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ISRAEL CABINET DISCUSSES THREAT OF SANCTIONS; ANALYZES DEVELOPMENTS

JERUSALEM, Feb. 10. (JTA) -- The Israel Cabinet discussed today the situation that is developing in Washington and in the United Nations in the face of Israel's firm stand not to withdraw its forces from the Gaza and Akaba areas until Egypt pledges the free passage of Israeli ships through the Gulf of Akaba and renounces its claim to "rights of belligerence." The attempts to pressure Israel into "unconditional withdrawal" under threat of sanctions was also considered at the Cabinet meeting.

The opposition developing in United States Congressional circles, as well as in the American press, against imposing sanctions on Israel is receiving close attention here and has provoked considerable satisfaction among the people. Anti-American resentment here was somewhat ameliorated by a report that President Eisenhower had sent a personal letter to President Nasser of Egypt asking him to pledge no aggression against Israel.

The Israel Association for the United Nations cabled United Nations Secretary General Dag Hammarskjöld asking him why he had not yet inquired of the Egyptian Government whether it is willing to cease hostile acts against Israel. The cable stressed that the current situation presents a unique opportunity to end hostilities by both sides in the Israel-Egyptian dispute.

Fear of Sanctions Develops Inflationary Tendency in Israel

The fear of possible economic sanctions imposed from abroad, coupled with the plans of the Israel Government to decrease non-essential imports is now beginning to build up an inflationary tendency in the country. An increase of some five percent was registered today in the foreign currency and gold blackmarket. Stocks on the Tel Aviv exchange linked to dollars have also risen, as has the cost of such raw materials as cotton and textile yarns.

Actually there is no shortage of foodstuffs, except in sugar which is now very expensive. Nonetheless, the monthly distribution of rationed sugar, fats and flour is proceeding in orderly fashion at last month's fixed prices. In the free market, slightly higher prices obtain on essential commodities. Meat from East Africa continues to flow into the country, assuring sufficient reserves. End of season sales in clothing kept prices on these items in line and many Israelis took the opportunity to buy need articles.

Meanwhile, the Mapai Party economic committee, after hearing a report from Finance Minister Levi Eshkol on his proposed emergency economic plan designed to tighten Israel's belt in the event of formal sanctions, named a special committee to draft an enforced wage savings plan. This would be designed as a substitute for Mr. Eshkol's suggestion that the present high cost of living be frozen. Other suggestions by Mr. Eshkol include: a cut in the civil service payroll by the dismissal of at least 2,000 persons; a special tax to be used to combat increasing unemployment; a cut in government subsidies for essential commodities, and a slash in imports.

In view of the fact that the United States has to all practical purposes already imposed economic sanctions on Israel, Minister of Trade and Industry Pinchas Saphir called today for manufacturers and exporters to increase productivity and exports and complete a scheduled four-year export plan in two years. He noted that the U.S. has halted all grants-in-aid and the below-cost sale of surplus commodities. The Minister warned of what he said was the intention of the U.S. to extend sanctions to Jewish aid to Israel.

Israelis Firm in Backing Government's Refusal to Yield to Threats

Despite these evidences of increased economic difficulties, neither government members nor the ordinary citizens of Israel have shown any tendency to knuckle under to demands that Israeli troops be withdrawn from the Gaza and Akaba areas without prior guarantees of security and freedom of navigation. The man in the street feels that if Israel surrenders now to an Arab pressured United Nations, it will set a precedent which will shortly threaten Israel's very existence.

The people of Israel assembled in huge mass meetings yesterday to pledge their support of their government's refusal to yield to United Nations and United States pressure to compel immediate and unconditional withdrawal from the Gaza and Akaba

areas under threat of sanctions. Hundreds of thousands of Israelis met in Tel Aviv, Jerusalem, Haifa and smaller cities in a national act of protest against the tremendous squeeze on Israel.

The rallies demanding international guarantees of freedom of navigation and of non-aggression from Egypt spontaneously became friendship demonstrations toward France, the only major western power now openly supporting Israel's stand in the United Nations deadlock. The meetings followed attendance at synagogues where rabbis appealed to the world's conscience for an equal measure of justice to both Israel and Egypt and urged congregants to attend the protest rallies.

