



Jewish Telegraphic Agency DAILY NEWS BULLETIN

660 FIRST AVENUE

NEW YORK 16, N.Y.

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Vol. XXV No. 8 - 40th year Monday, January 13, 1958

TENSION BETWEEN HUNGARY AND ISRAEL; ISRAEL REFUTES HUNGARY'S CHARGES

JERUSALEM, Jan. 12. (JTA) -- Formal Hungarian charges that members of the Israel Legation in Budapest had falsified passports and engaged in other illegal activities were categorically rejected today by a spokesman for the Israel Foreign Ministry.

The charges included allegations that the Legation members also had distributed money to foreigners in Hungary and to Hungarian nationals. They were contained in a protest from the Hungarian Foreign Ministry to the Israel Legation in Budapest.

(In Budapest today, Israel's Minister Y. Tuval called at the Hungarian Foreign Ministry and orally rejected the charges contained in the Hungarian note this week-end.)

The Israel Foreign Ministry spokesman carefully avoided disclosing anything about the content of the Hungarian protest beyond what had been publicized by the Hungarian announcement. The Foreign Ministry spokesman said all the allegations were "completely unfounded."

The note, which was handed to the Israel Foreign Ministry during the week-end, surprised political observers here who said that in recent weeks there had been indications of improved Israel-Hungarian relations from the low point of last October. At that time, the Hungarian Government ousted three Israel diplomats in retaliation for the detention in Israel of Zoltan Greguss, a visiting Hungarian actor who was accused of an immoral act with an Israel girl.

Greguss was acquitted and returned to Budapest. Tension between the two countries eased and the Hungarian Government even asked permission to expand its legation in Israel by an increase in the number of diplomats at the legation to which Israel agreed.

The observers suggested that the latest Hungarian allegations might be a new attempt to pressure Israel on several issues which have been unsettled for several months.

RECONSTITUTED ISRAEL CABINET HOLDS FIRST MEETING; DISCUSSES 1958 BUDGET

JERUSALEM, Jan. 12. (JTA) -- The Israel Cabinet held its first meeting today since the five-party coalition government was reconstituted last week, ending a lengthy crisis set off by left-wing opposition to Premier David Ben Gurion's attempts to purchase arms from Germany.

The entire session was devoted to discussing a draft budget for 1958-59 for 1,160,000 pounds, nearly 200,000,000 pounds greater than the current budget. The document was not thoroughly explored by the end of the session so a special meeting has been slated for Thursday.

The regular budget calls for the expenditure of 720,000,000 pounds, compared to 572,000,000 this year, while the separate development budget would require 440,000,000 pounds as against 395,000,000 during the current fiscal year.

16 RAYON PLANTS IN ISRAEL CLOSE FOR WEEK; PROTEST INCREASED TAXES

TEL AVIV, Jan. 12. (JTA) -- Sixteen rayon plants employing 500 workers closed down for a week today in protest against increased taxes and customs duties on imported rayon yarn.

The owners of the 16 plants have been carrying on a running fight with the government since last August when both the duty and a special purchase tax on rayon yarn was increased. The owners have let the imported stocks pile up in the port of Haifa since then.

After that the factory closure was announced today, a special government committee headed by Peretz Naphtali, Minister without portfolio, was formed to deal with the striking manufacturers.

HEAVY RAINSTORMS DAMAGE HOMES IN ISRAEL; FAMILIES EVACUATED IN LACHISH

TEL AVIV, Jan. 12. (JTA) -- Continued heavy rainstorms this week-end damaged homes in the new Lachish development area and cut off the town of Ashdod on the Mediterranean coast for the second time in several months. Some families were evacuated in the Lachish area.

\$75 000,000 QUOTA FOR SALE OF ISRAEL BONDS IN 1958 SET AT CONFERENCE

WASHINGTON, Jan. 12. (JTA) -- The national leadership conference for Israel bonds today voted to sell \$75, 000, 000 in bonds in 1958 to initiate a "decade of economic independence" for the State of Israel, which was established ten years ago.

The week-end conference, which called for increased American economic support of Israel noted that the bond campaign, which has raised more than \$320, 000, 000 since 1951 "represents the most important single factor in the economic development of Israel."

