



Jewish Telegraphic Agency

DAILY NEWS BULLETIN

600 FIFTH AVENUE

NEW YORK 10, N.Y.

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VOL. XXI No. 146 - 36th year

Tuesday, August 3, 1954

U.S. CAN NOW PROMOTE ARAB-ISRAEL PEACE, ISRAELIS BELIEVE

WASHINGTON, Aug. 2. (JTA) -- The impending solution of the Anglo-Egyptian conflict over the Suez Canal affords Britain and the United States an unprecedented opportunity to lay the foundations for peace between the Arab states and Israel, officials of the Israel Embassy here declared today.

"Egypt's greatly enhanced prestige and strength now enable her to become a powerful force in the Middle East," the officials said. "Whether this potentiality will be used for stability and peace, or for hostility and destruction, depends to a large extent on the immediate policies of the major Western powers."

In the meantime, the Israeli officials emphasized, the preliminary Anglo-Egyptian agreement on the withdrawal of the British troops from the Suez Canal zone "is creating a new situation in the Middle East which is of serious concern to Israel." They pointed out that Israel's national interests require primarily security from outside attack and protection from unlawful interference with Israel's legitimate economic and commercial activities. "Both objectives are now being threatened by the increased military and political power of an Egyptian government which still claims to be at war with Israel," they said.

Outline How Anglo-Egyptian Pact Affects Israel

Analyzing how the new situation, precipitated by the Anglo-Egyptian pact, is affecting Israel and jeopardizing regional security in the Middle East, the Israeli officials stressed the following facts:

1. British evacuation of Suez will leave Egypt in the possession of one of the great military bases in the world. Once in Egyptian hands, the stores, equipment and vast military installations of the base will bring Egypt's powerfully increased military strength right up to Israel's southern borders. This fact alone seriously jeopardizes the already shaky security situation in the Middle East.
2. If, as reported by American and Egyptian spokesmen, Egypt will now also receive free grants of arms from the United States, the delicate balance in the area is likely to be further disturbed.
3. Israel's apprehensions with regard to Egypt's war-like designs were confirmed, practically on the eve of the preliminary Anglo-Egyptian agreement, when the Egyptian Minister of National Guidance, Salah Salem, and Premier Gamal-Abdel Nasser publicly renewed their threats against Israel. Such menacing statements, coupled with the advantages which Egypt will derive from the impending agreement, give Israel every reason for anxiety.
4. A paper repetition of the 1950 Tri-Power Declaration affirming the status quo in the area cannot reassure Israel as to its security in face of the greatly

strengthened power of the Arab states. This feeling has been strengthened by the fact that the existing Declaration lost much of its validity when the United States decided to grant arms to Iraq without equally strengthening Israel.

5. The stability of the area requires, therefore, that Israel's defensive power be strengthened proportionately to that of the Arab countries. Anything less would inevitably be interpreted by Egypt and her Arab partners as an open invitation to renew their full-scale armed aggression against Israel.

Israel Ready to Help in the Defense of the Middle East

The Israeli officials emphasized that Israel has repeatedly expressed its readiness to help in the defense of the Middle East as a whole. At the same time they drew attention to the fact that despite the resolution of the United Nations Security Council, of September 1, 1951, condemning Egypt's blockade of Israel-bound shipping, Egypt has continued this practice in recent months.

The blockade the Israelis stated is a severe burden on Israel's economy, forcing her to import oil, for "example, at great cost from Venezuela, though the natural source of supply is much nearer. As a result Israel must expend considerable sums of foreign currency on unnecessary transport charges instead of using them productively for economic development."

The embassy officials pointed out that the text of the preliminary Anglo-Egyptian agreement includes a pledge "to uphold the 1888 Convention guaranteeing the freedom of navigation of the canal." Egypt claims that its blockade is not inconsistent with the 1888 Convention. Its pledge, therefore, in no way assures Israel that Egyptian authorities will now cease their illegal blockade practices.

"Any final agreement between Britain and Egypt must include an unequivocal guarantee of the right of all nations--including Israel--to use the Suez Canal for legitimate maritime traffic, including the shipment of oil and oil products," the Israelis suggested.

KEY TO U.S. STAND TOWARD ISRAEL SEEN IN SUCCESSOR TO BYROADE

WASHINGTON, Aug. 2. (JTA) -- The future American policy toward Israel and the Arab League will be indicated by the administration's choice of a successor to Henry A. Byroade as Assistant Secretary of State for Near Eastern Affairs, when and if Mr. Byroade becomes U.S. Ambassador to Egypt.

