

Israel Cabinet Hints Fear West Moves Too Slowly

By Alfred Friendly

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TEL AVIV, June 4—Israel's Cabinet publicly hinted today at what officials have privately expressed recently in much stronger terms: "concern regarding the slowness of the activity" of the Western powers in working out a program to end Egypt's blockade of the Gulf of Aqaba.

The official statement came at the end of an all-day Cabinet meeting in Jerusalem, which was briefed on the diplomatic maneuverings by Israel's Ambassador to Washington Abraham Harman. He arrived here yesterday and departed a bare 24 hours later.

Among one important group in the Israeli government the feeling is pervasive that time is rapidly running out and that the Western plan to break

the blockade has failed or is on the brink of failure.

Western diplomats here, however, strongly deny any such conclusion and show considerable optimism about the prospects. Some feel that Israel is passing the gloomy word as a way of putting pressure on Washington.

They point out that with the appointment of Gen. Moshe Dayan as Defense Minister Israel is now in a stronger psychological position than before to wait out diplomatic attempts at solving the Middle East crisis.

Dayan is trusted as perhaps no one else in the country for the wisdom of his decisions on military affairs. If he chooses to withhold direct action for a time he is not likely to be challenged.

But it is acknowledged by all sides that the present "intermission" cannot continue indefinitely.

In other action today, the

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Cabinet took what are possibly only the first of a series of steps to put the nation's economy on a footing to deal with the crisis and to finance its security expenditures. It proposed a special surtax of 10 per cent as of June 1 and for the rest of the fiscal year (ending in March) to be applied on top of the present income tax, which already rises to a maximum of 66 per cent.

It also recommended a voluntary security loan of 250 million Israeli pounds (\$83 million) with an interest rate that can fluctuate depending on the change in the cost of living from 4.5 percent to 9 percent.

Israeli banks now overly liquid, are expected to absorb about 100 million pounds of the total. The rest, it is forecast, will be taken up by private organizations and individuals within a few months.

Both moves are sharply deflationary, representing a quick switch from an inflationary program announced a few weeks ago to get Israel out of its pre-crisis economic slump. The government's feeling apparently is that the nation does not go into a war situation under the prospect of inflation and erosion of price stability.

The Cabinet also proposed a "Second Independence Loan" to be offered abroad in the amount of \$500 million. The move was not particularly significant, however, for it represents only a speeding up by six months or thereabouts of an offering Israel would have made in any event. Israel's policy has been to float new bonds on the international market as soon as a previous issue comes due.

All three proposals will be presented to the Knesset (parliament) Monday and are expected to be approved swiftly.

In Jerusalem there was a small flurry of military action this afternoon. A light Israeli plane assertedly flying over Israeli territory was fired at with machine guns four times. There were also several bursts of gunfire from Jordanian positions across the line that divides the city into Jordanian and Israeli sections.

The announcement said there were no casualties.