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American Zionist Emergency Council, Export-Import Bank, 1946.

May 10, 1946 (2)

AN ACT TO AMEND THE  
EXPORT-IMPORT BANK ACT OF 1945  
AND FOR OTHER PURPOSES

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Be it enacted by the Senate and House of Representatives  
of the United States of America in Congress assembled, That the  
Export-Import Bank Act of 1945 is hereby amended, as follows:

1. Section 6 is hereby amended to read as follows:

"Sec. 6. The Export-Import Bank of Washington is authorized to issue from time to time for purchase by the Secretary of the Treasury its notes, debentures, bonds, or other obligations; but the aggregate amount of such obligations outstanding at any one time shall not exceed four times the authorized capital stock of the Bank. Such obligations shall be redeemable at the option of the Bank before maturity in such manner as may be stipulated in such obligations and shall have such maturity and bear such rate of interest as may be determined by the Board of Directors of the Bank with the approval of the Secretary of the Treasury. The Secretary of the Treasury is hereby authorized and directed to purchase any obligations of the Bank issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this section of the purchase price of such obligations of the Bank and repayments thereof by the Bank shall be treated as public-debt transactions of the United States."

2. Section 7 is hereby amended to read as follows:

"Sec. 7. The Export-Import Bank of Washington shall not have outstanding at any time any loans and guarantees in an aggregate amount in excess of five times the authorized capital stock of the Bank."

3. Immediately following Section 7 as amended there is hereby inserted Section 7a as follows:

"Sec. 7a. \$250 million shall be available upon request of the Jewish Agency for Palestine (designated as a public body in Article 4 of the Mandate for Palestine, confirmed by the Convention between the United States and Great Britain, proclaimed December 5, 1925) for loans and guarantees by the Export-Import Bank of Washington, as authorized in Section 2 of this Act as amended, to finance the economic development of Palestine for the purpose of facilitating Jewish immigration and permanent settlement in that country, and, in keeping with such purpose, to raise the general level of productivity and living standards of the entire population."

MEMORANDUM

COMMITTEE ON PROJECT FOR LEGISLATION  
EMPOWERING EXPORT-IMPORT BANK TO FIN-  
ANCE PALESTINE DEVELOPMENT

The Committee has considered the project of Mr. Gilbert and his associates in the light of the recommendations of the Anglo-American Committee of Inquiry and of the apparent attitudes of the British and American Governments toward those recommendations. Conferences were had by various members of the Committee with Mr. Gilbert, and the Committee as a whole met on May 5 when a full discussion on the matter took place. At this meeting, at which were present Mrs. Gottesman and Messrs. Handler, Neumann, Pekelis, Weisgal and Tulin, the following general conclusions were unanimously arrived at:

1. That no Zionist body should sponsor or support the proposed legislation at this time unless it should expressly provide:

(a) That the appropriation of \$250,000,000.00 was made for the purpose of facilitating further Jewish mass immigration and settlement or colonization in Palestine; and

(b) That the money thus appropriated should be loaned to the Jewish Agency for Palestine, or such of its instrumentalities as the Jewish Agency might designate for that purpose.

2. The Committee recommends that the responsible officers of the American Zionist Emergency Council should carefully explore with the Secretary of the Treasury, the State Department and also, if possible, the President, whether they would support

or sanction legislation embodying the foregoing express provisions and should furthermore explore with the legislative leaders and our important friends of both political parties in the Senate and the House of Representatives as to whether legislation with these specific provisions can be enacted; and that if the answer in all instances is favorable, they should proceed to sponsor and support such legislation.

3. The reasons for the foregoing conclusions are briefly as follows:

(a) In view of the recommendations of the Anglo-American Committee of Inquiry to the effect that the project for the Jordan Valley Authority and other similar projects for the economic development of Palestine should not be undertaken by any private organization but only by the Government, it is most likely that unless the proposed legislation specifically provides that the Export-Import Bank shall make its loan or loans to the Jewish Agency, or its instrumentalities, the loans in the end will be made to the Palestine Administration. In view, furthermore, of the present obviously hostile attitude of both the British Government and the Palestine Administration toward further mass Jewish immigration and of the consistently negative attitude of the Palestine Administration toward Jewish development and progress in Palestine during the last 25 years, it is equally likely that that Administration will use the money which it may borrow from the Export-Import Bank, not for purposes which would facilitate further Jewish mass immigration and settlement but, on the contrary, in order to retard and hamper such immigration and settlement. The Committee is of the opinion that this might prove to

be the case even if the legislation expressly provided that the money was appropriated for the purpose we desire, but did not specify the Jewish Agency, or its instrumentalities, as the borrowers. For if the Palestine Administration were to obtain the loans under such a law, as it could and most likely would, it could in effect spend the borrowed monies on projects and developments which might indeed tend to increase the economic well-being and even the absorptive capacity of the whole country, but which would in reality chiefly benefit British contractors and the Arabs without the doors of Palestine being opened to any considerable new Jewish immigration. Indeed, this could be done under color of the further recommendations of the Anglo-American Committee to the effect that the Palestine Administration should henceforth concentrate on improving the lot of the Arabs with its public funds and that the proposed new development projects should not be accepted unless "they are calculated to benefit all parts of the population". It would therefore not be sufficient for the legislation to provide that the money was being appropriated for the purpose of facilitating further Jewish immigration and settlement, without, in addition, specifying the Jewish Agency, or its instrumentalities, as the actual borrowers from the Export-Import Bank.

