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March 29, 1952

A Statement By Purchasers of Israel Bonds in Indianapolis to The Board of Governors of the American Financial and Development Corporation for Israel, and the State of Israel.

We who have purchased and committed ourselves for future purchases of \$234,000 worth of Israel Bonds in Indianapolis feel ourselves obligated as a matter of honesty and conscience to make the following statement in the light of current circumstances:

1. The attack, "The Eyes of World Jewry are on Indianapolis..." is an outrageous fabrication from beginning to end. We are astounded that the State of Israel as a foreign government would lend itself to such an attack on an American Jewish community.

2. We resent and deplore the personal attack on Julian Freeman and Rabbi William P. Greenfeld. More than any single person, Mr. Freeman was responsible for the sale of \$600,000 in Bonds in Indianapolis - an amount as great as the Federation raised in 1951, and one of the best records in the entire country. He did much to arrange the meetings, organize the sale, and inspire the major purchases. Rabbi Greenfeld's friendship for Israel is well known to all of us. For twenty-five years he has been an ardent worker for Palestine and now Israel.

3. We resent and deplore the attack on Federation. Members of the Federation Board have purchased over \$300,000 in Bonds - more than one-half of the total purchases in the community. They have given leadership to the entire effort.

4. Surely this attack on our community cannot possibly have the purpose of selling Bonds in Indianapolis. Whatever its motives, it has only succeeded in undermining public confidence in the present administration of the Bond organization.

LOUIS BARNETT
ABE J. BARSKIN
HENRY BLATT
CHARLES BRENNER
HERMAN CHALFIE
DAVID M. COOK
EDWARD M. DAYAN
CHARLES FEIBLEMAN
ISIDORE FEIBLEMAN
MARCUS FEINBERG
MYRON FEINBERG
LIPOT FRANKOVITZ
MRS. JACK A. GOODMAN
LAZURE L. GOODMAN
MORRIS GOODMAN
JACK KAMMINS
MAX KLEZMER
MANUEL I. LEVE

MARTIN LARNER
ALEX LEVINSON
LEWIS LEVY
WALTER LICHTENSTEIN
DAVID LIPP
LEO LIPPMAN
DAVID MYERS
NATHAN REGENSTREIF
SAM SCHAHET
LEO SELIG
MAX SELIG
PERCY SIMMONS
JACOB SOLOTKEN
BERNARD STROYMAN
ABE WIDES
MYRON WOLF
SAM WOLF

A reign of psychological terror has gripped the Jewish community of Indianapolis. One man - Julian Freeman - having an iron control over the local Federation, has initiated a campaign of fear to destroy the dinner that is to be held in tribute to Mrs. Golda Myerson. The dinner to honor one of the greatest women of our day, the Minister of Labor of Israel, will be held on Sunday evening, March 30th at the Claypool Hotel (6:30 P.M.) under the auspices of the Bonds of the Israel Government.

WHAT ARE THE FACTS?

1. On February 25th a small committee hand-picked by Mr. Freeman as Federation President voted an order forbidding any Bond meeting or organized Bond activity in the city of Indianapolis from March 1st to June 15th. The so-called coordinating committee took this action without a proper discussion of its implications and without adequate consideration of all of the requirements of Israel. This committee decision was made public as an open letter to the entire Jewish community without the approval of the Federation Board and without the knowledge of some of the persons whose names were signed to it. Although the Federation drive does not require that much time, Mr. Freeman insisted on closing the doors of the city to the Bond Drive for the period from March 1st to June 15th.

2. This action was rammed down the throats of the committee, despite the fact that a BIG Day ^{for Israel Bonds} had been arranged for Sunday, March 9th, as part of a national one-day sales effort. The wilfulness of one man -- Mr. Freeman - forced the local Bond group to abandon the March 9th project, thus depriving Israel of additional dollars to meet its critical needs. In his capacity as President of the National Council of Jewish Federations and Welfare Funds, Mr. Freeman said he was going to teach the national Bond organization a lesson.

3. When the Bond dinner of March 30th was announced, Mr. Freeman was so outraged that in his role as President of the Indianapolis Federation, he threatened to cut out of its budget any agency whose officers dared to join in sponsoring the dinner for Golda Myerson.

4. In a deliberate effort to inflame the Jewish community against the Bond Drive and its leaders, Mr. Freeman induced a local Anglo-Jewish editor to publish the unfounded statement that the national Bond Drive had violated an agreement to bring Mrs. Myerson here solely under Federation auspices. He claimed that he had gotten such an agreement from Rudolf G. Sonnenborn, National Chairman of the United Jewish Appeal and President of the Bond organization. THIS IS NOT TRUE. NO SUCH AGREEMENT WAS EVER MADE. Yet Mr. Freeman proceeded to condemn and vilify the Bond organization for violating an agreement which never existed.

5. Mr. Freeman then appealed to Ambassador Abba Eban of Israel to help resolve the situation. Ambassador Eban, who is widely known for his understanding and objectivity, answered and proposed to Mr. Freeman that the March 30th dinner be sponsored jointly by Federation and Bonds. The following is the telegram which Ambassador Eban sent to Mr. Freeman:

TELEGRAM FROM AMBASSADOR EBAN TO MR. FREEMAN

HAVE CAREFULLY CONSIDERED YOUR TELEGRAM STOP MRS. MYERSON WAS CHARGED BY GOVERNMENT ISRAEL WITH RESPONSIBILITY OF EXPLAINING TO AMERICAN JEWRY OUR ECONOMIC AND FINANCIAL SITUATION WITH SPECIAL REFERENCE TO IMMEDIATE JEWISH RESPONSIBILITIES IN THAT REGARD STOP SHE HAS BEEN COURTEOUSLY WELCOMED AND RECEIVED BY AMERICAN LEADERS AND PUBLIC EVERYWHERE STOP INTERNATIONAL PRACTICE FULLY ENTITLES HER TELL HER STORY WHEREVER SHE DESIRES JUST AS ISRAEL PUBLIC INVARIABLY WELCOMES AMERICAN STATESMEN WHENEVER THEY COME TO ISRAEL AFTER MY CONVERSATION WITH YOU I UNDERSTAND ORGANIZED INDIANAPOLIS JEWISH COMMUNITY WOULD WELCOME MRS. MYERSONS APPEARANCE STOP I THEREFORE NOW PROPOSE THAT MRS. MYERSONS PUBLIC APPEARANCE 30 MARCH BE UNDER THE JOINT AUSPICES OF THE WELFARE FUND ORGANIZATION AND BOND ORGANIZATION AND THAT SHE EXPLAIN TOTAL PICTURE ECONOMIC FINANCIAL SITUATION STOP PLEASE CABLE YOUR ACCEPTANCE THIS COMPROMISE WHEREUPON WILL SECURE AGREEMENT OF ALL OTHER INTERESTS CONCERNED

EBAN

The Federation President ignored the compromise proposal offered by Ambassador Eban and then called a meeting of his Board to endorse his stubborn refusal to consider a peaceful settlement. A representative of the Bond organization was invited to attend the meeting. But he was kept waiting for two hours outside the meeting room, while the President and others made statements and allegations which were unknown to the Bond representative and therefore could not be answered by him.

At about 10:15 P.M. when the Israel Bond official was admitted to the meeting, he faced an audience which only a few minutes before had been told not to pay attention to anything that he would say. The Bond official was not given an opportunity to correct any statements or refute any charges made at the Board meeting. After he finished speaking, the Bond official was asked to leave the meeting. Those members of the Board who had hoped that some compromise proposal would be offered to the Bond representative for consideration by his organization were disappointed.

The Board of Federation dutifully voted 29 to 8 to reject the Israel Ambassador's proposal.

6. The issue has gone far beyond the borders of Indianapolis. As President of the Council of Jewish Federations and Welfare Funds, Mr. Freeman is

determined to make the exclusion act against the Bonds a test case for the entire country. If the order shutting out the State of Israel Bond Drive is made the pattern for the rest of the country, it will mean the loss of millions of dollars for the Bond Drive. The economic situation in Israel is so critical that Israel cannot wait for the investment dollars she must have now.

7. Why is Indianapolis the hatchery for this national campaign to undermine the Israel Bond Issue? The fury and the fire are so intense here because Mr. Freeman believes he can not only dissuade the Jews, but even the non-Jews from attending the dinner for Mrs. Myerson. And if he can destroy this dinner, he will win the victory he is seeking at any cost to Indianapolis or to Israel. Mr. Freeman has been opposed to the Bond Drive from its very inception --- from the very time he participated in the Jerusalem conference where the Bond Issue was conceived. But he has never had the courage to take a forthright stand against it. Instead he is conducting a vicious fight against the Bonds in the name of local coordination and what is best for the community.

8. In accordance with normal procedure in the case of an important event like the Myerson dinner, distinguished non-Jews as well as Jews were invited to participate in the sponsorship of the March 30th meeting, which was also announced as a fourth anniversary celebration of the State of Israel's independence. But as soon as a list of sponsors was published in the newspapers, the Federation began to pressure all those who accepted, including the Christian leaders such as Governor Schricker, Mayor Clark and editors, clergymen and others in a concerted effort to turn them against the Israel Bonds and the dinner. This reprehensible action recalls the infamous practice to which some Jews resorted in Czarist Russia when they would go to the police to inform on other Jews in order to destroy them.

9. The question which the Jews of Indianapolis must decide is how far can any Jew go to fight an Israel Bond meeting? How far can ^{he} go to insult and disparage the position which a grêat woman and a member of the Cabinet of Israel has in the hearts of American Jewry? How far can Mr. Freeman go and still profess to be a friend of Israel? How far can he go without doing serious injury to Israel and to the community?

10. What is Mr. Freeman trying to accomplish? Julian Freeman wants to rule all of American Jewry with the same iron fist he uses in Indianapolis. He wants to establish himself as the dictator over the machinery of every form of fund-raising for Israel. He is striving for total control of the purse strings of American Jewry for every cause and every purpose. He is exploiting his office as President of Federation here to suppress every vestige of freedom in Jewish

communal life in Indianapolis. And that, too, he would like to make the pattern for the rest of the country.

RABBI GREENFELD DECLARES WAR ON BONDS

11. Julian Freeman's rabbi is waging a holy war against the Bonds and Israel. Rabbi William P. Greenfeld, who has been the target of community criticism for certain business practices, is using his pulpit to smear the Bonds and Golda Myerson.

In a long-distance telephone conversation Rabbi Greenfeld told Mrs. Myerson that if she insisted on coming to Indianapolis for Israel Bonds, he, the rabbi and spiritual leader, would go to the Governor and tell him not to come to the dinner and to withdraw from sponsorship of the March 30th meeting. Mrs. Myerson replied that if Rabbi Greenfeld considered such a step in the best interests of Israel, he should do as he pleases.

In this situation, the Israel Bond Issue is not only fighting for its right to free access to Indianapolis or any other city. It is also fighting for the freedom of every Jew in this city and elsewhere to make his own decisions, to be able to think for himself and to make up his own mind without coercion, without intimidation and without fear. The future of Indianapolis Jewry --- the future of Israel --- depend on the right of any group of Jews to welcome and honor a great leader of Israel in this city.

The hands of many are tied. The lips of others are sealed. Only the free Jewish community can speak. AND THE VOICE OF THE JEWS OF INDIANAPOLIS MUST BE HEARD --- for the sake of their own integrity -- for the sake of Israel.

Join in affirming your own freedom of action. Show that you are proud of your democratic rights. Don't let one man's thirst for power rob you of your rights as an American and as a Jew.

MAKE YOUR PLANS NOW TO ATTEND THE DINNER IN HONOR OF GOLDA MYERSON ---
SUNDAY EVE. MARCH 30 - Riley Room - Claypool Hotel.

PHONE MARKET 4581 --- or come to our local headquarters.

Bonds of Israel Government
American Financial and Development Corp.
for Israel
108 E. Washington Street
Indianapolis, Indiana

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THE ANSHE EMET SYNAGOGUE

PINE GROVE AT GRACE

CHICAGO 13

SOLOMON GOLDMAN, RABBI

March 30, 1952

Indianapolis Jewish Welfare Federation
Indianapolis, Indiana

Gentlemen:

I am not acquainted with the background of the "affaire Indianapolis", but I do know your distinguished townsmen, Mr. Julian Freeman and Rabbi Greenfeld. And because I do I must express my sense of shock and indignation at the attempt that has been made to assassinate their characters. For high integrity and deep sense of consecration Julian Freeman has few peers among those who have risen to national leadership in recent years. He has not sought to dominate, nor does he belong among our publicity-made heroes. He is a forthright man who will not let others do his thinking for him. Likewise, Rabbi Greenfeld's convictions are deep, his courage great, and his service to Zionism considerable; and he, too, does his own thinking.

The manner of the attack on two such well-known communal servants is shocking, for its objective obviously is to eliminate them, rubbing them out, as they call it in some countries.

Some people are beginning to ask whether there isn't a camera in our midst that would bludgeon us all into submission, that has set itself up as the sole and only arbiter and steersman of our communities. Many people are beginning to ask how far it will go, and whom it will ultimately benefit.

I wonder whether His Excellency, Ambassador Eban, acted wisely when he interfered in the internal affairs of the Indianapolis Jewish community. For the past three years I have been telling American Zionists who wished to frame Israel's constitution, run its parliament, order its economic and religious life, and act as its diplomats, to become Israeli citizens. To my way of thinking, what is sauce for the American Zionists is sauce for Israelis.

I hope that we shall not have too many affaires d'honneur such as is now being fought in your city. They are not likely to redound to anybody's advantage.

Sincerely yours,

/s/ Solomon Goldman

THE COMMUNITY HAS SPOKEN

A Bonds for Israel meeting was held on March 30 in Indianapolis. It was held against the advice and wishes of this community.

The record is now complete. The facts are clear. They are being set forth, so that there will be no mistake about them, now or in the future.

WHAT WERE THE ISSUES?

1. Shall a community have the right to manage its own affairs, or shall it be governed by directives of the national office of the bond organization in New York?
2. Is it the sole purpose of the American Financial and Development Corporation of Israel to sell Bonds - or do those who direct its national office have other aims?

WHAT WERE THE ANSWERS?

1. This community has demonstrated that it is united - that its unity cannot be destroyed even by the most flagrant provocation - that it will manage its affairs - that it cannot and will not be dictated to.
2. The Bond organization has demonstrated that it was not interested primarily in selling more bonds. It has effectively undermined the prospects of further bond sales in Indianapolis.

WHAT IS THE RECORD?

A free dinner meeting was held. That it could be held was never in question. There is freedom of assembly in America, and we cherish it. The only question was, what purpose would such a Bond meeting serve on March 30, the very night that the Federation - UJA campaign was to open. Almost every leader of the community - almost every bond purchaser - was conspicuous by his absence.

The Federation - UJA campaign invited Mrs. Golda Meyerson to speak under its auspices to open its 1952 drive. The Bond organization insisted that it must co-sponsor the meeting. The Federation-UJA campaign could not accept co-sponsorship of its opening meeting by the Bond organization, which is not a beneficiary, and which is an investment and not a philanthropic enterprise. The Federation - UJA had never set co-sponsorship a condition of permitting bond meetings. The Federation

policy was set by a Board vote of 34 - 1.

The period set aside for the Federation campaign for UJA - Israel and other philanthropic causes, by unanimous agreement of all parties, including the local bond chairman and Zionist leaders was $3\frac{1}{2}$ months. The period for the Bond drive is $8\frac{1}{2}$ months. The bond organization is insisting on all 12 months. THERE WILL BE NO ORGANIZED BOND SALE DURING THE $3\frac{1}{2}$ MONTHS OF THE FEDERATION-UJA CAMPAIGN.

The Bond organization objected to the fact that no BIG Day was held March 9 in Indianapolis. It chose to overlook the BIG Day held a month earlier in this city, and the reality that it could not be repeated successfully in a few weeks.

It sought to set up a Bond - Federation cleavage where none existed. Members of the Federation Board had given leadership to the Bond drive, have themselves bought over one-half the total dollar amounts of the bonds sold in the city.

The Bond organization sought to belittle the community's bond sales. Yet the record of over \$600,000 sold in bonds speaks for itself - it equals the Federation - UJA campaign total - it is one of the best results in the country.

The Bond organization sent special personnel into the community to try to set the local Zionists against the Federation. It failed. The local Zionists leaders, rank and file alike refused to vote against the Federation action.

The local bond leaders supported Federation - UJA. They are the same people. The 35 people who purchased the bulk of bonds have themselves issued the strongest statement condemning the national bond action.

The shameful statement sent by the bond organization to every Jewish family in Indianapolis labeled "The Eyes of World Jewry are on Indianapolis", has aroused the contempt of the Jewish people in this city. We are pained and regret that the national office should have stooped to the Big Lie.

This never was a problem of local coordination. There has never been unity on the issue here. There was no local consultation or counsel for the bond setting. This was admitted publicly by the bond representative sent in to organize the meeting.

The experience of Indianapolis has shown clearly why it has been impossible to achieve national coordination between the UJA and the bond organization. It is not a two-sided problem. There is no national coordination only because one of the parties - the Bond organization - wilfully has prevented it.

Whom has the national bond office chosen to vilify? The very people - the very community - who throughout the years have sacrificially worked and given through the Federation to see Israel through its crises - who at this very time are seeking to conduct an all-out campaign, the major beneficiary of which is Israel itself.

We appreciate and were heartened by the support publicly voiced to this united community by Edward M. Warburg and Dr. Joseph J. Schwartz, the heads of the national United Jewish Appeal.

THE BOND ORGANIZATION CHOSE TO DISREGARD THE ADVICE AND HELP OF ALL ITS FRIENDS AND SUPPORTERS. IT HAS THEREBY UNDERMINED ITS FUTURE BOND SALES. IT HAS SOUGHT TO BREAK THE INDEPENDENCE AND UNITY OF THE COMMUNITY. IT HAS FAILED. THE COMMUNITY HAS REMAINED UNITED. WE WILL PROCEED TO CARRY OUT OUR OBLIGATIONS TO OUR PEOPLE IN OUR OWN CITY, IN OUR OWN COUNTRY, AND ACROSS THE SEA TO THOSE WHO DEPEND UPON UJA IN ISRAEL AND ELSEWHERE. IT HAS BEEN MADE MORE DIFFICULT BY EVENTS OF THE PAST FEW WEEKS. BUT WE HAVE PASSED THE TEST. WE SHALL NOT BE DETERRED.



INDIANAPOLIS, March 31.-- The dinner meeting which the national Bonds for Israel office insisted on holding in Indianapolis without local clearance and without local sponsorship at the time set aside by the community for the opening of the UJA-Jewish Welfare Federation campaign was held Sunday night, March 30. Almost all local leaders refused to attend. The meeting was apparently designed to undermine the local effort in behalf of UJA.

A mixed Jewish and Christian audience of some 500 persons from Indianapolis and from other cities in the State heard Mrs. Golda Meyerson, Labor Minister of Israel, and a telephone message from Eddie Cantor. Sam Rothberg of Peoria and Henry Montor, national executive vice-president of the bond organization, came to Indianapolis. It was the first free dinner meeting in Indianapolis Jewish history.

Local residents were convinced following the meeting that the result vindicated the complete local unity maintained in the face of the national challenge. Local Zionist leaders cooperated with the Federation position although urged to oppose it by national Bond officials who came to the city for the purpose.

The unique situation arose after the Jewish Welfare Federation had invited Mrs. Meyerson to address the opening meeting of the Federation-UJA campaign on March 30 and received a telephoned assurance that its invitation was accepted. The community then discovered that invitations had previously gone out from the national Bond office in New York to local residents asking them to attend a meeting in her honor for the same date, under the auspices of the Bond organization.

Meyer Steinglass, national publicity director of Bonds for Israel, sent in to arrange the meeting, told the Federation Board that he frankly had not consulted with anyone.

The situation again brought into the open the national conflict between the national Bond office and the national United Jewish Appeal over failure to achieve national coordination of the two efforts. Edward M.M. Warburg, general chairman, and Dr. Joseph J. Schwartz, executive vice-president of the UJA, sent a telegram to Mr. Freeman supporting the united community. The telegram was read at a community religious service at Temple Beth El Friday evening addressed by Rabbi William P. Greenfeld, Julian Freeman, Federation president, and Lazure L. Goodman, Federation-UJA campaign chairman. The meeting attracted a substantially larger attendance than the bond event.

The position of the UJA nationally has been that the UJA-Federation campaign and the Bond sale drive should be held at different periods of the year in each city, and should not overlap or otherwise conflict in organization and

publicity.

The issue arose from the refusal of the national bond office to accept the unanimous agreement of the local coordinating committee, including the local bond leaders, that organized bond sales be held in abeyance while the Federation was attempting to secure philanthropic gifts for Israel and other causes. The Indianapolis plan paralleled the action of cities in both 1951 and 1952. The bond holders also called attention to the sum of more than \$600,000 sold in bonds in Indianapolis as one of the best records in the country -- and equal to the total raised by the Federation in its campaign.

By taking the initiative with a Big day on February 10, Indianapolis had anticipated the national effort scheduled for March 9.

Local leaders also were aware that in such cities as Newark meetings were scheduled by the national Bond office for Mrs. Meyerson in the midst of the Federation-UJA campaign period and had been withdrawn upon local request. It appeared that the insistence on carrying out the meeting in Indianapolis was to make this city a testing ground of national directives and community unity.

When united local opposition became evident, the Bond group offered to have the meeting under the joint auspices of the Bonds and UJA. This was unacceptable to the Federation on the ground that all efforts had to be concentrated at this time on meeting the obligation to UJA. The Federation could not accept co-sponsorship of its opening Federation-UJA campaign with an organization that was not a beneficiary and was not a philanthropic program.

The Board pointed out also that the Federation and UJA had never insisted on co-sponsorship for meetings held for Bond purposes. It also could not understand why an Israeli Cabinet Minister could not speak for UJA without the necessity of Bond auspices. The Federation Board voted, 34 to 1, to reaffirm its original position to invite Mrs. Meyerson to address the opening meeting of the Federation-UJA campaign on March 30, under its auspices. The meeting would be a large mass community rally. The Bond group rejected it.

Heading the opposition to the national Bond office action were the local bond leaders and purchasers. Thirty five of the larger bond purchasers issued a joint statement condemning the national bond action. They termed a mimeographed statement issued by the Bond office and sent to every Jewish family in Indianapolis and throughout the State, attacking the Federation as a group and Mr. Freeman and Rabbi Greenfeld personally, an "outrageous fabrication from beginning to end". They further stated that Mr. Freeman had been largely responsible for the sale of bonds in Indianapolis, and that the Federation Board members had bought over half of the total amount of bonds sold in the community.

They praised Rabbi Greenfeld's record of community service and assistance to Israel.

"Surely this attack on our community cannot possibly have the purpose of selling bonds in Indianapolis", the statement read. "Whatever its motives, it has only succeeded in undermining public confidence in the present administration of the bond organization." It also expressed disbelief that the State of Israel, as a foreign government, could knowingly have lent itself to such an attack on an American Jewish community.

A point at issue between the community and the national bond office was the limited period of the Spring Federation campaign for UJA. Community leaders commented that this period could be used by the Bond organization to collect outstanding bond pledges previously made, just as Federation does during the balance of the year, so that the flow of bond cash could continue without let-up. They thought it both necessary and fair to set aside three and one-half months for UJA campaigning and eight and one-half months for Bond sales, and contrasted this arrangement with the insistence of the Bond office to campaign during the entire 12 months. They pointed to the fact that the same people in Indianapolis have had to carry both responsibilities, could not do both at the same time, and did not want to confuse a philanthropic with an investment program.

THE FACTS ABOUT THE INDIANA POLIS BOND
DINNER IN HONOR OF MRS. GOLDA MYERSON

On Sunday, March 30th, Indianapolis paid a very impressive tribute to Mrs. Golda Myerson at a dinner that was held at the Claypool Hotel under the auspices of the State of Israel Bonds.

Despite the organized opposition of the leaders of the Indianapolis Federation, a record number of 750 men and women representing a cross section of the Jewish population participated in the dinner and purchased a total of \$155,000 in Bonds.

Among the local leaders who attended the dinner were Sam Ziffrin, Chairman of the Indianapolis Bond Committee and Chairman of the Federation campaign in 1948; Mrs. Rose Levy, Chairman of the Women's Division of Bonds and also, Chairman of the Women's Division M Day of Federation; Robert Stolkin, Honorary Vice-President of Beth El Zedek Temple; Abe J. Miller, Secretary of Federation; Fred Davidson, Phil Juran, Vice-President of the Indianapolis Zionist District; and Max Katz, one of the founders of the Indianapolis Federation.

Those who sat on the dais included Monsignor Henry F. Dugan, Chancellor of the Catholic Diocese; State Representative Philip Willkie; Acting Mayor John R. Barney and Mrs. Barney; Rev. Roy E. Mueller, Secretary of the Presbyterian Church; Mrs. Theodore Fleck, President of the Federation of Women's Clubs; Mrs. Horace Shonle, President of the Indianapolis League of Women Voters; Mrs. H. L. Hasbrook, prominent woman leader; Howard J. Baumgartel, Executive Secretary of the Church Federation of Indianapolis; and Samuel R. Harrell, leading Indiana grain dealer and businessman.

Governor Henry F. Schricker who had proclaimed Sunday, March 30th, as Golda Myerson Day, delivered an impressive speech at the dinner stressing the

fact that a strong Israel was vital to the preservation of American democracy and praising Mrs. Myerson as a symbol of the spirit of pioneering of the people of Israel.

Some people have tried to give the impression that the Bond dinner in Indianapolis represented a conflict between the Israel Bond Drive and the United Jewish Appeal. This is not so. At no time was the United Jewish Appeal involved. Actually the problem in Indianapolis was created by the fact that the Federation and its president, who is also the president of the Council of Jewish Federations and Welfare Funds, was seeking to establish a formula for the exclusion of the Bond Drive for a much longer period than is normally required by the local Federation campaign. A committee appointed by the Federation voted to bar all organized Bond activity in Indianapolis for the period from March 1st to June 15th. This meant that the Bonds were to be kept out of the city for a period of fourteen weeks (running into the summer), although the Federation campaign has never required more than from four to six weeks' time.

In view of the fact that the Federation was not scheduled to begin its campaign until the early part of April, I believe that its leaders were not justified in organizing such a vigorous campaign to stop the Golda Myerson dinner. As a member of the Board of Federation and as a leader in the Indianapolis Bond Drive, I deeply regret that some of the Federation leaders have tried to fan the flames of controversy on the basis of unfounded claims and charges and made Indianapolis the battleground for a national fight against the Bond Drive.

It seems to me that the fundamental issue raised by the Federation was that its leaders wanted to have Golda Myerson come to Indianapolis exclusively for Federation. However, there is one important fact which the Federation people have repeatedly ignored and that is that they began to think in terms of inviting Golda Myerson for a Federation dinner only after the Bond Organization had announced plans for bringing the Israel Minister of Labor to the city for the purpose of selling Israel Bonds.

It is certainly not in accordance with the facts for the Federation to claim that the Israel Bond Drive pre-empted a date which it had set aside for the opening of the Federation campaign. When the Israel Bond Dinner was announced, there was no Federation campaign function on the March calendar of the community.

The situation was further confused by the claim which Julian Freeman, President of the Federation, made that Rudolf G. Sonneborn, National Chairman of the United Jewish Appeal and President of the State of Israel Bond Organization, had agreed that Mrs. Myerson was to speak under Federation auspices and not for Israel Bonds. We know now from the letter which Mr. Sonneborn sent to Mr. Freeman that there was no such agreement.

Subsequently, when Mr. Freeman addressed himself directly to Ambassador Eban to intervene in the situation, Ambassador Eban proposed that the March 30th event be sponsored jointly by the Bond Drive and Federation. When the Board of the Federation met on Wednesday, March 19th, Ambassador Eban's proposal was rejected and Mr. Freeman again insisted that Federation be the only sponsor.

Disregarding Ambassador Eban's suggestion that joint sponsorship would provide a peaceful solution to the problem, Mr. Freeman again telegraphed to the Ambassador, insisting that the Bond Organization give up its dinner and that Mrs. Myerson come to Indianapolis only for Federation.

Several days later I telephoned Mr. Eban to find out whether any reply had been sent to Mr. Freeman and I learned that the Israel Ambassador had sent the following telegram to the President of Federation in response to his refusal to accept the proposal of joint sponsorship:

"Thank you for your cable. There seems nothing I can do except wish Mrs. Myerson every success in her meeting stop As I cabled, she would gladly accept joint meeting which would be an honorable and harmonious solution stop Frankly I fail to see how Mrs. Myerson could kick aside the organization which originally invited her and allow another organization to take over sole and

exclusive sponsorship meeting stop Bond Organization is legally registered corporation fully entitled to appeal freely to all sections American public and enjoying full confidence and sympathy of Israel Government and in highest circles of U.S. Government which constantly advising us to accelerate and intensify our investment program stop Regret my compromise was rejected in favor of proposal which could hardly be accepted without sacrifice dignity and courtesy."

In the days prior to the dinner the local leaders of the Israel Bond Drive made every effort to achieve a satisfactory compromise. Unfortunately, the Federation leaders did not wish to resolve the problem except on the basis of completely driving the Bond Drive out of Indianapolis until the latter part of June.

Had there been any willingness on the part of the Federation leadership to find a satisfactory solution, there would have been no cause for any controversy. In Pittsburgh, for example, the same problem arose and there joint sponsorship was accepted as the solution by all interested parties. As a member of the Board of Federation, I repeatedly made proposals for a peaceful solution. But these proposals were rejected without any serious consideration.

There were many regrettable incidents. I fail to see how those who profess to be friends of Israel could justify their action in taking this quarrel to the leading Gentiles in our community or in conducting a very persistent campaign to force local Jewish and non-Jewish leaders to withdraw from sponsorship of the dinner in honor of Golda Myerson.

At the meeting of the Board of Federation its Executive Director stated that he had written the attack on the National Bond Organization which was published in the Indiana Jewish Chronicle. The Federation proceeded to send this paper to every member of the Jewish community and in many instances some individuals received as many as two copies of the same paper.

From the very beginning of our preparations for the Golda Myerson dinner, we studiously avoided any public statements of a controversial nature. For two

weeks the Bond Organization was subjected to a constant barrage of newspaper attacks and statements which it ignored because it did not wish to enter into any public debate or conflict. However, these statements, based on unfounded charges, were creating such wide misunderstanding and unjustified antagonism to the Bond Drive that the Bond Organization was compelled to issue a statement presenting the facts in the case.

Having lived in Indianapolis for some forty years, having had some part in the development of the Jewish community, I could not see any reason for the intensity or the bitterness of the opposition of the Federation--particularly when there was no basis of conflict between the Bond Drive and the Federation during the month of March. Even last Fall, when there was no question whatever of an approaching Federation drive, we encountered considerable resistance on the part of Federation leaders who opposed the sale of Bonds at a meeting planned for Foreign Minister Sharett of Israel.

It is interesting to note that those who did their utmost to undermine the Golda Myerscn dinner expressed the deepest concern that

- a) There would be no one at the dinner and
- b) That no Bonds would be sold

What happened at the Claypool Hotel on Sunday, March 30th, with an overflow audience responding in terms of \$155,000 in the purchase of Israel Bonds, was not only an indication of the interest which the people in Indianapolis have in the upbuilding of Israel, but also a protest against the leadership of Federation and its attempt to regiment the thinking and the action of the 7,200 Jews in Indianapolis.

It is my firm belief that involved in the Indianapolis situation was not a question of when a dinner could be held for Israel Bonds, but the basic principle of the right of any section of the Jewish community to hold a meeting for a legitimate and worthwhile purpose, without the dictation and interference of a few individuals who control the local Federation.

April 3, 1952

ALEX KATZ
Israel Bond Chairman for Indiana for B'nai B'rith
316 South New Jersey, Indianapolis

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April 1, 1952

Mr. Benjamin F. Saltzstein
710 North Plankinton Avenue
Milwaukee, Wisconsin

Dear Mr. Saltzstein:

The Indianapolis Jewish community was shocked and horrified when it received the enclosed letter from the American Financial and Development Corporation for Israel. In my opinion this is one of the most scurrilous attacks ever made upon an important American Jewish leader.

Furthermore, the letter is filled with misstatements. The enclosed clippings of the Indiana Jewish Chronicle will give you the real facts.

For your information, Julian Freeman was probably the single most important person in the organization of the Indianapolis Bond Drive. Under his impetus the local community was organized, the early Bond sales were made, and the community was made aware of the importance of the Bond issue.

Mr. Montor's heavy attack upon Mr. Freeman and this community is a most harmful action to the sale of Bonds and for the people of Israel. I feel that as a past member of the Board of Governors of the American Financial and Development Corporation for Israel that you should be made aware of Mr. Montor's outrageous conduct.

Sincerely yours,

Lazure L. Goodman

Lazure L. Goodman

Community Insists On Its Freedom Of Action In Telegram To Amb. Eban

Unified Community Stands Fast In The Face Of Onslaught By Outsiders

The Indianapolis Jewish community awoke Tuesday morning in stunned amazement to learn that the New York officials of the American Financial and Development Corporation for Israel had recently planned a meeting at the Claypool Hotel on March 30 at which Golda Meyerson was to speak. Afraid of resistance by the local people who had sold more than \$800,000 worth of Israel Bonds, the New York officials did not consult the Indianapolis Bond Committee or even take the trouble to inform them of their proposed action. Using a free dinner as bait, the New York officials hoped to attract enough people to a meeting to defy the will of the organized community and to give the appearance that outside interlopers could run a successful meeting contrary to the will of responsible leadership. This unprecedented action by the New York officials was done without any concern about the possible consequences on Israel nor without serious realization that the irresponsible actions could only bring harm to that struggling young State. The American Financial and Development Corporation for Israel apparently wanted to make a test case out of Indianapolis after many communities throughout the country had refused to organize similar meetings. Eighty percent of all Jewish communities in America are now in the opening stages of planning their 1952 campaigns. All responsible American Jewish leaders are fully aware that the success of their 1952 campaigns are dependent upon a unified effort by all members of their communities without outside interference from competitive drives, such as the sale of bonds.

DECISION AGAINST WILL OF PEOPLE

Mr. Sam Ziffirin, chairman of the Indianapolis Bond Committee, reported that he was as unaware of the decision by the national bond organization as anyone else. Other staunch supporters of the bond campaign, such as Lazare L. Goodman, Julian Freeman, Morris Goodman, Mrs. Jack A. Goodman, Mrs. Lewis Levy, Merrill Cohen and scores of others who had worked diligently for months on behalf of bonds were equally un-informed. When one of the paid officials of the bond organization was asked why the local leadership had not even been shown the courtesy of being informed, he replied that he was certain that these people would be against the proposed meeting.

OUTSIDERS CHALLENGE LOCAL UNITY

This invasion of the community by outside forces is most evidently an attempt to challenge the action of the local Coordinating Committee, which two weeks ago recommended a simple but effective arrangement to assure the success of both the 1952 campaign and the future sale of bonds. This action by the Coordinating Committee was concurred in by the local top leadership of the Bond Committee as well as the top leadership of the Jewish Welfare

Federation. The Board of Directors of the Jewish Welfare Federation by a vote of 23 to 1 backed the action of the Coordinating Committee and expressed its full confidence in its ability to give sound advice to the Indianapolis Jewish community. The community will recall that the Coordinating Committee recommended that the community should concentrate its effort exclusively on the annual spring drive from the period March 1 to June 15. This action by the Coordinating Committee was one of several agreements arrived at in the country between the local welfare funds and the local bond committees and has been a usual type of action to enable the communities to proceed in an orderly and dignified way in meeting their responsibilities for all causes. Apparently the New York officials of the bond organization prefer disastrous chaos to orderly procedures.

LOCAL RECORD BEST IN COUNTRY

The local Coordinating Committee recognized that if the community followed their recommendations, maximum success would be assured in 1952 for aid to Israel. The Coordinating Committee's action the previous year had brought an exceptional measure of success to both the Federation campaign and the bond drive. The bond organization is fully aware that the sale of bonds in Indianapolis is probably the best record in the country. This vital aid for Israel would not have been possible if the New York officials of the Bond organization had had their way.

WORK TO PRODUCE MOST FOR ISRAEL

Indianapolis was the first Jewish community in America to establish a Coordinating Committee to work out methods of coordination and cooperation between the bond drive and the Federation campaigns. Innumerable other cities immediately followed suit. Mr. Montorf himself in an interview in Jerusalem this summer paid high tribute to the efforts of the local Coordinating Committees and stated that the success of local bond drives was

due to efforts of the Coordinating Committees established by the welfare funds. In those few communities where there were no Coordinating Committees the result of the bond campaigns and the welfare campaigns were uniformly poor yet the national officers of the bond organization have been willfully and irresponsibly harming Israel by attempting to disrupt these orderly local procedures.

BIG'S RECORD OF SABOTAGE

Many efforts were made to get some measure of coordination on the national scene between the various competing drives. All such attempts ended in failure simply because the national officers of the bond organization had sabotaged them. Local coordinating committees were established definitely because of these failures on the national scene. Responsible national leadership which met in Chicago at the Council of Jewish Federations and Welfare Funds General Assembly in December 1951 and at the United Jewish Appeal Conference held in Atlantic City the following month again went on record urging that the officials of the bond organization of the United Jewish Appeal set up a national method of coordination. The officials of the bond organization ignored these appeals but deliberately immediately thereafter informed all its employees that the bond organization regardless of consequences was to run the bond campaign 365 days a year.

UJA—BACKBONE OF ISRAELI PROGRAM

Responsible leadership is aware that the major casualty of such actions will be the United Jewish Appeal. Despite all supplementary efforts including the sale of bonds, the United Jewish Appeal is the backbone of American Jewry's program to see Israel through its present crisis. The United Jewish Appeal has raised more money for Israel than all other efforts combined. Without the United Jewish Appeal there would be literal starvation in Israel. The Indianapolis Jewish Welfare Federation has been fully aware of that critical importance of the United Jewish Appeal in this great life or death matter in Israel. During the past six years this community has made avail-

able to the UJA more than four million dollars. The Jewish Welfare Federation to meet emergencies and crises pledged its good name and faith in the future by borrowing from banks in excess of two million dollars. Any move which harms the United Jewish Appeal at this time can only be an outrageous disservice to the hundreds of thousands people who are dependent upon the United Jewish Appeal for their food. The invasion of the American Financial and Development Corporation for Israel of this community at a time when the Jewish Welfare Federation is planning its 1952 campaign of which more than 60 percent will go into the UJA is an action which no responsible local leader can condone.

INVASION IGNORES JWF BENEFICIARIES

But even more important, 58 other organizations are dependent upon their existence on the Federation annual campaign, many of which perform vital services for Israel at home and nationally.

BIG OFFICIAL DEFIANT

When the Bond Organization was confronted with the fact that they had been negotiating in bad faith with the Jewish Welfare Federation on having Mrs. Myerson open the 1952 Campaign, their only reply was open defiance. Meyer Steinglass, the publicity agent of the National Bond Organization who was sent to Indianapolis to put on the high-pressure effort to entice people to the March 30 meeting, stated, "We will run this meeting even if I am the only man there."

FEDERATION BRINGS SUCCESS

Stung to action by this invasion of representatives of a national organization with no local responsibilities or ties, the united Indianapolis Jewish community could

make only one reply—Resistance. The unity and the harmony on the local scene which has brought so much success in past fundraising efforts and sensible planning would be maintained despite the onslaught by outside forces. The community is aware that there have been fifty years of continuous progress, effective meeting of all responsibilities, Local, National, and Overseas by unity and federated programming. The Federation is equally aware that no effort for any cause could succeed without Federation participation. It should be noted that the overwhelming amount of bonds purchased in this community was by members of the Board of the Federation. A responsible organization assumes a total need. Irresponsible interlopers can only fragmentize and bring destruction.

UNITY WILL BE MAINTAINED

In the face of the onslaught, the Indianapolis Jewish Community merely reaffirmed again that it is a sovereign community which has always made its own decisions and intends to remain thus. Local freedom of action and local sovereignty have been the rules of successful fund-raising in America, and the successful meeting of world-wide responsibilities. There is no other approach.

All leaders in Indianapolis immediately began a campaign to preserve the good name of our community. The full details of the case were laid before Ambassador Abba Eban and the top officials of the American Financial and Development Corporation for Israel. Most responsible organizations as well as individuals sent personal wires protesting this invasion of community rights. The challenge will be met!

COPY OF TELEGRAM
MARCH 13, 1952 11:00

AMBASSADOR ABBA EBAN
STATE OF ISRAEL
C/O ISRAELI EMBASSY
WASHINGTON, D. C.

THE FOLLOWING NIGHT LETTER WAS SENT LAST NIGHT TO RUDOLPH SONNENBORN NATIONAL CHAIRMAN UNITED JEWISH APPEAL QUOTE YOUR DECISION TO HAVE MRS. MYERSON SPEAK HERE UNDER AUSPICES OF BOND ORGANIZATION WAS DONE WITHOUT CONSULTATION WITH RESPONSIBLE LOCAL BOND LEADERSHIP AND AGAINST EXPRESSED WISHES OF ORGANIZED COMMUNITY. URGENT FROM PRESS RELEASES OF THE EVENING MAILING TODAY OF INVITATIONS BY BOND GROUP AND TELEVISION ANNOUNCEMENTS THE PLANS FOR PRESENTING MRS. MYERSON UNDER BOND SPONSORSHIP HAD MATURED PRIOR TO YOUR AGREEMENT WITH ME. WE INSIST THAT THE ANNOUNCED APPEARANCE OF MRS. MYERSON OF MARCH 30 UNDER AUSPICES OF BOND ORGANIZATION BE PUBLICLY REPUDIATED. INSIST THAT YOU ADHERE TO TERMS OF YOUR AGREEMENT OF MARCH 10 TO HAVE GOLDA MYERSON SPEAK IN INDIANAPOLIS ON MARCH 30 UNDER THE SOLE AUSPICES OF THE INDIANAPOLIS JEWISH WELFARE FEDERATION. UNDER THE TERMS OF THIS AGREEMENT MRS. MYERSON IS TO HELP OPEN THE 1952 CAMPAIGN OF THE INDIANAPOLIS JEWISH WELFARE FEDERATION AND TO PRESENT THE STORY OF ISRAEL. THE CONTENTS OF THIS TELEGRAM ARE AUTHORIZED BY LOCAL LEADERSHIP OF LOCAL BOND COMMITTEE AND WELFARE FEDERATION INCLUDING CHAIRMAN OF BOTH CAMPAIGNS. REQUEST REPLY BY RETURN WESTERN UNION END OF QUOTE STOP SHOCKED JEWISH COMMUNITY OF INDIANAPOLIS DEEPLY RESISTS AND PROTESTS ANNOUNCED MEETING PRESENTING GOLDA MYERSON UNDER AUSPICES OF BONDS OF ISRAELI GOVERNMENT TO BE HELD CLAYPOOL HOTEL INDIANAPOLIS MARCH 30 CHAIRMAN SAM ZIFFIRIN OF BOND DRIVE AND CHAIRMAN L. L. GOODMAN OF WELFARE FEDERATION REQUEST THIS IS NOT A MATTER OF COORDINATION AT LOCAL LEVEL. WE HAVE COMPLETE COORDINATION OF LOCAL FORCES. THIS IS AN ATTEMPT ON THE PART OF REPRESENTATIVES OF THE STATE OF ISRAEL TO FORCE THEIR ACTIONS ON AN INDEPENDENT AMERICAN JEWISH COMMUNITY. ACTION OF YOUR REPRESENTATIVES FURTHER VIOLATES AGREEMENT REACHED BETWEEN RUDOLPH SONNENBORN NATIONAL CHAIRMAN OF UJA AND THE UNDERSTANDING TO PRESENT MRS. MYERSON TO THE INDIANAPOLIS COMMUNITY ON MARCH 30 IN OPENING MEETING WELFARE FEDERATION CAMPAIGN. REGRET TO ADVISE HOWEVER THAT IT NOW APPEARS THAT ARRANGEMENTS FOR BOND MEETING WERE ALREADY A FAIR ACCOMPLISHMENT EARLY THIS WEEK AND BEFORE WE CONCLUDED OUR AGREEMENT WITH SONNENBORN. THIS COMMUNITY HAS THROUGH THE YEARS A PROUD RECORD OF SUPPORTING ISRAEL THROUGH THE UJA THROUGH OTHER AGENCIES OPERATING IN ISRAEL AND THROUGH PURCHASE OF BONDS. OUR 7,000 PEOPLE IN LAST YEAR HAD WELFARE FUND CAMPAIGN OF \$600,000 AND BOND COMMITMENTS OF \$600,000. THIS IS FAR ABOVE THE GENERAL AVERAGE FOR COMMUNITIES OUR SIZE OR LARGER. THE ATTACK OF PAID REPRESENTATIVES OF THE STATE OF ISRAEL UPON OUR COMMUNITY WILL BE RESISTED WITH ALL THE FORCE AT THE COMMAND OF 7,000 DETERMINED PEOPLE WHO INSIST ON MAINTAINING THEIR INDEPENDENCE OF ACTION. ADVISE YOUR IMMEDIATE INTERSESSION OR WILL NOT BE RESPONSIBLE FOR CONSEQUENCES.

JULIAN FREEMAN

Agreements Are Scraps Of Paper To Bond Officials

The amazement and chagrin of the community was compounded when it learned that Julian Freeman, President of the Jewish Welfare Federation and Honorary Chairman of the local Bond Committee, reached an agreement with Rudolph Sonnenborn, National Chairman of the United Jewish Appeal, and Chairman of the American Financial and Development Corporation for Israel, to bring Mrs. Myerson to Indianapolis under the sole auspices of the Jewish Welfare Federation. According to this agreement, Mrs. Myerson was to speak at a dinner to open the 1952 Campaign. This meeting was for the purpose of interpreting to the community the total needs in 1952. There was to be no solicitation. At the time when Mr. Freeman concluded a solemn and honorable agreement with Mr. Sonnenborn, the national bond organization had already completed all arrangements for its competitive meeting at the Claypool Hotel, had printed all the invitations, had sent in a staff of publicity experts from New York, and had sent wires to a large number of local leaders asking that they serve on a Sponsoring Committee for the bond meeting. It is needless to point out that responsible leaders refused to participate on the Sponsoring Committee and considered this duplicity a personal affront.

Federation Stands Pat Against Bond Meeting

Insists On Priority For Its Annual Campaign

The Board of Directors Wednesday night in extraordinary session voted 34 to 1 to reaffirm the Jewish Welfare Federation's basic policy towards the March 30 meeting for Golda Myerson. It authorized the leadership to once again extend their invitation to speak on March 30 under the sole auspices of the Jewish Welfare Federation to open the 1952 campaign. Many members expressed the feeling that they were shocked that a group of outsiders without local ties, without local permission, and without any local respectability were willfully and maliciously invading this community.

Past Community Success Due To Coordination

The meeting lasted four hours. Not only the Board of Directors but also approximately 40 outside observers listened in rapt attention as Julian Freeman, President of the Jewish Welfare Federation, reviewed the entire case from beginning to end prior to his placing the matter before the Board of Directors.

Mr. Freeman explained the origin of the bond drive, its relationship to the local communities, the participation in it by local leadership to make it the success that it is today. He also pointed out that Indianapolis' past success in the Federation campaign and the sale of bonds was due to an intelligent, effective procedure worked out by the Coordinating Committee. The Coordinating Committee was appointed over a year ago by the Federation. Its task was to work out an orderly procedure so that there would be no conflict in the timing and methods of the two campaigns. In its action this year, it was continuing along the successful pattern of 1951.

Mr. Freeman Reviewed What Happened In Other Cities

According to Mr. Freeman, where coordination existed, both campaigns were successful. Where there was no coordination but competition, both campaigns did badly and the effects were divisive. He explained to the members that he had arranged to have Mrs. Myerson speak in Indianapolis to open the 1952 campaign. While this arrangement was being consummated, the bond organization proceeded to face the community with a fait accompli with a bond meeting prepared long in advance.

United Community Will Solve The Problem

Freeman explained to the community leadership that "the well-being of Jewry throughout the world is dependent upon an effective and responsible central organization at home. It is our only tie with the future. It is our only method of helping people in Israel. It is the only way to live in a modern world. Any attempt by outside forces to shatter this unity will shatter our existence on the American scene."

Heavy Responsibilities Ahead

Mr. Freeman told of the gravity of the problem of Israel and the tremendous job that Indianapolis faces in raising more money than last year, in obtaining enormous sums of cash through banking and private sources for permanent expenditures and short-term notes. Several members of the Board reported later that Mr. Freeman's description of the great need had a most sobering effect. Mr. Freeman further pointed out that any interference with this job would be unspeakable.

Julian Freeman Hailed By Board

Many members noted that Mr. Freeman had undergone an intense strain during the past two weeks due to the attack upon his community, but it was the unanimous opinion that he undoubtedly gave one of the most brilliant and effective presentations in his long and distinguished career. As he concluded his remarks, the entire audience broke into prolonged applause.

Other Leaders Support Mr. Freeman

Important leaders immediately followed Mr. Freeman, expressing their opinion that the back-bone of the community, the people really interested in the welfare of Israel and America, were wholeheartedly behind the Federation stand. Lazare L. Goodman reported that several board members who were unable to attend fully supported the Federation position. These people were Louis J. Borinstein, David Lurvey, Philip Adler, Jr., Mrs. Jack A. Goodman, and Walter Wolf.

Rabbi William P. Greenfield reported on recent discussions which he had had with Golda Myerson, Rudolph Sonnenborn, and other leaders in the bond organization. He indicated that the bond organization was fully aware of the meaning of its actions, but that it was determined to proceed regardless of cost.

Stroyman Makes Motion

Bernard Stroyman presented the motion of the evening for discussion: that Mrs. Golda Myerson be invited to address the opening meeting of the Jewish Welfare Federation 1952 Campaign on March 30 under the exclusive auspices of the Jewish Welfare Federation.

Bond Organization Presents Its Case

Meyer Steinglass, director of public relations for the American Financial and Development Corporation for Israel, who is responsible for the New York Bond organization's arrangements in this community on behalf of the Myerson meeting, presented the views of that organization. Mr. Steinglass remarked that during his stay in Indianapolis he had been questioned as to why the bond organization had not consulted with the local leadership. His response to the question was that he knew that the community was opposed to this meeting. Therefore he stated that the bond organization decided to run the meeting without local consultation or approval. He stated that in his opinion the Coordinating Committee had acted hastily and without due consideration of the meaning of its actions. He expressed the opinion that the members of the Coordinating Committee were incapable of making a proper decision under the circumstances. Therefore the bond organization was justified in completely ignoring any local wishes. He recommended that the Federation repudiate the action of the Coordinating Committee. Mr. Freeman pointed out that that Board at its previous meeting had accepted the decision of the Coordinating Committee 23-1. Mr. Freeman also pointed out that Mr. Steinglass was questioning both the rights and the wisdom of the Board of Directors' previous ac-

Evidence of Complete Outside Control

A two-hour discussion from the floor then followed. Merrill Cohen, who was chairman of Big Day on February 10 and who was responsible for mobilizing the people of Indianapolis for a house to house solicitation for bonds, stated that the bond organization in Indianapolis is a dictatorship from the outside. He stated that during the entire time he was engaged on Big Day activities every move, every policy, every aspect was determined directly from New York. In his opinion the local bond committee is a faction that has no authority to act; opinions expressed by members of the committee are arbitrarily overruled. He stated that the ignoring of the bond leadership is a calculated approach and that the bond organization is actually an outside group.

Compromise Suggested

Some members of the Board expressed themselves that perhaps a joint meeting could be held on March 30 by the bond organization and the Federation. These members stated that they were fully aware that their opinions were in direct contradiction to the statements made by Mr. Steinglass, who had left no room for compromise. Other members of the Board stated that not only were attempts at compromise futile but they were contrary to the best interests of the Federation. However, an amendment was made to the original motion: "that the Jewish Welfare Federation and the Bonds for Israel jointly sponsor the meeting for Golda Myerson on March 30." Several board members immediately pointed out in opposition to the amendment that the Federation could not co-sponsor a meeting where bonds were to be sold, particularly where the sale of bonds would be injurious to the Campaign. Furthermore, they said that it would be absurd for the Federation to be partners with a group which is determined to destroy the community.

Several board members noted that not only did the bond organization maliciously attack the Jewish community but implicated many well-meaning Christians.

Senseless Expenditure of Funds

The opinion was expressed by some members of the board that they could not understand why the bond organization was "so hysterically and senselessly spending money on a meeting which would at best net insignificant returns." They stated that never before in the history of Indianapolis had an invitation been sent out inviting the community to a free dinner; never before had half-price ads been taken in the daily press inviting people to a meeting at which fund were to be raised. Lazare Goodman stated that hundreds of thousands of dollars worth of bonds had been sold in this community at insignificant cost even before the bond organization had set up its office; now thousands of dollars, sorely needed in Israel, are being recklessly spent to sell nothing.

More Evidence of Conspiracy Against the Community

As the discussion was coming to a close, Sidney Cahn, Executive Director of the Jewish Welfare Federation, presented additional evidence which he stated constituted a conspiracy against the

He reported that an important leader of another city had called Mr. Freeman just before the board meeting and informed Mr. Freeman that a high official of the bond organization had requested him to try to influence Mr. Freeman on behalf of the bond organization. This man also reported that the bond official had told him that the only reason the Myerson meeting was being scheduled in Indianapolis on March 30 was as a retaliation against the community for canceling the March 9, national day for house to house solicitation for bonds. Mr. Cahn pointed out that the official completely ignored the importance of selling bonds here and also ignored the importance of Mrs. Myerson. He was merely interested in retaliation. Mr. Cahn told of the unhappy experience of Newark, Pittsburgh, Denver, and Omaha communities in which the bond organization attempted to run meetings in competition with the local campaigns, but through the determined resistance of local leadership the bond organization was forced to withdraw. He also reported that contrary to the interest of the United Jewish Appeal, the bond organization had set up competitive fund-raising meetings during the heart of the New York United Jewish Appeal campaign. "It seems," he stated, "that running competitive meetings with the campaigns apparently is a national pattern and is part of a deliberate and willful policy to injure the United Jewish Appeal."

Stroyman States His Case

Mr. Stroyman concluded the discussion when he rose to explain the reason why he made his motion. With dramatic eloquence,

he said, "I was reared and educated in Palestine, now Israel. My love for that country and my affiliation with Zionism began when I was hardly able to walk. It is therefore unthinkable that I could be accused of any attempt to injure the land of my childhood. Even though the bond organization is supposed to help Israel, in this matter I cannot keep still. The demagogic conduct of the bond organization, its actions against the community make it imperative that this community resist with all its force. This is an attempt to weaken the Jewish community, and the life of Israel is inextricably tied up with the strength of the American Jewish community. Any weakening of the community is a serious harm to Israel."

An Overwhelming Vote Of Confidence

Mr. Freeman then called for the vote. The amendment for a joint meeting was defeated 29-8. The original motion made by Mr. Stroyman, "that the Jewish Welfare Federation invite Mrs. Myerson to address the opening meeting of the Jewish Welfare Federation on March 30 under the exclusive auspices of the Jewish Welfare Federation," carried by a vote of 34-1.

Hand Of Friendship Offered

As an offer of friendship towards Mrs. Myerson and the State of Israel, the Board of Directors, at Rabbi Greenfield's suggestion, unanimously endorsed a proposal that if Mrs. Myerson appears under the auspices of the Jewish Welfare Federation, all members of the Federation active in the bond organization do everything in their power to realize a large sum of cash from outstanding bond pledges to present to Mrs. Myerson.

INDIANAPOLIS JEWISH WELFARE FEDERATION

March 27, 1952

Dear Friend,

The Board of Directors of the Jewish Welfare Federation of Indianapolis, whose 63 members are representative of all major Jewish organizations, reaffirms its wholehearted support of the successful effort which has been achieved in behalf of the United Jewish Appeal and other beneficiaries of its annual campaign. It likewise reaffirms its wholehearted support of Israel and the sale of bonds of the Israel Government.

It realizes that through both, the welfare of the people of Israel and its government has been materially aided. The Jewish Welfare Federation firmly believes that maximum results can be achieved for both the Welfare Federation campaign and the Bond drive if they are not conducted concurrently, as such competition, if it occurs, would be detrimental to both causes. The outstanding success of both the Welfare Federation campaign and the Bond sale in Indianapolis during 1951 testifies to the soundness of such planning.

Because of this, the Jewish Welfare Federation has requested that between March 1 and June 15, 1952, the Bond sale representatives should not conduct any organized activity, and this action was carried out by the local Bond Committee.

In contradiction to this agreed policy, the American Financial and Development Corporation attempted a community-wide dinner meeting in Indianapolis to be addressed by Mrs. Golda Myerson on March 30 for the sale of bonds. To avoid conflict, the Federation requested that, instead, Mrs. Myerson address the kick-off meeting for the Jewish Welfare Federation campaign of which the United Jewish Appeal is the principal beneficiary. This request was denied.

On or about March 22, 1952, a long-page letter was distributed widely within the Indianapolis Jewish community by the Bonds of Israel Government through its Indianapolis office, in which an attack was made upon the Jewish Welfare Federation, its Board of Directors, its president, Julian Freeman, the Coordinating Committee, and Rabbi William P. Greenfield. The vicious allegations and accusations by the American Financial and Development Corporation for Israel are so replete with misrepresentations, distortions, and untruths that the Federation believes it would be dignified to make a detailed answer to them.

The Federation expresses its implicit faith and confidence in its president, Julian Freeman, and reaffirms the wisdom of the stand that he has taken in this particular matter as representing the almost unanimous opinion of the Board of Directors, and we take this occasion to pay tribute to Julian Freeman's leadership not only to Indianapolis, but also nationally as president of the Council of Jewish Federations and Welfare Funds and as a participant and leader in Jewish and non-sectarian causes. He has been an extraordinary and devoted advocate of the cause of Israel.

Rabbi William P. Greenfield has also been a loyal devotee to the cause of Israel on the local and national scenes. His position in the community is such that it requires no defense by the Federation, and the attack upon him is equally unjustified.

We believe that the community is entitled in support of the position that a competitive drive for the sale of Bonds would result in detriment to both the Welfare Federation campaign and the Bond campaign, and that the course which we advocate will be of greater benefit to the cause of Israel through a larger subscription to the United Jewish Appeal with the present Federation campaign and better subsequent Bond results.

Sincerely yours,

- | | | |
|--|--|--|
| NORMAN ARKANS
RALPH ADLER, JR.
ALF BORN
DAVID COBE
DANIEL CORN
MORDECAI E. COHEN
THEODORE S. GILMAN
EDWARD H. HAYAH
FRANK J. KATE
NICHOLAS F. KATZ
NICHOLAS F. KATZ
EDWARD FELDMAN
MARC L. FRANK
MARCELO FROSTBERG
RABBI MARCO GOLDBLATT
ALBERT S. GOLDSTEIN, JR. | MRS. JACK A. GOODMAN
LARRY L. GOODMAN
NORMAN GOODMAN
HARRY JACOB, M.D.
HARRY JESPEL
JACK KRAMER
IRWIN KATZ
SAM MAX ELZBERG
SAM FRANK
NORTH LARSEN
MORDECAI L. LEVY
LEVIN LEVY
DAVID LEVY
SAMUEL LITVINSON
LOUIS MARSH
LEONARD MESSNER | SAMUEL MESSNER
MAX PLESNER
JUDITH RABIN, I. RABIN
RUTH RABINOWITZ
MAYOR ROSENBERG
GEORGE SAMSON
WILLIAM L. SCHLOSS
SAM SCHWARTZ
LEO SELIG
MORT SIKANOFF
POLLY SHIMON
WILLIAM SWIFT
JACOB TOLSON
GEORGE WINSTON
VICTOR ZELMAN, M.D. |
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MEMBERS OF THE BOARD OF DIRECTORS

BOND INVITATION TO LOCAL LEADERS

Telegram Received March 11, 1952

By Maurel Rothbaum

"ON BEHALF OF HENRY MORGENTHAU, JR. I CORDIALLY INVITE YOU TO SERVE ON THE SPONSORING COMMITTEE FOR THE DINNER IN HONOR OF HER EXCELLENCY GOLDA MEYERSON MINISTER OF LABOR OF THE GOVERNMENT OF ISRAEL WHICH WILL BE HELD AT CLAYPOOL HOTEL MARCH 30 SUNDAY UNDER AUSPICES OF BONDS OF ISRAEL GOVERNMENT PLEASE WIRE YOUR ACCEPTANCE COLLECT."

WALTER SAVAGE
BONDS OF ISRAEL
GOVERNMENT
108 E. Washington St.

TELEGRAM TO MONTOR

Mr. Henry Montor
120 Broadway
New York City

Assume you have received word from Sonnenborn and Eban re position of organized Indianapolis community re bond meeting March thirtieth with Golda Meyerson. Note also our agreement with Sonnenborn to present Golda Meyerson under auspices Jewish Welfare Federation on March thirtieth. Your fail accomplish deeply resented by all responsible leadership. No question of local coordination involved. All local leaders both bonds and Federation firmly united and determined to resist invasion by outside forces. Record of Indianapolis re UJA and bonds excellent and should speak for itself your persistence in proceeding with March thirtieth meeting can only be harmful to Israel.

Julian Freeman

Rudolf G. Sonnenborn's Letter To Julian Freeman

New York City
March 14, 1952

Mr. Julian Freeman
Freeman Store Equipment Co.
77 South Harding Street
Indianapolis, Indiana
Dear Julian:

When I learned that your community had determined to exclude one of the truly great personalities of our generation from being heard, it seemed to me most unfortunate. Is it either American or Jewish that one group of Jews should attempt with every weapon at their command to make it impossible for another group of Jews in that same community to assemble in order to further constructive Jewish purposes?

You are in error in asserting that at any time I had reached an agreement with you involving the Indianapolis Federation. My conversation on March 10th with Rabbi William Greenfield and you holding phones at your end of the wire, was in the nature of a one sided dialogue — because as you took a breath, Billy took over and you afforded me little opportunity to say much. What I did state — though I am not certain you listened — was that Golda Meyerson was coming to Indianapolis on March 30th to present the critical needs of Israel at this time. I urged that all fragments of your Jewish community unite to welcome her and that every segment take maximum advantage of her presence. Your repetition of this error in misquoting our conversation to others, can only be ascribed to the vehemence with which you express your own views.

It seems to me that you are attempting to raise an issue involving the question as to whether any community in the United States can erect an iron around itself forbidding any one else access to that community unless visas and passports have been approved by one section of that community. In these United States today we are all members of one collective community and no passports are necessary.

To me, it is indeed rather shocking that a person who bears the

title of President of the Council of Jewish Federations and Welfare Funds should attempt to institute a practice that would isolate every community in the United States and erect barriers that would make impossible a free exchange of ideas. This certainly does not represent a democratic practice.

I happen to be a National Chairman of the United Jewish Appeal. I happen also to be President of the organization entrusted with the responsibility for the sale of State of Israel Bonds. I find nothing incompatible between these two responsibilities. On the contrary, they represent two of the four points which the State of Israel has recommended and which in turn all responsible American Jews have accepted as their responsibility. You, yourself, were present at the Jerusalem and the Washington meetings at which these two points were endorsed.

In Israel's present position, it is imperative that a maximum of philanthropic dollars flow to the United Jewish Appeal. It is important that every Jew that has the ability to give, should be called upon to contribute the maximum to the United Jewish Appeal through the Welfare Funds. There is no antithesis in suggesting that every community in the United States should have the right to call upon its citizens to lend a portion of their savings through State of Israel Bonds. That these two enterprises can be mutually helpful has been proved throughout the past year. It was highlighted vividly when, at the recent National Big Gifts meeting of the United Jewish Appeal in Miami on February 24th, the names of those who were making 1952 contribution to the United Jewish Appeal were announced. An examination of this list and of the list of those who have made contributions to Welfare Funds and the United Jewish Appeal in 1952, discloses that almost without exception the persons who purchased Bonds in 1952 have either given the same to the United Jewish Appeal in 1952 or have given even more. This is the best demonstration that men of responsibility and good will to Israel appreciate, that making contributions to philanthropy from tax deductible dollars does not in the slightest impair the right or the responsibility of an individual, out of his accumulated earnings, to purchase Israel Bonds to the extent his means will permit. An attempt to confuse the philanthropic and investment dollars can only be harmful to both.

The issue which you are raising, and one which can only have the most destructive effects upon the life of American Jewry, is whether any community in the United States can surround itself with a hard shell, impervious to other communities and to the world at large. I am convinced that the overwhelming majority of American Jews, who have been brought up in the tradition of democratic interchange of ideas, will not approve either the principles you seem to espouse or the methods you have chosen to present them.

Sincerely yours,

Rudolf G. Sonnenborn

FREEMAN'S REPLY TO SONNEBORN

March 18, 1952

Indianapolis

Mr. Rudolf G. Sonnenborn
300 Fourth Avenue
New York 10, New York
My dear Rudolf:

I have read with interest your letter dated March 14. May I comment on your letter paragraph by paragraph in the order listed in your letter.

(1) Our community is not at all taking the position that we wish to exclude Mrs. Meyerson. On the contrary, I thought we had made ourselves very clear that our community would welcome the opportunity of greeting Mrs. Meyerson.

(2) Your assumption, "One group of Jews attempting to make it impossible for another group of Jews in that community to assemble in order to further constructive Jewish purposes" has no bearing on the matter we have been discussing. There are no two groups in Indianapolis. The community is united. I know of no responsible leadership in this community that is in favor of the proposed meeting under the auspices of BIG.

(3) I must again disagree with you on your interpretation of our agreement or lack of agreement regarding our conversation of March 11. In answer to your own question addressed to me at that time, I specifically addressed you in your role as National Chairman of the UJA and described in detail the nature of the proposed opening meeting of our Welfare Federation campaign which we wanted Mrs. Meyerson to address.

(4) There is no question involved of a community in the United States erecting an iron curtain. But, there is a very definite question involved of the independence of a community. Each community is fully independent. Each community is the seat of decision on all matters that concern that community. In this instance a united community is being pressured by outside forces into an action against the will of that united community. Such action inevitably brings resentment. Such action will inevitably do none of us any good — you, Mrs. Meyerson, Mr. Eban or Julian Freeman personally. Certainly such efforts will not help Israel.

(5) I, as well as you, have found nothing incompatible between my responsibility for the sale of Israel Bonds and my responsibility to the UJA and my community. I was one of the prime movers in the local Bond Drive and was its Honorary Chairman. Where I disagree with you and have consistently disagreed with you since September 1950 is that you seem to feel that a community like Indianapolis can campaign for bonds and for free dollars at one and the same time — that a spirit of competition may help both campaigns.

I have consistently opposed such a concept. My position has been, and you personally have heard me repeat it over and over again publicly — that the same willing people must do both jobs — that those same willing people must be given the time in which to do both jobs. The time allotted for both jobs cannot run concurrently. There must be no overlapping. We believe that this approach has proven successful during the past year — that coordinated efforts have been accumulative — that competitive efforts have been substitutive.

(6) I know of no instance where I have attempted to confuse the philanthropic dollar and the investment dollar.

(7) As an American and as a Jew, I have always stood for democracy in American life and in Jewish life. In this instance, however, I see no issue of democracy being involved.

(8) The only true issue is — the Indianapolis Jewish Community wishes to use March 30th and Mrs. Meyerson's presence to kick off our Welfare Federation drive — of which some 70% goes for overseas needs, whereas that corporate entity BIG thinks a Bond meeting on the date in question to be more important and better for us.

(9) It is indeed sad that you and I — with aims so identical — can be so far apart of the means with which to attain these aims.

Sincerely yours,

Julian Freeman
**LAZURE GOODMAN'S
RESIGNATION**

March 17, 1952

Indianapolis, Indiana

Mr. Rudolf Sonnenborn, President
American Financial Development Corporation
120 Broadway, New York, N.Y.

Dear Mr. Sonnenborn:

Please accept my resignation as a member of the Board of Governors of the American Financial Development Corporation, effective immediately. I do not wish to be associated with your organization in view of your decision to have a public meeting in the interest of the Bond Campaign in Indianapolis on March 30, in open defiance of the expressed wish of our community, which now is in the process of organizing its own Jewish Welfare Fund Campaign.

You had previously been advised that the coordinating committee of our Jewish Welfare Federation had unanimously passed a resolution to the effect that there be no organized effort to sell bonds in our community until June 15 so as to give us time to complete our Welfare Fund Campaign without conflict.

That committee which was formed over a year ago purposely to avoid conflicts between the Bond Campaign and our Welfare Fund Campaign, has functioned successfully during that period of time, as a result of which we not only had a successful Welfare Fund Campaign, but in 1951 sold more bonds in Indianapolis than in any other Jewish Community of its size in the United States.

That committee is made up of the men who have been most active during the past year, in both the sale of bonds and in the Welfare Fund Campaign, including the present Chairman of the Bond Campaign for Indianapolis, so it should have been evident to you that this unanimous decision of the coordinating committee included the leaders in our community who had worked hardest for the success of the Bond Campaign in Indianapolis, and who continue to be interested in the welfare of Israel.

I fear that the arbitrary action of your officers in defying the wishes of our community can only result in harm to Israel through destroying the possibility of further successful organized campaigns to sell bonds in Indianapolis, and therefore, since I do not wish to be a party to such a policy, I hereby resign from your board.

Will you please acknowledge receipt of my resignation by return mail.

Very truly yours,

L. L. Goodman

Freeman's Telegram To Ambassador Eban

March 17, 1952

Indianapolis

Ambassador Abba Eban
Embassy State of Israel
Washington, D.C.

Thank you for your telegram. Understand fully heavy responsibility on Mrs. Meyerson to explain current and pressing economic needs of Israel to American public. Appreciate her efforts and want to be of greatest possible assistance. Agree Mrs. Meyerson entitled to every courtesy due a Minister of Israel and a great Jewess. For a long time the Indianapolis Jewish Welfare has waited for the opportunity to pay proper tribute to Mrs. Meyerson. Community painfully aware of our failures on occasion of Mrs. Meyerson past visits — also aware that these past assignments to re-work meetings painful and embarrassing. Leadership discussed this matter many times and felt that this year Mrs. Meyerson's presence could be an occasion of great significance and proper tribute to her. We feel the 1952 Jewish Welfare Federation campaign a most crucial one and that Mrs. Meyerson's presence further necessary to fully develop added responsibilities. Community must face to meet its share of emergency cash campaigns discussed last Saturday. We feel that nothing should divert attention from the campaign and its emergency cash demands. We are again therefore cordially inviting Mrs. Meyerson to address our Indianapolis community under the auspices of the

Indianapolis Jewish Welfare Federation on March 30 — to explain present critical needs of Israel and the American Jew's responsibility to meet same. Feel that our program must place emphasis on UJA through Federation plus loans both by community and individuals. We believe as you so aptly expressed at opening meeting by UJA, quote, "It remains vitally necessary for Israel's future to strengthen the UJA which is one of the most remarkable undertakings in voluntary statesmanship ever known. It is all indispensable architect of Israel's future. The other efforts on which we have embarked must supplement and augment but must not replace it." We hope Mrs. Meyerson will help us make your brilliant definition a working reality. Leaving town on business trip, but will return late Wednesday afternoon. Please let us have answer by Wednesday afternoon.

