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U.S. TO ARM EGYPT; ISRAEL AND ARABS URGED TO MAKE CONCESSIONS

WASHINGTON, July 28. (JTA) -- President Eisenhower at his press conference today said that if relations between Israel and the Arab countries are to be improved, both sides must make concessions. He emphasized that he is highly pleased by the Anglo-Egyptian agreement on the Suez Canal issue, under which Britain has agreed to withdraw its forces from the Canal area.

Asked whether Egypt had expressed any intentions in the Suez Canal settlement of improving relations with Israel, the President replied that he did not know, because the Arab-Israel problem is so confused. There is no future for either side, he stated, unless improved relations are brought about. American policy, he said, is aimed at promoting friendship in the Middle Eastern region.

The State Department today ordered the expediting of plans to provide Egypt with free American munitions similar to the grant of arms recently given to Iraq. The Egyptian Embassy here made known its contentment with U.S. arms plans on Egypt's behalf. An Embassy spokesman said Premier Gamal Abdel Nasser has decided that Egypt will build a powerful national army.

The Egyptian spokesman said it was his country's understanding that the present anti-Israel blockade of certain cargoes moving through the Canal to and from Israel would be continued and that the Suez settlement in no way compromised Egypt's attitude toward "Israel aggression."

State Dept. Urged to Ask Egypt to Abandon Blockade

NEW YORK, July 28. (JTA) -- Secretary of State John Foster Dulles was urged today by the American Zionists to call upon Egypt to renounce the anti-Israel blockade of the Suez Canal "as important incident of agreement between the United Kingdom and Egypt, as well as a first step towards reconciliation between Egypt and Israel."

In a letter sent to Secretary Dulles on behalf of the American Zionist Committee for Public Affairs, Louis Lipsky, chairman, said that since the U.S. Government had taken an important role in advancing the proposed Anglo-Egyptian agreement on the Suez Canal, "we are entitled to urge that the Egyptians terminate the blockade which has been condemned by the United Nations Security Council."

Failure by the State Department to urge Egypt to abandon the blockade against Israel "is bound to be interpreted as an intimation of indifference that would encourage the Egyptian Government to believe that it may persist in its present course without challenge," Mr. Lipsky pointed out in his letter. "Such an impression," he added, "would be most unfortunate. It would embolden those elements in the Egyptian Government who do not regard peace between Israel and Egypt as desirable."

SHARETT WARNS U.S. NOT TO PRESSURE ISRAEL; ANALYZES SUEZ PACT

JERUSALEM, July 28. (JTA) -- Israel will strive for friendship with the American people and its government but will not buy this friendship with concessions, Premier Moshe Sharett declared tonight in Parliament.

The Premier said that the Israel Government will not hesitate to enter into an open dispute with the U.S. Government regarding any attempt to curb Israel's sovereignty, or security, or any other matter vital to the existence of the Jewish State.

Addressing a rally of Air Force reserve officers, earlier today Mr. Sharett dwelt on the Anglo-Egyptian agreement under which the British troops are to leave the Suez Canal zone within 20 months and emphasized that "an important reshuffle of the balance of power in the Middle East countries took place last night" with this agreement. He stressed that this development, and "the continuous threatening declarations against Israel, demand utmost alertness and preparedness on our part."

The Premier said that Israel would like to see all nations regain their independence and freedom, but asserted that such independence must be measured in terms of that nation's cooperation with others. Egypt will also be measured by such standards, he underlined. He noted that the important military bases which had been abandoned to Egypt had been left without prior Egyptian undertaking not to commit aggression. Also, he went on, the pact did not obligate Egypt to open the Canal to free passage of all shipping. Israel, he added, will continue its campaign to open the Suez.

Says U.S. Arming of Egypt May Spur New Anti-Israel Aggression

Mr. Sharett emphasized that the gravity of the situation had been intensified by the American decision to continue its one-sided policy of arming the Arabs. "We warn against supplying arms to Egypt as long as she continues the (Suez Canal) blockade and hostile declarations against us. As long as this situation remains and until there is an explicit change in Egypt's stand and her behavior, we will consider any arms given to Egypt as intended to be turned by her against us. We are not bent on expansion, but we will remain watchful and alert and we will withstand any aggression against us," he continued.

The Israeli Premier further warned that the granting of new strength to Egypt without the Arab state being obligated to regularize her relations with Israel might be interpreted by Egypt as a spur to new aggression. This is especially so when Egypt has just obtained control of the Suez Canal without any obligation on her part to end the blockade against Israel traffic.

