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ISRAELI GOVERNMENT SUBMITS \$111,000,000 BUDGET FOR 1949-50; DEFENSE NEEDS NOT COVERED

TEL AVIV, June 14, (JTA) -- A proposed budget of 37,000,000 pounds--approximately \$111,000,000--for the fiscal year 1949-50 was today submitted to the Knesset by Finance Minister Eliezer Kaplan. This proposal does not cover the defense budget which will be drafted at a later date by the Parliament's finance committee.

Last night the Parliament passed two financial bills authorizing the floating of two new bond issues to back Israel's currency and to aid in the development of the country. One issue, the primary purpose of which is the financing of projects designed to obtain foreign currencies, will be guaranteed by state lands. Both the interest and principal of this issue will be covered by immovable state property. The bonds, which will pay three percent interest, will be amortized in 24 payments. The interest will be paid in 12 parts.

The second bond issue is designed for sale only to banks and other financial institutions and will be used to cover 41,000,000 pounds in Israeli currency now in circulation. The currency is now backed by 13,000,000 pounds in treasury notes and some 27,500,000 pounds in foreign currency holdings. However, the recent British agreement to release 7,000,000 pounds of Israel's sterling balances makes it necessary to find another form of support in place of the British blocked balances.

Moshe Sneh, Mapam leader opposing the government bills, suggested that instead of issuing more bonds the government place new taxes on property and nationalize the natural resources. The Herut suggested that the Jews outside of Israel be called upon to join in the struggle to put the Israeli treasury on a firm foundation.

ISRAELI TROOPS, ARAB LEGION EVACUATE DISPUTED AREA IN DEMILITARIZED ZONE OF JERUSALEM

JERUSALEM, June 14. (JTA) -- Israeli and Arab Legion troops today evacuated the demilitarized area in the vicinity of Government House here, an Israeli official communique announced.

The communique said that the movement of troops was completed by 1 P.M. local time, the deadline set yesterday by the mixed armistice commission composed of representatives of Israel, Transjordan and the U.N. A United Nations communique yesterday said that the troops of both sides had been ordered to leave the area because their presence violates the armistice pact reached at Rhodes between Israel and Transjordan.

Yesterday's U.N. announcement was released at the end of a six-hour session of the armistice commission, under the chairmanship of Brig. Gen. William E. Riley, the U.N. mediator's chief of staff. Gen. Riley also noted yesterday that there is need to clarify the status of the civilians in the area and that he will contact the two governments in an effort to straighten out the situation at the earliest possible opportunity.

Gen. Riley's reference to the civilians leaves open the problem of the Jews at the agricultural school in the neutral zone. The Israelis have thus far insisted upon their right to plough their fields and continue their studies in the disputed area, pointing out that they do not compose a military occupation force and are not a threat to anybody's security.

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BRITISH MANIPULATE TO PARALYZE LAUSANNE ARAB-ISRAELI TALKS; SEEK MILITARY ADVANTAGES

LAUSANNE, June 14. (JTA) -- The failure of the Arab-Israeli peace talks here to make any progress after seven weeks of negotiations was today laid by competent observers to British manipulations aimed at gaining military advantages in Southern Palestine.

By now it is clear that Britain is seeking to secure the Gaza coastal strip for Transjordan, in order to have a port on the shores of the Mediterranean and carry out its oft-planned project of turning a part of the Negev into an important British air and army base in the Middle East. Since Transjordan is dependent on British cash, arms and troops, its securing of the Gaza coastal strip is tantamount to putting this area under British control.

The Israeli delegation here is, of course, determined to prevent the return of British troops to Palestine. It points out that Transjordan has no means to turn the small fishing harbor of Gaza into a commercial port without the aid of Britain. However, the Transjordan Government asserts that the Gaza coastal strip is an integral part of Arab Palestine which King Abdullah of Transjordan hopes to merge with his country and thus have a direct outlet to the Mediterranean.

Egypt, which now controls the Gaza area, was originally inclined to favor the "Gaza Plan" under which the Israeli Government offered to accept Arabs living or taking refuge in that area, provided the territory is ceded to the Jewish state. However, later, under pressure from Transjordan, Egypt began to oppose the "Gaza Plan."

Arab Refugee Problem May Not Be Solved in Lausanne Before Winter

A spokesman here today said that unless the Arab states and Israel agree among themselves to settle the Arab refugee problem, there is no longer any prospect of a solution based on the recommendations of the United Nations Conciliation Commission before next winter.

The Commission intends to await the report of a three-man committee of experts which is ready to leave for the Middle East the end of this week. A spokesman of this committee said that their fact-finding report on the refugee situation could be in hand by the middle of September if they should receive full cooperation from all local authorities.

It will be only after the receipt of technical and statistical information which the three experts are to gather, checking the facts for accuracy, that the full Commission would make its own definitive recommendations. On the existent time schedule, therefore, the earliest possible date for the Commission's ultimate word on the refugees would be next October, if an agreement of the Arabs and Jews is not sought.