Cordially

Julian Freeman

AMB. EBAN'S REPLY

Telegram to Mr. Julian Freeman
From Washington

Have carefully considered your telegram stop Mrs. Meyerson was charged by Government Israel with responsibility of explaining to American Jewry our economic and financial situation with special reference to immediate American Jewish responsibility in that regard stop She has been courteously welcomed and received by American leaders and public everywhere stop International practice fully entitles her to tell her story wherever she desires just as Israel public invariably welcomes American statesmen whenever they come to Israel para After my conversation with you I understand organized Indianapolis Jewish community would welcome Mrs. Meyerson's appearance stop I therefore now propose that Mrs. Meyerson's public appearance 30 March be under the joint auspices of the Welfare Fund organization and Bond organization and that she explain total picture economic and financial situation stop Please cable your acceptance this compromise whereupon will secure agreement of other interests concerned. Eban

LATEST TELEGRAM TO AMBASSADOR EBAN

Hon. Abba Eban
Israel Embassy,
Washington, D. C.

A special meeting of the Board of Directors of the Indianapolis Jewish Welfare Fund was held last night for the purpose of discussing the March 30th meeting. It was necessary that I inform the Board of the urgency to meet the dollar needs of Israel discussed last Saturday in New York, and to inform them and make them cognizant of the difficult job ahead in terms of Welfare Federation campaign plus added bank borrowings by Federation plus added short term loans to be carried by individuals. Board took cognizance of the urgency of the need and expressed in no uncertain terms its desire to help. It recognized its responsibilities and resolved to meet them. Your compromise offer of joint sponsorship March 30th meeting submitted to them. Board was also addressed by Meyer Steinglass on behalf of Bond Corporation. The Board by an overwhelming vote of 34 to 1 once again reaffirmed its invitation to Mrs. Meyerson that she appear in Indianapolis on March 30 to speak at the kick-off meeting of the Jewish Welfare Federation campaign under the exclusive auspices of the Jewish Welfare Federation. We recognize your sincere interest in this matter and we wish to thank you again for your intercession in the problem created in this community by the Bonds for Israel organization. Would appreciate an immediate answer.

Cordially, Julian Freeman

March 27, 1952

Dear Friend,

The Board of Directors of the Jewish Welfare Federation of Indianapolis, whose 65 members are representative of all major Jewish organizations, reaffirms its whole-hearted support of the successful effort which it has historically directed in behalf of the United Jewish Appeal and other beneficiaries of its annual campaign. It likewise reaffirms its whole-hearted support of Israel and the sale of Bonds of the Israel Government.

It realizes that through both, the welfare of the people of Israel and its government has been materially aided. The Jewish Welfare Federation firmly believes that maximum results can be achieved for both the Welfare Federation campaign and the Bond drive if they are not conducted concurrently, as such competition, it recognizes, would be detrimental to both causes. The outstanding success of both the Welfare Federation campaign and the Bond sale in Indianapolis during 1951 testifies to the soundness of such planning.

Because of this, the Jewish Welfare Federation has requested that between March 1 and June 15, 1952, the local Bond organization should not conduct any organized activity, and this action was concurred in by the leadership of the local Bond Committee.

In contradiction to this agreed policy, the American Financial and Development Corporation announced a community-wide dinner meeting in Indianapolis to be addressed by Mrs. Golda Meyerson on March 30 for the sale of Bonds. To avoid conflict, the Federation requested that, instead, Mrs. Meyerson address the kick-off meeting for the Jewish Welfare Federation campaign of which the United Jewish Appeal is the principal beneficiary. This request was denied.

On or about March 22, 1952, a four-page letter was distributed widely within the Indianapolis Jewish community by the Bonds of Israel Government through its Indianapolis office, in which an attack was made upon the Jewish Welfare Federation, its Board of Directors, its president, Julian Freeman; the Coordinating Committee, and Rabbi William P. Greenfeld. The venomous allegations and accusations by the American Financial and Development Corporation for Israel are so replete with misrepresentations, distortions, and untruths that the Federation believes it beneath its dignity to make a detailed answer to them.

The Federation expresses its implicit faith and confidence in its president, Julian Freeman, and reaffirms the wisdom of the stand that he has taken in this particular matter as representing the almost unanimous opinion of the Board of Directors, and we take this occasion to pay tribute to Julian Freeman's leadership not only in Indianapolis, but also nationally as president of the Council of Jewish Federations and Welfare Funds and as a participant and leader in Jewish and non-sectarian causes. He has been an outstanding and devoted advocate of the cause of Israel.

Rabbi William P. Greenfeld has also been a loyal devotee to the cause of Israel on the local and national scene. His position in the community is such that it requires no defense by the Federation, and the attack upon him is equally unjustified.

We believe that the community is united in support of the position that a competitive drive for the sale of Bonds would result in detriment to both the Welfare Federation campaign and the Bond campaign, and that the course which we advocate will be of greater benefit to the cause of Israel through a larger subscription to the United Jewish Appeal with the present Federation campaign and better subsequent Bond results.

Sincerely yours,

NORMAN ABRAMS
 PHILIP ADLER, JR.
 ABE BORTS
 DAVID COOK
 ERNEST COHN
 MERRILL K. COHEN
 THEODORE R. DANN
 EDWARD M. DAYAN
 EMANUEL DEITZ
 RICHARD P. EFROYMSON
 SHOOLEM ETTINGER
 ISIDORE FEIBLEMAN
 MARC J. FRANK
 MARCUS FURSTENBERG
 RABBI MAURICE GOLDBLATT
 ALBERT S. GOLDSTEIN, SR.

MRS. JACK A. GOODMAN
 LAZURE L. GOODMAN
 MORRIS GOODMAN
 HARRY JACOBS, M. D.
 HARRY JOSEPH
 JACK KAMMINS
 IRWIN KATZ
 MRS. MAX KLEZMER
 SAM KROOT
 MARTIN LARNER
 MANUEL I. LEVE
 LEWIS LEVY
 DAVID LURVEY
 SAMUEL MANTEL
 LOUIS MARKS
 LIEBERT MOSSLER

SAMUEL MUELLER
 MAX PLESSER
 JUDGE SAUL I. RAB
 NATHAN REGENSTREIF
 MAUREL ROTHBAUM
 GEORGE SAMSON
 WILLIAM L. SCHLOSS
 SAM SCHAHET
 LEO SELIG
 BERT SICANOFF
 PERCY SIMMONS
 MRS. NAT SMITH
 JACOB SOLOTKEN
 BERNARD STROYMAN
 VICTOR TEIXLER, M. D.

MEMBERS OF THE BOARD OF DIRECTORS

American Financial and Development Corporation for Israel

OFFICE OF
HENRY MORGENTHAU, Jr.
Chairman, Board of Governors



120 BROADWAY, NEW YORK 5
Telephone: RECTOR 2-9500
Cable Address: BONDISRA

June 25, 1952

Dear Rabbi Friedman:

A lot of work has been done by members of the Bond organization during the past year in an effort to get together with other campaign activities for Israel and individual communities in the United States.

I feel that we have a very good story to tell and I would like to make this available to you for your own information and that of your friends.

Yours sincerely,

A handwritten signature in cursive script, reading 'Henry Morgenthau, Jr.'

Henry Morgenthau, Jr.
Chairman, Board of Governors

Enclosure

Rabbi Herbert Friedman
Temple Emanu-El B'ne Jeshurun
2419 East Kenwood Boulevard
Milwaukee, Wisconsin

"CO - ORDINATION"

The True Story Behind the Israel Bond Organization

From the time that the State of Israel Bond Organization was formed in January, 1951 until today (June, 1952), it had issued no statement to describe its position on the subject of "co-ordination." Those who have spoken most glibly of the need for "co-ordination" have either not known the facts or have deliberately misstated the facts.

The State of Israel Bond Organization, correctly or mistakenly, has believed that the mature Jewish community would, over a period of time, become aware of the true facts and, therefore, any indulgence in public controversy could only further embitter a situation which needed more rather than less tolerance and patience.

Background

In July of 1950 the Prime Minister of Israel first publicly raised the question of a State of Israel Bond Issue. He felt that the magnitude of Israel's economic needs required a new approach to its financial problems. It was not possible for Israel to continue to grow solely on the basis of segmentary fund-raising efforts. A total blue-print was needed. The Prime Minister convened a meeting in Jerusalem. It was held September 3-6, 1950. Some fifty-five Americans were present, in addition to members of the Government of Israel and of the Jewish Agency Executive.

The Prime Minister projected a program involving the expenditure of \$1,500,000,000 over a three-year period. Toward this sum, Israel itself plus communities outside the United States would be expected to provide \$500,000,000. It was hoped that the balance of \$1,000,000,000 would come from America. At Jerusalem a 3-point program was evolved. This was enlarged to 4 points at a National Conference, flowing out of the Jerusalem meeting, held in Washington, D.C. October, 1950. The four points were: (1) Continuation of the United Jewish Appeal; (2) Stimulation of private investment; (3) Intergovernmental grants-in-aid; and (4) Support of a State of Israel Bond Issue. Not a single voice of dissent to this program was raised at the Washington Conference, which was hailed as the most widely representative gathering held in the history of the American Jewish community.

The background for the Prime Minister's program was well known. Essentially, Israel was importing vastly more than she exported. It was necessary to provide the machinery and equipment for construction and development, so that Israel could produce what she ate and consumed; and so that Israel would have to depend on a minimum plane

for food or other materials from outside the country. What was necessary, therefore, was to import investment capital to enable Israel to become self-supporting. These principles have been accepted as sound by both economists and community leaders.

In the four years that Israel has been a State certain economic truths stand out. In 1948, the State of Israel had a Jewish population of some 650,000. In 1952, the State of Israel has some 1,500,000 Jews. In 1948, the United Jewish Appeal was the principal source of dollar income for Israel. In that year, American Jewry provided some \$150,000,000 to the United Jewish Appeal. Israel was the largest single beneficiary. In 1949, the income of the UJA had gone down to about \$105,000,000. In 1950, it was somewhere between \$84,000,000 and \$88,000,000. By 1951 it had been reduced to some \$75-\$80,000,000. It is clear that in 1952, the income of the UJA will be \$70,000,000 or less. The figure still represents outstanding generosity on the part of the American Jewish community. But in terms of Israel's needs, we see: on the one hand, a population that is more than twice as great as it was four years ago; on the other hand, an income for Israel substantially less than four years ago.

All of this was clearly foreseen and discussed at the September, 1950 Jerusalem Conference.

There were those at Jerusalem who expressed strong views against a Bond Issue for Israel. They felt that very little funds would be forthcoming from such a source. They believed, furthermore, that the United Jewish Appeal would be destroyed as a result. Looking at the results since September, 1950, what do we see?

(1) The United Jewish Appeal has raised less money than in 1950, but, in the view of all objective observers, it has achieved outstanding results, in the face of psychological factors related to the Jewish situation abroad and in the light of the severe effects of the economic situation upon many elements of the Jewish community here. If less money has been raised than in previous years, it is due to factors essentially beyond the control of the United Jewish Appeal.

(2) In the field of private investment, the amount of dollars actually transmitted to Israel from the United States during this period has been comparatively negligible. Unfortunately, there has been a great deal of confusion between public announcements of intentions to invest and the actual availability of dollars flowing into Israel's economic system.

(3) A great new factor for Israel's economic strengthening has been the grant-in-aid program of the Mutual Security Act. This is a direct outcome of the discussions held in 1950. In the 1951-52 fiscal period, Israel received \$65,000,000 from the United States Government and, in 1952-53 it is probable that the figure may be somewhere around \$70,000,000.

(4) The State of Israel Bond Issue was launched on May 1, 1951. In the first year of its activity ending April 30, 1952, a total of \$130,000,000 was received in subscriptions, on which almost \$72,000,000 was paid in cash. Including loans that were made by the State of Israel on the basis of unpaid subscriptions, the cash sums put at the disposal of Israel by Bonds during the period from May 1, 1951 to May 2, 1952 totalled \$83,500,000.

(5) But all of this was a far cry from Israel's needs. In 1951 Israel was still in need of imports of some \$250,000,000 and was exporting some \$60,000,000.

The Cry for "Co-Ordination"

At the beginning, few people took the Israel Bond issue seriously. They thought it was a figure of speech and would never come to reality. Many doubted that the American community would respond. But when, in February, 1951, the first genuine steps, legal, organizational, administrative, began to be taken to set up the Bond campaign on a national and local basis, the cry for "co-ordination" began to sound.

What did "co-ordination" mean?

On the part of many local leaders, sincerely interested in all forms of aid to Israel, it meant an effort to assure cooperation so that the United Jewish Appeal and the Israel Bond campaign could achieve maximum results. These local leaders wanted genuinely to be of service to the Israel Bond drive and to continue their extraordinary labors for the United Jewish Appeal. They felt that they could not do both things at the same time. Wherever this interpretation of "co-ordination" has marked the community, the record shows that the Israel Bond organization has been uniformly and eagerly cooperative.

But for many others, especially the representatives of vested interests which were concerned only with their own particular welfare and not the best interests of Israel, the term "co-ordination" has really meant "STRANGULATION"--for the Israel Bond Issue. These persons never meant to help Israel Bonds. Their real concern was merely to see to it that the Israel Bond campaign did not interfere in any way with the particular cause to which they were traditionally attached. "Co-ordination" in their eyes merely meant removal of the Israel Bond campaign for such periods of time as seemed most desirable to them. At no time, after "co-ordination", did they provide the genuine help that was implied in their demands for waiving Israel Bond activities during certain periods.

Principles of Israel Bond Campaign

The officers of the national State of Israel Bond Organization have hewed to a

certain, consistent line from the beginning. It can be summarized as follows:

(1) The State of Israel is urgently in need of investment capital. The largest source from which Israel can obtain long-term loans from the public for such purposes is the Israel Bond Issue. The Bond Issue is not a philanthropy. It is an investment. It does not go to the same sources of money from which philanthropy is derived, that is, tax-deductible dollars. Therefore, individuals can give and invest at the very same time.

(2) The sponsors of the Israel Bond Issue are primarily concerned with the welfare of Israel and not alone with the results of the Israel Bond drive. Therefore, since the Israel Government states its continued need for the funds of the United Jewish Appeal, it is a matter of communal responsibility to support the United Jewish Appeal to the maximum degree, with funds and with work. Moreover, the Israel Bond Organization is eager to accelerate the rate of private investment in Israel and does not regard such investment as in any way competitive but rather helpful to the Israel Bond campaign.

(3) Legal and selling obligations require that Israel Bonds shall be sold throughout the year. The philosophy of the Welfare Fund is that an individual is expected to contribute once a year to all causes and, therefore, the maximum sum is expected from him at one time. Then he is through. That is not the philosophy of the Israel Bond campaign. An individual buys Bonds in accordance with his resources at varying times of the year and in relation to various events that can be marked with the purchase of Israel Bonds.

Primarily Israel Bonds sell through the facilities of voluntary organizations and the volunteer efforts of individuals in the community. It is understandable, therefore, if an individual who wishes to devote a great deal of time to Israel Bonds and also to his local Welfare Fund (or United Jewish Appeal) should say that he can do his best work if he does one at a time. There are others who believe that since the two activities represent entirely different sources of money, the same individual can engage in both at the same time. The sincerity of both individuals is beyond question. Where there are many such individuals in a community and, in fact, the total leadership, or the largest part of the leadership, is concerned with the success of both the United Jewish Appeal and the Israel Bonds then the question of the best use of their talents and time not only can be, but has been, arranged on the most amicable and effective basis. There are many communities in the United States which furnish proof of this.

A totally different situation arises, however, where the leadership of a Welfare Fund is not interested in Israel Bonds, will not buy Bonds, will not sell Bonds.

When such a leadership insists on "co-ordination" it merely means that it wants no interference with that particular Welfare Fund. In many such cases, "co-ordination" has meant: we want total, unquestioning cooperation from the Israel Bond Organization but proffer no cooperation in return. In such cases, Welfare Funds which campaign in the Spring of the year want no Israel Bond activity of any kind from February to July 1 as far as sales are concerned. Then in October and November they feel there should be a delimitation of Bond activity since the Welfare Fund is attempting collections on Spring pledges. In December and January, the Welfare Fund wants a delimitation of Bond activity on the ground that it is beginning to "plan" for the Spring campaign. The Welfare Fund ignores the fact that July and August are virtually impossible months for any kind of organized activity.

This is called "co-ordination."

It should be no surprise, therefore, that the national Israel Bond Organization should not give its endorsement to such an interpretation of "co-ordination."

(4) The Israel Bond Organization is governed by many legal requirements. Moreover, it is a national organization having financial as well as legal responsibility for every Bond office in the country. Every postage stamp, every advertisement, every telephone call is paid for and audited at national headquarters. The national Bond Organization must be responsible for uniform policies. That is why the national Bond Organization has made it clear to every local community that the last judgment on policy legally must reside in the national organization. That is not intended as a negation of local community responsibility but as an inevitable consequence of the manner in which the Israel Bond campaign is required to be conducted.

History of "Co-ordination"

Having witnessed for a year and a half a campaign of misrepresentation of its position, the Israel Bond Organization now feels compelled to present the record. There should be a clear distinction between the position of the Israel Bond Organization vis-a-vis the United Jewish Appeal and vis-a-vis the Welfare Fund. The Israel Bond Organization, through its officers and personnel, and by virtue of its association with the State of Israel, feels a close spirit of kinship with the United Jewish Appeal. It has an interest in Welfare Funds to the extent that these represent the United Jewish Appeal on the local scene. As individuals, of course, officers of the Israel Bond Organization have an interest in the total Welfare Fund, representing as it does various aspects of Jewish effort.

These are facts which speak for themselves:

(1) In the latter part of August, 1950, the plane taking the American delegation

to the Jerusalem Conference carried Stanley Myers, President of the Council of Jewish Federations and Welfare Funds, Julian Freeman, Vice-President of the Council, and Henry Montor, now Vice-President and Chief Executive Officer of the Israel Bond Organization. Mr. Montor had met with the Prime Minister of Israel in July, 1950 and was informed of the Prime Minister's plan to project an Israel Bond Issue. No plans had yet been formulated as to how the Bonds, if actually floated, would be sold. Mr. Montor then presented to Messrs. Myers and Freeman on the Air France plane going to Israel the following proposal for consideration: each Welfare Fund in America should assume responsibility for the philanthropic dollar and for the Bond Issue, each community to decide in advance--in relationship to its special composition--how much it felt it could provide through philanthropic dollars and how much through Bonds. It would then assume an obligation for a total amount over a period of years, and this commitment would be made known to Israel as a basis for its planning. Thus, communities which felt they could raise only philanthropic dollars, for example, would bind themselves to a specially high obligation in that field. Others might feel they could sell only Bonds and they too would undertake that responsibility in specific terms. Most would do both, in varying shares. The Welfare Fund, according to this proposal, would be the central fund-raising instrument for Israel in all phases.

Messrs. Myers and Freeman reacted negatively to this suggestion. They urged Mr. Montor not to present his proposal to the Jerusalem Conference, on the ground that it might confuse the gathering and might imply a willingness on the part of Welfare Funds to undertake an obligation which they, as chief officers of the Council of Federations, were not prepared to subscribe to. Mr. Montor complied with their request. It was a proposal discussed subsequently with other officers of the Council, notably Mr. Harry Lurie, Executive Director, but nowhere did this view receive acceptance.

Thus, if the Welfare Funds of America, as a group, do not today carry primary responsibility for the Israel Bond drive, it is not because such a possibility was excluded by the Israel Bond Organization.

(2) The history of the relations between the Israel Bond Organization and the United Jewish Appeal of Greater New York, affecting the largest Jewish community in America, offers the most vivid demonstration of the constant search that the Bond organization has made for genuine cooperation, that is, mutual aid for common purposes.

On Monday, February 5, 1951, a meeting was held at the Biltmore Hotel in New York City between representatives of the Bond organization and of the New York

UJA. This meeting was called at the initiative and request of the Bond organization in order to work out a formula of cooperation in the New York community. The Bond organization was represented by Henry Morgenthau, Jr., Rudolf G. Sonneborn, Benjamin Browdy, Charles Gutwirth, Sam Rothberg and Henry Montor. The New York UJA was represented by Monroe Goldwater, William Rosenwald, Samuel Leidesdorf, Dr. Irving Miller, Mrs. Abraham Geller, Edwin Rosenberg and Henry Bernstein. At that time, the Bond representatives presented their program of operations and offered a series of specific formulae for cooperation in New York. It was stated that a meeting of the Executive Committee of the New York UJA would be held to present the matter. From Monday, February 5, 1951 until April 5, 1952 there was no further communication from the Executive Committee of the New York UJA to the Bond organization. There were discussions between individuals, but at no time did the New York UJA as an official organization seem willing to sit down and meet with the officers of committees of the Israel Bond organization to discuss matters of mutual interest.

On Wednesday, May 2, 1951, Dr. Nahum Goldmann, in his capacity as Chairman of the Jewish Agency Executive, arranged a meeting between representatives of the New York UJA and of the Israel Bond organization. It was a futile meeting. Representatives of the New York UJA took one of two positions: (a) either that the Bond Organization should completely abandon any attempt to sell Bonds in New York City until September; or (b) that they did not believe in the validity of Israel Bonds and would not participate in any way in working for Israel Bonds--but insisted that there should be no Israel Bond campaign to interfere with the United Jewish Appeal in New York.

On June 7, 1951, Mr. Henry Morgenthau, Jr., Chairman of the Board of Governors of the Israel Bond Organization, and Mr. Julian Venezky, Chairman of its Executive Committee, called on Mr. Eliezer Kaplan, Finance Minister of Israel, who was then in New York. Mr. Morgenthau stated that he was unhappy about the tension that had arisen because of misunderstanding between the Bond drive and the United Jewish Appeal, of which he had been General Chairman for four years. Considering the situation that had developed in New York and in other communities, Mr. Morgenthau suggested to Mr. Kaplan that "a national committee be established which would coordinate the efforts of the UJA and the Bond drive with Mr. Montor and Dr. Schwartz working on the operating level." Mr. Kaplan responded favorably to Mr. Morgenthau's suggestion.

As a result of this concern and initiative on the part of Mr. Morgenthau, a meeting was held in Mr. Kaplan's apartment, between representatives of the Bond Organization and of the United Jewish Appeal, including some representatives of New York

City. Out of this meeting, where there was agreement on having such a co-ordinating committee, a committee grew. It consisted of four named by the national United Jewish Appeal: Edward M. M. Warburg, Morris Berinstein, Dr. Nahum Goldmann and Dr. Joseph Schwartz; and four named by the Bond Organization, Henry Morgenthau, Jr., Julian Venezky, Rudolf G. Sonneborn and Henry Montor.

In describing this committee as he saw it, Mr. Morgenthau said at that time: "Once they are on this committee they will forget their identity and simply work as American Jews to raise funds both through gifts and through investment to the largest amount possible for the State of Israel. I am very hopeful that there are Jews in the United States who are of good heart, who can work together and once on the committee will act as Jews helping Israel and forget which side we have come from, and this committee will handle all important problems affecting these two drives. If we should reach an impasse the matter will be referred to the government of Israel for a final decision."

On June 14, 1951, Mr. Eliezer Kaplan, on behalf of the State of Israel, issued a "statement of principles" defining what he believed to be the functions of this co-ordinating committee. The announcement read as follows:

"The formation of a national committee jointly representing the State of Israel Bond Issue and the United Jewish Appeal to coordinate activities of the two enterprises was announced by Mr. Eliezer Kaplan, Minister of Finance of the State of Israel, on the eve of his return to Israel, after a visit of some weeks in the United States.

"In a statement issued today, Mr. Kaplan said:

"In projecting a three-year program for the economic development of Israel, the State of Israel placed strong reliance on the traditional generosity and sense of statesmanship of the American Jewish community.

"In the four-point program adopted unanimously by American Jewish representatives at Washington, D.C. in October, 1950, the two points which involve community-wide action are United Jewish Appeal, for philanthropic purposes, and the State of Israel Bonds, for investment purposes. The State of Israel is interested in the best results for both. It believes that the two activities are complementary and that both should have the full support of all friends of Israel.

"The American Jewish community has made it clear that it wishes to give whole-hearted backing to these two different ways of strengthening Israel. In the course of activity for both, a number of problems have arisen as a result of which it is believed that coordinated action would be helpful to both.

"Accordingly, it was proposed that a committee be established to represent the United Jewish Appeal and the American Financial and Development Corporation for Israel, which is the sponsor for the State of Israel Bond Issue. The aim of this committee would be to implement the desire of Israel to see maximum results for both endeavors. I have indicated to the two organizations the underlying principles which animate the State of Israel in respect to the two enterprises. It is gratifying to be able to announce that the United Jewish Appeal and the Bond Organization have accepted the proposal for a joint committee and are going forward to implement it."

It should be noted that during the discussions that led up to the formation of this Co-ordinating Committee, Mr. Morgenthau proposed that it be given the full powers of a governing body, with the total responsibility that this would entail. But representatives of the national United Jewish Appeal stated that they were not able to transfer their constitutional rights to such a governing body.

The leaders of the State of Israel have consistently emphasized that real friendship for Israel can be expressed only by support of both the United Jewish Appeal and the Israel Bonds, and not of one alone. The Prime Minister of Israel, in leaving the United States, said on May 30, 1951: "I feel confident that the true friends of Israel will give their wholehearted support to both the United Jewish Appeal and to the Bond Issue, recognizing that both are phases of the same essential objective. The United Jewish Appeal provides funds for the first requirements and settlement of the immigrants; while the proceeds of the Bond Issue will be invested in those productive enterprises which will enable these newcomers and the State of Israel as a whole to achieve economic self-sufficiency."

Meetings of the Co-ordinating Committee

It was agreed that Messrs. Henry Morgenthau, Jr. and Edward M. M. Warburg would be Chairmen of the Co-ordinating Committee and would preside at alternating sessions.

The first meeting of the Committee was held on June 21, 1951 at the Israel Bond office. Mr. Henry Morgenthau presided. Those who took part in the session were, in addition to Mr. Morgenthau, Rudolf G. Sonneborn, Dr. Joseph J. Schwartz and Henry Montor.

At this meeting, matters considered were the National Bond Conference to be held in Washington in September and the National UJA Conference in December. Dr. Schwartz reported on a conversation that he had with Mr. Montor on plans for the Fall. Mr. Montor had indicated the desire of the Bond Organization to enable the UJA to raise maximum sums in Fall communities, with the understanding that there would be a certain time limitation for the period when these campaigns would be under way. Mr.

Montor had suggested that inquiries be made in each of these Fall communities as to their exact campaign plans. Dr. Schwartz said it did not seem possible to get exact dates from these communities at this particular time. He was endeavoring to do so.

Reference was made to Israel Cabinet members who would come to the United States in the Fall and as to their use. There was discussion of the type of announcement to be made on the organization of the committee, with Messrs. Schwartz and Montor authorized to prepare such an announcement.

The next meeting of the Co-ordinating Committee was called for the office of the United Jewish Appeal in New York on November 5, 1951. Those present for the United Jewish Appeal were Dr. Joseph Schwartz, Dr. Nahum Goldmann and Morris Berinstein. The Bond organization was represented by Henry Morgenthau, Jr., Julian Venezky, Rudolf Sonneborn and Henry Montor. The bulk of the discussion, on the initiative of Dr. Schwartz, was given over to the relationship of the New York UJA to Bonds. It was the unanimous agreement of the Committee that an effort would be made to arrange a meeting between the representatives of the Bond Organization and the corporate officers of the New York UJA. Dr. Schwartz was asked to convey this consensus to the New York UJA. No such meeting was ever called into being.

This was the last time that any meeting of the Co-ordinating Committee was ever called or held. Intimations from the Bond Organization that it might be desirable to hold meetings were met with the general response that they did not seem fruitful.

ACTION IN ISRAEL

From the beginning leaders of the State of Israel and of the Jewish Agency Executive in Israel expressed frequent interest in closer relations between the Bond Organization and the United Jewish Appeal.

Taking advantage of the presence in Israel of a delegation of the United Jewish Appeal in September, 1951, the Prime Minister of Israel convened meetings in his office in Jerusalem. Lengthy discussions were held. Representatives of the United Jewish Appeal then present were Edward M. M. Warburg, Morris Berinstein, Dr. Joseph Schwartz and Henry Bernstein. Henry Montor was in Israel on behalf of Bonds. Primary attention was given to the problem in New York City. As a result of several days of discussion, Dr. Joseph Schwartz was asked to summarize the position. This was the draft that he submitted on September 8, 1951:

"The following is the basis of an agreement between the UJA of Greater New York and the Bond Issue, for the conduct of their respective efforts in that City:

"(a) Both the Bond Issue and the UJA shall have an opportunity, during a certain portion of the year to carry on an intensive campaign effort on behalf of Israel.

"(b) The period of intense campaign activity for the UJA shall be the Spring of the year from February 1st to August 1st and that of the Bond Issue from September 1st to January 31st. It is understood, however, that there will be areas of activity which will be open to the Bond Issue during the spring of the year and also limited areas of activity for the UJA in the fall of the year. Among the areas of activity that have been discussed are--efforts on behalf of the Bond Issue by Zionist districts, by labor unions, among employe groups and among special gift prospects. Further areas of activity may be suggested by either side and, if there is agreement, these may also be included.

"(c) Based on this cooperative arrangement, a substantial part of the leadership of the UJA in Greater New York will join in bearing the responsibility for the Bond drive during the fall months and will participate in the bond effort during that period. It is assumed also that Bond leadership will be available for UJA work during the spring of the year.

"(d) All questions of bond activity during the spring and UJA activity during the fall are to be discussed between Mr. Henry Montor or his New York representative and Mr. Henry Bernstein of the New York UJA.

"In case of a disagreement, the matter will be referred to a committee representing both groups."

During the discussions that had taken place, Mr. Ben Gurion had expressed his profound appreciation for what the United Jewish Appeal had accomplished for Israel. He emphasized, however, that although he expects and wants the United Jewish Appeal to continue, recognition must also be given to the larger economic requirements of Israel which could be met only through the Bond Issue. He hoped for its maximum support.

No action was taken on the formulation. But Mr. Ben Gurion took the matter in hand and, together with Mr. Berl Locker, Chairman of the Jewish Agency Executive, drafted a formulation based on the September discussions in Jerusalem. At frequent intervals, representatives of the United Jewish Appeal had asked what the State of Israel itself wanted. This was the reply that Mr. Ben Gurion attempted to give.

On October 4, 1951, Mr. Shlomo Eisenberg, General Secretary of the Jewish Agency, sent from Jerusalem to the United States what he called "the summary of talks on relations between the United Jewish Appeal and the Bond Issue, which was agreed upon by the Prime Minister, Mr. Ben Gurion, Mr. Kaplan, Mrs. Myerson and Mr. Locker."

Israel's Proposal

This was the document that Mr. Ben Gurion sent to America:

"The following is the basis of an understanding between the UJA of Greater New York and the Bond Issue, for the conduct of their respective efforts on behalf of Israel:

"(a) It is essential that there shall be coordination and cooperation between the two activities, since both are aimed to benefit Israel. It is imperative that friends of Israel will give wholehearted support to both enterprises.

"(b) It is recognized that each effort must continue throughout the year, in order to achieve maximum objectives. But in order that the leadership which assumes responsibility for both enterprises may be most effective, the period of intense campaigning shall not be the same for both.

"(c) The period of intense activity for UJA shall be in the Spring of the year; and the period of intense activity for the Bond Issue in the Fall, with variations for both under special circumstances. It is noted that the UJA has functioned for years from February to September. While the Bond Issue will reach the climax of its activities in the Fall, it will also during the Spring endeavor to sell Bonds among mass groups, such as Zionist organizations, labor unions, employee groups and related organizations. It will also solicit special purchase prospects by agreement. While the UJA will engage in its major activities in the Spring, there will remain open limited areas of activity in the Fall for the UJA. Further areas of activity may be suggested by their side, and, if there is agreement, these may also be included.

"(d) The UJA of Greater New York will make available a substantial part of its leadership to join in bearing the responsibility for the Bond Drive and to participate vigorously in the Bond effort during that period. The same applies to the Bond Drive leadership with regard to the UJA campaign.

"(e) All problems involved in this understanding are to be discussed between Mr. Henry Montor or his New York representative and Mr. Henry Bernstein of the New York UJA. In case of a disagreement, the matter will be referred to a committee representing both groups."

THE BOND ORGANIZATION ACCEPTED THIS FORMULATION.

Neither the national nor the New York UJA took any action.

Several personal meetings were held subsequently between individuals identified with the Bond Organization and some who were leaders of the New York UJA. These meetings were never official in character, with the New York UJA personalities stating no official meeting could be held.

Nothing further happened until in December, 1951, the Prime Minister of Israel

invited Dr. Joseph Schwartz, Henry Bernstein and Henry Montor to meet with him in Jerusalem on January 5, 1952. The Prime Minister felt that the situation in New York was crucial, since it was the largest Jewish community. Many hours of intensive discussion were held both in Jerusalem and in Tel Aviv. Again and again, the question was asked of the Prime Minister: "What does the State of Israel want? If only it would tell us."

On the evening of January 6, 1952, the Prime Minister of Israel, Mr. Ben Gurion, presented a proposal in writing, which he recommended for adoption by the Bond Organization and by the United Jewish Appeal. It read as follows:

"It is agreed that out of the present leadership of the UJA of Greater New York and out of the present leadership of the Bond Organization of Greater New York, a group of people ready and willing to serve will be set up as a committee with authority to conduct both the UJA and Bond Campaign in Greater New York.

"2. This committee shall be responsible for the conduct of both campaigns and shall have full authority to decide on any policies, methods or techniques which will bring about the best results of both efforts.

"3. Since this committee will have responsibility for both the UJA and the Bond Issue in Greater New York, it is assumed that all conflicts between the two organizations will be eliminated and it is hoped that through the setting up of this overall committee, maximum results can be attained in New York City for both efforts.

"4. The people joining such a committee shall not be looked upon nor shall they regard themselves as the representatives of one organization or the other, responsible either to the UJA of Greater New York or to the Bond Issue of Greater New York, but rather shall they consider themselves as the representatives of both efforts and have full authority to carry on both campaigns in a manner which, in their judgment, will yield the maximum both to the Bond Issue and to the UJA.

"5. This committee shall be set up for a term of one year at the end of which time the result of such a joint effort can be reexamined in the light of experience and, if necessary, revisions may be made.

"6. The Government of Israel undertakes to give its full support to this joint committee for the successful prosecution both of the UJA and of the Bond Issue in Greater New York.

"7. It is understood that the creation of this committee will, in no way, eliminate the existence either of the UJA Appeal of Greater New York as a corporate body with definite responsibilities and powers or the Bond organization of Greater

New York. There will be a number of problems of great importance as, for example, the inclusion of beneficiary agencies in the UJA, the setting up of salary standards and negotiations with unions, the determination of campaign budgets which will be in the province of the separate organizations and not be matters upon which the proposed committee can act.

"8. If at any time there should arise a question with regard to campaign policies as to where authority rests--with the proposed committee or with the individual bodies--the proposed new committee shall have full powers to decide where competence lies."

The Executive Committee of the Israel Bond Organization met in New York on Saturday night, January 12, 1952 to give consideration to this proposal. After lengthy discussion, it was accepted by Israel Bonds. A cable was sent thereafter to the Prime Minister, signed by Henry Morgenthau, Jr., Rudolf Sonneborn, Julian Venezky and Henry Montor. It read as follows:

"PLEASED TO INFORM YOU THAT EXECUTIVE COMMITTEE OF ISRAEL BOND ORGANIZATION MET IN NEW YORK ON SATURDAY NIGHT JANUARY TWELFTH AND GAVE FULL CONSIDERATION TO PROPOSAL YOU SUBMITTED ON BEHALF OF GOVERNMENT OF ISRAEL AS RECOMMENDATION FOR ACTION IN NEW YORK CITY AFFECTING BONDS AND UJA STOP COMMITTEE UNANIMOUSLY EXCEPT FOR THREE ABSTENTIONS ACCEPTED PROPOSAL STOP WE ARE SENDING COPY OF THIS MESSAGE TO OFFICERS OF UJA OF GREATER NEW YORK INC."

This was acknowledged in a cable from Mr. Ben Gurion which read as follows:

"GLAD HEAR YOUR DECISION. HOPE UJA LEADERS WILL FOLLOW YOUR FOOTSTEPS AND JOINT COMMITTEE RESPONSIBLE BOTH ACTIVITIES BE SET UP SOONEST AND UNITY LARGEST JEWISH COMMUNITY BE STRENGTHENED AND THUS STRENGTHEN UNITY AMERICAN JEWRY AS A WHOLE"

The Israel Bond Organization was informed that the Executive Committee of the New York UJA had declined acceptance of the proposal of the Prime Minister.

The Final Agreement---And No Action

Following several weeks of preliminary private discussions in regard to the New York situation, a meeting was held at the Harmonie Club, New York, on April 5, 1952. The Israel Bond organization was represented by Julian Venezky, Rudolf Sonneborn and Benjamin Abrams. The New York UJA was represented by Louis Broido, its President, Samuel Hausman, Samuel Schneierson and Jack Weiler. The Bond representatives stated that they had come with full power to act on behalf of the Bond organization and were prepared to negotiate until a satisfactory agreement was reached. The UJA representatives stated that they were a subcommittee and would have to present their

recommendations to the Executive Committee of the Greater New York UJA.

After many hours of discussion on April 5, 1952 a statement of agreement between those present emerged.

Virtually every request made by the New York UJA for protection of the interests of that organization and many requests which Bond leaders felt infringed sharply on the proper domain of Bonds were accepted. In any event, the document was accepted by all those present.

The Israel Bond Organization, having appointed a committee to act on its behalf, felt itself committed to the acceptance of the agreement, regardless of its contents. Subsequently, the Israel Bond Organization was informed that the agreement had been rejected by the Executive Committee of the New York UJA.

RELATION OF BONDS TO WELFARE FUNDS

Representatives of the Council of Jewish Federations and Welfare Funds attended the meeting in Jerusalem in September, 1950 at the invitation of the Prime Minister. At that time, they expressed their opposition to an Israel Bond Issue. Representatives of the Council of Federations also participated in the National Conference held in Washington in October, 1950. They did not take part in any of the discussions. Privately they expressed the views that had been stated at Jerusalem.

The Council of Federations and Welfare Funds has taken one consistent position: its only concern is with Welfare Funds and with their beneficiaries. It cannot assume any responsibility for any other fund-raising program, notably the Israel Bond campaign. This view it has conveyed to Welfare Funds. This view it has seen expressed in various resolutions adopted on a local or regional level. At several conferences, national and regional, support has been voiced for the "four-point program," but while such support has been expressed, it has been coupled with the emphatic declaration that insofar as the Welfare Fund is concerned, its only responsibility is to the philanthropic program: that is, to only one point in that four point program.

From time to time the Council of Federations and Welfare Funds has issued internal and external bulletins calling for "co-ordination," but always it has meant the elimination of Israel Bond campaign activity in order to benefit Welfare Fund drives. At no time has the Council of Federations suggested a program whereby Welfare Funds or Welfare Fund leadership would express their constructive interest in the Israel Bond campaign. It is noteworthy that at no time has the Council of Federations considered it necessary to invite the Bond Organization to participate in its Board meetings, or its regional or national assemblies.

As long as the Council of Jewish Federations and Welfare Funds adheres to the

position that its sole concern is with the philanthropic aspect of the activities of Welfare Funds, it cannot be helpful in any discussions of "co-ordination."

At a meeting on April 20, 1952 of the Board of Directors of the Council, at which a minority of such members was present, a series of resolutions was adopted touching upon the Israel Bond Organization, all of them critical in nature. No discussion in advance of this meeting was solicited by the Council from the Israel Bond Organization. No representative of the Israel Bond Organization was invited to participate in the meeting, either to answer questions or to make a statement. Acting unilaterally, in matters involving differences in fact and opinion, the Council of Federations subsequently called upon officers of Israel Bond Organization to sit down to discuss the subject matter of resolutions already adopted by the Council--resolutions which already ranged the Council on one side of debatable issues.

The Executive Committee of the Israel Bond Organization advised the Council of Federations that it would be very happy to discuss all problems of mutual interest with representatives of the Council--as soon as resolutions previously adopted which expressed a partisan point of view on the problems still to be discussed were withdrawn.

Within the limits of the major policies governing its operations, the officers of the Israel Bond organization have understood that there is a process of adjustment within communities which is dictated by mature judgment and statesmanlike concern for total community effort.

The Israel Bond Organization recognizes that the success of the Bond campaign depends on community effort and voluntary support. Accordingly, it has adjusted itself where it was clear that there was genuine support for both the UJA and the Bond campaign. In Boston, Mass., for example, there has never been any problem of "co-ordination" between the local Combined Jewish Appeal and the Bond Organization. The leadership of both efforts is, in many respects, the same. It is natural, therefore, to be guided by their time programs. In Baltimore, Md., there is another example of total community effort behind both the UJA and Bonds. Here, too, no tensions have ever arisen. There are many other communities in the same pattern.

The Israel Bond Organization feels that if the same pattern were observed in every community, the criticism of lack of "co-ordination" would never arise. But where the phrase "co-ordination" is merely meant to cover the effort of a local Welfare Fund to eliminate maximum activity by the Israel Bond Organization, that unilateral definition cannot be accepted.

There are examples of what the Israel Bond Organization has done or is prepared to do:

(1) Upon inquiry from Los Angeles in the spring of 1952, the Israel Bond Organization informed its local officers that it would be prepared to go along with a proposal made by certain Welfare Fund officers: that for a period of two months the same persons solicit both Welfare Fund gifts and Israel Bond purchases. There were reasons proffered by the Bond Organization as to why this might not be feasible, but if this was wanted by the local Welfare Fund, the Bond Organization would be prepared to go along. The proposal was never acted upon in Los Angeles.

(2) The Executive Committee of the St. Paul, Minn. Welfare Fund in the spring of 1952 adopted a resolution stating that the Welfare Fund wanted to accept responsibility for the conduct of both the philanthropic campaign and the Israel Bond drive. The Israel Bond Organization gave its approval to this proposal. At a later meeting of the Board of Directors of the St. Paul Welfare Fund, a majority rejected the proposal that its Executive Committee had made. But the Israel Bond Organization had clearly indicated its attitude.

(3) In the spring of 1952, the San Diego, Calif. Welfare Fund made a proposal whereby it would assume responsibility for the conduct of the Israel Bond drive. Assuming that this represents an economy of effort and manpower and a genuine desire to sell a maximum of Bonds to individuals at times to be set by the local organization, the Israel Bond Organization accepted this proposal.

(4) In several communities local Executive Directors of the Welfare Fund have assumed administrative responsibility for the Bond Drive, the Bond Organization and the local community obviously seeing no incompatibility between these two posts.

The Israel Bond Organization is convinced that if there is genuine desire to raise maximum sums for the United Jewish Appeal and genuine desire to sell a maximum of Bonds for the State of Israel, the leadership of the local community will find the fullest cooperation from the national Israel Bond Organization, within the framework of local programs and schedules.

Ambassador Eban's View

At a conference in Washington, D. C., on March 2, 1952, Ambassador Abba Eban of Israel cited his own view of the relationships between the Bond Organization and other bodies in the American community. He said then:

"We do not believe that the basic message of the Bond issue is yet properly understood. We have not carried into the community a conviction in favor of the Bond issue as a genuine investment capable of being paid off through the predictable revenues which Israeli agriculture and industry will earn, not indeed within one year, two years, or three years, but certainly well within the period during which the

present Bond issue will mature.

"We have a great story to tell which has only just begun to re-echo in our councils. It is the story of potential production. Phosphate rocks and other minerals have existed, geologists will tell us, for millions of years. The existence of these things does not by itself assure any advantages for anyone. The Dead Sea has been rich in mineral products for millions of generations. It is only the provision of machines in the hands of men determined to make these materials a source of wealth-- this alone revivifies what are otherwise completely static products. Therefore, on the one hand, there is the vast problem and burden; on the other hand, there is the great potentiality, if the spirit of investment will prevail. We have no doubt whatever that if we can somehow communicate this message just as we once communicated the equally revolutionary messages of Jewish Statehood and Jewish military survival, a great transformation will come about. If American Jews really begin to believe in the repayment possibilities of the Bond, then they will purchase bonds not merely out of current capital, but out of fixed assets in the full faith and knowledge that they will be returned.

"There is a question of the relationship of the welfare fund to the Bond Campaign. There is only one attitude which the Government of Israel can take. It is an attitude of positive assistance to both of these great enterprises. If the Welfare Funds call upon us to assist them, to promote them, to sponsor them, to develop their results to the full, then we shall gladly and proudly respond.

"The same is true, of course, of the Bond issue, which is a strictly Israeli enterprise, engaging our destiny and responsibility in the most direct sense.

"The subject of public relations has been mentioned. I have been long enough in this country to understand the sanctity of that phrase. I bow my head humbly before the supreme authority of public relations. But in our case, what does public relations mean? Public relations mean that you secure public support for your objective; you do not sacrifice your objective in order to win better public relations.

"In political terms, we would have enjoyed vast support and sympathy in the United States a few years ago by not promulgating the awkward project of a Jewish State -- Federalism, Jewish minority -- these would have won us vast support in this country and throughout the British Commonwealth. We would have been the fair-haired boy of the international community. Instead of this we established our objective, and we fought for it; and public relations meant to make people believe in our objective and to support it. That is what public relations means here. Specifically, it means that if the Council of Welfare Funds and Federations have the idea that the Israel Bond issue

should lie down and sleep, or if the Bond Issue believes that the UJA should not function at full speed, public relations does not mean accepting such demand. Public relations means persuading people to change their viewpoint. We have all changed many viewpoints before; and that is our objective: to transform negative ways of thought into the councils of positive action.

"It is true that Israel has benefited enormously by the work of these welfare funds; let me do them every honor. But the benefit has not been unilateral.

"Welfare federations, with their particular responsibility for local social and educational institutions have, through the galvanizing magic of Israel, through the influence and the prestige of this momentous event, acquired receipts far beyond their previous capacity as a result of their fruitful alliance with Israel's cause. We do not regret that result. We cherish it. In the long run, a love of Israel will not come out of a community whose educational, religious, cultural and social institutions are weak or undermined. Love and support for Israel will only come out of a consciously Jewish community. So there is absolutely nothing contradictory in that alliance. The fact is, however, that the Council of Jewish Welfare Federations have benefited in all their work so much by their alliance with Israel that they should not exercise a veto upon Israel when it seeks to supplement its resources by another channel under the irresistible pressure of need.

"I am quite prepared to meet the Council of Jewish Welfare Federations to explain why we cannot be content with existing levels; and why -- not in a spirit of disputation or of ill will -- but out of a real concern for the Jewish future, we are forced to a dual effort which of itself we would not have welcomed.

"We must do everything reasonable to mitigate avoidable clashes, but duality, with everything it entails, is imposed upon us by necessities far greater and far wider than the admitted virtues of communal harmonies. I suggest that instead of describing the attitudes of communities as though they were fixed and immutable, a result of this meeting is that 100 people or two hundred people who were here should go back to their communities and bring the impact of their influence in favor of modifying those policies; Then by all means let there be unified command and conciliation, but on the basis of perpetual movement by both of these enterprises and not by the subordination of one to another.

"The central fact which I would ask you to take back is that the dual operation of these two enterprises, whatever are the adverse results, does yield this conclusion. Both of them moving together produce a far greater revenue than either of them can possibly expect alone."

AMERICAN FINANCIAL and DEVELOPMENT
CORPORATION for ISRAEL

STATE OF ISRAEL BONDS

SUITE 520 MADISON BUILDING
623 N. SECOND STREET MILWAUKEE 3, WIS.

M E M O R A N D U M

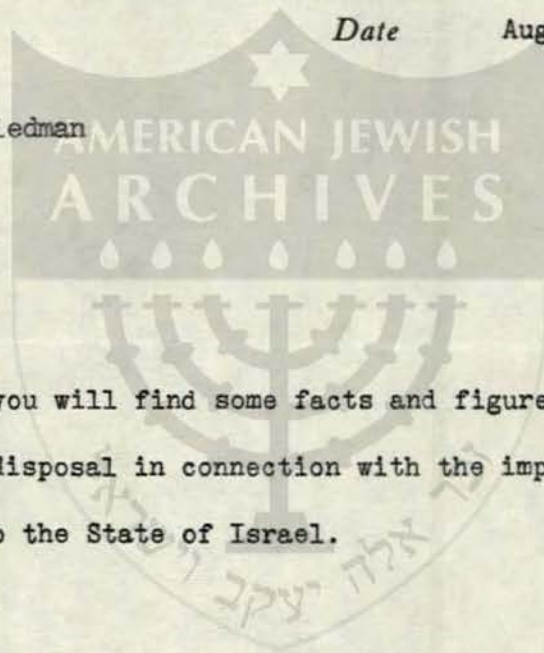
Date August 22, 1952

To Rabbi Herbert Friedman

From Philip Greenwood

Subject

Attached hereto you will find some facts and figures which you will want to have at your disposal in connection with the importance of High Holy Day Bond sales to the State of Israel.



FACTS AND FIGURES FOR HIGH HOLY DAY SYNAGOGUE APPEAL

We must never lose sight of the fact that Israel is changing and growing as rapidly as any nation on the face of the earth. A few key figures, culled from the impressive list of her achievements in the past few years, help to dramatize for us the remarkable progress that has been made. They demonstrate why Israel is such a fertile field for American investment.

Israel's national income has risen from 250,000,000 Israel Pounds in 1949 to 470,000,000 Pounds in 1951, and is still climbing at an even more rapid rate. During the same period the number of gainfully employed, another key index of national growth, has risen from 349,000 people to 548,000. In human terms this means that the thousands upon thousands of homeless refugees who have been pouring into Israel are being successfully integrated into the nation's economy and transformed into productive and useful citizens, with the aid of new industries established by American investments in the Israel Bond Issue.

* * * * *

Two figures taken from Israel's agricultural front speak more loudly than hours of oratory on the struggle of Israel's pioneers to provide the severely rationed population with the basic necessities of their diet. Israel's cultivated area has increased from 600,000 to 900,000 acres within the past year. This phenomenal 50 per cent increase has a double meaning: first, it is proof that the staggering task of reclaiming desert land which has lain waste for centuries can be done, and that the land can once again flow with milk and honey; second, it is convincing evidence that the people of Israel need only the material help that we can give, in the form of investment in their Bond Issue, to be enabled to purchase the equipment which can make their sacrifices meaningful.

Concretely, irrigation is the key to Israel's planning for progress on her fields and farms. In order to make the Negev desert once again the bread basket of the Middle East, as it was many hundreds of years ago, the land must be reclaimed and made as productive as the fine farm area of northern Israel. Irrigation and pipe manufacturing projects are high on the priority list of Israel's builders. The great new pipe factory of Yuval Gad, one of the largest in the world, is now manufacturing giant 60-inch pipes which are carrying water to the Negev. This plant, located in the Biblical village of Askelon, is one of the most important features of the vital irrigation program which is being carried forward with the aid of American dollars invested in the State of Israel Bond Issue. Your Bond purchases and mine are literally bringing water to the desert and food to the tables of Israel.

In order for us to understand what the Bond drive means to Israel in the year that lies ahead, we must have a clear picture not only of her accomplishments in the fields of agriculture, irrigation and commerce, but also of her possibilities for growth and expansion. It has been thrilling to learn that vast deposits of minerals have been discovered in the Negev, thanks to technical expeditions financed by Bond dollars, that American investors have helped to unearth great quantities of copper, kaolin, glass sand, potash and other chemicals.

But we must understand that riches beneath the ground are valueless to a nation unless they can be exploited, unless they can be mined and refined and converted into exportable products that will be bought with hard currency. For Israel to take her place in the family of nations as a modern, highly-developed, exporting country, capable of purchasing the products she cannot make herself without constantly running the risk of economic disaster, she must have the equipment with which to

convert her natural resources into actual wealth. This equipment must be paid for with dollars, and it is our investment in State of Israel Bonds that will make it possible for Israel to purchase the essential equipment, erect the essential plants, construct the essential transport facilities for bringing her hidden wealth from the sands of the desert and the bowels of the earth to the markets of the world.

* * * * *

As a specific example of what Bond dollars can and must do in the coming year, let us consider the Dead Sea, one of the richest sources of chemical deposits in the world. A \$1,000,000 allocation from the Israel Bond Issue is furnishing part of the capital required to rehabilitate and expand the Potash Works, Ltd. plant at the southern tip of the Dead Sea. Additional Bond investments are going into a modern road to connect the plant with Beersheba and thence to Haifa.

The expanded southern plant will have an annual production of about 135,000 tons with net earnings of foreign exchange estimated at \$4,825,000 a year. Thus our investment dollars are already beginning to bear fruit in the form of increased earnings for the people of Israel, with which they will be able to purchase the things they need.

* * * * *

Let us bear in mind that the swift industrialization of Israel, for which Jews everywhere are working and sacrificing, demands a greatly expanded power industry. The kilowatt-hour consumption of electric power by industry alone in Israel has almost doubled in the last two years, forcing a strict rationing of electricity for home use. Now, however, work is under way to triple Israel's power-generating capacity. The total additional investment required for power installations within the next three years is estimated at \$80,000,000. The Israel Bond Issue must provide \$60,000,000 of this sum.

Text of Address By
AMBASSADOR ABBA EBAN OF ISRAEL
Second National Economic Conference for Israel
Chelsea Hotel
Atlantic City, New Jersey
September 14, 1952

Atlantic City, which was adorned a few days ago by a pageant of physical beauty, now witnesses a Conference of Israel Bond Campaign leaders. I hope that we are all realistic enough about our appearance to admit that there could be no greater contrast than this. Perhaps the transition of this city from inconsequential entertainment to serious purpose reflects a corresponding movement in the life of the Jewish community from the leisurely pursuits of summer to the challenge of great and uplifting events. Many new perspectives, some bright with promise, others clouded with danger, open out in the life of Israel and the world at this season of reckoning and review. I come to impose on your vast capacities of oratorical endurance in order to sketch the broad context of issues and prospects of which our Bond campaign is a central part. For out of this growing host of bond holders, devoted in the first instance to a financial enterprise, there is arising a new movement in Jewish life - an embattled company of Israel's defenders, inspired by a sense of common destiny and filled with concern for whatever befalls Israel amid the turbulence and anguish of the times. Your immediate preoccupation with the Bond effort cannot make you indifferent to the political and international circumstances which attend your work; the more so because you have it in your hands - if you but wish - to govern those circumstances and to shape them for Israel's salvation.

Our task in Israel is the construction of a new Hebrew society in the image of its ancient glory. We cherish our freedom the more ardently because it was purchased with the best of our blood. Victory has not caused us to lie down by still waters. Memories of our recent struggle for physical survival blend with the present echoes of a continental disturbance which agitates the life of our region on every side. The angry gusts of nationalism sweeping across the Middle East from the Persian Gulf to the Central Mediterranean have made this area the most critical point in the tensions of our age. It is an area divided within itself and aligned in suspicious resentment against the outer world. Constitutional processes are everywhere set aside; assassination, mob violence and dictatorship have become the instruments of government; a sharp distrust prevails against the very forces of modern technique and political organizations which are the only path of the Middle East towards its own redemption. Together with this political instability there goes an alarming apathy in social and economic affairs, and a failure to comprehend the menace of global war which threatens all the Middle Eastern states far more than any one of them can ever threaten the other.

Israel looks out upon a region, tormented and distracted to the very depths of its soul. It is true that ^{Israel is} no longer the sole or primary target of Arab vehemence. The nationalisms of our area have broader preoccupations. Sudan and Suez, Tunis and Morocco appear to them as enormous prizes for beyond the value of a hopeless hankering after the tiny notch of land which Israel has irrevocably and rightfully regained in full accord with international judgment. No man of honor or insight can seriously assert that Israel is the central cause of the crisis between the Moslem and the Western worlds; for if Israel ceased to exist the crisis would continue in all its broad and intricate patterns from Iran to Egypt and beyond to east and west. Yet the fact remains that our neighbors are unreconciled. Their antagonism to us remains an element of the regional tension; and much patient statesmanship will be required before this sterile vendetta gives way to any sort of harmony in an area where patience is still accounted cowardice and statesmanship flees beyond the assaults of the demagogue.

What is Israel's role in all this turmoil? We cannot compete with our neighbors in colorful sensation. We have no Kings to banish or discard, no vast private estates to redistribute, no oil wells yet to dangle or withhold in order to convince ourselves of our own sovereignty. Our military officers devote themselves wholly to the problems of military organization and defense; and despite the vogue of aspiring Ataturks our conservative temperament keeps us faithful to the old fashioned doctrine that governments derive their just powers from the consent of the governed. Indeed, we are so dull that many find it possible to comment on the Middle East as if developments in Israel were not related to the very essence of the regional destiny. We would do well to counter this oversight and keep the Israel aspect of the Near Eastern ferment persistently to the fore. First, we declare that there is neither truth nor logic in an attitude which asserts the claims of Arab freedom over a vast continent and begrudges Israel its modest domain of freedom in an area so poignantly small. The Arab peoples, which have been awarded their liberty in eight sovereign states covering an expanse of two million square miles, are in no moral condition to affect an air of grievance or injury because Israel was not flung in for good measure to augment their insatiable appetite. If it is right for them to possess their continent it cannot be wrong for us to enjoy the tranquil possession of our meager but precious home. The vast sprawling map of Western Asia and Northern Africa is a permanent reminder of the perfect justice and unassailable moral equity of Israel's place in its region and in the world. We claim nothing for ourselves that others do not enjoy in larger measure; but there is also an ominous warning in that map. How will this tiny oasis survive in the vast wilderness? How will Israel hold its ground and

preserve its future if it does not compensate for limitation of area and population by attaining high standards of productivity, technical skill, commercial initiative? How else can this sinister balance of power be restored to equilibrium?

When, in short, will it be understood that the purchase of Israel Bonds is the most essentially political act that a Jew has been able to perform since the destruction of the Temple; for it is an act of which the stake and consequence is nothing less than the survival of our lives, the freedom of our home, and the identity of our nation?

In a world which based its judgment on objective interests we would not be continually called upon to prove that Israel conforms with all the progressive aspirations of its region. The Middle East yearns for political freedom; Israel alone combines a deep pride in its own independence with an attitude of sympathy to the liberation of its neighbors. The Middle East craves political stability; only in Israel do we see a government elected by free suffrage and responsive to for miles around. The Middle East lacks an adequate awareness of the social the popular will. Democracy has no other pilot plant, no other school/and economic responsibilities of government. The disparity between swift political advance and stubborn social inertia constitutes the essential weakness of Asia and the Middle East. Constitutional liberty will not endure if it is only the facade of social servitude and economic exploitation. Israel alone in its area combines political freedom with a vision of society dedicated to expanding horizons of individual and collective welfare. The Middle East in this precarious world needs some sense of military self-assurance to protect it from self-abasement and apathetic fatalism. None of our critics compel in that we are inadequate in this respect; some of them speak from experience. The Middle East needs an adjustment of spirit between its native cultures and the visions and ideals of western civilization. Israel has managed to comprehend an ancient inheritance and a modern experience in the scope of its own reviving culture. For how long will our region refuse to contemplate a process of nation building which exemplifies, within its own scale and limits everything that the Middle East as a whole needs for its redemption? But it is not enough to be in objective harmony with the interests of our region. Nations like individuals forgive each other everything except their virtues. It is true of us in our international relations, as it is true of others greater and more powerful, that evidence of our peaceful strength is the first condition of a negotiated peace. Israel will have peace with its neighbors when they are convinced of Israel's strength, permanence and stability; and these in their turn are functions of Israel's economic productivity.

Lead from why?

Why then is it not everywhere understood that the purchase of Israel Bonds is an act not only of financial aid but of international conciliation; for it assures

the indispensable basis of strength for the establishment of Israel's relations with its region and its continent. A combination of economic strength, military vigilance and diplomatic skill will be needed to help Israel fulfill its most decisive remaining task - to establish relations of harmony with its neighboring world. I do not doubt these two kindred peoples will one day unite their strength to build on the shores of the Eastern Mediterranean a civilization worthy of their ancient and medieval past. We have an intuitive feeling that some turning point in Arab-Israel relations might even now be near, if tensions were not irresponsibly renewed by the annual routine of public denunciation in international councils. Recent statements by the Prime Minister and the Minister for Foreign Affairs express our sincere interest in any attempt by the neighboring countries to liberate themselves from their servitudes and social dislocations.

I turn aside from the deadlocks of Arab-Israel relations to two areas of conspicuous progress in Israel's international life. During the past year the relations between the United States and Israel have grown in strength and intimacy. The discussions of the Congress for the inclusion of Israel in the benefits of the Mutual Security Act illustrated the wide range of support which our cause commands in every corner of this republic. On three occasions we had recourse to the provisions of this program, and to the invaluable assistance of the Department of State and the Director of Mutual Security, for urgent salvation in financial crisis caused, in no small measure, by the failure of voluntary Jewish efforts to approach their accepted targets. It has become evident to me that Israel's economic consolidation is amongst the clear and conscious aims of American foreign policy. The treaty recently signed between us for the support of private investment, and the inter-governmental agreements concluded pursuant to the Mutual Security Act associate our two governments in the cause of which agriculture and industry with a view to a stable balance of payments and a self-supporting economic structure.

But the evidences of a deepening trust in American-Israel relations have not been confined to the economic field. The reports of discussions of Middle East defense aroused our natural apprehension lest a precipitate desire to associate Arab states in the purposes of regional security might disturb the balance of Israel's defensive strength. I can report with candor and relief that there was never a time when Israel's interests and viewpoints were more vigilantly respected and safeguarded in the elaboration of regional policies.

Another milestone in our relations was the exchange of notes governing Israel's eligibility for reimbursable military aid. We continue to work and hope for the receipt by Israel of aid under the Military provisions of the Mutual Security Program in accordance with a request submitted seven months ago.

The variegated network of American-Israel partnership reached this year beyond the political and economic domains into the realm of cultural relations; the removal of restrictions, imposed by financial stringency, on the import of American publications opens up the world of American letters to an Israel public which becomes increasingly conscious of the potent influence which America is destined to exert on Israel's life and culture. During the summer there were some well meaning threats of a television system in Israel, but the danger appears to have temporarily passed, and our citizens breathe freely again from Dan to Beersheba.

A constant atmosphere of mutual trust in American Israel relations is for us a national interest of such vital import that any possibility of substantial change must arouse a sentiment of keen suspense. It is therefore a matter of deep consolation to record that a year of substantial progress in every phase of that relationship was crowned by a significant development at Chicago when both major political parties reaffirmed their special sympathy for Israel within the framework of American support for the legitimate aspirations of all peoples of the Middle East. I am convinced that this friendship so strikingly reaffirmed will endure and flourish with special strength for it is firmly rooted in a common historic experience, a common devotion to democratic practices and ideals, and a common allegiance to the same moral tradition. It is a fact of history that there are affinities and resemblances between the United States and Israel such as do not exist between any other great power and any other Middle Eastern country. The pictorial weekly magazines should therefore be less surprised if such deep affinities produce a relationship of special strength. Our immigrant pioneer democracy of Israel, born in the throes of war and revolution, evokes a special echo in this great continent of immigrants and pioneers which has not ceased to preserve the memories of its wars and the visions of its revolution. In its capacity as a guardian of world freedom America can rest assured that the concept

of individual liberty has no more fervent adherent than Israel. This people of Israel which first in history rebelled against idolatry, which rose up against the might of Assyria and Rome, will never, never yield to the idolatrous pretensions of dictatorship.

Indeed the diplomatic history of recent weeks throws vivid light on this eternal struggle of Israel against brutal overwhelming tyranny. I predict that historians of future generations will pause with breathless wonder when their eye lights on the unique episode which took place last week in deep solemnity between Israel and Germany. For the first time in the bloodstained history of Jewish martyrdom, our people has received the public penitence of the oppressor, acting under the moral compulsions of a tormented conscience. There is no more lofty or inspiring event in the moral history of our civilization than this victory of justice over force, in a vast and swift reversal of historic fortune. Remember that seven years ago our people was stunned to the point of impotence by the ghastly impact of torture and massacre, the institutions of Jewish life and culture in Europe lay about our feet in ruins, the pride and repute of the Jewish people had been dragged down in an odious conspiracy of degradation. Out of the darkest depths of man's divided nature there had sprung at the throat of the Jewish people the most violent hatred which had ever distorted the spirit of man. This was the lowest ebb of our fortunes when many believed that the end had been reached in the agonised journey of the Jewish people across the stage of history. Yet within a few years of this unparalleled weakness and humiliation - behold, the sovereign State of Israel had come into triumphant existence; its flag fluttered bravely in the family of free nations; warm waves of renewed confidence and pride flowed into every home through the length and breadth of the world in which the associations and traditions of the Jewish people were maintained and revered. And then this State demanded and obtained, against all the calculations of chance, a collective act of acknowledgment and amends from its savage foe. Jewish history in our generation is dominated by this violent transition from the depths of paralysing weakness to unprecedented heights of sovereign pride and opportunity. Never was this people stronger than in its moment of weakness, never more hopeful than in the aftermath of despair. No symbolic act of restitution can dry up the limitless ocean of our blood and tears.

Yet we have seen remarkable testimony here to the power and dignity of our statehood. It is not only that this whole venture was conceived and initiated by the Government of Israel, and carried through under its leadership at every stage with stubborn tenacity against every obstacle and discouragement which scepticism or partisan rivalry could devise. Only the existence of a recognized State

could furnish the political and juridical basis for the very existence of such a collective claim. The State of Israel is history's answer to Nazism, it has now become the recognized custodian of a universal Jewish interest, in the issue which most tragically affected Jewish solidarity and pride. When I recall the doubts and obstruction against which this claim labored in our own ranks, when I remember the first incredulous countenances in the State Department which later gave way to sincere belief and active support, when I recall the influences and pressures affecting German life and tradition in the contemporary world, I stand amazed at a dynamic Jewish diplomacy to transform fantasy into reality by the sheer power of the power of an unyielding will. While the economic effects of this treaty will be of the highest importance, it is chiefly as a vindication of Jewish honor that this joint enterprise of the Israel Government and the Jewish people will be forever remembered. I was always convinced that whether the effort succeeded or failed, it was the course of honor to assert the claim, just as it would have been the lowest indignity to neglect its assertion, and thus to condone, beyond the compulsions of necessity, ^{a vast} plunder and spoliation of Jewish rights.

The manifestation of partnership between Israel and the Jewish dispersion reveals the heights to which we can carry our joint Bond effort by the self same act of will. The influx of new sources of capital goods and the relief of our import budget from many items of essential expenditure emphasize both the need to augment the Bond issue so as to fructify these possibilities; and also the unassailable certainty that the investment character of the Israel Bond is soundly backed.

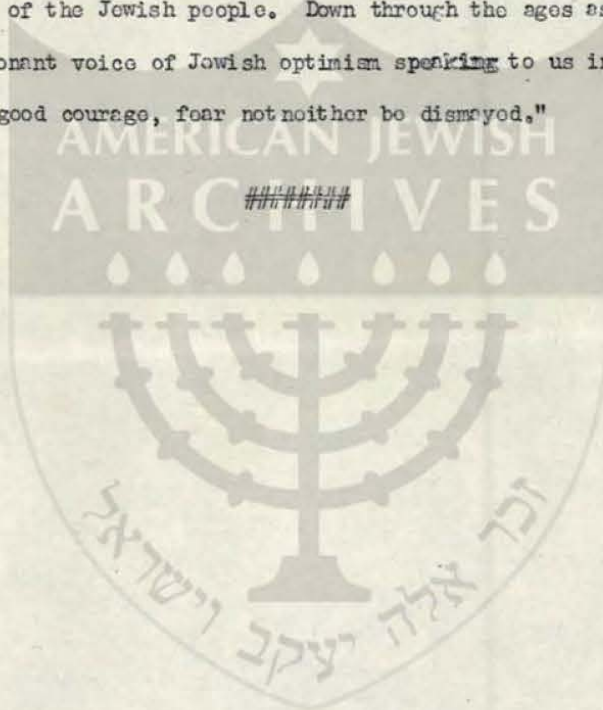
Surely there is something of greatness in the dimensions of these episodes affecting Israel's position in relation to the Middle East, to the United States and to the memory and anguish of the recent Jewish past. People who assert that Israel's cause has lost the particular radiance which belongs to great issues must themselves be living far below the level of events. I speak of these things here because the Bond Issue is in essence an opportunity and a mechanism to enable Jews to decide whether or not they wish to be tangibly and constructively associated with Jewish history in its greatest end and its broadest sweep. No other opportunities or mechanisms have the same relevance to this question of identification.

A man devoted to Israel can make some donation without necessarily believing in Israel's capacity to achieve a productive economy, but a man who buys a bond testifies both to devotion and to belief. I fear that there are many who help us and who do not believe in us. For our dignity and our success we need confidence rather more than we need help. I interpret the purchase of an Israel bond as a declaration of belief in Israel's potential capacity to achieve the conditions in which repayment will be assured.

I would like to speak earnestly to you about an atmosphere of scepticism which has afflicted the mood of many Jews in relation to Israel's capacity to solve its economic problems. The background for that discussion is the record of Israel's past achievements, its place in the world, as a solitary bulwark of confidence in an area of anarchy and discontent, steadily weaving a web of close partnership with the strongest power on earth and asserting its champion-ship of causes which pertain to the honor, the memory and the hope of the Jewish people everywhere. Another element of this background is the report which you have heard from your own colleagues on the changing landscape of the country, the bountiful harvest, the vast industrial expansion, the exploitation of universal resources old and new, the rise of new communities springing up overnight in the revolutionary rhythm of construction. In face of this evident progress, there is something gravely disturbing in an attitude of mind all too prevalent both in Israel and here, which turns aside from these larger trends of progress to concentrate on the dislocations and discomforts which accompany any revolutionary advance. Now, is it intelligent to assume that by the fifth year of its life Israel should be expected to have repulsed its invaders, to have consolidated its full political and diplomatic position, to have doubled its population, to have founded its free institutions --- and also to have achieved both a ... balance between production and consumption and a well ordered fiscal and administrative system? When I am told of any country which has registered such achievements within the first phase of its revolution, I shall begin to express envy and regard and to acknowledge our own culpable imperfection. The thing that defies explanation/^{is not} that we have accomplished these tasks with hardship. The miracle is that we have accomplished them at all. There were no chromium-plated bathrooms at Valley Forge. I do not rationally understand to this very day how the convulsions of mass immigration were sustained without mass starvation and epidemic; how a security system was improvised to withstand such heavy stresses; how order was snatched out of chaos, how the vast rich Goliath of a continent extending from Pakistan to Egypt was routed in the arena of international power politics by this diminutive David. A man must be lost to any sense of historic perspective who does not perceive how the balance of achievement, of movement, of flux prevails against admitted defects which are the accompanying symphony of speedy growth and not ends or situations in themselves. I do not believe that all is as it should be in Israel. (If I suffered from any such illusion I could become cured of it by the mere expenditure of five dollars which is the cost of a subscription to Commentary Magazine.) But let us keep a clear sense of cause and effect; and let us draw the correct conclusions from our difficulties.