Chief Rabbinate Issues Proclamation; Certain of Israel's Victory

A proclamation issued by the Israeli Chief Rabbinate expressed regret that the United Nations, "whose prime duty is to promote world peace and foster cooperation among the nations" was yielding to the pressure of Israel's enemies. The proclamation, signed by Chief Rabbis Isaac Halevi Herzog and Isaac Nissim, called on Israel's people for solidarity and unity in the faith that Israel's cause was just and that victory was therefore certain.

It was the first time in the nine-year history of Israel that mass meetings on such a scale have been held. The rallies were organized jointly by all coalition parties, except Herut, with the General Zionists, who are not in the coalition, participating. The right wing Herut party demanded a more extreme position for participation than the coalition parties would accept. Only the tiny Communist party abstained from support of Israel's stand on withdrawal and the man on the street did not fail to remember that, as in the Sinai campaign, the Communists were the only supporters of the UN position.

At each rally resolutions were endorsed "indignantly protesting" the UN attempt to "strike a blow at Israel's security and equality" and expressing full support of the Israel Government's effort to combat attempts to "just the United Nations to revive tensions and hostilities on the Egyptian-Israel border." Calling on all nations to assist Israel, the demonstrators declared "neither political nor economic pressure nor the threat of sanctions will break our spirit or determination. United we will endure any sacrifice required in the defense of our homeland and for the preservation of the United Nations principles of equality and sovereignty of all nations."

100,000 Demonstrate in Tel Aviv; 30,000 in Haifa; 20,000 in Jerusalem

An estimated 100,000 Tel Aviv citizens, one-fourth of the city's population, massed into the mile-long Allenby Road and marched to the seashore where Mayor Haim Levanon and members of the Knesset addressed them. They displayed banners and posters in Hebrew, French and English opposing withdrawal and the "Hammaraskjold-Nasser partnership," a reference to UN Secretary General Dag Hammaraskjold and Egyptian President Nasser. Other banners hailed French aid to Israel. No incidents were reported anywhere though stronger police guards were placed near a number of foreign missions including the American delegation.

An estimated 20,000 Jerusalem residents gathered in Histadrut Square and adjacent streets to hear Moshe Kol, member of the Jewish Agency executive and other officials express the attitude of the Government and Israeli national institutions. An indication of the hostility developing toward the United Nations and particularly Mr. Hammaraskjold was the approval of the Tel Aviv throng for a demand by Igal Alon, youthful Knesset member and former Palmach commander, who called for the resignation of Mr. Hammaraskjold.

Some 30,000 Haifa citizens heard similar appeals for unity in the nation's crisis from Mayor Abba Chushi. A mass meeting in Ramleh, inhabited mainly by newcomers, pledged similar support to the Government's policy. Several hundred settlers from 14 Israeli settlements along the Gaza Strip broder demonstrated at Nachal Oz settlement, which was under constant attack by Egyptian fedayeen before the Sinai action. The rally opposed the return of "Egyptian murders to our doorstep."

ISRAEL-EGYPTIAN COMPROMISE SOUGHT; EISENHOWER SENDS MESSAGE TO NASSER

UNITED NATIONS, N. Y., Feb. 10. (JTA) -- A vigorous drive, which has now enlisted the aid of the United States Government, was under way here today to effect a rapprochement between Egypt and Israel.

The immediate goal of the effort was to bring Egypt to agree to renounce its claim to the "right of belligerence" and to obtain from Israel in turn willingness to comply with the General Assembly resolutions for withdrawal of its troops from the Gaza Strip and the Sharm el Sheikh areas.

President Eisenhower was reported here today to have sent a message to Egypt's President Nasser asking him to renounce the claim of a "right to belligerence." American sources here indicated clearly that they would welcome spread of the report about Mr. Eisenhower's message to Col. Nasser.

Secretary General Dag Hammaraskjold remained at his post over the week-end. Today he conferred with Abba Eban, Israeli Ambassador. Earlier, a spokesman for Mr. Hammaraskjold indicated that the Secretary General will have ready by tomorrow morning his report to the General Assembly on Israel's position regarding further troop withdrawals.

EISENHOWER CONFERS WITH DULLES ON THE ISRAEL WITHDRAWAL ISSUE

WASHINGTON, Feb. 10. (JTA) -- President Eisenhower, who is on a hunting vacation in Georgia, conferred twice during the last 24 hours by telephone with Secretary of State John Foster Dulles on developments concerning the U. S. demand that Israel withdraw its troops unconditionally from the Gaza and Akaba areas.

