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ISRAEL ASKS DIRECT ARAB-ISRAELI TREATY TALKS NOW

JERUSALEM, Sept. 20. (JTA) -- Israel will tell the United Nations Conciliation Commission on Palestine that the Jewish State is prepared to negotiate a treaty of peace immediately, directly with the Arab states, it was learned today.

The Israeli cabinet met last night and considered developments at Paris where the U.N. body is holding triangular talks with Israelis and Arabs in an effort to bring about a peace settlement. It heard reports from Dr. Walter Eytan, director-general of the Foreign Ministry, and Reuven Shiloah, special advisor to the ministry, who returned yesterday from Paris consultations with the Israeli delegation.

The cabinet approved instructions to be relayed to the delegation, it is understood, authorizing it to make this declaration to the commission. The delegation was also reportedly instructed to tell the commission that demands for return of Arab refugees to Israeli territory can only be settled within the framework of a general peace settlement - a point which the Israelis have been reiterating for the past three years.

The delegation will also tell the U.N. commission that it can best serve the interests of peace by concentrating its efforts on bringing the Arabs together with the Jews as did Dr. Ralph J. Bunche, former U.N. mediator, in 1948 when he brought both sides together at Rhodes for conclusion of armistice agreements.

(The Jewish Telegraphic Agency reported from Paris tonight that Reuven Shiloah, Foreign Ministry special advisor, was awaited there with the new instructions for the Israeli delegation. It was expected that formal sessions of the commission will be resumed tomorrow.)

MAPAM WILL NOT SUPPORT MAPAI ONE-PARTY CABINET

JERUSALEM, Sept. 20. (JTA) -- The left-wing Mapam Party, third largest in the new Israeli Parliament, will not support a one-party minority government if Premier David Ben Gurion seeks to establish an all-Mapai cabinet instead of a coalition, the party announced today. It has been reported that if he could not establish a coalition government commanding a majority of the Knesset, Mr. Ben Gurion would go before the Parliament and ask for a vote of confidence for a government drawn exclusively from his party.

The political committee of Mapam voted last night not to support such a government. It stressed that Mapai had the alternatives of a progressive government headed by the labor front, or a right-wing coalition, and declared it would continue to seek the former based on an agreed program.

NEWSMEN SHOWN ISRAEL'S INDUSTRIAL DEVELOPMENT

TEL AVIV, Sept. 20. (JTA) -- The extent to which Israeli industry has developed since this country achieved statehood is being currently demonstrated as the nation marks Israel Industry Week. Government officials and industrial leaders have united to present a picture of the country's industrial growth. Newsmen have been taken on tours of heavy and light industrial enterprises to be shown the importance of the new industries to the national economy.

Near Migdal Ascalon they were shown the Yuval Gad concrete pipe plant where Deputy Minister of Agriculture Y. Esfrati told them the plant was making an important contribution to the country's food supply since its output was allocated to construction of water pipelines in the Negev. The factory, which has been in operation only a few weeks, is now producing about 500 feet daily of 36-inch diameter pipe. It will soon begin production of 30-inch diameter pipe.

At the Tel Aviv suburb of Bnei Brak, where they visited the Argaman dyeing factory, Minister of Communications Dov Joseph stressed to the newsmen the importance of simultaneous development of industry and agriculture. He said that 30 percent of Israel's industries had been established since the creation of the state. Arieh Shenkar, president of the Manufacturers' Association, and Dr. A. Barth, director of the Bank Leumi L'Israel, said that bank loans had been extended to nearly 3,000 industrial enterprises for development purposes.

The party also visited the newly constructed Ramat Aviv cottage apartment hotel development outside Tel Aviv, built to provide tourist accommodation, a plant making cases for wrist watches and clocks to be fitted with Swiss movements, textile mills and a chocolate factory.

New Industrial Center Near Nathanya

Plans for a new industrial center south of Nathanya, construction of which has already begun, were described to the group by Mayor Oved Ben-Ami of Nathanya. He said Nathanya's existing industrial center includes 40 plants now in operation or under construction, representing an investment of \$8,000,000. The new center, he said, will be twice as large. The visitors witnessed the cornerstone laying for the new Diamond Bourse being erected by a group of former Antwerp diamond dealers who are also establishing an "Antwerp" residential quarter here. Mr. Ben Ami said Nathanya's industrial development was reflected in the town's population which had tripled in the past two years.