If things are as wrong as they are depicted, the conclusion is that more work, more sacrifice, intensified responsibility are needed. I could well understand a man who said that because Israel's economic and fiscal situation is so utterly defective he is reluctantly forced to double his bond purchase and to treble the volume of his activity. To invoke these defects as a cause for diminished effort, for desertion of the vessel as it fights the storms is the ultimate cowardice as being a distortion of logical thought. First we create a crisis by not selling sufficient bonds; then shall we invoke the crisis as a reason why bonds cannot be sold? I do not suggest a moratorium on criticism. Criticism is our only unretained luxury in Israel, and we have a lot to learn. The point is that we witness and suffer, not the ills of degeneration but the sharp pains of rapid growth. May I suggest in all good humor that a reader of contemporary literature about Israel in the present vogue of self-flagellation would discern a strange division of talent in the Jewish people. It appears that the Jews who don't know how to run a state effectively or to promote its economic well-being are all concentrated in one group as citizens of Israel; while, by a freak of chance, all the Jews who do know how to manage the politics and economy of a state with perfect efficiency are unfortunately resident elsewhere. The Bond Issue is conceived in quite the opposite spirit - the spirit of complete identification with Israel's central purposes in a spirit of joint responsibility. I therefore rejoice to observe that your own mission to Israel has had the insight with which to penetrate the veil of our imperfections and perceive the broad highway of progress which stretches far beyond the horizon and toward the light. Remember as you tread our soil that generations of our people who never saw the flag of Israel fly in freedom would have rejoiced at the opportunity of making our mistakes, if only they could have made them in a sovereign capacity as the citizens of a liberated homeland. It is no small thing to be in a position to make governmental mistakes, ministerial mistakes, even ambassadorial mistakes if such a thing is conceivable. It is no ordinary people, this people of Israel, which enters now upon a new birth of freedom. The deepest hopes and longings of free men everywhere are still defined by the perceptions of the Hebrew spirit with its triple message, first proclaimed in Israel of individual morality, social justice and international peace. We reflect, not with boastfulness but with deep pride and humility that there is nothing essential or original in the heritage of western civilisation which you cannot trace back to the hills and valleys of our country, to the rare spirits and immortal voices which issued forth from it. Today it is our fortune to have these sacred hills, these cherished valleys, rich with the pride of

national history, restored to our possession once again. The determination is in our hands whether this soil will again sustain a people in the plenitude of freedom, in the full spate of productivity, in the restless stirring of minds pursuing truth and hearts in quest of justice. External aid from friendly governments, and from remorseful antagonists of the past can at most supplement and enlarge the reservoir of our own Jewish effort. We have established the Bond organization to test your devotion and your faith; it has done valiantly. Its leaders deserve the praise of our immortal history. It yields to no other source of foreign currency in the volume and regularity of its proceeds, and it has rendered a service above its tens of millions of precious dollars by projecting into Jewish life the ideal and doctrine of economic independence for Israel to be assured and defended by the collective effort of the Jewish people. Down through the ages as we face this task comes the resonant voice of Jewish optimism speaking to us in eternal accents: "Be strong and of good courage, fear not neither be dismayed."



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RABBI HERBERT A FRIEDMAN= DONT FONE DLR AFTER 9 AM=

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ISRAEL STANDS ON THRESHOLD OF DIFFICULT YEAR AND HAS
 UTMOST NEED AT THIS MOMENT OF SUPREME EXERTIONS ON HER
 BEHALF BY LEADERS AMONG OUR PEOPLE. BECAUSE NEXT THREE
 MONTHS ARE CRUCIAL I FEEL WARRANTED IN TURNING TO YOU
 AS A SPIRITUAL LEADER OF OUR PEOPLE FOR EMERGENCY ACTION
 IN MOBILIZING YOUR CONGREGATION TO STRENGTHEN ISRAEL'S
 ECONOMY THROUGH STRONG SUPPORT OF ISRAEL BONDS. I APPEAL
 TO YOU AND TO OFFICERS OF YOUR CONGREGATION TO TAKE
 SPECIAL MEASURES TO SPONSOR HIGH HOLYDAY BOND SALE AT
 SOME SERVICE BETWEEN ROSH HASHANAH AND YOM KIPPUR. AT
 SOLEMN HOUR WHEN WE PRAY FOR FUTURE OF OUR PEOPLE
 EVERYWHERE LET US TAKE POSITIVE ACTION TO ASSURE ISRAEL'S
 ECONOMIC SURVIVAL. YOU WILL BE PERFORMING MAGNIFICENT
 SERVICE TO JEWISH PEOPLE IF YOU WILL ASSURE ME BY RETURN
 WIRE THAT YOUR CONGREGATION WILL SPONSOR SUCH AN APPEAL.
 BEST WISHES TO YOU AND YOUR CONGREGANTS FOR A YEAR OF
 PEACE, HAPPINESS AND SERVICE TO OUR PEOPLE=

HENRY MORGENTHAU JR ..

C
O
P
Y

Central Conference
of American Rabbis

Office of President
599 Delaware Avenue
Buffalo, N. Y.

November 11, 1952

There are times in history which carry a supreme challenge. It is a dull and lost generation which is unable to see a great challenge and respond generously to it. We American Jews have helped create the State of Israel. It is not enough to create a state, it must also be established. No state can be built on an economic base of shifting and insecure sand. It needs a foundation of strong and secure economic conditions. We American Jews can and must supply the money through which the State of Israel can build its life confidently and securely. The establishment of this State was the greatest historic achievement in two thousand years of Jewish history. The Jews of the generation of the Exodus gave their bodies to create the ancient Jewish State. Had they not done this, we as a people would never have been born. Our generation in America is asked to give our dollars in the form of secure investments in Israeli Bonds to help this Jewish State establish securely its growing and expanding economic life.

The Central Conference of American Rabbis has demonstrated its collective confidence in the State of Israel by investing a considerable amount of its capital savings in Israeli Bonds. Let us individually, as members of our Conference, promote, strengthen and extend our activity in behalf of this necessary and sacred work. I call on our Conference members not only to underse, but also to contribute in labor and means to the success of this Bonds for Israel Campaign. May God prosper this work.

/s/ Joseph L. Fink
Joseph L. Fink, President
Central Conference of American
Rabbis

C
O
P
Y

TEMPLE EMANU-EL OF LYNBROOK, INC.

Ross Plaza - Lynbrook - New York

Lynbrook 9-4782

Rabbi Harold I. Saperstein
170 Hempstead Avenue
Malverne, N. Y.
Telephone: Lynbrook 9-10113
Study: Telephone Lynbrook 9-4521

Selig Beckmann, Pres.
97 N. Cambridge Street
Malverne, N.Y.
Telephone Lynbrook 9-5153

November 13, 1952

AMERICAN JEWISH

Mr. Louis Rittenberg,
American Financial & Development Corp. for Israel,
120 Broadway
New York City, N. Y.

Dear Lou:

Rabbi Fink has forwarded to me the enclosed message which you are free to use in whatever way will be most effective. You can, if you wish, send it to the membership of the CCAR by itself or perhaps as last year with a covering letter over my name.

Please let me know what you plan to do.

With best wishes.

Sincerely yours,

/s/ Harold I. Saperstein

Rabbi Harold I. Saperstein



American Financial and Development Corporation for Israel

STATE OF ISRAEL BONDS

HENRY MORGENTHAU, Jr.
Chairman, Board of Governors

RUDOLF G. SONNEBORN
President

HENRY MONTOR
Vice-President

JULIAN B. VENEZKY
Chairman, Executive Committee

JAMES G. McDONALD
Chairman, Advisory Council

MRS. MOSES P. EPSTEIN
Chairman, Women's Division

AVIS SHULMAN
Chairman, Speaker's Division

HARRY SEEVE
Director

LEO BERNSTEIN
Director of Field Operations

ABRAHAM KELLER
Comptroller

MEYER F. STEINGLASS
Director of Public Relations

120 BROADWAY, NEW YORK 5

Telephone: RECTOR 2-9500

Cable Address: BONDISRA

November 14, 1952

Rabbi Herbert A. Friedman
Temple Emanu-El
Kenwood Boulevard
Milwaukee 11, Wisconsin

Dear Herb:

In response to a request for some form of endorsement with reference to BIG Day we received the attached which certainly will prove useful and which we are arranging to publicize.

I am sending you a copy because of our conversation some weeks ago in which I suggested it would be wonderful if Dr. Fink would follow the example in Milwaukee and agree to hold a Bond Sales Dinner for the members of his Congregation. We really need it in Buffalo and it might very well open the door in other parts of the country as well. If you think there is any merit to it, please see what you can do and advise me.

With kindest personal regards, I am

Cordially yours,

Leo

Leo Bernstein
Director, Field Operations

LB:ME



American Financial and Development Corporation for Israel

STATE OF ISRAEL BONDS

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Comptroller

MEYER F. STEINGLASS
Director of Public Relations

120 BROADWAY, NEW YORK 5

Telephone: RECTOR 2-9500

Cable Address: BONDISRA

November 19, 1952

Rabbi Herbert Friedman
Temple Emanu-El
Kenwood Boulevard
Milwaukee, Wisconsin

Dear Herb:

Thank you for your letter of November 17th.

I have no total plan with reference to Rabbi Fink in Buffalo. As a matter of fact we had a Bond dinner in Buffalo on November 12th with Police Minister Sitreet and Molly Picon at which we sold about \$110,000 worth of Bonds. I am afraid that the local situation is not too good. Some of the people feel that we press too hard.

However, the people of Dr. Fink's Congregation haven't really participated in Bond purchases and I would suggest that you call him "out of the blue", pointing out what it could mean to Buffalo and to the nation if his Congregation were to go along with a Bond sales function.

With warm personal regards, I am

Cordially yours,

Leo Bernstein
Director, Field Operations

LB:ME



*"a time to plant
and a time to pluck . . ."*

Dear Fellow-Jew:

From the Bible there comes this sentence:

"To every thing there is a season, and a time
to every purpose under heaven —

A time to be born and a time to die —

A time to plant, and a time to pluck up that
which is planted . . ."

During our lifetime, we have passed through both seasons. We have seen the death of European Jewry and the birth of Israel. We have seen the planting of a new land and the plucking up of an old civilization.

One fact is clear — that we have the most remarkable and unique opportunity ever offered in 2,000 years. It is not often given to men to influence directly the events of the future.

The land of Israel is the creation of the people of Israel. While friendly nations have given support, moral and financial, and among them our own United States has been in the very vanguard with generous gifts and loans, still the ultimate responsibility rests with the Jewish people.

Economic independence requires the investment in Israel of large sums of capital, so that factories may be built, minerals extracted, power lines extended, land irrigated and cultivated. This capital must come mainly from the purchases of **BONDS OF THE ISRAEL GOVERNMENT**. These bonds are offered to investors in America, with the resources of Israel as their backing and security. Just as America pioneered 175 years ago with the aid of capital from France, so today Israel looks to American Jewry for similar investment dollars. Every Jew who purchases a **BOND OF ISRAEL** maintains a bond with Israel.

As we approach this New Year we give thought to the values by which we live and to the destiny of our people. With passionate hope that the future will unfold brightly, we say that the season of death is behind us and the time of birth ahead; the plucking up is finished and the planting is at hand. Let the sound of the turtle-dove be heard in the land — let the singing soar forth — let the building and the hammering make a busy noise — so that all may see Israel alive again.

With best wishes for the New Year,

Faithfully yours,

Israel Feldman

Congregation Agudath Achim

S. Schacter

Congregation Anshe Lebowich

David S. Shapiro

Congregation Anshe Sfard

Louis J. Surichkow

Congregation Beth El Ner Tamid

H. Baumgard

Congregation Beth Israel

J. Kwerski

Congregation Beth Yehuda

David Becker

Congregation B'nai Jacob

Herbert A. Friedman

Congregation Emanu-El B'ne Jeshurun

Max Orenstein

Congregation Hamedrosh Hagodel

Harry B. Kantor

Congregation Shalom

P. S. Greenman

United Synagogue

HELP PLAN FOR THE DEFENSE OF ISRAEL

Join the Leaders of American Jewry

in the

National Leadership Conference

*To Strengthen Israel's Economy
through State of Israel Bonds*

Saturday Evening, March 7, 1953 at 7 P. M.

Sunday, March 8, 1953, Beginning at 10 A. M.

Mayflower Hotel, Washington, D. C.

ACT TOGETHER WITH

Leaders of the State of Israel

Leaders in American Government

Leaders of American Communities

“In order to enable Israel to meet successfully the challenge of growing anti-Semitism in Russia and other countries, foreshadowing grave dangers for millions of Jews, we believe it essential that in 1953 the Jews of America give renewed and enlarged evidence of their deep concern for the economic stability of the State of Israel.

“We firmly believe that in this year of gathering crisis in the Middle East and behind the Iron Curtain, aid to the economy of Israel through the sale of Israel Bonds represents one of the greatest services that can be rendered to the survival of the Jewish people. . . .

“In order to crystallize the sentiment of American Jewry and to give the most vigorous and understanding direction to the 1953 campaign for Israel Bonds that is so vital to the future of the State of Israel, we hereby request that a National Conference be held on March 7th and 8th, to register upon the consciousness of the Jews of America the fateful character of their obligation and their action.”

From Resolution on Policy Adopted at Joint Meeting of Board of Governors and Executive Committee of the Israel Bond Organization, January 18, 1953.

Among the Principal Speakers

HON. DOV JOSEPH

Minister of State of the State of Israel

HON. ABBA EBAN

Ambassador of Israel to the United States

AMERICAN JEWISH
ARCHIVES

HON. ROBERT A. TAFT

*Majority Leader
of the United States Senate*

HON. HERBERT H. LEHMAN

*United States Senator
from New York*

HON. ARIEH LEON KUBOVY

*Israel Minister to Poland
and Czechoslovakia*

DR. NELSON GLUECK

*President, Hebrew Union College-
Jewish Institute of Religion*

HON. THEODOR KOLLEK

*Director General,
Prime Minister's Office, Jerusalem*

HON. HENRY MORGENTHAU, JR.

*Chairman, Board of Governors,
Israel Bond Organization*

American Financial and Development Corporation for Israel

OFFICE OF
HENRY MORGENTHAU, Jr.
Chairman, Board of Governors



120 BROADWAY, NEW YORK 5
Telephone: REctor 2-9500
Cable Address: BONDISRA

January 15, 1953

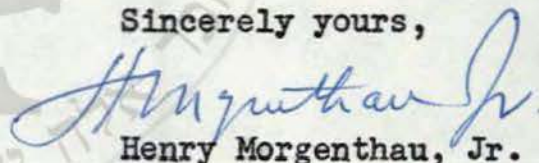
Dear Herbert:

I am dictating this at my home where I am recuperating from a recent operation.

I want to extend a very cordial invitation to you to join us as a member of the Board of Governors of the American Financial and Development Corporation for Israel. I feel that your counsel would be of great value to us. I hope that you will find it possible to accept and to join us from time to time in our deliberations.

With warm personal regards,

Sincerely yours,



Henry Morgenthau, Jr.

Rabbi Herbert Friedman
2419 East Kenwood Boulevard
Milwaukee, Wisconsin

**AMERICAN FINANCIAL and DEVELOPMENT
CORPORATION for ISRAEL**

STATE OF ISRAEL BONDS

623 N. SECOND STREET MILWAUKEE 3, WIS.

MEMORANDUM

Date February 5, 1953

To Rabbi Herbert Friedman

From Morris Stern

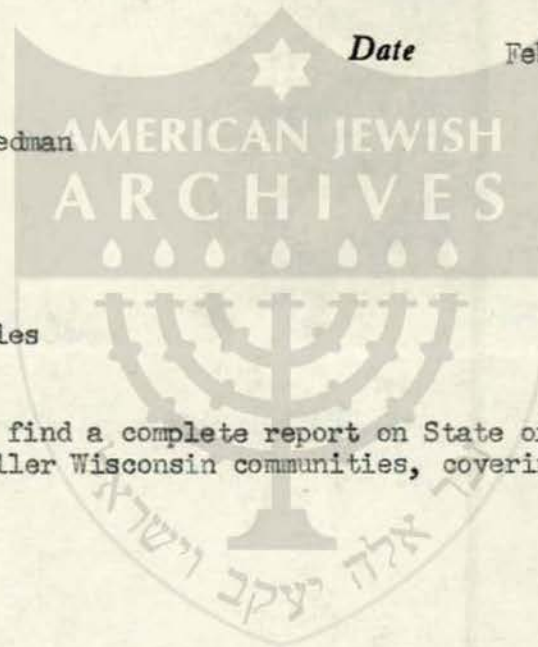
Subject Report on Bond Sales

Enclosed you will find a complete report on State of Israel Bond Sales for Milwaukee and smaller Wisconsin communities, covering 1951 and 1952.

MS

K

Encl.



STATE OF ISRAEL BONDS--MILWAUKEE COMMITTEE

BOND SALES

DECEMBER 31, 1952

	<u>COMMITMENTS</u>			<u>CASH RECEIVED</u>		
	<u>1951</u>	<u>1952</u>	<u>Total</u>	<u>1951</u>	<u>1952</u>	<u>Total</u>
(Milw.)	\$954,500	\$665,900	\$1,620,400	\$744,100	\$368,050	\$1,112,150
(State)	<u>302,100</u>	<u>223,400</u>	<u>525,500</u>	<u>237,550</u>	<u>119,350</u>	<u>386,900</u>
	\$1,256,600	\$889,300	\$2,145,900	\$981,650	\$517,400	\$1,499,050

ANALYSIS OF COMMITMENTS BY SIZE OF COMMITMENT

MILWAUKEE

<u>COMMITMENT CATEGORY</u>	<u>1951 Commitments</u>		<u>1952 Commitments</u>		
	<u># Committors</u>	<u>Amount</u>	<u># Committors</u>	<u>Amount</u>	
a. \$25,000 and over	1	30,000			
b. \$10,000 - under 25,000	12	114,000	2	10,500	
c. \$ 5,000 - under 10,000	28	138,850	12	64,500	
d. \$ 1,000 - under 5,000	347	395,200	234	249,800	
e. over 100 - under 1,000	641	226,000	862	246,800	
f. \$ 100 and under	<u>634</u>	<u>50,450</u>	<u>1,327</u>	<u>94,300</u>	
	<u>TOTAL</u>	<u>1,663</u>	<u>\$954,500</u>	<u>2,437</u>	<u>\$665,900</u>

UNPAID BALANCES

	<u>ON 1951 SALES</u>	<u>ON 1952 SALES</u>	<u>TOTAL</u>
Milwaukee	\$ 210,400	\$ 297,850	\$ 508,250
State	<u>64,550</u>	<u>74,050</u>	<u>138,600</u>
TOTAL	\$ 274,950	\$ 371,900	\$ 646,850

STATE OF ISRAEL BONDS

SUITE 520 MADISON BUILDING
623 N. SECOND STREET MILWAUKEE 3, WIS.

MEMORANDUM

Date **May 8, 1953**

To **Steering Committee**

From **Morris Stern**

Subject **Report on Meeting of May 6, 1953**

The Steering Committee of the Milwaukee Israel Bond Committee met at the Schroeder Hotel on Wednesday, May 6th at luncheon.

The Committee approved a BIG Day on June 14th which will be part of a National effort.

Herman D. Schwartz accepted the responsibility of heading this effort and will be the BIG Day City Marshal. Morris Weingrod accepted the responsibility of mobilizing and heading the Labor-Zionists and George Rosenberg for the Z.C.A. Organization.

No general publicity will be released on BIG Day until after May 17th, the one-day Welfare Fund solicitation.

The following is a confidential current report on the Milwaukee Bond activity:

	<u>BOND SALES</u>			
	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>Totals</u>
Commitments	954,050	660,850	7,750	1,622,650
Cash Deposited	<u>767,750</u>	<u>442,650</u>	<u>5,400</u>	<u>1,215,800</u>
Balance	186,300	218,200	2,350	406,850



STATE OF ISRAEL BONDS

AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL

120 BROADWAY, NEW YORK 5, N. Y. • Telephone: RECTOR 2-9500 • Cable Address: BONDISRA

June 12, 1953

Rabbi Herbert Friedman
2419 E. Kenwood
Milwaukee, Wisc.

Dear Rabbi Friedman:

A vitally important meeting of the Board of Governors of the Israel Bond organization will be held on Tuesday, June 23rd, beginning at 4 P.M. and continuing through dinner and throughout the rest of the evening. (Please note: you are asked not to plan any other engagement between 4 P.M. and at least 11 P.M. that evening.) The meeting will be held at the Bond headquarters, 120 Broadway, New York City.

I believe that this may be the most important meeting that the Board of Governors will have held since the inauguration of the Israel Bond campaign.

During recent weeks there have been conversations in this country with representatives of the Israel Government with regard to, (a) the status of the Independence Issue of Israel Bonds and, (b) future financing plans of the Israel Government in the United States beyond May 1, 1954.

Final decisions are now in the process of being made. It is essential that members of the Board of Governors should have the opportunity of expressing their views and making recommendations on all of the issues related to such financing plans.

It is possible that meetings may be held shortly on an official basis with the Israel Government. These discussions will include such matters as:

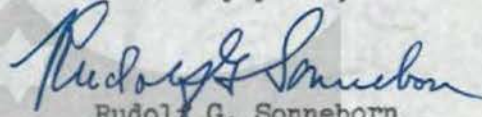
1. The relations between Israel Bonds and the United Jewish Appeal and the Welfare Funds.
2. The basic question as to whether Israel's future financing plans should include further Bond Issues beyond May 1, 1954 and under what circumstances.

I feel sure that as a result of your own experience you have views on this and related problems. As a matter of supreme moment to the Israel Government I would strongly urge that you do everything in your

June 12, 1953

power to attend this meeting because of the gravity of the problems to be discussed and the effect of recommendations upon the future plans of the Israel Government. I shall await your word that you will be with us on Tuesday, June 23rd and be prepared to stay with us throughout the evening until such time as we shall have thoroughly discussed all the problems before us.

Cordially yours,



Rudolf G. Sonneborn
President

RGS:EB
Encl.





STATE OF ISRAEL BONDS

AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL

120 BROADWAY, NEW YORK 5, N. Y. • Telephone: REctor 2-9500 • Cable Address: BONDISRA

June 18, 1953

Rabbi Herbert A. Friedman
Temple Emanuel B'nai Jeshurun
2419 E. Kenwood Blvd.
Milwaukee, Wisc.

Dear Rabbi Friedman:

Please consider this in the nature of an interim progress report. The other day Mr. Levi Eshkol, Israel's Minister of Finance, stated here that the Independence Bond issue has helped carry Israel midway toward development of her economic potentialities.

Inherent in this formal appreciation is also a challenge - to you, as spiritual leader in your community and a friend of Israel, and to your congregation, as well as to us at Bond headquarters. For ours is the urgent, sacred task to finish the job. We must make doubly sure that in the short time remaining before May 1954, Israel will not falter for lack of adequate financing but, rather, draw fresh strength from increased resources with which to complete the other half of the journey towards economic fulfillment. These resources American Jewry can afford to furnish.

Already, 600,000 Americans have shared in the Bond program. Mr. Eshkol underscored the fact that in addition to providing large sums for development, the Bond drive has made many hundreds of thousands of American Jews identify themselves more intimately with Israel. Having demonstrated our ability to help the new-born state make rapid strides toward self-sufficiency, members of your congregation have the further opportunity to assist in the realization of Israel's destiny: full economic freedom.

This can be attained only by industrial, agricultural and scientific expansion, which Bond dollars are designed to insure.

Since the launching of the Bond issue in 1951, religious leaders and their congregants throughout the country have cooperated in many ways. Particularly effective have been the High Holy Day Bond appeals conducted in most of their synagogues annually.

The accompanying Call from Chief Rabbi Isaac H. Herzog is indicative

**NATIONAL ECONOMIC
CONFERENCE FOR ISRAEL**

WASHINGTON, D. C.
SHOREHAM HOTEL

SAT. EVE. SEPT. 26 — SUNDAY SEPT. 27

HENRY MORGENTHAU, JR., *Chairman, Board of Governors* RUDOLF G. SONNEBORN, *President* HENRY MONTOR, *Vice-President*
JULIAN B. VENEZKY, *Chairman, Executive Committee* JAMES G. MCDONALD, *Chairman, Advisory Council*
MRS. MOSES P. EPSTEIN, *Chairman, Women's Division*

of the special importance which Israel attaches this year to the success of High Holy Day Bond appeals through our synagogues.

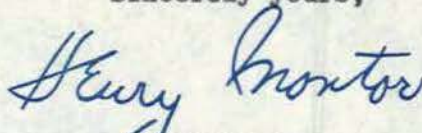
True, the High Holy Days are nearly three months away. But I need scarcely point out that long before Rosh Hashonah you, your board members and congregants will be absorbed in vacation plans.

Therefore, as we enter the final year of Israel's Independence Bond issue, I ask you please to give sympathetic thought to Israel's economic aspirations. These preliminary steps would be in order now:

1. Plan to conduct High Holy Day Bond appeals in your synagogue sometimes during Rosh Hashonah and Yom Kippur: September 9-11 and 18-19, about which we alerted you previously.
2. Involve your entire membership - if possible. Some of your congregants are already Bond holders. Others have made commitments that call for redemption. A still larger segment may have done neither. Please help stir them to response: to buy Bonds and to serve on Bond committees. You are best qualified to spell out for them, now and in the solemn atmosphere of the High Holy Day services, just what is at stake.
3. Enlist your officers. Speak to them, in person or by mail, about the urgency of buying Bonds without delay: to set the pace.
4. Place some columns of your synagogue bulletin at the disposal of the Bond campaign from now until the High Holy Days--and beyond.
5. As soon as we receive your affirmative reply, a representative of Bond headquarters in your area will call to consult with you concerning the most effective, dignified method by which High Holy Day appeals in your synagogue may hasten, in the months ahead, the economic independence and spiritual welfare of Israel.

Deeply appreciating your past cooperation, and anticipating your continued wholehearted support for Israel Bonds, I am,

Sincerely yours,


HENRY MONTOR
Vice-President

HM:rs
Enclosure

JERUSALEM 158 MAY 6 1953 1732 ISRAEL GOVT

BONDISRA (AMERICAN FINANCIAL AND DEVELOPMENT CORPN FOR ISRAEL, 120 BROADWAY)

I ACCLAIM WITH JOY THE APPEAL NOW BEING LAUNCHED IN THE SYNAGOGUES FOR STATE OF ISRAEL BONDS. THE STATE OF ISRAEL IS UNDOUBTEDLY THE WORK OF SPECIAL DIVINE PROVIDENCE AND IS CERTAINLY A STAGE IN THE PROCESS OF THE REDEMPTION OF ISRAEL.

IT IS OF SPECIAL IMPORTANCE PRECISELY ON THE HOLIEST DAYS ROSH HASHONAH AND YOM KIPPUR THAT THE HOUSES OF G-D SHOULD ECHO THIS GREAT LIVING PROOF OF THE PROVIDENCE OF G-D, OUR STATE OF ISRAEL.

JEWS AND JEWESSES, RISE TO THE VERY HEIGHTS OF THIS WONDERFUL HISTORIC JUNCTURE IN AID OF THE MIRACLE OF HISTORY, THE STATE OF ISRAEL!

WITH BLESSINGS OF A HAPPY NEW YEAR AND WELL OVER THE FAST, YOURS IN ZION.

ISAAC H. HERZOG

CHIEF RABBI OF ISRAEL

From the desk of HENRY MONTOR

June 19, 1953

Attached herewith is a statement made by Levi Eshkol, Israel Minister of Finance, to coincide with the first shipment from Israel last Sunday of 500 tons of phosphate. This is the beginning of an export industry into which a substantial sum of Israel Bond proceeds has gone.

Mr. Eshkol indicates the general nature of Israel's plans for the development of her abundant chemical resources. It is a statement which should give great encouragement to every person interested in Israel's future.

Again we are reminded as to why it is so important for those who owe money on Israel Bond subscriptions to pay up promptly. With money invested today, Israel begins to earn tomorrow.

HM:rv
Enc.

STATEMENT BY ISRAEL MINISTER OF FINANCE LEVI ESHKOL

Jerusalem, Israel

Israel's first shipment of phosphates abroad focuses fresh attention on our progress thus far in the promising chemicals industry and future plans in this important field. We look to our phosphatic and other mineral wealth as a future major asset in our economy.

It is significant that our first trial shipment of phosphates should have coincided with Sunday, June 14th, with a nationwide effort in the United States on behalf of State of Israel Bonds known as "BIG Day."

A very real and practical link exists between this effort and the exploration, development and expansion of our mineral resources. To date, close to IL 4,000,000 of the \$115,000,000 in cash raised in America through State of Israel Bond investments has been directed toward unearthing our mineral resources, including phosphates, copper, potash and other valuables in the field.

The major objective of phosphate mining at present and for the next three years is to obtain the raw material for processing at home in order that Israel's growing agriculture be provided with the basic fertilizers it requires. Our future plan calls for considerable foreign shipments and competition on the world-wide market.

Our two-phase program for the development of a ramified chemical industry, is local throughout. The phosphates and other minerals are to be found in our own backyard, the Negev, around Kurnub and to the South. They are to be processed on our front porch, the great Fertilizers and Chemicals, Ltd., on the outskirts of Haifa.

Significant strides in the expansion of the Fertilizers and Chemicals, Ltd., which even today is the largest single industrial enterprise in Israel, have been recorded in the past year. In 1952 Fertilizers and Chemicals produced 24,500 tons of single super phosphates. This covers 30 per cent of our local requirements. With the completion of a new sulphuric acid plant which is expected to begin operations in

the middle of next month, Fertilizers and Chemicals will be able to cover the country's entire requirements for fertilizers. In anticipation of this, the Government has ceased to issue import licenses for fertilizers.

This new plant, together with the one which has been in operation since 1949, will produce 270 tons of sulphuric acid per day, thus enabling Fertilizers and Chemicals to manufacture the 85,000 tons of simple phosphates needed at home.

Another phase of expansion being undertaken by Fertilizers and Chemicals, a firm in which the Government with the aid of State of Israel Bond proceeds has invested IL 2,256,666, is the construction of a phosphoric acid plant capable of producing 30 tons per day and making possible the manufacture of triple-superphosphates. This sister plant is scheduled to begin operations in May 1954.

To meet the growing requirements for skilled personnel to man Fertilizers and Chemicals, the company now employs 851 men, including an administrative and engineering staff totalling 270. The production plants presently operate on a continuous three shift schedule.

The second part of our two-fold plan centers about Kurnub and the South, the site of phosphate and other deposits. I can now report that a master plan for the realization of a vast and coordinated chemical industry in Israel has been prepared by the Development Department of the Ministry of Finance. The submission of this over-all program follows extensive geological and other investigations.

This blueprint envisages what is roughly a 20-year plan which at an estimated total cost of approximately IL 100,000,000 (half in foreign currency) will make of chemicals the cornerstone of Israel's industrial structure.

The site of the chain of plants for processing and strengthening our phosphates and other minerals will, of course, be close to the actual mining operations. It is hoped that the opening phase of this huge program will be launched this year with a IL 4,000,000 appropriation from the Development Budget for the purchase of basic

equipment to outfit the nucleus of a chemical center, as well as provide a central basic housing. Bond proceeds form an integral part of the Development Budget.

Let me make it clear that not only phosphates but considerable deposits of salt and gypsum will be processed as part of this master plan. As our planners now see it, IL 34,000,000 (half of it in foreign currency) will be required to complete the first phase of this two-fold program. It is estimated that from three to five years will be required for the realization of this part of the program.

In order to finance this huge undertaking the Government looks to several sources. We are hopeful that the American people through State of Israel Bonds investments will continue to show their faith in the development of our country by making available new sums to aid this and other projects. We have already made inquiries locally and abroad for the investment of private capital.

As a forerunner the Government has appropriated IL 1,800,000 for geological explorations and basic development of phosphate mining since 1948.

A most recent step in the expansion of our phosphate mining has been the establishment of an enrichment plant with a scheduled capacity of 80 tons per hour on the site of the mine near Kurnub which began several days ago. This plant is enabling us to experiment in boosting by mechanical means the quality of Israeli phosphates. One of the first steps to be taken by us will be the erection of a calcination plant near the scene of phosphate mining which will enable, this time by a semi-chemical process, the further strengthening of the phosphate content, thereby enhancing their ability to compete on the world market.

Transport of our mineral wealth to northern processing centers, principally to Fertilizers and Chemicals, poses a real problem. But even here plans are in motion to cut costs of such overland transport through the construction of a new southern railroad which when completed will stretch to the very door of our mineral treasure house.

Surveying for this new desert rail line, the center of which will be Beersheba,

has already been completed, and with the assistance of State of Israel Bond monies will be begun within the next year.

I have not touched upon the constant efforts which continue in the development of our copper, potash, ball clay, silica and other minerals. The first of several copper smelting plants will soon begin operations near Elath where mines inactive since the days of King Solomon have been re-activated. With the completion of the S'dom road, a tremendous engineering achievement, potash will soon be transported to world markets. Exploration in other mineral fields continues.

The pace at which we will be able to realize the true exploitable mineral wealth that is Israel's depends in large measure upon the extent of our financial resources. The more than 500,000 Americans who have to date invested in State of Israel Bonds continue to constitute a real and ever-important factor in the basic development of Israel's economy.



American Financial and Development Corporation for Israel

OFFICE OF
HENRY MORGENTHAU, Jr.
Chairman, Board of Governors



120 BROADWAY, NEW YORK 5
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March 13, 1953

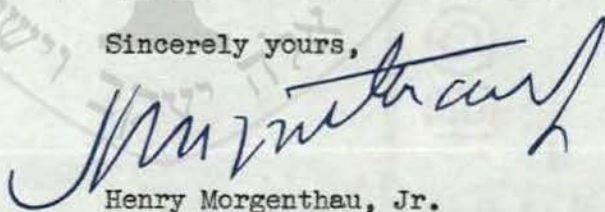
Dear Rabbi Friedman:

Today Henry Montor and I spoke by means of a closed circuit telephone conference with the Chairmen and Executive Committees of the Israel Bond campaign in a number of communities throughout the country to outline a program for Israel's Redemption Month.

Following our talk we received so many requests from those who had heard it for the full text of the broadcast that I felt it might be helpful to all chairmen and members of the Board of Governors of the Israel Bond organization. It outlines in detail exactly what has to be done during the coming weeks.

I shall be awaiting word from you as to what your community is doing, and hope that you will let me know how we can be of help to you in this task, the success of which is so vitally important to Israel's future.

Sincerely yours,



Henry Morgenthau, Jr.
Chairman, Board of Governors

Rabbi Herbert Friedman
2419 E. Kenwood Blvd.
Milwaukee, Wisc.

Text of Talks

by

Henry Morgenthau, Jr., and Henry Montor

Telephone Conference, March 13, 1953

HENRY MORGENTHAU, JR.:

This is Henry Morgenthau, Jr.

I thank you for accepting my invitation to meet with me. I felt that only in this direct way could I express to you the concern that we feel to bolster Israel's position at this time.

As former Secretary of the Treasury, I want to talk to you on a subject about which I have some knowledge -- that is, the budget of a state. In this case, the budget of the State of Israel is involved.

When the current fiscal period started, Israel adopted a foreign exchange budget of \$305,000,000. That meant that to acquire the minimum amount of food that she needed, the fuel, the raw materials for her industry, her military equipment and to meet her debt obligations -- Israel had to have \$305,000,000. Israel further pledged herself this year to spend no more than she received -- in order to cut down on her debt.

But because of income shortage, Israel is now operating on the basis of a \$244,000,000 budget. That represents still further cuts in Israel's food supplies, reductions in the raw materials needed to keep her factories going, changes in her military budget and stringencies in every other phase of her economic network.

This means not only that economic development is being retarded. It means that hardships are being imposed on people who have been making an extraordinary contribution to the reception and integration of hundreds of thousands of refugees.

It seems all the more unfortunate that these burdens should be placed on the people of Israel when, in this country, there is the money that would relieve much of this pressure.

I refer to the money that is owing for the payment of State of Israel Bonds.

Thousands of men and women throughout this land have promised within the past week, month or year to buy State of Israel Bonds. They have entered subscriptions. These are indeed sacred promises to the State of Israel, promises so good and valid that the Bank of America and a number of other American banks recently loaned the State of Israel over \$16,000,000 on the basis of them.

Israel has never defaulted on any obligation. I am sure that she will not. But in order to keep this record unblemished her people are undergoing hardships beyond the call of duty. In order to keep her machinery going, Israel borrows money in this and other countries, as it becomes necessary. Sometimes she pays very high rates of interest -- on short-term money. Surely all of us who are genuine friends of Israel will understand why it is preferable that all those who owe on Bonds should pay up promptly.

Last week-end we held a Leadership Conference in Washington. It was well-attended. I feel that it had great value in educating hundreds of our leaders in the urgency of increasing the dollar income of Israel.

We also acquired a more intimate picture of Israel's international position. We heard a discussion of the effects of Arab hostility and the consequences of the break by Russia of her relations with Israel. We also heard statements from such men as Senator Taft and Senator Lehman of the need for maintaining the American Government's financial assistance of Israel. These and other spokesmen emphasized that, more than ever before, Israel is the symbol to the entire free world of a democratic nation maintaining her freedom in the face of all obstacles.

Today there is one political reality for Israel, a political reality that is more vital to understand than any other: it is -- that a strong economy for Israel is her greatest political asset.

If the Arabs have not yet made their peace with Israel; if the Arabs and their friends in this country have launched the greatest propaganda campaign in the United States since Israel was established, it is because there is widespread hope among Arab fanatics that Israel's economy will be undermined.

That must never happen. It cannot happen if we Jews in the United States realize how important it is to strengthen Israel -- not only for her own sake but for the sake of these United States.

In presenting Senator Taft to the Washington Conference, I remarked that if danger should ever come, Israel would be able on short notice to put 200,000 fully mobilized troops into the field on our side. There is no other power in the Middle East that has the ability -- even if it had the will -- to do as much. That is one reason why Israel Bonds are not only valuable for Israel but are truly important for our own security. I was glad to hear Ambassador Eban correct me when he followed. He stated that I had underestimated the number of troops that Israel could put into the field on our side if it had to resist aggression.

In speaking to Senator Taft, I said that it is imperative that at this very time we show to the friends as well as to the enemies of Israel that we intend to see her through. Never was there greater need than this very moment to get cash dollars quickly to Israel -- as a demonstration to her that will encourage and fortify this greatest friend that America has in that part of the world.

We decided at Washington to make an intensive effort to collect all outstanding subscriptions for Israel Bonds. We recognized that in many communities Welfare Fund campaigns are in progress. We expressed appreciation of the importance of these campaigns to every Jew and the need to contribute to their success. At the same time, we felt that the collection of pledges for Bond subscriptions would in no wise conflict with the purposes of getting Welfare Fund charitable gifts. It would indeed be most unfortunate to lose tens of millions of dollars outstanding in Bond subscriptions. It would be a grave disservice to the very Israel which Welfare Fund campaigns are helping through philanthropic support.

I would like to ask Henry Montor, Vice President of the Bond organization to explain to you what we are proposing be done.

Henry.

HENRY MONTOR: At Washington it was decided that the period from March 20 to April 20 be called "Israel's Redemption Month." That is the month during which all manpower and all womanpower available should be mobilized for the purpose of going to homes, to offices for the purpose of getting cash on outstanding Bond subscriptions.

This is the program we are recommending to every community:

First, that every officer and every organization identified with the Israel Bond campaign in your community be alerted to the purposes of "Israel's Redemption Month." It is important that men and women be called in, told how urgent it is that Israel get these dollars at once, and given specific assignments of two, five or ten or more persons who still owe money on their Bond commitments.

Secondly, every community should name a Cash Collection Chairman who is the strongest person available for this vital job. At Washington, Julius Ginsburg of Chicago was named National Chairman for Israel's Redemption Month. Every city should select a local Chairman for Israel's Redemption Month. The Chairman should be someone who realizes how important this task is and is

willing to give a great deal of time to it during this month. He or she should be a person able to set an example in going to people who owe money and persuading them that NOW is the time to pay up -- in full. The Chairman should be able to enlist volunteers and make them feel that they are engaged in a job of extraordinary importance for Israel's economic stability.

Thirdly, the volunteers, the Chairman or his associates, should not rely on letters or on telephone calls, but must be prepared to go directly into the homes and offices of those who owe money -- to go there once and again and again until the person is made to understand the sacredness of the pledge he or she has made and the reason why it is essential that the Bond pledge be paid in cash -- IN FULL AND NOW.

Fourthly, individuals who are approached for payment of their Bond commitments should be asked to pay IN FULL now, by check or cash. If the individual does not presently have the cash available, he should be asked to give a post-dated check or even a note for a specified time.

Fifthly, plans should be made at once to set up a celebration on April 20th of the fifth anniversary of the establishment of the State of Israel. That celebration should be in the form of a dinner or mass meeting. It should represent the climax of Israel's Redemption Month. At that time, a report should be made of the total sum in cash collected in the community during the month -- and a complete list should be made available of the HONOR ROLL of those who responded to "Israel's Redemption Month."

Stereotyped methods of collection will not be effective. Sending out another letter or making another telephone call is a waste of time. Surely those of us who are devoted to Israel are willing to give the time that is required to see, in person, our quota of persons who owe money. We must also be willing to see them as often as may be necessary to persuade them of the indescribable urgency of making good on their sacred promise to Israel.

The collection of this cash is an individual business. It means one man seeing another man. It means one woman seeing another woman -- or another man. (In this connection, I would urge communities to utilize the women's organizations to do part of the collection job. Women can be both patient and persistent in carrying out a patriotic task of this nature. The tendency to relegate them to less important work represents a grave loss, both in money and manpower, to Israel. Some of the best collection work in the nation on Israel Bonds has been done by women).

Out of the leaders who attended the Washington Conference there has been formed a group called the Israel Redemption Squadron. These are business men in various parts of the country prepared to leave their own homes, offices and factories in order to bring to other communities the story of Israel's present urgent need for Bond dollars. These leaders, over two score of them, show by their willingness to undertake these traveling chores how vitally necessary they feel Israel Redemption Month to be. Let us use them, call for their services.

And now, -- Mr. Morgenthau:

HENRY MORGENTHAU, JR.:

There are many reasons you can give to your prospects why they should pay their Bond pledges immediately in full:

First and foremost, a sacred promise has been given to Israel. It is a promise on which Israel relied.

It is a promise which is incorporated into the budget of the State of Israel. It was on the basis of that promise that the Knesseth of Israel adopted the state budget and approved its financial program.

Israel initiated industrial and agricultural programs on the basis of this promise. Israel borrowed money in American banks on the basis of this promise. Knowing the American Jew as I do, I am sure that respect for the pledged word is one of his greatest sources of pride.

Second: Many banks throughout America loaned money to the State of Israel because they have full confidence in the commitments of American Jews. Thus, the good faith of American Jewry as well as the credit of Israel is involved.

Third: Israel is cutting back drastically on many of her economic programs, at a time when she should be expanding, in every field. Israel needs to be strong now to face her enemies. Israel needs to be strong that her own people may realize the potential of the country.

Fourth: and this reason is extremely important to me: we have a very grave opportunity and responsibility to show to the American Congress how strong is the faith and confidence of American Jews in the State of Israel.

The Congress is now considering the annual Grant-in-Aid to Israel. You all know that two years ago the amount was \$64,000,000. Last year, it was \$73,000,000. These are important sums of money: not only because they provided badly needed dollars but because they were a token to the entire world of the importance attached to Israel by the United States Government.

Many rumors have been heard in recent months about possible changes. It is important that we permit these rumors to remain rumors -- and not emerge as facts. We can each of us do our part, at this very time, by mobilizing millions of dollars from American Jews in payment of Israel Bonds. By thus investing our money in Israel, we shall be giving a demonstration of our confidence and faith in Israel which will have the most important political significance for the cause of Israel with the President of the United States and his associates and among our Congressmen.

For all these reasons -- and for many more for which we do not have time -- I urge you, each of you, to mobilize your community for Israel's Redemption Month. Let us make the period from March 20 to April 20 the most wonderful demonstration to the people of Israel, to America, to the Arabs and to Russia of our wholehearted devotion to Israel -- because it is important to the Jewish people; because it is important to the United States of America.

And then, on April 20th, by mobilizing these millions of dollars in cash we can send a birthday gift to the State of Israel that will give her the strengthening knowledge that American Jewry is behind her; that American Jewry will see her through to that day of complete Independence which will as surely be hers as there is a Jewish people.

Throughout my life I have had a favorite phrase. It is "My word is my bond." I think every man likes to feel the same way. It is the basis of the urgent approach we must make to every person who owes money to the State of Israel. I am sure every such person, on being told what is involved, will tell you, "My word is my bond" and give you his check made out to the State of Israel.

Issued by: American Financial and Development Corporation
120 Broadway, New York 5, N. Y. Rector 2-9500

American Financial and Development Corporation for Israel

OFFICE OF
HENRY MONTOR
Vice-President



120 BROADWAY, NEW YORK 5
Telephone: RECTOR 2-9500
Cable Address: BONDISRA

January 23, 1953

Rabbi Herbert Friedman
2419 E. Kenwood Blvd.
Milwaukee, Wisc.

Dear Rabbi Friedman:

I am sending you herewith a copy of the resolution on our approach to the year 1953 that was adopted at a combined meeting of the Executive Committee and the Board of Governors of the Israel Bond organization on Sunday, January 18th.

In 1953 American Jews will be confronted by a very grave situation as a result of the mounting propaganda attack by Soviet Russia and other countries behind the Iron Curtain against Israel and Jews as a whole. The events which are now shaking the continent of Europe insofar as the Jewish people are concerned have the most profound bearing on the present and future of Israel. This was the universal reaction of the leaders who assembled at the meeting on Sunday. It was their combined conviction that it is imperative that we consult promptly in a national gathering in order to relate the work we are doing in behalf of Israel Bonds to the position in which Israel has been placed.

I would most strongly urge therefore that you set aside Saturday evening, March 7th and Sunday, March 8th to be with us at a special Leadership Conference which we are calling in Washington, D.C., at the Mayflower Hotel. We are hopeful that between now and March 8th every effort will be expended in every community in the United States to convert outstanding commitments for Bonds into cash so that on March 8th we can give Israel one of the greatest concrete demonstrations of our identification with her position.

I shall communicate with you further as plans for this Conference progress.

Cordially yours,

Henry Montor
Henry Montor
Vice-President

HM:rv
Enc.

A DECLARATION OF POLICY

Resolution Adopted at a Joint Meeting of the
Executive Committee and the Board of Governors of the
American Financial and Development Corporation for Israel
Sunday, January 18, 1953

In order to enable Israel to meet successfully the challenge of growing anti-Semitism in Russia and other countries foreshadowing grave dangers for millions of Jews, we believe it essential that in 1953 the Jews of America give renewed and enlarged evidence of their deep concern for the economic stability of the State of Israel.

We firmly believe that in this year of gathering crisis in the Middle East and behind the Iron Curtain, aid to the economy of Israel through the sale of Israel Bonds represents one of the greatest services that can be rendered to the survival of the Jewish people.

To promote the consolidation of the economy of Israel so that she may be able to preserve her freedom, maintain her position as a spiritual and physical sanctuary for all Jews seeking a new home and withstand the systematic campaign of slander and vilification that is being built up by Russia against Jews everywhere, we, the Executive Committee and the Board of Governors of the State of Israel Bond organization, address this solemn plea to the Jews of America:

(1) We urge that every Jew regard it as his sacred obligation, to America and to Israel, to purchase Israel Bonds in 1953, in united demonstration to the world of our determination to help Israel succeed economically.

(2) We urge upon every Jewish organization whose expression of support made possible the launching of the Israel Bond Issue, to make the sale of Israel Bonds a vital part of its organizational program in 1953 and to call upon every one of its members to sell and to purchase Israel Bonds in the maximum amount possible within their economic resources.

(3) We urge upon every Jewish community in the United States to regard it as an act of indispensable service to American Jewry and to world Jewry in 1953 to sustain the economy of Israel through the most efficient organization of an Israel Bond campaign, with every responsible member of the community being called upon to play his share in this enterprise of Jewish statesmanship.

(4) We call upon all Americans to strengthen our friend and ally, the State of Israel, by investing in her economy, by showing faith in her capacity and integrity, by giving her the resources to play the great part of which she is capable as a free democracy in a world threatened by aggression.

(5) In order to crystallize the sentiment of American Jewry and to give the most vigorous and understanding direction to the 1953 campaign for Israel Bonds that is so vital to the future of the State of Israel, we hereby request that a National Conference be held on Sunday, March 8th, to register upon the consciousness of the Jews of America the fateful character of their obligation and their action.

AMERICAN FINANCIAL and DEVELOPMENT
CORPORATION for ISRAEL

STATE OF ISRAEL BONDS

623 N. SECOND STREET MILWAUKEE 3, WIS.

MEMORANDUM

Date June 26, 1953

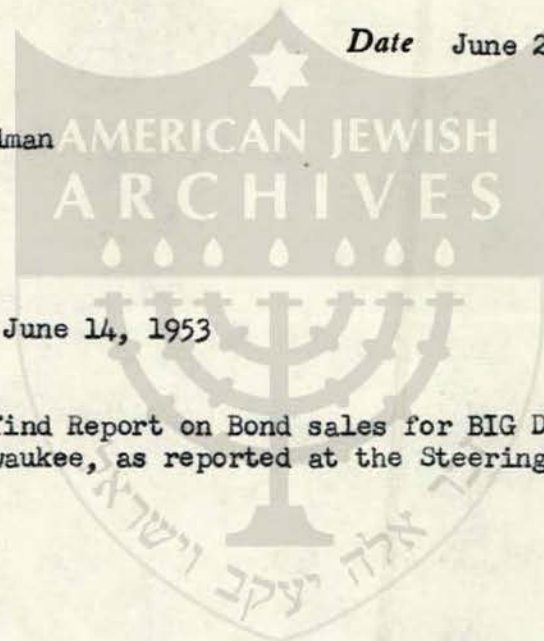
To Rabbi Herbert Friedman
Steering Committee

From Morris Stern

Subject Report on BIG Day, June 14, 1953

Enclosed you will find Report on Bond sales for BIG Day and Report of current Bond sales for Milwaukee, as reported at the Steering Committee meeting on June 19th.

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6/19/53

BOND SALES BIG DAY, JUNE 14, 1953

<u>NEW COMMITMENTS</u>			<u>CASH RECEIVED</u>	
	<u>No.</u>	<u>Amount</u>	<u>On New Pledges</u>	<u>On Old Pledges</u>
Advance	20	\$ 11,200	Advance	\$ 3,200
Week of 6/14	201	<u>37,000</u>	Week of 6/14	13,882
				<u>\$17,082</u>
Total	221	\$ 48,200		
			Total Advance Cash Rec'd.	26,750
			BIG Day Collections to 6/19/53	<u>26,457</u>
			Total Cash Rec'd.	\$ 53,207

No. of Volunteers Signed Up 337

Actual No. of Workers 250

No. of Homes Visited 2,500

Total No. of Sales 221

Per Cent Sold 9%

1. Largest Dollar Amount New Sales	1. Chas. Lubotsky	4,350
	2. Hyman Seidelman	3,000
	3. Sam Feingold & Ivan Weinstein	2,750
2. Largest Amount of Cash Collected	1. Sam Feingold & Ivan Weinstein	2,700
	2. Sam Ziebelman	2,500
	3. Frank Grossman	1,800
3. Greatest No. of New Sales	1. Sam Feingold & Ivan Weinstein	15

BOND SALES 5/15/51 to 6/19/53

<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>Total</u>
\$954,050	\$660,850	\$ 11,850	\$1,674,950
		BIG DAY <u>48,200</u>	
		TOTAL \$ 60,050	
		Cash Rec'd. to Date	<u>1,293,324</u>
		Balance Due	\$ 381,626

MEMORANDUM

Date August 31, 1953

To Rabbi Herbert A. Friedman

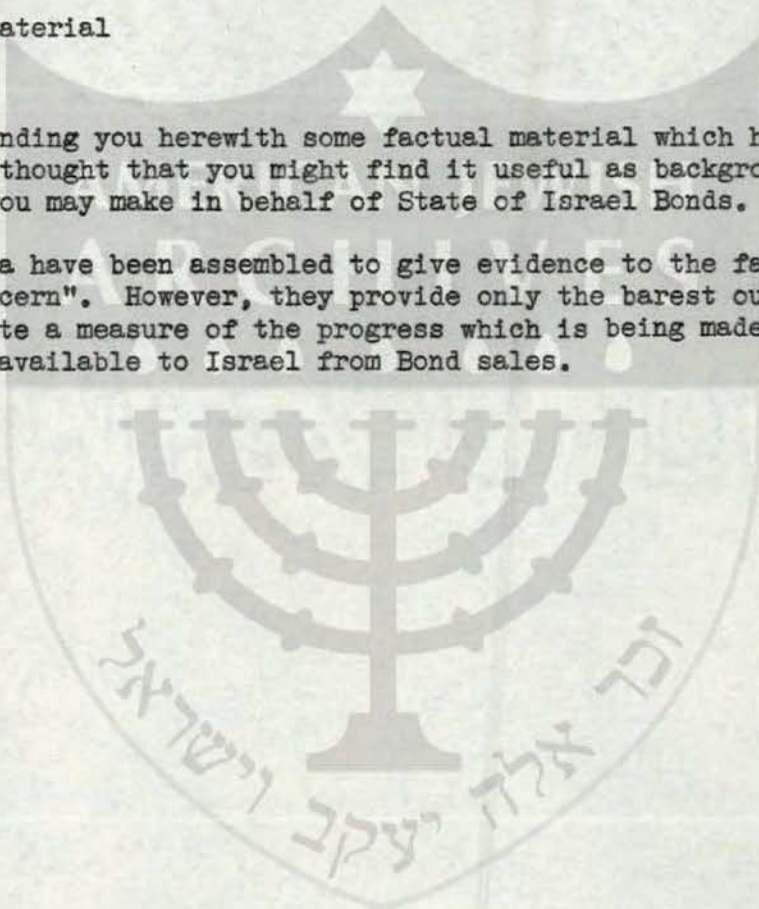
From Henry Montor

Subject Background material

I am sending you herewith some factual material which has been prepared here in the thought that you might find it useful as background in connection with talks you may make in behalf of State of Israel Bonds.

The data have been assembled to give evidence to the fact that Israel is a "going concern". However, they provide only the barest outline. You will want to relate a measure of the progress which is being made to the dollar income made available to Israel from Bond sales.

HM:rr
Enc.



SUGGESTED MATERIAL FOR REPORT TO BONDHOLDERS

Israel today maintains its pace as one of the world's swiftest-growing democracies. Its population has increased from 655,000 at the establishment of the State in 1948 to 1,644,000. The number of gainfully employed has risen to over half a million people, almost as much as the total population five years ago, with the greatest number employed in industry, followed by public services, commerce and finance, and agriculture.

* * * * *

Consumption of electric power is generally accepted as a basic yardstick of a country's economic activity. The picture in Israel shows a steady upward curve:

<u>TOTAL CONSUMPTION (IN KILOWATT HOURS)</u>	<u>INDUSTRY</u>	<u>IRRIGATION</u>
1948: 260,103,000	70,888,000	
1950: 464,052,000	140,565,000	85,010,000
1952: 668,591,000	176,817,000	139,682,000

TOTAL ELECTRICAL CONSUMPTION

January-February 1952: 87,048,000 KWH
January-February 1953: 97,783,096 KWH

(A rise of about 12 per cent in the first 2 months of 1953 compared to 1952.)

Existing power capacity is now 230,000 kilowatts. Two 50,000 kilowatt generators were installed in Tel Aviv in 1953, and a third 50,000 kilowatt generator is now on order, to be installed by the end of 1954. Total installed capacity by 1955 will be 320,000 kilowatts. This is a basic necessity in line with forecasts showing power consumption in industry rising from its current 176,000,000 kilowatt hours to 650,000,000 by 1957, and in agriculture from a current 139,000,000 to 500,000,000 kilowatt hours by 1957.

* * * * *

Although the tremendous growth of the home market attendant upon the influx of over 700,000 immigrants and a sizable natural increase made heavy claims on the output of native industry, nevertheless Israel's exports have shown encouraging gains:

<u>EXPORTS</u>	(IN ISRAEL POUNDS)
1949	10,599,000
1950	12,552,000
1951	15,983,000
1952	16,163,000 (including estimate for last 3 months of 1952)
Jan.-March 1953	8,114,000
Compared to Jan.-March 1952:	6,503,000

In order to understand why Israel has expectations of reducing her dollar deficit and increasing her exports in both volume and range, it is necessary to examine Israel's industrial growth. The first three months of 1953 have already shown a 25 per cent increase over the previous three month period in the export of Israel industrial products.

* * * * *

With the aid of Bond dollars invested in research and development, substantial quantities of minerals have been discovered and are now being exploited, with an eye to dollar-producing exports:

<u>MINERAL</u>	<u>ESTIMATED RESERVES (IN TONS)</u>	<u>TARGETS (IN TONS)</u>
Phosphates	Present production: 100-150 tons per day; Expected by end of 1953: 250 tons per day	1953: 80,000 1954: 120,000 1955: 600,000
Copper	40,000,000	1955: 10,000 tons of copper 1956: 1,500,000 tons of <u>ore</u> 1960: 3,000,000 tons of <u>ore</u>

Dead Sea Chemicals

Potassium Chloride	2,000 million
Sodium Chloride	11,000 million
Calcium Chloride	6,000 million
Magnesium Chloride	22,000 million
Magnesium Bromide	980 million

<u>MINERAL</u>	<u>ESTIMATED RESERVES (IN TONS)</u>	<u>TARGETS (IN TONS)</u>
Potash		1953: 60,000 1954: 100,000 1955: 135,000
Glass Sand	1,000,000	1953: 20,000 1954: 30,000 1955: 40,000
Ball Clay	300,000	1953: 10,000 1954: 15,000 1955: 20,000
Iron Ore	20,000,000 (low-grade)	
Peat	20,000,000	

The development of Israel's chemical industry depends not only on the exploitation of minerals found in the Negev, but also on the processing of these minerals at the plants of Fertilizers & Chemicals Ltd. near Haifa. With the completion of a new sulphuric acid plant, Fertilizers & Chemicals Ltd. will be able to meet all of Israel's fertilizer requirements. The firm's plants will produce 85,000 tons of simple phosphates for home use. A new phosphoric acid plant is under construction: with its completion in 1954, Israel will be able to produce 10,950 tons of triple phosphates per year.

* * * * *

In another vital field, that of tools and agricultural machinery, progress has been equally impressive since the State's establishment:

<u>PRODUCT</u>	<u>UNITS: 1948</u>	<u>1952</u>
Balers	173	563
Drills	237	759
Combines	261	783
Tractors	681	3,133
Precision Instruments	835	5,872
TOTAL WORKERS EMPLOYED	27,360	60,600

* * * * *

High on Israel's export list are industrial diamonds, of which it is the second largest exporter in the world. Over 2,000 workers are employed in about 100 medium-sized workshops and factories.

Newer exports include refrigerators, tires and automobiles, with Amcor in Tel Aviv having already assembled 25,000 refrigerators and now producing 25 refrigerators per day. Production plans call for an increase to 90 units per day. Kaiser-Frazer's assembly plant in Haifa is now capable of assembling 6,000 automobiles a year, most of the product being exported to European nations.

Textiles and wearing apparel maintain their position as Israel's third largest export, after citrus fruits and diamonds. Established for a quarter of a century, the industry has a corps of 6,500 workers, and with new investments calling for the establishment of twenty new enterprises, 3,500 additional workers will be added to those already employed. Israel Bond funds are helping to establish new factories to fill existing gaps, to replace obsolete machinery in existing factories, and to expand product activity for both domestic and export markets. The following plants have been aided by Israel Bond funds, directly or indirectly:

Lodzia Ltd. (Holon)	Ata Textile Co. Ltd. (Haifa)
Pishtan Flax and Fibres Ltd. (Beer Tuvia)	Palestine Cotton Mills Ltd.
Saxonia Ltd. (Ramat Gan)	Melai Ltd.
Adereth Co. (Tel Aviv)	Sharon Ltd.
Ketter Textile Products Inc. (Ramat Gan)	Siv Ltd.
Philaric Ltd. (Jerusalem)	Contonia Ltd.
Etun Ltd.	Kitan Ltd.
Elan-Nesher Ltd.	Ereg Textile Ltd.
Frido Ltd.	Migdal Gad Looms Ltd.
Tova Ltd.	Dorina Ltd.
Adareth Worsted Mills Ltd.	Aled Ltd.
United Wool Mills Ltd.	

* * * * *

Israel's primary export, however, is still citrus fruits and fruit juices, which together accounted for more than 50 per cent of Israel's total exports in the first part of 1952. Despite the fact that the country's citriculture was seriously affected by neglect and damage during the Second World War and the War of Independence, production in recent years has shown encouraging increases:

<u>YEAR</u>	<u>PRODUCTION (IN CASES)</u>
1949-50	6,200,000
1952	8,525,000
1953	11,000,000

Israel's Development Budget for 1953-54 provides for the planting of nearly 4,000 acres of citrus trees as well as over 1,000 acres of carob trees.

* * * * *

In the vital field of agriculture Israel has made steady and uninterrupted progress since the establishment of the State in 1948:

TOTAL CULTIVATED AREA (IN ACRES)

1948-49	413,000
1949-50	425,000
1952-53	915,000

The cultivated area of Israel in the season 1952-53 was divided as follows:

<u>CROP</u>	<u>ACREAGE</u>
Field crops (mainly wheat, barley, etc.)	668,750
Fodder	37,500
Vegetables and potatoes	62,500
Fruit plantations	108,250
Fish ponds	9,250
Miscellaneous	28,850

The following table gives a clear picture of Israel's agricultural progress from 1951 to 1952:

<u>PRODUCT</u>	<u>1950-51</u> (FIGURES IN TONS UNLESS OTHERWISE INDICATED)	<u>1951-52</u>
Wheat	13,500	30,800
Barley and Oats	27,500	93,000
Hay	55,000	120,000
Vegetables and potatoes	179,000	225,000
Grapes	13,400	17,500
Bananas	5,700	7,000
All fruits except citrus & olives	28,000	30,000
Milk	118,000,000 litres	138,000,000 litres
Eggs	392,000,000 units	367,000,000 units

The average increase in production for all products amounted to more than 45 per cent. Concentration in the production of fish, an important dietary component, has also shown encouraging results:

	<u>1948</u>	<u>1952</u>	(<u>IN TONS</u>)
Lake fishing	400	1,046	
Inshore and Deep Sea Fishing	900	2,000	
Fish Breeding	2,938	4,500	
TOTAL WORKERS EMPLOYED	168	1,500	

At present, Israel produces almost all its vegetables, milk, eggs, fruit and tobacco, but must import most of its bread grain and part of its feed grain, most of its edible oil, all of its cane sugar, milk powder for its milk products, most of its meat, and practically all of its needed fibre plants. However, it has the potential to produce all of its food needs with the exception of cereals, the import of which should be covered by the export of citrus, grown mainly for foreign markets. At present more than 75,000 are gainfully employed in growing Israel's foodstuffs.

* * * * *

A substantial part of Israel's agricultural progress can be attributed to the sustained effort to increase the amount of land under irrigation:

AREA UNDER IRRIGATION (IN ACRES)

1948	72,500
1952	145,000

An all-Israel scheme looks forward to the eventual irrigation of 625,000 acres, based on diverting water from the Galilee to the Negev, utilizing huge pipes made in Israel by Yuval Gad, and constructing a 20 square mile lake and dam. The irrigated area needed to assure self-sufficiency in food production at present size of population is 325,000 acres.

* * * * *

In the field of transport, rail expansion brings out the following picture:

	<u>1950</u>	<u>1952</u>
RAILROAD PASSENGERS CARRIED	1,529,000	2,185,000
FREIGHT CARRIED (IN TON-KILOMETERS)	70,867,000	90,310,000

With the completion of the 58-mile Hadera-Tel Aviv Railway in May, 1953, linking Tel Aviv and Haifa, the first link has been finished in the over-all plan to connect all of Israel's industrial and mining centers. The new line cost \$5,600,000 to construct.

Road transport has had a comparable development:

	<u>1950</u>	<u>1952</u>
FREIGHT CARRIED (IN TON-KILOMETERS)	410,000,000	430,000,000

By the beginning of 1953, Israel had 1,612 miles of paved roads. The completion of the Beersheba-Sdom Road this year shortened the distance between the two centers to 48 miles--33 miles less than the old route. The new road, which connects the southern tip of the Dead Sea with the northern industrial areas, will provide transportation facilities to accelerate the export of potash and chemicals.

* * * * *

Shipping has made even greater strides in the five years since Statehood:

<u>NUMBER OF VESSELS</u>	<u>GROSS TONNAGE</u>	<u>YEAR</u>
8	21,000	1948 (May 15)
33	133,165	1953

The Merchant Marine now includes four passenger ships (including the SS Jerusalem, built this year), five fruit carriers specially built for the citrus trade, and 24 cargo vessels.

* * * * *

The third main branch of transport is covered by airlines representing the United States, England, France, Italy, South Africa, Holland, Belgium, Luxembourg, Switzerland, Sweden, the Philippines and Cyprus, all of which have regularly scheduled flights to Lydda Airfield. El Al, the Israel Airlines, has steadily forged ahead:

	<u>1951</u>	<u>1952</u>
Passengers	1,923	2,477
Tons of commercial freight	50,087	93,466
Tons of mail	6,844	9,773

It operates scheduled flights to New York, Paris, London, Vienna, Rome, Zurich, Athens, Nicosia, Johannesburg and Istanbul.

* * * * *

The pressure of mass immigration has caused Israel's planners to concentrate intensive energy on the expansion of building and building trades. The cement plants of Nesher and Shimshon now produce more than 700,000 tons of cement per year; expansion now underway should double output by the end of 1954. A 65,000-square foot masonite factory, Sephen Ltd., is now under construction at Afikim, which will manufacture fiber board products, including masonite and celotex, and will have a production capacity of 3,000,000 square feet of insulating and covering boards per year, half of which will be exported. All necessary raw materials are available without any outlay of foreign currency, from timber waste products processed by Kelet Plywood factory also at Afikim.

Fifteen paint plants, accounting for 75 per cent of Israel's needs, are now in operation. Excluding Kelet, three plywood factories are now producing cabinets, closets, prefabricated materials and boards for both home use and export. Far to the south, the Elath Gypsum processing factory is capable of turning out six tons of gypsum a day for the construction of specially built houses in Elath, where temperatures usually exceed 130 degrees, and where gypsum may become the accepted substance for cheap and cool homes in the desert.

Beersheba's Kharsah Ceramic Works is building a 130,000-square foot factory, which on its completion in 1954 will turn out about 150,000 sanitary fixtures annually. Further plans call for the production of glazed wall tiles, burned bricks, roof tiles and other basic materials.

The 1953-54 Development Budget

An over-all picture of Israel's economic progress is provided by an examination of the 1953-1954 Development Budget, outlining projected capital investments in the total development of the country, which was introduced by Finance Minister Eshkol. This year's Budget, totaling 145,000,000 pounds, is 30,000,000 pounds higher than the previous Budget.

The Agriculture Development Project provides for the establishment of 2,541 farming units in new settlements and 1,148 in old settlements, the completion of the Yarkon-Negev pipeline for irrigation purposes, and the construction of several water reservoirs in various sections of the country.

The National Agricultural Bank is to be bolstered, with 6,500,000 pounds to be loaned to farmers to increase production, sheep flocks to be increased by 6,000 head, and 3,500 calves to be bred for meat.

Road construction, pipe lines and the development of the port of Elath are all earmarked, and a geophysical institute is to be established for oil-prospecting. Aid to industry is to be given, mainly as loans to existing enterprises with a view to fostering exports. Of the 6,250,000 pounds allocated for this area, only 750,000 is for new plants.

The Palestine Electric Corporation is to get a 5,000,000 pound loan to buy new equipment, railways are to get one-third of the total sum allocated for transportation, and another third is to go for the development of existing ports.

With 13,400,000 pounds set aside for housing, loans will be granted to housing companies, and new hospitals, school buildings and institutions of higher learning will also benefit.

DRAFT OF LETTER FOR BOND OFFICE

Dear Fellow Jews:

When Moses sent the spies into the Promised Land to scout the territory, they brough back this report:

"We came unto the land whiter thou sent us, and surely it floweth with milk and honey."

Sweet were these words, with their promise of a lush and happy future. And it is true that in ancient days, the land of Palestine, supported a large population on rich farms, lovely acreage, wooded glens and great cities. Only across the centuries of waste and neglect did the land grow poor and barren.

INDEPENDENCE IS SWEET. And with the sweet taste of freedom spurring them on, present-day Israelites will once again cause the land to flow with milk and honey. The little boy eats the drop of honey which is placed on the first page of Holy Writ he reads at the age of five, as a symbol of the good taste of knowledge. The man returning from the synagogue on Roah Hashonah eve finds honey on his table, to be eaten with the first slice of bread, as an omen for a sweet year ahead.

Honey for knowledge - honey for a good year - and honey in a new state.

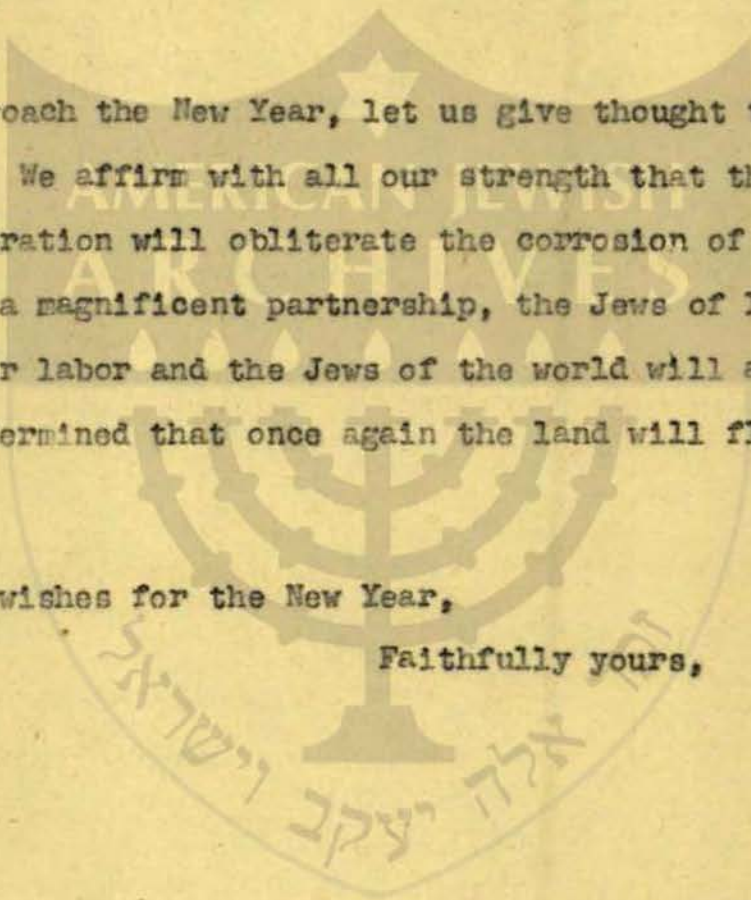
Those of us who do not live in the Land of Israel may also know the sweet taste of accomplishment. It is given to us to aid Israel in her great rebirth by providing the capital which will be the tool for starting the new flow of milk and honey.

Factories must be built, minerals extracted, power lines extended, land irrigated and cultivated. The capital for this must come mainly from the purchases of BONDS OF THE ISRAEL GOVERNMENT. The resources of Israel are the security for these Bonds. Every Jew who purchases a BOND OF ISRAEL maintains a bond with Israel.

As we approach the New Year, let us give thought to the destiny of our people. We affirm with all our strength that the efforts of our one generation will obliterate the corrosion of many centuries. In a magnificent partnership, the Jews of Israel will apply their labor and the Jews of the world will apply their means, both determined that once again the land will flow in all her goodness.

With best wishes for the New Year,

Faithfully yours,



CONFIDENTIAL

September 4, 1953

Undoubtedly you have read the recent announcement that on August 31 the Israel Government paid \$6,097,493 to the United States Export-Import Bank on account of principal and interest on the Bank's loan of \$135,000,000 to Israel. That payment served to maintain Israel's remarkable record of meeting its financial obligations.