ISRAEL JOINS U.N. INTERNATIONAL LABOR ORGANIZATION; GOVT., LABCR, EMPLOYERS REPRESENTED

GENEVA, June 14. (JTA) -- Israel was among the three new members today who joined the United Nations International Labor Organization. The others were Ceylon and the Lebanon.

The Israeli delegation to the I.L.O. is composed of Z. Berenson Barniv, of the Ministry of Labor, I. Bershira of the Histadrut, and M. Rozen and S. Meerovitch of the Israeli Manufacturers Association.

ISRAELI CONSUL TO ACT AS OBSERVER AT BUDAPEST TRIAL OF 11 FORMER ZIONIST LEADERS

VIENNA, June 14. (JTA) -- The Israeli consul in Budapest will attend as an observer at the trial of 11 former Zionist leaders charged with organizing emigration of Jews from Hungary, which opens here June 17, it was learned here today. At the same time, it was learned that discussions between Israeli Minister Ehud Avriel and Hungarian officials on further Jewish emigration from Hungary to Israel are deadlocked.

Among the defendants, who face a minimum prison term of two years if convicted, are: Bela Denes, Mrs. Bela Denes, S. Denes, Laszlo Fleischmann, Sandor Karto, Magdalena Weiss, M. Feld, B. Schwartz, Jence Fraenkl, and M. Frankfurt. It was pointed out here that this is the first trial of former Zionist leaders to be held in any of the Eastern European peoples democracies.

U.S. GOVERNMENT NOT CONTEMPLATING MOVE TO LIFT EMBARGO ON ARMS SHIPMENTS TO NEAR EAST

WASHINGTON, June 14. (JTA) -- The American arms embargo on Israel and the Near East is still in full force, despite an announcement from London last week-end that Britain would ship small arms to Arab states. It was learned today from a State Department source that no American action to lift the embargo is in sight.

Before the United States would consider relaxing its embargo, the United Nations Security Council must first revoke its original resolution prohibiting shipment of munitions to the states involved in the recent war, it was indicated. When the United Nations takes such action, the State Department may then decide whether or not to lift the embargo on certain categories of materiel. It is not thought here that unlimited shipment of munitions will be made even if the American embargo is lifted.

Z.O.A. PRESIDENT CALLS FOR INTERVENTION BY TRUMAN TO HALT MOVES AGAINST ISRAEL

NEW YORK, June 14. (JTA) -- A charge that "unfriendly officials" in the State Department are plotting against Israel with a view to obstructing the Arab-Israeli peace talks which are now taking place at Lausanne under the auspices of the U.N. Conciliation Commission was voiced here today at a press conference by Daniel Frisch, newly-elected president of the Zionist Organization of America.

"Unless President Truman intervenes, as he did in the past, in the Palestine question, there is danger that pro-Arab officials in the State Department who are working in close coordination with the British Foreign Office will prevent the much-needed consummation of a peace treaty between Israel and the Arab nations," Mr. Frisch said.

He announced that he is leaving for Israel where he will remain for approximately three weeks as head of a Z.O.A. commission to complete arrangements for the building of an American Zionist House in Tel Aviv with branches in Jerusalem and in Haifa. During his stay in Israel he will also confer with the heads of the Israeli Government to obtain a charter for the launching of a number of Z.O.A. projects in Israel, he said. While Mr. Frisch is in Israel, Benjamin G. Browdy will serve as acting president of the Z.O.A.

SUPREME COURT JUSTICE WILLIAM O. DOUGLAS TO VISIT ISRAEL NEXT MONTH

WASHINGTON, June 14. (JTA) -- Supreme Court Justice William O. Douglas will visit Israel in July, it was learned today. He will be accompanied by his son.

BRITH ABRAHAM CONVENTION BARS COMMUNISTS FROM MEMBERSHIP, ASKS DENAZIFICATION INQUIRY

SOUTH FALLSBURG, N.Y., June 14. (JTA) -- Resolutions barring Communists from membership in the organization and calling for an immediate investigation of the denazification program in the United States zone of Germany were adopted here last night by 800 delegates at the 62nd annual convention of Brith Abraham.

The convention also voted to establish, in conjunction with the Red Mogen David of Israel, a rehabilitation center in Tel Aviv in memory of Col. David Marcus, American Jewish war hero who was killed during the fighting near Jerusalem a year ago. The plan calls for the fraternal group and the Brooklyn League of the Red Mogen David to provide \$50,000 of an estimated \$100,000 needed to build the center, while the Jewish Agency would supply the remainder.

Another resolution called on the U.S. Government to give all legal aid to Israel and urged members of Brith Abraham to give moral and financial assistance to the Jewish state. Louis A. Weissman of New York was elected Grand Master of the Order.

FRENCH JEWS FORM UNITED FUND SIMILAR TO U.J.A.; WILL NOT INCLUDE ISRAEL THIS YEAR

PARIS, June 14. (JTA) -- A United Jewish Fund, similar to the United Jewish Appeal in the United States, has been formed in France after a year of arduous negotiations among the various Jewish bodies.