This was predicted today in an editorial in the Washington Post, one of the capital's most influential newspapers. The White House has not yet announced Mr. Byroade's appointment to Egypt although State Department sources maintain that such an announcement is shortly forthcoming.

(A rumor in diplomatic circles here held that Byroade's successor as Assistant Secretary of State in charge of Near Eastern Affairs will be Loy Henderson, a career diplomat with long experience in the Near East.)

The Washington Post editorial said Mr. Byroade would be sent to Egypt with "a man-on-the-spot responsibility for executing whatever new look is evolving on Middle East policy--perhaps the main man-on-the-spot responsibility." It was noted by the newspaper that "Mr. Byroade has made two or three speeches of late which have laid him open to the charge of personal partiality. He has been chided, for instance, by the Israelis for some plain spoken references."

ISRAEL PRESIDENT NAMES NEW HEAD OF SUPREME COURT

JERUSALEM, Aug. 2. (JTA) -- President Itzhak Ben Zvi today approved the appointment of Chief Justice Itzhak Olshan to the presidency of the Israel Supreme Court. Justice Olshan succeeds Dr. Moshe Smoira, who retired from the country's highest tribunal because of ill health.

U.S. - EGYPT TALKS ON MILITARY AID ADVANCE IN WASHINGTON

WASHINGTON, Aug. 2. (JTA) -- American negotiations with Egypt involving a grant of military aid to Egypt in the wake of the Suez Canal settlement were advanced today in a lengthy meeting at the State Department between Egyptian Ambassador Ahmed Hussein and Henry A. Byroade, Assistant Secretary of State for Near Eastern Affairs.

Meanwhile, Secretary of State John Foster Dulles has consented to receive Israel Ambassador Abba Eban at the State Department Wednesday afternoon to hear the Israel point of view on the new situation created in the Near East by the announcement of British withdrawal from the Suez area. It is thought that Mr. Eban will make known Israel's position on the pending American arms grant to Egypt.

U.S. URGED TO BRING ISRAEL INTO MID-EAST DEFENSE NETWORK

TEL AVIV, Aug. 2. (JTA) -- Mortimer May, in his first public address here as president of the Zionist Organization of America, tonight urged the United States to pursue a policy designed to bring Israel into a Middle East defense network. He spoke at a meeting arranged in his honor by the General Zionist party of Israel. The meeting was attended by an audience of several thousand.

"Our past experience has shown," said Mr. May, "that we Americans fare best with those who are our true friends, those who have interests that are mutually compatible with ours. That is the kind of friend Israel is."

Referring to the Anglo-Egyptian agreement for evacuation of British troops from the Suez Canal area, Mr. May declared that the pact upsets the balance of power in the Middle East and imperils Israel's security. The Western powers were criticized by the American Zionist leader for turning over the Canal to Egypt without first providing safeguards for Israel's security.

The ZOA president warned that delivery of American arms to Egypt, as a result of Washington's interest in the Canal pact, "would place a great temptation in the hands of the Arabs who have refused to make peace with Israel and have even given indications of possible renewed warfare against Israel."

Mr. May concluded his address by calling upon the United States to abandon its policy of appeasing the Arabs and asking the State Department, instead, to work more closely with Israel "which is America's true friend."

Another of the principal speakers at the meeting was Dr. Emanuel Neumann, member of the Jewish Agency executive. Dr. Neumann also accused the Western powers of committing "a great error" for not attaching a provision safeguarding Israel to the Suez pact. "If serious consequences are to be averted," said Dr. Neumann, "that error must be immediately corrected."

DISMISSED UNEMPLOYED "CAPTURE" TEL AVIV MUNICIPAL OFFICES

TEL AVIV, Aug. 2. (JTA) -- Several hundred unemployed today "captured" the municipality offices here in protest against the decision of the municipal council to dismiss 300 workers from temporary work.

The offices were declared closed by Mayor Levanon, who said that he would be prepared to re-employ the dismissed workers only if the municipality receives a special loan for the purpose. Otherwise, the city has no possibility to maintain special work for unemployed, the Mayor declared.

ANTI-SEMITIC NAMED DEPUTY PREMIER OF GERMANY'S WEALTHIEST STATE

DUSSELDORF, Aug. 2. (JTA) -- Dr. Friedrich Middelhaue, the first leader of a postwar German "legitimate" political party to exploit anti-Semitism for political ends, was sworn in here as Deputy Minister President and Minister for Economics in North Rhine Westphalia, the wealthiest and most populous of West Germany's constituent states.