We recall how Americans everywhere sang the praises of Finland whenever that nation made a payment on loans received from the United States and in what high esteem Finland was held by Americans because of its meticulous concern for meeting its obligations. I am sure that Israel, despite all its difficulties, will establish a similar reputation for integrity and reliability among the nations and people of the world.

However, it would be a mistake to think that Israel was able to make this latest payment simply as a matter of course. You, as a responsible Jewish leader, should be aware of the facts behind the story. The Government of Israel did not have in its treasury the necessary means for payment of its debt. Only heroic action on the part of a number of Jewish organizations, including the Joint Distribution Committee, Hadassah and the United Jewish Appeal itself, made it possible for Israel to meet its obligation.

This undertaking, important and valuable as it was to Israel and to Jews everywhere, did however deplete the cash resources available to Israel. Now, in order to meet equally vital short-term obligations incurred by Israel in the first years of its existence, additional cash must be forthcoming. It is for this reason that the UJA is compelled to ask all communities to take unprecedented measures in order to provide \$25,000,000 in cash within the next few weeks. In this respect the National Cash Conference planned for October 10 and 11 in Cleveland is truly unique in its importance.

Realize that at this moment Israel is engaged in a fundamental and far-reaching battle for economic health. The country has made great progress in the revision of its price structure, in its fight against inflation and in its drive for agricultural self-sufficiency. You should know that in the first five months of 1953 exports increased by about twenty percent over the same period in 1952 and imports decreased by about twenty-one percent.

Yet as Israel fights to achieve a stable economy, the country struggles under the vast burden of short-term loans, accumulated in the period when each month saw tens of thousands of immigrants entering the country without resources and requiring great funds for care, shelter, food, and absorption.

Israel has been concerned for some time about removing the onerous burden of having to meet continuing emergencies resulting from these obligations. Discussions and negotiations have been going on with certain governments, looking toward a solution of this problem. There is a possibility, for example, that a loan may be secured against German reparations, to be used to refinance Israel's outstanding short-term debts. But it should be borne in mind that these negotiations may continue for three to six months or even longer before we can know whether they will be successfully concluded. In the meantime payments under these short-term debts continue to fall due and Israel must be helped to meet them.

It is imperative, then, that we do everything possible to tide Israel over the period immediately ahead, until these negotiations are completed.

I have put these background facts before you because I feel that you as a leader in your community should be acquainted with them. Naturally, they cannot be published, broadcast, or passed around indiscriminately. But in order for you and your community to provide the United Jewish Appeal with the greatest amount of cash possible, you may find it advisable to call together a responsible group of your local people to put some of this data before them. In the event you decide to hold such a meeting, this office will be glad to send a special representative, well acquainted with the situation, who can supply further details.

Let us hope that in the New Year ahead, Israel with our help can continue to make great strides forward.

Sincerely,

Joseph J. Schwartz

JJS:JB

"COPY FOR YOUR INFORMATION"



SAMUEL H. DAROFF
Chairman, National Campaign Cabinet

September 9, 1953

Rabbi Herbert Friedman
Temple Emanu-El
2419 E. Kenwood Blvd.
Milwaukee, Wisc.

Dear Rabbi Friedman:

In connection with the current cash situation, Dr. Schwartz wrote a letter the other day to Welfare Fund Presidents which I consider so important that I want you to have a copy for your own information.

I think you can use the facts in this letter to good advantage both in stimulating the flow of cash and in increasing the attendance to the National Cash Conference in Cleveland on October 10 and 11.

With best wishes for the New Year, I am

Sincerely

Samuel H. Daroff

SHD:PJB
Enc.



STATE OF ISRAEL BONDS

AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL

120 BROADWAY, NEW YORK 5, N. Y. • Telephone: REctor 2-9500 • Cable Address: BONDISRA

September 14, 1953

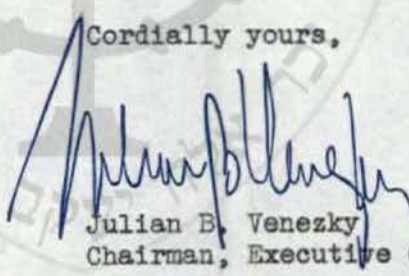
Rabbi Herbert Friedman
2419 E. Kenwood Blvd.
Milwaukee, Wisc.

Dear Rabbi Friedman:

At the meeting of the Cabinet of the Government of Israel on Sunday, September 6, 1953, a resolution was unanimously adopted by the members of the Cabinet, in regard to the Israel Bond issue.

Inasmuch as the proposal made concerns you and all of us who have been involved in the leadership of the Israel Bond organization, nationally and locally, I am sending you a copy of the resolution which was forwarded to me by the Government.

Cordially yours,


Julian B. Venezky
Chairman, Executive Committee

P.S. I most earnestly hope to see you at the National Economic Conference for Israel in Washington, D. C. (Shoreham Hotel) September 26 and 27.

**NATIONAL ECONOMIC
CONFERENCE FOR ISRAEL**

WASHINGTON, D. C.
SHOREHAM HOTEL

SAT. EVE. SEPT. 26 — SUNDAY SEPT. 27

HENRY MORGENTHAU, JR., *Chairman, Board of Governors* RUDOLF G. SONNEBORN, *President* HENRY MONTOR, *Vice-President*
JULIAN B. VENEZKY, *Chairman, Executive Committee* JAMES G. MCDONALD, *Chairman, Advisory Council*
MRS. MOSES P. EPSTEIN, *Chairman, Women's Division*

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AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL R2226
120 BROADWAY

THE GOVERNMENT OF ISRAEL, AT THE MEETING OF SIXTH SEPTEMBER, 1953, DECIDED TO PROPOSE TO THE DIRECTORS OF THE AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL TO MAKE ALL THE ARRANGEMENTS NECESSARY FOR THE ISSUANCE OF A NEW STATE OF ISRAEL BOND SERIES TO BE SOLD TO THE JEWS IN THE UNITED STATES AND CANADA AND OTHER COUNTRIES BEGINNING FEBRUARY 1954. FROM MAY, 1951 UNTIL THE BEGINNING OF SEPTEMBER, 1953 THE AFDCI HAS SUCCEEDED IN SELLING STATE OF ISRAEL BONDS IN THE UNITED STATES AND CANADA IN THE AMOUNT OF MORE THAN ONE HUNDRED AND FIFTY MILLION (\$150,000,000) DOLLARS OF WHICH ONE HUNDRED TWENTY TWO MILLION (\$122,000,000) DOLLARS WAS RECEIVED IN CASH AND TRANSFERRED TO THE ISRAEL GOVERNMENT. HUNDREDS OF THOUSANDS OF JEWS THROUGHOUT THE UNITED STATES AND CANADA HAVE RESPONDED TO THE CALL AND HAVE PURCHASED BONDS OF THE ISRAEL GOVERNMENT. THESE RESOURCES HAVE BEEN APPLIED

Only American owned System providing worldwide telegraph service by both Cable and Radio

TO THE FOUNDING OF DEVELOPMENT ENTERPRISES OF GREAT PRODUCTIVITY AND PROMISE IN ALL FIELDS OF THE ECONOMY IN ISRAEL: IN INDUSTRY, AGRICULTURE, COMMUNICATIONS, IN ELECTRIC POWER PLANTS AND IN THE DISCOVERY, EXPLORATION AND EXPLOITATION OF THE NATURAL RESOURCES OF THE NEGEV. THESE ENTERPRISES, WHEN FULLY DEVELOPED, WILL BRING THE COUNTRY FORWARD TOWARD ECONOMIC INDEPENDENCE.

THE GOVERNMENT OF ISRAEL EXPRESSES ITS DEEP APPRECIATION TO MR. HENRY MORGENTHAU, JR., CHAIRMAN OF THE BOARD OF GOVERNORS, MR. JULIAN VENEZKY, CHAIRMAN OF EXECUTIVE COMMITTEE, AND MR. HENRY MONTOR, EXECUTIVE VICE PRESIDENT OF AFDCI, AND TO ALL THEIR ASSOCIATES OF THE EXECUTIVE COMMITTEE. THEIR ACTIVITY HAS CONTRIBUTED GREATLY TO THE STRENGTHENING OF THE STATE AND THE CREATION OF ITS ECONOMIC STRUCTURE.

THE GOVERNMENT OF ISRAEL EXPRESSES ITS FIRM HOPE THAT THESE MEN AND THEIR COLLEAGUES WILL CONTINUE TO DEVOTE THEIR BEST EFFORTS THEIR EXPERIENCE AND WISDOM TO THIS VITAL UNDERTAKING. THE GOVERNMENT HOPES AND EXPECTS THAT THE GREAT JEWISH COMMUNITIES ON THE AMERICAN CONTINENT AND IN OTHER COUNTRIES WILL CONTINUE TO PURCHASE BONDS AND WILL THEREBY ASSIST IN THE UP-BUILDING OF ISRAEL AND IN THE STRENGTHENING OF THE FOUNDATIONS OF THE STATE.

ESHKOL

AMERICAN FINANCIAL and DEVELOPMENT
CORPORATION for ISRAEL
120 BROADWAY
NEW YORK 5, N. Y.

B-2

MEMORANDUM

Date October 6, 1953

To Rabbi Herbert Friedman

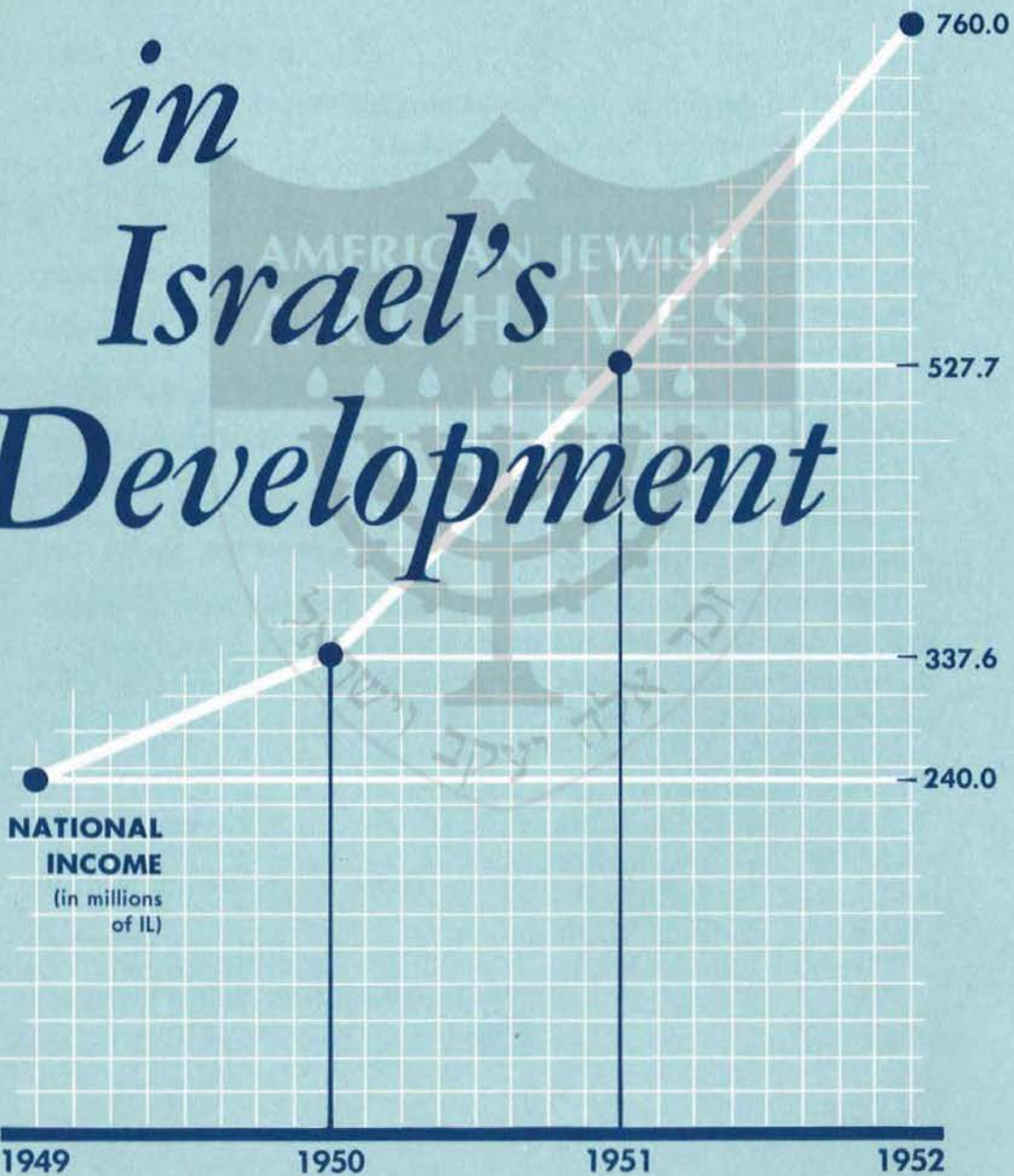
From Henry Montor

Subject

I am sending you herewith a copy of a booklet entitled "Milestones in Israel's Development" which presents in graphic form the history of the rapid economic growth which has been achieved in Israel during the past five years. It is our hope that the presentation of this material by means of charts rather than many pages of text will give dramatic, visual evidence of the tremendous progress which has been made in a variety of fields and the great potential which exists for further development.

If you wish additional copies of this pamphlet, please let me know.

Milestones in Israel's Development



INTRODUCTORY NOTE

The tables on the following pages present a bird's-eye view of the economic development of Israel since Statehood.

The objective has been to present an accurate and realistic picture. The over-all economic trend, as reflected in this survey, points in an upward direction. Israel's basic economic structure is sound and strong. The country has proven itself a reliable trader in the world market and a responsible partner to any financial agreement.

Israel has passed a turn on its road into the future and has entered a new phase of its development. The economic struggle, the great endeavor to increase production, to enlarge exports, and to reduce inflation is in full swing. Development funds—now, and in the years to come—are of paramount importance.

State of Israel Bond dollars have helped Israel to survive economically during the past two and a half years. Increased Israel Bond purchases in the future can prove that American Jewry continues to be the firm and loyal ally of Israel in its final struggle for independence.

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INTRODUCTORY NOTE

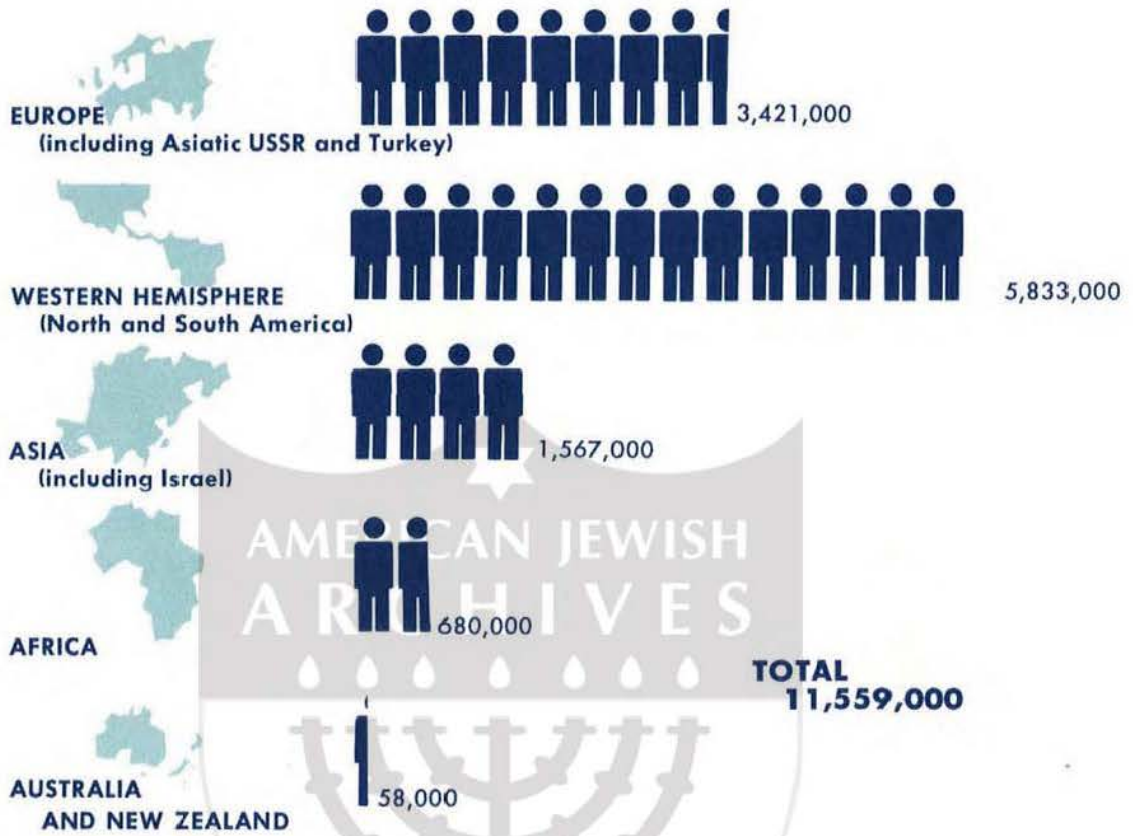
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State of Israel Bond dollars have helped Israel to survive economically during the past two and a half years. Increased Israel Bond purchases in the future can prove that American Jewry continues to be the firm and loyal ally of Israel in its final struggle for independence.

WORLD JEWISH POPULATION— 1952

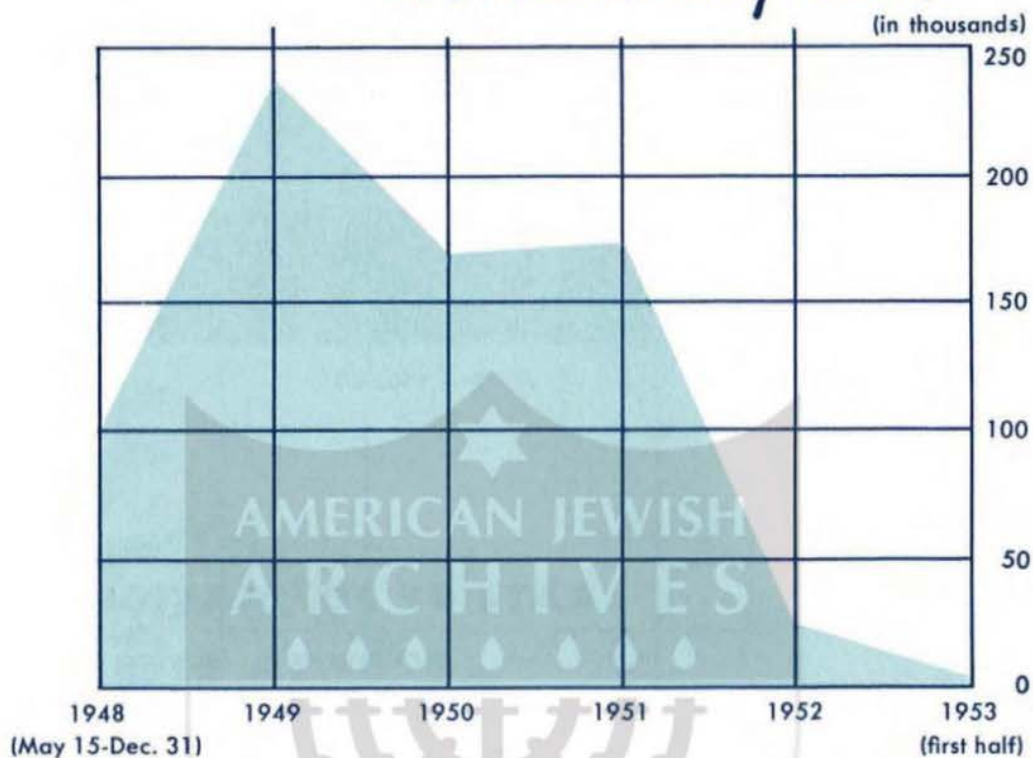


ISRAEL AND THE DIASPORA

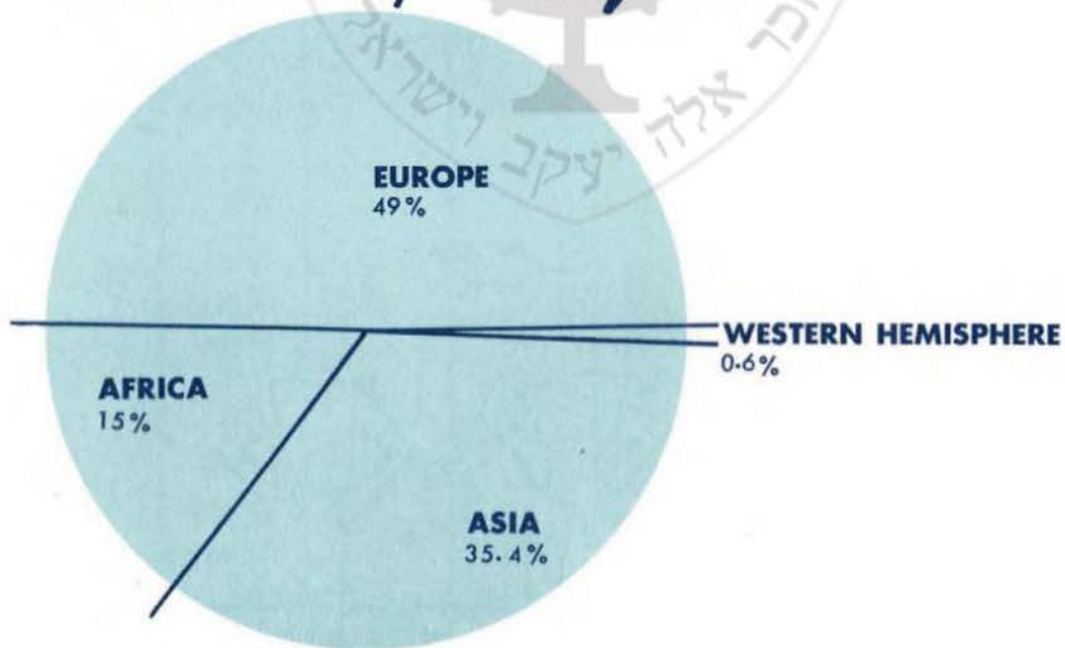


IMMIGRATION TO ISRAEL---

... when they came



... where they came from



ISRAEL'S POPULATION—



JEWS—1,450,000

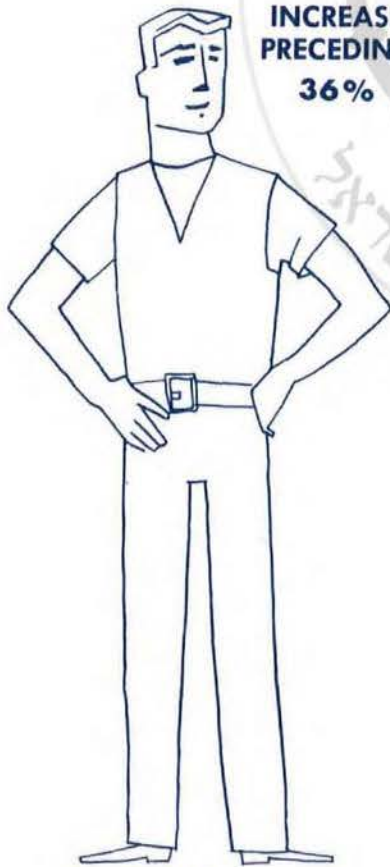
ARABS
AND OTHERS
179,000

AMERICAN JEWISH
ARCHIVES

RATE OF POPULATION

GROWTH DECREASING

INCREASE OVER
PRECEDING YEAR
36%



1949

INCREASE
19%



1950

INCREASE
17%



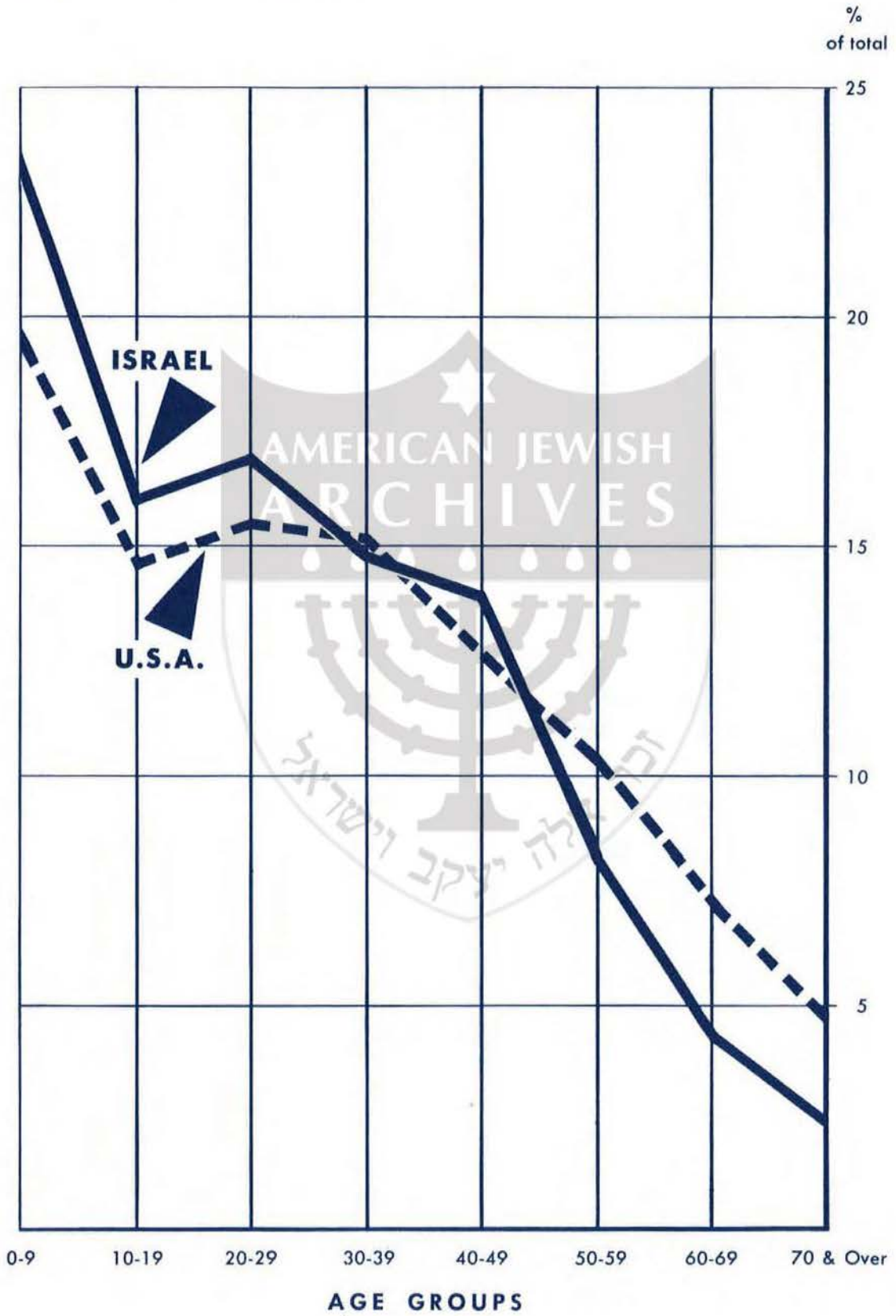
1951

INCREASE
3.6%

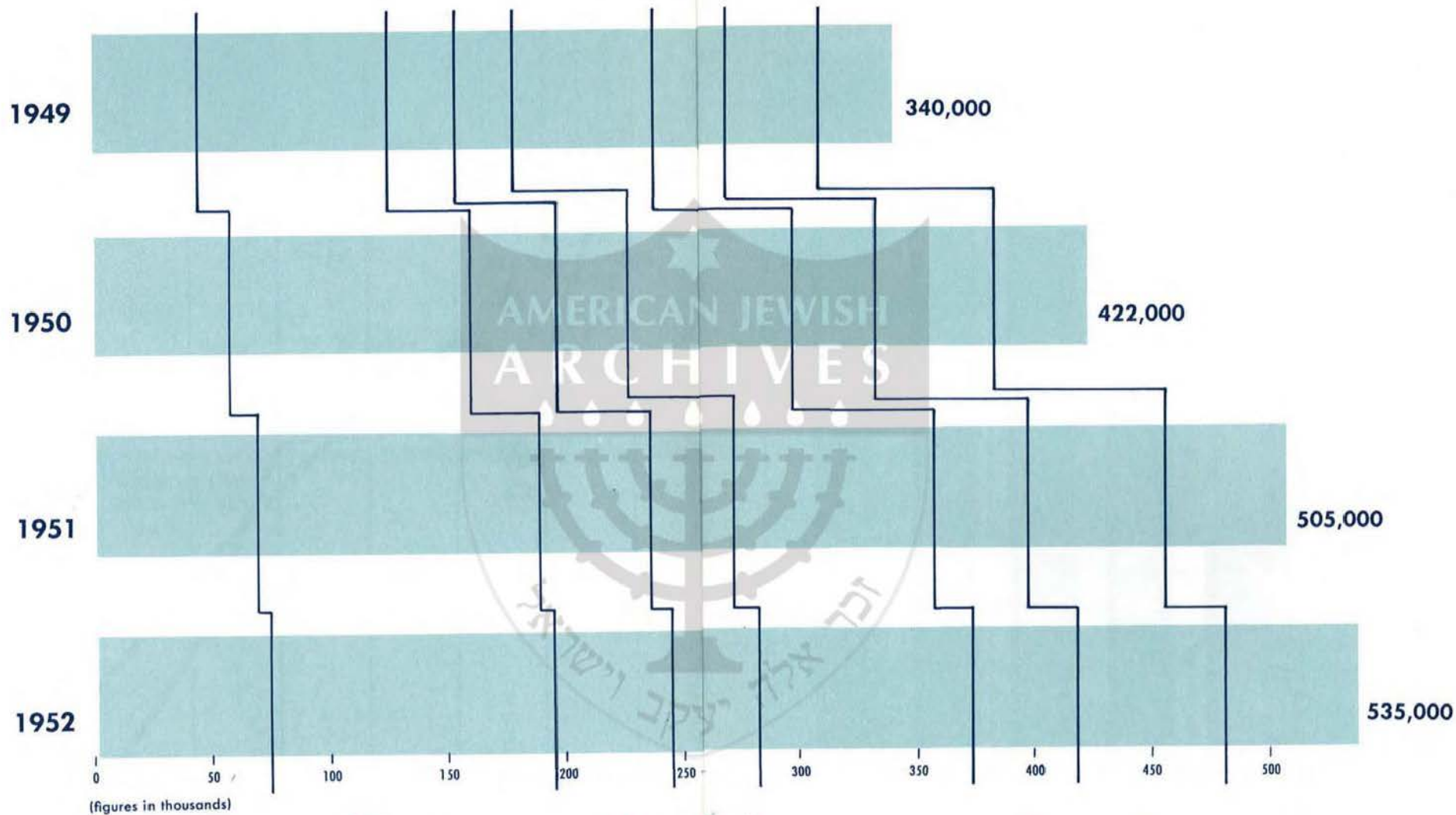


1952

AGE DISTRIBUTION



ISRAEL'S WORKING POPULATION

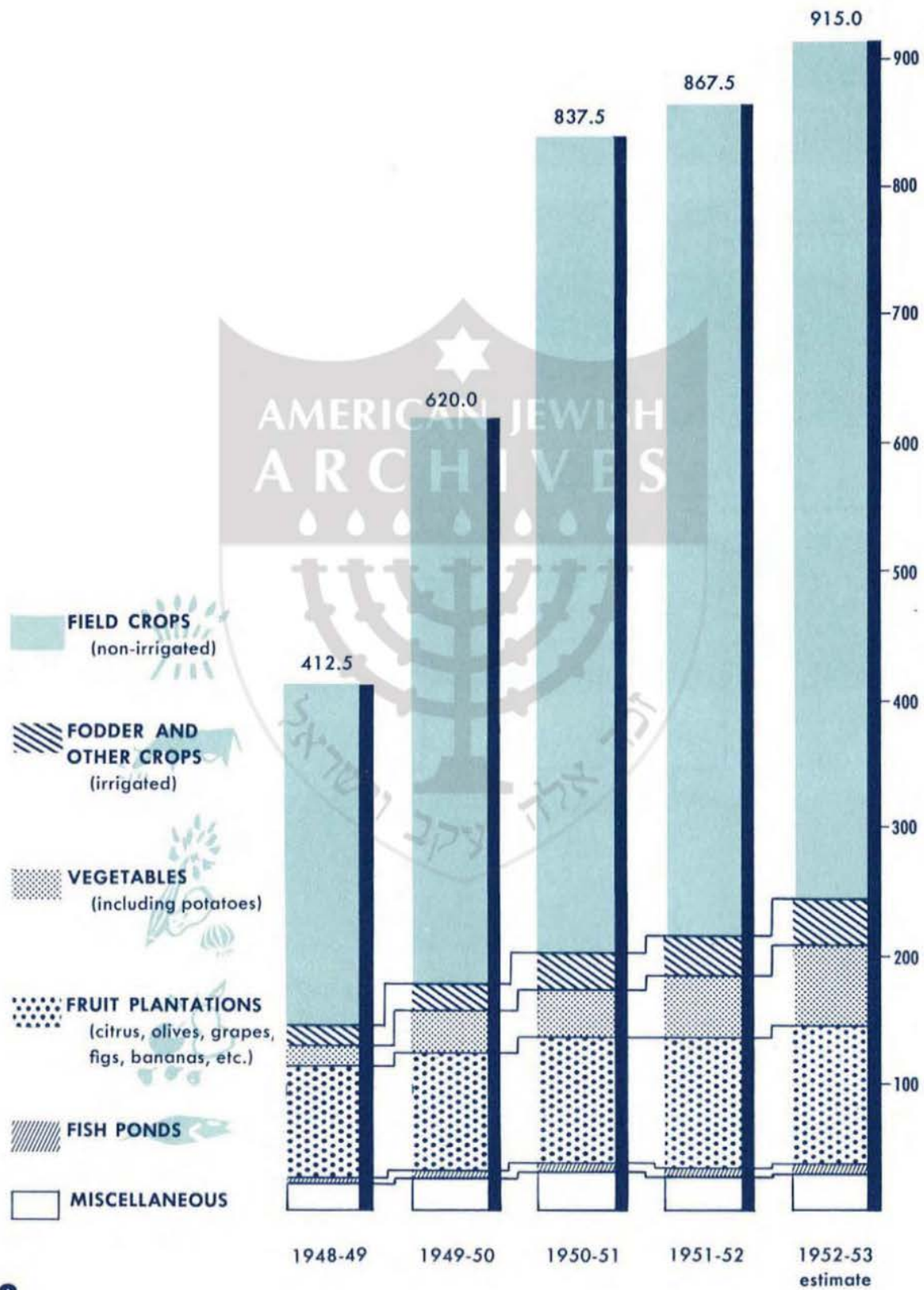


TRANSPORT and COMMUNICATIONS



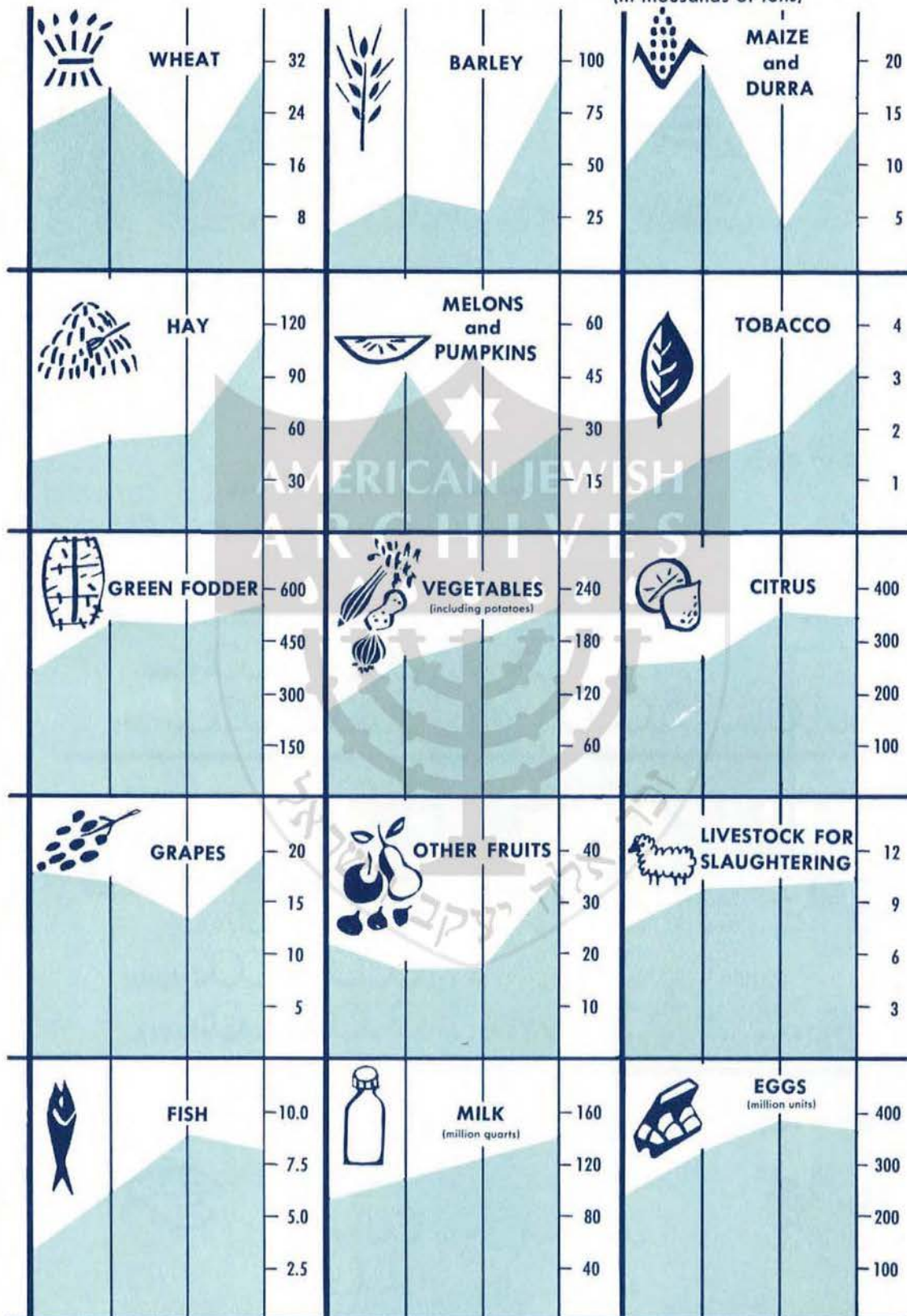
AREA UNDER CULTIVATION

(in thousands of acres)



VOLUME OF AGRICULTURAL PRODUCTION

(in thousands of tons)



1948-'49 '49-'50 '50-'51* '51-'52 1948-'49 '49-'50 '50-'51* '51-'52 1948-'49 '49-'50 '50-'51* '51-'52

*year of severe drought

TOTAL VALUE OF AGRICULTURAL PRODUCTION

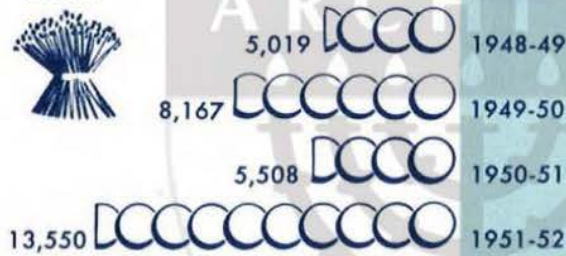
(in thousands of IL)



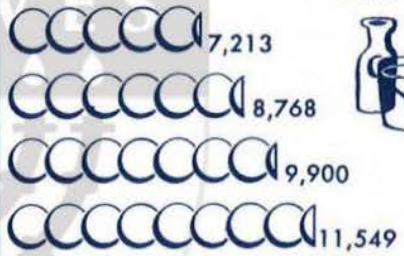
value of major agricultural products

at 1948-49 prices (in thousands of IL)

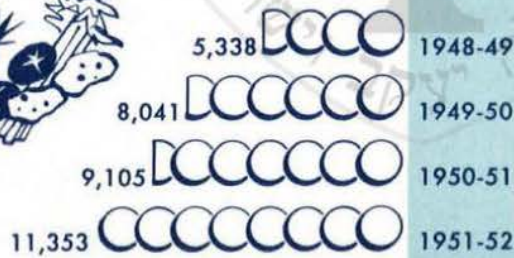
GRAIN



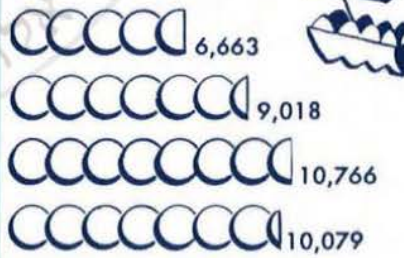
MILK



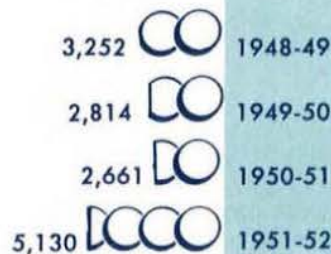
VEGETABLES (incl. potatoes)



EGGS



FRUITS (excl. citrus)



FISH



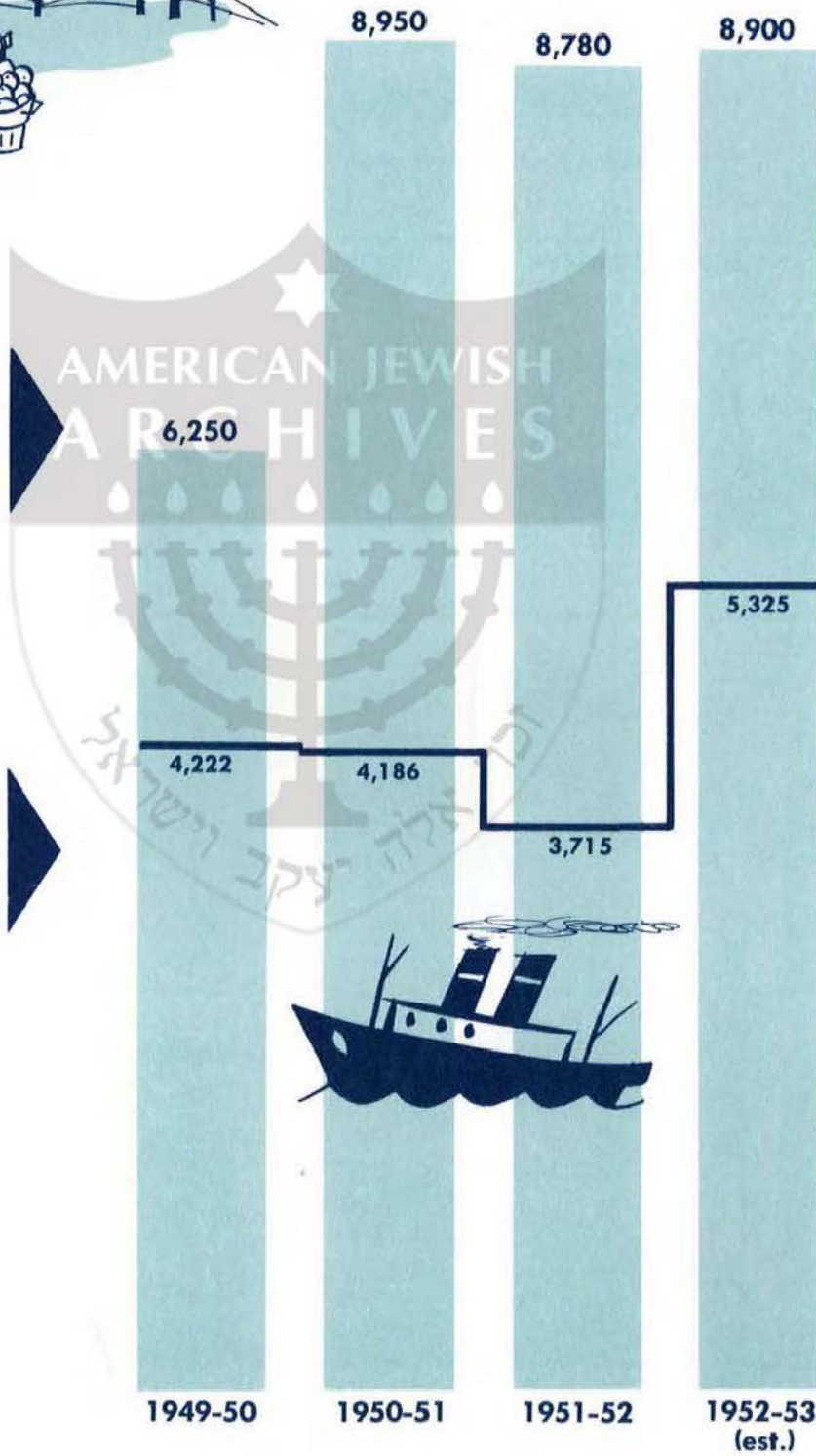
PRODUCTION AND MARKETING OF CITRUS FRUIT

(in thousands of cases)



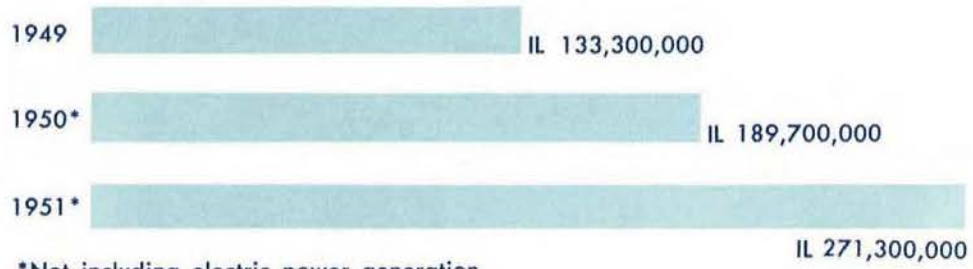
TOTAL PRODUCTION

EXPORT



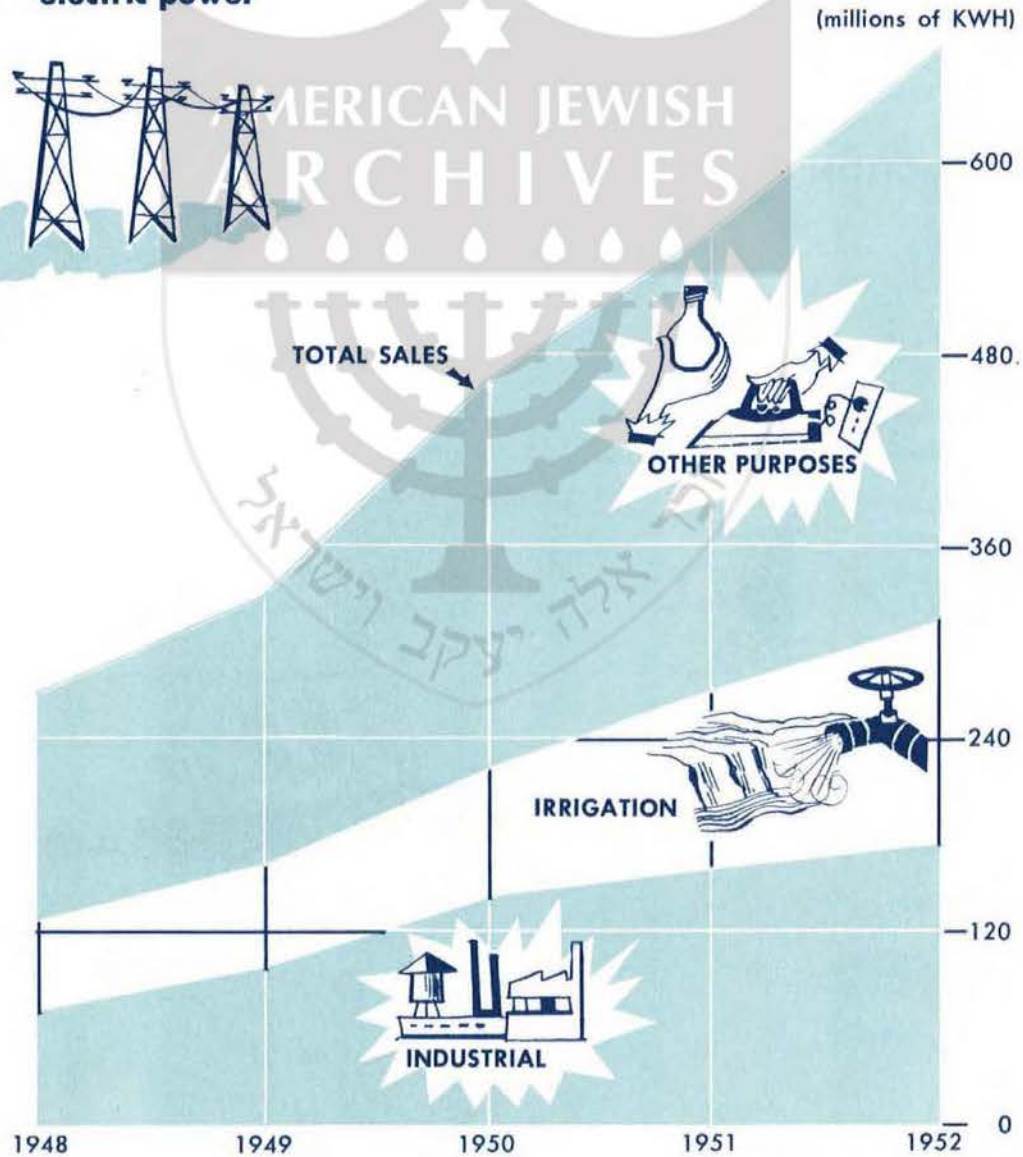
INDUSTRIAL PRODUCTION

value of total industrial output 1949-51

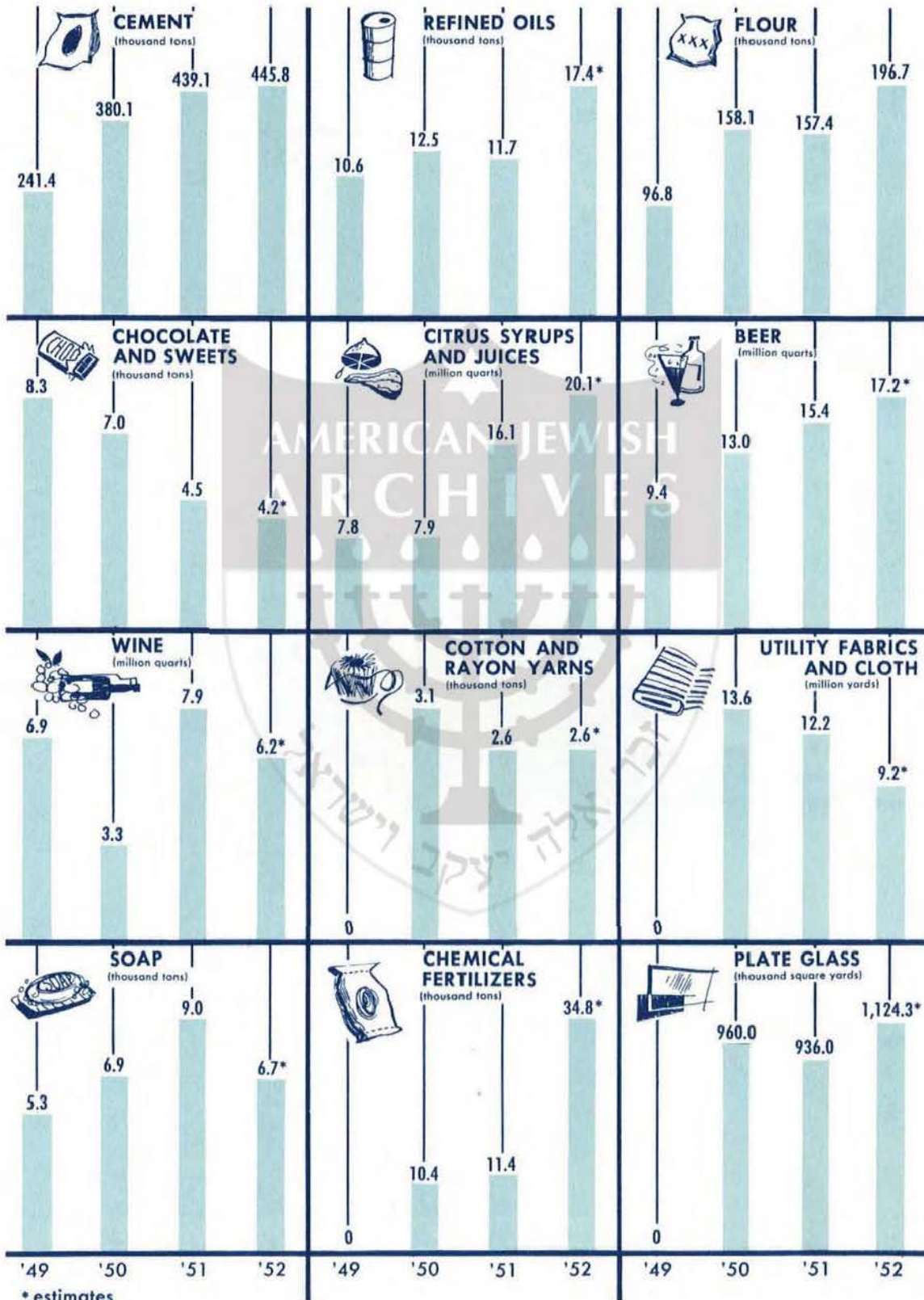


*Not including electric power generation

electric power



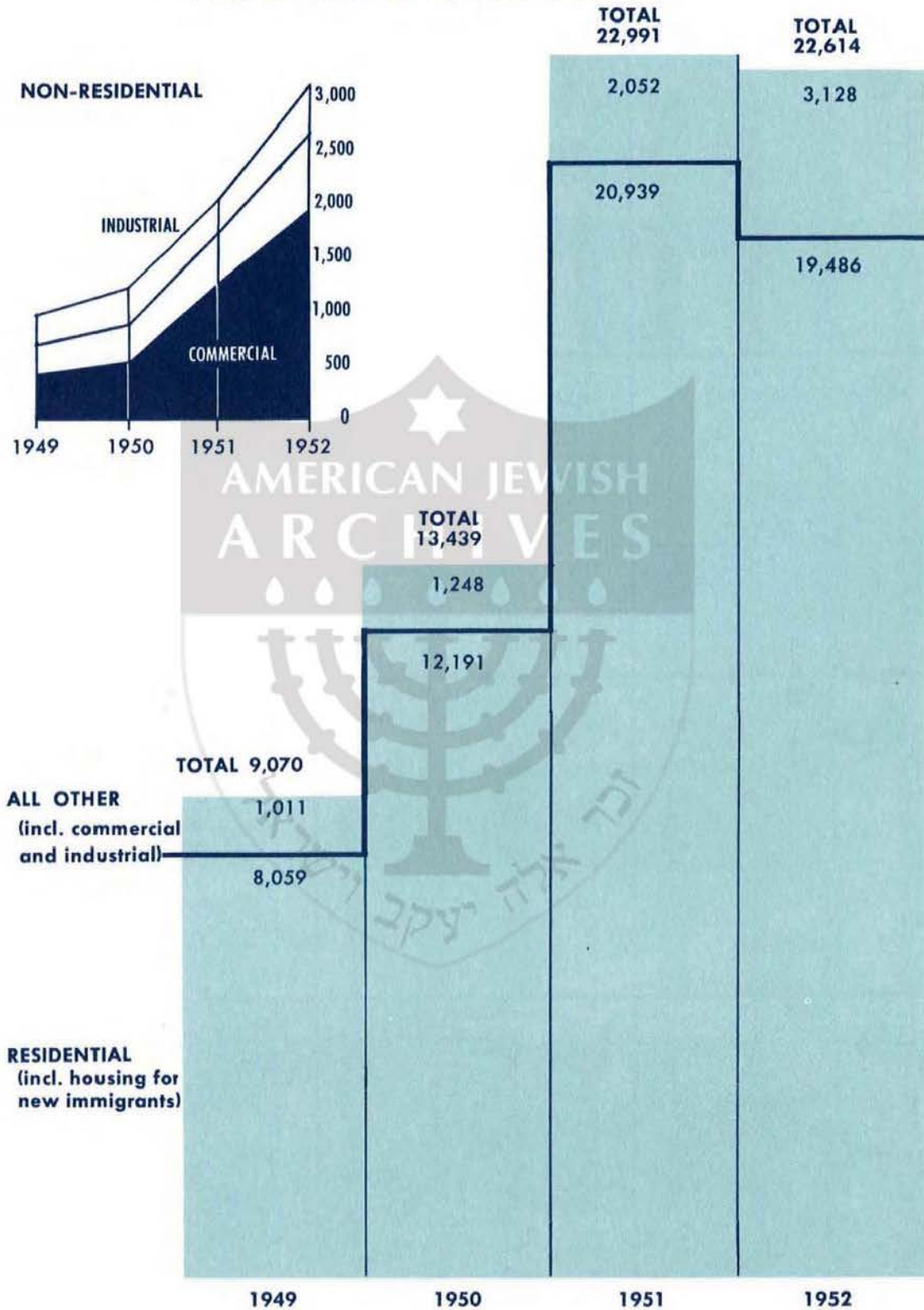
VOLUME OF INDUSTRIAL OUTPUT 1949-52



* estimates

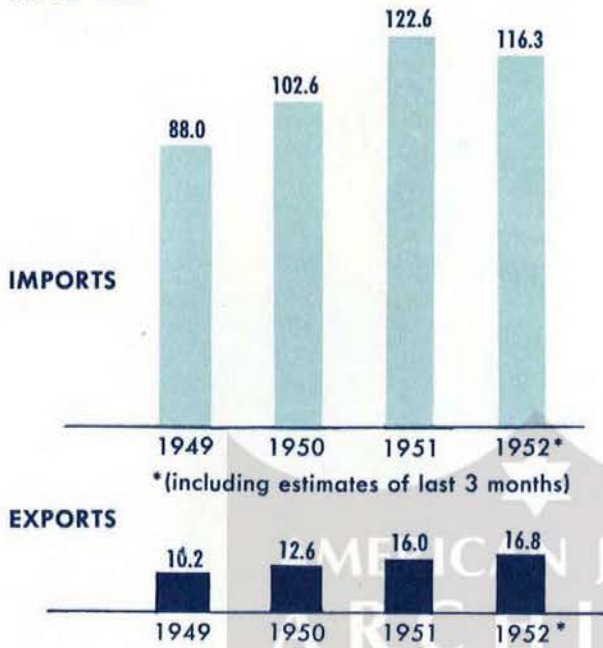
BUILDINGS CONSTRUCTED

(all figures in thousands of square feet of floor area)

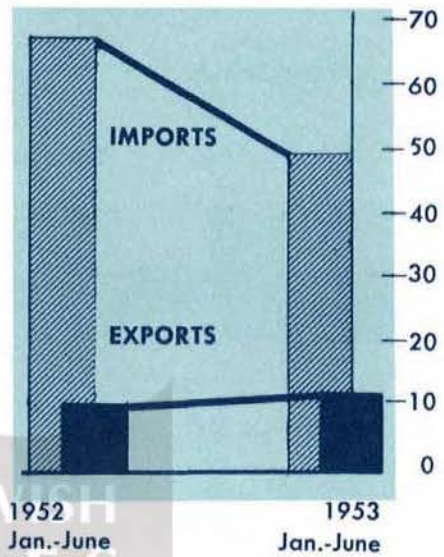


FOREIGN TRADE (in millions of IL)

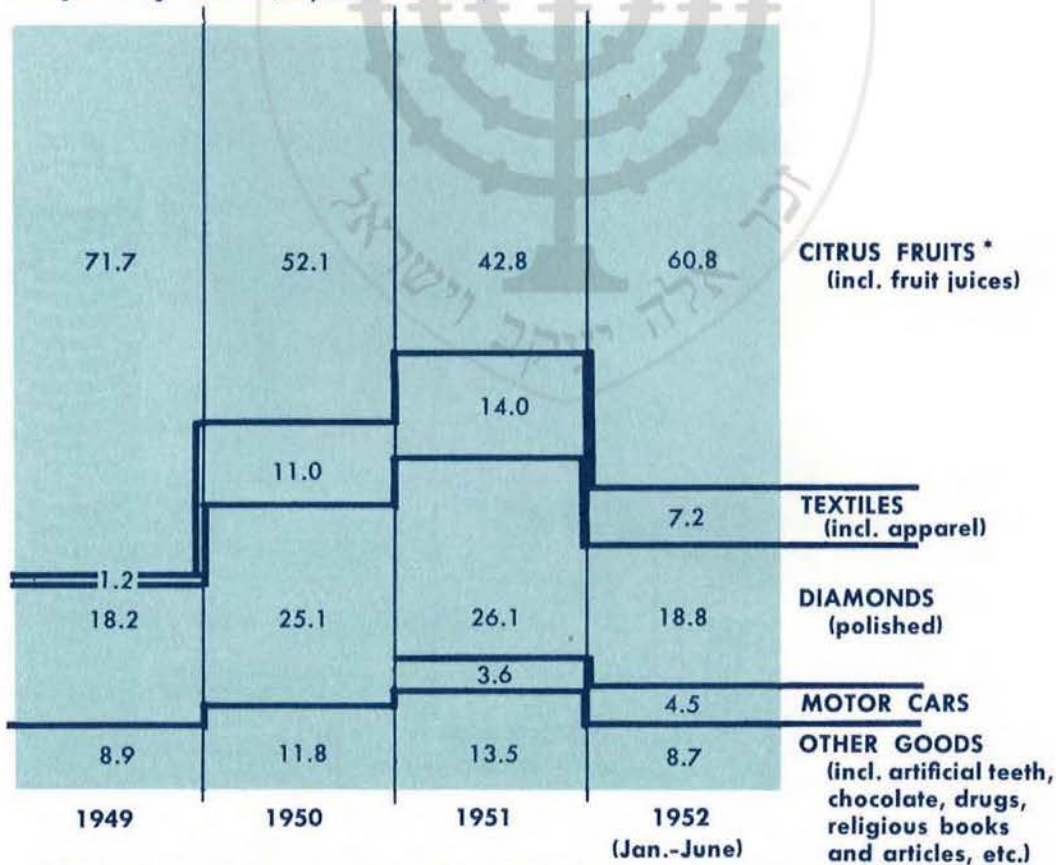
1949-52



the current picture



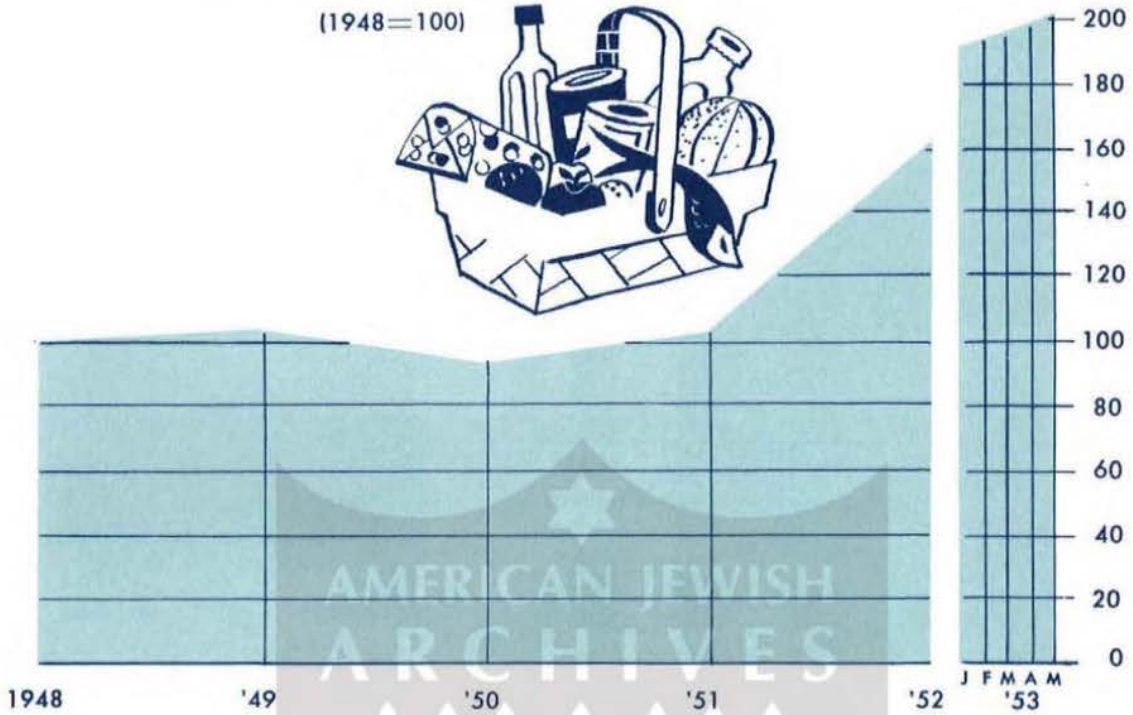
major exports — (as percent of total)



* 90% of annual citrus exports are shipped during this period of the year

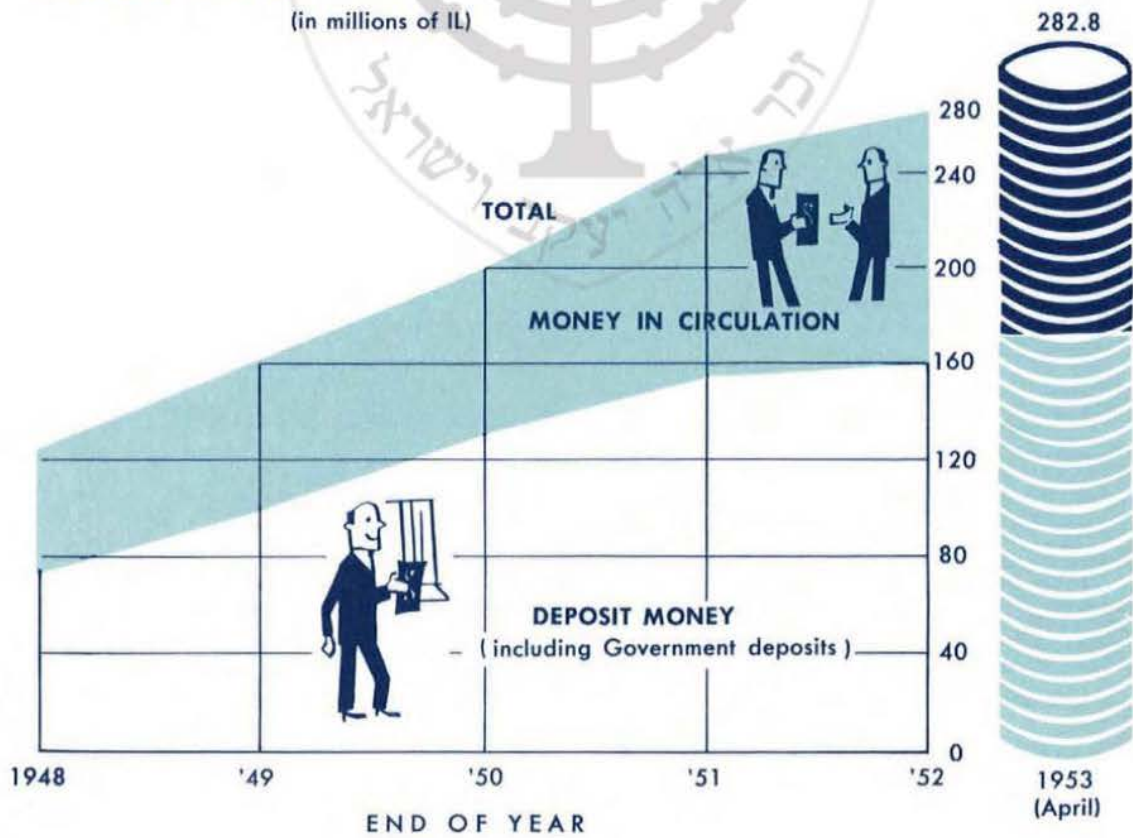
COST OF LIVING

(1948=100)



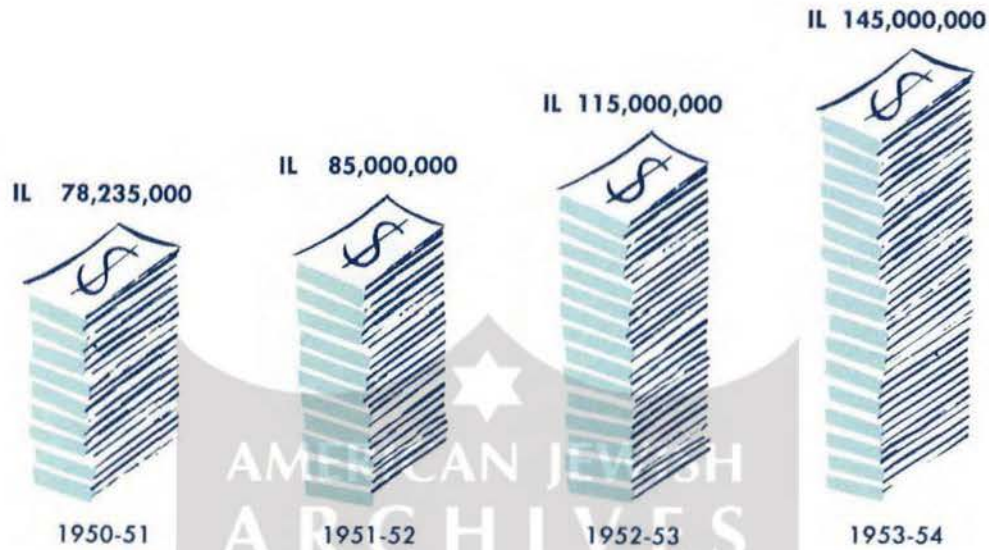
MONEY SUPPLY

(in millions of IL)



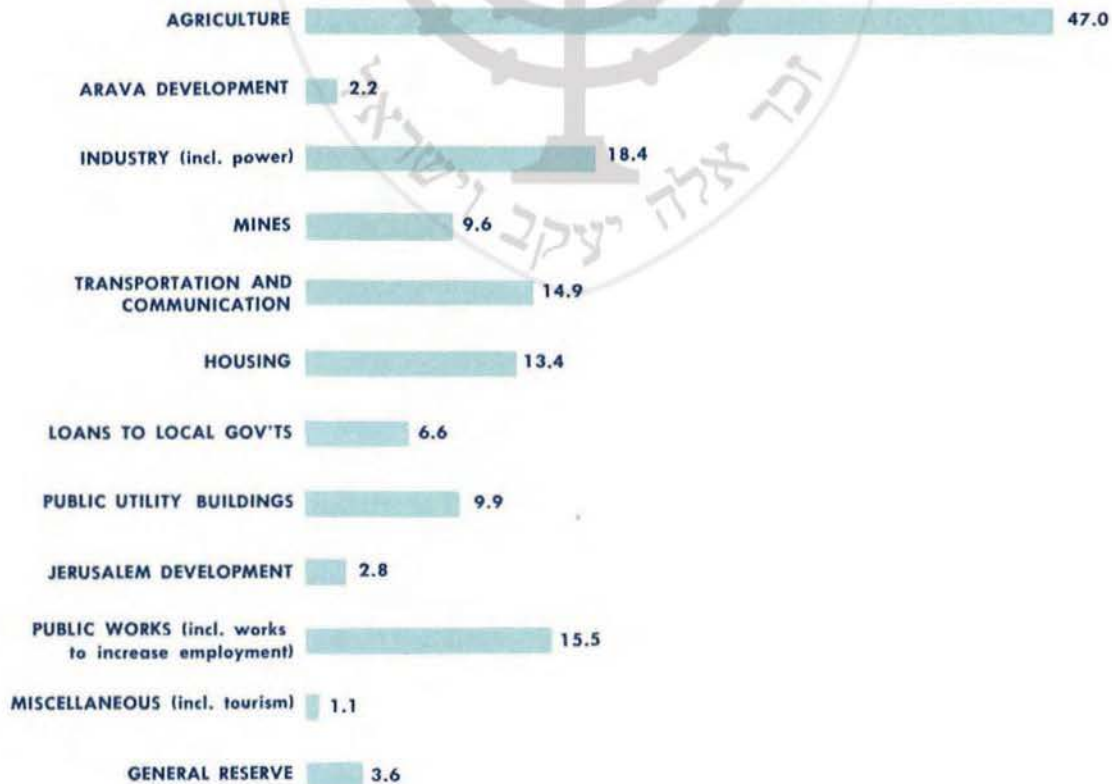
DEVELOPMENT BUDGET OF ISRAEL

1950-54



Allocations of development budget 1953-54

(in millions of IL)



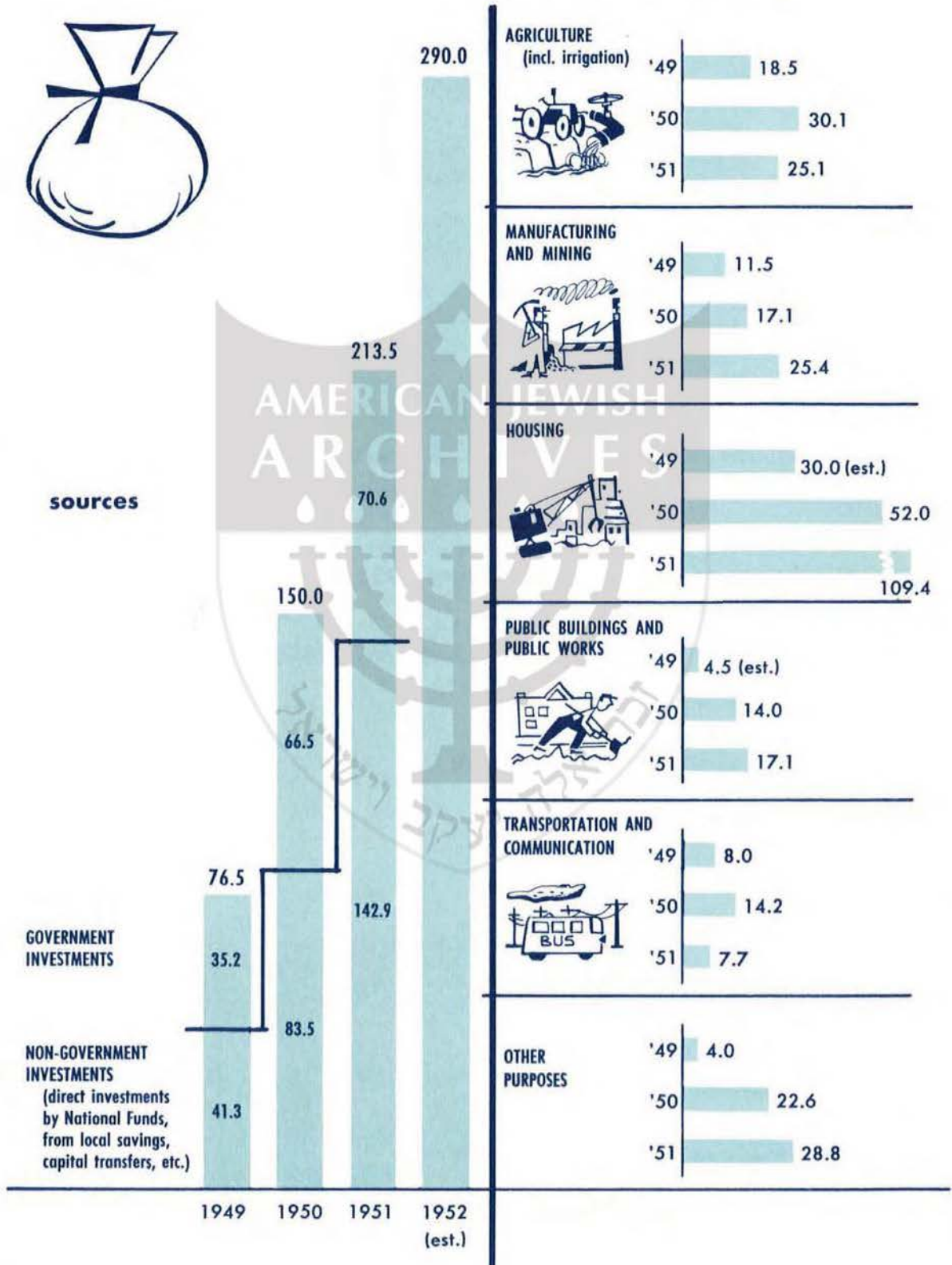
INVESTMENTS, 1949-52

(in millions of IL)



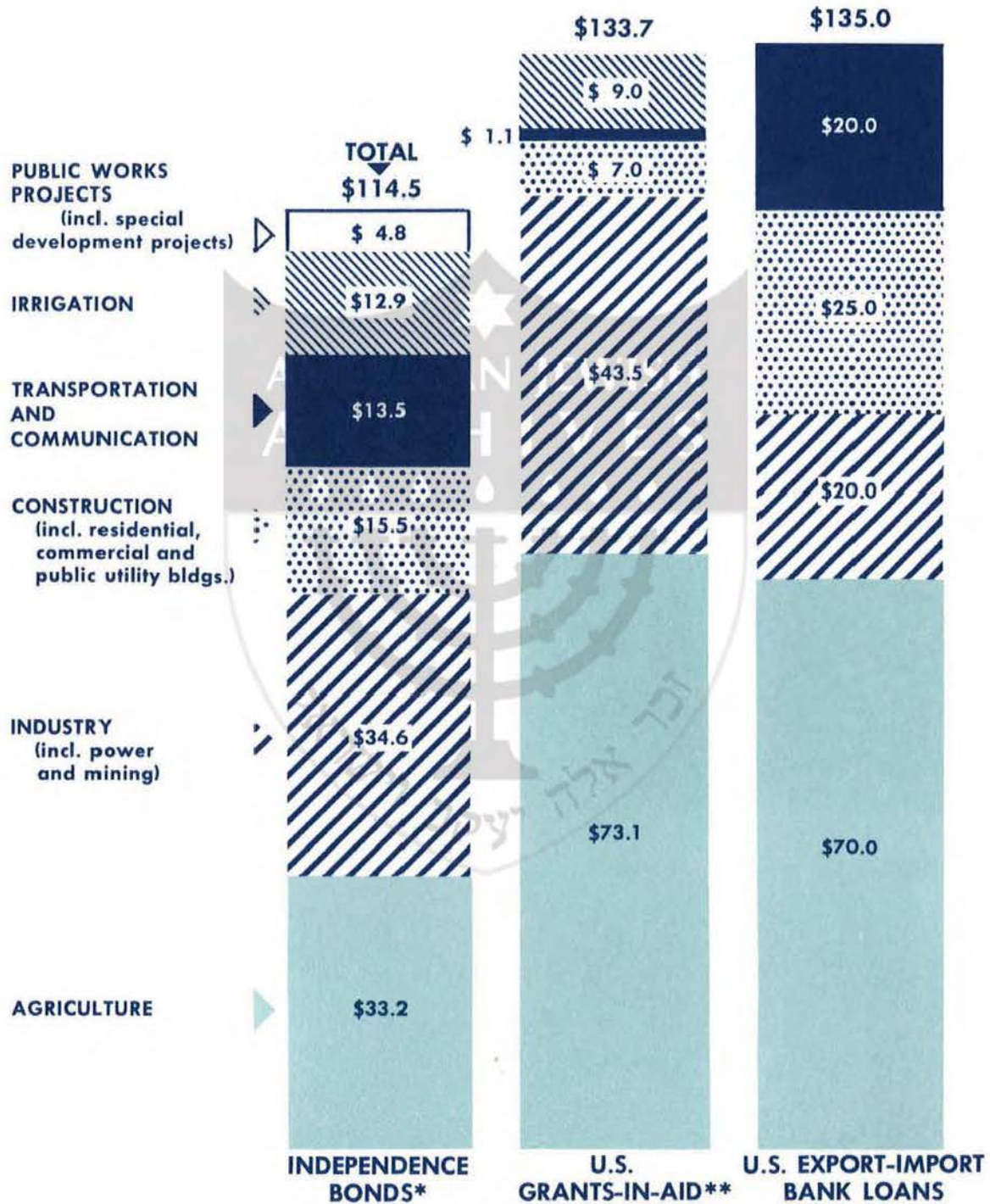
areas of investment

sources



AMERICAN DEVELOPMENT FUNDS AT WORK

(in millions of dollars)



*actual figures for first 20 months, ending Dec. 31, 1952;
preliminary estimates for Jan.-Sept. 15, 1953

**not including IL counterpart funds



STATE OF ISRAEL BONDS

AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL

120 BROADWAY, NEW YORK 5, N. Y. • Telephone: RECTOR 2-9500 • Cable Address: BONDISRA

October 28, 1953

Rabbi Herbert Friedman
2419 E. Kenwood Blvd.
Milwaukee, Wisc.

