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## MAPAM SEEKS MAJOR CHANGES IN AUSTERITY PLAN; THREATENS TO QUIT CABINET

JERUSALEM, July 19. (JTA) -- Leaders of the leftwing Mapam Party warned Premier Levi Eshkol today that Mapam would not be able to continue in the coalition, if Finance Minister Pinhas Sapir's three-year austerity program for Israel was adopted without major changes.

The plan, designed to cope with Israel's economic problems and to eliminate a \$500,000,000 annual unfavorable trade balance, calls for a ban on wage increases for three years except when tied to greater productivity; payment of the cost-of-living allowance once a year instead of every six months; special legislation to prevent strikes affecting exports, such as those that recently tied up the Haifa and Ashdod ports; encouragement of industry to increase productivity and penalties for industries failing to boost efficiency and output.

The plan calls for a growth in annual exports of \$450,000,000 by 1969 and proposes creation of nearly 40,000 new jobs, primarily in export industries, import substituting industries and slum clearance projects. Also provided for are special benefits for export enterprises in tax rebates and exemptions from national insurance premium payments.

The plan would also continue a second stage of an import liberalization program with a gradual lowering of customs rates on competitive imports and establishment of large joint marketing firms to sell export products of small industries.

### Finance Minister Warns Israeli Firms; Foresees 50,000 Unemployed in 1969

In presenting the program the Finance Minister warned that firms unable to operate under the lower protective tariffs would have to close down, even if it meant increasing joblessness. The plan envisions 50,000 unemployed workers in 1969.

Abolition of the legal maximum on interest rates also was proposed, while low interest loans would continue to be available for "productive branches." The plan assumes no increases in Government and municipal taxes but calls for a new gifts tax to supplement the inheritance taxes and a capital tax to replace the present property taxes on equipment and stocks.

Mapam leaders Yaacov Hazan and Israeli Barzilai were reported to have warned the Premier that they could not accept "sacrificing the workers' interests" without similar steps being taken for industry and business. The Premier reportedly promised them that before the Government would act on the Sapir plan, it would be discussed informally by the coalition partners.

A certain coolness about the Sapir plan also has been reported among members of Achdut Avodah, the Mapai's alignment partner. These members also have asked for additional clarifications about the plan.

## ISRAEL FINANCE MINISTER AND BEN-GURION CLASH ON USE OF GERMAN FUNDS

JERUSALEM, July 19. (JTA) -- Finance Minister Pinhas Sapir denied today in Parliament -- after a verbal clash with former Premier David Ben-Gurion -- that West German funds provided this year to Israel in the first credit agreement between the two countries, were scheduled to be used for development of the Negev. West Germany granted Israel a credit of \$40,000,000 for 1966 in a general agreement scheduled for annual renegotiation.

The Finance Minister read aloud from a protocol of a talk between then West German Chancellor Konrad Adenauer and then Premier Ben-Gurion at a meeting in the Waldorf Astoria Hotel in New York City in 1960, at which the Chancellor promised economic aid to Israel. The protocol, prepared by an Israeli interpreter present at the talk, indicated that the Negev was mentioned three times.

The Finance Minister added that the West German credits were scheduled to provide work for 1,000,000 people in the fields of industry, agriculture and the merchant navy. He asserted that this understanding was further clarified when the funds were transferred from West German banks to the Israel Bank for Development and Industry. As far as the Negev was concerned, he declared, the Israel Government had invested 1,500,000,000 pounds (\$500,000,000) in the development of the Negev. This sum, he said, was far larger than West Germany's credit.

ISRAELI ARAB PLEADS GUILTY TO SPYING; SENTENCED TO THREE YEARS

HAIFA, July 19. (JTA) -- One of four Israeli Arabs accused of spying for Syria pleaded guilty today in Haifa district court and was sentenced to three years imprisonment.

The convicted spy, Ahmed Khalil Saadi, 33, was arrested in April and charged with conspiring to collect information and photographs for the Syrians. The trial of the other three defendants, accused on similar grounds, continued today. Police reported finding ammunition and grenades in possession of the four Israeli Arabs.