Gen. A. Avidar, Acting Army Chief of Staff, another speaker at the rally, warned that the Anglo-Egyptian agreement brings nearer a second round of warfare by the Arab states against Israel. "Therefore, we must strengthen our forces in all fields, including the Air Force," he said.

HOUSE PASSES FOREIGN AID BILL; SUM FOR ISRAEL NOT SPECIFIED

WASHINGTON, July 28. (JTA) -- The House today passed and sent to the Senate a \$5,208,419,979 Foreign Aid Bill to finance economic, technical, and military assistance abroad for the new fiscal year. Funds for Israel are included and are estimated to amount to \$40,000,000 or less.

The State Department asked that the appropriation for Israel not be firmly specified so that aid could be divided between Israel and the Arab states according to the State Department's view of needs existing in the area in the future. It was made known that the State Department felt aid to Israel should be reduced while aid to Arabs should be increased.

EFFECT OF ANGLO-EGYPTIAN PACT ON ISRAEL DISCUSSED IN COMMONS

LONDON, July 28. (JTA) -- The question of how Israel's interests will be affected by the Anglo-Egyptian agreement for the evacuation of the Suez Canal area by British troops was raised in both Houses of the British Parliament today after Foreign Secretary Anthony Eden formally announced conclusion of a pact for British surrender of the Canal zone.

In the course of his statement in Commons, Mr. Eden reaffirmed the intention of the British Government "to abide by the terms of the tripartite declaration of May 2, 1950 relating to peace and stability between the Arab states and Israel."

During the debate which followed, Herbert Morrison, Labor leader, asked whether Mr. Eden's statement meant that provision had been made for the free transit through the Canal of Israel-bound shipping and whether the Foreign Secretary was satisfied that Israel's interests were adequately safeguarded.

Mr. Eden replied that Israel-Egyptian relations were kept in mind by the government, but, he reminded Mr. Morrison, the situation had arisen as a result of the Arab-Israel war. "If it is the wish of the whole of this House to try to reduce tension between the Arab states and Israel I ask the House to judge if we shall better be able to use that influence if we have an agreement with Egypt or not," Mr. Eden continued.

Emanuel Shinwell, another Labor leader, asked whether the final agreement on the Suez evacuation would provide that Egypt would be supplied with arms and whether Mr. Eden would take note of the fact that the tripartite declaration stressed that no arms should be supplied to any of the Arab states without a firm assurance that they would not be used for aggression against another Middle East state. The Secretary replied that the Anglo-Egyptian pact said nothing about supplying Egypt with arms.

When Conservative MP Paul Williams asked whether the Egyptian Government had given any indication that it would re-establish freedom of the Canal, Mr. Eden again stated that the Israel-Egyptian situation had its roots in the war of 1948.

At this point Sidney Silverman, Laborite, reminded the Secretary that the war against Israel had been an act of unprovoked aggression and asked whether any discussion had taken place about the continuation of the Egyptian blockade of the Canal. Mr. Eden replied that "this is a subject which has been completely discussed on a number of occasions between us and the Egyptian Government."

Lord Reading Explains Situation in House of Lords

In the House of Lords a similar debate took place with Laborite Lord Henderson asking Lord Reading, the government spokesman, whether the Suez Canal would be opened to Israeli traffic and whether the government had taken or would take steps to secure agreement from France and the United States--the other two parties to the three-power declaration--for an early public reaffirmation of the tripartite agreement.

Lord Reading replied that the Anglo-Egyptian agreement contemplates measures to contribute to the peace and security of the Middle East. "We all know that there are dangerous tensions in the Middle East largely because of the absence of peace between the Arab countries and Israel. Peaceful co-existence is as necessary there as in other parts of the world and while the process of procuring this may take time, I believe the opening of the Canal to Israeli shipping and the reaffirmation of the tripartite agreement will contribute to this."

GERMANY STARTS TESTS OF FIRST FLOATING DRYDOCK FOR ISRAEL

LUEBECK, Germany, July 28. (JTA) -- Israel's first floating drydock, the most modern built in Europe in the past few years, was lowered into the waters of the Baltic Sea today as representatives of the Israel Purchasing Mission and German ship builders watched.

The drydock, part of Germany's reparations payment to Israel, is 520 feet long, 100 feet wide and has a lifting capacity of 7,500 tons. It is the first maritime vessel to be completed in Germany under the terms of the reparations pact.

