governmental banks, such as the Kuwait Investment Co.; Kuwait Foreign Trade, Contracting and Investment Co.; and Kuwait International Investment Co., which play a large role in the Eurodollar underwriting.

* Consortium banks, such as the Union de Banques Arabes et Francaise (UBAF) and Banque Arabe et Internationale de'Investissment (BAII), in which many American and European banks participate.

* "Private" banks, such as the newly-formed Arab Banking Corp. (owned by Kuwait, Libya and Abu Dhabi), which has an authorized capital of $1 billion and engages in loan syndications, project-and trade-financing and Eurobank trading.

Buying Equity Interests In U.S. Banks

An Indication of the flow of petrodollars is the plan of the National Bank of Abu Dhabi to establish a branch in Washington, D.C. to be used to recycle oil money through the Western hemisphere.

Meanwhile, Boycott Report disclosed that Arab efforts to buy equity interests in U.S. banks continue. Sulliman Olayans has acquired stock in nine banks, including a 7.5 percent stake (together with his partner, Prince Khaled of Saudi Arabia) in the First Chicago Corporation, the ninth largest bank holding company in the country.

In the other eight banks in which Olayam has invested, his holdings are about one percent. They include Chase Manhattan (New York), Mellon (Pittsburgh) and major bank institutions in Cleveland, Honolulu, Los Angeles, Miami, Minneapolis and Phoenix.

In addition, Boycott Report said, a group of Arabs led by Sheikh Kamal Adham, former Saudi chief of intelligence, has purchased shares of Financial General Bankshares, Inc., of Washington, D. C. for $160 million. Another shareholder is Abdullah Darwaish, said by Forbes Magazine to be acting on behalf of the royal family of Abu Dhabi.

Arabs Flock To U.S. Stock Market

At the same time, purchases of shares in American companies by Arab investors have reached record levels, according to Boycott Report. It quoted a report by the Securities Industry Association that Arab purchases jumped from $962 million in the first quarter of 1980 to $1 billion in the second quarter and $1.7 billion in the third. The record investment in American securities was attributed to the drop in the price of gold and other precious metals. These figures do not include stocks purchased by Arab banks or governments.

To service these purchases, Petra Capital Corporation has been established, with Peter Tanous as its director. It is now seeking membership in the New York Stock Exchange. If accepted, it will become the first Arab-owned investment banking firm on the Exchange. Tanous and his associate, William Hanna, are of Lebanese descent. Petra is a wholly-owned subsidiary of a Netherland Antilles corporation, 70 percent of whose shares are held by Arabs, the Boycott report said.

One indication of the importance of Arab holdings in U.S. firms, the AJCongress report stated, was the recent election of Olayam to the Board of Directors of the Mobil Corporation, the first time an Arab has been elected director of a major oil concern.

Despite the record amount of purchases, Boycott Report said, all of the OPEC nations combined owned only one percent of the corporate stock of American companies as of the end of 1978, the latest year for which complete figures are available.

HOLOCAUST STUDIES PROGRAM TO BE INTRODUCED INTO DUTCH SCHOOLS

AMSTERDAM, March 5 (JTA) -- A studies project designed to inform junior high school and high school pupils of the dangers of anti-Semitism is under preparation, to be introduced into the Dutch school system in the 1982-83 school year. Titled "Holocaust," the project is a joint effort of the Foundation for the Development of Curricula at Enschede and the sub-faculty for social history at Erasmus University.

It is headed by Dr. Ido Abram, who specializes in educational psychology and is Jewish. He is being assisted by a number of non-Jews. The guide for teachers calls for a total of 20 hours of instruction and is modeled after Holocaust teaching projects in the United States, Britain, West Germany and Israel. Considerable attention will be given to the history of Jews in The Netherlands.

Some observers, however, have questioned whether a 20-hour project on anti-Semitism is realistic in Holland where the Jewish student population is vastly outnumbered by immigrants from Turkey, Morocco, Surinam and other Third World countries.

TOWER: ISRAEL IS A FACTOR IN PREVENTING USSR TAKE-OVER OF MIDEAST AND ITS OIL FIELDS

By Joseph Polakoff

WASHINGTON, March 5 (JTA) -- Senate Armed Services Committee chairman John Tower (R. Tex), who returned last week from visits to 10 Middle East and North African countries, described Israel today as a factor in preventing the Soviet take-over of the Middle East and its oilfields.

He also told reporters at a breakfast meeting arranged by Foreign Policy magazine that the Arab

government leaders with whom he had conferred regard the Soviet Union and not Israel as the major threat to their interests.

But they would "like to see the Palestinian issue resolved," Tower said. While he had "no plan of my own to recommend" for the solution of that issue, he suggested "speed"in finding one for "this vexing problem."

Tower, who is also chairman of the Senate Republican Policy Committee, said the U.S. Navy should be in a position to keep all sea lanes open for the transportation of Middle East oil. He was asked by the Jewish Telegraphic Agency which "national entities" in the area are supporting U.S. policy to prevent Soviet domination of the Middle East.