The party visited diamond cutting plants, the Phillips electric bulb factory, a new plant assembling carburetors under Italian patents, two wool processing plants, a scrap iron recovery plant that will save the country \$1,000,000 annually by manufacturing pipe fittings, and a champagne distillery.

Herman Hollander, Director General of the Ministry of Trade, said that investors came to Nathanya from many countries, including Belgium, Switzerland, Germany, Tripolitania and France and all had found their place in industry here.

Palestine Potash Head Asks Government Aid

JERUSALEM, Sept. 20. (JTA) -- Lord Glenconner, chairman of Palestine Potash Ltd., ended a three-day visit here during which he conferred with Israeli Government officials on the reopening of the company's plant on the Dead Sea. He reportedly asked the Government to advance funds to the company from the American loans in order to enable the company to resume operations at the Dead Sea.

PLEAS FOR INCREASED OUTPUT MARK ISRAEL BUDGET DEBATE

JERUSALEM, Sept. 20. (JTA) -- The two-day Parliamentary debate on the Israel Government's request for approval of a three-month budget of 27,400,000 pounds ended last night after most of the parties had appealed for new efforts to increase production, which they visualized as the best means of increasing the government's revenue. Finance Minister Eliezer Kaplan is scheduled to reply to the opposition criticisms voiced during the debate.

Eliezer Livneh, Mapai deputy, stressed the need for the country to restrict consumption as much as possible to products locally produced. He urged that greater use be made of the immigrants in any attempt to increase production. Moshe Erem, of the left-wing Socialist Mapam Party, also urged a greater degree of self-sufficiency. He asserted that during the Mapai-Mapam discussions on a coalition government, the Finance Minister had pledged reform of the tax system which, Erem claimed, was not reflected in Kaplan's latest budget.

ISRAEL'S BIGGEST HEALTH PROBLEM IS TUBERCULOSIS, JDC IS TOLD

PARIS, Sept. 20. (JTA) -- Thousands of sick and disabled immigrants in Israel have been helped by the Joint Distribution Committee's medical and rehabilitation program to become useful, self-supporting citizens, Charles Passman, J.D.C. director for Israel, told the conference of J.D.C. field representatives here. He said the JDC-supported Malben program had become one of Israel's largest health organizations, second only to the government's health service and the Kupat Holim.

Despite the progress made in the past 21 months since Malben was organized, 1,000 new cases are referred to the organization monthly. He stressed the rehabilitation aspect of Malben's program, pointing out that it has already aided nearly 10,000, including members of families of patients, to become self-supporting.

Describing the rehabilitation program, he said it provided small loans, supplies, equipment and training to enable disabled immigrants to open shops in new settlements. Today, Malben patients operate 800 such shops serving 80,000 persons and doing \$1,000,000 business yearly, he reported. Ninety-seven percent of these shop-owners are self-supporting, while 80 percent have already begun repaying loans advanced by Malben. Another aspect of the rehabilitation program is its system of sheltered workshops which provide jobs for disabled and post-tuberculosis patients and which also provide needed goods for the Israel economy.

"Our experience has shown that many persons formerly considered hopelessly 'hard-core' can become useful citizens," the JDC director declared. "Malben thus feels that it is making a real contribution to the upbuilding of Israel and also in the individual rehabilitation of its people."

He said that Israel's single biggest health problem is TB. Before Malben attacked the problem, he disclosed, Israel had only 300 beds for TB cases. Since then the number has been tripled and Malben is now building a 500-bed TB hospital at Beer Yaakov, which will be the largest in the Middle East.

Insisting that Malben's future program must stress rehabilitation and TB control, Passman asserted: "We can lick TB." He proposed the establishment of a new community for 150 open TB cases where they can work. By the end of 1952, he revealed, it is hoped to have hospitalization and medical care for 12,000 "hard-core" cases as well as rehabilitation care for additional thousands.

Among the many Malben achievements which the Israel director named were: provision of nearly 5,000 hospital beds; discharging of 300 cured cases monthly; construction of homes for the aged; provision of custodian care at a center for 2,000 patients; provision of ambulatory treatment for 3,500 persons; opening of a new home for 50 child mental patients; and, the inauguration of a nurses' training program.