The call for increased economic strength as the key to Israel's capacity to maintain her freedom was made personally in the course of the conference by Ambassador Abba Eban and reinforced by messages from Prime Minister David Ben Gurion and Finance Minister Levi Eshkol. The campaign to sell \$75, 000, 000 worth of bonds will be conducted in the United States, Canada, and 27 Latin American and European countries.

Establishing the new quota, a resolution pledged the resources and devotion of the bond leaders "to the paramount task of providing Israel with the economic armor to assure her economic stability, security, and development in the face of the growing Middle East tensions and the unceasing Arab boycott and blockade."

The resolution "in the knowledge that economic aid to the young State of Israel will strengthen democracy in the Mediterranean area," welcomed "the growing recognition of the American people of the role of Israel bonds as an investment in democracy and human courage and as a token of partnership with the people of Israel, whose stirring progress in the building of a new nation has demonstrated their capacity to develop a stable and productive economy."

"In the year of 1958, when so much depends on Israel's capacity to meet the problems of continued immigration and the need to withstand the threats of Arab hostility, we call on the Jewish communities of the United States and Canada to mobilize for the fullest response to raise \$75, 000, 000 through Israel bonds," the resolution said.

Ben Gurion, Eshkol, Dr. Schwartz Appeal to U.S. Jews to Buy Bonds

In a message to the conference, Prime Minister Ben Gurion said "our very existence as a democratic nation is assured by our strength on all fronts, and particularly by the vigor of our economy." Citing the vital task Israel must perform, Mr. Ben Gurion said: "There are still lots of wasteland to settle, more immigrants to absorb and integrate. There are more homes to build, more factories to erect, more roads to chart, more power stations to construct. To do all of these things, more Israel bonds must be sold in 1958."

Finance Minister Eshkol's message noted Israel's tenth anniversary and said the most fitting celebration of this milestone would be by achievement "of a new high in Israel's progress to economic independence." He said "Israel bonds help to make that possible."

Dr. Joseph J. Schwartz, executive vice president of the Israel Bond Organization, announced that the 1958 campaign would be officially launched at an international conference for Israel bonds which will be held in Miami Beach early next month. Stating that "in the present period of unrelieved tension in the Middle East, Israel must spend huge sums for defense," Dr. Schwartz warned that "continued economic development will be jeopardized unless Israel bonds provide the resources for this vital program." He listed the three major tasks of 1958 bond drive:

1. Economic aid and housing to integrate the 80, 000 new immigrants who entered Israel in 1957 and to absorb 70, 000 additional newcomers expected in 1958.
2. The development of the port of Elath as the avenue of increased trade with Asia and Africa.
3. The opening of the Negev to mass settlement and industrialization in order to lay the foundation for a population of 500, 000 in this new sparsely settled southern region.

Because of tremendous defense spending, Dr. Schwartz said Israel "will have little money left for economic development, unless the Israel bond campaign provides increased resources for economic consolidation. We can meet this situation only by a concerted effort to increase the sale of bonds."

\$50, 000, 000 in Israel Bonds Sold During 1957, Feinberg Reports

Abraham Feinberg, president of the Israel Bond Organization, told the assembled 300 Jewish leaders from the United States and Canada that a total of \$49, 833, 950 in Israel bonds were sold during 1957. He stressed the importance of Israel's decade of progress to millions outside Israel. He said Israel altered the status of Jews everywhere from that of a victim people to a people of growth. At the same time, he said, Israel has been of major importance to all nations at a time when the free world is seeking to bolster the growth of underdeveloped countries.

Israel Ambassador Abba Eban told the conference that Israel will not permit international and regional tensions "to paralyze her into inertia." He said Israel would not be able to impress world opinion with her permanence and stability if she displayed economic

weakness. He stressed the central significance of the bond campaign in building economic strength.

Mr. Eban pointed out that despite the Communist foothold in Egypt and Syria "there is nothing in the present tension which prevents us from increasing the strength of our population; integrating our immigrants, reviving the Negev, developing our cultural and scientific potentialities, consolidating our defenses, reinforcing our international status in the opinion of the world."