The Committee is aware of the probability that even if the money were appropriated for the specific purpose above mentioned and the law expressly provided that the Jewish Agency, or its instrumentalities, were to be the borrowers, the Palestine Administration would still have power to obstruct or impose conditions upon the carrying out of the projected developments so as

to limit or even nullify the expressed purposes of the appropriation; and that, moreover, the neighboring Arab states, whose consent would have to be obtained for the carrying out of such a project as the Jordan Valley Authority, would have like power as regards that particular project. The Committee believes, however, that if the Jewish Agency, or its instrumentalities, were the only body or bodies actually authorized to borrow the money from the Export-Import Bank, it would be in a strong bargaining<sup>position</sup> vis-a-vis both the Palestine Administration and the neighboring Arab states in the matter of the use to which such monies should be put.

(b) The Committee has carefully considered the arguments of Mr. Gilbert and his associates to the effect that there was no need for the legislation to spell out the purpose of the appropriation and the name of the borrower as above outlined and that the results at which we aim by such specific provisions can be secured without them by (1) building up a legislative history for the proposed bill at committee hearings and in the committee reports to the two Houses of Congress which would make the actual purpose of the appropriation plain, and (2) by relying on the assured good-will and intention of the present administrators of the funds of the Export-Import Bank to make the loans only to borrowers who could be counted on to carry out such purpose. The Committee, however, believes that it would be unsafe for us to place our reliance wholly on the legislative history of the bill and on the good-will of the administrators of the Export-Import Bank funds. It is true that the legislative history of a bill of the kind here in question may be resorted to in a court

of law in order to find the true meaning of the legislation where the wording of the law leaves such meaning in doubt. But we are here not dealing with a possible resort to an impartial court of law whose judgment on the matter would be objective, but with the possible acts of officials or governments from which there would be no appeal. Moreover, while the Committee does not question the good-will and good intentions of the present administrators of the Export-Import Bank, it is mindful of the fact that administrators come and administrators go and that when the time comes for the actual loaning of the money there may be different men in charge of the funds who, under the possible conditions then prevailing, may not be as careful to safeguard the Jewish interest in the matter as we would like to have them be. The Committee is therefore forced to the conclusion that the only safety lies in having the law itself spell out both the purpose of the appropriation and the borrower of the money and that unless the law does so the matter had best be dropped at this time.

The situation may be different and may call for different conclusions at some time in the future. If, for example, the recommendation of the Anglo-American Committee for the admission of 100,000 Jews into Palestine this year should actually be carried out and the British Government should adopt a liberal policy as regards further Jewish immigration into the country, then it might be wise to support a loan from the Export-Import Bank even to the Palestine Administration for the specific purpose of facilitating such further Jewish immigration by enlarging the absorptive capacity of the land.

4. It is the opinion of the Committee that neither

the proposed law nor our arguments in support of its enactment, if the bill should contain the two provisions above recommended and we should decide to support it, should lay too much stress on the project for a Jordan Valley Authority, but should emphasize many other development projects as well. The reason for this opinion is that the Jordan Valley Authority project may turn out to be a long term proposition and may be unconscionably delayed by the opposition of the now "independent" Transjordan government whose consent will have to be obtained. If the loans were to be made principally for the furthering of the Jordan Valley Authority, they might thus prove to be illusory and of no benefit to the Jews in the near future. On the other hand, many other development projects will become urgent with the influx of the new immigration into Palestine; such as land reclamation, road building, housing, the full utilization of the Huleh swamp area, etc., etc. The law should be drawn, and our arguments in support of it should be advanced, in such a way as to make the proposed loans available for all these other development projects in addition to the Jordan Valley Authority.

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3. Immediately following Section 7 as amended there is hereby inserted Section 7a as follows:

"Sec. 7a. \$250 million shall be available for loans and guarantees by the Export-Import Bank of Washington, as authorized in Section 2 of this Act as amended, to finance the economic development of Palestine for the purpose of facilitating Jewish immigration and permanent settlement in that country, and to raise the general level of productivity and living standards of the entire population. Preference shall be given to the Jewish Agency for Palestine (designated as a public body in Article 4 of the Mandate for Palestine, confirmed by the Convention between the United States and Great Britain, proclaimed December 5, 1925) as borrower, and projects recommended by the Jewish Agency for Palestine as increasing the economic capacity of Palestine to support an enlarged population."