'ISRAEL BOND ISSUE AIDS DEMOCRACY'S DEFENSE' - MORGENTHAU

WASHINGTON, Sept. 20. (JTA) -- More than a thousand delegates attending the first national economic conference on Israel here tonight heard former Secretary of the Treasury Henry Morgenthau, Jr., relate the \$500,000,000 Israel Independence bond issue to the defense of democracy and the Point Four program.

The four-day conference will chart a program for mobilization of wide American support for the industrial and agricultural development of Israel through an intensive campaign on behalf of the Israel bond issue.

"The language of the bond issue is the language of President Truman's program for the rehabilitation of under-developed areas," Mr. Morgenthau, who is chairman of the board of Governors of the American Financial and Development Corporation for Israel, told the conference. He stressed importance of the bond issue to the cause of democracy, characterizing Israel as "a democracy whose people are zealously determined to safeguard the principles of freedom." He declared that "the new economic strength we pump into Israel will enhance its position as guardian of democracy on the strategic highway between East and West."

Israel Increasing Austerity to Breaking Point

Referring to reports of food shortages in Israel, Mr. Morgenthau said that "the Israelis are giving up their food to build factories. They are going without the basic necessities of life to build irrigation projects, to establish new farms and to develop newly-discovered mining areas. They are intensifying their austerity to the breaking point because they want to invest every available dollar to secure their future and to absorb additional tens of thousands of newcomers."

U.S. Secretary of Labor Maurice J. Tobin, who recently visited Israel, told the conference that, mindful of the basic pattern of production as the secret of the success of the United States, Israel is placing greatest emphasis on expansion of its industrial and agricultural development. Mr. Tobin stressed the decisive importance of the bond issue and said that Israel must obtain tools and raw materials to increase its exports. He paid tribute to the spirit of sacrifice of the Israelis who in spite of "a rigid regime of austerity have firmly resolved to restrict the use of the funds realized from the Israel bond issue to industrial and agricultural projects designed to enlarge production and to improve the country's balance of payments."

\$700,000,000 Invested in Israel in Three Years

Israel Finance Minister Eliezer Kaplan, in a cable read to the conference tonight, said that \$700,000,000 had been invested in Israel in the past three years and it is hoped to double that amount in the next three years. He said that "the intermediate period between the investments themselves and the time they begin to bear fruit imposes a heavy burden of shortages and sacrifices, but we hope the time is not far off when those investments, among which the bond issue has a decisive place, will bring us economic independence."

David Horowitz, director general of the Finance Ministry, assured the conference that despite pressing supply problems the government and people of Israel were determined to use proceeds from the bond issue completely for productive and constructive purposes. He presented a detailed report on expenditures and allocations from the first \$50,000,000 received from the sale of bonds.

DEEDS, NOT WORDS REQUIRED, GOLDMANN ADVISES GERMANS

HAMBURG, Sept. 20. (JTA) -- The newspaper Neue Zeitung reports the exchange of correspondence between Dr. Nahum Goldmann, acting president of the World Jewish Congress and chairman of the Jewish Agency executive, and Erich Lueth, press officer of the West German Government, who recently appealed for peace with Israel in an article in the same newspaper.

Dr. Goldmann is reported to have written, in reply to a letter from Lueth: "I believe that the campaign (for peace with the Jewish state) may be of considerable importance. You will certainly understand that the complete lack of official or spontaneous reaction on the part of official circles or on the part of public opinion in Germany to the crimes committed against the Jews by the Nazis cannot be understood either by Jewish public opinion or by progressive and decent people throughout the world.

"A campaign such as that which you are undertaking would, if it meets with appropriate response on the part of the German people, and particularly if it finds expression in official statements on the part of competent authorities, certainly meet with a response both from world public opinion and Jewish public opinion. For this reason, I wish your action success. The Jewish public will follow with interest the effects of this campaign."

German Journalist Whitewashes Bergen Belsen Horror Camp

LONDON, Sept. 20. (JTA) -- A German journalist said today that the general belief that the Nazi concentration camp at Bergen-Belsen had been an extermination center for many thousands of victims of the Nazis, was highly incorrect.

The writer, Richard Schweitzer, said in an article in the Westphalische Zeitung that he had been sent to establish the "true facts" about the notorious camp. He said that "everyone" who had had any contact with the camp had assured him that "gas chambers and crematoria did not exist on a large scale." An official told him, he added, that only one corpse could be cremated at a time and that the gas chambers, which thousands had entered, were actually a "dehousing center."