After being subjected to deep sea tests and tryouts in this vicinity for several weeks, the dock will be towed to Haifa by two Dutch tugs. The voyage is expected to take until the Fall. The drydock will be accompanied by three Israeli technicians who have spent the past several months studying drydock operations in Germany.

With the aid of this sea-going installation Israel will effect a considerable saving of foreign currency by being able to repair her own and other vessels in a home port. Some 300 workers are expected to be employed in such repair activities at Haifa.

Meanwhile, the first freighter to be delivered as reparations is nearing completion in Hamburg. The 7,500-ton vessel, which will have cabins for 12 passengers as well as cargo holds, will be launched within a month.

ARABS TO SEND ANOTHER PROTEST TO GERMANY ON PAYMENTS TO ISRAEL

BONN, July 28. (JTA) -- The Arab League is planning another protest to the West German Government against the shipment of reparations goods to Israel which are likely to increase Israel's industrial or armaments potential, it was reported here today from Cairo.

It is understood that at last week's meeting of the Economic Council of the Arab League the Finance and Economic Ministers of the various member states of the League resolved not to "tolerate" further German shipments of this nature to Israel. The League claims that Germany's reparations payments to Israel are rendering the Arab boycott of Israel partially ineffective.

The Arabs, it is predicted here, are likely to demand that all goods shipped as reparations be labelled "made in Germany for Israel," as a means of preventing reshipment of Israeli goods and their eventual sale to the Arab states. Israel has repeatedly assured Bonn that such resales will not occur.

DUTCH WOMAN SENTENCED FOR REFUSING TO SURRENDER JEWISH ORPHAN

AMSTERDAM, July 28. (JTA) -- An Amsterdam court today sentenced Mrs. G. van Langendyk-Moorst of Hilversum to a year's term of imprisonment following her conviction on charges of hiding Rebecca Melhado, 14-year-old Dutch Jewish war orphan, whose surrender to the Jewish community had been ordered by the Dutch courts.

The court, however, acquitted Mrs. van Moorst of kidnapping charges. It ruled that the time she spent in jail awaiting trial, since last March, would be deducted from her sentence. Mrs. van Moorst, a Catholic, obtained custody of the child after the war. Her parents had left her with a Protestant woman when they were deported to their death by the Nazis.

Mrs. van Moorst has featured in another such case, that of Anneke Beekman, a war orphan whose Orthodox Jewish parents left her in Mrs. van Moorst's care when they were deported. Subsequently, she was ordered to surrender the Beekman child to the Jewish community, but spirited her away. The Beekman girl, who was baptized by Mrs. van Moorst, has not yet been found.

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ISRAEL'S CHIEF OF STAFF SHOWN SECRET WEAPONS IN U.S.

KNOXVILLE, Tenn., July 28. (JTA) -- Maj. Gen. Moshe Dayan, Israel Army Chief of Staff, is being warmly received by local military and civilian authorities on his tour of the United States in sharp contrast to the relatively cold reception accorded him by official Washington apparently under the influence of State Department circles which sought to minimize his visit.

At Fort Benning, Ga., the U.S. Commanding General ordered the Israel flag raised over Gen. Dayan's quarters. A Jewish chaplain was directed to conduct a special prayer service on behalf of Israel and the Israel Chief of Staff. Jewish officers and enlisted personnel were given an opportunity to attend.

Fort Bragg, N. C., was the scene of enthusiasm when the Israel military party arrived. U.S. officers made the Israelis welcome and exhibited secret weapons including the new 280 millimeter atomic cannon.

At Eglin Air Force Base, Fla., it turned out that the American commanding officer had been in Palestine as a member of the Allied forces in 1942. Gen. Dayan was shown the greatest respect and taken on a tour of the field's highly-secret air proving grounds and armament research and development center. The local Jewish community at Pensacola tendered a reception in honor of the Israel party and local U.S. officers.

At Knoxville, civilian officers of the Tennessee Valley Authority are arranging a reception for Gen. Dayan and his party. Another reception will be tendered at Detroit by the Jewish War Veterans when the General visits automotive plants there.

ISRAEL ENVOY URGES AMERICAN-ISRAEL ECONOMIC COOPERATION

NEW YORK, July 28. (JTA) -- "Economic cooperation between Israel and the United States is not only a worthy goal in itself, but it also serves the achievement of peace in the Middle East," Reuven Shiloah, Minister Plenipotentiary of Israel in Washington, declared here today addressing a meeting of the American-Israel Chamber of Commerce, at the Hotel Roosevelt.