Dear Rabbi Friedman:

Friends of Israel in the United States have been profoundly distressed by the events of recent days.

As one of the leaders of the State of Israel Bond program in your community, you will undoubtedly be called upon for information on the current situation, and will want to have all the facts before you. The attached documents will give you the background against which recent events may be viewed in their proper perspective.

Many friends of Israel, feeling a deep indignation and resentment at the prejudging of issues by governments and by organs of public opinion, are seeking ways of demonstrating their feeling and aiding Israel. You, as a leader, can show these people the vital fact that the most effective channel of support at this time is the stimulation of maximum economic aid through the sale of Israel Bonds.

First we must go to the large purchasers and urge them to buy in additional substantial amounts. We must carry on a vigorous sales effort at the very top level. At the same time we must direct our appeal to the masses -- to the men and women who have supported Israel in the past and who will willingly do so again in the light of Israel's critical need for help at this time.

A generous outpouring of financial support for Israel will be the best possible demonstration of our continued partnership in the building of the State and will also indicate to our own Government how we feel.

Won't you let me know what your community is planning to do in this emergency.

Sincerely yours,

Leo Bernstein

Leo Bernstein
Director, Field Operations

LB:BRR

Att:

HENRY MORGENTHAU, JR., *Chairman, Board of Governors* RUDOLF G. SONNEBORN, *President* HENRY MONTOR, *Vice-President*
JULIAN B. VENEZKY, *Chairman, Executive Committee* JAMES G. McDONALD, *Chairman, Advisory Council*
MRS. MOSES P. EPSTEIN, *Chairman, Women's Division*

BASIC MATERIAL

Section I

1. Statement by Prime Minister David Ben-Gurion.
2. Calendar of recent border incidents.
3. Details of some recent border incidents.

FURTHER BACKGROUND MATERIAL

Section II

1. Example of distorted headlines.
2. A letter to the Editor - American Christian Palestine Committee.
3. A statement by a spokesman of the Israel Delegation to the United Nations.
4. Regional Water Development in the Middle East - A statement by the Israel Office of Information.

ISRAEL OFFICE OF INFORMATION

11 East 70th Street
New York 21, N. Y.

STATEMENT BY THE PRIME MINISTER OF ISRAEL, MR. DAVID BEN-GURION
IN A BROADCAST OVER THE ISRAEL STATE RADIO, ON OCTOBER 19, 1953,
DEALING WITH THE RECENT BORDER INCIDENTS.

For over four years armed forces from Jordan and other Arab countries have been breaking into Jewish settlements close to the frontier and into Jerusalem to carry out robbery and murder. Hundreds of Israel citizens, men and women, old and young, have been killed or seriously wounded in the course of these years by armed gangs which have entered Israel mostly from Jordan and the Gaza strip. All our appeals to Mixed Armistice Commissions and all our attempts to get the Arab Governments to put an end to these crimes proved fruitless. The Governments of Jordan and the other Arab countries have sponsored these actions directly and indirectly with the clear political object of undermining Israel and making the lives of its citizens impossible.

To this end they exploited the Arab refugees, denied them homes in their countries and refused to help them settle down in the way that the Israel Government had helped Jewish refugees from Arab countries to find homes and a settled life anew, and as it also assisted displaced Arabs within Israel to achieve permanent settlement. The Arab Governments compelled Arab refugees to subsist on the charity of the United Nations and kept them deliberately in the vicinity of Israel's frontiers for these pernicious purposes.

And now what had always been feared, has come about.

Frontier settlements in Israel - mostly of Jewish refugees from Arab countries or survivors of Nazi concentration camps - for years formed the target of these murderous raids, but they exercised restraint. With every justification they called upon their Government to defend them. The Government of Israel responded by giving them arms and training them to defend themselves.

The armed bands from Jordan persisted in their criminal attacks until the patience of some of these frontier settlements was exhausted. After a mother and her two children were killed in their sleep in the village of Yahud last week, they attacked the village of Kibya on the other side of the frontier, which was one of the main centers of these murderous gangs.

Each one of us grieves the shedding of blood wherever it may occur. No one deploras it more than does the Government of Israel if in a reprisal raid on Kibya innocent blood was spilled. But all responsibility rests with the Government of Jordan which for years has tolerated, and thereby encouraged, acts of murder and pillage against the inhabitants of Israel.

The Government of Israel rejects with all vigor the absurd and fantastic allegation that 600 men of the Israel Defense Forces took part in the action against the village of Kibya. We have carried out a searching investigation and it is clear beyond doubt that not a single army unit was absent from its base on the night of the attack on Kibya. It is by no means the view of the Government of Israel that relations between neighbors should be based upon acts of reprisal. But

neither can this Government agree that such relations should be characterized by a continued and prolonged state of one-sided warfare. The rulers of the Arab states have publicly justified this kind of warfare and have persistently threatened a "second round."

The Government of Israel deems it a duty to declare before the entire civilized world and before its friends wherever they may be: we are a small and a young State and although we knew how to defend ourselves when we were attacked five years by the Arab states, we do not wish under any circumstances to base our relations with our neighbors on force or use of arms. As did all past Jewish generations, so we too have faith in the vision of peace of Israel's prophets, in the supremacy of justice and in equality between men and among peoples. The State of Israel was established in order to right an historic wrong - the ill usage of the Jews of the world as individuals and as a people. Its principal purpose is to assure for every oppressed Jew, wherever he may be, a life of security, of freedom and equality, within his historic homeland, by right of his own people to independence and not on sufferance. This State will not agree - nor can any upright man agree - that the lives of its citizens go unprotected and that armed Arab marauders, albeit in small numbers for the present, should invade it day after day and week after week, to murder, sabotage and rob without let or hindrance from their Government, without penalty or any impediment on the part of the United Nations and without any effective intervention on the part of the allies of some of the Arab states.

The Arab states, which upon the establishment of the State of Israel, sought to destroy us by the force of their armies and failed, have been trying for five years to wreck our existence by economic blockade and boycott in violation of the United Nations Charter, and by guerilla warfare in violation of Armistice Agreements.

We cannot reconcile ourselves to this one-sided warfare. We cannot conceive that the United Nations - or any power that believes sincerely in the Charter of the United Nations - would seek consciously to apply different standards in their judgment of the acts of violence which have been going on for the past five years along Israel's borders.

As an integral part of the peace-loving civilized world, we do not wish that even a single person in neighboring countries should be needlessly harmed; but neither do we want citizens of our State to be murdered.

The Government of Israel is placing before the Security Council its representations concerning the violations by the Arab states of the Armistice Agreements and the Charter of the United Nations.

We place our trust in international peace and justice. We shall insist with firmness and resolution that the same laws and principles shall apply to the people of Israel as to other peoples, to the State of Israel as to other states.

ISRAEL OFFICE OF INFORMATION

11 East 70th Street
New York 21, N. Y.

October 19, 1953

SOME RECENT INCIDENTS ON THE ISRAEL BORDER

- 6 April 1953 - Two soldiers on leave murdered near Kfar Heas by two armed Jordanians.
- 8 April 1953 - Mother and 21 year old son shot and wounded in Kfar Saba.
- 11 April 1953 - Two boats attempted to land infiltrators off the southern coast of Israel. One boat was captured by an Israel patrol. The other boat escaped.
- 13 April 1953 - Watchman severely wounded in attack of Jordanian gang of infiltrators on Israel watchmen near Hadera.
- 17 April 1953 - Israel patrol attacked near Mevuot Betar in Wadi Fukin south of Jerusalem by a large Jordanian military force which penetrated into Israel. Two Israel watchmen were wounded and kidnapped and then murdered in cold blood and dragged across the border.
- 18 April 1953 - Arab band, wearing military dress, penetrated into Jerusalem.
- 18 April 1953 - Woman killed on the roof of her house in Musrara quarter in Jerusalem by Arab legionnaires.
- 20 April 1953 - One Israel soldier wounded by armed Jordan band which penetrated into Israel in the vicinity of Dawayima in the Bet Govrim region.
- 20 April 1953 - Father of 5 children and his niece, an American citizen on a visit to Israel, murdered in their house in Kiryat Moshe quarter in Jerusalem.
- 22 April 1953 - Six pedestrians wounded, two of them severely, when Jordan legionnaires opened fire across the demarcation line in Jerusalem from Sheikh Jarrah quarter in the north to Dir Abu Tor in the south.
After a cease fire had been arranged for 8 P. M. legionnaires opened fire again at 8:15.
- 3 May 1953 - Old blind, 73 year old Jew shot dead after being dragged by 3 Arab legionnaires into Jordan territory and first being beaten by them. Near Maabara of Mekor Haim in Jerusalem.
- 17 May 1953 - Two watchmen, of a Jerusalem corridor settlement, shot dead by infiltrators.
- 25 May 1953 - Mother of 7 children killed, 3 women, 1 man, 3 children wounded by Jordan attack on 3 villages of new immigrants near Ben Shemen at the border. In the attack on Bet Nabala grenades and dynamite were used. Throughout the attacks the marauders covered the villages with heavy automatic fire.

- 27 May 1953 - One Israel soldier killed, another wounded by armed Jordan unit crossing armistice line and penetrating into Israel territory in Hebron district.
- 28 May 1953 - Jordan unit crossed border south of Bet Govrim, took up position 1 mile inside Israel territory, attacked Israel soldiers, 2 Israel soldiers wounded.
- 29 May 1953 - Jordan units penetrated 5 miles into Israel territory near Lahish, Hebron area.
- 30 May 1953 - Attack on open truck carrying children on holiday trip, 1½ miles west of Meron the Nazareth-Acre road. One child killed, 3 wounded. Tracks of killers led to Lebanese border.
- 31 May 1953 - Fire on freight train in Little Triangle by Jordanians.
- 6 June 1953 - Young man murdered, one woman wounded in Jerusalem.
- 7 June 1953 - Jordan Arab legionnaires fire on 2 Israelis near the railway station in Jerusalem.
- 7 June 1953 - Railway line near Haifa sabotaged.
- 8 June 1953 - Commanders Agreement to fight infiltration.
- 9 June 1953 - Attack on Tirat Yehuda near Ramle. One Jew killed, other inhabitants of his house wounded. Neighboring house blown up by explosives.
- 10 June 1953 - House in Mishmar Ayalon near Latrun demolished. One woman wounded severely.
- 11 June 1953 - Armed Jordanians penetrated into Kfar Hess, threw grenades, opened fire on villagers. One woman killed, her husband wounded.
- 17 June 1953 - Jordan unit opened fire on Israel unit holding exercises near Wadi Ara. One Israel soldier killed.
- 18 June 1953 - Army spokesman in review of effectiveness of agreement emphasized number of murders and robberies during the 10 days had not declined but had continued as before, Jordanians come to local commander meetings without authority to implement any decision, and the outcome had been that the agreement to fight infiltration has produced no concrete results.
- 19 June 1953 - One watchman killed, another wounded, near Bet Nekofa near Kiryat Anavim.
- 22 June 1953 - Israel patrol fired upon by regular Jordan soldiers from over armistice line in Tul Karem area.
- 9 July 1953 - Two Israel soldiers killed in Judean hills.

- 17 July 1953 - Jordan unit crossed border near Bet Govrim, driven off by Israel soldiers.
- 17 July 1953 - One watchman killed, another wounded by infiltrators in western suburb of Jerusalem.
- 8 August 1953 - 3 Israel soldiers killed by Jordanians in ambush near Bet Govrim. Israel soldiers were walking along the road near the village.
- 11 August 1953 - Attack by Jordanians on a youth village for retarded children between ages 8-16. Hand grenades thrown into sleeping quarters at Kiryat Yearim in Jerusalem corridor.
- 16 August 1953 - 1 killed in Ashkelon.
- 2 September 1953 - Hand grenades thrown in Katamon quarter of Jerusalem.
- 8 September 1953 - Two men killed, one wounded, in Ahiezer near Lod by Arab infiltrators.
- 8 September 1953 - Two watchmen shot at by infiltrators in Jerusalem.
- 8 September 1953 - Passenger bus attacked near Lod, one wounded.
- 19 September 1953 - Attack on Migdal Ashkelon, one killed.
- 4 October 1953 - Jordanian units attack Bet Nabala in Israel territory.
- 4 October 1953 - Passenger bus attacked in the Lod (Lydda) area.
- 6 October 1953 - Haifa Tel Aviv passenger train attacked by fire in coastal plain.
- 11 October 1953 - Attack on Kibbutz Neve Ilan. One member murdered in bed.
- 13 October 1953 - Arab attacks on Yehuda (Yahud) on outskirts of Tel Aviv. Mother of six children killed, her 4 yr. old girl and 1½ yr. old boy killed. 70 year old woman and one child seriously wounded.

ISRAEL OFFICE OF INFORMATION
11 East 70th Street
New York 21, N.Y.

DETAILS OF SOME RECENT BORDER INCIDENTS

THE NIGHT BEFORE KIBYA
INFILTRATORS MURDER MOTHER, TWO INFANTS

Mrs. Susan Kanias, 32, and her two children, 18-month-old Binyamin and four-year-old Soshana, were murdered in their sleep at 1:30 this morning in Moshav Yahud, south of Petah Tikva. Her eldest child, Asher, was slightly injured in the ear from a fragment of the Mills bomb which was thrown by marauders into the centre of the room where Mrs. Kanias, her six children and her mother were sleeping.

The tracks led as far as the police station in the Jordan village of Rantis, where they were lost, the Army spokesman announced tonight.

Half-an-hour later, a private car driven by Dr. M. Wertheim, of Haifa, on his way to Haifa on the Lydda-Petah Tikva road, was fired on with automatic weapons near the cross-roads of Rantiya village.

Five bullets hit the bonnet of the vehicle. No one was hurt, and the car sped on to report the attack.

The Kanias house is situated on the extreme eastern side of the village. All the family were in the same room except for the father, who works in the Negev on weekdays.

The room was dimly lit by a kerosene lamp permitting the murderers to throw the bomb with precision. Mrs. Kanias and the children were asleep on the floor, and the grandmother on a bed.

The three victims were lying in the centre of the room and took the full blast of the bomb, thus saving the others. The grandmother was unconscious for several hours after the attack.

The scene was horrifying. Mrs. Kanias was disfigured, but was found alive, and died some time later at the Tel Ha-shomer Hospital. Her two youngest children, who were lying near her, died instantly. The whole room was a shambles.

Village Angered

Asher, the older son, was the first to reach the police station. He broke into the building screaming hysterically, just as many constables were returning from the festive gathering here marking the end of the town's 75th anniversary celebrations.

This morning, neighbours took the children into their care, while one man went to the Negev to break the news to Mr. Kanias. There was a sense of deep mourning in the village, mingled with violent anger.

Jerusalem Post, October 14, 1953

LYDDA-BOUND BUS ATTACKED

A civilian bus travelling southward from Beit Arif to Lydda, was fired upon on Sunday night it was learned yesterday. Two bullets hit the vehicle, one penetrating the front tyre and the other piercing the window near the driver's seat. Passengers sought cover in a nearby ditch.

A hand grenade thrown at the bus missed its target.

Yesterday morning, police of the Coastal Plain sub-district discovered 20 Stengun cartridge cases and grenade fragments 40 metres from the scene of the attack. Tracks led to Jordan territory.

Jerusalem Post, October 6, 1953

TWO KILLED IN LYDDA AREA BY MARAUDERS

Two young men were killed and a third wounded last night in the Lydda area by four men thought to be infiltrators. One escaped unharmed. One of the victims died in the hospital.

Israel is pressing for an emergency meeting of the Israel-Jordan Mixed Armistice Commission. Clear tracks led for nine kilometres from the scene of the murder to within 200 metres from the armistice lines. They were so clear that dogs were not needed.

The four youths, cousins, were walking from their home in Kfar Ahiezer early in the evening, when four men, armed with Stenguns, appeared from behind the trees of an olive grove and ordered them to raise their hands. The youths did as they were told.

The marauders approached the four men and then, when only a metre or so away, opened fire on them. Two fell immediately while two others managed to escape and warn the police.

One escaped by pushing away the Stengun pointed at him. He broke free unharmed, but his companion was slightly injured.

The police immediately went to the scene, accompanied by a doctor. They found Shalom Yitzhak, 24, dead. Yefet Shalom, 16, severely injured in the chest, was taken to Assaf Harofe Hospital where he died this morning. The two who escaped were Yeshayahu Shalom, 17, and Eliyahu Shalom, 15.

Jerusalem Post, September 9, 1953

TWO SHOT IN CAPITAL

Two watchmen were wounded by marauders in Jerusalem early yesterday morning. One of them guarding a Solel Boneh hut on Mt. Zion. His condition is not serious, Itim reports.

The second was slightly hurt after an exchange of fire with infiltrators in the Bayit v'Gan suburb, the Army spokesman announced yesterday.

Jerusalem Post, September 9, 1953

INFILTRATORS FAIL IN TORAH THEFT ATTEMPT

Infiltrators tried to steal two Torah scrolls from the clubroom of Kibbutz Sdei Eliahu (Beisan Valley) and personal belongings from the living quarters early this morning. When they were challenged and fired upon, they made off, abandoning most of their loot, including the scrolls. Tracks of three men leading to the border were found this morning.

Another infiltration attempt was made last night at Ma'agan, on Lake Kinneret. Here, infiltrators left behind three mules they were about to steal, and fled across the Yarmuk River.

Jerusalem Post, September 7, 1953

MAN MURDERED IN MIGDAL ASCALON

The owner of a restaurant in Migdal Ascalon, Yeshayahu Frankman, 52, was murdered, and his 25-year old daughter Zippora was severely wounded, when unknown persons opened automatic fire on them at 11:25 last night.

The victim and his daughter and son were returning home through an unlit lane when two men suddenly confronted them with the cry of "hands up" and immediately opened fire. The son, Zeev, managed to escape unharmed.

Frankman's body was brought to the Tel Hashomer Hospital, while his daughter was moved to the Kaplan Hospital here.

Jerusalem Post, August 18, 1953

AMERICAN JEWISH ATTACK ON CHILDREN'S VILLAGE

A dastardly attack was perpetrated early yesterday morning on Kiryat-Yearim, the village for retarded children near Abu Gosh in the Jerusalem corridor.

Infiltrators threw two hand grenades into one of the sleeping barracks in which the children live, and only by miracle nobody was hurt. One of the grenades fell on the balcony of the barrack, the other actually landed on the floor of one of the rooms. Some damage was done to the living quarters of the director of the village, and some grenade splinters struck the bed of his son, who luckily was away from home on that night.

Davar, August 12, 1953

THREE ISRAEL SOLDIERS SLAIN AT BEIT GOVRIN

Three Israel soldiers were killed on Saturday night in a Jordan ambush near Beit Govrin, the Army spokesman announced yesterday.

The incident occurred at 11 p.m. while they were walking along the road near the village. Suddenly automatic fire broke out from both sides of the road. The soldiers were killed on the spot and their arms were stolen.

Israel has lodged a strong complaint with the Israel-Jordan Mixed Armistice Commission and has requested an emergency meeting.

An attempt by armed infiltrators to attack the village of Beit Arif, in

the Lydda area on Saturday night, was foiled when local watchmen opened fire on the grenade-throwing marauders and put them to flight, the Army spokesman has announced.

On the previous night, a similar attack was attempted against Kfar Agur, in the Beit Govrin area. There, too, the attackers were routed by the local watchmen.

On Thursday night, watchmen of Dvir, in the same area, routed a band of infiltrators.

Jerusalem Post, August 10, 1953

WATCHMAN MURDERED, ANOTHER WOUNDED IN ATTACK BY INFILTRATORS

One watchman was killed and another was seriously wounded when automatic fire was opened early Friday morning from short range on the two watchmen at Bet Nekofa near Kiryat Anavim. The arms of both were stolen. Police dogs followed the tracks of two men to the armistice line east of Bet Nekofa.

Davar, June 21, 1953

LEGIONNAIRES THROW STONES FROM OLD CITY WALL

Friday night, at 7:30, stones were thrown by Jordan Legionnaires from the Old City walls on inhabitants of the Fast Hotel building. Hinga Hushani and her daughter were both stoned and had to be treated in Ziv hospital. When at 10:15 a policeman came to make inquiries about the incident, some more stones were thrown from the wall, but this time nobody was hurt.

Davar, June 21, 1953

WATCHMAN MURDERED IN BAYIT VAGAN

A watchman was murdered and his rifle stolen when a gang of Arab infiltrators opened intense automatic fire on him and his companion at 2:30 a.m. on Friday at Bayit Vagan, west of Jerusalem, the Army spokesman announced on Friday morning. The second watchman, who returned the fire, was uninjured.

The spokesman noted that the attack was carried out along lines

similar to those used a week ago when two Israel soldiers were killed in the Judean hills.

It is clear, the spokesman said, that this act was committed by an organized Jordan gang which had undergone vigorous military training aimed at preparing its activities for one purpose -- murder and sabotage.

ITIM reports that the murdered watchman, Shlomo Feld, 54, was killed at his observation post on the roof of a hut used to store building supplies. The second man, who was in the hut when the shooting began, said that he looked through the window and saw the gang fleeing across an open field.

He opened fire on them to which they replied while escaping.

After the attack had died down, he found Feld's body on the roof. Police, who were summoned immediately, began an investigation, using bloodhounds.

Feld, who lives in the Katamon quarter of Jerusalem, leaves a widow and two children.

Jerusalem Post, July 18, 1953

WOMAN KILLED IN ANOTHER MURDEROUS ATTACK ON KFAR HESS

The wave of murders in the border villages, perpetrated by trained infiltrators from Jordan continues unabated for three days now. The Jordan authorities have refrained from undertaking any measures to stop these organized attacks on the Jewish border villages.

The victim of the latest attack was a farmer family in Kfar Hess, which was attacked early Thursday morning. Shoshana Helfman, 33, was murdered in her sleep, and her husband, Zvi, was seriously wounded. The police which followed the tracks got to the armistice line.

Commenting on the renewed wave of murderous attacks and other cases of violence, an army spokesman said that the latest developments point to two possibilities: Jordan is either uninterested, or incapable of coping with the situation.

This time again there are clear indications that the attack was carried out with the clear intention to murder Jews. The tracks have revealed that the gang was composed of three men who came from across the border, passed the Arab village of Tirah - and approached Kfar Hess through the corn fields. These were not thieves; these were people well

trained and familiar with Kfar Hess. Before they opened fire they took good care to eliminate the watchdog from the yard, as well as the neighbours' dogs. Later inquiries revealed that only the chains remained but the dogs were gone. The timing of the attack was also well chosen; the attackers were in time to cross the border in darkness and their retreat was timed before sunrise. The attack on Kfar Hess was not different from the one of a day earlier against Mishmar Ayalon and two days ago against Mishmar Ayalon.

So far, the inhabitants of Kfar Hess have behaved in a most restrained manner, considering that earlier murders have not yet been forgotten. Two young men were killed only recently on the road leading to Kfar Hess, and the member of a neighboring settlement was murdered only a few days before.

For many months now, Kfar Hess has been the scene of repeated assaults and thefts, but lately these attacks have revealed a new intention - murder.

This settlement is dedicated to a life of peace and work, but it will never permit its life and property to be in danger. The inhabitants are loyal to the order of the government which forbids any acts of reprisal. But the people on the other side would do well to pay attention to the fact that even this small village has enough power to react to these murderous attacks. The villagers will not take these any more, and should they continue, they will demand from the government, that it does not stand in their way, but that it permits them to act in order to prevent further attacks upon them.

Davar, June 12, 1953

MARAUDERS STRIKE 12 HOURS AFTER ACCORD

Twelve hours after the signature of the Israel-Jordan Agreement to combat infiltration, marauders bombed two houses and killed a farmer in the Tirat Yehuda smallholders village about four kilometres north-west of Lydda Airport at 12:30 this morning. As the brigands withdrew in the moonless night making their way through vegetable fields and over a hilltop, toward Rantis village across the armistice lines, guards at Tirat Yehuda and the village of Maoz, inhabited by Habani immigrants from Hadramaut, fired after them. The Arabs replied with grenades and automatic fire.

Nothing in the village was stolen. The victim, Moshe Stark, 26, had been studying Hebrew in his bed by the light of an oil lamp, when the attackers threw a grenade through the window of one room in his two-roomed house and fired into his bedroom.

Three houses away, the marauders exploded a dynamite charge under the corner of Mordecai Eigner's home. A wall collapsed over Mr. Eigner's bed, which was buried under rubble and glass splinters, but he was out on guard duty. Mrs. Eigner, who had been awakened by the barking of dogs and rose to close a window, and their three children aged three, four and five, who were sleeping in the next room, were unhurt.

In the shrapnel-scarred room where Mr. Stark had been killed, the Attaches stood over a pool of blood.

Army and police officers told the foreign officers that between three and six infiltrators had crossed the lines. They skirted past the village of Maoz without being detected, and moved across the fields between Tirat Yehuda and neighbouring Deir Tarif, which was attacked a fortnight ago. This time they had moved towards Tirat Yehuda.

Mrs. Eigner said that she had been awakened by the barking of dogs. She looked at the clock and saw that it was 12:30 and assumed that her husband, who had been on guard duty, was coming home. She got up to close the window in her room when suddenly her house was shaken by an explosion. The oil lamp was extinguished and the house was plunged into darkness. She hurried into her children's room and found them unhurt.

Grenade Through Window

The two-roomed house in which Mr. Stark lived alone was attacked a few minutes later. First, a grenade was thrown through the window of an unfurnished room and exploded in the doorway, and immediately afterwards, shots were fired through the window of the second room, furnished with a cot and a table. Mr. Stark, a survivor of the Auschwitz concentration camp who came here from Hungary four years ago, was found mortally wounded on the floor. Beside his bed lay a Hebrew text book.

The village guards opened fire from a number of positions and aimed at the pass through which the infiltrators normally must cross. Fire was returned from the hilltop east of the village. During

this exchange of fire, the marauders withdrew. Near Maoz, between the village and the armistice lines, the bush-haired, bearded immigrants from Hadramaut who were on guard duty, heard the shuffle of the bootclad marauders and fired at them. The Arabs returned the fire and threw a Mills grenade at them, but it did not explode.

An Arab tracker and police dogs this morning followed the trail of the killers from Tirat Yehuda past Maoz and then across the Migdal Zedek-Beit Nabala road towards the village of Rantis over the armistice lines.

Jerusalem Post, 10 June 1953

LEGION KIDNAPS, FREE TRACTORIST

At the very moment that local Israel and Jordan Commanders were continuing their meetings yesterday morning, in accordance with Monday's agreement, a Jewish tractorist was kidnapped from Neve Yamin, a settlement near Kfar Saba, the Army spokesman reported.

While the tractorist was ploughing, eight Arab Legion soldiers approached and took him across the armistice lines. After about half an hour he was freed and returned to the settlement.

A Beduin of the el Rhazail tribe near Beersheba was shot dead when he tried to prevent five marauders from stealing his cow on Monday night.

The victim, Ali Abu Kam, 40, was killed instantly when two shots were fired at him by marauders who escaped across the border.

In Kafr Hakormim near Rehovot, on Monday night, infiltrators stole IL,800-worth of household goods, leaving behind a box of Egyptian matches.

Jerusalem Post, 10 June 1953

MAN MURDERED BY MARAUDERS IN SOUTH JERUSALEM

A young man was killed and a young woman wounded by rifle fire when they were walking in an open field near a southern quarter of Jerusalem shortly after midnight on Saturday, the Army spokesman announced yesterday. Police discovered tracks leading to the border.

The murdered man was Shlomo Shapiro, 25, a driving instructor, and the woman is Mrs. Shoshana Maimoni-Hazal, 22.

She told police that they were on their way to the Mekor Haim Quarter, where she lives with her parents. They stopped near one of the houses which borders on an open field leading to the village of Bet Safafa.

While they were talking, they heard a rustling sound, and when Shapiro called out "Who's there?" three shots rang out. Shapiro fell bleeding and

lost consciousness immediately. The woman, who was wounded in the leg, shouted for about half an hour until Emanuel Zuckerman, who lives nearby, heard her. He came to her assistance and then notified police. She was taken to Ziv Hospital.

The police found a hand grenade in the courtyard of the house near which the couple had been standing, they believe that the murderers had intended to throw the grenade into the house, but had been interrupted by the couple. Mrs. Erika Leider, who lives in the neighbourhood, told police that before she heard the shots, someone had banged on the door, and apparently tried to break in.

Another incident took place yesterday morning, when two Jerusalem residents who were picking fruit near the railroad tracks were fired upon, the Army spokesman also reported. They are Shimeon Kaduri, 50, who was seriously wounded in the leg and Naji Karkuli 32, who received a light wound in the back of the head.

Kaduri told police that while they were walking near the armistice lines, several metres inside Israel territory, they noticed three Arabs in military uniform with kaffiyas on their heads. The Arabs ordered them to come closer, but when, instead, they tried to get away, they opened fire on them. From the description given, police think that the infiltrators were Arab Legionnaires.

At midnight on Friday, automatic fire was opened on a post on Mt. Zion from Arab Legion positions. Two hours later there was firing in the direction of the Deir Abu Tor quarter, the Army spokesman announced.

Marauders harvested over IL.5,000-worth of barley belonging to Kibbutz Tsur Maon in the Negev last night. The thieves escaped over the border with their loot.

Jerusalem Post, 8 June 1953

MAN KILLED, POLICE CAR AMBUSHED

A police tender was under automatic fire from an ambush on the Acre-Safad road at 1:30 this morning and a man living in the Circassian village of Rihaniya, north of Safad, was shot dead about an hour later.

The tender was attacked not far from Farradiya village. The constables returned the fire, and in darkness combed the area as well as they could. No one was hurt. After hearing the shots, villagers from Farradiya arrived at the scene of the shooting in order to help the police.

The villager was murdered by unknown persons about 200 metres outside the settlement. A man knocked at the door of his home and called to him to come out. He left the house carrying his rifle, and soon after two shots were heard.

Jerusalem Post, June 8, 1953

INFILTRATOR DEAD IN NEGEV CLASH

One infiltrator was killed and six others put to flight when an Israel unit clashed with the gang near Lakhish in the northern Negev at 8 o'clock on Friday evening an Army spokesman announced last night.

The brief engagement took place seven kilometres inside Israel territory and the gang escaped in the easterly direction towards the Hebron area. Hand grenades and ammunition were found near the dead man. The Israel unit suffered no losses.

Jerusalem Post, May 31, 1953

JORDAN MARAUDERS MURDER WOMAN, INJURE 7 OTHERS

A mother of seven children was killed, and three other women, a man and three children were wounded in organized attacks by Jordan irregulars on three villages near the border at midnight last night. They used dynamite, grenades and automatic weapons and were intent on killing and looting.

The attacks were carried out simultaneously on the three new immigrant villages which are near Ben Shemen.

At Beit Naballa, a grenade thrown into the house of David Namdar, killed his wife Tamar, 30, wounded him and two of their seven children. The woman's youngest child is four months old.

The murderers, after hurling a grenade into a second house which was empty, broke in and looted goods valued at IL.1,500.

In the second settlement, Beit Arif, the attackers detonated three kilograms of TNT under the pillars of a house, which was almost completely destroyed. Its occupants, Zadok Yaish, his wife and five children escaped with slight injuries. Police said today that the charge was placed by expert sappers.

Into a second house the Jordanians flung a grenade, injuring no one. In a third house, another grenade injured Naomi Chasbit, 25, and her eight-year-old daughter.

At the third settlement, Beit Arif Bet, Saudia Sayad was injured in a similar manner when three houses were lobbed with grenades.

Throughout the fighting the marauders covered the villages with heavy automatic fire, which was returned by the settlers. Police this morning found tracks of "many" men leading towards the armistice lines.

The scene of the battle was visited this morning by U.N. Observers, and the military attaches of the U.S., Britain and France, who were accompanied by Police and Army officers.

The Beit Neballa settlement yesterday sent a delegation to the Knesset with a request to strengthen security measures in their area. A POST Reporter who visited the villages found the settlers in deep mourning.

The body of the dead woman, and the wounded were taken to the Assaf Harofe Hospital.

Jerusalem Post, May 27, 1953

AMERICAN VISITOR AND HOST SHOT DEAD

A father of five children and his niece, a visitor from New York, were found murdered in the former's home in a western quarter of Jerusalem at 6 o'clock yesterday evening. The man is Zvi Genauer, 33, a student of the Mir Yeshiva, and his niece is Devora Genauer, 24.

They were shot dead by infiltrators in the early hours of the morning. The woman was slain in bed, while the man was found dead sitting in the kitchen. He had been studying Gemara, and a bullet hole was found in the volume. Mr. Genauer came to Israel a year ago with his family.

Miss Genauer, who has been here for four months, was about to return to the U.S. to be married. She had been living at a pension but stayed at her uncle's flat on Sunday since Mrs. Genauer and the two older children had gone to Haifa on that day. The three other children, aged from two to five were unharmed, and evidently knew nothing of the tragedy, it was learned; it seems they thought the two were still sleeping. Police found the bedroom disheveled and a clothes closet ransacked. A package of clothes was found in the yard. The police medical officer determined that seven shots had been fired into the victims' bodies.

Jerusalem Post, April 21, 1953

LEGION TURNS DOWN PROBE ON MURDERS

The investigation of the double murder committed by marauders in Jerusalem on Independence Day halted at the border when the Arab Legion refused to allow Israel police to enter Jordan territory in search of the three men whose tracks were found on Tuesday, leading toward the village of Bet Ikka.

Further examination of the house where Zvi Genauer and his niece, Devora Genauer, were murdered has revealed that a large number of valuables were looted, including three American passports belonging to the members of the family.

The Genauer's charwoman, Mrs. Rivke Leider, testified to the police that the marauders had stolen household articles, clothing, 10 pairs of shoes, a radio, gramophone, cutlery and sheets.

The Jerusalem Post, April 23, 1953

JORDAN LEGION OPENS SHOOTING WAR IN JERUSALEM

Six Jewish Civilians Wounded

Jordan's guerilla warfare on the Israel border struck at the heart of Jerusalem yesterday evening, when for two hours fire was exchanged across the demarcation line from the Sheikh Jarrah quarter in the north to Deir Abu Tor in the south. The flare-up began at six o'clock when Arab Legionnaires fired into the Musrara Quarter wounding an Israeli pedestrian.

Altogether six Jews were wounded, of whom only two were detained in hospital. They are Masud Lugas, 21, and David Alus, 25. They were operated on at the Sha'are Zedek Hospital and their condition is reported to be satisfactory. Lugas, whose brother Haim also received light injuries, was hit on the steps leading from Mamilla Road to the Hotel Fast and Alus (of Ness Ziona) was shot while on his way to a bus stop.

A policeman in Musrara was injured, and Haim Rosenberg, 32, received superficial injuries at the foot of Mamilla Road. Both went home after first-aid treatment.

The small number of Jewish casualties was attributed, according to an Army spokesman, to prompt police action in clearing streets in the neighbourhood.

Students living in the Musrara hostel, which was hit by bullets from Legion posts on the Wall, were fired upon while crossing their court-yard.

Two of the U.N. observer officers attached to the Israel-Jordan MAC and General Riley's aide arranged for the cease-fire to be enforced on both sides at 8 p.m., by which time darkness had fallen. At 8:15, however, Legionnaires in the Deir Abu Tor quarter violated the cease-fire, but the Israel guards did not reply, and Israel registered a complaint with the U.N.

The Jerusalem Post, April 23, 1953

MUSRARA WOMAN SHOT BY LEGION

Sulka Biton, 30, was killed by Arab Legionnaires on the roof of her house in the Musrara quarter of Jerusalem at 10 a.m. yesterday. She had gone on to the roof, which is close to Arab positions, to make a repair.

The woman's sister on hearing the shot attempted to go to her rescue, but was warned by the Legionnaires that she too would be shot if she appeared. Police who arrived shortly afterward were similarly warned.

U.N. Mixed Armistice Commission observers came to the spot and removed the body. It was taken to Avihail Hospital.

Seven hours before this incident, an infiltrator was shot and killed by police in Rehov Shmuel Hanavi. The infiltrator was found to be armed and to be wearing military dress.

The engagement was precipitated by a search of the area after a policeman spied an infiltrator in the area. One constable narrowly escaped injury. An enemy bullet tore his uniform at the arm.

Israel Patrol attacked

The Army spokesman announced yesterday that a small Israel unit on patrol near Wadi Fukin was attacked on Friday afternoon by strong fire from Jordan arms. The Israel patrol being smaller in number retired, summoned help and combed the area for two soldiers who had been lost during the retreat. The clash continued until nightfall. Clear signs of two persons being dragged across the lines were found.

A protest on the incident and the kidnapping was immediately lodged with the U.N. Truce Supervision Organization and after midnight General William E. Riley informed Sgan-Aluf Haim Gaon, senior Israel Delegate to the Mixed Armistice Commission, that according to the Jordanians, one man was dead and the other wounded.

Yesterday morning, when General Bennett L. de Ridder opened an investigation, the Jordanians said that the two Israelis were dead. This announcement came as a shock since General Riley had previously been informed by Jordan that one Israeli was dead and the other wounded. The MAC held an urgent meeting in Jerusalem yesterday.

Fire at Settler

Three marauders armed with tommy guns attacked Mr. Ya'acov Tauber in a settlement in the Jerusalem Corridor after midnight last night. He escaped uninjured, Mr. Tauber heard some noises in his courtyard and when he stepped out of the house to investigate he was shot at by three men who fired into the house. Tracks of three men led towards the border. A week ago marauders stole three cows from the same farmer.

Jerusalem Post, April 19, 1953

This material is filed with the Department of Justice where the required registration statement, under 22 U.S.C. 611 et seq. of Israel Office of Information as an agency of the Israel Government is available for inspection. Registration does not imply approval or disapproval of this material by the United States Government.

THE FALSEHOOD A front page "Extra" on October 23rd

EXTRA

BULLETIN.

By the United Press.

BEIRUT, Lebanon, Oct. 23.—
The Swedish consul charged today Israeli air force planes shot down a Swedish aircraft near the Lebanon-Israel border.

Jean Fattal, the consul, said the Israelis sent the Swedish tourist plane crashing in flames, killing the passengers and crew, near Mount Hermon yesterday.

Mr. Fattal said at least two Swedish passengers were known to be in the plane.

THE TRUTH buried on an inside page on October 24th

2 FLIERS KILLED IN SYRIA

**Report They Were Shot Down
by Israelis Quickly Denied**

LONDON, Oct. 23 (P)—Two flying enthusiasts from Sweden were killed yesterday in the crash of their small sports plane in Syria, near the troubled border area of the Arab states and Israel.

This gave rise to an unsubstantiated report from Beirut today that Israeli fighter planes had shot down a Swedish airliner.

The report was denounced immediately by Israeli officials as untrue. Further checks showed there was no substantiation at the Swedish Foreign Office in Stockholm, from Swedish diplomatic officials in Cairo or elsewhere in the Middle East.

The two dead fliers were Lars Ove Goransson, 21, known in Sweden as "the Flying Schoolboy," and Fritz Conrad, a Latvian refugee. Their plane, a two-seater German sports model, crashed on Mt. Hermon, 25 miles southwest of Damascus.

The New York Times.

MONDAY, OCTOBER 26, 1953.

Action on Israel Questioned

Application of Sanctions Said to Encourage Arab Intransigency

TO THE EDITOR OF THE NEW YORK TIMES:

The confused and embittered situation between the Arab states and Israel prompts us to share with the readers of THE NEW YORK TIMES a factual review of this explosive problem in the hope that a more constructive attitude will prevail among all men of goodwill and that a more helpful program of action will be fashioned by our Government.

Like all heirs of the Judeo-Christian heritage, we regret violence of any kind and deplore resorting to its use, for we believe that there are better ways to resolve international conflicts. Yet we feel impelled to note that in the circumstances surrounding the strife between the Arab lands and Israel armed action has consistently been the method adopted. We consider this continued tension between the Arab lands and the new State of Israel regrettable, but we must point out that the recent outbursts are part of a pattern of events which has persisted for more than five years.

Not only did the Arab states initiate the Arab-Israeli warfare by sending the armies of five member states across the borders of the new state to frustrate the United Nations decision to partition Palestine, but since the armistice the Arabs have continued guerrilla warfare and other border violations. The records of the United Nations Mixed Armistice Commission reveal that the Jordanians have been guilty of border violations which far exceed in number those charged against Israel and have resulted in hundreds of dead and wounded.

Forays by Arabs

During this uneasy period the United States Government did not protest these forays by Arab irregulars and by such Arab troops as the Jordan Legion. It seems clear that the high indignation of the State Department concerning the deplorable incident on the border at Kibya by Israelis comes with undue haste, ill grace and scant consistency. To rebuke Israel alone is not dispensing equal justice to both aggrieved parties.

Israel should not be immune to criticism, and criticism was justified in the recent border incident at Kibya. Yet similar criticism should also be directed at the various Arab states for their continued border warfare; at

Egypt for continuing to block the Suez Canal to Israel-bound shipping; at all the Arab states for pressing their economic boycott against Israel, for impeding progress toward the resettlement of the Arab refugees in Arab lands and contributing so little for their relief and resettlement.

The public policy of Israel has been to offer peace again and again. The public policy of the Arab states has been to spurn such offers, promise a "second round" of aggression and refuse any meetings with the Israelis.

We are especially astonished by the State Department's decision to withhold aid from the Israelis until they comply with what seems to us to be arbitrary requests to desist from creative public works projects. This is an unprecedented action which involves an unduly harsh penalty for legitimate disagreement on the part of Israelis with the U. N. Truce Supervision Chief, Major General Vagn Bennike.

Refusal to Negotiate

If the United States Government should be bent on a penalizing policy, why have economic sanctions not been applied to Arab governments which have persistently stood in the way of peace negotiations and have organized a program on a regional basis to destroy Israel? Applying economic sanctions by withholding preferred and sorely needed aid to Israel serves to encourage the Arab states in their intransigency and in the formulation of new anti-Israel accusations.

We welcome the United Nations inquiry into this matter, but regret that it did not come at an earlier date. We do deplore our Government's prejudging of the issues, the intemperance of its language and the use of economic coercion against Israel.

We are firmly convinced that the only real and lasting solution to the various problems pointed up in the present conflict is the negotiation of peace between Israel and the Arab states. It appears to us that the most effective action our Government could take is to urge both groups to join minds and hearts around the conference table and face squarely and cooperatively the immediate and long-range problems of the region—which an era of peace can solve creatively for both.

HENRY A. ATKINSON, KARL BAEHR,
SAMUEL GUY INMAN, ALVIN JOHN-
SON, CARL HERMANN VOSS.

New York, Oct. 23, 1953.

The signers of the above letter are members of the American Christian Palestine Committee.

DELEGATION OF ISRAEL TO THE UNITED NATIONS
11 East 70th Street
New York 21, New York

GAS-22

18 October 1953

The following statement is by a spokesman of the Israel Delegation to the United Nations and deals with the Security Council consideration of tension between the Arab states and Israel:-

"Ambassador Abba Eban of Israel today called on Ambassador William Borberg of Denmark, President of the Security Council, to discuss the forthcoming consideration in the United Nations Security Council on the tension between the Arab states and Israel. The head of the Israel delegation has also consulted other representatives of the Security Council.

"The Israel delegate pointed out that the incidents of this week are a regrettable culmination of a long series of events marked by a tragic and intolerable loss of Jewish life under armed Jordanian attacks.

"Since the declaration in 1950 by Great Britain, France and the United States guaranteeing order and security in the area, Israel has suffered at the hands of Jordan the following losses and damages; 421 killed and wounded; 128 cases of sabotage; 866 cases of armed attacks and 3,263 cases of robbery. The intensity and violence of these aggressions has been increasing steadily since January, 1953.

"The results of this brutal guerilla warfare organized by Jordan against Israel homes and villages have taken a tragic toll on both sides of the frontier, and Israel's efforts in July, 1953, to secure the effective intervention of the powers were unfortunately without avail.

"In the light of recent statements, the question whether the powers which have submitted the item to the Security Council feel compunction or sympathy for these Jewish dead, as well as for Arab victims of this frontier tension, is understandably causing concern to the people of Israel.

"The Israel representative has received instructions from his Government to present the full account of these aggressive measures to the United Nations."

DELEGATION OF ISRAEL TO THE UNITED NATIONS
11 East 70th Street
New York 21, New York

GA 8-25

21 October 1953

SIMULTANEOUS RELEASE
WASHINGTON AND UNITED NATIONS
3 P.M. WEDNESDAY, OCTOBER 21st.

REGIONAL WATER DEVELOPMENT IN THE MIDDLE EAST

A STATEMENT BY THE ISRAEL OFFICE OF INFORMATION

In response to many inquiries, the Israel Office of Information wishes to explain Israel's position on regional water development. Some published reports have implied that economic aid is being withheld from Israel because of an alleged Israeli refusal to accept a so-called United Nations scheme for the use of Jordan waters.

The Embassy of Israel does not wish at this time to comment on the United States foreign aid programs for the Middle East. On the allegation concerning water development, however, the position is as follows:-

1. The regional water scheme apparently worked out by the TVA has never been seen by the Government of Israel and cannot therefore have been either accepted or rejected. For over a year Israel has attempted in vain to bring about discussions with the United States Government with a view to regional cooperation on water projects. Assistant Secretary of State, Henry A. Byroade, informed Ambassador Eban of the existence of a desk study several weeks ago but the document was withheld from Israel's knowledge until Monday evening, October 19th.

2. There is nothing which may properly be called a United Nations Jordan water scheme since no principal organ of the United Nations has ever considered such a scheme nor does the United Nations deal with the authorization or disqualification of water development projects within sovereign states.

3. Having now obtained a copy of the report, the Israel Government will consider it on its merits. Israel's policy, as explained to Secretary Dulles in Ambassador Eban's memorandum of July 9th, is to seek inter-state

21 October 1953

agreements on irrigation and power by direct consultation with the neighboring Arab states. The United States Government has been cordially invited by the Israel Government to promote such contacts with neighboring Governments but has apparently not been successful. Therefore the Governments of Israel, Syria and Jordan are preparing their own schemes for the utilization of their respective waters.

4. The canal project now being undertaken by Israel at B'not Yaacov has not caused the diversion of any water at all. General Bennike's recommendation to avoid the water diversion at this time is under consideration by the United Nations. Israel has an undoubted right to appeal to the Security Council on a matter involving the interpretation of an Armistice Agreement which it has signed. In the meantime, no water diversion is taking place. Therefore any suggestion that Israel is "defying" the United Nations would not be either legally or factually accurate.

5. It would be unfortunate if any governments called upon to consider this intricate and important matter did not enter the investigation with a completely open mind. It will be recalled that in a previous dispute in 1951 - whether the drainage of the Huleh marshes was consistent with the Armistice Agreements - Israel's position was first heavily challenged, but was subsequently fully vindicated.

(This statement is being released simultaneously by the Embassy of Israel in Washington and by the Israel Office of Information, through the Israel Delegation at the United Nations. Release time, 3 p.m., Wednesday, October 21.)

B-2

Summary of Minutes of
Meeting of Board of Governors
American Financial and Development Corporation for Israel
November 19, 1953
Hotel Astor
New York City

Presiding: Julian B. Venezky

Present:

- | | |
|--|---|
| Ben Abrams
New York City | Sidney Green
New York City |
| Robert Amper
McKeesport, Pa. | Robert Gurney
Gastonia, N.C. |
| Charles Bick
New York City | Charles Gutwirth
New York City |
| Ralph Blumberg
New Haven, Conn. | Adolf L. Hamburger
Baltimore, Md. |
| Jacob Cooley
New Haven, Conn. | Mrs. Samuel W. Halprin
New York City |
| Samuel Cherr
New York City | Samuel Horelick
Pittsburgh, Pa. |
| Dr. Pinkhos Churgin
New York City | Louis Kasen
Newark, N.J. |
| Melvin Dubinsky
St. Louis, Mo. | Abe S. Kay
Washington, D.C. |
| Mrs. Moses P. Epstein
New York City | Leon H. Keyserling
Washington, D.C. |
| Charles Fish
Baltimore, Md. | Rabbi Mordecai Kirshblum
New York City |
| Bernard Frank
Allentown, Pa. | General Julius Klein
Chicago, Ill. |
| Samuel Genel
Philadelphia, Pa. | Nathan Kuss
Wilkes-Barre, Pa. |
| Dr. Israel Goldstein
New York City | Lawrence G. Laskey
Boston, Mass. |
| Peter S. Goldstein
Detroit, Mich. | Dr. Ernst A. Lewin
Washington, D.C. |
| Mrs. Lionel Golub
New York City | Max Lipin
Los Angeles |

Phil W. Lown
Auburn, Maine

Henry Montor
New York City

Henry Morgenthau, Jr.
New York City

Robert R. Nathan
Washington, D.C.

Max Nigrosh
Boston, Mass.

Harry Preston
New York City

Jacob Rifkin
Wilkes-Barre, Pa.

David Rosen
Boston, Mass.

Dr. Martin Rosenbluth
New York City

Louis Segal
New York City

Milton Seidenman
Baltimore, Md.

Joseph Shulman
Paterson, N.J.

Samuel Simmer
Detroit, Mich.

Jacob Sincoff
New York City

Rudolf G. Sonneborn
New York City

Samuel Steinbach
Baltimore, Md.

Ralph Wechsler
Newark, N.J.

James L. White
Salt Lake City, Utah

Herman Yucht
Paterson, N.J.

Baruch Zuckerman
New York City

Report on Jerusalem Conference

The Chairman presented a report of the Conference held in Jerusalem October 25-29 at the invitation of Prime Minister David Ben-Gurion. A representative group of Jewish community leaders from the United States and other parts of the world had assembled at a significant moment in Israel's history. The sudden announcement that the United States was withholding grant-in-aid funds, the repercussions of the Kibya incident and the unexpected resignation of Prime Minister Ben-Gurion heightened the atmosphere of drama in which the Conference took place. It was clear from the opening statement of Mr. Ben-Gurion that everyone in Israel was prepared to accept whatever new burdens might be imposed. What were the Jews of the Diaspora prepared to do in this emergency?

Mr. Venezky made the following basic points:

(1) Mr. Levi Eshkol, Minister of Finance, presented to the Conference a report of Israel's financial position and of the country's dollar requirements -- both immediate and long-range. Mr. Eshkol had indicated that the Foreign Currency Budget for 1953-1954 was \$310,000,000. Of this some \$40,000,000 would be earned through exports, tourism, etc., leaving a balance of \$270,000,000

which would have to be secured. He had presented plans for agriculture, power, industry, communications, etc., covering a 7 year period. During the next 7 years Israel will need for investment purposes a total of \$765,000,000 and 1,092,000,000 pounds. For consumption an additional \$735,000,000 will be required during this 7 year period, plus the sum of \$30,000,000 per year for the repayment of debts. The total dollar requirement is \$1,710,000,000.

(2) The Finance Minister had estimated that of this sum \$420,000,000 would be available during the 7 year period from German Reparations; \$230,000,000 from private investments; in the next 2 or 3 years perhaps \$185,000,000 could be expected from grants-in-aid. For the remainder of \$875,000,000 -- or \$125,000,000 a year -- Israel must rely on world Jewish sources and mainly on the Jewish communities of the United States. This figure compares with some \$90,000,000 a year provided in 1952. Mr. Eshkol therefore asked for an intensified effort to increase the level of gifts and Bond purchases by some \$35,000,000 a year for the next 7 years.

(3) Mr. Venezky described the great concern of the Finance Minister to be free of the burden of short-term indebtedness. This indebtedness, totaling some \$100,000,000, was incurred during the period of large-scale immigration. The revolving of these short-term debts costs Israel millions of dollars in the form of open and concealed interest and affects adversely all of Israel's economic planning.

(4) Mr. Eshkol had called upon American Jewish leadership to develop a collective responsibility for all the work on behalf of Israel -- for the United Jewish Appeal and for Israel Bonds.

Responding to Mr. Eshkol's call for a spirit of unity and a heightened sense of consecration to fortify Israel against every crisis, the Jerusalem Conference adopted a Declaration of Principles pledging American Jewry to the three-fold task of working and giving on an intensified scale to provide the United Jewish Appeal with maximum sums; of supporting in fullest measure the new issue of State of Israel Bonds; and of making an urgent effort to consolidate Israel's short-term debts by seeking loans from American Jews. This Declaration, presented on behalf of the Conference by Col. Jacob M. Arvey, had been adopted unanimously by the Conference delegates.

Mr. Venezky commented on the remarkable feeling of unity which the Conference achieved. He felt that the delegates emerged with a stronger feeling of the long-range partnership between the Jews of America and those of Israel for the development of the State. The Israel Bond Issue had been placed in proper focus as a continuing and permanent channel of aid to Israel and had been accepted as valid and necessary by many who had formerly resisted it. It was Mr. Venezky's hope that the Jerusalem Conference had inaugurated a new era of good feeling in the American Jewish community.

(The full text of Mr. Venezky's report is attached hereto as Appendix A.)

Mr. Eshkol's Letter to Dr. Schwartz and Mr. Montor

Mr. Montor read a letter which had been addressed to Dr. Joseph Schwartz and himself by Mr. Eshkol emphasizing the need for the closest cooperation between them. Mr. Eshkol gave stress to the following vital points: (1) that the

projected figure of \$125,000,000 per year required by Israel was a careful attempt to state the needs at a minimum level and to take into account conditions in the United States. (2) Meetings between Dr. Schwartz and Mr. Montor should be held frequently to discuss common problems and to take joint action in Israel's interest. (3) A conference of American Jewry should be convened at an early opportunity to create in the United States the same spirit as was embodied in the Declaration of Principles in Jerusalem. (4) The solution of Israel's short-term problems was being entrusted by Mr. Eshkol to Dr. Schwartz and Mr. Montor.

(The full text of Mr. Eshkol's letter is attached hereto as an Appendix B.)

The Problem of Short-Term Indebtedness

Mr. Nathan Kuss expressed the view that the Chairman's report had given excellent coverage to the proceedings of the Conference, but that insufficient information had been given in Jerusalem about the new Israel Bond Issue and the consolidation of short-term debts, and their relationship.

Mr. Montor explained that by short-term indebtedness was meant those obligations which fell due during the next 12 months. They total approximately \$110,000,000, including some \$12,000,000 of contingent liabilities which may or may not come due. These short-term debts represent the revolving payment of obligations incurred as a result of the War of Independence and of mass immigration. Income since then has not kept pace with Israel's obligations.

Mr. Montor quoted Peretz Bernstein at Jerusalem as having stated that the revolving of this debt involved Israel in approximately a 15% charge representing known interest charges and concealed costs made necessary by purchasing merchandise on extraordinary credit terms. It is estimated that the extraordinary burden of this indebtedness could be substantially removed if approximately \$75,000,000 could be made available within a brief period.

At first it was thought that the problem could be met by intergovernmental negotiations between Israel and the United States. Pursuing this plan the Foreign Minister of Israel in 1952 had presented to the State Department a request for a Consolidation Loan of between \$75,000,000 and \$100,000,000 in order to consolidate these debts and to space them out over a longer period of time. The State Department sent a Commission to Israel to study the request. However when the new administration came in and the request was renewed, Israel was advised that a consolidation loan would not be granted.

Therefore the problem of consolidating the short-term indebtedness became one which it was necessary for the Jews themselves to solve. A number of proposals had been made that Welfare Funds or individuals make themselves responsible for these obligations through bank loans. Mr. Eshkol had called upon Dr. Schwartz and Mr. Montor as technicians to facilitate a solution to the problem. They had met privately and Mr. Montor was not yet prepared to report on their discussions except to say that they had agreed on a date when a small private meeting of key financial leaders in the American community would be called to explore ways and means of meeting this problem which has plagued Israel for so long.

Mr. Samuel Genel asked why an individual who might be asked for \$25,000 or \$50,000 as a loan to the State of Israel should not be asked instead to buy an Israel Bond.

Mr. Montor replied that it would, of course, be better for Israel to receive \$50,000 for a 10 or a 15 year period, rather than to be given \$50,000 on which it would have to begin repaying in a year's time. However, there are people who may not wish to lend Israel money for 10 or 15 years, but may be prepared to lend money to the U.J.A., an American institution, for 5 years. Other individuals who may not be prepared to buy Bonds may be willing to lend money on short term notes. If Israel's short term problem can be reduced, the prospects for the sale of Bonds will be substantially increased.

Mr. Melvin Dubinsky expressed regret that he could not be in Jerusalem to participate in the discussions. He said he was disturbed by the third point of the Declaration of Principles. He was sympathetic to the staggering burden that faces Israel because of its short term obligations. However, he failed to understand how the Welfare Funds could make loans which would be approximately one and one half times as great as their present allocation to Israel. Those in the communities who are unfriendly toward Israel will not sign notes for a 5 year period to support Israel. Those who have supported the Bond drive and the UJA will be willing to participate in this project, but once they have signed a note they will be either unwilling or unable to carry on their obligations to the UJA and the Bond campaign.

Mr. Dubinsky feared that the project was doomed to failure. Even if it succeeded it would hamper the Bond Issue by making it impossible for those who will be expected to set the standards to make the kind of Bond purchases which are necessary for the success of the new issue. Mr. Dubinsky proposed that the short term problem be met by a new and different type of issue -- a 3 year loan or a 5 year loan at a higher rate of interest. He felt that an approach on this basis to individuals would bring a more favorable response.

Mr. Morgenthau, remarking that he was speaking confidentially and not for any newspaper, stated that Israel's position is just as serious today as when the Arab-Jewish War began, because Israel did not seem to have the same sympathy of the United States Government as it had then. Mr. Morgenthau had hoped that the Jerusalem Conference would result in a real consolidation between UJA and Israel Bonds, but felt that instead of consolidation a third project of a new nature had been suggested. He pointed to his own experience in the United States Treasury, where he had built the nation's credit from short-term loans to Government Bond issues which sold for the longest number of years at the lowest interest rates that had ever been achieved in the history of the country. In his view, the hope that you could go to a Jewish community or an individual and sell a long-term Israel Bond, obtain a contribution to the UJA and also a loan for a 5 year period, is impractical and he agreed with Mr. Dubinsky that those who are the friends of Israel in this country could not sit idly by and permit a program which would fail. Mr. Morgenthau said that in his opinion the problem could be solved but not in the way suggested in Jerusalem.

Dr. Israel Goldstein asked Mr. Morgenthau if he could suggest an alternative and Mr. Morgenthau stated that while he had advanced a suggested solution, he could not present the proposal in a meeting of this sort. He would be glad to sit down with Dr. Goldstein for further discussion.

Mr. Joseph Shulman expressed greater optimism about the Jerusalem proposal for meeting short-term indebtedness and cited his experience in Paterson, where a bank is prepared to put up \$250,000 as Paterson's allocation for the

short-term project. Ten men have agreed to take on the obligation and to make application satisfactory to the bank. All are heavy contributors to the UJA and sizeable purchasers of Bonds, and their signatures on the loan will not affect either their UJA contribution or their Bond purchases. He felt that if this could be done in Paterson it could be done in other communities throughout the country.

Mr. Abe Kay felt that the Jewish community of Washington could secure a substantial loan -- possibly \$1,000,000 -- from the bank, to be guaranteed by the Welfare Fund and to be repaid at the rate of 10% a year. He felt that this possibility should be fully explored. Mr. Adolf Hamburger felt that the plan to be worked out by Mr. Montor and Dr. Schwartz should be tried.

There was general agreement that a full discussion of the techniques to be used should be undertaken with a smaller group.

Mr. Louis Segal asked whether Mr. Dubinsky's proposal of a short-term Bond Issue for \$75,000,000 or \$100,000,000 had been considered at Jerusalem. The Chairman asked for Mr. Sidney Green's comments. Mr. Green advised that the proposal had been made to the Finance Minister, who had rejected it because Israel must have long-term money for its development program and the refunding operation must be separate.

Mr. Samuel Horelick expressed the view that those who had bought Bonds in large amounts could now be approached on the new project to lend Israel money for a short period and that the major new Bond purchases could be expected from the masses. He felt that greater cooperation between UJA and Bonds would result in more money from both sources.

Programs for the Future

Mr. Robert Nathan stated that Israel now received from all sources \$90,000,000 a year and that the real question was a consideration of how the total flow from all sources could be increased by the \$35,000,000 which Israel needs -- an amount representing an increase of one-third of what was produced this year. The American-Jewish community has the resources and he had no doubt that in the event of a major catastrophe the outpouring of dollars would be far beyond anything we could contemplate. How can we get across to the Jews of this country the magnitude of the requirements? If we succeed in that, we can raise the sums which Israel needs. Mr. Nathan touched on the problem Israel faces in the current attitude of the United States Government. He felt that the problem of short-term indebtedness represented a drain on the Israel economy which must be eliminated -- either along the lines suggested by Mr. Morgenthau or, if that was not possible, by placing the problem before the Jewish communities of America. He felt that if the full responsibility were really understood, the Jews of America would face up to it. It was therefore the task of American-Jewish leadership to interpret the job in its full magnitude.

UJA and Bonds must be paramount, Mr. Harry Preston felt. If in addition to what they were doing for these two major causes, communities could also obtain short-term money they should do so, but their main tasks would be to work for UJA and to work for Bonds.

Mr. Montor stated that Mr. Preston had supplied the keynote of the evening. He explained that the officers of the Bond organization had had grave reservations

with respect to the method of meeting the short-term problem and had expressed those reservations vigorously in Israel. It had been necessary for them to revise their judgment, since the officers of the UJA had been seriously convinced that this represented a genuine effort to meet a critical situation, and it had been necessary to meet them at least half way in the interests of the creation of a new feeling of unity. Moreover, the Prime Minister of Israel had pleaded that this represented one of Israel's most urgent problems. Since there seems little immediate hope of solving the problem through United States Governmental action, other steps had to be taken.

The Declaration of Principles presented at Jerusalem, Mr. Montor pointed out, had been conceived and worded by a committee consisting of Mr. Edward Warburg, Dr. Joseph Schwartz, Messrs. Morris Berinstein, Samuel H. Daroff, Julian B. Venezky, Joel Gross and Henry Montor. Every word was unanimously agreed upon by each of them and it was they who asked Col. Arvey to present this Declaration to the Conference. Mr. Montor emphasized that it was the duty of those in the room - men and women who had conducted UJA campaigns and had given substantially; who had bought Bonds and persuaded other people to buy Bonds - to do their utmost to implement the Declaration.