AUSTRIAN NAZIS SEEK LIFTING OF CIVIL DISABILITIES

VIENNA, Sept. 20. (JTA) -- Increased Nazi activity, coupled with growing anti-Semitic agitation, is being noted here and is finding fertile ground as economic difficulties here mount. A powerful movement is now under way here to secure the abolition of discriminations against "incriminated Nazis," the restoration of their full civic rights and "compensation" for losses the Nazis have suffered as a result of removal from jobs since 1945.

The Youth Front, which describes itself as a "regenerative movement" and which recently seceded from the Peoples Party, is leading the fight for removal of discriminations against former Nazis and compensation for the penalties they have suffered since the liberation of Austria. The group is now demanding a nationwide referendum on abolition of the laws against "incriminated Nazis." Its paper this week said that "it appears to be the right occasion now to re-establish the rights and duties of the so-called 'incriminated Nazis' as they have been punished for more than six years for political opinions which definitely belong to the past."

While survivors of Nazi concentration camps are still awaiting compensation for their forced labor, the courts here have ruled that Nazis put to forced labor after the liberation of the country are to receive compensation at the rate of 84 groschen per hour.

COLONIAL OFFICE ACTION SOUGHT IN ADEN AFFAIR

LONDON, Sept. 20, (JTA) -- A judge of the Aden Supreme Court yesterday interviewed Arenka Mansour, Jewish girl whose romance with a Moslem youth is threatened to set off religious disorders in the crown colony and affect the security of the Jewish community there, cables to the World Jewish Congress said today. The judge, who saw the girl at the home of Hak, the Moslem who has asked permission to marry the girl, said that she is not being held under duress, but also ruled that she remains a Jewess.

Meanwhile, the Aden Jewish community council has again appealed to the Congress to initiate action for an official investigation of the case and to send counsel to represent the Jewish community. The Congress is currently considering the case. Its representatives have appealed to the Colonial Secretary, pointing out that they were not in position to judge the merits of the case, but that they were concerned over the tension between Jews and Moslems, recalling the anti-Jewish riots in 1948. Barnett Janner, M.P. and chairman of the foreign affairs committee of the Board of Deputies of British Jews, and A.G. Brotman, secretary of the board, are in contact with the Colonial Office.

FOREIGN MINISTER SHARETT ENTERS NEW YORK HOSPITAL

NEW YORK, Sept. 20, (JTA) -- Israeli Foreign Minister Moshe Sharett was admitted to a New York hospital today where it was expected he would be confined for several days. A reception in his honor dedicating the new Israeli Embassy building in Washington, which was to have been held today, was cancelled and Mr. Sharett is not expected to be able to attend the economic conference on Israel at Washington, at which he was to have been a principal speaker.

NEWS IN BRIEF

WASHINGTON, (JTA) -- President Truman told his press conference today that he could not comment on the case of Andre Artukovitch, Interior Minister in the Nazi puppet state of Croatia, whose extradition on murder charges is being sought by Yugoslavia, because he knew nothing about it. Correspondents gave him the background of the case. Artukevitch was granted release from Federal detention in Los Angeles on a habeas corpus writ yesterday subject to his making \$50,000 bail pending extradition hearings October 8.

LONDON, (JTA) -- Barnett Janner, M.P., chairman of the Foreign Affairs Committee of the Board of Deputies of British Jews, conferred with Lord Henderson, Foreign Under-Secretary, today on questions of German restitution to Jewish victims of Nazism.

LONDON, (JTA) -- A special session of the Israeli Parliament will be held in November to enact legislation conferring special status in Israel on the World Zionist Organization, Dr. S. Levenberg, representative of the Jewish Agency, said here today.

LONDON, (JTA) -- Israel's star soccer eleven, the Hapoel, was turned back by a powerful Arsenal team last night by a score of 6-1 in the first match of its current invasion of Britain. Forty-five thousand spectators, witnessing the first match played under floodlights, saw Arsenal outplay the visitors from start to finish.

BOSTON, (JTA) -- Rabbi Charles Freedman, director of the Hillel Foundation, has been named Acting Chaplain for Boston University, President Harold C. Case announced today.