"The stronger Israel grows economically and financially, the greater the chances of Arab acquiescence in Israel's existence," he said. "Israel's vulnerability in those fields tends to strengthen Arab hopes and schemes for a 'second round.'"

Mr. Shiloah described the role of American loans and grants in helping Israel develop its industry, agriculture and communications. "American know-how," he said, "is helping us to increase our productivity and to tap the various resources of our country. A steady increase in the volume of trade between Israel and the U.S. has become an important factor in our efforts to overcome the gap in our balance of payments."

ISRAEL'S METAL INDUSTRY ABLE TO SUPPLY TOOL NEEDS OF COUNTRY

NEW YORK, July 28. (JTA) -- The Israel metal industry is already able to supply the tool needs of the country and to manufacture household implements and other metal products for the domestic market, as well as to produce some industrial machinery and equipment for export and local use, the Israel Office of Information here has revealed.

Among the new companies in this field, the Information Office said, are the Middle East Tube Company, which manufactures seamless and welded pipe in sizes up to 30 inches in diameter, and the Yuval Gad Pipe Company, one of the largest plants of its kind in the world, which produces pre-cast steel pipe with concrete linings. The 3,258 metal plants in the country employed over 16,500 workers in 1952.

WORLD JEWISH CONGRESS IN ISRAEL HONORS DR. GOLDMANN

JERUSALEM, July 28. (JTA) -- The executive of the World Jewish Congress in Israel today honored Dr. Nahum Goldmann, its president, on the occasion of his 60th birthday by presenting him with a silver-bound Bible.

Dr. Goldmann thanked the executive for the gift and appealed for the cessation of the birthday celebrations and called on his colleagues to join in the "more important tasks facing both the Zionist movement and the World Jewish Congress." He predicted that in the future one organization would represent Jews throughout the world, except those in Israel.

ABEL SHABAN, WORLD OSE PRESIDENT, HONORED IN ISRAEL

TEL AVIV, July 28. (JTA) -- Abel Shaban, president of the World OSE Union, was honored here last night by more than 100 prominent physicians and representatives of medical groups and health services on the eve of his return to South Africa.

Mr. Shaban was presented with a certificate of his inscription in the Jewish National Fund Golden Book in honor of his work for the Jewish health society. Prof. M. Grushka of the Hebrew University, who made the presentation, hailed the OSE's activities in Israel and throughout the world.

N.Y. GOVERNOR NAMES STATE COMMITTEE FOR JEWISH TERCENTENARY

ALBANY, July 28. (JTA) -- Governor Thomas E. Dewey named yesterday Joseph M. Proskauer, honorary president of the American Jewish Committee, chairman of the New York State Joint Legislative Committee for the 300th anniversary of Jewish settlement in the United States.

The Governor also appointed United States Senators Irving M. Ives and Herbert Lehman and 16 other leading figures in the State to membership on the committee. The State Legislature will name three members each of the Assembly and State Senate to the Committee.

HEBREW "TALKING BOOKS" PRESENTED IN U.S. FOR ISRAELI BLIND

NEW YORK, July 28. (JTA) -- The first six Hebrew "talking books" ever recorded for the Israeli blind were presented here today at the Israeli Consulate by Solomon Petchers, president of the American Committee for the Central Library for the Blind in Israel, to Israel Consul Eliezer Doron. A copy of each of the six books was also presented to the Jewish Braille Institute of America for free circulation to the Hebrew-speaking blind in the United States and abroad, outside of Israel.

Hailing the achievement, Mr. Doron replied he was "happy to accept the records on behalf of the blind in Israel. I know that this fine gift to the Central Library for the Blind in Netanya will be received with joy, and listened to with great pleasure," he said. The books were read and recorded at the Israeli Consulate in New York by Dr. Gershon Gelbart of Newark, Avraham Halkin of New York, and a number of Israelis now in the United States.

HADASSAH GETS FUND RAISED BY PILGRIMS TO HONOR ARCHBISHOP

NEW YORK, July 28. (JTA) -- A \$1,000 fund, collected in honor of Archbishop R. J. Cushing of Boston by Americans participating in the "Marian Pilgrimage" to the Holy Land last year, has been turned over to Hadassah for special youth rescue and rehabilitation projects in Israel, it was announced today by Mr. Rebecca Shulman, national president of Hadassah. The \$1,000 check was formally presented to Boston officers of Hadassah by Mayor John Hynes of that city, acting in behalf of Archbishop Cushing.