"I believe now that the Gulf states perceive the Soviets as the big threat," Tower said. He named Saudi Arabia's Crown Prince Fahd, the Sultan of Oman, President Anwar Sadat of Egypt and Tunisia as having asserted that position to him.

He noted that their view is enhanced by the existence of the "Committee of Six" that he said has been formed because of that perception and named its members as Saudi Arabia, Oman, the Arab Emirates, Kuwait, Bahrein and Qatar.

USSR Perceived As Greatest Threat

Tower said that the Persian Gulf states and North Africa both perceive the Soviets to be the biggest threat, adding, "I believe we should do what we can to enhance the capability of indigenous forces." He was asked by the JTA if he included Israel in his assessment. "Am I talking about Israel as well?" he exclaimed. "As a matter of fact, I think Israel -- the capability that is represented by Israel -- is a part of the inhibition against overt Soviet movement in this area," Tower said.

Indicating that some think the Soviets have no barrier to the area, he observed, "What we should do is get the view from the Kremlin and look through Soviet eyes to see what they got confronting them. It is not inconsequential by a long shot."

Tower appeared to support Sadat's view, which was also reported last December by Sen. Carl Levin (D. Mich.) and others, that the U.S. should develop an air base at Ras Banas in southern Egypt on the Red Sea but without a written Egyptian-American agreement. He said the U.S. should place forces "where we don't have written agreements but gentlemen's agreements." He named Ras Banas as an example.

Foresees Reservations in Congress

But Tower foresaw a"strong disposition" in the House against the lack of written agreements and "serious reservations" in the Senate. "A process of education" is indicated, he said. "U.S. bases make it appear a permanized American presence" is being established and some governments can't politically accept it, he explained. He noted in that connection that "Sadat has taken as much political heat as he can take."

Asked if the U.S. should not arrange to use the two Israel-built air bases in Sinai, Tower replied, "We'd love to have those bases in Sinai" but "it's a political problem that is not solvable." Egypt has objected to U.S. use of the bases.

COURT RULES HOOPSTERS CAN WEAR YARMULKAS ON THE COURT

CHICAGO, March 5 (JTA) -- The Chicago region of the American Jewish Congress has won a temporary restraining order allowing two Jewish high school basketball teams to wear yarmulkas on the court, it was announced by David Kahn, president of the Chicago region. The order was handed down by Judge Milton Shadur of the U.S. District here.

The teams, from the Ida Crown Academy in Chicago and the Hebrew Theological College-Yeshiva High School in Skokie, challenged a rule of the Illinois High School Athletic Association (IHSA) that prohibits headwear (with the exception of headbands and bandages) during inter-scholastic basketball games. The suit was filed as a class action in the names of five students and the two Jewish schools against IHSA, and its executive director.

Judge Shadur based his decision on arguments by American Jewish Congress attorneys that the prohibition violated First and Fifth Amendment rights of the Orthodox Jewish basketball players. The AJCongress lawyers, David Grossberg, chairman of the American Jewish Congress' Chicago Commission on Law and Social Action,and Sylvia Neal, legal counsel for AJCongress' Chicago region, also submitted affidavits from high school and college coaches including an IHSA referee of 33 years refuting the Association's argument that the yarmulkas might slip off and cause accidents.

The temporary restraining order allowed the two teams to participate in state tournment games this week. Both teams lost. After the outcome of the games, Judge Shadur decided to hold further hearings in early May on the legality of the Association's rule. In the interim, the schools will petition the rules committee of the Illinois High School Athletic Association for a change in the regulation, with the assistance of the American Jewish Congress.

U.S. DENOUNCES HADDAD

WASHINGTON, March 5 (JTA) -- Maj. Saad Haddad, commander of the Christian militia in southern Lebanon, was accused by the State Department today of threatening to shell the Lebanese coastal town of Sidon "if the Lebanese government does not pay approximately $5 million to his force." State Department spokesman William Dyess said that "This action would be considered criminal."

He said shelling by Haddad's forces have left three dead and 21 wounded and that one shell hit a school injuring nine children. Responding to questions by reporters, he emphasized that he was not suggesting that "Israel had anything to do with it." Israel has supported Haddad's Christian group.

Asked what the sources of his information about Haddad's threat were, the State Department spokesman said it came from press reports and from the U.S. Embassy in Beirut. Later, he told reporters that the Lebanese government "confirmed the press reports to us." He said he did not know if the government had made a public statement or announcement.

Asked by reporters if Haddad is a "terrorist," Dyess said, "It's awfully close, particularly if he comes out with his threat to shell the city." Asked if the State Department would take any action beyond its statement, he replied that that was all he was prepared to do.

A reporter stated that it was a basic assumption that U.S. equipment was supplied Haddad through Israel, to which Dyess replied, "I was not making my statement with that assumption in mind. I have no information to enlighten you about the source of the weapons supply." Asked if Israel was involved in the incident, he said, "I don't mean to suggest or imply that. I wouldn't suggest Israel had anything to do with it." (By Joseph Polakoff)

SPECIAL INTERVIEW
NEW AMERICAN VOICE AT UN PANEL
By Tamar Levy

GENEVA, March 5 (JTA) -- The "new American voice" heard at the deliberations of the United Nations Human Rights Commission here last month is indicative of the attitude of the Reagan Administration aimed at restoring "the image of a strong America," according to Michael Novak, the theologian and journalist who heads the U.S. delegation.