ISRAEL GOVERNMENT INTRODUCES SABBATH OBSERVANCE BILL IN KNESSET

JERUSALEM, July 19. (JTA) -- A Sabbath observance bill which would impose fines of up to 1,000 pounds (\$333) on factory owners, shopkeepers and artisans for working on the Jewish Sabbath or other religious festivals was introduced by the Government last night in Parliament and evoked vigorous debate.

Labor Minister Yigal Allon introduced the measure on behalf of the Government coalition of labor and religious parties as a compromise measure. Foes assailed it as an infringement of personal freedom but it was expected to be passed.

The measure represented a new focus of the struggle in Israel between religious and non-religious groups in Israel. The religious parties have been battling for years for a rigid Sabbath law which would ban public entertainment, sports events and many services. Other parties in and out of the coalition campaigned in the last elections against any new Sabbath restrictions.

The Labor Minister said that the measure would only extend to self-employed Jews in Israel and members of cooperatives the restrictions which have been applied in the hiring of workers since 1951.

He said the measure would not affect hotels, restaurants, cafes, places of entertainment, gasoline stations, bathing beaches, swimming pools and sports arenas. Some of these services are banned in some Israeli localities and presumably the bans would remain in effect locally.

The restrictions would apply to the affected persons both on the Sabbath and on nine holidays when work is banned under Jewish Religious Law.

Shlomo Gross of the ultra-Orthodox Agudat Israel Party announced that his party would oppose the measure. He said the proposal in effect sanctioned more Sabbath transgressions than it specifically banned. Dr. Elimelech Rimalt of Gahal, the Parliamentary faction of the rightwing Herut and some of the Liberals -- personally an observant Jew -- opposed the measure on grounds that "the legislature has no right" to enforce such principles by use of the police.

PLANS FOR ASSEMBLING FORD VEHICLES IN ISRAEL REPORTED ADVANCING

TEL AVIV, July 19. (JTA) -- The Palestine Automobile Corporation, Ford Motor Company dealer in Israel, disclosed today it was proceeding with plans announced last month for Israeli assembly of Ford vehicles.

At the same time, it was indicated that the Ministries of Commerce and Transport believe that the assembly operations should be carried out in one of the existing plants in Israel to avoid setting up still another factory in Israel, particularly in view of the current slump of automobile sales. Existing assembly facilities in Israel are all underutilized.

Directors of the Palestine Automobile Corporation declined to say with what assembly firm they were negotiating. They also said it was too early to forecast which Ford vehicles would be produced in Israel and in what numbers. However, they added, technically there would be no difficulty in producing large or compact passenger cars, like the Anglie, Cortina and Taunus, delivery cars and tractors.

SUPPRESSION OF BOURGUIBA MESSAGE BY ISRAEL RADIO PROVOKES INQUIRY

JERUSALEM, July 19. (JTA) -- Israel's Broadcasting Authority began today a comprehensive inquiry into the suppression on most Kol Israel news broadcasts of the fact that President Habib Bourguiba had sent a cable of congratulations to the ground-breaking ceremony on July 11 for the Truman Center for the Advancement of Peace at the Hebrew University here.

It was reported that an Israeli Foreign Ministry official had asked Kol Israel to suppress news of the Bourguiba cable after two broadcasts on grounds that publicity might affect the Tunisian President's standing in the Arab world. The Tunisian leader said, in his message, that he would have come to the ceremony if other engagements had not prevented him from doing so.

PRESIDENT OF BRAZIL THANKS ISRAEL FOR TECHNICAL AID; HONORS SHAZAR

BRASILIA, July 19. (JTA) -- President Castelo Branco of Brazil paid tribute last night, at a dinner in honor of visiting Israeli President Zalman Shazar, to Israel's technical aid to Brazil.

He told a distinguished audience at the President's Palace that the good understanding between his country and Israel was based not only on a common spiritual inheritance but also on Israel's "success in putting modern science and technique in service for the welfare of humanity.