Samuel Rothbert, national chairman of trustees, drew attention to the important economic advances made possible by Israel bonds. In less than ten years, he said, annual industrial production rose from \$226,600,000 to \$710,000,000 and agricultural production from \$75,500,000 to \$320,000,000. Mr. Rothberg said Israel must fulfill a continuing program of immigration and construction through a record mobilization for Israel bonds in 1958.

U.S. DOES NOT PLAN TO EXPAND ITS AID TO THE MIDDLE EAST, DULLES SAYS

WASHINGTON, Jan. 12. (JTA) -- Secretary of State Dulles told a press conference this week-end that United States aid to Middle East nations would continue along the lines worked out by Special Ambassador James P. Richards in his tour of the area last year for the Eisenhower Doctrine. Mr. Dulles made the statement in reply to a question as to whether the State Department was contemplating any expansion in present aid programs to offset recent Russian announcements for increased economic aid.

"We are carrying on in the Middle East along the general lines that were laid out last year when Ambassador Richards went to the area and mapped out certain programs supporting the Middle East resolution," Mr. Dulles said. He added that there were "certain situations where somewhat more aid is called for, in such a place as Jordan for example, but in the main the order of magnitude we contemplate is along the lines laid out by Ambassador Richards."

TRUMAN URGES CONTINUED SUPPORT FOR ISRAEL; FRIENDSHIP WITH ARABS

NEW YORK, Jan. 12. (JTA) -- Former President Harry S. Truman recalled his recognition ten years ago of the State of Israel and urged continued support of the Jewish State in a speech delivered tonight in the Grand Ballroom of the Hotel Waldorf-Astoria. The former President also urged friendship with the Arab nations and "a future of good relations between Israel and the Arab people."

He delivered his speech while accepting the "Light Of The World Award" from the World Academy in Jerusalem, a research institute for Biblical scholars, which honored Mr. Truman at the dinner for his "distinguished service for the spiritual uplifting of mankind and his humanitarian deeds." The award was presented by Rabbi Herbert S. Goldstein.

"We believed in the justice of Israel's cause when the State of Israel was created," Mr. Truman said. "The cause is no less just today. We also have a record of friendship with the Arabs in the Middle East. We believe where Arabs are unjustly treated they deserve just settlement of their claims."

"But we ought not to create the impression that we will not support the State of Israel. If we remain firm in the position that the State of Israel is here to stay and that a great future of good relations between Israel and the Arab people is possible with good will on both sides, then I believe that a just settlement can be worked out," the former President stated.

AMERICAN ORT FEDERATION RATIFIES PACT WITH J. D. C. ; APPROVES BUDGET

NEW YORK, Jan. 12. (JTA) -- A budget of \$5,038,100 of the World ORT Union for vocational training of 30,000 Jews in Israel, Poland, North Africa and other areas during 1958, was approved today at a national conference of the American ORT Federation held at Roosevelt Hotel here.

The conference ratified a financial agreement under terms of which ORT is to receive \$1,575,000 from the Joint Distribution Committee, out of United Jewish Appeal funds. The balance of ORT budgetary requirements are to be made up by the membership activities of the organization and local allocations received in countries served by ORT activities.

Dr. William Haber, president of American ORT Federation, announced to the delegates representing the organization's 75,000 members, that the newly established CRT program in Poland would be extended to 14 cities. Fifteen hundred Jewish repatriates who have recently been permitted to return to Poland from the Soviet Union, will be enrolled in these courses within the next few months.

General Yaacov Dori, president of the Technion-Israel Institute of Technology, told an evening dinner session that vocational education in Israel must be assigned a far higher priority than hitherto to meet industry's requirements for technicians and mechanics. Adolph Held, chairman of the Jewish Labor Committee, was chairman of the dinner meeting.

N. Y. MEETING DEMANDS RESTORATION OF JEWISH CULTURAL LIFE IN RUSSIA

NEW YORK, Jan. 12. (JTA) -- A demand that the Soviet Union "grant Soviet Jewry the freedom to live and create collectively" was voiced here today in a resolution adopted at a protest rally marking the 10th anniversary of the beginning of the Jewish cultural purge in the USSR. More than 1,500 people attended the rally, which was called by the Congress for Jewish Culture.