The "Fonds Social Juif Unifie," which will probably begin functioning this October, will not include fund-raising efforts in behalf of Israel during its first year of life. Judge Leon Meiss has been named president of the organization's executive committee. Meanwhile, Judge Meiss has announced his resignation as president of the Jewish Consistory of France.

A medical conference has been held here under the auspices of the CSE, ORT and the J.D.C. medical department. The parley decided to establish in Paris a committee to aid the rehabilitation of Jewish victims of tuberculosis and deficiency diseases, in which the three sponsoring organizations of the conference and the Jewish Agency will participate.

U.S. SUPREME COURT REFUSES TO RECONSIDER ITS DECISION IN REV. TERMINIELLO CASE

WASHINGTON, June 14. (JTA) -- The U.S. Supreme Court today refused to reconsider its recent controversial "free speech" decision which reversed the conviction of the Rev. Arthur W. Terminiello, a Birmingham, Ala., priest who had been fined \$100 by an Illinois court for making an "inflammatory" anti-Semitic speech at a 1946 meeting sponsored by the Christian Veterans of America.

A request for a rehearing was made by Chicago authorities who charged that the Supreme Court "ignored its own rules" in setting aside the conviction in a 5 to 4 decision. The Supreme Court denied the rehearing plea without comment.

U.S. MEMBER OF U.N. SUBCOMMISSION TO PROTECT MINORITIES PRESENTS DRAFT PROPOSALS

LAKE SUCCESS, June 14. (JTA) -- Jonathan Daniels, American member of the U.N. Subcommission on Prevention of Discrimination and Protection of Minorities, has submitted to the body two draft proposals for the protection of minorities and the method of handling petitions on the subject. The subcommission adjourned today pending an effort to obtain clearer instructions on its functions from the parent body, the Commission on Human Rights.

JEWISH CULTURAL OPPORTUNITIES IN U.S. DISCUSSED AT EIGHT-DAY RABBINICAL INSTITUTE

NEW YORK, June 14. (JTA) -- "The climate in America is extremely hospitable to the development of a great Jewish community, as creative for our times as was the Golden Age of Jewish literature and philosophy of the ancient Spanish Jewish community," Rabbi Barnett R. Brickner said here today at the annual Summer Rabbinical Institute of the Hebrew Union College-Jewish Institute of Religion. Close to one hundred rabbis from all parts of the country came for the eight-day Institute which will deal with the current Jewish scene as well as with academic aspects of religion.

Dr. Brickner advocated a long-term conference of Jewish intellectuals who are concerned with the fulfillment of a Jewish renaissance, which he thinks possible today. "I do not have in mind a talk-a-ton," he said. "I believe that out of research and study there should evolve a plan for the future of Jews and Judaism in this country that will build not only for America but will relate us to Israel and to world Jewry. The pattern of tomorrow will not come from the pattern of today. It will only be shaped by a sincere and earnest desire to do what is feasible, to bring out the glory of our faith and let that glory illuminate and enrich the forces of civilization and democracy."

A.M. KLEIN, CANADIAN JEWISH POET, RECEIVES GOVERNOR-GENERAL'S LITERARY AWARD FOR 1948

MONTREAL, June 14. (JTA) -- A.M. Klein, well-known Anglo-Jewish poet and writer, has been awarded the Governor-General's Literary award for 1948, according to an announcement by the Canadian Authors Association today.

Mr. Klein has received the award for writing what was judged the most distinguished volume of Canadian verse - a book of poems entitled "The Rocking Horse and other Poems." His work has attracted increasing attention in the last decade. Mr. Klein, who is also editor of the Canadian Jewish Chronicle, is currently campaigning for a seat in the House of Commons.

PIONEER WOMEN CONVENTION VOTES \$500,000 FOR ESTABLISHMENT OF COLONY IN ISRAEL

PHILADELPHIA, June 14. (JTA) -- A fund of \$500,000 to purchase land near Netanya, where a colony bearing the Hebrew name of Pioneer Women will be established, was voted last night by delegates to the 11th national convention of Pioneer Women now in session here.

Judge Morris Rothenberg, president of the Jewish National Fund and co-chairman of the U.J.A., presented to Mrs. Clara Leff, national chairman of the J.N.F. Committee of Pioneer Women, a deed to a tract of 2,000 dunams of land at Zaviya in the Huleh region, which has been redeemed by Pioneer Women at a cost of \$280,000.

ISRAEL WILL NEED PRIVATE INVESTMENTS FOR MANY YEARS. BARUCH ZUCKERMAN REPORTS

NEW YORK, June 14. (JTA) -- Israel is heading ultimately toward a socialist economy although private investment must for many years play an important part in building the country, Baruch Zuckerman, national president of the Labor Zionist Organization of America, stated at a press conference here today.

Mr. Zuckerman returned from Israel by air over the week-end after attending the World Zionist Actions Committee meetings and consultations with Israeli leaders there. He said that the state of Israel welcomes private capital from Jewish sources outside of Israel, especially in America, for the upbuilding of the state.

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