"I want publicly to express the thanks and gratitude of my government for the disinterested cooperation that Israel's technicians are providing to communities in Brazil's northeastern region," the Brazilian President said.

He stressed that Brazil intended to implement the commercial, technical and nuclear energy agreements it had signed previously with Israel. He added that he welcomed President Shazar not only as a President but as a friend.

In his response, President Shazar cited Israel's pride in its ties of cooperation and friendship with Brazil. He said Brazil "gave refuge more than once to the children of my people, persecuted and exiled from their fatherland during milleniums." Declaring that there was no justification for the use of force to solve conflicts between nations, Mr. Shazar said that the Jews never left completely their birthplace in the Middle East and had now returned for good as a free and sovereign people.

"Our only desire," President Shazar continued, "is to be integrated in a most constructive way in the life of the region to which we belong and we are always ready to share with near and distant neighbors the fruits of neighborliness."

More than 100 persons took part in the kosher dinner, including Cabinet Ministers, Army leaders, Israel Ambassador Joseph Nahmias and Aluyisio Regis Bittencourt, Brazil's Ambassador to Israel. Brazilian Jewry was represented by Dr. Moises Kaufman, president of the Confederation of Brazilian Jewish Communities; Dr. Samuel Malamud, the Confederation secretary general; and Aaron Steinbruch, executive member of the World Jewish Congress.

A ceremony was held before the dinner in the National Congress building. The Congress, now in winter recess, named a Parliamentary Commission to pay respect to the visiting Israeli President. Deputy Cunha Bueno praised Israel's development and the Jews of Brazil for their contributions to Brazil's development. Senora Julia Steinbruch, wife of the Jewish Senator, presented Mrs. Shazar, in the name of the Congress, with two precious stones. The ceremony ended with President Shazar accepting the first of a special series of Brazilian postage stamps bearing his portrait issued specially for his visit.

SOVIET RESTRICTIONS AGAINST JEWS DISCUSSED IN BRITISH PARLIAMENT

LONDON, July 19. (JTA) -- A spokesman for the Labor Government rejected today in the House of Commons an appeal for direct representations by the Government to the Soviet Union on the plight of Russian Jewry.

The appeal was made by Sir John Foster, a Conservative Member of Parliament, who said that Soviet persecution of Jews had led to the closing of Jewish schools and of most of the synagogues in the Soviet Union. He said the British Government should make representations to Soviet authorities over these actions and also to urge unification of Jewish families in the USSR with their relatives in Israel and elsewhere.

Replying for the Government, Mrs. Irene White, Minister of State at the Foreign Office, said that the Government had made clear Britain's opposition to all forms of racism, including anti-Semitism, at the United Nations and that the Soviet Union was aware of British views on the issue.

She said that the Government had "every sympathy" for the problems of Soviet Jewry but that she hoped Sir John would appreciate the fact that it was "very difficult" to make official bilateral representations to another country on behalf of people for whom the Government could not claim a direct interest.

Sir Alec Douglas-Home, opposition spokesman on foreign affairs and former Prime Minister, told the House that the opposition wanted action on the issue by the Government. He said there were well-documented lists of restrictions against Soviet Jews and that this "quite clearly" offended against "every canon of human rights." He said it was the duty of the Government, despite all conventions, to make representations to the Soviet Union.

Mrs. White replied that in the Government's opinion, it was proper to raise the issue internationally, but that it was "not proper" to make direct bilateral representations.

JEWISH ATTORNEY NAMED MINISTER OF INDUSTRY IN MANITOBA CABINET

TORONTO, July 19. (JTA) -- Sidney Spivak, 38, Winnipeg attorney and businessman who is active in Jewish communal organizations, has been named Minister of Industry and Commerce in the Manitoba Provincial Cabinet by Premier Duff Roblin.

He is the second Jewish Cabinet Minister for Manitoba. The first was Maitland Steinkopf, who recently retired from public life. Mr. Spivak holds posts in the Winnipeg B'nai B'rith, YMHA and other agencies. He is currently chairman of the Joint Community Relations Committee of the Canadian Jewish Congress and B'nai B'rith for Winnipeg.