The Administration is worried that Israel's continued refusal to withdraw will indicate American weakness in Arab eyes and offset the gains made with King Saud of Saudi Arabia. Linked with the issue of Israel withdrawal, according to U.S. sources, are the question of Suez Canal reopening and the whole U.S. policy toward the Arabs to sell the Eisenhower Doctrine.

Secretary Dulles conferred at his home yesterday with Robert D. Murphy, Deputy Under Secretary of State. Earlier, Mr. Murphy met with Israel Ambassador Abba Eban but the deadlock continued. Israel continued to demand effective guarantees while the State Department insisted that Israel first withdraw.

Congressional opinion, Republican as well as Democratic, this week-end moved increasingly toward opposition to sanctions against Israel. Legislators felt that the President and Secretary of State were taking an inconsistently tough attitude toward Israel while failing to face continued defiance of the United Nations by Russia and India, as well as Egypt.

The leader of a group of 41 House Republicans which has opposed "one-sided" United Nations action against Israel said today it would be "shocking and morally indefensible" for the United States to be a party to any UN move to impose sanctions on Israel "because this country is small enough to be shoved around." Rep. Hugh Scott, Pennsylvania Republican, pointed out that the United States had asked for no sanctions against Russia or India even those countries have defied the UN.

Sen. Alexander Wiley, of Wisconsin, ranking Republican on the Senate Foreign Relations Committee, said he did not believe proposed UN sanctions against Israel would be "either a fair, justified, or an effective answer" to the present deadlock.

Republican Senators Irving M. Ives and Jacob K. Javits, both of New York, joined in a letter to Secretary of State Dulles urging that "our government should not back sanctions against Israel so long as Egypt remains in default and defiance of United Nations resolutions." The two Senators said it would be a "serious error" to support any UN sanctions against Israel. They said an argument on sanctions advanced last week by Senate Republican Leader William F. Knowland of California "certainly has considerable logic." Sens. Ives and Javits told Mr. Dulles that Egypt has resumed importation of Soviet arms in violation of UN resolutions asking all members to refrain from "introducing military goods in the area of hostility."

GOLDA MEIR, AMBASSADOR EBAN PRESENT ISRAEL'S VIEWS TO U. S. AUDIENCES

NEW YORK, Feb. 10. (JTA) -- Calls for Egyptian pledges of non-belligerence before Israel leaves Egyptian territory were voiced on two separate national television programs today by leading Israeli spokesmen in this country.

Mrs. Golda Meir, Israel's Foreign Minister, pointed out that Israel had already evacuated 98 percent of the Sinai Peninsula and is justified in asking for her security guarantees. She underlined that states which themselves have failed to heed United Nations decisions are now pressing for sanctions against Israel.

Abba Eban, Israel's delegate to the UN, told a television audience that a mutual expression of non-belligerence would ease the Israel-Egyptian situation and make possible implementation of practical means of ending hostile actions. He questioned UN moves to take over Gaza, indicating that this would upset the stability which Israel has brought to the territory. Ambassador Eban drew a parallel between Israel's situation at the moment and the American Revolutionary situation.

U.S. JEWISH LEADERS ASK EISENHOWER TO OPPOSE SANCTIONS ON ISRAEL

NEW YORK, Feb. 10. (JTA) -- The presidents of 17 major American Jewish organizations, with a membership of over 2,500,000, today wired a plea to President Eisenhower to oppose any move in the United Nations to impose sanctions on Israel. The direct appeal to the President by the Jewish leaders was made after an emergency conference convened on 24 hours' notice, at which it was reported that communities throughout the country were "profoundly concerned" over possible American involvement in sanctions on Israel.

The full text of the telegram to the President reads:

"As Americans we are profoundly concerned over the announcement that the Government of the United States would give 'serious consideration' to recommendations of sanctions on Israel. We appeal to the Government and the people of the United States to judge the case of Israel with that sense of equity and fair play which has characterized American policy at home and abroad.

"Having withdrawn its forces from the Sinai Peninsula with the exception of Sharm el Sheikh and Gaza, Israel now requests that the United Nations obtain from Egypt a promise

of non-belligerency upon the complete withdrawal of Israeli troops. Such an elementary promise by Egypt to desist from the blockading of Israeli shipping and from the slaughter of Israeli citizens through fedayeen raids, will constitute an action which, in the words of the UN resolution, 'would assure progress towards the creation of peaceful conditions.' It is simple humanity to meet this request for a promise of non-belligerency. We respectfully appeal to you to use the good offices of our delegation to the United Nations to this end.