Terms of New Bond Issue

Mr. Montor presented a resume of the conditions which the Finance Minister of Israel, Mr. Levi Eshkol, had directed be incorporated as the terms of the new State of Israel Bond issue. Mr. Montor stated that these conditions represented the result of continuous discussions dating back to January of 1953 when Mr. Venezky had appointed two sub-committees to consider various aspects of the interrelated problems. The discussions had been held in the United States, and recommendations had emanated from the sub-committees headed by Messrs. Charles Rosenbloom and Jacob Sincoff. Simultaneously, discussions had taken place in Israel. There had been mutual discussions in May of 1953 at Plum Point with the Finance Minister; in Jerusalem in July; then, with Mr. David Horowitz in New York in September; and, finally, in Jerusalem in October.

In setting forth a summary of the definitive conclusions of the State of Israel on essential points, Mr. Montor indicated that such terms were, nevertheless, subject to change and could not be regarded as final until set forth in the prospectus. Mr. Montor's resume was as follows:

1. The new issue of State of Israel Bonds will be known as the "Development Issue" and will constitute a direct obligation of the State of Israel.
2. It is contemplated that the State will register an authorized issue of approximately \$350,000,000, such amount representing the balance of the \$500,000,000 which was asked of the American-Jewish community in May of 1951 as a reasonable estimate of the sum required from this source for the development of the economy of Israel. A series of issues within that authorization will be floated. The first of these will be in the amount of \$75,000,000.
3. There will be two types of bonds: Coupon Bonds and Savings (or capital appreciation) Bonds. The Coupon Bonds will be issued in denominations ranging from \$500 to \$100,000. The Savings Bonds will begin at \$100 and go to \$10,000. Coupon Bonds will mature in fifteen years; Savings Bonds in ten years.

4. The Bonds and the coupons attached to the Coupon Bonds will be paid when due in dollars.

5. At the option of the holder, the State will redeem a Bond in dollars if called upon to do so at any time within two years after the death of the registered owner or person designated by a corporate registered owner. This is the so-called "paid up life insurance policy" feature of Israel Bonds.

6. To encourage the purchase of Israel Bonds by religious, charitable, or educational institutions holding funds for building purposes, it is provided that such institutions may be enabled to demand payment in dollars at any time before maturity upon declaration that the money is required for building purposes. In such event, the State is obligated to make payment not later than ninety days after demand.

7. At the option of the holder, the bonds may be converted at any time after purchase into Israel currency for the following purposes:

(a) for use for bona fide tourist expenses not to exceed \$25,000 in any year;

(b) for contribution to a charity in Israel recognized by the State; and

(c) for investments in Development Budget enterprises and in others designated by the State.

8. The State is considering the feasibility of making provision for the granting of loans to holders of Development Issue Bonds of up to seventy-five (75%) per cent of their face value. These loans would be repayable within two years in quarterly installments in order to keep fluid the revolving fund which would be used for this purpose.

9. The bonds will be non-transferable until July 1, 1959, except to permissible transferees to be specified in the Fiscal Agency Agreement.

10. The holders of Development Issue Bonds may transfer their bonds at any time to any charitable institution recognized as such by the Treasury of the United States.

11. The State may, from time to time, grant the holders of Registered Independence Issue Bonds the privilege of converting their bonds into Development Issue Bonds.

Commenting on the plans for the new issue, Mrs. Rose Halprin stressed the importance of setting realistic goals -- goals which were possible of attainment and which would give the communities a sense of achievement rather than of frustration. Mr. Montor indicated that with the flotation of the first series which will probably be for \$75,000,000, it would be possible for the first time to assign quotas to every community in the country.

Plans for a Loan Fund

Mr. Louis Segal asked whether any consideration had been given to the possibility of establishing a fund in order to permit those who might be compelled

to redeem the Bonds before maturity to do so. This would involve placing 5 or 10% of the proceeds of the Bonds into a special redemption fund. The Chairman replied that plans are being made to provide for bank loans to Bond holders up to 75% of the value of their Bond and that those plans should go a long way toward meeting Mr. Segal's desire that persons who had need of ready cash during the period of non-transferability could obtain the money.

Cash Campaign

Mr. Kay asked what would happen to unpaid commitments of the Independence Issue on May 1, 1953. Mr. Montor replied that under S.E.C. rules Bonds of the Independence Issue cannot be sold after May 1, 1954 (unless the sale is previously terminated by the corporation in the event that an earlier date is decided upon for the launching of the Development Issue). It is for this reason that so much emphasis is now placed on immediate payment for Bonds. Mr. Peter Goldstein urged an intensified drive to bring in all outstanding balances before the close of the Independence Issue. Mr. Ben Abrams felt that those who have not redeemed their commitments by the close of the Independence Issue should not be released from their pledges, but that an effort should be made to convert their commitments into the new issue.

Mr. Segal questioned the elimination of the \$50 Bond since, he stated, the Bond issue has taken the form of a mass appeal. Mr. Kay and Mr. Bernard Frank concurred in this view. Mr. Montor replied that in the period from January 1 to October 31, 1953, 71,721 \$50 Bonds were sold for a total of \$3,586,050 representing 47.5% of the number of Bonds sold and only 12.7% of the dollar value of Bonds sold. Mr. Green pointed out that the cost to the State of Israel of issuing and processing every single Bond is \$6.10. This, in addition to the normal costs of the Bond operation makes the \$50 Bond prohibitive. He felt that the loss of sales involved in eliminating the \$50 Bond would be made up by the sale of additional \$100 Bonds to those who would purchase the lowest denomination of Bond in order to participate in the Bond program. A very large proportion of the costs for the sale, issuance and processing of Bonds arises out of the volume of \$50 Bonds sales. While Israel is interested in continuing the sale of Bonds to a maximum number of people, it was felt that the \$50 Bond was a very uneconomical method of raising funds for Israel.

New Approaches to Bond Sales

Mr. Montor stressed that if Israel's goal of \$125,000,000 from the American Jewish community is to be realized in 1954 there must be sold in Bonds approximately \$55,000,000 as against possibly \$37,000,000 or \$38,000,000 in 1953. This would necessitate an entirely new approach aimed not at the purchaser of \$100 Bonds, but rather at those in a position to buy \$1,000 or more. We must devise new methods in order to raise the larger sums which are needed.

Mr. Wechsler agreed with Mr. Montor's view that new methods must be found to sell Bonds. The Bond issue had adopted some of the methods of philanthropic organizations. Now that there was a realization that the sale of Bonds for the Government of Israel would have to continue for many years, it might be necessary to build up an organization of salesmen in order to supplement the methods already in use. It is time to take the approach that we are really asking people to invest. In addition to managers of Bond offices whose job it is to stimulate lay leadership to sell Bonds, there should be a corps of trained salesmen and

sales managers to go out and sell Bonds directly. Lay leaders can perhaps make the contacts for the salesmen, who might very well be young men from Israel who are prepared to give several years of service and who have Israel's interests at heart. In this way a continuing organization can be built to carry on the sale of Bonds.

Date for New Bond Issue

Mr. Montor asked for counsel on the date when the new Bond issue should be launched. The Finance Minister and his associates had originally suggested that the new Bond issue be started on February 1, 1954 in order to establish the new Bond issue before the old issue became marketable. The officers of the Bond organization had objected to that date because it would project a new problem in relation to welfare fund campaigns in which the UJA is a major beneficiary. Officers of the Bond organization had suggested September 1, 1954 or May 1, 1954, but the matter had been left in abeyance. Later, in a Cabinet resolution, without consultation with the officers of the corporation, the date was announced as February 1st. A decision must now be reached since it has a bearing on the setting of the interest date, the form of organization of the campaigns and the submission of the Prospectus.

Many people feel, Mr. Montor continued, that in order to establish in the mind of the American community a successful launching of the new Bond issue, it must begin to be sold before any price has been established on the old issue. There is objection, too, to a May 1st opening because unless momentum is started before May 1st, Israel will receive a minimum of income during June, July and August. On the other hand, one of the bases for tension within the communities and between UJA and Bonds when the Independence Issue was launched was the projection of a large-scale campaign at a time when the UJA was engaged in active campaigning. Mr. Montor asked for guidance.

Mr. Genel expressed the view that to commence the new Bond issue in Philadelphia on February 1st would eliminate everyone connected with the Allied Jewish Appeal and would destroy the efforts of the past 2 years in cementing community relationships. He felt that the May 1st date, when the Welfare Fund campaign would be close to completion, would be satisfactory.

Mr. Montor pointed out that if the campaign were to open on May 1st there would have to be several months of activity to get pace-setting purchases among the top individuals in the community and also to carry on promotion. Mr. Samuel Kasen concurred with Mr. Genel, and felt that in Essex County a bond campaign could not open in February. He suggested that it might be possible to have campaigns begin at different periods in different parts of the country. If Mr. Wechsler's method of selling were adopted, that might obviate the problem since salesmen could approach those individuals who had already made their contributions to the UJA. Mr. Fish felt that a February opening would not be practical in Baltimore. Mr. Kay, on the other hand, felt that May would be a bad month for Washington which normally opens its UJA campaign in May. He felt that local communities should work out a date which would fit in with the local situation.

The Chairman stated that the matter would be submitted to the next meeting of the Executive Committee for determination.

Mr. Preston suggested that a determination of the date should be left to consultation between Mr. Montor and Dr. Schwartz. The Chairman replied that while this problem would be discussed by them, it was felt that it would be helpful to have guidance from the leaders in the communities.

Mr. Wechsler felt that since the Bond campaign is a continuing activity and since, if the new issue were not launched until May 1st the sale of the Independence Issue would go forward, the problem was not as acute as it had been at the beginning of the Independence Issue campaign.

Proposal for a National Conference

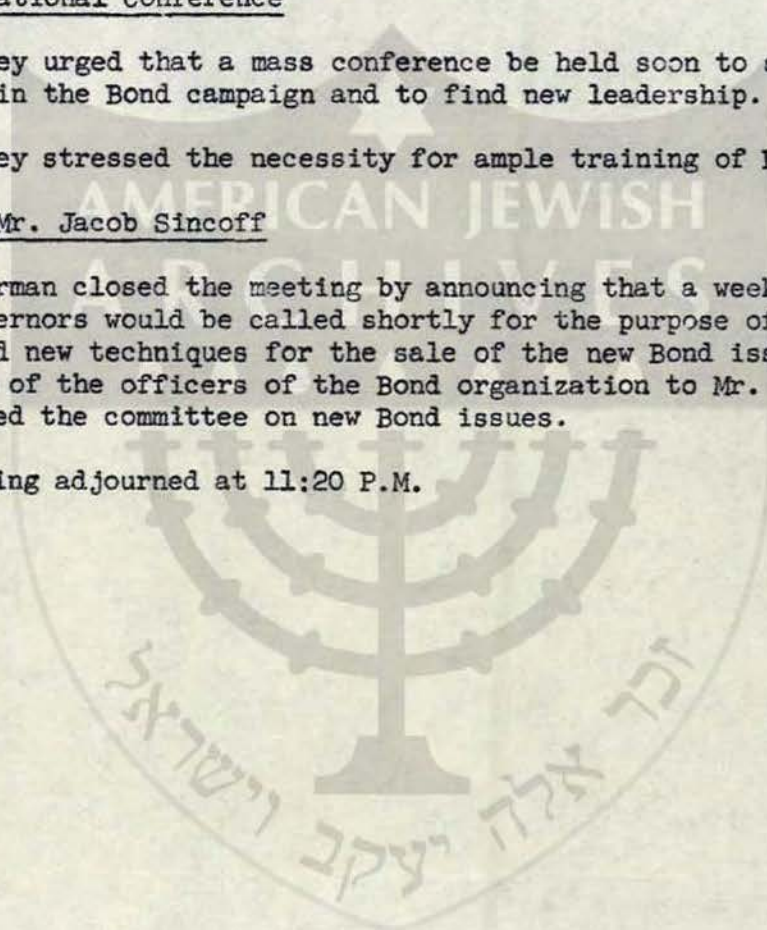
Mr. Laskey urged that a mass conference be held soon to stimulate a widespread interest in the Bond campaign and to find new leadership.

Mr. Cooley stressed the necessity for ample training of Bond workers.

Appreciation to Mr. Jacob Sincoff

The Chairman closed the meeting by announcing that a weekend meeting of the Board of Governors would be called shortly for the purpose of discussing new sales methods and new techniques for the sale of the new Bond issue. He expressed the appreciation of the officers of the Bond organization to Mr. Jacob Sincoff for having chaired the committee on new Bond issues.

The meeting adjourned at 11:20 P.M.



REPORT ON JERUSALEM CONFERENCE

PRESENTED AT MEETING OF BOARD OF GOVERNORS

BY JULIAN B. VENEZKY

NOVEMBER 19, 1953.

I arrived in Israel on October 18th and left there on November 1st. The two weeks I spent there were an inspiring and sober experience, inspiring because of the opportunity I again had to observe at first hand the remarkable achievements of Israel in the face of almost insuperable economic, political and military obstacles; sobering because of the realization of the tremendous difficulties and tasks which lie ahead. But of one thing I am certain: Israel has the military strength and the economic stability to hold out against the odds of today and tomorrow, especially if the Jews of the Diaspora do their part.

My purpose here tonight is to report on the Jerusalem Conference. As no useful purpose can be served at this time by a review of the events leading to the calling of the Conference, I shall deal primarily with the Conference itself. I do deem it appropriate, however, to call to your attention the political events which transpired between the date the Conference was called and its opening.

First, there was the announcement by Mr. Dulles that Grant-in-Aid funds were being withheld from Israel, because Israel was defying the United Nations. The calm statesmanship exhibited by Israel in this matter was most gratifying to the American Jews assembled in Jerusalem. It was my privilege, together with several others in the room tonight, to visit the Jordan canal project. I wish I were sufficiently articulate to convey to you the inspiration that I received at viewing Israelis under the gunsights of the Syrians, racing to complete their task. The engineering vision which this work encompasses is magnificent and one cannot help but have great inner satisfaction at the knowledge that here land that has been ravished by time, unproductive and worthless, will be turned into productivity, and agriculture and industry will spring up on what for hundreds of years have been barren, rocky, uninhabited areas.

I must also admit that after viewing the work and listening to the explanation of the engineers in charge, I was deeply saddened by my government's action in prejudging the issue without a hearing. It is elementary in the tradition of American justice and fair play that the accused, before being condemned and punished, be given the right to an impartial hearing. To prejudge before the facts are in and to penalize with a big stick is palpably outside the bounds of fair play.

Secondly, the action of our government following the Kibya incident had a profound effect upon the delegates assembled in Jerusalem. The speed with which the U.S. Department of State censured Israel, commiserated with the Arabs for their dead, and loudly protested the shocking raid, distressed us all, especially in view of the fact that no reference was made to hundreds of Arab attacks on Israelis. Nowhere was there a tear shed for hundreds of Jewish dead. Nowhere was the fact pointed out that the Kibya incident was a regrettable

culmination of a long series of events marked by a tragic and intolerable loss of Jewish life under armed Jordanian attack.

Third, the announced resignation of Mr. Ben Gurion dropped on all of us like a bombshell. You can readily understand, my friends, the atmosphere which prevailed at the time the Conference opened and appreciate the timeliness of the meeting. It was most fortunate that so many of the men here tonight responded to the Prime Minister's invitation and I hope that during the evening they will give us the opportunity of their reactions to the Conference.

The Conference was opened on Sunday evening, October 25th, by the Prime Minister. The position of Israel, in light of the current political turmoil, was clearly stated by the Prime Minister in his opening address, when he said, and I quote, "how unbending Israel would be when her sovereignty and self-respect were involved, no matter what difficulties might come as a result of it." It became clear to all of us that every Israeli man, woman and child was prepared to accept this extra burden rather than bow.

The unanswered question then remained: what would the Jews of the Diaspora undertake to do? On Monday morning, the military presented to the Conference Israel's security position, after which the Foreign Minister reviewed the international political situation for us.

Since my association with the mobilization of funds for Palestine and Israel, I have listened to and read innumerable reports on the economic and financial programs for that country. I say with all sincerity that Israel's economic program and financial needs as presented to the Conference by the Minister of Finance, Levi Eshkol, was one of the finest, clearest and most understandable presentations that I have heard on the subject. I hope that all of you will avail yourself of the opportunity of reading Mr. Eshkol's address, which has been presented here to you tonight.

During the past fourteen months I visited Israel four times. Each time I returned with a feeling of having seen tremendous progress in all directions. I feel that this progress in agriculture and industry and other sections of the economy are directly reflected in Israel's trade balance. As Mr. Eshkol stated, and I quote, "This balance is still heavily adverse, which is a natural phenomenon in a developing economy absorbing a large immigration...." The physical volume of imports in 1952 was only 17 percent larger than it had been in 1949, while the population increased during that period by 54 percent. The volume of imports per capita actually declined by 23 percent. This achievement is explained partly by the decrease of consumption as a result of our austerity policy. But the important factor has been the shifting of consumption from imported to locally-produced goods.

"During the first eight months of this year, Israel imported goods totalling \$185,000,000 compared with \$252,000,000 in the corresponding eight months of 1952. On the other hand, the income from Israel's exports totalled in the first eight months of 1953, \$42,000,000 compared with \$35,000,000 during the same eight months of 1952. Thus the trade deficit in these eight months was lower by a third than the deficit of the corresponding months of 1952."

During the last five years Israel's net trade deficit amounted to \$1,180,000,000 plus an additional ten percent of that sum which was paid in interest payments and other charges during these five years. Thus Israel's net deficit for the past five years amounted to \$1,300,000,000. How did Israel cover her foreign currency deficit during the five years? The answer, of course, by capital imports from Jewish and other sources, from the United Jewish Appeal in the United States and from similar appeals in other countries. Through the channel of the Jewish Agency and the Joint Distribution Committee Israel received during the past five years \$340,000,000. From other institutions such as Hadassah, Weizmann Institute, Hebrew University, Pioneer Women, Technion, Israel received during the past five years \$35,000,000. From Independence Bonds from May 1, 1951 to the end of September, 1953, \$125,000,000. From private investment, including immigrant goods, \$200,000,000. From the Export-Import Bank, \$135,000,000. From Grants-in-Aid, \$155,000,000. From German reparations, \$60,000,000 and from conversion of Israeli savings and securities, \$120,000,000. To fill the still remaining gap, short and medium term loans totalling \$130,000,000 were obtained.

The total sum of the capital imports during these five years amounted to \$1,300,000,000. More than half of this amount, namely, some \$700,000,000, was spent for basic investment purposes. The remainder was spent for the first unproductive stages of the absorption of immigrants.

Mr. Eshkol then presented the foreign currency budget for 1953-1954 for \$310,000,000. In presenting this budget Mr. Eshkol stated, and I quote: "This will give us the food we cannot produce here and the raw materials, spare parts and replacements to keep our factories running. This will help us to buy the fuel which is basic for our functioning. This will help to equip us against dangers. This will enable us to pay our interest charges and our debts. We have also included in this budget an amount for development which is the lowest possible figure consistent with our not remaining stagnant. The amounts should be much larger. Our state cannot live if we walk on a treadmill. We must go forward if we are to progress to the road of self-sufficiency."

Against this budget of \$310,000,000, Mr. Eshkol felt that \$40,000,000 would be earned through exports, tourism, etcetera, and thus the sum of \$270,000,000 would be needed.

Mr. Eshkol next turned to the long range plans. There had been prepared for the Conference a volume entitled "Data and Plans." This document presented plans for the development of the different branches of Israel's economy. I trust that every one of you will read the plans that have been prepared -- plans covering seven years -- for agriculture, for power, for mining of natural resources, for industry, for communications, for housing, etcetera. In all, Israel will need during the next seven years for investment purposes a total of \$765,000,000 and 1,092,000,000 pounds. For consumption Israel will need an additional \$735,000,000 during this seven year period, and a sum of \$30,000,000 per year, or \$210,000,000 for the seven years must be allocated for payment of debts. The total is \$1,710,000,000 in the next seven years.

It is envisaged that the following sources of income would be available to partly meet these requirements in foreign currency. From German reparations in seven years, \$420,000,000. From private investments, \$230,000,000. From

Grants-in-Aid -- and I presume on this we should keep our fingers crossed -- in the next two or three years \$185,000,000. For the remainder of \$875,000,000, or \$125,000,000 per year, Israel will have to rely on world Jewish sources and mainly on the Jews of the United States. This figure compares with some \$90,000,000 a year provided by the various Jewish channels last year. Mr. Eshkol asked for an increased effort to keep up the existing level and to increase it by some \$35,000,000 per year for the next seven years.

Mr. Eshkol stated that one of the gravest problems with which Israel is confronted is that of the burden of short term indebtedness. These debts had been incurred during the period of large scale immigration when the influx of capital lagged so considerably behind the influx of population and the scope of assistance from abroad was insufficient. Within the next twelve months the maturities cover an amount of about \$100,000,000. The revolving of these debts causes an unproductive expenditure of millions of dollars in the form of open and concealed interest. Moreover, their order of priority as well as their whole economic planning are detrimentally affected by these recurrent operations.

Having presented Israel's financial problems and economic programs, Mr. Eshkol then stated, and I quote: "It is not my function to tell American Jewry how it may extend its aid, which is based on a voluntary assumption of responsibility. I can only state that we need more money through the United Jewish Appeal and more money through Bonds. We have steadily urged upon Jews our hope that they would give maximum support to the UJA and maximum support to Israel Bonds. We feel that these are two expressions of the same body and soul. They are both essential for our economy."

Mr. Eshkol then said, "If we are to achieve our minimum objective of \$125,000,000 as the Jewish share of the foreign currency budget, what possibilities exist for increasing the income of the UJA?" After stating that they could not visualize how they could seriously plan their development budget in the years ahead without such income as has been forthcoming from the Israel Bond issue, Mr. Eshkol stated that the government is contemplating another bond issue at the termination of the present Independence Issue and asked, "How can this activity be organized to provide a far more substantial sum of money?"

With reference to the short term indebtedness, Mr. Eshkol said, "A solution of this problem must be found shortly, and once and for all. The danger which constantly hangs over us, of not being able to meet our commitments on time, must be removed."

In conclusion, Mr. Eshkol asked, "How can we best achieve our objectives?" Then he said, and I quote, "In the face of the mounting political and financial problems that loom ahead of us, we need more than ever before the understanding and cooperation of the whole American Jewish community. What is it that we ask? It is that the American Jewish leadership, which is so widely represented here, should develop a collective sense of responsibility for all the work on behalf of Israel. Each doing his own job performs a valuable service. All working together with a common responsibility, I believe, can help us obtain higher achievements."

And he continued, "I address myself to the men and women in this room: to accomplish the work that needs to be done, we need a sharing of the planning and acting for Israel. We have in the United States two great instruments, the

United Jewish Appeal and Israel Bonds. Each is vital to us. Each is led by people of devotion and vision. Is it not possible that their combined wisdom, their shared sense of responsibility for our work, would add that measure of help which we so desperately need? If, out of this Conference in Jerusalem, can emerge a spirit of unity and a heightened sense of consecration, we in Israel shall indeed be fortified against all struggles."

Following presentations by Mr. Peretz Bernstein, Minister of Commerce and Industry, and Dr. Dov Joseph, Minister of Development, the delegates to the Conference had an opportunity to present their thinking on the problems. Many of the people here tonight ably addressed the Conference and gave to the Conference the benefit of their thinking on the problems which loomed ahead. The Conference then recessed from Tuesday evening to Thursday afternoon to allow the delegates an opportunity to see some of Israel. On Thursday afternoon the meeting was convened and during the course of the afternoon Colonel Jack Arvey of Chicago presented on behalf of the delegates, the Declaration of Principles which was adopted unanimously and which reads in part as follows:

"This Jerusalem Conference, keenly aware of the central role of American Jewry in the future development of Israel, calls for the fullest measure of devotion and service to the tasks of strengthening Israel's economic foundations. We further urge that a supreme effort be undertaken in mutual cooperation and understanding, to meet the increased needs of Israel through the two principal channels of financial assistance -- the United Jewish Appeal and State of Israel Bonds.

"In view of the fact that the Government of Israel has emphasized the vital importance of the United Jewish Appeal and State of Israel Bonds to the upbuilding of Israel, and in view of the fact that the Finance Minister has presented an outline of needs and plans that require the raising of the sights of American Jewry in its generous support of Israel, we hereby call upon the Jews of the United States --

"One: to work for and give on an increased scale to an intensified United Jewish Appeal in order that the greatest amount of money possible be made available for Israel's upbuilding, for the colonization of the land, expansion of agricultural activity and the care, resettlement and absorption of Israel's immigrants;

"Two: to support in the fullest measure the new issue of State of Israel Bonds, which have proved vital to the economic development of Israel, so that the progress already registered in agriculture, industry, irrigation, mining and transportation may be carried forward to speed the country's economic independence;

"Three: and finally, recognizing the acute burden of short term indebtedness incurred by Israel as a result of the War of Independence and mass immigration, to make an urgent effort to consolidate these short term debts by seeking loans from American Jews to the end that Israel may be free to pursue a normal economic course.

"Mindful of these responsibilities, aware of the great and historic work in which we are engaged, inspired by the achievements of the past and the

opportunities of the future, we pledge ourselves to do all in our power to implement all phases of this program and summon all American Jews to dedicate themselves to its successful attainment.

The Conference was closed that evening. The final speaker was our beloved Golda Myerson, who delivered her usual brilliant address.

In evaluating the Conference, I would term it successful for a number of reasons. I think it was successful because the Conference was marked by unity. The Declaration of Principles was reached by unanimity, not out of the pressures of discussion but out of a common concern for the preservation of what is best for the development of Israel. I think the Conference was successful because it changed the thinking of the American Jew present, that mobilizing funds for Israel was a short range situation. The feeling developed that the partnership between the Jews of America and those of Israel for the development of Israel would have to be a continuing one for many years.

I think the Conference was successful because it placed the Israel Bond Issue in proper focus in connection with the development of Israel. I feel that many who resisted the idea of the Bond Issue have accepted its validity and necessity. I think the Conference was successful because of the frank and honest presentations of the problems facing Israel and the acceptance of those problems by those present.

What will be the effect of the Jerusalem Conference on our community work in America? I feel most hopeful that the Jerusalem Conference will inaugurate a new era of good feeling in the American community. Certainly the spirit reflected at Jerusalem should make that possible.

As I see the picture, we must go forward to work in unison for our common objective in Israel, knowing that more than ever before Israel needs a strong, united American Jewry to face the future.

STATE OF ISRAEL

MINISTRY OF FINANCE
JERUSALEM

2nd November, 1953.
16/91/8/0 - 5933

Mr. Henry Montor,
American Financial Corporation
120 Broadway
Dr. Joseph J. Schwartz
United Jewish Appeal
165 W. 46th Street,
New York City.

Dear Schwartz and Montor,

As I sat down to consider the results of the Conference, I had mixed feelings of achievement and progress on one hand and of deep concern with regard to implementation on the other hand.

I want to thank you both for the cooperation you showed to me and to each other in the Jerusalem Conference. Your helpfulness made possible a good spirit at the Conference itself and the result that came out of it.

For me especially, as Minister of Finance, and for the interests of the State of Israel it is essential that this cooperation between you and the State of Israel be continued and grow. If the program adopted at Jerusalem is to be successfully implemented, it is to you two primarily that I must look for this achievement.

Unfortunately, the three of us could not have a final meeting together. That is why I want to summarize what I have said to each of you individually.

1. My figure of \$125,000,000 was a careful attempt to state our needs at a minimum level and to take into account the conditions in America with which I am familiar. My basic reliance is on United Jewish Appeal and Israel Bonds. It is from these two sources that the funds must come for our normal functioning and development. Anything which substantially hurts these two is harmful to our entire economy.

We did not succeed in emerging from the Conference with any structure other than the ones we have. But I do think that the spirit reflected in your joint Declaration is in itself a roof under which both can live. I urge you, regardless of organizational forms, to arrange to meet together frequently, to discuss our common problems and to take action jointly in our mutual interest. The two of you can act to bring together such meetings as were held in the Prime Minister's Office here. They need not be formal, but they can, on a purely voluntary basis, be most useful. I recommend this to you, for it is in your hands that I leave the implementation of the Declaration.

2. I listened carefully to the delegates at the session when the Declaration was presented. Many urged a conference in America. As you know, I favor this very strongly. If we can give to American Jewry on its own soil the same spirit as is found in the Declaration, it will be a wonderful start to attain our goal. We need that American Jews should think of Israel's interests as a whole and not in pieces. That is what your Declaration does. I urge you both to meet and I recommend to you most earnestly that you arrange such a conference of all shades of American Jewry interested in Israel. I stand ready to cooperate fully with you.

3. Because the short-term problem affects both United Jewish Appeal and Bonds, I was glad to see that everyone agreed that this matter should be handled by the two of you. This, to me was the best expression I could see of the reality of the Declaration. I charge you both with full responsibility to work out satisfactory ways and means, keeping always in mind the priority of UJA and Bonds, of helping us solve our short-term indebtedness situation. The only points I make are those I referred to at our joint meetings. It is essential that whatever steps we take are temporary in character, for a comparatively short period of time. We do not wish to see the establishment of a big, additional, expensive machinery. The effort should be restricted to a six or nine month period. I am sure you will both be able to work these matters out satisfactorily. Also, I caution against a type of effort that will deal with small sums. I think it most necessary that you establish a sizeable sum below which you will not go in your efforts. I had originally suggested \$50,000 but would agree to \$25,000. I am sure it is not necessary to point out that the language used in conducting this effort must take into account all of our responsibilities. Any reference to the possibility of "Default" on any of our obligations or similar language will, of course, be carefully avoided.

I shall be looking to you for reports of your activities and results. If the matter is in your hands, it will, I am sure, be handled with the best interests of Israel assured.

So that they may know of the points raised above and that they may give you the cooperation necessary, I am sending copies of this letter which is identical to Dr. Schwartz and Mr. Montor, to Mr. Abba Eban, to Dr. Martin Rosenbluth and Mr. Meier Sherman.

Cordially yours,

/s/ L. Eshkol

Levi Eshkol
Minister of Finance.

COMMUNITY AND SOCIAL AGENCY EMPLOYEES UNION
Local 1707

G. C. E. O. C. - C. I. O.

3rd FLOOR • 133 WEST 44th ST. • NEW YORK 36, N. Y. • JUDSON 6-3515

B-2
December 30, 1953

MEMORANDUM

TO: All Members, Board of Governors
American Financial and Development Corporation
for Israel, Inc.

FROM: Community and Social Agency Employees Union
Local 1707, GCECC-CIO

We respectfully call your attention to the enclosed self-explanatory news release. On December 29th, the employees of Bonds for Israel walked off their jobs on a work stoppage to protest management's refusal to resolve negotiations and accept the union's offer of arbitration to avert a strike. Over 250 employees unanimously voted to strike in the immediate future if this intolerable situation continues.

We would appreciate your intervention to bring about an harmonious solution to this impasse. The union stands ready and available at any and all times to accept any reasonable proposal to avert a strike which it reluctantly finds necessary in the face of an adamant management.

enclosure

union mimeo/jg

For further information call:

Milton Arons, Director of Organization
Community and Social Agency Employees Union
Local 1707, GCEOC-CIO
133 West 44th St., New York 36, N. Y.
Judson 6-3515. If no answer, call Canal 8-5655

FOR IMMEDIATE RELEASE

December 30, 1953

STRIKE DECLARED AT BONDS FOR ISRAEL

Pre-Strike Walk Out Held At Bonds For Israel

More than 250 clerical and professional employees of the American Financial and Development Corporation for Israel, Inc., underwriter of the State of Israel Bond Issue, from all borough offices, walked off their jobs yesterday (Tuesday) to participate in a pre-strike work stoppage meeting at the Heywood Brown Room of the New York Newspaper Guild.

The professional and clerical employees, members of the Community and Social Agency Employees Union, Local 1707, GCEOC-CIO, left their jobs at 2:30 P.M., and boarded chartered buses to attend a meeting to protest management's refusal to agree to bring to arbitration a stalemate in current negotiations involving the salaries of professional employees at AFDCI in the face of a strike ultimatum.

Milton Arons, the union's Director of Organization issued the following statement: "It is with the greatest reluctance and only because of management's refusal to arbitrate that the union of employees at AFDCI has resorted to this work stoppage. Before taking this step, we tried every peaceful avenue of resolving our differences in negotiations with management. It is we, not they, who proposed arbitration which they then rejected. It is we, not they, who approached negotiations in the true spirit of give and take which must predominate if such sessions are to be successful. We have taken this attitude because we are a responsible trade union and because our members who work at the AFDCI are apparently more concerned than is management with the continuation of this vital work in the service of the State of Israel. If we are forced to strike, the responsibility lies directly on the shoulders of management which could have avoided this situation by agreeing to impartial arbitration.

MORE

The following is the text of the declaration of strike resolution unanimously passed by the AFDCI employees who attended the work stoppage meeting:

The Community and Social Agency Employees Union, Local 1707, GCEOC-CIO has been negotiating with the management of the American Financial and Development Corporation for Israel, Inc. ("Bonds for Israel") since September 4th on the question of a suitable wage for professional employees.

Throughout negotiations, the union made every effort to achieve a peaceful settlement, even offering to settle below the standard achieved in negotiations with similar agencies this year. Management's unreasonableness extended to the insistence that professional employees pay, out of pocket, increased carfare expenses incurred on corporation business.

In the midst of negotiations, management committed a breach of ethics by threatening wholesale dismissals under the guise of "reorganization." To date this alleged "reorganization" has taken the course of firing a few employees without regard for the seniority provisions in the collective bargaining agreement, and the intimidation of others through warning notices.

Management's take-it-or-leave-it attitude in negotiations left the employees no alternative but to seek recourse in a unanimous strike vote November 12th. Since that date, the union has apprised management on several occasions that strike action was imminent and urged settlement to no avail.

Shocked at management's apparent lack of concern for maintaining vital service and financial support of the State of Israel, the union offered to submit the differences in negotiations to the time honored process of impartial arbitration which would bind both parties to a peaceful resolution of the dispute. Management did not even honor the union's request with a formal reply. Finally, in a telephone conversation on another matter with one of management's negotiators on December 24th, the union was incidentally informed that management would refuse to arbitrate to avoid a strike.

We, the clerical and professional employees of the American Financial and Development Corporation for Israel, have stopped work this 29th day of December in a pre-strike demonstration of our solidarity, and to declare that, should pending negotiations continue stalemated, and, unless management agrees to our proposal for a peaceful settlement through impartial arbitration, we shall be forced to strike in the immediate future.

We make this resolution as loyal and faithful employees and as dedicated

supporters of the worthy purposes of the Bonds campaign on behalf of the State of Israel. We make this resolution in the face of management's obvious attempt to destroy unionism in this field. We make this resolution because management has refused us every peaceful avenue to seek justice and equity.

We call upon every community leader, and the general public interested in the welfare of the State of Israel, to use their good office to prevail on management of the Bonds for Israel Campaign to arbitrate or resolve this dispute in the interest of avoiding a strike which can only be attributed to the intransigence of selfish managerial interest.



COMMUNITY AND SOCIAL AGENCY EMPLOYEES UNION
Local 1707

G. C. E. O. C. - C. I. O.

3rd FLOOR • 133 WEST 44th ST. • NEW YORK 36, N. Y. • JUDSON 6-3515

January 4, 1953

Board of Governors
American Financial and Development
Corporation for Israel, Inc.

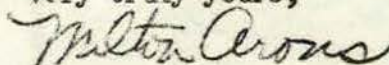
Gentlemen:

As you know, our union, on December 29th, at a work stoppage of all employees, declared a state of strike against the American Financial and Development Corporation for Israel, Inc. The strike date will be set early in January. The union reluctantly was forced to take such extreme measures because management refused to agree to a union proposal that our differences in current negotiations affecting professional employees be resolved by impartial arbitration. I am enclosing for your personal information a Summary of Negotiations.

We have appealed on many occasions to management and leaders of the Jewish Community to intervene and avert a strike in the interest of our mutual dedication to the worthy cause of supporting the State of Israel.

Unless an avenue is provided for peaceful resolution of these negotiations, the union will be forced to its only alternative - strike- against an organization which it in principle supports and encourages.

Very truly yours,



MILTON ARONS,
Director of Organization

union mimeo

SUMMARY OF NEGOTIATIONS

Between the American Financial and Development Corporation for Israel, Inc. and the Community and Social Agency Employees Union.

Negotiations affect professional employees only

September 4th, 1953, the union submitted proposals to management respecting a contractual wage reopener effective October 1, 1953 for professional employees only.

The union requested a wage adjustment for employees on staff one or more years as of October 1, 1953. Those employees on staff less than one year on October 1, 1953 to receive the adjustment on their anniversary date.

Number of employees involved

On October 20, 1953, there were 74 professional employees on staff. A hiring date breakdown indicates the increase would be payable as follows:

60 employees	December 1, 1953
2 "	March, 1954
1 "	May, 1954
2 "	July, 1954
3 "	August, 1954
6 "	September, 1954

In view of management's announced plans to retrench staff, it is likely that only 60 employees would be eligible for the wage increase requested by the union.

Professional employees, last year, received the only single across the board increase negotiated since the formation of AFDCI patterned with other agencies under contract with the union.

This year the fund mobilizing agencies granted wage increases of \$400 per annum for two year agreements with cost of living escalator clauses effective the second year of the agreement.

NEGOTIATIONS CALENDAR

Union's original proposals

On September 4th the union submitted the following proposals to management:

- a. Increase of \$12 per week.
- b. Adjustment in expense allowance due to increased fares and an increase in car expense allowance from 6¢ to 8¢ per mile.
- c. Increase in minimum scales from \$4800 to \$5200 per annum for fund mobilizers and equal adjustment in other professional scales.

Management did not meet with the union until October 19th when management rejected the union's proposals and refused to make a counter offer. Management refused to adjust expenses to absorb increased subway fares.

First management offer

December 3, management finally made an offer of \$200 per annum (\$3.84 per week) with a review date of October 1, 1954 for professionals earning under \$7000 per annum. This excludes 12 employees.

The union agreed to management's proposal that expenses would be paid on weekly vouchers as incurred.

Union lowers its proposals

The union counter-offered to accept \$400 per annum conditioned on a reopening or review date of May 15, 1955, expiration date of the agreement. This offer is equal with wage increases negotiated this year with similar and related fund mobilizing agencies in the Jewish community. This offer was rejected by management.

Union proposes less than increases granted in other agencies

December 7th the union offered to accept \$300 per annum (\$5.77 per week) subject to review on May 15, 1954, the contractual date for review of clerical wages. This offer is below increases granted in this field this year.

Management countered with a lower offer than it previously made - \$185 per annum (\$3.56 per week) with a review date of May 15, 1954.

UNION OFFERS ARBITRATION

December 11th, in view of a strike mandate from the employees and the take-it-or-leave-it finality of management's attitude, the union offered to arbitrate to "avert a strike and in order to maintain vital service to the State of Israel."

MANAGEMENT REFUSES ARBITRATION

December 24th management refused arbitration. The union informed management and certain members of the Board of Governors that a pre-strike work stoppage would be held December 29th. The union appealed for agreement to arbitration to avoid a work stoppage and strike. No reply.

STRIKE INEVITABLE

December 29th, over 250 Bonds employees quit work and declared a state of strike to take place in the immediate future. A date will be set by the union, probably before January 10th.

COMMUNITY AND SOCIAL AGENCY EMPLOYEES UNION
Local 1707

G. C. E. O. C. - C. I. O.

3rd FLOOR • 133 WEST 44th ST. • NEW YORK 36, N. Y. • JUDSON 6-3515

January 5, 1954

Board of Governors
American Financial and Development
Corporation for Israel, Inc.

Gentlemen:

Enclosed is a copy of a letter which the union received from Mr. Henry Montor, Vice President of the American Financial and Development Corporation for Israel, Inc. We are also enclosing a copy of our reply of January 4th in which we again urge management to submit the differences between us to impartial arbitration.

For your information, we have taken the liberty of reproducing Mr. Montor's letter in the column on the left. Our answers to the questions raised in the letter appear in the column on the right.

This will bring you up to date on the relationship between the union and management at AFDCI. We believe you will agree with us, after reading the enclosed material, that management's failure to make or accept constructive or conciliatory proposals leaves us no alternative but to strike.

Our offer to arbitrate, however, still stands. Anything you can do to urge management to accept impartial arbitration and avert a strike will serve the interest of management, the union and the State of Israel.

Very truly yours,

Milton Arons

Milton Arons,
Director of Organization

union mimeo

The New York State Board of Mediation has just wired, inviting us to a mediation conference on January 6th at 10 A.M. The union immediately accepted this invitation. The Board of Mediation, thereafter, phoned us that management would not appear.

The Executive Board of the union has just established a strike deadline of January 12, 1954.

COMMUNITY AND SOCIAL AGENCY EMPLOYEES UNION
Local 1707

G. C. E. O. C. - C. I. O.

3rd FLOOR • 133 WEST 44th ST. • NEW YORK 36, N. Y. • JUDSON 6-3515

January 4, 1954

Mr. Henry Montor, Vice-President
American Financial and Development
Corporation for Israel, Inc.
120 Broadway
New York, New York

Dear Mr. Montor:

Thank you for making your letter of December 31st available to all employees. We have, throughout negotiations, kept membership informed of all developments as the enclosed union "action bulletins" submitted to management before distribution will testify. Our members are well informed as to the facts.

I prefer to believe that you are poorly informed rather than draw any other conclusions from the misrepresentations in your letter. In any event, your letter serves little purpose other than to confirm the union's position that management is not interested in resolving the issues in dispute. It rather appears that you are reaffirming your position that the union must accept your dicta or strike - take it or leave it - regardless of the harm that must follow to both parties.

Once again we urge you to arbitrate this dispute, if you cannot see your way clear to movement from your arbitrary position in negotiations. The union is currently making strike preparations which you alone have the power to make unnecessary if you are interested in conciliation.

Very truly yours,

Milton Arons

Milton Arons,
Director of Organization

union mimeo

December 31, 1953

Dear Mr. Arons:

In view of the fact that we have at all times sought to maintain our employee relations on the highest level of mutual understanding and cooperation, I am surprised that you shared in the drafting of a resolution which is contrary to fact and indulges in unfounded charges and accusations.

Several months ago when negotiations were started with regard to the demands of the professionals, I advised you that we were faced with the necessity of substantial reductions in budget and operations. Detailed facts were placed before you as to the extent of the cuts we would have to make in many directions, including professional and clerical staff.

I explained our position to you at that time so that you would be able to inform the members of the union of the problems we faced in reducing our expenditures to make maximum funds available for the strengthening of Israel's economic structure. For reasons which are best known to you, you apparently decided to keep the staff completely in the dark.

During our discussion you were advised that we would be compelled to make a sharp reduction in our advertising program, to discontinue service payments to cooperating organizations, to dispense with large mass events and to curtail other operations. At the same time, I also told you of our deep concern to keep down to a minimum any reductions that might be necessary in the area of staff.

I believe that we have a staff which is devoted and loyal in its interest in the success of the State of Israel Bond Drive. What constructive purpose can be served by misinforming our employees and mouthing charges which you yourself know to be untrue. Reckless slogans such as "intimidation" and "destruction of Unionism," which have no foundation in our favorable record of staff relations cannot further your cause.

Let us look at the record:

1. We have a contract with the union which runs until May 15, 1955. We believe we have scrupulously lived up to the contract. Certainly the grievance machinery has seldom been invoked. We have lived together harmoniously.

The staff is not "in the dark."

The union reported all developments at regular meetings and issued bulletins. Copies were sent to management.

Retrenchment is not the issue in these negotiations. The haste with which management proceeded, despite its promise not to retrench without prior notice to and consultation with the union, leads us to believe that management is not solely motivated by a desire to cut expenses.

In recognition of the economy problems of management, the union took the initiative in repeatedly lowering its proposals. Management always counter proposed unacceptable formulae in which employees were assessed the responsibility of carrying the financial problems of management. In the face of economy measures in other similar organizations, the union negotiated increases of \$7.60 per week in 1953.

1. Management has often violated the contract, especially with regard to failure to post jobs which are open, firing of personnel without regard to seniority and other matters. But this is not the issue.

Mr. Montor Claims

2. The present issue involves only the question of salary increases for professionals, less than 20% of the covered employees.

3. These professional employees now receive salaries ranging from \$4,500 to \$8,200, which compare favorably to salaries paid elsewhere for this type of work. In addition, these employees receive severance benefits, life insurance coverage of \$10,000 (to those whose salary is \$5000 or more), three weeks vacation after one year and four weeks after two years, medical insurance, sick leave, and other emoluments which are as generous as any in industry anywhere, and more generous than those which apply to most professionals in the country.

4. It is not accurate to assert, as you do, that management has insisted "that professional employees pay, out of pocket, increased carfare expenses incurred on Corporation business." The fact is that it was agreed with you that any problem in this regard would be met by reimbursing all employees on a voucher basis, for every cent spent on expenses.

5. It is not accurate to say, as you do, that management threatened wholesale dismissals under the guise of reorganization, as a tactic in negotiations, and that discharges have been made without regard to seniority. The fact is that you, personally, and other Union representatives were given all of the data on retrenchment and layoffs, and that you were given this data long before the issuance of your declaration.

You were told that approximately 40 clerical employees were to be retrenched. You were also told that, even though the Union contract provides only a limited form of seniority, each and every one of these clerical employees would be retrenched only on the basis of absolute and mathematical regard to strict seniority. You were advised of this. Your assertions to the contrary are distortions of the grossest kind.

You were told that the professional employees to be retrenched would be retrenched in accordance with the seniority clause of the contract. You were told that the probationary professional employees would be the first released. This has already been done. You were also told that the Publicity Department at headquarters would be made smaller. Employees would be offered other opportunities in the field.

The Facts Are

2. The issue is that management refuses to accept the union offer to arbitrate.

3. The benefits which professional employees at Bonds receive are consistent with the practice established, through negotiations, in this field. But professional wages at Bonds are currently \$400 per annum below the level of similar organizations. Please note that these professionals are on call 7 days a week and work on a year round campaign.

4. Management did insist that professionals absorb increased carfare expenses until December when they agreed to pay expenses according to voucher. (Fares increased in July, 1953).

5. Management made vague and general representations about its plans to retrench. Prior to December 31, probationers were dismissed. One professional employee was fired without regard for seniority, based on a reduction in force in the publicity department. On December 22, management promised the union prior notice and consultation respecting any specific plans for retrenchment of clerical employees. Management proceeded to fire people December 30, and, on the afternoon of December 31, management gave the union a list of approximately 35 employees who received dismissal notices on December 31 (New Year's Eve). That list came under separate cover with Mr. Montor's letter falsely claiming that "Union representatives were given all of the data on retrenchment layoffs, ... long before the issuance of your Declaration." The date of the declaration was December 29th. Management's assertion is a "distortion of the grossest kind." Why does management make this an issue in negotiations? We can only conclude - intimidation.

Mr. Montor Claims

We are now aware of one grievance which has arisen on this. To blow up this one grievance into a major issue of seniority violations under the Union agreement is indeed a perversion of the spirit of our relationship.

6. I am advised that in the course of subsequent negotiations, management's representatives explored every possible avenue of agreement, and that in their eagerness to reach an agreement, they sought to recommend the greatest wage increase which they thought possible by applying such wage increases only to the lower paid employees. They sought formulas based upon a reopening date on May 15, 1954, only 7½ months after the last reopening date; they suggested other reopening dates, and they explored other means of satisfying the employees.

7. I am compelled to point out that your protestations of interest in the future of Israel and this organization cannot be reconciled with the irresponsible charges contained in your resolution. If our employees had had the full story, they would never have been a party to the unfounded accusations and inferences of dishonesty in your "strike declaration."

8. I must point out also the conflict between the assertions in your Declaration about your willingness to negotiate and the ultimatum in your letter of December 30. Very clearly you do not contemplate any flexibility in your position.

I am making this letter available to our employees.

Very truly yours,

/ S/ Henry Montor

Vice President

The Facts Are

6. This is completely untrue. The union sought and advanced formulae, based on a reopening date of May 15, 1954. For a short term contract, we were willing to accept an increase below the level established in other contracts. Management offered an increase of \$3.54 per week. This offer was so low that the union could not, with honor, accept. Settlements with other organizations negotiated in 1953 were for \$7.60 per week.

7. The CIO and its staff are committed to support for the campaign for Israel. Employees do have the full story. Our argument is with an intransigent management. If the State of Israel was not indirectly involved, the union would have struck a long time ago.

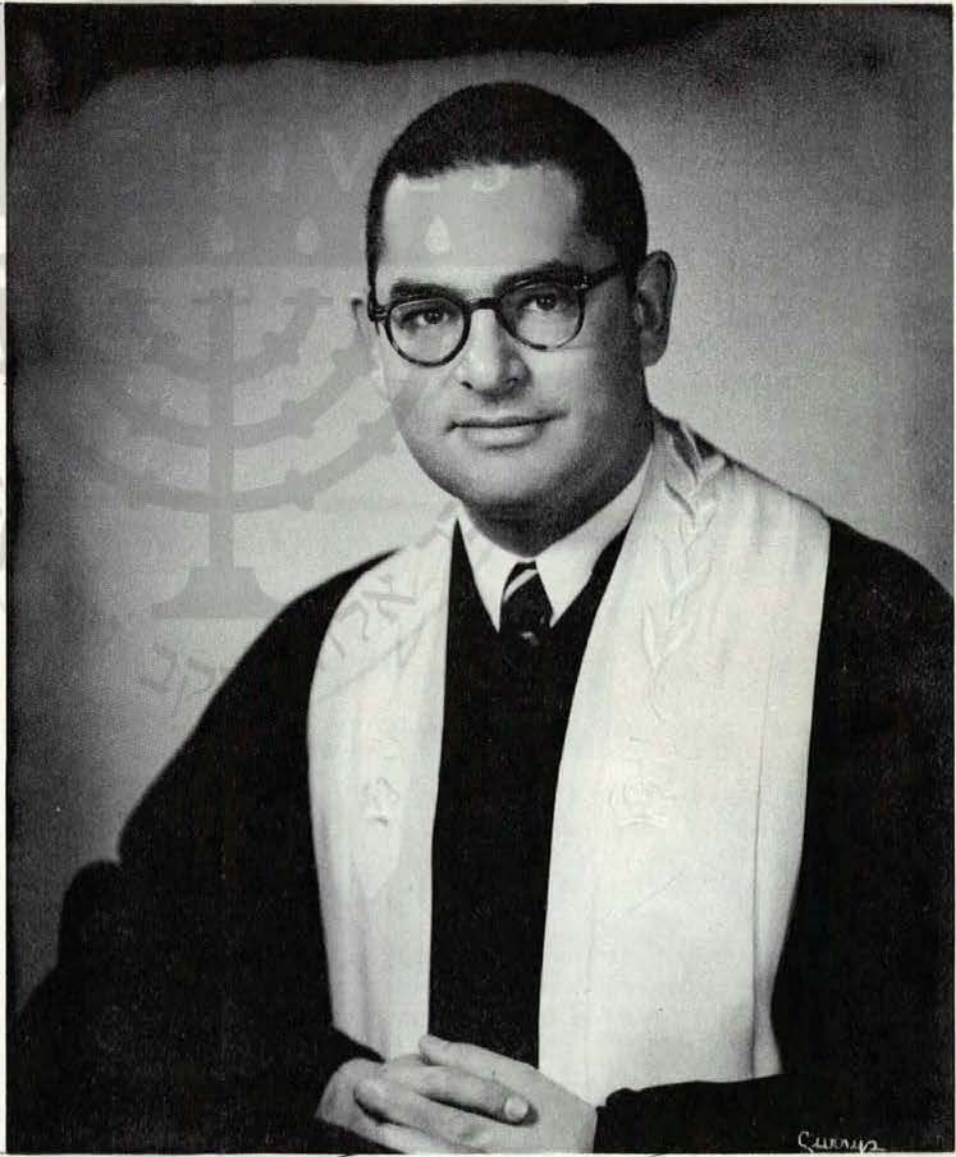
8. Management's conception of negotiations is "take it or leave it." Management made no genuine conciliatory offers. The continuous exchange of charges and counter charges does not further agreement. We urge management to demonstrate its flexibility by agreeing to arbitration.

BZ

A RABBI TAKES TIME OUT...



**to send you
a report on
the 1954
ISRAEL BOND
DEVELOPMENT
ISSUE**



The Israelis won a heroic hot war of liberation against the combined armies of seven Arab states in 1948. Now they are in the midst of a cold war of economics against Arab boycotts. Their goal is Peace, and an end to anti-Semitism forever.

I have met many an Israeli in the past few years, all of whom fought in their War for Independence, but I have yet to hear any one of them relate his experiences in an effort to boast or brag about himself. Have you?

Israel has the problem of resettling our people who were driven from their homes in Europe, Africa and Asia. They came to Israel penniless, dispirited, and sick in mind and body. But in six short years they have developed into a cohesive, optimistic, forward-looking nation.

Israel has the problem of developing industry and providing employment for its new inhabitants. To do so, it is obvious they must borrow money. They have again asked us for long term loans of ten and fifteen years, which they will repay with 4% interest. If they are forced to borrow money on short term loans from commercial institutions, the additional interest they will have to pay amounts to many millions of dollars. The Bond Drive is a good business proposition for both of us.

Let us not forget that the Israelis are performing miracles in soil reclamation, in the rebuilding of their lands and rehabilitation of their people, and in advancing popular education and democratic ideals.

Though small in size, Israel, because of its philosophy and ideals, will serve as a laboratory for some far-reaching experiments in democracy, science and social justice.

Who should invest in the future of these brave people, if not us? They have met each and every one of their financial obligations on due date or better. They ask so little of us. Who can refuse them an honorable loan?

I number you among the friends of Israel who will continue to invest money until Israel will achieve her deserved security, economic stability, and Peace.



WHAT HAS ISRAEL ACCOMPLISHED WITH MONEY REALIZED FROM ISRAEL BOND LOANS?

Since the establishment of the Independence of Israel in 1948, this strong, young democracy has:

1. Increased its total cultivated area by 122%
2. Increased its irrigated area by 100%
3. Increased its agricultural output by 97%
4. Increased its industrial production by 122%
5. Increased its citrus fruit export by 29%
6. Increased its electric power by 125%
7. Absorbed more than 700,000 immigrants into its fast-blooming economy.

FACTS OF THE 1954 DEVELOPMENT BOND ISSUE

1. Rate of interest will be four per cent per annum.
2. Savings Bonds, in denominations of \$100 to \$10,000, will mature at 150% of principal in ten years.
3. Coupon Bonds, in denominations of \$500 to \$100,000, with four per cent interest paid semi-annually, will mature in 15 years.
4. Owners of Development Issue Bonds will be able to borrow up to 75% of the principal from the Bank of America, with the Development Issue Bond as sole security.
5. Institutions accumulating funds for building purposes, will be able to invest these funds in Development Issue Bonds with the assurance that Israel will redeem these Bonds on demand (30 days) in American dollars, with payment of the principal and accumulated interest at the time of the demand.

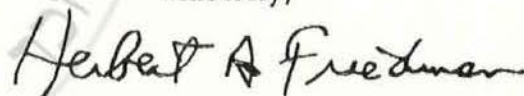
**We are indebted to the people
of Israel for reaffirming the
dignity of all Jews; when we
buy Bonds of Israel, we become
the creditors of the people of
Israel, and they become our
debtor. What a wonderful
partnership!**

Celebrate with an outstanding American the launching of the Development Issue State of Israel Bonds on Thursday, June 10th at the Astor Hotel.

Help make Judge Luther Youngdahl's visit to Milwaukee a memorable one. Be present at the dinner and demonstrate your faith and continuing support of the State of Israel by your purchase of Bonds.

You can make our job easier, if you will mail your reservation and your bond purchase in the self addressed envelope enclosed for your convenience.

Sincerely,



Herbert A. Friedman
Member National Board
Of Governors, A.F.D.C.I.

Honorary Chairman
Milwaukee Committee
State of Israel Bonds

B-2

Summary of Minutes of
Meeting of Board of Governors
American Financial and Development Corporation for Israel
January 9 - 10, 1954
Hotel Delmonico
New York City

Presiding: Saturday, January 9 - Rudolf G. Sonneborn
Sunday, January 10 - Julian B. Venezky

Present:

Herbert R. Abeles Newark, N.J.	Leo Federman Bridgeport, Conn.	Gottlieb Hammer New York City
Benjamin Abrams New York City	Charles Fish Baltimore, Md.	Avraham Harman New York City
Benjamin Berkowitz Newark, N.J.	Leopold V. Freudberg Washington, D.C.	Samuel Horelick Pittsburgh, Pa.
Ralph Blumberg New Haven, Conn.	Sam Genel Philadelphia, Pa.	Dr. Morris Hyman Cincinnati, Ohio
Rabbi Isadore Breslau Washington, D.C.	Julius Ginsburg Chicago, Ill.	Seymour Isaacman Elizabeth, N.J.
Max Bressler Chicago, Ill.	Judge Joseph Goldberg Worcester, Mass.	Nathan Kalisch Elizabeth, N.J.
Benjamin G. Browdy New York City	Mrs. Lewis Goldberg Boston, Mass.	Louis A. Kasen Newark, N.J.
Meyer L. Brown New York City	Milton H. Goldberger Newark, N.J.	Leon H. Keyserling Washington, D.C.
Judge Henry L. Burman Chicago, Ill.	Abe Goodman New York City	Leopold Lerner San Francisco, Calif.
Joseph Cherner Miami, Florida	Sidney Green New York City	Albert A. Levin Cleveland, Ohio
Samuel H. Daroff Philadelphia, Pa.	Joel Gross Newark, N.J.	Judge Louis E. Levinthal Philadelphia, Pa.
Raymond Chasan Jersey City, N.J.	Peter Goldstein Detroit, Mich.	Dr. Ernst A. Lewin Washington, D.C.
Leonard Diener Elizabeth, N.J.	Robert Gurney Gastonia, N.C.	Irving Lewis Trenton, N.J.
Melvin Dubinsky St. Louis, Mo.	Charles Gutwirth New York City	Max Lipin Los Angeles, Calif.
Mrs. Albert Farber Philadelphia, Pa.	Adolf L. Hamburger Baltimore, Md.	Alex Lowenthal Pittsburgh, Pa.

Mrs. Alex Lowenthal Pittsburgh, Pa.	Samuel Rothberg Peoria, Illinois	Mrs. Alexander Simson New York City
Sol Luckman Cincinnati, Ohio	Dr. Erwin Sacks-Wilner Trenton, N.J.	Jack Slavitt Newark, N.J.
Leon Lurie Brooklyn, N.Y.	David Safran Detroit, Mich.	Michael A. Stavitsky Newark, N.J.
James G. McDonald New York City	Pinhas Sapir Jerusalem, Israel	Mrs. Michael A. Stavitsky Newark, N.J.
Aryeh Manor New York City	Lawrence Schacht New York City	Samuel Steinbach Baltimore, Md.
Joseph Mazer New York City	Judge Albert D. Schanzer Brooklyn, N.Y.	Dewey D. Stone Brockton, Mass.
Isadore Meyer Vallejo, Calif.	Albert Schiff New York City	Max Tieger Elizabeth, N.J.
Dr. Irving Miller New York City	Nathan Schooler New York City	David Uchill New York City
Henry Montor New York City	Judge Selig Schwartz Meriden, Conn.	Ralph Wechsler Harrison, N.J.
Morris Newmark Philadelphia, Pa.	Louis Segal New York City	Jack Winet San Francisco, Calif.
Harry Preston New York City	Milton Seidenman Baltimore, Md.	Morris Wolf Houston, Texas
Ellis Radinsky New York City	Meier Sherman New York City	Philip Zinman Camden, N.J.
Sol M. Reiter Newburgh, N.Y.	Reuven Shiloah Washington, D.C.	
Dr. Martin Rosenbluth New York City	Joseph Shulman Paterson, N.J.	

Members of the Board of Governors, together with Bond Chairmen and leaders from communities throughout the country, met at a week-end session to plan for intensified Bond sales during the remaining months of the Independence Issue, and to blueprint the launching of the Development Issue. The Chairman welcomed the representatives of the Israel Government - Mr. Reuven Shiloah, Minister Plenipotentiary to Washington, Mr. Avraham Harman, Consul General in New York, and Mr. Pinhas Sapir, Director General of the Finance Ministry, who had advanced the date of his visit to the United States in order to attend this Board meeting.

Report on Independence Issue

Mr. Venezky, as Chairman of the Executive Committee, paid warm tribute to the men and women who have given devoted service to Israel Bonds in their own communities and in other cities throughout the country. The Finance Minister, Mr. Levi Eshkol, had voiced the appreciation of the Government of Israel, a few days previously in the Knesseth, when he said:

"The money we have received from Israel Bonds is to be found in every corner and every development enterprise of the country. Investments of the Israel Bond Drive can be found in every kilometre of pipe and in every pumping well, in every house built and in every industry founded with the help of the Government -- in the Negev, in the Galilee, in Jerusalem, in the coastal plain, both in the cities and in the villages. The results of the Israel Bond Drive have provided further proof of the devotion of the diaspora in the project of the building and development of Israel, and special recognition and appreciation must be extended for the cooperation shown in the hearts of the Jews of America."

Cash sales, Mr. Venezky stated, have reached a total of \$137,200,000, which will increase to \$140,000,000 by the end of January. In addition, Israel has been able to borrow many millions of dollars on account of the unpaid subscriptions. While these results fell far short of the original goal of \$500,000,000 (a goal which the American Jewish community actually had the resources to meet), they were nevertheless remarkable, Mr. Venezky believed, in the light of the history of foreign investment in the United States. He referred to recent discussions with representatives of the banking firm of Morgan Stanley, who had stated that they would not undertake to float a bond issue even of France or Great Britain, and that they regarded the achievements of the Independence Issue as remarkable. Mr. Venezky recalled the estimate of the late Eliezer Kaplan that \$100,000,000 would represent an excellent result for a three-year period.

At the Jerusalem Conference in October, Mr. Eshkol had asked the American Jewish community for \$125,000,000 a year, as compared with some \$90,000,000 provided in 1953. In Mr. Venezky's view, it was unlikely that the United Jewish Appeal, under existing conditions and methods, could increase its receipts. The Bond drive, therefore, remained the one expandable source of income for Israel. The basic question which friends of Israel must ask themselves, Mr. Venezky continued, is: Are we prepared to fight in order to raise the sights of the American Jewish community for support of Israel? Israel exists as a State only because of stubborn people who believed deeply. Unless we ourselves have that same stubborn faith, we will not be able to persuade others to invest in Israel on a scale that will meet Israel's needs.

Past Activities and Future Plans

Mr. Montor, in a report on the Bond Issue and the plans for the future, emphasized the moral aspect of Israel Bonds, an aspect which, he said, tended to be overlooked. Israel Bonds represent a program which will eventually permit Israel to stand on its own feet - to be freed from the necessity of being forever a pauperized nation, dependent upon philanthropy for its survival. Another aspect which deserved emphasis, he continued, is the fiscal. Israel received more net dollars from Israel Bonds during the last thirty months than

from any other single source. These two factors, the moral and the financial, should be borne in mind by all those who will go forward with the Bond effort during the coming months and years.

As a result of decisions reached in Israel, the Bond drive will be a part of the structure of the American Jewish communities for as long as we can foresee, Mr. Montor stated. Our program, which began on the basis of improvisation, must be reorganized on sounder foundations.

In planning for the concluding months of the Independence Issue and the launching of the Development Issue, Mr. Montor continued, the chief need is for leadership - men who believe profoundly in Israel and who are prepared to fight every obstacle. The collection of outstanding cash will be the focus of our efforts until March, with the emphasis on mass activities and new sales as a means of collecting on old commitments. Between the conclusion of the Independence Issue and the launching of the new Issue, Mr. Montor foresaw a period of a month or six weeks of quiet individual sales effort to obtain initial subscriptions. It is hoped that the opening of the Development Issue can take place about April 1st, with a community-wide launching between Sunday, May 2nd and Saturday, May 8th, which will be the sixth Independence Day of the State of Israel.

Standard Setting for 1954

Mr. Montor invited an expression of all the doubts and fears which might beset many as to how they could achieve in their communities larger sums than in 1951, 1952 and 1953. He called for an analysis of experiences and problems and failures. He examined the effort made in 1951 to set standards. Many had responded in terms of the large amounts needed. Others had been frightened away because they did not want to buy the \$50,000 or the \$100,000 or the \$500,000 which they felt was expected of them. Many of them rationalized their failure to participate in terms of dissatisfaction with some phase of Israel. Mr. Montor pointed to the fact that the bulk of the Jews of America are to be found in the lower and upper middle class and that their financial status is steadily rising. Perhaps some 20% of this group had been reached. What is needed for 1954 is to stimulate the support of everyone in the community. Mr. Montor therefore suggested the formation of an organization in America to be known, perhaps, as "Guardians of Israel", which would be open to everyone who purchases a \$1,000 Bond. This would not, of course, preclude larger purchases. But the emphasis on \$1,000 Bonds would bring in substantial sums and would win social acceptability for Bonds.

For those in the group with higher potential, men who have already bought in large amounts, Mr. Montor suggested an approach on the basis of a \$10,000 purchase for 1954.

Community Quotas

The \$500,000,000 goal had been a handicap during the three years of the Independence Issue. Quotas which were possible of realization could not be requested on the basis of \$500,000,000. Therefore, Mr. Montor stated, the first series of the Development Issue, for 1954, would be for \$75,000,000, which would make possible fair and reasonable quotas for the year for every community in the country.

Since the campaign can now be conducted on an annual basis, Mr. Montor continued, the emphasis would be on cash sales, rather than on subscriptions. We want no subscription which is not honestly intended or which will remain on the books unpaid for an indefinite period of time.

Leadership

Mr. Montor referred to Mr. Venezky's emphasis on leadership. He felt that sound community organization - a field in which the Bond drive had not always been effective in the past - was the clue to the development of continuing leadership. Now that Bonds were to become a permanent feature of Jewish life we must reorganize and strengthen the Bond structure in the local communities. As part of this program Mr. Montor suggested the desirability of changes in chairmanship. Many of the men who have served have done so at great sacrifice. We owe it to them to relieve them of the responsibility. They, in turn, owe it to the campaign which they built to bring in new forces. The chairman must be one who has a single-minded devotion to Israel, and who places Bonds high in the Israel picture. Mr. Montor expressed deep satisfaction with the situation in Los Angeles. Max Lipin, who had served with great devotion for more than a year, had asked to be relieved. Mr. Montor and Mr. Venezky had gone to Los Angeles to seek a new chairman. Louis Boyar, who represented one of the strongest forces in the community, but who had never previously served as chairman of any campaign, had accepted, and the prospects for Bonds in Los Angeles during the coming year are most optimistic.

Role of Women

Another aspect of leadership, Mr. Montor continued, is the women in the campaign. Too little emphasis had been placed on women, and on the role they can play in creating the atmosphere in the community, in the selling of Bonds and the collection of cash. He paid tribute to Mrs. Anne Lowenthal, National Chairman of the Women's Division, for her efforts and the efforts of women.

Techniques of Campaigning

As a basis for future discussion, Mr. Montor touched briefly on the role of fee and volunteer speakers and on the types of function at which Bonds can be sold. As soon as the new Issue is registered with the SEC we can go ahead with sales; and in advance of the public opening on May 2nd or May 9th it will be necessary to amass a substantial nucleus of purchases. Individuals must make themselves responsible for seeing ten people to sell them in advance. The second stage is the parlor meeting in the home. Next come dinners, which must be well planned in advance for actual sales, and not merely functions which will bring together large numbers of people. The personality or testimonial dinner represents a fine medium for honoring a person who genuinely deserves it, and at the same time for selling Bonds. But it must be understood that the purpose of such functions is to sell Bonds, and the dinner must be geared to that purpose.

Costs of Operation

In a discussion of costs of the Bond organization Mr. Montor expressed the serious concern of the officers with this problem. The officers had discussed this problem at great length with the Government, but Israel had insisted that Bond money represented the cheapest funds it could obtain. The State of

Israel pays for certain operations and the American Financial and Development Corporation for Israel pays for other costs. Every item is scrutinized with great care. While without lay leadership the Bond organization could not exist, in communities where there has been no professional to stimulate and to harry the lay leadership, no Bonds have been sold. The sale of Bonds to hundreds of thousands of individuals is a vast operation, and the collection of cash, the billing, the processing of Bonds involve great expense.

Budget for 1954

The budget for 1954, Mr. Montor stated, reflected cuts which he and other officers regretted - cuts which might hurt the sale of Bonds. Those cuts were morally indispensable, however. Mr. Montor pointed to the virtual elimination of advertising, the curtailment of the use of fee speakers and the elimination of payments to organizations. He expressed confidence that the Zionist organizations would continue their efforts despite the fact that they would no longer receive funds for their services in 1954.

Termination of Independence Issue

In a discussion of the termination date for the Independence Issue, Sam Genel posed the problem of the approach during the coming months to subscribers who, after 3 years, still had not paid for their Bonds. They would be reluctant to buy $3\frac{1}{2}\%$ Bonds, when they knew that a 4% Bond would soon be on the market. Mr. Leo Federman stressed the necessity for a concentrated cash drive until May 1st.

Judge Henry Burman stressed the danger of the word "termination" in connection with the old Issue as well as too much emphasis on the new Issue. What we are interested in is the sale of Bonds. We set out originally to sell \$500,000,000 which Israel needed. We did not sell it and we are extending our issue - not terminating it.

Julius Ginsburg cautioned against any public discussion of the terms of the new Issue, which could only create confusion at this stage. We must devote all our energies to the sale of the current issue, and not to an interpretation of the terms of the new. We must collect what is owing, and sell additional Bonds.

Sol Reiter commented on the effectiveness of the Celebration of Jerusalem's 3,000th Anniversary as a means of selling Bonds. He suggested that City Managers should engage in direct sales in addition to sales through community activity and functions.

Alex Lowenthal proposed the setting of a deadline for sales of the present issue to serve as a target date, after which organization for the new issue would begin.

Sam Rothberg re-emphasized the confidential nature of the terms of the new issue. We must not undermine the sale of the current issue, because if there is a pause in our activities it will take time to regain momentum. Experience has shown that we must have functions in order to sell new bonds or collect on old commitments. We must continue intensively the sale of Independence Bonds.

Dewey Stone felt that too much emphasis was being given to the question of "new" and "old" Bonds. The United States has had many issues with varying terms, but sales are carried on continuously. There will be a natural transition from the old to the new.

Sidney Green pointed out that the Independence Issue showed no indication of lagging. December sales had reached \$5,500,000, representing one of the best months of the past sixteen months. If that pace can be maintained during the next few months, the outstanding balance of \$23,000,000 can be completely cleared up.

Leo Bernstein felt that a quiet transition from the old issue to the new would mean a loss of sales atmosphere. The Independence Issue represents the first historic issue floated by the State of Israel. If the concept can be promoted effectively, every Jew will want to be enrolled in this first issue. A community function such as a 3,000th Anniversary Celebration could be set up to serve as a Roll Call, or perhaps a Big Day. The excitement can be created which will assure continued mass sales and at the same time provide the atmosphere for the launching of the new issue. Then as soon as it is legally permissible to do so there should be a four to six weeks' concentration on the \$1,000 and over and the \$10,000 and over category, to get the Development Issue Campaign off to a good start.

Sunday Session - Julian B. Venezky Presiding

Mr. Montor opened the meeting with a brief review of the progress of the campaign in Canada and Latin America. He paid tribute to the fine leadership in Montreal, Toronto, Winnipeg and other Canadian cities. Canadian sales had reached some \$6,200,000, with cash totalling \$4,300,000. The campaign is continuing in Latin America with excellent results. Mr. Montor indicated that plans are under way for an international launching of the new issue in many countries.

