

did not accept the right of the State of Israel to exist. Negotiations with the PLO therefore would have been tantamount to national suicide. Once this obstacle is removed, however, the whole Israeli argument is undermined.

The predictable Israeli reaction has been to say that they are not convinced and that any change in PLO policy must be confirmed by the Palestinian leadership as a whole. Yet it is now very likely that such confirmation will be given when the Palestinian National Council meets in Cairo next month. Certainly this is what the key Arab leaders have been pressing the Palestinians

to do. Assuming this happens, it will be very difficult indeed even for the Israelis to argue that the PLO must be outlawed.

Much of course would remain to be negotiated...But what is new is that the obstacles to negotiations taking place are falling away. It would be ironic indeed if the principal obstacle remained an Israeli refusal to recognize that things have changed. The Arabs and Palestinians have already made more concessions than many would have believed possible. It is time for the Israelis to begin to meet them, for the opportunity may not easily arise again.

## Hawks Now Have Free Rein In Israel

Disclosures this week in a Tel Aviv court by a high ranking Israeli Labour Party figure that he funneled kickback money into party coffers has sealed the fate of Israeli Prime Minister Yitzhak Rabin. Rabin's chances of winning the Labour Party candidacy for premiership are now next to nothing. That, combined with the extreme weakening of the Labour Party, which has been wracked by a series of scandals, has given the Israeli hawks tied to the Carter Administration — Defense Minister Shimon Peres, Gen. Yigal Yadin, and Likud opposition leader Menachem Begin — an open field to impose a war policy on Israel.

The disclosures on the kickback scandal were made by Asher Yadlin, nominated last year by Rabin to the post of governor of the Bank of Israel. When brought to trial last week, Yadlin collapsed in tears on the witness stand, pleaded guilty to several bribery charges connected with his tenure as head of the General Labor Federation's health fund, and proceeded to finger a number of important Labour Party leaders close to Rabin — Finance Minister Yehoshua Rabinowitz, Agriculture Bank head David Kalderon, and his cousin, Aharon Yadlin, Minister of Education. Aharon Yadlin is expected to resign from his post as a result of the testimony, according to rumors in Tel Aviv.

The Yadlin scandal follows the suicide last month of one of Israel's most prominent doves and a close ally of Rabin, Housing Minister Avraham Ofer, who reportedly shot himself after his name was linked to another kickback affair involving a Labour Party-connected construction firm.

Encouraged by Carter's backing and dismayed with Rabin's failure to provide firm leadership, dozens of Rabin supporters are breaking from the Prime Minister's camp and pledging allegiance to Peres. Among the latest defections are Jerusalem Mayor Teddy Kollek, and Yossi Sarid, the leader of the New Guard faction of the Labour Party and an important Israeli dove.

Several weeks ago, erstwhile dove Abba Eban joined up with Peres, abandoning his peace rhetoric for the stated aim of "changing the party from within." Last week Eban declared, "With me on the team, nobody can accuse Peres of being a hawk."

Rabin is also losing people to the recently formed opposition group called the Democratic Movement for Change headed by Gen. Yigal Yadin, whose grab-bag "quality of life" program is attracting both doves and hawks alike.

A former member of the Israeli Knesset warned this week that if Peres wins the May 17 general elections, there will be little chance of his forming a viable government. The former Knesset member predicted that a weak Peres-Yadin coalition will take over, putting an end to the traditional Israeli political institutions. As a result of this leadership vacuum, there will be a sharp swing to the right and a military coup, with war inevitable by summer, he noted. (See interview below.)

### *"A Very Dangerous" Period*

Spurring the hawks on in their push for war is the devastated Israeli economy. With its \$10 billion debt, and a population of only 3 million, Israel has the highest per capita income in the world. In the past year, the Israeli pound has been devalued by 24 percent, while inflation has soared at 35 percent. Aggravating the situation is labor unrest. More than 70,000 workers in various professional groups and unions are scheduled to strike in the coming days, with reports that 200,000 civil servants are engaged in labor disputes with their employers.

Addressing the Labour Party members of the General Labour Confederation (Histadrut) last week, Rabin warned of a recurrence of the 1966 recession that eventually led into the 1967 Arab-Israeli war, and noted that the convergence of the elections and the skyrocketing inflation had made the current period "a very dangerous one," Histadrut General Secretary Yeruham Meshel likewise warned that unless drastic steps were taken soon, "we may arrive at a situation where we will no longer be able to cope with the problem."

Meshel's drastic measures include a Histadrut proposal for a wage-price tax freeze, to remain in effect until June. The proposal was accepted last week by the government, but was denounced by such labor leaders as Gustav Badian, head of the 15,000-man engineer's union, which is scheduled to go out on strike. Badian charged that the deal is nothing but "a sad joke" which would solve nothing.