So far, that voice was raised in the strongest defense of Israel ever delivered by an American delegate at a UN forum when Novak denounced Arab-inspired attacks on the Jewish State.

Equally strong, was the condemnation of anti-Semitism in the Soviet Union by Novak's deputy, Richard Shifter, the U.S. alternate delegate, when he explained why his country abstained from voting on a resolution last week condemning Nazism, apartheid and all forms of racism. He charged that the resolution was a Soviet-inspired "political ploy" that did not take sufficient notice of the resurgence of anti-Semitism in the USSR and elsewhere.

Stance Taken On Kirkpatrick's Instructions

According to Novak, the strong pro-Israel stance of his delegation was taken on the instructions of Ambassador Jeane Kirkpatrick, the permanent representative of the U.S. to the UN in New York. But it is wholly compatible with his own views, Novak told the Jewish Telegraphic Agency in an interview here. "When I came to this Commission I heard 30 countries insulting Israel and I felt it was so unfair and cruel that I felt the need to speak up and say the truth. If someone admires a country they should say so," Novak said.

"Friends are needed when alone, not when everyone approves," he continued. "I was in Israel only once in 1975. (Mayor) Teddy Kollek was my host. I was engaged on a study on the future of Jerusalem. My two youngest sons were with me and we spent six wonderful days. I was impressed by the quality of the Israeli institutions, amazed to see so much greenery, such a developed agriculture, so many industries built under conditions of war.

"All the Israeli institutions, the universities the symphonies fulfilled the ideals which we cherish in the U.S. and made me feel a brotherly connection to the type of society (Israel) tried to achieve under difficult conditions," Novak said.

Novak's Political Involvement

Novak, a Catholic from Johnstown, Pa. whose grandparents came from Slovakia, is a widely published writer whose books and articles have been published in several languages. He has taught at Harvard, at the State University of New York and Syracuse University. At Stanford University in California he was twice named the "most influential professor."

He presently lives in Washington and is a resident scholar in religion and philosophy at the American Enterprise Institute, a conservative "think tank." Long active in the Democratic Party, he is one of a group of former liberal-to-leftist intellectuals who have moved sharply to the right to form what is called the "neo-conservative movement."

Along with Sens. Daniel Moynihan (D. NY), Henry Jackson (D. Wash.) and the late Vice President and former Sen. Hubert Humphrey (D. Minn.), he was a founding member of the Coalition for a Democratic Majority, a group that largely supported Reagan's Presidential campaign. Kirkpatrick, another conservative Democrat, is also a member of the group. They have been active since 1972 in support of Soviet dissidents, notably Aleksandr Solzhenitsyn, Andrei Sakharov and Anatoly Shcharansky.

Asked how a Democrat could serve a Republican Administration headed by Reagan, he said "Reagan's strength is his ability to bring together people who normally do not work together. He is a great coalition-builder."

Basis For A Vision

Asked how he hoped to accomplish anything in the Human Rights Committee where the Third World Communist bloc and Arab states command an automatic majority, Novak replied:

"My grandparents came from Eastern Europe and to the Jews and Christians from that part of the world there is a common philosophy. My grandmother believed that the world will have a horrible end while the Jewish grandmother believed the end will be a disaster. The pessimism of our grandmothers gave us great power. Any good that happens is a gift. Pearls come from oysters, silk from worms, butterflies from caterpillars and great human vision from poor human clay."

Asked if U.S. delegates to other international conferences would follow the course he has laid down in the Human Rights Commission, Novak observed that "The American people respect the ego and do not feel right when not strong. What I am saying here will be heard in many places."

'Courage To Stand Alone'

Shifter, who is Jewish, was born in 1923 in Vienna and practices law in Washington where, among other clients, he represents the interest of American Indian tribes. He served for 20 years as a volunteer member of the Maryland Board of Education, was active in democratic organizations and in Jewish communal affairs. He visited Israel in 1971 for the wedding of his daughter who worked at Kibbutz Kfar Blum and married an Israeli.

Shifter told the JTA, after his strong statement on anti-Semitism, "We have the courage to stand alone in the Commission and speak up for what we stand for. If we have this courage, others will follow us."

The Novak-Shifter attitude displayed in the Human Rights Commission, caused one sympathetic UN correspondent to report that "The American eagle has found its wings." It prompted the Syrian delegate to remark that a mistake had been made in placing the signs on the delegates' desks. The American delegates should have been sitting behind the sign labeled "Israel", he said.

The "new American voice" seems to bode well for Israel but may make "life difficult" for some of America's European allies.

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GENEVA (JTA) -- Martin Raber, a pro-Israel Swiss army reserve officer, announced that as of last month he has collected 40,000 Swiss Francs toward the 750,000 Francs needed to build a club for Israeli soldiers in Dimona. He said the monies have already been transferred to the Vaad Lemoan Hachayal (Committee for Israeli Soldiers) in Israel and that the collections will continue.