"Three million Jews are silent," the resolution said, "every indication of a Jewish national life has been destroyed." The resolution demanded of the USSR: that the Jews be given an opportunity to maintain their own literature, schools, theatres in the Yiddish language; that they be permitted to live in their own communal and cultural life, and afforded the opportunity of contact with Jews everywhere.

Principal speakers at the rally included H. Leivick, president of the Congress for Jewish Culture; Jacob Pat, executive secretary of the Jewish Labor Committee, and Mrs. Miriam Broderson, widow of Moshe Broderson, prominent poet-playwright who was imprisoned between 1950 and 1955 in the USSR. A message was received from Gov. Averell Harriman condemning the Soviet suppression of Jewish cultural and spiritual life.

Dr. Israel Goldstein, president of the American Jewish Congress, issued a statement demanding that the USSR grant its Jewish population spiritual and cultural freedom. He made the demand in connection with the 10th anniversary tomorrow of the execution of Prof. Solomon Mikhoels, founder of the Moscow Jewish State Theatre and a giant of a figure in Russian Jewish intellectual life. The attempt to wipe out Jewish cultural life in the USSR dates from Prof. Mikhoels' death.

A group of prominent American writers, in a letter to the New York Times this week-end, recalled the purge of Yiddish writers, the refusal of the current Soviet regime to permit a renaissance of Jewish culture and the existence of a quota system on Jews in education, professional and civil service fields. The letter concludes with an appeal to the USSR to release to Israel and other countries Soviet Jews. The signatories of the letter were: Saul Bellow, Leslie Fiedler, Irving Howe, Alfred Kazin, Philip Rahv, Lionel Trilling and Robert Penn Warren.

CHICAGO JEWISH FEDERATION APPROVES \$20,000,000 BUDGET FOR WELFARE

CHICAGO, Jan. 12. (JTA) -- A record budget of \$20,000,000 for the hospitals and social welfare agencies affiliated with the Jewish Federation of Metropolitan Chicago was approved here at the 58th annual dinner meeting of the organization. Five hundred civic and welfare leaders, who attended the dinner, heard Dr. S.S. Hollender, president, report that the sum will be spent for the medical and social welfare needs of an estimated 177,000 persons in 1958.

Dr. Morris Fishbein, former editor of the Journal of the American Medical Association who delivered the main address, said: "One of the most significant developments of our society in the past 50 years has been the rise of the philanthropic agencies concerned with health and their contribution to education, research and the alleviation of suffering." He noted that 44 percent of the total budget of the Jewish Federation now goes into medical care, including medical attention for the aged in the Federation's three homes for elderly men and women.

Samuel A. Goldsmith, executive vice president of the Federation, urged his audience to take a "bold new look at planning and financing for its medical and social welfare services. "With the expanding population in Chicago's metropolitan area, it is imperative that we have one overall Federation of Jewish philanthropies to meet local and overseas Jewish needs," said Mr. Goldsmith.

"With such an overall Federation," he added, "the total we would have to raise would be about \$10,000,000 per year, to meet commitments overseas as well as to meet human needs at home, and to provide funds for the continued expansion and development of Federation institutions. This is not an excessive sum, because in 1957 the Jewish community here contributed \$9,400,000 to its three major organizations, the Federation, the Combined Jewish Appeal and the United Building Fund."

40TH ANNIVERSARY OF JEWISH DAILY NEWSPAPER CELEBRATED IN ARGENTINA

BUENOS AIRES, Jan. 12. (JTA) -- The 40th anniversary of the existence of the Yiddish daily newspaper "Di Presse," one of the leading Jewish newspapers in Latin America, was celebrated here today at a gathering attended by leaders of all walks of Jewish life. Israel Ambassador Dr. Ariele Kubovi was among the principal speakers. The other Jewish newspaper in Buenos Aires carried articles marking the anniversary.

PRESIDENT OF BRUSSELS JEWISH COMMUNITY DECORATED BY FRENCH GOVERNMENT

BRUSSELS, Jan. 12. (JTA) -- The French Government has conferred the Chevalier's Cross of the Order of Social Merit on Max Lodner, president of the Brussels Jewish Community, it was announced here today. The award recognized M. Lodner's development of better relations between France and Belgium.