Dr. Middelhaue, a publisher and printing shop owner in the small town of Cpladen, heads the Free Democratic Party in North Rhine Westphalia, where it now replaces the Social Democrats as coalition partner of the Christian Democratic Union in the State Government. During his tenure of office as state chairman, the FDP party organization became a haven for Nazi zealots and professional Nazi Party functionaries.

Dr. Middelhaue's closest aide in party organizational work has been Dr. Wolfgang Diewerge, a vicious Jew-baiter who played a particularly infamous part as an anti-Semitic propagandist and pamphleteer in the test case against Nazi agitation brought by the Cairo Jewish Community in 1934. He also propagandized for the Nazis in two important prewar cases. One was the case of the trials that followed the shooting in Switzerland of the Nazi leader Wilhelm Gustloff by David Frankfurter. The other was the case of young Heral Grynszpan who shot German Embassy Counsellor Ernst von Rath in Paris in 1938.

Diewerge, in recent years entrusted by Dr. Middelhaue with the political indoctrination of North Rhine Westphalia's Free Democrats, formerly held the rank of SS Colonel. Before he was placed in charge of the radio department of Goebbels' Propaganda Ministry, he served as regional Nazi Party propaganda chief for Danzig and West Prussia.

In early 1951, Dr. Middelhaue's paper attacked Jewish-born Ludwig Rosenberg, of the German Trade Union Federation, as an "emigrant intent upon carrying out the Morgenthau Plan, who should go back where he came from." To comprehend the prejudicial seriousness of the statements, one must know that, in present-day German political jargon, such statements are generally meant to refer to Jews. In response to a sharply-worded trade union protest, Dr. Middelhaue not only refused to retract or apologize, but instead posed some caustic counter-questions replete with further anti-Semitic innuendo.

LIQUIDATED JEWISH BANK IN FRANKFURT SETTLES ALL CLAIMS

FRANKFURT, Aug. 2. (JTA) -- All domestic claims against the former "Jewish Bank" here have been settled in full, and most of the recognized foreign depositors and creditors will be satisfied within the next few weeks, it was learned here today when a local judge approved a two-year-old proposal of the creditors' conference to terminate and rescind the pending bankruptcy proceedings.

These proceedings were compulsorily instituted almost four years ago not by the bank itself or by the creditors, as is customary, but by the State of Hesse. It was done to the accompaniment of an officially inspired flurry of publicity, with newspapers throughout Germany announcing in front-page banner headlines that the owners had fled to Switzerland, with millions of marks of the bank's assets in their pockets.

Now that the bankruptcy proceedings have been abandoned, however, the announcement is buried in a few lines on the financial page, or omitted altogether. Most Germans will, therefore, continue to believe that huge restitution funds were embezzled by the officers of the bank.

The "Jewish Restitution Bank," as it was originally called, was closed in 1950 on charges that it had violated German banking laws and foreign currency

control legislation. Some of the people connected with it were later convicted of bankruptcy fraud, even though the remaining assets were sufficiently large for a satisfactory settlement. This was hitherto prevented by the authorities, who insisted upon keeping the bank in receivership.

It is hoped to wind up the bank's liquidation in the course of this month. The private creditors' committee in Switzerland will receive a lump sum for internal distribution. Those clients of the bank not registered with the committee, but who have recognized claims, will automatically receive payment in full.

"ARYANIZERS" OF JEWISH PROPERTY IN AUSTRIA SEEK COMPENSATION

VIENNA, Aug. 2. (JTA) -- Non-Jewish Austrians who came into possession of Jewish property under Nazi "Aryanization" laws, and who now stand a chance of losing that property under restitution laws, have asked the government to compensate them for their "losses."

These "Aryanizers" have formed their own "Protective Organization of Those Obligated for Restitution." After submitting a memorandum to the government, they were advised to register all "Aryanizers," so that the government might have a clear view of the extent of their potential "losses." The organization is now publishing advertisements in local newspapers calling upon "Aryanizers" to register.

"RETURNEES" TO RUMANIA FORCED TO CAMPAIGN AGAINST ISRAEL

ISTANBUL, Aug. 2. (JTA) -- The Jews who have returned to Rumania from Israel are being forced by the government there to propagandize against the Jewish State, according to reports reaching here. The Bucharest press and radio have publicized statements allegedly made by returnees, criticizing conditions in Israel. The letters in the press are all written in the same style-- obviously having been prepared by professional propagandists.

The campaign is believed here to be Rumania's answer to attacks in the free world against persecution of Jews by the Bucharest government. While Israel is being attacked, a glowing report on the "excellent" treatment being accorded Jews in Rumania has been broadcast by Radio Bucharest. The report was said to have been written by Mihail Sadoveanu, a writer who holds the "Stalin Prize for International Peace."