J.D.C. GRANTS TO YESHIVOT IN ISRAEL REACH \$1,000,000 THIS YEAR

JERUSALEM, July 19. (JTA) -- The Joint Distribution Committee is giving grants totaling \$1,000,000 to 130 yeshivot in Israel this year, or about 15 percent of their total budgets, Rabbi Leo Jung of New York, speaking for the JDC, announced here today. Dr. Jung is chairman of the JDC religious and cultural committee. He said these yeshivot were attended by more than 15,000 students or 90% of all the yeshiva students in the country.

Dr. Aaron Greenbaum, the JDC consultant on yeshivot, stressed a relatively new development encouraged by the JDC, the transfer of growing numbers of yeshiva students from Europe and the United States to Israel. Last year alone, he said, 500 such students came to Israel. Of 4,300 graduates of yeshivot assisted by JDC, he said, 1,200 were in the army, 500 were teachers and 100 were training for the rabbinate.

CHAGALL PRESENTS TO FRANCE 67 WORKS OF HIS SERIES 'BIBLICAL MESSAGE'

PARIS, July 19. (JTA) -- Marc Chagall transmitted to the French Republic yesterday 67 of his works which are part of a series known as the "Biblical Message" on which the Russian-born Jewish artist has been working for the last 15 years.

The 67 works will be displayed in a museum to be built at Nice on the Riviera to the artist's specifications. The works include 17 oils and 50 gouaches, aquarelles and drawings on biblical themes. Two famous masterpieces in the group are "Moses and the Tables of the Law" and "The Creation of Man." Many of the 67 works have never been on display.

The 79-year-old painter signed over title to the works at a ceremony in Nice which was attended by a representative of Andre Malraux, Minister of Culture. Mr. Chagall will be the consultant for the Chagall Museum, which will be built at Cimiez in a huge park which is part of Nice. A Matisse Museum already has been opened at the site. The Chagall Museum will not be completed before 1969. By then the artist plans to donate more of his works.

FOUNDATION GRANTS \$260,000 FOR STUDENTS OF JEWISH SOCIAL WORK

NEW YORK, July 19. (JTA) -- A grant of \$260,000 from the Herman Muehlstein Foundation, Inc., New York, to provide 40 two-year scholarships over the next five years for the graduate professional social work education of Jewish Community Center and YM-YWHA workers was announced here today by Sanford Solender, executive vice-president of the National Jewish Welfare Board.

The Herman Muehlstein Foundation grant, Mr. Solender said, is a major step forward in coping with the critical shortage of trained personnel for Jewish Community Centers and YM-YWHAs, which need 500 additional trained workers in the next five years. Recipients will be selected by the Scholarship Committee of JWB, the national association of Jewish Community Centers and YM-YWHAs. The grants will be known as Herman Muehlstein Scholarships and will be disbursed to recipients through the 92nd Street YM-YWFA Scholarship Program directed by Jack Nadel.

Under the terms of the Herman Muehlstein Foundation grant there will be awarded each year for five years beginning in 1967 eight such scholarships for two years of graduate social work education to students from the Greater New York area admitted to and matriculated in an accredited graduate school of social work in a recognized university. Each two-year scholarship will provide for tuition costs plus \$2,000 per year for living expenses.

FUNERAL SERVICES HELD FOR DELMORE SCHWARTZ; RABBI DELIVERS EULOGY

NEW YORK, July 19. (JTA) -- A funeral service at which a rabbi delivered the eulogy was held yesterday for Delmore Schwartz, the noted poet, who died of a heart attack here last week at the age of 52.

About 175 persons attended the funeral service at which Rabbi S.J. Steinberger delivered the eulogy. Frederick W. Dupee, Columbia University professor, Dwight MacDonald, the critic, and others also spoke. Burial was in Cedar Park Cemetery, N.J., a Jewish burial ground.