Cite Contrast in Handling Other Nations Which Defied U. N. Resolutions

"Furthermore, to apply sanctions on Israel for non-compliance would stand out in striking contrast to the failure of the United Nations to impose or even to suggest the imposition of sanctions on Egypt for its six-year defiance of the Security Council resolution on Suez or against the Soviet Union for its inhuman and ruthless suppression of the Hungarian struggle for freedom.

"We cannot believe that the American people would support economic sanctions on the people of Israel at the very moment when Israel is admitting a stream of refugees from Hungary, other Eastern European countries and Egypt. Most earnestly and respectfully do we appeal to you, Mr. President, not to allow our Government and our people to be involved in what history will surely judge to be a double standard of morality."

The statement was signed by the following presidents on behalf of their organizations: Rabbi Philip S. Bernstein, American Zionist Committee for Public Affairs; Joseph Breslau, American Trade Union Council for Labor Israel; Mrs. Moise S. Cahn, National Council of Jewish Women; William Carmen, Jewish War Veterans of the U.S.; Dr. Maurice S. Eisendrath, Union of American Hebrew Congregations; Moses S. Eisendrath, Union of Orthodox Jewish Congregations of America; Dr. Miriam Freund, Hadassah; Dr. Israel Goldstein, American Jewish Congress; Dr. Nahum Goldmann, Jewish Agency; Adolph Held, Jewish Labor Committee; Philip M. Klutznick, B'nai B'rith; Rabbi Isaac Stollman, Mizrachi Hapoel - Mizrachi of America; Rabbi Irving Miller, American Zionist Council; Dr. Emanuel Neumann, Zionist Organization of America; Charles Rosengarten, United Synagogue of America; Louis Segal, Labor Zionists, and Bernard H. Trager, National Community Relations Advisory Council.

In identical telegrams to President Eisenhower, Secretary of State Dulles and Ambassador Henry Cabot Lodge, U.S. delegate to the UN, the New York Board of Rabbis charged last night that "the member nations of the United Nations would be guilty of a cynical disregard for the ethical code of civilization if they were to support a dual standard of morality, whereby Israel, because of her smallness and regard for law, would receive unmerited punishment, while larger and more powerful states, such as Russia, India and Egypt, can flout United Nations resolutions because they are able to muster partisan support."

EGYPTIAN STEAMER BRINGS ANOTHER 816 JEWS FROM EGYPT TO GREECE

ATHENS, Feb. 10. (JTA) -- The Egyptian steamer Misr, under charter to the International Red Cross, brought another 816 Egyptian Jewish refugees to Athens today in its third voyage with exiles in the last five weeks. All 816 are registered for immigration to Israel.

The landing of the Misr passengers brings to 11,000 the number of Jews exiled or forced to flee Egypt, the local office of the Joint Distribution Committee declared today.

MOSCOW REPORTS DEATH OF ARRESTED SWEDISH DIPLOMAT WHO SAVED JEWS

STOCKHOLM, Feb. 10. (JTA) -- Raoul Wallenburg, the Swedish diplomat, who saved as many as 20,000 Jews in Budapest in the last months of the Nazi regime, died in a Moscow prison in July, 1947, two years after he was arrested by Soviet authorities in the wake of the Soviet Army's capture of Budapest in 1945. In the intervening years Soviet authorities have rebuffed every attempt to trace Mr. Wallenburg with statements that he was not known in the USSR.

This week-end, nearly a year after the latest Swedish effort to locate the diplomat, the Soviet Government informed Stockholm that Mr. Wallenburg died in Lubyanka Prison, probably of a heart attack.

Mr. Wallenburg went to Budapest in 1944 and organized a staff of 400 whose purpose was to locate surviving Jewish families and provide them with Swedish visas a protection against deportation to death camps. Many of the Jews thus placed under Swedish Legation protection were moved to Sweden while others were taken to various countries with International Red Cross assistance.

DR. LEVINE RE-ELECTED J. N. F. PRESIDENT; APPEALS TO EISENHOWER ON ISRAEL

NEW YORK, Feb. 10. (JTA) -- Dr. Harris J. Levine was last night re-elected for an eighth term as president of the Jewish National Fund of America. Mendel B. Fisher was re-elected secretary for his twenty-third term. Dr. Levine appealed to President Eisenhower to avert the use by the United Nations and the United States of sanctions against Israel as "inconceivable and immoral and against the best interests of the United States."