### *Ben-Aharon Scores Peres Putsch*

Although the peace faction in Israel is resigned to the likelihood of a Peres victory there is still opposition to the adoption of a military solution. Last week Yitzhak Ben-Aharon, leader of the traditionalist Ahdut Haavoda faction in the Labor Party, labeled the Peres consolidation against Rabin as a "Rafi putsch," a reference to the hawk Rafi faction in the Labour Party led by former defense minister Moshe Dayan. Ben-Aharon also denounced the Peres campaign as a "conspiracy" against Rabin, and charged Abba Eban with complicity. The confrontation between Peres and Rabin is undemocratic, he charged, since the Labour Party constitution provides no objective criteria to choose between Rabin, a member of the core Mapai bloc of the Labour Party, and a member of a Labour Party faction, such as Peres, who is a member of the Rafi bloc.

### Israeli Predicts Military Coup In Israel In Summer 1977

*The following is an interview concerning the current political crisis in Israel with a former member of the Israeli Knesset (Parliament) who now resides in the United States:*

**Q:** We've just received information that a Middle East war could erupt as early as March, in part because of the deep political crisis in Israel. What do you think?

**A:** Your timetable is wrong. There will be no crisis until June. A real crisis will develop then, because Israel will find itself without any political leadership whatsoever, not even the phony leadership it has now. The new party of Yigal Yadin will be victorious, not in terms of a majority, but in terms of putting an end to the old, traditional system of Israeli politics, which is weak anyhow.

After the elections, the government will be like the emperor in his 'new clothes' — naked. There will be a collapse of morale. So far, there has always been some kind of leadership in Israel, maybe crazy, maybe wrong, and ridden with complexes — but it will be far worse after the May elections than France in the Fourth Republic. How will they put Humpty-Dumpty together again? God knows. I would not rule out the very real possibility of a shift to the right, and a sort of Jewish-Yiddish military coup.

**Q:** Can Prime Minister Rabin survive the challenge and make peace?

**A:** The problem with Israel is that nobody in Israel speaks a language that other people understand. They don't make sense. For everyone except the real hawks, the slogan in Israel is: "Both a Jewish and a Democratic State." This is the slogan of Yadin, of Allon, of Eshkol, of Rabin and Meir. For this, they know they cannot keep the West Bank, since it is populated by Arabs.

But their other slogan — and this is the hawks as well — is: "Our military frontier is the Jordan River." Nobody, especially the Arabs, can agree with that.

Israel needs outside intervention. In 1948 and in 1956, the U.S. told Israel to get out, and they got out. In 1956, it took one phone call to Ben Gurion. He was mad, but he could do nothing.

The Israelis, however, will try to convince Vance that he should leave them alone for six weeks, for three months — but in June, after the elections, there will be no government to talk to. Nobody. Israel will refuse to enter into any new agreements.

After that there will be war.

You know, the Trilateral Commission does not care about the Middle East; they care about Russia. They want Russia, and Europe, out of the Middle East, period. But Europe is at a turning point. Brzezinski and his men will try to figure something out to stop them.

**EXCLUSIVE**

## New Urgency For MBFR Agreement

*by Lyndon H. LaRouche, Jr.  
Chairman, U.S. Labor Party*

Reported new progress in Mutual Balanced Force Reduction (MBFR) discussions could not be occurring at a more appropriate time. Outrageous blunders in the Soviet Politburo's public profile concerning "SALT II" agreements have already proven themselves an incitement for the Carter administration to step up its attacks against Saudi Arabia and Europe's imported energy supplies. Early ministerial-level agreements concerning MBFR are, at the moment, the best available means for preventing Brezhnev blunders from leading into an early thermonuclear confrontation.

We do not wish to encourage pacifist sorts of delusions concerning the value of disarmament and related agreements in themselves. In and of themselves "SALT II" and MBFR agreements are worse than useless diplomatic charades. At the present moment the Carter administration is committed to an *operational* policy

leading toward early general confrontation. (Some leading circles deny this, but such denials are without basis in any fact by the denier's need for consoling delusions of that sort.) Under these circumstances, the Carter administration (i.e., the Chase Manhattan Bank-IMF administration) has a fundamental, irrepressible conflict with Western Europe and most of the developing sector — as the case of the West Germany-Brazil nuclear energy development agreement illustrates. That conflict between Chase Manhattan and those nations is unavoidably translated into an irrepressible military conflict between the Carter administration and the Soviet leadership, *which Soviet concessions would merely aggravate, not lessen. Under these conditions any "SALT II" or MBFR agreement acceptable to the Carter administration is a preparation for and acceleration of early thermonuclear confrontations.*

However, just because Europe's self-interests are now directly opposite to all the main policies of the Carter ad-