Launching of Development Issue

The Chairman called for discussion on how to launch the Development Issue. Mr. Michael Stavitsky expressed the view that the basic elements in a successful sales campaign are organization and leadership. He felt that an ever-expanding group in each community should begin to think in terms of the kind of organization necessary for a permanent sales effort. Committees should be representative of the community and should be made up of those who are prepared to give continuous application to the task of selling Bonds. Organization should begin immediately. If we think in terms of leadership reaching out into the communal structure the goals we must set ourselves for the coming year are fully capable of realization.

Rabbi Breslau, supporting Mr. Stavitsky's views on the need for strengthening community organization and leadership, stated that community leadership should be accorded a greater measure of responsibility for policy decisions on local activity - such decisions, of course, to be in consonance with national policy. The local Bond organizations should develop the same kind of local responsibility as has been developed within the UJA structure. Rabbi Breslau also advocated a greater clearing of policy as between the national and local organizations. Of course if local leadership falls down on its responsibilities, the national organization must step in.

Mr. Montor endorsed Rabbi Breslau's suggestions. On the subject of community relations, he pointed out that what is actually meant is the relationship with the Welfare Funds. At the time the Bond campaign was projected in Jerusalem in August of 1950, he had urged that the Council of Jewish Federations and the Welfare Funds which compose it should broaden their responsibilities and serve as the channel for investment as well as for philanthropic funds. This suggestion had not been accepted although it would have avoided many of the tensions which have arisen. A second effort had been made to establish a channel for Bond sales - through a group of investment bankers - but although extensive explorations were carried on with Morgan Stanley, the bankers had felt that there was no possibility of selling even \$50,000,000 worth of Bonds and therefore turned the proposal down. Mr. Sonneborn, Mr. Gross and Mr. Montor had conferred once again with Morgan Stanley in relation to the forthcoming issue and had been told that there was no possibility of floating a foreign Bond issue through normal banking channels and that the AFDCI had therefore better continue its efforts since no one else could do the job. Thus, Mr. Montor continued, we are left with the American Financial and Development Corporation.

An effort had been made to create the kind of organization Rabbi Breslau suggested but too often the entire responsibility rested on the professional representative. This is not a desirable situation. The question of campaign timing, which has been one of the chief causes of tension, could be solved if the leadership of the community were willing to make itself responsible for its fair share of Bond purchases. The campaign could then be carried on at a time convenient to the total community program. Too often Welfare Fund leadership objected to the campaign in the spring when it conducted its welfare fund and then was non-cooperative in purchases, sales or leadership in the fall. Mr. Montor emphasized the necessity for a reciprocal relationship between the total organized community. We have a great responsibility toward Israel and it is better for Israel and for the Jewish community of America if that responsibility can be met without tensions and with complete harmony. If, however, we cannot have harmony we must continue to sell Bonds even if on occasion this entails friction in the community.

"Guardians of Israel"

Meyer Brown opposed the organization of a new group such as the proposed "Guardians of Israel". Individuals who are active in the communities are also active in their organizations. He suggested a strong council of organizations in each community and proposed a conference of all national organizations to renew the pledge they made in 1950 and to reactivate them for 1954.

Max Bressler stated that it would be an error to relegate the Zionist movement to a secondary place in the Bond campaign. Zionists would be unwilling to delegate their responsibility as guardians of Israel. He suggested the calling of a special conference of organizations affiliated with the American Zionist Council to demand the full enlistment of each organization in the Development Issue and to stimulate their great energy and love for Israel. Judge Goldberg also opposed the suggested "Guardians of Israel".

On the subject of Guardians of Israel Mr. Montor stated that the title was tentative, and that perhaps Rabbi Breslau's suggestion of "Shomrim" might be better. He pointed out that the proposal was not to create a movement to

replace existing agencies or organizations but rather to make it desirable for a man to own a \$1,000 Bond.

While expressing appreciation to the organized Zionist forces for the help they have given to the Bond campaign, Mr. Montor stated that if these organizations had been willing to put their full strength behind the Bond campaign, the \$500,000,000 objective would be much closer to realization. Budgetary necessities made it impossible to provide funds for services which should be voluntarily given. The Zionist organizations had had a primary responsibility for the existence of the State of Israel. They must continue to give voluntary service just as thousands of Jews not in the Zionist movement have done.

Women's Activity

Mrs. Lowenthal pointed to the necessity for the kind of community structure which would utilize to the full the efforts of women, whose work in the community, although not fully exploited, had shown how much they could contribute to the success of any community Bond campaign. She emphasized the necessity for integrating the national organizations into the Bond program. She referred to the men and women in the room as "The first families of America"--the pioneers in bringing to all of America the importance of the Israel Bond program. She called upon the men to enroll their wives as leaders and workers.

Mrs. Albert Farber, concurring with Mrs. Lowenthal's view, suggested quotas for the women as well as for the men, in order to encourage additional Bond purchases.

Regional Structure

Judge Goldberg stressed the importance of a Regional setup such as had proved successful in New England. Regional Officers could give guidance and stimulation to both large and small communities. This would be especially valuable where professional direction is lacking.

Mr. Montor advised that plans are being made to set up some seven regions supervised by top professionals, who will be responsible for constant stimulation, cooperation and transmission of national policy. The regional setup will involve a total of 648 communities with Jewish population in excess of 100. With a limited professional staff it will be impossible to cover all of the 648 communities without adequate lay leadership.

Mr. Ralph Blumberg proposed that leaders of the Bond organization or representatives of the Israel Government should visit communities in order to stimulate new leadership and to secure new Chairmen. Chairman Venezky stated that the national officers, as well as volunteer lay leaders, would be happy to visit the communities for this purpose.

Judge Selig Schwartz quoted the statement made by King Saud the previous day - that the Arab states should be prepared to sacrifice 10,000,000 of their people in order to wipe out the State of Israel, which he regards as a cancer on the body politic. Is there any stronger argument, asked Judge Schwartz, for the need of economic support for Israel.

Max Lipin suggested as part of the effort to enlist new leadership the

organization of Caravans to Israel at the invitation of the Prime Minister or the President.

Mr. Lipin suggested the increased use of parlor meetings at which 10 or 15 responsible men could be brought together and each of them urged in turn to make themselves responsible for an additional 10. This represents an effective sales technique. Mr. Lipin also proposed that the Bond organization seek the advice of experts in the field of group movements in industry to make a study of the Jewish community and its potentialities in the high, middle and lower income brackets.

Sam Rothberg compared the discussion which was taking place to a sales conference at which a business man was discussing with his sales force the market and the sales techniques for their new line of merchandise. While they are preparing for the new line they are continuing their sales of the old, as well as the effort to collect accounts receivable. When the \$500,000,000 issue was launched in 1951, individuals committed themselves on the basis of the total goal. Men who made large commitments were accustomed to think in terms of philanthropy but soon discovered that without tax deductibility they did not have the same compulsion to pay up before the end of the calendar year. They then began to rationalize as to why they had not paid, and as the pressure upon them to pay became greater, many of them withdrew from activity on various pretexts.

We have acquired experience the hard way, Mr. Rothberg continued, but we can take pride in our achievements. The Development Issue has been designed to do away with many of the arguments encountered in the community. The arrangement to borrow money with Bonds as collateral will meet the objections of those who did not wish to tie up their money over a long period. The sales program projected by Mr. Montor for 1954 will, if it is successful, be the sales program for the coming years, since Israel depends on the Bond issue as part of its long-range financing. The emphasis on the \$1,000 purchase and the \$10,000 purchase will permit those leaders of the community who are unable or unwilling to buy in very substantial amounts to participate on an acceptable scale, and will do away with some of the resentment felt against them by those who made large-scale purchases and who felt that others had not done their share. We want to make it possible to bring back the old leadership and to create new leadership. With the level at \$1,000 and at \$10,000, no one need fear that he will be embarrassed; no one need fear to call a parlor meeting in his home or to have card calling at a meeting.

Mr. Rothberg stressed the importance of converting the \$23,000,000 in commitments into dollars. He reviewed his recollections over the past years-- the DP camps of Europe, the tent cities of Israel and the progressive development of the State during recent years. He expressed the conviction that with a fuller recognition of Israel's needs on the part of the American Jewish community and a broader approach, we could look forward to the day when the relationship of the next generation of Americans to the next generation of Israelis will be on a cultural rather than a financial basis.

Labor Relations

Julius Ginsburg requested information on the threatened strike of employees. Mr. Montor explained that the situation affected only the employees

in New York. He described the conditions of employment which prevailed in New York, and indicated that budgetary necessities made it impossible to meet the union's request.

Max Bressler moved that the Board of Governors express full confidence in Mr. Montor and the officers of the corporation in their dealings with the union. The motion was seconded by Messrs. Michael Stavitsky and Joseph Shulman, and unanimously carried. Mrs. Lowenthal moved that the Board of Governors extend appreciation to the staff of the AFDCI for their work on behalf of Israel Bonds during the past 3 years. This motion, seconded by Albert Levin and Max Tieger, was also unanimously carried.

(Subsequent to the meeting, negotiations
with the Union were satisfactorily concluded.)

Pinhas Sapir's Review of Israel's Progress

Mr. Pinhas Sapir, Director General of the Ministry of Finance, spoke briefly in Yiddish, after which, at the request of Judge Selig Schwartz, Mr. Montor paraphrased his remarks in English. Mr. Sapir reviewed briefly the major areas in which development has occurred -- in the field of water resources, increased agricultural production, industry and export. As a result of increased agricultural production, imports of food had been reduced from \$64,000,000 in 1952 to \$54,000,000 in 1953. The amount budgeted for 1954 has been further reduced to \$48,000,000. Israel's industrial exports have grown during the past year from \$42,000,000 to \$60,000,000, with exports anticipated for 1954 of \$85,000,000. Bond money, Mr. Sapir indicated, has flowed into everyone of these channels and represents the life blood of the Development Budget.

Other Suggested Techniques

Dr. Morris Hyman suggested that Israel's progress be graphically presented to the American Jewish community through a brochure of photographs which might be circulated when the Development Issue is launched.

Ralph Wechsler pointed out that the Bond campaign was moving from an ad hoc organization to a permanent organization, and that while certain new ideas and the re-emphasis on old techniques are important, we must also look ahead to the question of other techniques. We now have a large number of investors in Israel on our books who will continue to invest at a decreasing cost to the State of Israel and to the organization. There must be a transition from the sale on an emotional level to the real concept of investment. Mr. Wechsler referred to the suggestion he had made at the previous meeting of the Board of Governors that there should be a professional staff doing direct selling. This would supplement the normal community activity.

Mr. Lowenthal declared that those who have purchased Bonds represent a stockholders organization which should rededicate itself to the Bond program on the basis of a long-range organization. He suggested Bondholders' meetings all over the country to report on progress to date, prior to a national meeting. Bonds have become an accepted pattern in American life and we can be prepared to launch the second issue successfully.

National Conference

It was proposed that a National Conference be held in Washington, D.C. at the end of March or early in April. After some discussion as to the date

of the proposed conference, it was suggested that there be consultation with the United Jewish Appeal as to whether a date late in March or early in April would be preferable, the final decision to be left to the officers of the corporation.

Mr. Montor read a letter which he proposed should be suitably inscribed and presented as a memento from the Government of Israel to each member of the Board of Governors in appreciation of his years of service to the Bond campaign. This message was sent by Mr. Levi Eshkol, Minister of Finance and read as follows:

"As you convene to chart the mobilization of new sorely needed finances which will enable Israel's continued growth and in so doing again place at Israel's disposal your long tested and proven qualities of leadership, please accept our deep and sincere appreciation for the memorable achievement that was the Independence Issue. Nations far larger and more powerful than Israel have in the past floated issues in the United States. That none experienced the measure of overwhelming support from the American people which greeted Israel's maiden issue is in itself a significant tribute to the ability and devotion of the Board of Governors. Yet our many new public utilities and factories made possible with bond dollars do, in fact, constitute living and meaningful testimonials to the magnificent service each of you has so willingly rendered. Your unfaltering effort in the issue nearing conclusion earned for each of you a well deserved place of kinship and admiration in the hearts of everyone of us. Your continued leadership in the even greater challenge that is the forthcoming development issue shall secure for you and the cause to which we mutually dedicated ourselves and our resources a memorable place in modern Jewish history."

Melvin Dubinsky closed the meeting with a stirring reaffirmation of faith in the ability and the will of the American Jewish community to give Israel the help it needs through a successful Development Issue.



STATE OF ISRAEL BONDS

AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL

120 BROADWAY, NEW YORK 5, N. Y. • Telephone: RECTOR 2-9500 • Cable Address: BONDISRA

B-2
January 25, 1954

Rabbi Herbert Friedman
2419 East Kenwood Boulevard
Milwaukee, Wisconsin

Dear Herb:

In accordance with the decision of the Board of Governors at its meeting on January 10th, the National Planning Conference at which the next issue of State of Israel Bonds will be projected on a world-wide scale will take place at the Mayflower Hotel in Washington, D.C., from Friday, March 26th through Sunday, March 28th.

Although no formal invitations have yet gone out, I am advising you in advance so that you may note these dates on your calendar and arrange to be with us. In addition, you will want to bear these dates in mind in planning your activities in the community.

This Conference will have a tremendous impact on the future of Bond sales in the United States. I would urge, therefore, that you consider your own attendance a must and that you do everything possible to stimulate the strongest possible representation from your community.

I would appreciate word from you that you are planning to be with us in Washington on March 26th - 28th.

With kindest regards, I am

Cordially yours,

Henry
Henry Montor
Vice-President

HM:rr

I just can't begin to tell you what your work has meant. I am grateful beyond words.



COMMUNITY LEADERSHIP DIVISION

STATE OF ISRAEL BONDS

B-2

Chairman:

MELVIN DUBINSKY
St. Louis, Mo.

February 9, 1954.

Steering Committee:

MORRIS ALEXANDER
Chicago, Ill.

LEOPOLD V. FREUDBERG
Washington, D. C.

RABBI HERBERT A. FRIEDMAN
Milwaukee, Wisc.

SAMUEL A. GENEL
Philadelphia, Pa.

JULIUS GINSBURG
Chicago, Ill.

HON. JOSEPH GOLDBERG
Worcester, Mass.

ADOLF L. HAMBURGER
Baltimore, Md.

NATHANIEL P. KANN
Pittsburgh, Pa.

NATHAN I. KUSS
Wilkes-Barre, Pa.

LAWRENCE G. LASKEY
Boston, Mass.

ALBERT A. LEVIN
Cleveland, O.

JULIUS LIVINGSTON
Tulsa, Okla.

MAX LIPIN
Los Angeles, Calif.

ALEX LOWENTHAL
Pittsburgh, Pa.

SOL LUCKMAN
Cincinnati, O.

HON. JAMES G. McDONALD
New York, N. Y.

IRVING S. NORRY
Rochester, N. Y.

SAMUEL ROTHBERG
Peoria, Ill.

MILTON SEIDENMAN
Baltimore, Md.

RUDOLF G. SONNEBORN
New York, N. Y.

DAVID R. UCHILL
New York, N. Y.

JULIAN B. VENEZKY
Peoria, Ill.

PHILIP ZINMAN
Camden, N. J.

Director:

MAX HELVARG

Rabbi Herbert A. Friedman
2419 E. Kenwood Blvd.,
Milwaukee, Wisc.

Dear Herb:

I am delighted that you will participate with me as one of the Steering Committee of our new Community Leadership Division (CLD). You must know my feeling that this small team we have organized will be most effective in launching the 1954 Development Bond Issue successfully. My very warm thanks to you for agreeing to make your spirit and your drive available to our CLD group.

Very shortly, I will arrange for a meeting of the CLD at which we will formulate our plans and our program of activity for the Development Issue of State of Israel Bonds. I want Henry Montor to give you a first-hand report on his current discussions in Israel and I will set a date for our sessions which will be immediately after his return.

More responsibility for a conscientious guy.

Cordially,

MELVIN DUBINSKY
Chairman,
Community Leadership Division

MD:ad

COMMUNITY LEADERSHIP DIVISION

STATE OF ISRAEL BONDS

STEERING COMMITTEE MEETING

Saturday, March 6, 1954 -- Hotel Plaza, New York

SUMMARY OF DISCUSSIONS

PRESENT:

Melvin Dubinsky, National Chairman

Samuel Genel, Bond Chairman, Phila.

Judge Joseph Goldberg, Bond Chairman, New England Region and Worcester.

Nathan Kuss, Bond Chairman, Wilkes-Barre.

Lawrence G. Laskey, Chairman, Executive Committee, Boston.

Alex G. Lowenthal, National Chairman for Cash Sales, Pittsburgh.

Hon. James G. McDonald, Chairman, Advisory Council, State of Israel Bonds.

Milton Seidenman, State Bond Chairman, Maryland.

David Uchill, Greater New York Bond Committee Campaign Cabinet.

Julian B. Venezky, Chairman, Executive Committee, State of Israel Bonds.

Henry Montor

Meyer F. Steinglass

Max Helvorg

Arline Meyer

Mr. Dubinsky opened the meeting with an introductory statement outlining the suggested goals and responsibilities to be undertaken by the Steering Committee. He presented the following four-point program as the keynote for CLD activities:

1. State of Israel Bonds are a permanent channel of financial assistance in the economic development of Israel.
2. Local leadership must be enlarged and reactivated on a continuing basis to insure the uninterrupted sale of Bonds from one year to the next.
3. A new standard of Bond purchases must be set for the buyers of large amounts on a level at which they can pay immediately.
4. Every effort must be made to bring community leaders and large purchasers to the International Planning Conference in Washington (March 26-28) at which the Development Issue is launched.

In the informal discussions which followed, it was pointed out that implementation of this program involved a two-fold responsibility for the CID Steering Committee. From now on members should devote themselves

- a) to mobilizing and stimulating local leadership along permanent lines,
- b) to securing a substantial number of pilot purchases in the \$10,000 category for the Development Bond Issue, prior to the International Conference in Washington.

Because each member of the committee is a key leader in his own city and on the national level, it was agreed that personal visits to communities will be the most effective approach. It was the feeling also that the men should make such visits in groups of two or three, particularly when their objective is to mobilize the local leadership.

The CID Steering Committee has an important educational job to do. Members must convey their own enthusiasm to leaders and prospective buyers and recreate the excitement of May, 1951, when the first Bond drive opened. They must promote the understanding that the sale of Israel Bonds is a permanent year-to-year community responsibility in terms of leadership and annual purchases.

Every member present participated in the discussions of the campaign with a view to correcting errors which had been made in the earlier days of the Independence Bond drive. When the campaign opened as a three-year effort, pressure was exerted toward securing maximum purchases. This stress on maximum purchases frightened away many individuals who could not buy in the \$100,000 bracket but were reluctant to buy only \$10,000 and therefore they did not buy at all.

The Steering Committee will have to educate and explain our new approach to all large buyers. Even if a man buys less than he did in the past he must be made to feel that this is more desirable because he is paying cash. When he has bought and feels that he has fulfilled his responsibility to Israel he will be helpful in reaching other large buyers. He must understand too, that his purchase

is for one year only, and we will be coming back to him in 1955, 1956, and for as long as Israel Bonds are being sold.

The first and immediate task which the Steering Committee undertook was to stimulate attendance at the Conference and to obtain purchases of \$10,000. Every member present took a list of special prospects whom he will telephone or visit to insure his presence in Washington. If the prospect cannot attend he will be asked to make his \$10,000 purchase before the Conference. If the individual comes to the Conference, however, the committee member is to act as his host by attending the sessions with him, trying to finalize his purchase and encouraging him to take active leadership in the new Bond effort. The Steering Committee set its goal at securing a minimum of one hundred purchases of \$10,000 for announcement at the Conference.

Steering Committee members who were unable to attend this first meeting will be contacted immediately and asked to join in this pre-Conference effort by taking an assignment.

At the Conference in Washington, a special session will be devoted to a meeting of the CID.



STATE OF ISRAEL BONDS

AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL

120 BROADWAY, NEW YORK 5, N. Y. • Telephone: RECTOR 2-9500 • Cable Address: BONDISRA

March 10, 1954

B-2
Rabbi Herbert Friedman
2419 East Kenwood Boulevard
Milwaukee, Wisconsin

Dear Rabbi Friedman:

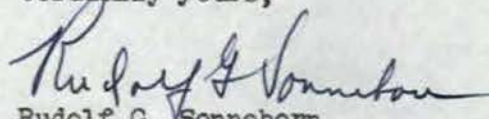
In connection with the International Conference to be held at the Hotel Mayflower in Washington, D.C. on March 26-28, we are convening a meeting of the Board of Governors of the State of Israel Bond organization to take place Friday, March 26 promptly at 11 A.M., at the Mayflower Hotel.

I am writing to urge most earnestly that as a Member of the Board you plan to be present for a session that is designed to launch an historic enterprise for Israel. At the same time I want to advise you that Ambassador and Mrs. Eban have invited the members of the Board of Governors to have dinner with them on Friday evening, March 26, at 7 P.M.

The State of Israel places extraordinary reliance upon the adequate launching of the Development Issue of Israel Bonds. It is for you and me, as members of the Board of Governors, to provide the basis on which the entire American community can gather the conviction that this Bond issue will start successfully and do much to strengthen the State of Israel.

I shall appreciate word from you that you will be in attendance at the Board meeting. Also let me know whether you will accept the Ambassador's invitation for dinner on Friday evening. The Conference itself will continue through Sunday, March 28 at about 4 P.M. I shall be very glad to have the office make hotel and other arrangements for you.

Cordially yours,


Rudolf G. Sonneborn
President

RGS:rr

NATIONAL PLANNING CONFERENCE FOR ISRAEL
MAYFLOWER HOTEL, WASHINGTON, D. C. MARCH 26-28, 1954

HENRY MORGENTHAU, JR., Chairman, Board of Governors RUDOLF G. SONNEBORN, President HENRY MONTOR, Vice-President
JULIAN R. MENZIEY, Chairman, Executive Committee JAMES C. McDONALD, Chairman, Advisory Council



COMMUNITY LEADERSHIP DIVISION

STATE OF ISRAEL BONDS

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St. Louis, Mo.

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Chicago, Ill.

LEOPOLD V. FREUDBERG
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RABBI HERBERT A. FRIEDMAN
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Philadelphia, Pa.

JULIUS GINSBURG
Chicago, Ill.

HON. JOSEPH GOLDBERG
Worcester, Mass.

ADOLF L. HAMBURGER
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NATHAN I. KUSS
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Boston, Mass.

ALBERT A. LEVIN
Cleveland, O.

JULIUS LIVINGSTON
Tulsa, Okla.

MAX LIPIN
Los Angeles, Calif.

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Pittsburgh, Pa.

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HON. JAMES G. McDONALD
New York, N. Y.

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Rochester, N. Y.

SAMUEL ROTHBERG
Peoria, Ill.

MILTON SEIDENMAN
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RUDOLF G. SONNEBORN
New York, N. Y.

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New York, N. Y.

JULIAN B. VENEZKY
Peoria, Ill.

PHILIP ZINMAN
Camden, N. J.

Director:

MAX HELVARO

March 10, 1954

B-2

Rabbi Herbert A. Friedman
2419 E. Kenwood Blvd.
Milwaukee, Wisc.

Dear Herb:

I am sorry that you could not be with us at our first meeting and participate in the stimulating exchange of ideas. In order to bring you up-to-date I am enclosing a summary of our discussions.

In connection with our leadership mobilization program I am happy to report our first accomplishment. On Sunday, March 7, Julian Venezky and I represented the CLD at a special breakfast meeting in Boston at the home of Morris Shapiro. This meeting was another of the many which were held during the last year and one half to solve their leadership problem. For a long time Larry Laskey has been carrying, almost singlehandedly, the responsibility for the Boston campaign and he wanted to be relieved of the heavy job. Unlike the previous meetings however, practical results were achieved this time. After the CLD presentation, Morris Shapiro took over the Chairmanship and a full campaign cabinet was set up. With the cooperation promised by Joe Riesman, Fred Monosson and George Friedlander among others, it appears certain that Boston's Development Issue drive will be a success.

I want you to know that Julian and I were very warmly received and both of us had the feeling that these men were impressed and encouraged by the fact that we had come to Boston for the specific purpose of helping them organize their local campaign. This first achievement for the CLD highlights the important contribution our group will make to the Development Bond program.



COMMUNITY LEADERSHIP DIVISION

STATE OF ISRAEL BONDS

-2-

Chairman:

MELVIN DUBINSKY
St. Louis, Mo.

In the few days since our first meeting we have arranged for CLD members to go into other cities. CLD teams will visit Houston, Atlanta, Miami and elsewhere to meet with local leaders in order to mobilize Chairmen and Executive Committees for the 1954 campaign.

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Camden, N. J.

Director:

MAX HELVARG

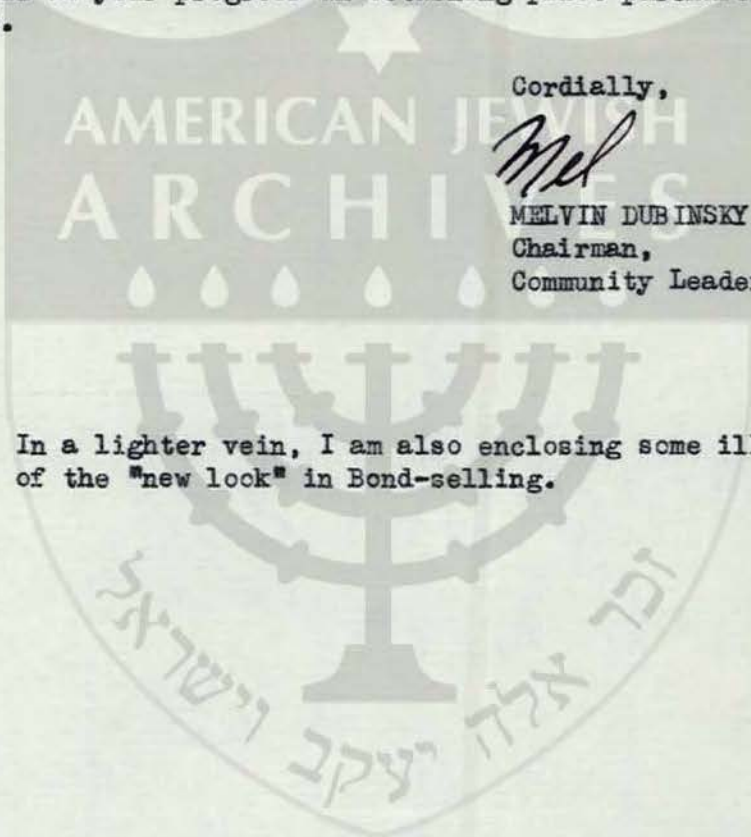
I'd like to hear what you think of the program we adopted as well as your progress in obtaining pilot purchases of Development Bonds.

Cordially,

MELVIN DUBINSKY
Chairman,

Community Leadership Division

P.S. In a lighter vein, I am also enclosing some illustrated notes of the "new look" in Bond-selling.



**AMERICAN FINANCIAL and DEVELOPMENT
CORPORATION for ISRAEL**

120 BROADWAY
NEW YORK 5, N. Y.

B-2

MEMORANDUM

Date March 30, 1954

To Rabbi Herbert Friedman

From Henry Montor

Subject Conversion of Independence Issue Bonds for Development Issue Bonds

You may be interested in the attached memorandum, which was prepared for our City Managers, explaining the procedures involved in the conversion of Bonds of the Independence Issue for those of the Development Issue.

HM:rr
Att:



March 15, 1954

TO: City Managers

FROM: Henry Montor

SUBJECT: Memorandum DL-I: Conversion of Independence Issue for Development Issue Bonds.

1. Independence Issue State of Israel Bonds may be used as part or full payment for Development Issue State of Israel Bonds.
2. This privilege will be available to State of Israel Independence Issue Bondholders until such time as the State of Israel deems it necessary or desirable to withdraw that privilege.
3. The privilege of using State of Israel Independence Issue Bonds in this manner gives the Bondholder certain valuable advantages:
 - (a) He will receive 4% interest from the State instead of the 3½% which he has been receiving on Independence Issue Bonds;
 - (b) He will have the advantage of receiving the appreciation on his Savings Bonds immediately, rather than upon the maturity of these Independence Issue Bonds.
4. Registered Independence Issue Savings Bonds can be presented only as part or full payment for Development Issue Savings Bonds, and registered Independence Issue Coupon Bonds can be presented only as part or full payment for Development Issue Coupon Bonds.
5. It is not possible to utilize Savings Bonds as part payment for Coupon Bonds, or vice versa. Thus, for example, it is not possible for an individual who has \$300 in Savings Bonds to present these Savings Bonds with an additional check for \$200 in an attempt to complete a subscription for a \$500 Development Coupon Bond.
6. Development Issue Bonds which are issued in exchange for Independence Issue Bonds must have a registration identical to that which appears on the Independence Issue Bonds. There can be no change whatsoever in the registration resulting from the exchange of Independence Issue for Development Issue Bonds.
7. It is not possible to present bearer Independence Issue Bonds as payment in part or in full for Development Issue Bonds. Only registered Independence Issue Bonds may be used.
8. In order for an Independence Issue Bondholder to receive the appreciation on his Independence Issue Savings Bond, he will have to purchase Development Issue Bonds in an amount equal to the face value of his Independence Issue Savings Bonds together with additional Bonds equivalent at least to the amount of his appreciation. Thus, for example, an Independence Issue Savings Bond in the denomination of \$1,000 may have appreciated to \$1,105 at the time that it is presented as payment for a Development Bond subscription.

If the Bondholder presents his Bond without anything more, he will receive \$1,000 Development Issue Bonds. He will not receive the amount of appreciation on his Independence Issue Savings Bonds. In effect, he is giving up his appreciation in return for the additional interest and other advantages of the Development Issue Bond.

If the individual presents a check for \$50 in addition to his Independence Issue Bond, he will receive \$1,050 worth of Development Issue Savings Bonds (for example one \$500 Bond, one \$250 Bond and three \$100 Bonds) together with a check for \$50 representing the appreciation on his Independence Issue Bond.

Similarly, if the person presents a check for \$100, he will receive \$100 of the appreciation by way of a check which will be delivered to him along with his new Bonds.

In order to receive the full amount of the appreciation, that is, \$105, he will have to present a check for \$150, for which he will receive \$1,150 worth of Development Issue Bonds (for example one \$500 Bond, one \$250 Bond and four \$100 Bonds) and a check for \$105, representing the full amount of his appreciation.

To take another example, a \$50 Independence Issue Bondholder who purchases a \$100 Development Bond by offering his \$50 Independence Issue Bond and a check for \$50 will receive his appreciation. A \$100 Independence Issue Bondholder who wishes to receive his appreciation will have to present a check for \$100, since it is not possible to issue Bonds totalling \$150. This Bondholder will receive \$200 in Development Issue Bonds, together with a check for whatever his appreciation may have been on his Independence Issue Bond.

The point to remember is that an individual will receive the appreciation on his Independence Issue Savings Bond only if he purchases additional Development Issue Bonds equivalent at least to the amount of the appreciation which he wishes to receive.

An individual may at any time present Independence Issue Savings Bond in exchange for the equivalent face amount of Development Issue Bonds, but on such presentation he will not receive the advantage of his appreciation.

9. An Independence Issue Coupon Bond which is presented in full or part payment for a Development Issue Coupon Bond must have attached all of the current coupons. If past due coupons are attached, the Bank will simply return them. If the next maturing coupon is not attached, the Independence Issue Coupon Bond is not acceptable for conversion to a Development Issue Coupon Bond.
10. The person who presents Independence Issue Bonds for conversion will have to pay a flat \$3.00 conversion charge for each transaction. The charge is for the transaction and does not depend on the number of Independence Issue Bonds which are presented for exchange or the number of Development Issue Bonds which are to be issued, providing that the registration is identical and that only one type of Bond (that is, Savings or Coupon) is presented.

If, on the other hand, an individual presents both Savings and Coupon Bonds at one time, each set of Bonds will be considered as a separate transaction, and the charge will be \$6.00 -- \$3.00 for each transaction.

Similarly, if Bonds registered in the name of a father are presented at the same time as Bonds registered in the name of a son, two separate transactions are involved -- one for the Bonds registered in the name of the father and the other for the Bonds registered in the name of the son.



STATE OF ISRAEL BONDS

AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL

120 BROADWAY, NEW YORK 5, N. Y. • Telephone: REctor 2-9500 • Cable Address: BONDISRA

April 5, 1954

B-2
Rabbi Herbert A. Friedman
2419 E. Kenwood Blvd.
Milwaukee, Wisc.

Dear Rabbi Friedman:

Israel is being warred upon today. Every Jew who had a part in helping to see the State of Israel come into being is rallying to Israel's side, to counterbalance the unfair odds against her.

It is with deep respect that I express the hope that you may find it possible to utilize the forthcoming Passover holidays as an occasion when, once again, you may address yourself to a call to the Jewish community to strengthen Israel's cause.

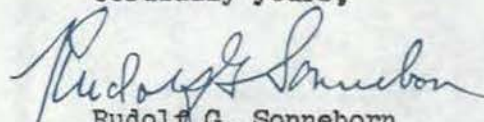
The war against Israel is essentially economic in character, though there are also other types of casualties. To help defend Israel, we need to strengthen her economy. American Jewry is helping Israel in two principal ways; (1) through contributions to the United Jewish Appeal, our great philanthropic arm; (2) through the purchase of Israel Bonds, upon which Israel counts to expand her industry, her agriculture and her general economy.

During this month, Jews in the United States and in other free countries will be launching the sale of a new issue of Israel Bonds, the Development Issue. If you can include reference to this subject at some point during the Passover holidays, you will be adding another layer of strength to the foundation of moral and material support which American Jewry is now mobilizing.

Attached herewith is a copy of the resolution unanimously adopted at the International Planning Conference for Israel held during the March 26-28 week-end in Washington, D.C. The most representative cross-section of national Jewish organizations participated in this Conference.

Under separate cover, I am sending you some additional material that you may find of interest -- particularly a brilliant summary of Israel's economic position by Leon Keyserling, formerly Chairman of the President's Council of Economic Advisers.

Cordially yours,


Rudolf G. Sonneborn
President

RGS:mw
enc.

HENRY MORGENTHAU, JR., *Chairman, Board of Governors* RUDOLF G. SONNEBORN, *President* HENRY MONTOR, *Vice-President*
JULIAN B. VENEZKY, *Chairman, Executive Committee* JAMES G. McDONALD, *Chairman, Advisory Council*
MRS. ALEXANDER LOWENTHAL, *Chairman, Women's Division*

RESOLUTION ADOPTED BY DELEGATES AT
INTERNATIONAL PLANNING CONFERENCE FOR ISRAEL
MAYFLOWER HOTEL, WASHINGTON, D. C., MARCH 28, 1954

In this hour of critical danger for Israel, when the Arab states are using the weapons of economic boycott and repeated attacks in an intensified effort to destroy the new democracy of Israel,

We pledge our devotion, our comradeship, our resources to the people of Israel and affirm our determination to help them in their struggle to resist and overcome Arab hostility, to preserve their freedom, and to build a productive, democratic life in peace.

Recognizing the urgency of the fullest moral and material support, and desirous of providing the sinews of economic strength as the determining factor in Israel's capacity to achieve economic self-reliance and to withstand any form of attack or threat to its survival;

This first International Planning Conference for Israel, heartened by the popular success of the first historic Israel Bond Issue and by the inspiring demonstration of unity at this Conference, calls upon the Jews of the free world

- (a) To reaffirm our common responsibility to help Israel reinforce her grip on freedom through economic independence;
- (b) To strengthen the hands of the builders of Israel and to give them the tools to develop their economy;
- (c) To fulfill our obligations to mobilize the maximum response to Israel Bonds as a channel of financial assistance that has already become the most vital instrument in the growth of every phase of the country's industrial and agricultural life.

To Jews everywhere possessing the cherished freedom of action, we issue this summons to devoted effort on behalf of Israel Bonds as a covenant of partnership with the people of Israel whose continued labors bear fruits of rebirth and inspiration for the Jewish people throughout the world.

We shall act so that this International Planning Conference will serve as a milestone in the shaping of united and consecrated deeds on the part of the Jews of the United States, Canada, Latin America and Western Europe for the preservation of Israel as it faces its gravest challenge since its War of Liberation.

Private Notes

From HENRY MONTOR

B-2

For: Chairmen and
Members of the Board

This is a purely personal expression. It is not intended for publication.

2

ISRAEL'S BUDGET — AND AMERICA'S SHARE

In the New York Times of April 16, ¹⁹⁵⁴ Levi Eshkol, Israel's Finance Minister, is reported to have said that the country's Development Budget has to be cut. This is traceable to a decline in income from the United States.

To some people this may come as a shock—especially to people who are in the habit of discussing Israel's problems in terms of easy slogans.

At the beginning of this fiscal year, Israel had looked toward a Development Budget of some 300 million pounds (approximately 160 million in dollars). Instead, at the present time, Israel is functioning on a Development Budget of about 160 million pounds (approximately 80 million dollars).

What is "the Development Budget"? It is that part of the State's budget which is devoted to construction—as opposed to consumption. This is the Budget which is supposed to develop electric power, to build highways and railroad lines, to expand irrigation and to do those other things which help the country toward increasing its exports and cutting down on its imports.

The other parts of the budget are designed to keep Israel alive—both literally and figuratively: that is, bread and guns.

Now what is "the foreign exchange budget"? This refers to expenditures that the State of Israel has to make with currencies other than its own, such as U.S.A. dollars, British sterling and similar "hard currencies." This is the money that Israel uses for food it buys abroad, for fuel, for machinery, for military equipment and for similar items which it cannot purchase with Israel pounds.

For the current twelve-month period, Israel needs 300 million dollars (that is, money in hard currency).

Now, where does Israel expect to get those 300 million dollars?

Half of this is "earmarked income," that is: goods which it is compelled to take and money which it can expend only with the concurrence of the other party. Of this "earmarked income" \$59,000,000 is due from German reparations; \$31,000,000 represent earnings from trade agreements with other countries; \$10,000,000 represents transfers of goods made to Israel by various philanthropic institutions; and \$50,000,000 is the amount counted on as grant-in-aid from the United States Government. It should be noted that all the foregoing is "earmarked income" and is not freely disposable by the Israel Government.

An additional \$30,000,000 is expected in income from the sterling area. That makes a total of \$180,000,000 which, in the books of the Israel Treasury, is set up as "non-dollar income." That means that the income does not come to Israel in the form of dollars which it is able to use at its discretion.

That leaves \$120,000,000 which must be forthcoming in dollars.

It is believed that in the year of 1954, Israel's exports for cash may climb to a net of \$21,500,000. It is expected, in addition, that a further \$17,500,000 will be forthcoming from tourist earnings, services, transfers, etc. That adds up to \$39,000,000.

That leaves \$81,000,000 that has to come from two sources: Israel Bonds and the philanthropic agencies, primarily United Jewish Appeal. In actual fact, the bulk must come from Israel Bonds. To the extent that Israel Bonds do not provide the gap the "Development Budget" will be further reduced; and the "foreign currency" requirements of Israel will not be covered.

But what about the "refunding loans" now being provided by American Jewish communities through the United Jewish Appeal? None of that money is included in the "foreign exchange" requirements. As has been clearly stated, over and over again by the Israel Government and by the UJA, the loan for refunding purposes is being negotiated so that "short-term obligations" may be converted into "longer-term obligations." The advantages of such conversion include the reduction in carrying charges and the elimination of excessive costs due to a poor credit position.

A few communities recently communicated with me and said: "Why are you pressing us to speed ahead with the launching of the new Development Issue of Israel Bonds? We just borrowed X millions of dollars at the bank. Certainly that takes care of Israel's financial needs. Why not let us alone for a while?"

Nothing could be more devastating to Israel's interests than this distortion.

The communities which shared in the refunding operation have responded to Israel's urgent request to lift the burden of short-term indebtedness. But Israel has made it clear consistently that if this "special" action were to result in the sharp reduction of its own income for current and development purposes, a grave injury will have been done to the economy of the country.

It is now toward the end of April, 1954. The Development Issue of Israel Bonds—on which Israel must depend primarily for its development program—must get off the ground. If dollars are not forthcoming from this source—and promptly—for the programs which involve strengthening the country's capacity to absorb employment and to withstand the tightening Arab economic blockade, then Israel will have paid a high price for slogans.

It should also be noted that, as tension rises, Israel must increase her military expenditures—already a most burdensome feature for her economy.

Informed American Jewish leaders are mature enough to understand all features of Israel's economic situation.

NEW OFFICE

The national headquarters of the Bond organization are now at 215 Fourth Avenue (15th floor), corner of Eighteenth Street. This should be good news for those who disliked that long subway or taxi ride down to the Wall Street area. Visitors are welcome (a) to report on Bond progress in the home town; (b) to deposit cash; (c) just to shmoos. The office can be reached via the Lexington Avenue Express (14th Street stop); the Fourth Avenue bus; the BMT Express (14th Street stop).

AMERICAN FINANCIAL and DEVELOPMENT
CORPORATION for ISRAEL
215 Fourth Avenue
New York 3, N.Y.

M E M O R A N D U M

April 26, 1954

TO: City Managers
FROM: Henry Montor
SUBJECT: Conversion of Bonds into Israel Pounds

Many questions have arisen as to the conversion of Independence Issue Bonds in Israel into Israel pounds, and as to the rights which the Development Issue Bondholder has with respect to such conversion. This memorandum will discuss these rights fully, so that you will be informed on the subject, and will point out the difference between the rights of the Independence Issue Bondholder and the rights of the Development Issue Bondholder, where such differences exist. The description of the right of the Development Issue Bondholder with respect to conversion is given in the Bond itself in some detail, and for your convenience it is set out in the attachment to this memorandum.

I. The Definition of the Rights

With respect to the Independence Issue Bond, the State has agreed to purchase any Bond (whether in Registered form or in Bearer form) upon the surrender thereof at the principal office of the Bank Leumi Le-Israel B.M. The principal office of the Bank Leumi in Israel is in Tel Aviv. This means in practical effect that the Independence Issue Bondholder may convert his Independence Issue Bond for any purpose and may secure Israel pounds therefor.

With respect to the Development Issue Bond, the State has agreed to purchase the Bond from the Bondholder upon its surrender at the principal office at the Bank Leumi in Israel, when the purchase price, in Israel pounds is to be applied to any of the following purposes:

- a) Contributions to any fund or charitable institution in the State of Israel, which contributions are entitled to receive the benefit of income tax deductions in Israel.
- b) Bona fide tourist expenses, provided, however, that these may not exceed \$25,000 in any twelve-month period.
- c) Investment in projects or enterprises which are within the Development Budget of the State and investment in other specifically approved projects or enterprises.

Conversion of Bonds into Israel Pounds

- d) At the present time Development Issue Bonds may be converted for any other purpose. The State reserves the right, however, to limit the conversion of Development Issue Bonds into Israel pounds to instances where the purpose of conversion is either charitable contributions, tourist expenses, or investment within the Development Budget or otherwise specifically approved by the State, all as described in Paragraphs A, B, and C above.

This means in practical effect that so far as conversion is concerned, at the present time there is no difference between the Independence Issue Bondholder and the Development Issue Bondholder. The terms of the Development Issue, however, permit the State to limit the conversion rights so that conversion for the purposes of investment may be made only when the Israel pounds obtained in the conversion are to be used for investment in enterprises within the Development Budget, or investments otherwise specifically approved.

II. Mechanics of Conversion

A. Place of Conversion

With respect to Independence Issue Bond, the surrender must be made at the principal office of the Bank Leumi in Tel Aviv. The Bond provides that the State may designate other places for conversion. Thus far no other places have been designated.

With respect to the Development Issue Bond, the same provisions are made for the place of surrender of the Bonds.

B. Method of Presentation of Bonds

With respect to the Independence Issue, the State has reserved the right to require that the Israel pounds need be paid only to the Registered Owner of a Registered Bond in person. The State has exercised this right and has required such personal presentation. This provision, however, cannot apply to Bearer Bonds of the Independence Issue.

With respect to the Development Issue Bond, it is specifically provided that the surrender of the Bond need not be made in person by the Bondholder.

In the case of both the Independence Issue and the Development Issue, the State requires that a written Instrument of Transfer be executed and presented along with the Bonds that are offered for conversion. This written Instrument of Transfer is in the form of our usual Assignment Separate from Bond. The transferee on this assignment form is the State of Israel.

Conversion of Bonds into Israel Pounds

In the case of the Development Issue, the State has also protected itself from any unauthorized transactions in the Israel pounds that are given in exchange for the Development Issue Bond by reserving the right to issue regulations which will require that the Development Issue Bondholder provide the State with a written instrument which will authorize the State to turn over the Israel pounds to the designated charitable institution or fund in Israel or to the particular enterprise to which the Israel currency is to be invested.

In this way, the State can make sure that its currency is to be used only for the declared purpose and not for any unauthorized purpose.

You are also aware of the fact that at the present time, the State of Israel has prohibited mailing of Independence Issue Bonds into Israel. This is intended to enforce the provision that Independence Issue Bonds be presented for conversion only by those who own the Bonds.

- C. Questions have been asked of us as to whether any particular project or any particular field of investment is an approved enterprise. It is not possible to give definitive answers to such questions here. It is necessary in each case that there be negotiations and agreements between the investor and the State of Israel to determine the precise nature of the investment and the precise way it can fit into the Israel economic scheme. It is best therefore to indicate to potential investors that in order to secure any determination on this point, it is necessary that the matter be discussed with the Government of Israel in Israel.

III. The Rate of Exchange

Since April 1, 1954 the rate of exchange for all practical purposes, has been I.L.1.80 for each American dollar, taking into consideration applicable premia. The only significant exception is transfers for charitable purposes in Israel. In these cases the rate is I.L.1.30 per dollar instead of I.L.1.80.

With respect to both the Independence and Development Issue, the intention is to provide the Bondholder with the same rate of exchange when he presents his bonds for conversion that he would be entitled to if he presented United States dollars for the same purpose. This is specifically set out in the Bond instrument itself in the case of the Development Issue and it is implied in the terms of the Independence Issue. In the case of the Independence Issue, we are not aware of any situation in which the presentation of Bonds for conversion into Israel pounds that were to be used for any specified purpose did not result in the Independence Issue Bondholder securing the same amount of Israel pounds that he would have received had he presented United States dollars instead of State of Israel Independence Issue Bonds for such conversion.

Conversion of Bonds into Israel Pounds

IV. The Significance of Conversion

The State of Israel Bondholder, whether he holds a Bond of the Independence Issue or a Bond of the Development Issue has the right, under the terms of his Bond, to convert the Bond into Israel pounds at any time. Whether or not a holder of an Israel Bond should convert his Bond for investment in Israel is a decision which the Bondholder should make solely on the basis of the benefits that he may obtain.

The Government of Israel through its Minister of Finance, Mr. Levi Eshkol, has made it clear that it does not urge any individual Bondholder to convert his Bond. On the contrary, the policy of the Government in general is to urge all Bondholders to retain their Bonds and to obtain from them all the benefits and privileges accruing to the security.

It is not true, and representations to the contrary are unfortunate, that the Israel Government desires the conversion of an Israel Dollar Bond because it "relieves" the Israel Government of a "dollar obligation". The Israel Government assumed this dollar obligation and is meeting it. It does not ease the position of the Israel Government at this time to convert State of Israel Dollar Bonds into Israel pounds. Thus each individual Bondholder is free to determine for himself whether or not it is to his own best interests to utilize the favorable conversion clause of his State of Israel Bond. He should not be influenced by the argument that he may be "helping" Israel by thus disposing of his Bonds. The primary need with respect to Israel's Development Program is dollars and the utilization of Independence Issue Bonds for purposes of investment does not satisfy this dollar need.

An authoritative statement by the Government of Israel on this point is attached for your convenience. This statement was made to the Embassy and to all Consulates of the State of Israel by Mr. Meir Sherman, Director of the Government of Israel Office of Economic Services for North America.

V. Citizens of the State of Israel or Persons Ordinarily Resident Therein

The State has specifically reserved the right to limit, restrict or prohibit the surrender of any Bond or any utilization of the purchase price for any Bond by citizens of the State or by persons residing in or ordinarily residents of the State of Israel. This applies both to Independence Issue Bonds and to Development Issue Bonds. As a matter of practice the State has not permitted its residents to convert State of Israel Bonds.

Conversion of Bonds into Israel Pounds

This means in practical effect that Israeli residents can not avail themselves of the favorable conversion feature of the Bonds. It means, among other things, that Bonds are not to be used as a means of conveying monies to Israel relatives of American Bond purchasers. The State of Israel contemplates that its Bonds will be purchased by those who intend to hold the security until maturity. It is not helpful to the State of Israel to purchase Bonds with the intention that they be immediately converted into Israel pounds by Israel residents who need the money for their support or their business.



ATTACHMENT

"(d) The State agrees to purchase this Bond at any time at a purchase price to be paid in the coin or currency of the State of Israel for the purpose of applying the purchase price to the following uses:

(i) Contributions to any fund, institution or charity in the State, contributions to which are deductible for income tax purposes in the State;

(ii) Bona fide tourist expenses, provided that the holder hereof may not present for purchase by the State for such purpose bonds exceeding in the aggregate \$25,000 in principal or appreciated principal amount in any twelve month period;

(iii) Investments in projects or enterprises which are within the Development Budget of the State so long as the budgetary allocation for any such project or enterprise remains unfulfilled and investments in such other projects or enterprises as may be specifically approved from time to time by the State for the purpose of this section (d);

(iv) Any other purpose, provided that the State may, from time to time, by a Direction or Directions delivered to the Fiscal Agent, direct that the surrender and purchase of this Bond hereunder for Israeli currency may be made only for the purpose specified in sub-sections (i), (ii) and (iii) of this section (d), and such other purposes as may be specified by the said Direction or Directions.

Purchase of this Bond by the State from the owner hereof pursuant to the provision of this section (d) shall be made at any time upon surrender hereof at an amount to be paid in coin or currency of the State (as at such time is legal tender for the payment therein of public and private debts) equivalent, at the then official rate of exchange of the coin or currency of the United States of America into said coin or currency, to the principal amount of this Bond. In the event that there are then in effect more than one such rate of exchange, then that rate of exchange shall be applied, in the same manner and upon the same terms and conditions, as would be applicable if coin or currency of the United States of America in the principal amount of this Bond were presented by the holder hereof for conversion into the coin or currency of the State of Israel for the same uses and purposes as that for which the purchase price of this Bond paid by the State is to be used, to the end that, with respect to such purchase, this Bond shall be treated as the full equivalent of coin or currency of the United States of America in the principal amount of the Bond on the date of surrender. Payment pursuant to the provisions of this section (d) shall be made upon surrender of this Bond (which need not be made in person) with all annexed coupons which mature after the date of such surrender, at the principal office of Bank Leumi Le-Israel B.M. within the State, or at such other place or places, within or without the State, as the State may from time to time designate by a Direction or Directions of the State delivered to the Fiscal Agent, together with a written instrument of transfer (in form approved by the State) executed by the owner of this Bond.

Notwithstanding the foregoing, the State may limit, restrict or prohibit the surrender of this Bond or any utilization of its purchase price by citizens

of the State or by persons residing in or ordinarily residents of the State.

Appropriate directions or instructions for the administration of the foregoing provisions of this section (d) may be issued from time to time by the Minister of Finance. Such directions or instructions may include a requirement to the effect that the surrender of this Bond shall be accompanied by a written instrument signed by the owner hereof requesting the transmission of the coin or currency of the State to the fund institution or charity to which such coin or currency is to be contributed or to the project or enterprise in which such coin or currency is to be invested."

(Taken from State of Israel Development Issue Coupon Bond)



11 B-2
TO: Embassy and all Consulates

With reference to the efforts of enterprising Americans or Israelis to induce Bond holders to convert their Bonds into Pounds, you may be asked whether it is to the advantage of the State of Israel that Independence Issue of Israel Bonds should be converted into Israel currency for investment purposes, and whether it is true that the State urges or looks with favor on such conversion of Bonds into Pounds.

Your reply should be unequivocally: "No."

The Government urges Bond holders to retain their Bonds until maturity, as they would any other security, so that they may enjoy the full benefits of interest and savings.

A holder of Independence Bonds has the privilege to convert them into Israel Pounds if he wishes, and he can get full details as to the mechanics of such conversion from the nearest Bond office. However, he should understand that while he has the right to convert, he should not regard the conversion into Pounds as an act of aid to Israel. He is not helping Israel "again" (as some salesmen claim) when he converts Bonds into Pounds. On the contrary, he is imposing on Israel the burden of repaying him (albeit in Pounds) many years before maturity, and for Israel it is almost as difficult to anticipate payments in Pounds as in dollars.

STATEMENT ISSUED BY MEIR SHERMAN, DIRECTOR OF THE
GOVERNMENT OF ISRAEL OFFICE OF ECONOMIC SERVICES
FOR NORTH AMERICA.

B-2

MEMORANDUM

Date April 30, 1954

To CHAIRMEN AND MEMBERS OF THE BOARD OF GOVERNORS

From HENRY MONTOR

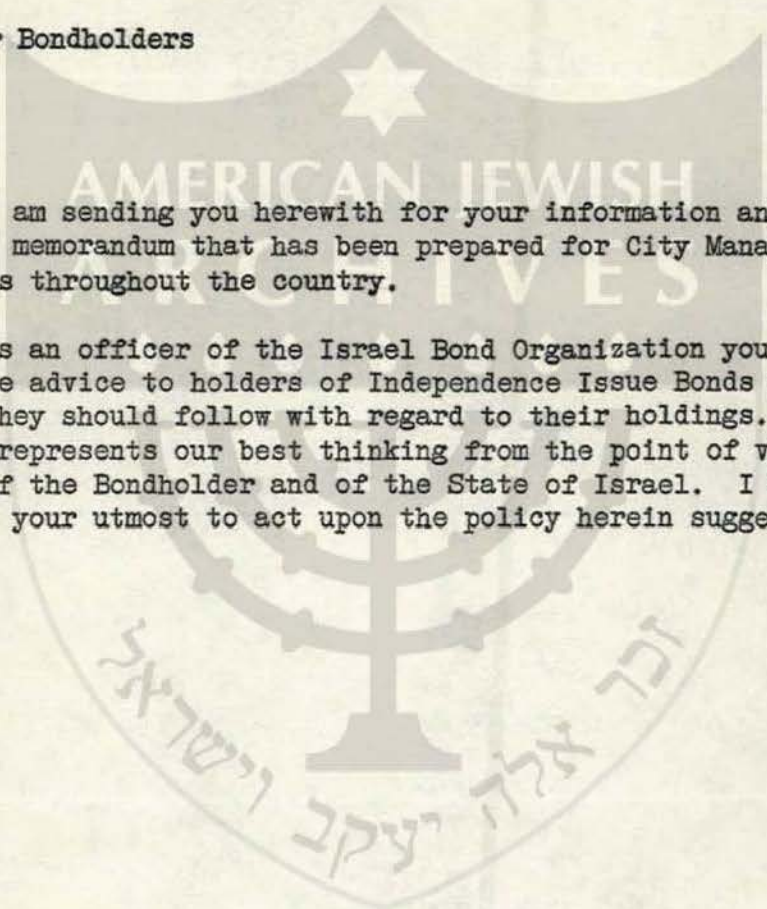
Subject A Guide for Bondholders

I am sending you herewith for your information and guidance a copy of a memorandum that has been prepared for City Managers of Bond Offices throughout the country.

As an officer of the Israel Bond Organization you are called upon to give advice to holders of Independence Issue Bonds as to what procedure they should follow with regard to their holdings. The attached memorandum represents our best thinking from the point of view of the interests of the Bondholder and of the State of Israel. I know that you will do your utmost to act upon the policy herein suggested.

HM:je

Att.



AMERICAN FINANCIAL and DEVELOPMENT
CORPORATION for ISRAEL
215 Fourth Avenue
New York 3, N.Y.

April 27, 1954

WHAT TO DO WITH INDEPENDENCE ISSUE
BONDS AFTER MAY 1, 1954

A Guide for Bondholders
By Henry Montor

Some Independence Issue Bondholders are asking the question as to what course of action on May 1, 1954 will be the most sensible from their own point of view and the most helpful from the point of view of the State of Israel. Essentially, there are three alternative courses of action available to holders of Independence Issue Bonds on May 1, 1954. These are:

1. They may retain their Registered Independence Issue Bonds; or
2. They may exchange their Registered Independence Issue Bonds for Bearer Bonds, which are negotiable; or
3. They may convert their Registered Independence Issue Bonds to the new Development Issue Bonds which pay the higher interest rate of 4% and have other advantages.

As to the first course of action, the retention of their Independence Issue Bonds by Independence Issue Bondholders, this is fully in accord with the desires and hopes of the State of Israel at the time that the Independence Issue Bonds were sold and were purchased by the Bondholders. The State of Israel expected that those who purchased its Registered Independence Issue Bonds would hold them until maturity and would remain long-term partners of the State in the achievement of economic independence. The State has no desire that its securities become the instruments of profit and loss transactions among those who deal professionally in securities or that the Bonds become available to professional dealers in securities for purposes of speculation.

When a holder of a Registered Independence Issue Bond retains his Bond, he retains also the valuable death benefit provision of the Bonds. This valuable provision has been likened to "a paid-up life insurance policy" in that the estate of a registered holder may redeem the Bonds at their full appreciated value after his death. If the Bond is held by a Corporation which has designated an individual upon whose death the State is obligated to redeem the Bond, then the Corporation may on the death of that individual have the Bond redeemed at its full value. This right is attached to the Bond only while it remains in registered form. If the Bond is exchanged for a Bearer Bond the death benefit provision is lost.

As to the second course of action, the conversion of the Registered Independence Issue Bond into a Bearer Bond for purposes of sale, it must be remembered that it is not possible for the registered Bondholder to convey all of the valuable rights which a registered Bond confers upon him. As a corollary, the purchaser of a Bearer Bond can not acquire all of the rights that were held by the original owner of a registered Bond. The death benefit provision, for example, is lost in the case of

Bearer Bonds. Further the State is at this present time extending the privilege to holders of Registered Independence Issue Bonds to convert them into Development Issue Bonds. This privilege however is not available to Bearer Independence Issue Bonds. It is thus evident that those who sell their Independence Issue Bonds are in effect only able to sell a portion of the valuable rights which they have in the Independence Issue Bonds and those who purchase are in a similar position of not being able to acquire all of the rights. It is desirable, therefore, for the holder of a Registered Independence Issue Bond to retain the Independence Issue Bond if he possibly can do so and not to sell.

As to the third course of action, the conversion of Registered Independence Issue Bonds to the new Development Issue Bonds which pay a higher interest rate of 4%, this procedure serves not only to provide the State of Israel Bondholder with securities that are more valuable to him but also serves to provide him with a means whereby he may raise cash in case of need. To explain, a holder of a Registered Independence Issue Bond who is in need of cash may exchange his Bond for a Development Issue Bond. This gives him a security which pays 4% interest and which also retains all of the other favorable provisions of the Independence Issue Bond including the valuable death benefit provision. But more importantly for his immediate needs: the Development Issue Bond may be presented to a bank for a 75% collateral loan. This loan is based simply on the execution of a bank note by the holder of the Development Issue Bonds and the tender of his Development Issue Bond as collateral security. There is no requirement for an application for the loan, no financial statement and no credit study. Repayment of the loan is over a period of two years in quarterly installments or over a lesser period of time or in monthly installments if the Development Issue Bondholder so desires. Thus it is possible by use of the conversion procedure for an Independence Issue Bondholder who needs cash to secure that cash without giving up his participation in the historic Bond undertaking of the State of Israel and without giving up his securities. As a matter of fact he achieves his purpose of securing cash and at the same time changes his security from a 3½% Bond to a 4% Bond.

This discussion of the advantage and disadvantage of each alternative, therefore, gives the obvious clue as to the most appropriate answer to individuals who inquire as to the course of action which they should adopt. The May 1st date is the end of the period of flotation of the Independence Issue. It does not mean that any action is necessary on the part of the Registered holder of an Independence Issue Bond. If he so desires, or if he needs ready cash, he has available to him a procedure which any prudent man would take, that of converting his Independence Issue Bond into a Development Issue Bond and taking advantage of the favorable loan provisions attached to the Development Issue Bond. This is the course of conduct which is best suited to the needs of the individual Bondholder. It is also, of course, the course of conduct which will best serve the cause of the State of Israel. It is the course of conduct which we should suggest.

The conversion of Independence Issue Bonds into Development Issue Bonds is accomplished through a simple and speedy procedure. The registered owners of the Independence Issue Bonds sign a Conversion Receipt Form and present the form, together with their bonds, to any of our regional offices. A copy of this Conversion Receipt Form is attached for your information. The procedure also provides a means whereby those who hold registered Savings Bonds may, by means of additional purchases of Development Issue Savings Bonds, secure immediately all of the appreciation which has accrued on their Independence Issue Bonds, even though the State has obligated itself to pay this appreciation only on the maturity of the Independence Issue Savings Bonds.

Representatives of the Israel Bond organization are always available to help and advise individuals who wish to convert from Independence Issue to Development Issue Bonds.

There may be some who, despite the advantages which have been indicated in the procedure of converting Independence Issue Bonds to Development Issue Bonds, will wish nevertheless to exchange their registered Independence Issue Bonds for bearer Bonds. There is attached a statement of the mechanics by which this exchange for bearer Bonds is accomplished.

Mechanics Of Securing Bearer Bonds

The exact provision in the Bond instrument reads as follows:

"On or after May 1, 1954, this Bond may be exchanged by the registered owner at the principal trust office of the Fiscal Agent in New York, N.Y. for a bearer Bond of like amount and of substantially like tenor, except that such bearer Bond shall pass by delivery and except that the State shall have no obligation under sub-paragraph (a) above to purchase such bearer Bond upon death."

(the language is identical in both Savings and Coupon Bonds)

This means that an Independence Issue Bondholder may present his Registered Bond for exchange into a Bearer Bond over the counter at the principal trust office of The Chase National Bank of the City of New York. The exact address for presentation of Bonds over the counter is: 1st floor, 43 Exchange Place, New York City. No charge is imposed upon the Bondholder for this exchange transaction; the banking charges are borne by the State.

When Registered Coupon Bonds are presented for exchange into Bearer Coupon Bonds all of the next maturing coupons must be attached. The Bearer Bond given in exchange will carry the same coupons as did the Registered Bond.

When Registered Savings Bonds are presented for exchange, the Bearer Savings Bonds that are issued will bear the same issue date as did the Registered Savings Bonds.

Registered Coupon Bonds can be exchanged only for Bearer Coupon Bonds, and Registered Savings Bonds can be exchanged only for Bearer Savings Bonds.

When a Registered Bond is presented for exchange, the Bondholder will be asked to fill out and execute a form entitled "Letter of Transmittal and Assignment", which is substantially similar to our usual Assignment Separate from Bond. A copy is attached for your immediate convenience. Please note that the Bondholder will have to have his signature on this form guaranteed by a commercial Bank or Trust Company having an office or correspondent in the City of New York, or by a firm having membership in the New York Stock Exchange.

Exchanges Through the Mails: Where the Bondholder desires to have the exchange made through the mails, he must mail his Registered Bond, at his own risk, together with a fully executed Letter of Transmittal and Assignment, to The Chase National Bank of the City of New York, 11 Broad Street, New York 15, N. Y.

It should be noted, however, that no banking institution will mail bearer securities through the ordinary mails.

This means that Bearer Bonds can be delivered to the Bondholder only through registered, insured mail. The Chase National Bank will exchange the Registered Bonds for Bearer Bonds and will mail the Bearer Bonds to the Bondholders through insured and registered mail, together with a bill charging the Bondholder for the mailing and insurance costs. The amount of the bill which the Bondholder will have to pay will vary with the value of the Bonds, the number of Bond instruments involved and the postal zone. Thus, for example, the cost may vary from 61¢ for a \$50 Bond to \$1.38 for a \$5,000 Bond.

Minors: Where the Registered Bonds are held in the name of minors, the signature of the parent or natural guardian on the Letter of Transmittal and Assignment will not be sufficient. Only the legally appointed guardian can direct that action be taken upon the property of a minor



AMERICAN FINANCIAL and DEVELOPMENT
CORPORATION for ISRAEL
215 FOURTH AVENUE
NEW YORK 3, N. Y.

B-2
MEMORANDUM

AMERICAN JEWISH
ARCHIVES

Date May 14, 1954

To Members of the Board of Governors of the Israel Bond Organization

From Henry Montor

Subject

A situation has developed in the community of Toledo which I feel I should bring to your attention. I am therefore enclosing a copy of a statement which I have addressed to the Toledo community.

HM:rr
Enclosure

A STATEMENT ABOUT THE TOLEDO JEWISH COMMUNITY AND ISRAEL BONDS

By Henry Montor

Chief Executive Officer
Israel Bond Organization

- - -

What does the word "Jewish" mean?

Who determines who represents a "community"?

What does the phrase "Jewish community" signify?

- - -

These questions face every Jew in the city of Toledo.

The questions arise because the "Toledo Jewish Community Council"

(1) has called upon every single Jew in the city of Toledo not to purchase Bonds being offered by the State of Israel;

(2) has demanded that Israel's Ambassador, Abba Eban, not come to Toledo for a scheduled address on June 10 and has urged every Jewish organization and its members to boycott the June 10 function, admission to which is free to purchasers of State of Israel Bonds.

What brought about such a fantastic development?

The Contentions of the "Jewish Community Council"

There has been circulated in the Toledo Jewish community a printed document, entitled "A Resolution of Great Importance passed unanimously by the Toledo Jewish Community Council in session on May 6, 1954."

This document contends, in essence (1) that the Israel Bond organization has "breached an agreement...to conduct in Toledo an intensive campaign for sale of Israeli Bonds during a limited period in 1954" and that "this is deemed to be unwarranted interference with the autonomy of a local community." (2) that the Jewish Community Council demands "that there be clearance through its regular channels...of fund raising activity" and that Bonds did not obtain such clearance; (3) that "the recognized leaders of the community...cannot sanction, authorize or support," the continued sale of Israel Bonds "based upon their knowledge and experience of the community's ability to meet its total obligations"; (4) the Council therefore "calls upon its member organizations to give serious consideration to this Resolution with the view to accepting its implications" and "it asks that its member organizations inform its own members of this action with the view to securing individual support to the council's position."

THE FACTS

It should be noted that the Toledo Jewish Community Council did not invite any representative of the Israel Bond organization to attend its meeting on May 6, 1954.

The Israel Bond organization never, at any time, in writing or by implication, had "an agreement" with the Toledo Jewish Community Council or any other body to conduct a sale of Israel Bonds "during a limited period in 1954."

The Israel Bond organization has, from the beginning of its operations in 1951, repeatedly emphasized the difference between Israel Bonds and philanthropic activity, whether for Israel or any other cause. Israel Bonds must be purchased out of a person's own resources. Such purchases constitute an investment in Israel, and the State of Israel undertakes to pay interest and redeem principal in dollars. Contributions to philanthropies are tax-deductible, up to 20% of gross income, under the internal revenue laws of the United States. Not once in 1951, 1952 or 1953 was there any conflict between the interests of the Bond organization and the United Jewish Fund of Toledo.

The Toledo Jewish Community Council may vest itself with the right to determine which "fund-raising efforts" may function in the Jewish community. But when this right was first conceived it was in relation to the appeal that might be made to the community for philanthropies of various kinds, whether in competition with the United Jewish Fund or any other organized philanthropy. The Toledo Jewish Community Council could not possibly acquire the right to determine whether any individual in the community, Jew or Christian, might make a loan to or an investment in the State of Israel, any more than the Jewish Community Council might undertake to advise individuals whether they might invest in stocks or bonds or other securities, domestic or foreign.

The Community Council resolution implies that the Jewish community has been drained of its resources and, therefore, it urges individual Jews not to purchase Israel Bonds at this time.

Two questions might usefully be answered: (1) Has the Jewish community of Toledo drained itself of resources in relation to Israel? (2) what is an appropriate "time" in which Bonds may be sold in Toledo? The United Jewish Fund has always campaigned in the Fall. It will, also, in 1954.

Insofar as precedent is concerned, it should be noted that functions to sell Israel Bonds were held in 1951 as late as September 15; in 1952 as late as June 30; in 1953 on June 10. Any one who contends that it has been "practice" to suspend Bond sales in March is not familiar with Toledo's own history.

How many Israel Bonds have been purchased in Toledo since 1951?

In 1951, cash paid for Israel Bonds in Toledo amounted to \$207,450

In 1952, cash paid for Israel Bonds in Toledo amounted to \$ 94,350

In 1953, cash paid for Israel Bonds in Toledo amounted to \$106,350

In 1954, as of April 22, cash paid for Israel Bonds in
Toledo amounted to \$ 54,000

A total of \$462,150

During this four-year period, some 600 persons in Toledo out of 2,500 families had participated in the purchase of Israel Bonds. Of the total purchased, some \$250,000 was subscribed by 15 families. The balance of some \$210,000 was purchased by 585 others---in four years.

On March 28, 1954, a dinner was tendered to A. J. Levine in Toledo for the purpose of selling Israel Bonds. 138 persons in Toledo had bought Israel Bonds in 1954, up to April 22.

The Israel Bond organization went forward, as in previous years, to plan further activities during the Spring. Its representatives were then informed that they must suspend all further activity and withdraw from the community "until 1955." They were ejected from the Jewish Community Center premises as of April 30. Every plea that suspension of Bond sales was unwarranted was ignored.

Finally, the local director of Israel Bond sales urged that the leaders of the community meet with the national officers of the organization. Every attempt to arrange such a meeting was rejected. The officers of the Israel Bond organization were concerned with two facts: (1) the need to obtain large sales, especially in the first year, in the launching of the new, Development Issue of Israel Bonds because of Israel's urgent economic requirements; (2) the amount of sales registered in Toledo, a community of some 2,500 Jewish families.

Finally, rebuffed in their pleas for a formal meeting, the national officers of Bonds asked the local representative of the Bond organization to engage a hall in Toledo and to send invitations to all Bond-holders. With great reluctance, a few of the local leaders grudgingly signed the invitation that was circulated to the community. Apparently, all had made up their minds beforehand and had no wish to hear other considerations that might be submitted for their study.

On April 22, 1954, Samuel Rothberg, National Chairman of the Israel Bond organization, a member of the National Campaign Cabinet of the United Jewish Appeal and one of America's most distinguished Jews, and Henry Montor, Chief Executive Officer of Bonds, came to Toledo. They addressed a meeting in the evening, after some private conversations in the afternoon.

The only reasons given to these men against further conduct of a Bond campaign in Toledo were: (1) the community was "tired"; (2) this was "not the right time"; (3) the community had raised "so much money in the last few years for a Jewish Community Center, synagogues, etc." The national Bond officers pointed out that the sale of Bonds bore no relationship to the requests for philanthropic giving of any kind. They felt that there were many persons in the Toledo community who would wish to purchase Israel Bonds in the year 1954, if sufficient encouragement were given to them through an appropriate promotional activity. In response to those who contended that they had "become tired out" as a result of their work for Israel Bonds in 1954, it was pointed out that an effective public meeting built on admission by the purchase of an Israel Bond could sell itself, and did not require exhausting effort by leadership.

The national Bond officers proposed that a big public meeting be held in May or June, whichever involved a date most convenient, and that Ambassador Eban of Israel be invited as the guest of honor. The national Bond officers, basing themselves on long campaign experience and believing that the community would be eager to see Ambassador Eban on his first visit to Toledo, felt that such a function could result in a very substantial sale of Bonds. This would be important to Israel now, when it needs funds, and would be valuable to reverse the trend of Bond sales in Toledo.