W.J.C. PARLEY TO DISCUSS SITUATION OF JEWS IN IRON CURTAIN LANDS

ZURICH, Aug. 2. (JTA) -- Pressing problems affecting Jewish rights throughout the world, and the situation of the Jews in countries behind the Iron Curtain, will be evaluated here at a meeting of the coordinating committee of the World Jewish Congress convening Wednesday.

A report on the suspended negotiations between the Austrian Government and the Committee on Jewish Claims will also be presented to the Coordinating Committee. That report will be made by Dr. Nahum Goldmann, chairman of the Jewish Claims Committee and president of the WJC.

Among those scheduled to attend the committee sessions are Dr. Israel Goldstein, president of the American Jewish Congress; Shad Polier, chairman of the AJC's national executive committee; and Abraham S. Hyman, WJC administrative director.

HABIMAH SCORES SUCCESS IN PARIS; ASKED TO PLAY FOR ANOTHER MONTH

PARIS, Aug. 2. (JTA) -- Of 12 national theatre groups which performed at the recent Paris Festival of Dramatic Arts, the Habimah troupe of Israel drew the second largest audience, A. M. Julien, director of the festival, announced today. He noted that the Sarah Bernhardt Theatre had asked the Habimah to stay on for a four-week repertory, but that the Israeli troupe had previous commitments and could not remain in Paris.

U.N. EXPERT RETURNS FROM ISRAEL; LAUDS AGRICULTURAL PLANS

UNITED NATIONS, N. Y., Aug. 2. (JTA) -- Israel, which imports 90 percent of its wheat at an annual cost of \$24,000,000 to \$25,000,000, has undertaken a long-range scientific plan that should enable it to reduce its wheat imports and, at the same time, improve the dietary quality of all the cereals consumed in the country.

That was the optimistic prognosis made here today by Dr. Max Milner, professor of the Department of Flour and Feed Milling Industries at Kansas State College. Dr. Milner returned today from a six-month mission to Israel as an expert representing the United Nations Food and Agricultural Organization.

Within his six-month tenure in Israel, Dr. Milner said, Israel authorities hastened to adopt nearly all of his expert recommendations, and some of these--designed to increase quantity and quality, and decrease costs of Israeli bread--are already in effect.

One of Dr. Milner's recommendations was the establishment of a laboratory for the analysis of imported wheats, and for experimentation intended to improve both milling and baking practices in Israel. That laboratory is now at work in Haifa, he said. It was established immediately, being expanded from a "nucleus lab" already in existence, at a cost of \$18,000.

Another recommendation was that Israel help the FAO choose a "fellow" to study abroad some of the newer methods of improving wheat and other cereals. Israel has chosen Yeshiel Pomerantz, Polish-born young scientist, who has already left for England where he will do his studies at the St. Albans Cereal Experimental Station conducted by the British Association of Flour Millers. FAO is paying the costs of Mr. Pomerantz' studies.

Strategic, security and overall economic factors will determine the size of Israel's wheat-growing expansion, Dr. Milner declared. But, within those limitations, he saw Israel progressing toward the FAO's goal, summarized in the organization's motto: "Let There Be Bread."

AUSTRIAN JEWS MARK HOME WHERE THEODOR HERZL DIED

EDLACH, Aug. 2. (JTA) -- Led by government officials and by Jewish community leaders from all parts of Austria, thousands today attended a solemn ceremony during which a marker was placed on the home here where Dr. Theodor Herzl died fifty years ago. The stone marker is inscribed with simple dignity: "Here Died Herzl, Father of the Jewish State, Fifty Years Ago."

The unveiling of the marker was the culminating formality of a series of commemorative ceremonies held during the past week to honor the memory of Dr. Herzl. There was a mass meeting at the Vienna Konzerthaus; special religious services were performed at the synagogue in Vienna; and prayers were chanted before the empty grave from which Dr. Herzl's remains were disinterred recently for reburial in Israel.

Among those attending the ceremonies was Israeli Consul Arie Eshel who declared: "Dr. Herzl's way must give us hope, despite all impediments. No threats will hinder us as we proceed on our way."

KOPPEL SCHWARTZ, EX-MEMBER OF POLISH PARLIAMENT, DIES IN ISRAEL

TEL AVIV, Aug. 2. (JTA) -- Koppel Schwartz, poet, journalist, a leader in the Mapai Party, died here last night at Beilinson Hospital, at the age of 66. He was born in Poland, where he had been a member of the pre-war parliament. He was also a leader of the Zionist movement in Galicia before settling in this country.