At the meeting on April 22nd, Morris Horowitz, President of the Zionist District (and a member of the Executive Committee of the Jewish Community Council) expressed himself strongly in favor of the project; he was followed in the same vein by Rabbi Nehemiah Katz (also a member of the Executive Committee of the Jewish Community Council), Secretary of the Mizrachi. Then, toward the end of the session, Mr. Joseph Cohan, newly-elected Chairman of the Fall, 1954 United Jewish Fund campaign, stated that he had been opposed to such a meeting but in view of the campaign experience of Messrs. Rothberg and Montor and in view of the urgent pleas that they had made, he was prepared to go along with the meeting and would cooperate. In closing the meeting, George S. Davidson (Vice-President of the Jewish Community Council), who had expressed his opposition to such a meeting during the day, stated that it was planned to hold the meeting indicated and that each individual would give the best cooperation he could.

Subsequently, it was arranged that Ambassador Abba Eban would come to Toledo on June 10th for a celebration of the 3,000th anniversary of Jerusalem, admission to be free to those who purchased an Israel Bond in any denomination. It was also agreed--following a suggestion previously made by Mr. Davidson--that all those who

had purchased Israel Bonds previously in the year 1954 would be entitled to free tickets of admission, on the same basis as those who would purchase after April 22.

Then What Happened?

As soon as it was announced that Ambassador Eban, who considered it vital enough to Jewish interests to come to Toledo despite heavy demands on him in the United Nations Security Council and elsewhere, would definitely be in the community, a telegram was sent to the Israel Embassy in Washington over the signature of the President of the United Jewish Fund asking Mr. Eban to cancel his visit to Toledo.

Prior to the meeting of the Jewish Community Council on May 6, an effort was made by Israel Bond officers to meet with one or all Jewish organizations interested in Israel.

Organizations which themselves receive money from the United Jewish Fund for their activities found it inexpedient to express their views. Privately, they said to Israel Bond officers: "What can we do? We cannot afford to jeopardize our allocation from the United Jewish Fund!"

In the meantime, pressure of another sort was applied. It was indicated to the United Jewish Appeal, a principal beneficiary of the Fund, that if the Bond organization persisted in having the meeting with Ambassador Eban on June 10, it was likely that Toledo would not be able to make available a substantial loan which the United Jewish Appeal had requested for Israel refunding purposes.

The resolution passed by the Council on May 6 was printed and circularized. On the back page of the resolution is a quotation from the Constitution of the Council, indicating that it is designed "to further the interests of the Jews of Toledo."

On the afternoon of May 12, 1954, the office of the Toledo Blade called the Israel Bond office at the Secor Hotel, Toledo, and said that the newspaper had received a copy of the resolution and that it was planning to run a story on it. Did the Bond organization have any comment to make? The Bond representative was shocked at the thought that this matter was being paraded through the community in such fashion. Before making any response, he telephoned to several notable leaders in the community to ask whether they were aware of this development, whether they condoned it and whether they thought it advanced "the interests of the Jews of Toledo." These men were not shocked. They said they did not feel there was any particular reason for them to interfere in the situation.

In the meantime, the Bond organization began approaching individuals.

They encountered the following:

(1) "Recognized leaders of the community" urged individuals not to purchase Israel Bonds--"until after June 10."

(2) There was widespread, malicious gossip that representatives of the Israel Bond organization were interested in selling Bonds because they received "commissions"--despite the fact that no person connected with the Bond organization at any time, in any manner, anywhere receives a commission on the sale of Israel Bonds.

(3) Individuals who wished to purchase Israel Bonds were told that if they do so they would succeed in preventing a substantial loan to the United Jewish Appeal. The United Jewish Appeal has indicated that it does not wish the loan under such terms.

The United Jewish Appeal

The writer of these notes has had the privilege of visiting Toledo on several occasions when he was Executive Vice-Chairman of the United Jewish Appeal. Until April 22, 1954 he had not at any time been in Toledo since the Israel Bond campaign was organized.

He wondered whether the keen opposition to the sale of Israel Bonds was based on deep concern to preserve the best interests of the United Jewish Appeal. He examined the picture--in which he continues to be as interested as during the twelve years in which he directed the national United Jewish Appeal.

In 1948, Toledo raised a total of \$817,000 through its United Jewish Fund. It gave \$650,000 of this amount to the United Jewish Appeal. In 1949, it raised \$530,000 and gave \$366,530 to the United Jewish Appeal. In 1950, the United Jewish Fund raised \$498,000 and allotted \$305,000 to the United Jewish Appeal. In the Fall of 1953, the Toledo United Jewish Fund reportedly raised \$479,000 and allocated \$185,000 to the United Jewish Appeal. It is thus clear that the sharp drop in income of the United Jewish Fund came long before there was an Israel Bond drive.

- - - -

To revert to the questions on the first page:

Is it "Jewish" to oppose the State of Israel in its effort to obtain severely-needed funds, especially at a time when its enemies have tightened the economic blockade around her? Is it "Jewish" for one Jew to tell another that he "must not" buy a State of Israel Bond? Is it "Jewish" to use the funds which an entire community contributes for philanthropic purposes to force adherence to the views of some individuals?

Did the 2,500 Jewish families which live in Toledo designate spokesmen to act on their behalf as a "community" to (a) prevent the Ambassador of Israel, one of the greatest statesmen of our generation, from coming to Toledo; and (b) to

undermine the sale of Israel Bonds at a time when Israel's need for economic independence is so urgent?

And, finally, what is a "Jewish community"? It is an ancient doctrine: "Kol Yisroel Chaverim." (All Jews are brothers). Yet there are "recognized leaders" of Toledo who insist that only the Jews of Toledo may speak on Jewish problems, that any Jew who comes from outside Toledo is an alien and a dissident. Has any "Jewish community" in history accepted the gospel of xenophobia, (hatred of "foreigners") which has so gravely menaced Jews throughout the generations?

- - - -

I am convinced that the Jews of Toledo are a proud, self-respecting group of men and women; that they can think for themselves; that they do not subscribe to the dangerous doctrines of isolationism; that they have an affection for Israel which they are ready to express--if they are permitted to do so.

You can cast your views:

By determining whether you wish to hear the Ambassador of Israel on June 10;

By deciding whether you wish to purchase an Israel Bond, in denominations beginning at \$100, to enable you to receive a free ticket of admission to the Peristyle of the Toledo Museum of Art on June 10th.

How vote you?

Henry Montor
215 Fourth Avenue
New York City

or

c/o Israel Bond Organization
Secor Hotel
Toledo, Ohio

AMERICAN FINANCIAL and DEVELOPMENT
CORPORATION for ISRAEL

215 FOURTH AVENUE
NEW YORK 3, N. Y.

B-2

MEMORANDUM

AMERICAN JEWISH
ARCHIVES

Date May 19, 1954

To Members of the Board and Community Chairmen

From Henry Montor

Subject Bank Loan Plan

The attached memorandum describes the 75% Loan Plan which is a feature of Development Issue Bonds. You will want to familiarize yourself with details of the Plan so as to be in a position to answer inquiries which may be directed to you.

HM:rr

Att:

AMERICAN FINANCIAL and DEVELOPMENT
CORPORATION for ISRAEL
215 Fourth Avenue
New York 3, N.Y.

M E M O R A N D U M

May 10, 1954

To City Managers
From Henry Montor
Subject Bank Loan Plan.

I. The Purpose of the 75% Loan Plan.

The purpose of the 75% Loan Plan should be clearly understood.

The period of non-transferability for Development Issue Bonds is five years. There are individuals who have said that they would purchase additional amounts of State of Israel Bonds or would sell a much greater number of State of Israel Bonds if there could be the assurance that the holders of these Bonds could secure ready cash if they needed it before the end of the non-transferability period. Similarly, individuals who hold Independence Issue Bonds have indicated that they would be happy to transfer these Bonds into Development Issue Bonds instead of selling them, if they had the assurance that they could receive cash on the Development Issue Bonds prior to the end of the non-transferability period.

The 75% Loan Plan is intended to provide a means whereby these persons can secure ready cash. It is not directed towards any other purpose. If the Loan Plan is diverted to other purposes it will be a gross case of abuse on the part of our representative or on the part of lay leaders who counsel such diversion. It is an easy and plausible argument for example, to urge individuals to purchase Development Issue Bonds even if they do not have the immediate cash for such purpose, by telling these individuals to purchase the Bonds and then immediately turn them in for a 75% loan. This, in effect, is to utilize the Loan Plan as an installment-selling device. If the Plan is used in this fashion or in any other fashion that was not contemplated at the time the Plan was put into effect, then we may expect that the monies available in the hands of the various banks which have agreed to cooperate will be used for these tangential purposes and will not be available to further the real purpose of the Plan.

II. The Period during which Loans will be Available.

The Loan Plan will commence on June 1, 1954, and will continue to July 1, 1959, the end of the period of non-transferability of Development Issue Bonds.

III. The Terms of the 75% Loan

The loans that will be arranged under the 75% Loan Plan will be on the following terms:

- a) The Loan transaction will be between the lending bank and the Development Issue Bondholder. This transaction will be by way of a promissory note signed by the Bondholder. Neither the State of Israel nor American Financial and Development Corporation for Israel nor the Bank of America, which has undertaken certain administrative duties in connection with the Loan Plan, are parties to the Loan.
- b) The rate of interest is to be at the same rate that is usually charged by the lending bank on similar loans, provided that such interest rate does not exceed five percent per annum.
- c) The loan must be made directly to the holder or holders of Development Issue Bonds. There is no distinction for purposes of the loan between Coupon Bonds and Savings Bonds.
- d) The loan must be secured by a pledge of the Development Issue Bond registered in the name of the borrower.
- e) The amount of the loan cannot be in excess of 75% of the principal or appreciated principal amount of the Bonds which are pledged in connection with the loan.
- f) The loan must be amortized in more or less equal installments over a period not in excess of two years.

Generally, these loans will be repayable in eight equal quarterly installments over a two-year period.

The borrower and the bank may arrange, however, for payment in monthly installments and over a shorter period of time, if they so desire.

IV. Mechanics of the Loan.

The Development Issue Bondholder will have to execute the following documents in order to complete the loan:

- a) A promissory note to the bank in the same form that the particular bank uses for similar loans.
- b) An Assignment Separate from Bond with the transferee's name left blank.
- c) A certification that the total amount of the loans to the particular borrower which are based upon Development Issue Bonds and which are outstanding at the time of the certification does not exceed \$100,000. \$100,000 is the limit which any Development

Issue Bondholder may borrow upon his Bonds. The \$100,000 limit applies to the amount of the loan and not to the principal amount or appreciated principal amount of Bonds which are pledged in connection with the loan.

In addition, of course, the Development Issue Bondholder will have to deliver the Bonds to the bank to be held as security.

It is important to observe that the completion of the loan is a simple and speedy transaction. There is no necessity for any of the following documents or procedures, frequently associated with similar loans:

- a) No endorsement is required on the promissory note.
- b) No financial statement is required.
- c) No credit study is made.

V. The Banks which will make the Loan.

Practical considerations will limit the number of banks which will be available for these bank loans on Development Issue Bonds. Thus, it will not be possible to provide a bank in each community. Every effort will be made, however, to provide banks in every important area so as to make it entirely possible for any Development Issue Bondholder to take advantage of the bank loan plan if his financial needs require it.

- A. At this date arrangements have been completed with the banking institutions named in each of the cities set out below. The Banks listed in this group will be ready to make loans immediately upon presentation of the Israel Bonds and the execution of the note:

Bank of America National Trust and Savings Association
Los Angeles, California

Bank of America National Trust and Savings Association
San Francisco, California

The Royal Bank of Canada
Montreal, Canada

First National Bank
Denver, Colorado

The Riggs National Bank of Washington
Washington, D.C.

First National Bank of Miami
Miami, Florida

The Citizens and Southern National Bank
Atlanta, Georgia

Continental Illinois National Bank and Trust Company
Chicago, Illinois

Old Colony Trust Company
Boston, Massachusetts

National Bank of Detroit
Detroit, Michigan

Northwestern National Bank of Minneapolis
Minneapolis, Minnesota

First National Bank
St. Louis, Missouri

The Chase National Bank of the City of New York
New York, New York

The Omaha National Bank
Omaha, Nebraska

Fifth-Third Union Trust Company
Cincinnati, Ohio

Cleveland Trust Company
Cleveland, Ohio

Girard Trust Corn Exchange Bank
Philadelphia, Pennsylvania

Peoples First National Bank and Trust Company
Pittsburgh, Pennsylvania

Mercantile National Bank at Dallas
Dallas, Texas

First National Bank
Seattle, Washington

- B. Discussions are now in progress with banking institutions in each of the following cities to enable them to participate in the Bank Loan Plan.

These Banks will require twenty-four hours or more before they could complete the loan. This information is being given to you for your information only and for the purpose of enabling you to understand that loans in these cities will not be completed immediately:

First National Bank of Birmingham
Birmingham, Alabama

First National Bank of Bridgeport
Bridgeport, Connecticut

The Union and New Haven Trust Company
New Haven, Connecticut

Indiana National Bank
3 Virginia Street
Indianapolis, Indiana

The National Bank of Commerce
210 Baronne Street
New Orleans, Louisiana

Union Trust Company of Baltimore
Baltimore, Maryland

Mechanics National Bank
Worcester, Massachusetts

Mercantile Bank & Trust Company
Kansas City, Missouri

Boardwalk National Bank
Atlantic City, N.J.

Camden Trust Company
Camden, N.J.

Bergen Trust Company
Jersey City, N.J.

Lincoln National Bank
Newark, N.J.

Clifton-Passaic National Bank & Trust Co.
657 Main Ave.
Passaic, N.J.

Prospect Park National Bank
Paterson, N.J.

Broad Street National Bank
Trenton, N.J.

Highland Quassaick National Bank & Trust Company
Newburgh, N.Y.

Central Trust Company
Rochester, N.Y.

The First Trust & Deposit Company
201 South Warren St.
Syracuse, N.Y.

The Oneida National Bank & Trust Company of Utica
Utica 2, N.Y.

The First National Bank & Trust Company
Tulsa, Oklahoma

First National Bank of Portland
Portland, Oregon

Merchants National Bank
Allentown, Pennsylvania

Second National Bank of Houston
Houston, Texas

First Wisconsin National Bank
Milwaukee, Wisconsin

Harrisburg Trust Company
16 S. Second Street
Harrisburg, Pennsylvania

- C. Bondholders in cities not named in paragraphs A or B above, can make their loan arrangements either by appearing in person at any of the banks or by dealing with these banking institutions through the mails.

HM:ew



B-2 ✓

MEMORANDUM

Date June 14, 1954

To Board of Governors

From Henry Montor

Subject

Because the case of Toledo has national implications--and I had written to you earlier on the subject--I know you will be interested in the climax.

On Thursday evening, June 10 over 800 people crowded into the main ballroom of the Commodore Perry Hotel in Toledo to hear Ambassador Abba Eban, under the auspices of the Israel Bond organization.

To the very last, the leaders of the Jewish Community Council of Toledo called upon their community: to boycott the meeting, to stay away from hearing Ambassador Eban, to decline to buy Bonds. Every form of pressure had been used: (1) that organizations which benefited from the Welfare Fund would see their allocations affected; (2) individuals dependent upon community organizations for jobs were alerted to the consequences.

What happened in Toledo on June 10th is one of the most heartening experiences in recent years. It should be gratifying to Israel, for it indicates that the bulk of any Jewish community, regardless of the incredible pressures that an organized community can exert, identifies itself with the best interests of Israel. It is true that many of the people who came to the Commodore Perry Hotel on June 10 had to act almost like the Marranos of Spain: uncertain about the effects on their social, communal and even economic status. But they came. It was perhaps the largest meeting ever held in Toledo under Jewish auspices.

There is another reason for congratulation. It showed that regardless of the character of leadership in any community, basically the Jews themselves are sound and tolerant. They are able to differentiate between the true and the false--and recognize that the violent forces invoked by the Jewish Community Council leadership are not healthy: whether on the local or the national scale.

The Israel Bond organization tried by every reasonable means to continue the sale of Israel Bonds in Toledo through a period when no other campaign was

in operation. The Jewish Community Council, for reasons which are still unfathomable, wanted no further campaigning after March 28, although the United Jewish Fund of that city does not campaign until the Fall.

Ambassador Eban, who is known by the American Jewish community for his reasonableness, his concern with the total interests of Israel and of American Jewry, tried his utmost to resolve the differences between the Jewish Community Council and the Israel Bond organization. A delegation of the Toledo community came to see him in Washington. A program was worked out which was satisfactory to all concerned. When the delegation returned to Toledo, the local leadership repudiated the arrangements made by their representatives.

Ambassador Eban told the Toledo community: it was his function to assist the Israel Bond organization, which had undertaken to sell Bonds of the Israel Government at a time when economic strength for Israel was of the utmost importance. He knew of nothing in the Toledo situation that should compel him to withdraw his acceptance of the invitation to be in Toledo on June 10th.

On June 10, a function marking the 3,000th anniversary of Jerusalem had the participation of Ambassador Abba Eban, Dr. Irving Miller, President of the Zionist Organization of America, Meyer Brown, President of Farband, Rabbi Isaac Stollman of Detroit, National Vice President of Mizrachi, Jan Pearce, Menahem Pressler and Edward G. Robinson, who came from Hollywood to volunteer his services for the occasion.

As of June 10, the income to Israel Bonds from Toledo was greater than for the whole year of 1953; the amount received by the Bond organization is double what it would have been if the injunction to "get out of town" had been followed. Moreover, such enthusiasm was aroused by the magnificent meeting on June 10th that on June 13th, a group of Toledo workers reassembled to convert into additional sales the inspiration that had been derived from the Eban function.

But, more important than the monetary return is the demonstration given by the Toledo Jewish community that, as between the isolationalist tendencies of a local leadership with vested interests to serve, and the broader needs of Israel, the majority of Jews have no doubt as to where to give their loyalty and their service.

June 16, 1954

Bonds

"PROFESSIONAL TRADERS" AND BONDS

A Statement by Henry Montor
Chief Executive Officer
State of Israel Bonds

Certain professional traders in securities have directed communications to members of the public which contain misleading and inaccurate implications.

One such communication, for example, makes the statement that this professional trader in securities is engaged in "making a market" in State of Israel Bonds. There is the implication in the phrase "making a market" that this professional trader is in some way employed, authorized or appointed by the State of Israel to act, directly or indirectly, in the interest of the State.

The fact is that no professional trader in securities in any way represents the State of Israel, directly or indirectly, and no professional trader in securities has been asked or authorized to do any act in connection with the sale of Bearer Bonds of the Independence Issue.

This communication also makes the statement that "it is a good thing for Israel" for Bearer Bonds to be taken to Israel and exchanged for pounds. Again, the implication is that the professional trader issuing the statement is in some way representing the State of Israel, either directly or indirectly.

The fact is that the State of Israel has made it clear in an authoritative statement by Meir Sherman, Director of the Government of Israel Office of Economic Services for North America, addressed to the Israel Embassy and all Consulates, that no Bondholder is helping Israel when he converts Bonds into Israel pounds.

It is a sufficient answer to all the implications and innuendoes in the communication sent out by this professional trader to point out that the bulk of the 600,000 Americans who have invested some \$150,000,000 in State of Israel Bonds have determined that it is in their best interest and in the best interest of the State of Israel to retain their Bonds until maturity. They are demonstrating their faith and confidence in the State of Israel and in State of Israel Bonds. At the same time they are taking full advantage of the privilege being offered by the State of Israel of exchanging Independence Issue Bonds for the 4% Development Issue Bonds and of holding on to the death benefit privilege by which the State is obligated to purchase from the estate of a registered Bondholder, of either the Independence or Development Issue, Coupon Bonds at 100% of the principal amount, and Savings Bonds at 100% of the appreciated principal amount.

AMERICAN FINANCIAL and DEVELOPMENT
CORPORATION for ISRAEL

215 FOURTH AVENUE
NEW YORK 3, N. Y.

MEMORANDUM

Date June 21, 1954

To Board of Guardians and
Community Chairman

From Henry Montor

Subject

You may be interested in the attached copy of a memorandum
which is going to our City Managers.

HM:fc
Encl.

**AMERICAN FINANCIAL and DEVELOPMENT
CORPORATION for ISRAEL**

215 FOURTH AVENUE
NEW YORK 3, N. Y.

MEMORANDUM

Date June 21, 1954

To City Managers

From Henry Montor

Subject Conversion and Reduction

Some confusion has arisen because the term "conversion" is being used to indicate both (a) conversion of Independence Bonds into Development Bonds and (b) exchange of registered Independence Bonds for Bearer Bonds.

The purpose of this memorandum is to advise you that from this date on, the term "conversion" is to be used only and exclusively to denote the exchange of Independence Bonds for Development Bonds.

Furthermore, the act of changing registered Independence Bonds into Bearer Bonds is to be described from here on as "reduction."

When an owner of Independence Bonds reduces them to Bearer Bonds, he is "reducing" his rights and privileges.

The term "reduction" is applicable in two ways:

- (A) In exchanging his Bonds for Bearer Bonds, the owner is in effect reducing the privileges and rights that he enjoys as a registered Bondholder. You will recall a memorandum issued earlier in the year which pointed out that the original owner of a registered Bond is entitled to certain rights which are not available to the holder of a Bearer Bond, including the paid-up life insurance feature, the privilege of converting the Bonds into Development Issue, etc.
- (B) A Registered Bond is reduced to a Bearer Bond in the sense that the purchase of an Israel Independence Bond implied a willingness to extend to the State of Israel a long-term loan for 12 or 15 years. In obtaining a Bearer Bond, the individual involved is reducing Israel's capacity to develop fully the earning power of the Bond proceeds.

It is important that you observe these rules of terminology, not only for the sake of clarity, but also for the sake of impressing upon registered Bondholders, who have a perfect right to reduce their Bonds to Bearer Bonds, the importance and the value to them of retaining their registered Bonds or converting them into Development Bonds to assure maximum benefits for the State of Israel as well as for the investor involved.



AMERICAN FINANCIAL and DEVELOPMENT
CORPORATION for ISRAEL
215 FOURTH AVENUE
NEW YORK 3, N. Y.

Bonds

MEMORANDUM

Date October 18, 1954

To Members of Board and
Community Chairmen

From Henry Montor

Subject You may be interested in the attached draft of the Development Budget of the State of Israel for 1954-55. It is indicative of the widespread activity which is going on in every phase of Israel's economic life.

Israel Bond proceeds represent a major source of dollars for the Development Budget.

HM:fc
Encl.

1954-55 DEVELOPMENT BUDGET
EXPENDITURE DETAILS

A. <u>AGRICULTURE</u>		IL 59,450,000
1. Loans to the Jewish Agency for consolidation of post-statehood settlements, and loans to settlements for additional housing (incl. security measures)		IL 13,800,000
a. Loans to Jewish Agency for expansion of new settlements.	IL 5,750,000	
b. Fund for special projects in settlements.	50,000	
c. Loans for additional housing in new settlements.	8,000,000	
2. <u>Irrigation</u>		30,450,000
a. Planning of national, regional and local projects by Israel Water Planning Authority Tahal.	1,510,000	
b. Execution of national and regional water projects by Tahal.	2,490,000	
c. Execution of regional water projects by Mekorot Water Company.	20,700,000	
d. Loans to local water projects by Ministry of Agriculture.	5,000,000	
e. Drainage Projects.	750,000	
3. <u>Israel Agricultural Bank</u> (Investment in shares)		2,000,000
4. <u>Loans to Increase Agricultural Production</u>		10,115,000
a. To agricultural settlements, through banks.	2,500,000	
b. For establishment of auxiliary farms.	200,000	
c. For establishment of cotton processing station in Beit Shean District.	200,000	
d. For construction of farm buildings.	150,000	
e. For increase of livestock.	465,000	
f. For development of sea fishing.	1,600,000	
g. For expansion of fruit plantations.	5,000,000	
5. <u>Investments by Ministry of Agriculture</u>		1,000,000
a. Equipment for agricultural schools.	50,000	
b. Investment in experimental stations.	280,000	
c. Development of sea-fishing.	235,000	
d. Veterinarian station in Beit-Dagon.	200,000	
e. Development of new crops.	90,000	
f. Development of natural pastures.	55,000	
g. Agricultural instruction to fruit growers.	25,000	
h. Animals for Akko experimental station.	15,000	
i. Construction of auxiliary agricultural stations.	50,000	
6. <u>Soil Conservation, Afforestation and Land Development.</u>		1,900,000
7. <u>Wood Products Project.</u>		185,000
B. <u>DEVELOPMENT OF ARAVAH</u> (Desert Plain)		2,000,000
1. Road Construction		300,000
2. Water projects		940,000
3. Agricultural Development		470,000
4. Development of Eilath		290,000

C. INDUSTRY AND CRAFTS

IL 12,440,000

1. Loans to Industrial Enterprises.

IL 9,940,000

Metal Industry	IL 2,868,000
Textile Industry	2,566,000
Chemical "	1,575,000
Rubber "	220,000
Plastics "	361,000
Glass "	245,000
Ceramics "	232,000
Leather "	214,000
Wood "	414,000
Paper and Printing Industry	241,000
Food Industry	1,004,000

2. Revolving Capital for Exports. 1,600,0003. Revolving Capital for other Industries. 800,0004. Bank for Craftsmen (Bank Lemelakhah). 100,000D. MINES AND QUARRIES

9,450,000

1. For Development of Mines and Quarries.

8,162,000

a. Loan to Israel Mining Co. for Copper Development.	650,000
b. Loan to Israel Mining Co. for Iron Ore Development.	375,000
c. Investment in Tevala Transport Co.	50,000
d. Investment in Dead Sea Works.	4,460,000
e. Investment in Harsit Clay and Sand Glass Company.	90,000
f. Loan to Phosphate Company.	394,000
g. Investments in other Mineral Projects.	2,143,000

2. Industrial Research. 1,288,000E. ELECTRIC POWER

10,500,000

1. Loans to Palestine Electric Corp. 5,000,000

2. Installation of plant. 5,500,000

F. JORDAN CANAL

1,500,000

G. TRANSPORTATION

25,500,000

1. Investments in Port Development.

3,839,250

a. Haifa Port	2,262,000
b. Kishon Harbor	1,147,250
c. Jaffa Port	430,000

2. Investments in Railway Development.

14,013,220

a. Extension of Existing Railroad Lines.	2,200,020
b. Buildings, Bridges, Roads and Water Supply.	161,700
c. Electricity and Signals.	500,000
d. Planning Projects.	80,000
e. Secondary Lines to Ports.	443,500
f. Negev Railroad.	1,310,000
g. Purchase of Equipment.	9,318,000

3. Investment in Development of Shipping. 5,370,0004. Investment in Expansion of Aviation Services. 835,0005. Extension of Meteorological Services. 155,5806. Development of Road Transportation Projects. 86,9507. Bedek Aircraft Overhaul Base. 1,200,000

1. Expansion of Telephone Network.	IL 3,777,000
2. Construction of Telephone Exchanges.	245,000
3. Radio and Broadcasting Services.	1,000,000
4. Improvement of Mail System.	140,000
5. Warehouses and Garages of Post Offices.	70,000
6. Telegraph and Signal Training Schools.	38,000
I. <u>HOUSING</u>	20,150,000
1. Immigrant Housing (Loans and Investments).	12,000,000
2. Popular Housing Scheme (Loans).	6,000,000
3. Loans to Housing Developments.	2,150,000
J. <u>LOANS TO LOCAL AUTHORITIES</u>	7,700,000
1. Jerusalem District.	650,000
2. Southern District.	540,000
3. Tel-Aviv Municipality.	1,100,000
4. Central District.	865,000
5. Haifa District.	925,000
6. Northern District.	770,000
7. Loans for Construction of Dan Region Sewage Project.	1,600,000
8. Loans for Construction of Sewage Systems in Districts.	500,000
9. Promotion of Employment Projects.	400,000
10. Loans to Various Development Projects.	350,000
K. <u>BUILDINGS FOR HEALTH, EDUCATIONAL AND GOVERNMENT INSTITUTIONS</u>	8,250,000
1. Investments in Hospitals, Health Stations, etc.	2,390,000
2. Investments in Government Social Welfare Buildings.	300,000
3. School Buildings.	2,400,000
4. Loans for Construction of Institutions of Higher Education.	950,000
a. Hebrew University.	500,000
b. Haifa Technical Institute	450,000
5. Religious Institutions.	500,000
6. Investments in Various Governmental Buildings.	1,710,000
L. <u>MISCELLANEOUS FUNDS AND PROJECTS</u>	1,050,000
1. Promotion of Tourism and Hotel Construction.	500,000
2. Loans to Mekorot for Laying an Additional Water Pipeline to Jerusalem.	250,000
3. Loan to the Jerusalem Economic Corp.	100,000
4. "Yad Ve'Shem" Memorials.	125,000
5. Miscellaneous.	75,000
M. <u>LOANS TO PUBLIC CORPORATIONS</u>	840,000
N. <u>PUBLIC WORKS</u>	6,970,000
1. Development of State Roads Network.	2,975,000
2. Development of Local and Approach Roads to New Settlements.	3,025,000
3. Execution of Development Projects Included in Ordinary Budget.	970,000
O. <u>PROJECTS TO INCREASE EMPLOYMENT</u>	14,000,000
1. Increase of Employment in Agriculture.	4,850,000
2. " " " " Industry and Crafts.	4,000,000
3. Increase of Employment in Settlements.	1,550,000
4. " " " " Public Works.	2,000,000
5. Miscellaneous Relief Projects.	1,105,000
6. Weizmann Memorial Project.	360,000
7. Herzl Tomb.	135,000
P. <u>SPECIAL PROJECTS</u>	10,000,000
Q. <u>RESERVE</u>	980,000
GRAND TOTAL	IL 196,050,000



**STATE
OF
ISRAEL
\$1000**

FIFTEEN YEAR

4%

DOLLAR COUPON BOND

NEVER SPECIMEN ISSUE

DUE JANUARY 1, 1969

INTEREST PAYABLE

JULY 1 AND JANUARY 1

PRINCIPAL AND INTEREST PAYABLE

AT THE

OFFICE OR AGENCY OF THE STATE

IN NEW YORK, N.Y.

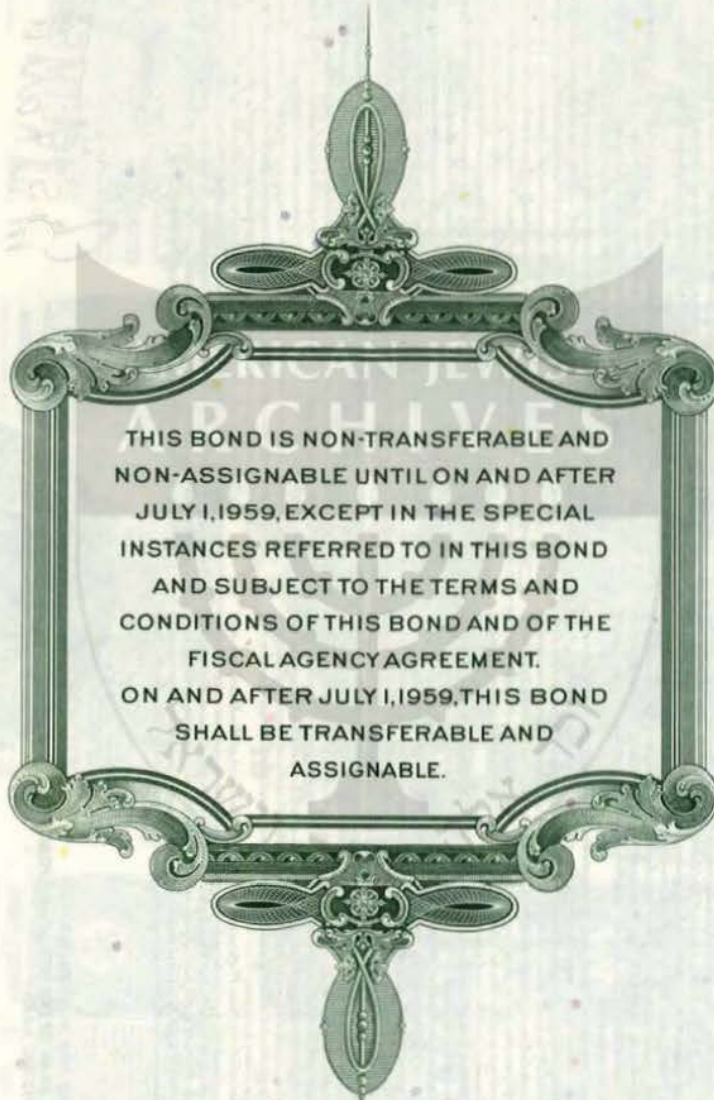
CHICAGO, ILLINOIS

OR

SAN FRANCISCO,

CALIFORNIA





THIS BOND IS NON-TRANSFERABLE AND
NON-ASSIGNABLE UNTIL ON AND AFTER
JULY 1, 1959, EXCEPT IN THE SPECIAL
INSTANCES REFERRED TO IN THIS BOND
AND SUBJECT TO THE TERMS AND
CONDITIONS OF THIS BOND AND OF THE
FISCAL AGENCY AGREEMENT.
ON AND AFTER JULY 1, 1959, THIS BOND
SHALL BE TRANSFERABLE AND
ASSIGNABLE.

PRIOR TO MATURITY, REDEMPTION OF THIS BOND AT THE OPTION OF THE OWNER
(OR HIS ESTATE) IS LIMITED TO (A) REDEMPTION UPON DEATH, (B) REDEMPTION
BY RELIGIOUS, CHARITABLE OR EDUCATIONAL ORGANIZATIONS FOR
BUILDING OR CONSTRUCTION PURPOSES, OR (C) REDEMPTION
IN ISRAELI CURRENCY, ALL AS SET FORTH IN THIS BOND
AND SUBJECT TO THE TERMS AND CONDITIONS
OF THE FISCAL AGENCY AGREEMENT.



AMERICAN JEWISH ARCHIVES

ארכיון יהודי אמריקני



**STATE
OF
ISRAEL**

ISSUE AMOUNT

\$1000

MATURITY VALUE

\$1500

— TEN YEAR —

DOLLAR SAVINGS BOND

DEVELOPMENTAL ISSUE

DUE TEN YEARS
FROM ISSUE DATE

PRINCIPAL PAYABLE
AT THE OFFICE
OR AGENCY OF THE STATE IN
NEW YORK, N. Y.
CHICAGO, ILLINOIS
OR

SAN FRANCISCO, CALIFORNIA

AMERICAN BANK NOTE COMPANY.



ISSUE
AMOUNT



ISSUE
AMOUNT



STATE OF ISRAEL

TEN YEAR DOLLAR SAVINGS BOND

DEVELOPMENT ISSUE

DUE TEN YEARS FROM ISSUE DATE

MATURITY VALUE \$1500

NºM

00000

NºM

00000

State of Israel (hereinafter called the "State"), for value received, hereby promises to pay

(hereinafter called the "owner"), ten years after the first day of

(to be hereinafter called the "issue date"), the sum of

→ ONE THOUSAND FIVE HUNDRED DOLLARS ←

(Herein contained called the "maturity value" in such coin or currency of the United States of America as the owner may elect, and the amount of interest thereon as determined from the schedule of payments hereon and the date of payment hereon, shall be paid to the owner at the time of payment hereon, and the date of payment hereon shall be determined from the schedule of payments hereon. This bond is not subject to redemption at the option of the State, and the proceeds hereof shall be retained by the State for the purposes of the Development Issue of this bond. The State may make such payments, at the principal office of the Treasurer for the Western Hemisphere of the Treasury of the State of Israel in New York, subject to the approval of the State.

The principal amount of this bond and the maturity value hereof, and any interest thereon, shall be paid to the owner at the time of payment hereon, and the date of payment hereon shall be determined from the schedule of payments hereon and the date of payment hereon. The State may make such payments, at the principal office of the Treasurer for the Western Hemisphere of the Treasury of the State of Israel in New York, subject to the approval of the State.

This bond is one of a series authorized and issued by the State of Israel, and the proceeds hereof shall be retained by the State for the purposes of the Development Issue of this bond. The State may make such payments, at the principal office of the Treasurer for the Western Hemisphere of the Treasury of the State of Israel in New York, subject to the approval of the State.

The State has entered into a Special Agency Agreement with the Federal Reserve Bank of New York, and the State has entered into a Special Agency Agreement with the Federal Reserve Bank of New York, and the State has entered into a Special Agency Agreement with the Federal Reserve Bank of New York.

The State hereby agrees to deposit with the Federal Reserve Bank of New York, and the State hereby agrees to deposit with the Federal Reserve Bank of New York, and the State hereby agrees to deposit with the Federal Reserve Bank of New York.

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amount hereof at the date of surrender, payment to be made at such principal trust office, and interest thereon as determined from the schedule of payments hereon and the date of payment hereon, and the date of payment hereon shall be determined from the schedule of payments hereon and the date of payment hereon.

This bond is not subject to redemption at the option of the State, and the proceeds hereof shall be retained by the State for the purposes of the Development Issue of this bond. The State may make such payments, at the principal office of the Treasurer for the Western Hemisphere of the Treasury of the State of Israel in New York, subject to the approval of the State.

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COUNTERSIGNED FOR AUTHENTICATION
THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK
AS FISCAL AGENT

By

AUTHORIZED OFFICER



By

PRIME MINISTER

By

MINISTER OF FINANCE

THIS BOND IS NON-TRANSFERABLE AND NON-ASSIGNABLE UNTIL ON AND AFTER JULY I, 1959, EXCEPT IN THE SPECIAL INSTANCES REFERRED TO IN THIS BOND AND SUBJECT TO THE TERMS AND CONDITIONS OF THIS BOND AND OF THE FISCAL AGENCY AGREEMENT.

ON AND AFTER JULY I, 1959, THIS BOND SHALL BE TRANSFERABLE AND ASSIGNABLE.

ISSUE AMOUNT - - - - \$1,000.00
 MATURITY AMOUNT - - \$1,500.00

AMERICAN JEWISH
 ARCHIVES

THE APPRECIATED PRINCIPAL AMOUNT OF THIS SAVINGS BOND DURING EACH HALF-YEAR PERIOD FROM AND AFTER THE ISSUE DATE IS AS FOLLOWS:

SCHEDULE OF APPRECIATION

	LESS THAN ½ YEAR - - - \$1,000.00		5½ BUT LESS THAN 6 - - \$1,230.00
	½ BUT LESS THAN 1 - - \$1,020.00	NUMBER	6 " " " 6½ - - \$1,260.00
NUMBER	1 " " " 1½ - - \$1,040.00		6½ " " " 7 - - \$1,290.00
OF	1½ " " " 2 - - \$1,060.00	OF	7 " " " 7½ - - \$1,320.00
YEARS	2 " " " 2½ - - \$1,080.00	YEARS	7½ " " " 8 - - \$1,350.00
AFTER	2½ " " " 3 - - \$1,100.00	AFTER	8 " " " 8½ - - \$1,380.00
ISSUE	3 " " " 3½ - - \$1,120.00	ISSUE	8½ " " " 9 - - \$1,410.00
DATE	3½ " " " 4 - - \$1,140.00	DATE	9 " " " 9½ - - \$1,440.00
	4 " " " 4½ - - \$1,160.00		9½ " " " 10 - - \$1,470.00
	4½ " " " 5 - - \$1,180.00		
	5 " " " 5½ - - \$1,200.00		MATURITY - - - - \$1,500.00

PRIOR TO MATURITY, REDEMPTION OF THIS BOND AT THE OPTION OF THE OWNER (OR HIS ESTATE) IS LIMITED TO (A) REDEMPTION UPON DEATH, (B) REDEMPTION BY RELIGIOUS, CHARITABLE OR EDUCATIONAL ORGANIZATIONS FOR BUILDING OR CONSTRUCTION PURPOSES, OR (C) REDEMPTION IN ISRAELI CURRENCY, ALL AS SET FORTH IN THIS BOND AND SUBJECT TO THE TERMS AND CONDITIONS OF THE FISCAL AGENCY AGREEMENT.

\$500,000,000

PROSPECTUS

Dated: August 1, 1969

4TH DEVELOPMENT ISSUE

STATE OF ISRAEL

Two types of bonds are now being offered in the aggregate principal amount of \$500,000,000:

(a) **Interest Bearing Bonds, denominated Fifteen Year 4% Dollar Coupon Bonds.**

Bonds will become due on the 1st day of August following the 14th anniversary of the date on which subscriptions therefor are accepted by the bank designated for such purpose.

Interest payable on May 1 and November 1. Offered at par in denominations of \$500, \$1,000, \$1,500, \$1,800, \$2,500, \$3,000, \$5,000, \$10,000, \$25,000 and \$100,000.

(b) **Capital Appreciation Bonds, denominated Twelve Year Dollar Savings Bonds.**

Dated first day of month in which subscription is accepted by the bank designated for such purpose:

due 12 years from date. Offered at par, in issue-amount denominations of \$100, \$250, \$500, \$1,000, \$1,500, \$2,500, \$3,000, \$5,000 and \$10,000. Maturity value: 160% of issue amount.

BOTH TYPES OF BONDS ARE NON-TRANSFERABLE AND NON-ASSIGNABLE UNTIL AUGUST 1, 1972, EXCEPT IN CERTAIN SPECIAL INSTANCES; ON AND AFTER AUGUST 1, 1972, EACH BOND IS FULLY TRANSFERABLE.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discounts or Commissions*	Proceeds to Government*
Per Unit	100%	6%	94%
Aggregate Total	\$500,000,000*	•	•

*The arrangements between the State of Israel and Development Corporation for Israel are embodied in an agreement which is summarized under the heading "Summary of Underwriting Agreement" in this prospectus. The aggregate proceeds to the State of Israel will depend upon the total amount of bonds sold and the cost of flotation.

Description of the Bonds. The principal and appreciated principal of all bonds, and interest on coupon bonds, are payable upon their due dates in currency of the United States at agencies of the State in New York, New York; Chicago, Illinois; and Los Angeles and San Francisco, California. Interest on the coupon bonds accrues from the first day of the month following the month in which the subscription is accepted by the bank designated for such purpose. Interest for the unexpired balance of any current interest period at the time of sale is paid in advance at the time of delivery of the bond.

DEVELOPMENT CORPORATION FOR ISRAEL

215 PARK AVENUE SOUTH, NEW YORK, NEW YORK 10003

The State of Israel will purchase any bond from the estate of the original holder thereof in currency of the United States, upon its surrender, at any time within two years after the death of the owner, if an individual (or the last survivor in the event of more than one individual owner), or of a person designated at the time of subscription by a corporation or other non-individual entity owning the bond. The right to surrender a bond for such purchase can be exercised only by the legal representatives of original owner of such bond and not by any transferee. The State may suspend or terminate its obligation to purchase upon death if, in the opinion of the State, a material number of the bondholders shall have died as a result of war, epidemic, catastrophe of nature or other disaster.

The State of Israel will, not later than thirty days after written demand, purchase any bond held by any religious, charitable, or educational organization (as such terms are defined in the Fiscal Agency Agreement) exempt from income or similar tax under the Internal Revenue Code of the United States (or under the laws of the country in which said organization is located) which at the time of subscription certified in writing that the bond was subscribed for with funds earmarked for building or construction purposes and which, upon making demand for such purchase, declares that the principal or appreciated principal amount of the bond is required for such building or construction purposes. The State of Israel will, not later than ninety days after written demand, purchase any bond held by any bank, insurance company, labor union or employee benefit fund (as such terms are defined in the Fiscal Agency Agreement), provided such holder is the original owner of the bond and at the time of subscription certified in writing that the bond was subscribed for with its own funds and for its own account. The State undertakes to make payment in full in United States currency for any bond purchased pursuant to this paragraph. The repurchase price will be the principal amount, together with interest to the last day of the month preceding the month in which the repurchase is made.

The State of Israel undertakes to purchase in Israel any bond surrendered in Israel in legal tender currency of the State at the then official rate of exchange applicable to dollars to apply the purchase price: (a) to the payment of bona fide tourist expenses, provided that the holder may not present for such purpose bonds exceeding \$2,500 in any one-month period; and (b) to contributions to funds, institutions or charities in the State, contributions to which are deductible for income tax purposes in the State, provided that such Bonds bear a process month (the month and year inscribed on each Coupon Bond) or issue date, as the case may be, not more recent than twenty-four months prior to the date of such surrender and upon compliance by the bondholder with such other terms and conditions (including a process or transfer fee) as the Minister of Finance of the State of Israel may from time to time prescribe; and (c) to investments in such projects or enterprises as may be approved from time to time by the State of Israel, providing that such Bonds bear a process month or issue date, as the case may be, not more recent than sixty months prior to the date of such surrender; and, (d) unless limited by the State to the foregoing, to any other uses and enterprises. Except when the proceeds of the purchase price are to be used for tourist expenses, the bond need not be surrendered in person by the owner.

The State of Israel will deliver to the Fiscal Agent hereinafter mentioned for retirement and cancellation, Coupon Bonds and/or Savings Bonds in each year commencing with the year beginning August 1, 1972 (during which any of the Bonds are outstanding), Bonds having a value of not less than 2% of the original principal amount of Bonds. Delivery for any particular year may be made in whole at any time or in part from time to time prior to such year at the discretion of the State. For the purpose of this paragraph, "original principal amount of Bonds" shall mean the total of the aggregate principal amount of all Coupon Bonds and the aggregate issue amount of all Savings Bonds issued between August 1, 1967 and July 31, 1972.

Coupon Bonds and Savings Bonds are subject to redemption at any time or from time to time at the option of the State of Israel in accordance with their terms and the terms of the Fiscal Agency Agreement.

Prior to August 1, 1972, the bonds are non-transferable and non-assignable, except to the State of Israel, Development Corporation for Israel, tax exempt charitable organizations and such permissible transferees as may be designated by the State. On or after August 1, 1972, the bonds are fully transferable upon payment of applicable banking and processing charges.

During the period of non-transferability, certain banking institutions located throughout the United States, Canada and elsewhere† have been enabled, by arrangement with the State and subject to the limitations herein stated, to make loans upon the bonds in amounts up to 75% of their principal or appreciated principal amount, and for the purpose of collateralizing such loans the State has consented to the transfer of the bonds by the borrower. The amount of loans outstanding to any one borrower will be limited to \$100,000. Such loans will be repayable with interest at a rate to be fixed by the lending bank, in installments over a period of not more than two years. The arrangements made by the State include a guarantee of repayment of loans made on the security of its Fourth Development Issue Bonds. Such guarantee and the aggregate amount of the loans which may be made upon the bonds in accordance therewith may be limited in amount so that at no time shall there be outstanding and not repaid, loans aggregating more than \$5,000,000.

The description herein of the more important terms of the bonds is qualified by reference to the full terms of such bonds and to the Fiscal Agency Agreement therein referred to, all of which have been filed with the Securities and Exchange Commission.

Government Finance. Israel has never at any time defaulted on the payment of principal or interest on any debt.

A statement of direct debt of the Government as of March 31, 1969, is set out on page 7 as Table I.

A statement of receipts and expenditures for the fiscal years, ended March 31, 1966, 1967, 1968 and 1969 appears in Tables II and III on page 8.

National Income and Investments. The following tables indicate the national income, the gross national product and the gross and net investment of Israel for the years 1966, 1967 and 1968. All figures contained in these tables are stated in prices current for the respective years. At the beginning of 1965, a new price index was introduced, based on the yearly average for 1964, which was adjusted to 100. On this revised basis, the yearly average for 1967 was 118.2, for 1968 was 120.7, and the index figure in March 1969 was 123.2.

The increase in Gross National Product reflected in the following table is attributable in part to the movement in the price index.

NATIONAL INCOME			GROSS NATIONAL PRODUCT		GROSS AND NET INVESTMENT		
Year	Total	Per Capita	Year	Total	Year	Gross	Net
	(in IL. millions)						
1966	9,187	3,494	1966	11,773	1966	2,504	1,360
1967*	9,608	3,540	1967*	12,098	1967*	1,924	1,734
1968**	11,150	3,974	1968**	14,045	1968**	2,945	1,628

Foreign Exchange. The official exchange rate of IL. 3.50 per dollar has been in effect since November 17, 1967 and is applicable to all foreign exchange transactions. The prior exchange rate of IL. 3.00 per dollar had been unchanged since February 10, 1962.

Population and Employment. The total number of gainfully employed persons at the end of 1968 was 910,900 out of a total population of 2,806,100. Their distribution among the various

†List of lending banks will be furnished by the Underwriter upon request.

*Revised

**Provisional figures.

branches of the economy was approximately as follows: industry 26%; public services 23.8%; agriculture 11.2%; commerce and finance 13.3%; building 8.1%; transportation and public utilities to 9.4%; and personal services 8.2%.

In the beginning of 1967 the situation of unemployment was similar to that of 1966, which at the end of 1966 numbered approximately 99,000 persons or about 10% of the total labor force. However, since the second half of 1967, in part as a result of the 6 Days War, unemployment has decreased, which decrease continued through 1968. In 1968, the average number of unemployed was 59,000, which was 6.1% of the total labor force.

Foreign Trade. Like many young countries facing immigration and development tasks, Israel has an adverse trade balance. However, the Government is attempting to gradually reduce the import surplus by encouraging replacement of imports with domestic production and by increasing foreign currency earnings from exports.

The value of Israel's foreign trade in goods and services since 1966 is as follows:

Year	Imports (in \$ millions)	Exports (in \$ millions)	Deficit (in \$ million)
1966	1,277.1	832.2	444.9
1967*	1,439.9	908.4	531.5
1968**	1,824.0	1,128.1	695.9

*Revised

**Provisional

ISRAEL'S BALANCE OF PAYMENTS, 1967, 1968 (In Millions of Dollars)

Description	1967*				1968**			
	Global		U.S.		Global		U.S.	
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
Current Account								
Merchandise (Exports and Imports, F.O.B.)	533.1	672.8	85	173	649.5	960.0	112	215
Insurance	58.5	70.4	3	3	66.0	76.7	5	5
Transportation	122.4	115.0	30	26	149.7	155.1	34	33
Travel	52.2	65.7	23	13	97.2	74.2	40	15
Investment Income	54.5	123.3	27	74	58.2	135.0	28	80
Government Offices	30.7	324.3	28	98	32.9	347.1	29	110
Other Services	57.0	68.4	18	26	74.6	75.9	23	29
Total Current Account	908.4	1,439.9	214	413	1,128.1	1,824.0	271	487
Unilateral Transfers								
Restitutions	123.2	—	—	—	143.3	—	—	—
Personal and Institutional								
Remittances	409.3	2.4	249	—	293.4	2.6	180	—
Transfers in kind	6.1	4.4	1	—	11.6	4.0	2	—
Government	—	10.8	—	—	—	16.9	—	—
Total Unilateral Transfers	538.6	17.6	250	—	448.3	23.5	182	—
Total Current Accounts and Transfers	1,447.0	1,457.5	464	413	1,576.4	1,847.5	453	487
Net Capital Movements								
Private Long-Term (including investments)	12.8	—	19	—	—	15.5	20	—
Private Short-Term Loans	—	43.6	—	40	—	35.1	—	30
Government Long-Term Obligations	283.8	—	185	—	231.7	—	108	—
Government Short-Term Capital	—	3.0	—	30	10.6	—	5	—
Foreign Exchange Reserves	—	228.2	—	168	51.9	—	—	71
Foreign Deposits in Local Banks	4.5	—	—	7	34.6	—	12	—
Clearing Agreements	—	1.2	—	—	8.0	—	—	—
Total Net Capital Movements	301.1	276.0	204	245	336.8	50.6	145	101
Net Errors and Omissions	—	14.6	—	10	—	15.1	—	10
GRAND TOTAL	<u>1,748.1</u>	<u>1,748.1</u>	<u>668</u>	<u>668</u>	<u>1,913.2</u>	<u>1,913.2</u>	<u>598</u>	<u>598</u>

*Revised

**Provisional

Strained relations have existed between the State of Israel and her Arab neighbors since the creation of the State. Periodically, hostilities have taken place between them. In June 1967, the tensions in the area materially increased and armed conflict erupted. A cease fire was subsequently ordered by the United Nations. It is not possible to ascertain, at this time, what the future course of events will be.

Agricultural Development. Israel's agriculture is the product of a planned transformation of land. In the years since 1948 there has been extensive development of irrigation and reclamation of swamp lands, sand dunes and hilly areas, with the result that Israel now provides about 78 per cent of its food needs. The total area under cultivation in 1968[°] amounted to 4,190,000 dunams (just over one million acres) of which 39% was under irrigation. Israel's gross agricultural output in 1968[°] totalled approximately IL. 1,789,300,000. The diversification of Israel's farming is shown by the following percentages of the total agricultural output: citrus and other fruits represent 32%; vegetable crops, 7%; field crops (including grains, fodder and industrial crops), 19%; poultry products, 20%; cattle products, 15%; and other livestock products, 7%. Approximately 102,000 persons are engaged in these agricultural pursuits.

Agricultural exports in 1968[°] totalled \$112,000,000, of which citrus fruits accounted for \$88,000,000.

Industrial Development. The gross product of Israel's industry in 1968^{**} totalled approximately IL. 8,400,000,000 at 1967 prices. This output was distributed among the various segments of industry as follows: textile and leather products, 15%; food products, 21%; chemicals, rubber and non-metallic minerals, 18%; machinery and equipment, 17%; metals and metal products, 9%; wood products and furniture, 6%; industrial diamonds, 7%; mining and oil refining, 2%; and paper and printing, 5%. The number of workers employed in industry in 1968 was approximately 236,300 as compared with approximately 204,300 in 1967.

Industrial exports in 1968^{**} amounted to \$598,000,000 (including exports of polished diamonds valued at \$194,000,000) while industrial imports (raw materials and manufactured goods) totalled \$700,000,000.

Consumption of electricity in 1968^{**} totalled 4,097 million kilowatt hours, of which 1,259 million kilowatt hours were consumed by industry.

The Purpose of the Issue and Use of Proceeds. The development program of the State of Israel is directed toward the ultimate achievement of a self-supporting economy. Thus, since the formation of the State it has, to the maximum extent possible, channeled its funds into productive investment: to increase the cultivated and the irrigated areas of farmland; to establish industrial plants and develop the natural resources of the country; to build an adequate transportation and communication system; and to stimulate the construction of housing for the accommodation of new immigrants and the natural increase in population.

A major part of the funds required for the consolidation and expansion of the economy have emanated from four sources, primarily from the United States, namely: State of Israel Bonds, inter-governmental grants and loans, private investments and philanthropic gifts. Sales of State of Israel Bonds (Independence, Development, Second Development and Third Development Issues) aggregated \$1,068,210,000 of which \$7,008,600 was paid for by the surrender of Bonds of prior issues. As at June 30, 1969, sales of Israel Fourth Development Issue totalled \$209,865,850 and sales of Second Development Investment Issue Bonds totalled \$77,322,500, of which \$50,240,000 was paid for by the surrender of Bonds of other Issues.

It is proposed to devote the proceeds of this Issue to investment in the economic sectors presented below within the framework of the State's Development Budget. The allocations remain tentative and subject to change, for the realization of the program depends on the availability of

[°]Agricultural year runs from October 1 to September 30.

^{**}Fiscal year runs from April 1 to March 31.

funds, raw materials, machinery and other required items, the world political situation, world market conditions, and many other factors. No part of the funds received from this bond issue is specifically allocated to any particular project, and no part of the assets or receipts of any project is earmarked for payment of the bond obligations.

<u>Economic Sectors</u>	<u>Allocation in millions of dollars</u>
Agriculture	\$ 30.0
Aviation	20.0
Community facilities (Schools, Hospitals and Public Buildings)	25.0
Electric Power	25.0
Housing	40.0
Industry and Crafts	85.0
Irrigation	50.0
Mining and Minerals	50.0
Port Development	5.0
Road Building and Maintenance	50.0
Shipping	15.0
Telecommunications	55.0
Other items and general reserve	50.0
GRAND TOTAL	<u>\$500.0</u>

Summary of Underwriting Agreement. Development Corporation for Israel, a New York corporation, 215 Park Avenue South, New York, New York is the sole underwriter of the bonds under an Underwriting Agreement dated as of July 31, 1967, pursuant to which it agrees to use its best efforts to sell the bonds, and is to receive a discount or commission at the rate of 6%. Commissions and concessions to any bankers, brokers or dealers assisting in the sale of the bonds are borne by the Corporation. The State is to pay all charges, expenses and fees in connection with the issuance of the bonds, their registration under the Securities Act of 1933 and under state securities statutes and qualification in foreign countries, the preparation, printing, publication and distribution of prospectuses, newspaper prospectuses, advertising, literature, collection of subscriptions, public presentations and official visits of State officers, all taxes and stamps required in connection with the sale of the bonds, all sums payable to The Chase Manhattan Bank (National Association), fiscal agent, and to district and community banks, and all payments to be made to the Employee's Pension Fund of the Corporation.

Legality of the Issue. The legality of the issue has been passed upon, on behalf of the State of Israel, by its Minister of Justice, Jerusalem, Israel; and on behalf of the underwriter by Goldstein, Gurfein, Shames and Hyde, New York, New York, counsel to the underwriter. On all questions relating to the laws of the State of Israel, said firm relied on the opinion of Abraham Levin, Tel Aviv, Israel, a member in good standing of the Israel bar.

The authorized agent of the State of Israel in the United States is Avner Cassuto, Chief Fiscal Officer of the Ministry of Finance of the State of Israel for the Western Hemisphere, 850 Third Avenue, New York, New York.

STATE OF ISRAEL

By YITZHAK RABIN

YITZHAK RABIN, Ambassador of the
State of Israel to the United States.

TABLE I – GOVERNMENT OF ISRAEL – FUNDED PUBLIC DEBT – As of March 31, 1969

A. INTERNAL DEBTS — Payable in Israeli Pounds

Date of Issue	Date of Maturity	Description	Rate of Interest	Amount Authorized IL. 000	Amount Issued IL. 000	Amount Outstanding IL. 000
1948/51	—	Treasury Bills (Bank of Israel)	2% —	184,000	184,000	184,000
1949/55	1969/80	Popular Loans (6 issues)	Lottery prizes in lieu of interest	41,000	33,873	31,290
1953	1957/71	Compulsory Property Loan	2½%	—	9,021	4,370
1956	1968	Defence Loan	4¾%-6½%	40,000	40,000	3,000
1957/59	1959/71	Housing Loan	4½%-6%	70,000	70,000	10,960
1951	1960/70	Dollar Linked Bonds	3½%	10,000	10,000	7,250
1960	1964/73	Development Loan	5½%-6½%	500,00	500,000	448,640
1961/63	1967/77	Absorption Loan	4½%	—	—	766,000
1965/66	—	Short-Term Bills (3-18 months)	6%	—	—	550,000
1966	1967/71	Prize Loan — 1967	Lottery prizes in lieu of interest	30,000	30,000	12,500
1967	1967	Advance from Bank of Israel	6%	—	—	420,000
1967/68	1968/72	Defence Loans (2 loans)	7.5%-8.5%	600,000	600,000	582,466
					TOTAL:	3,020,476

B. FOREIGN DEBTS (in 1000 Dollars)

Date of Issue	Date of Maturity	Description	Rate of Interest	Amount Authorized \$ 000	Amount Issued \$ 000	Amount Outstanding \$ 000
1954	1964/69	Development Bonds (I)	4%	350,000	234,140*	23,316
1959	1969/74	Development Bonds (II)	4%	300,000	293,621*	159,375
1964	1976/79	Development Bonds (III)	4%	400,000	392,630*	317,585
1967	1979/82	Development Bonds (IV)	4%	500,000	176,014*	171,090
1966	1986/88	Development Investment Bonds (I)	4¾%	100,000	72,300*	21,114
1968	1988/91	Development Investment Bonds (II)	5½%	200,000	65,983*	65,678
1958-69	1961/85	Export-Import Bank (12 loans)	5¼%-6%	122,148	84,892	51,836
1962	1967/82	Development Loan Fund	¾%	10,000	10,000	8,702
1962-67	1962/84	Agency for Intern'l Development (13 loans)	¾%-3½%	137,500	130,211	124,943
1966-68	1968/92	P.L. 480 dollar credit (3 loans)	2%-2½%	57,300	54,616	53,178
1961-67	1965/85	International Bank for Reconstruction and Development (5 loans)	5½%-5¾%	109,500	98,457	87,659
						463,247
					TOTAL:	1,547,723

* Divided as follows:	Development (1st Issue)	Development (2nd Issue)	Development (3rd Issue)	Development (4th Issue)	Development Investment (1st Issue)	Development Investment (2nd Issue)
Savings Bonds	107,803	141,185	205,565	106,545	NONE	NONE
Coupon Bonds	126,337	152,436	187,065	69,469	72,300	65,983

TABLE II – GOVERNMENT OF ISRAEL – STATEMENT OF RECEIPTS
(In IL. '000)

	Fiscal Year Ended March 31, 1966	Fiscal Year Ended March 31, 1967	Fiscal Year Ended March 31, 1968 [°]	Fiscal Year Ended March 31, 1969 ^{°°}
Ordinary Budget				
Income Tax	1,056,236	1,163,564	1,203,462	1,477,000
Property and Inheritance Taxes	89,847	91,950	94,552	255,000
Customs, Excise, and Sales Taxes	1,108,451	973,994	1,051,344	1,171,700
Revenue Stamps, Licenses, and Registration Fees	180,677	211,510	211,528	237,400
Collections of Interest	163,316	198,705	221,625	222,230
Miscellaneous Revenue	134,951	117,154	260,259	250,655
Transfer of Receipts to/from Development Budget	(–) 90,000	—	—	(+) 722,400
Defence Loan	—	—	259,617	300,000
Total Ordinary Budget	<u>2,643,478</u>	<u>2,756,877</u>	<u>3,302,387</u>	<u>4,636,385</u>
Development Budget				
Proceeds from Internal Loans	537,402	626,449	1,017,216	1,190,700
Loan Repayments	82,724	92,686	134,063	322,500
Proceeds from Foreign Loans (Including State of Israel Bonds)	400,102	379,591	759,965	651,000
U.S. Grants, Loans, and Agricultural Surplus	180,178	189,303	124,719	196,000
Reparations from Germany	69,686	1,931	—	—
Transfer of Receipts from/to Ordinary Budget	(+) 90,000	—	—	(–) 722,400
Special Receipts and Sundry Items	31,574	47,151	72,845	71,000
Total Development Budget	<u>1,391,762</u>	<u>1,337,091</u>	<u>2,108,808</u>	<u>1,708,800</u>
GRAND TOTAL	<u>4,035,240</u>	<u>4,119,426</u>	<u>5,411,195</u>	<u>6,345,185</u>

[°]Revised

^{°°}Provisional Figures

TABLE III – GOVERNMENT OF ISRAEL – STATEMENT OF EXPENDITURES
(In IL. '000)

	Fiscal Year Ended March 31, 1966	Fiscal Year Ended March 31, 1967	Fiscal Year Ended March 31, 1968 [°]	Fiscal Year Ended March 31, 1969 ^{°°}
Ordinary Budget				
General Administration	276,758	286,659	260,632	283,427
Public Order and Defense	935,164	1,210,500	1,880,068	2,426,200
Social Services	714,801	840,218	874,793	767,858
Economic Services	184,195	180,804	195,191	196,150
Subsidies on Essential Commodities	188,655	191,356	211,652	270,000
Export and Investment Promotion	11,782	80,345	153,216	243,350
Interest Payments and Miscellaneous Expenditures	309,386	355,240	422,450	427,000
Total Ordinary Budget	<u>2,620,741</u>	<u>3,145,122</u>	<u>3,998,002</u>	<u>4,613,985</u>
Development Budget				
Construction	377,788	360,780	265,665	270,450
Agriculture and Irrigation	132,964	127,830	106,452	90,100
Industry and Mining	114,987	98,430	276,684	258,200
Transport and Communications	258,396	206,819	199,111	221,500
Debt Repayments	391,887	400,860	475,345	490,000
Funds and Sundry Items	168,974	140,166	296,341	378,550
Total Development Budget	<u>1,444,996</u>	<u>1,334,885</u>	<u>1,619,598</u>	<u>1,708,800</u>
GRAND TOTAL	<u>4,065,737</u>	<u>4,480,007</u>	<u>5,617,600</u>	<u>6,322,785</u>

[°]Revised

^{°°}Provisional

ישראל
GOVERNMENT OF ISRAEL
TREASURY DEPARTMENT

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OFFICE OF THE REPRESENTATIVE
FOR THE WESTERN HEMISPHERE

March 16, 1955

To the Members of the Board of Governors of A.F.D.C.I.


Dear Rabbi Friedman:

I want to make available to you the attached statement which I made and released prior to my departure.

I am hopeful and confident that the members of the Board of Governors will continue their devoted work on behalf of State of Israel bonds with the same unflagging energy and zeal which they have shown until now and which has brought those wonderful results of which all of us are indeed proud.

With kind regards,

Sincerely yours,


Levi Eshkol
Minister of Finance

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STATEMENT BY THE HONORABLE LEVI ESHKOL,
MINISTER OF FINANCE IN THE GOVERNMENT OF ISRAEL

The following statement was issued today by the Honorable Levi Eshkol
Minister of Finance in the Government of Israel:

Mr. Eshkol said:

"Throughout my brief visit in the United States on this occasion, during the course of which I have had the honor of discussing the affairs of Israel with the leadership of many Jewish organizations, I have been greatly impressed by the spirit of responsible concern which I have met on all sides for the problems of Israel and the Jewish people. I return to Israel in full confidence that the support and understanding of American Jewry will continue in the future as in the past to sustain and help Jewry overseas through the United Jewish Appeal, to enable us in Israel to continue to absorb Jewish immigrants seeking refuge and dignity in our midst and, through State of Israel Bonds, to press forward to the goal of Israel's economic consolidation on the solid foundations which have already been firmly laid.

"It is with deep regret that I announce that the Underwriting Agreement between the State of Israel and the American Financial and Development Corporation for Israel for the sale of State of Israel Bonds by the latter will shortly be terminated by mutual consent. However, the American Financial and Development Corporation for Israel will continue the sale of Israel Bonds, as hitherto, until a successor organization is established to carry on the sales function.

"The sale of Israel Bonds under the Underwriting Agreement between the State of Israel and the American Financial and Development Corporation

for Israel will shortly be terminated, by mutual consent, because of honest differences with respect to policies of sales. On March 1, 1954, the State of Israel signed an underwriting agreement with the American Financial and Development Corporation which provided, among other things, for the exclusivity of sales of Israel Bonds by the American Corporation and which gave full power to the American Corporation to determine the times, places and methods of sale of Israel Bonds.

"However, in the light of a variety of considerations, the State of Israel subsequently stated that certain modifications were required in this broad grant of authority. The officers of the American Corporation felt, however, that the enterprise which they led could be managed most effectively only in relation to the Underwriting Agreement as it had been originally drawn. As a result, the State and the American Financial and Development Corporation agreed that the American Corporation should not continue its activities.

"On behalf of the State of Israel, I want to express my deepest appreciation to the Officers and Directors of the American Financial and Development Corporation for Israel for the extraordinary service they have rendered to the State of Israel during the past four years, in initiating and successfully conducting the sale of Israel Bonds, first, in the United States and now also in twenty-eight other countries. I want particularly to record the gratitude which the state owes to Rudolf G. Sonneborn, President of the Corporation, Julian B. Venezky, Chairman of the Executive Committee, Samuel Rothberg, National Chairman of the Bond Organization in the United States, and Henry Montor, Chief Executive Officer of the Corporation.

"I want especially to pay tribute to Henry Montor whom we in Israel regard as one of those who distinguished himself in mobilizing the material

and moral resources that made possible the establishment of the State and who, since the State of Israel was established, has been in the forefront of those who have stood by our side with ingenuity, skill and devotion to provide vast sums, first as Director of the United Jewish Appeal for thirteen years, and now during the past four years, as Chief Executive Officer of the Israel Bond Organization. He was the directing head of the United Jewish Appeal in the critical years following World War II when American Jewry rose to the greatest heights in financing the rehabilitation of the Jewish refugees and the rise of the State of Israel. During the past four years, the American Financial and Development Corporation for Israel has sold \$185,000,000 of State of Israel Bonds.

"It is also imperative that I make clear that the State of Israel has the deepest sense of obligation to the thousands of leaders throughout the United States and elsewhere who gave of their time, energy and resources to create this vital instrument of economic survival for the State. I want to assure the 700,000 Bond purchasers that they have rendered help of inestimable value to the State and to reassure them that their investments, already at work and producing dividends in Israel, will be repaid in full, interest and principal.

"The officers of the American Financial and Development Corporation, who have been and continue to be among the warmest friends and supporters of the State of Israel, have offered their fullest services in enabling the State to make the transition to a successor organization to carry on the sale of State of Israel Bonds.

"It is typical of the devotion of the officers of the American Financial and Development Corporation for Israel that they are carrying on the current activities for the sale of Israel Bonds and are making available their vast

experience to help launch the new Bond-selling organization. We also have every hope that they will be among the American leaders who will continue the responsibility for the sale of Israel Bonds in America.

"It is opportune to say to all officers of Israel Bond organizations throughout the United States and to all lay leader and professional staff that the State of Israel and the new organization to be formed count heavily on the continuation of their labors. It is these men and women, whether volunteers or technical personnel, who have been the backbone of the great organization that has been built up in America. They can feel amply rewarded for their labors in the knowledge that the great sums of capital they amassed are reflected in the development of Israel during the past four years, in farm and factory, in the exploration and exploitation of mineral and natural resources, in the promotion of housing and irrigation, of tourism and roads and, generally, in the whole fabric of Israel's economic life.

"The State of Israel relies upon the proceeds from Israel Bonds as one of the major factors in its development budget. It is glad to see, first, that the American Financial and Development Corporation for Israel is carrying forward wholeheartedly with current sales, and, secondly that every effort is being made, with universal good will, to set into motion, as rapidly as is practicable, a successor organization to carry on its splendid work.

"The responsibility for the establishment of the new sales organization for Israel Bonds has been accepted by Dr. Joseph J. Schwartz, the Executive Vice Chairman of the United Jewish Appeal. The Government of Israel is deeply grateful to Dr. Schwartz for having agreed to accept this great responsibility which means so much to the economic development and consolidation of Israel. The outstanding record of Dr. Schwartz over so many years in the American Joint Distribution Committee and the United Jewish Appeal and the

intimate association he has had with every aspect of the development of Israel admirably fit him for the new responsibilities he has now accepted. The affection and esteem in which he is universally held throughout the Jewish communities of the world have given him a unique stature among the Jews of our generation. That Dr. Schwartz should have agreed to shoulder this new task is evidence of his vital concern for the welfare of Israel and for the unity of purpose which join Jewish communities together for the cause of Israel's freedom, security and development. It is a further mark of the exceptional spirit of devotion of which he has always been a towering and inspiring example.

"The officers of the United Jewish Appeal, headed by Mr. Edward M.M. Warburg, President, and Mr. William Rosenwald, General Chairman, have been good enough to agree to make it possible for Dr. Schwartz to engage in the task of establishing the new organization. They have been moved to make the sacrifice of releasing Dr. Schwartz by their appreciation of the great importance to Israel of the uninterrupted continuation of the Bond effort. Numerous individuals of standing in the Jewish communities of the U.S.A. have already assured Dr. Schwartz of the fullest measure of their cooperation with him and it is expected that it will shortly be possible to complete the legal and practical arrangements required so that the new corporation will be able to function as the underwriter of State of Israel Bonds, at which time Dr. Schwartz will formally assume responsibility for the Bond Sales effort.

"The Government of Israel has every confidence that the efforts of Dr. Schwartz will be crowned with speedy success and has been greatly encouraged by the measure of cooperation which, in so short a time, he has already succeeded in evoking in so many quarters, both on the part of individuals and organizations."