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Israel Bonds, Development Corporation for Israel, 1958-1959.

TELEGRAM

TO:
MAX OROVITZ, DINNER CHAIRMAN
STATE OF ISRAEL BONDS
1544 WASHINGTON AVENUE
MIAMI BEACH 39, FLORIDA

PLEASE CONVEY HEARTIEST CONGRATULATIONS AND GOOD WISHES
TO THREE DISTINGUISHED LEADERS, SAMUEL FRIEDLAND, JACK CANTOR,
AND SAMUEL ORITT, WHO HAVE ASSUMED RESPONSIBILITY MIAMI ISRAEL
BONDS CAMPAIGN FOR 1959. YOUR TESTIMONIAL TO THEM FALLS ON HIGHLY
SIGNIFICANT DATE ELEVENTH ANNIVERSARY OF UNITED NATIONS ACTION WHICH
LED TO ESTABLISHMENT STATE OF ISRAEL. NOW THAT ~~IT~~ ISRAEL IS ENTERING
ITS SECOND DECADE LARGE SCALE ISRAEL BONDS FUNDS ARE URGENTLY NEEDED
FOR ECONOMIC DEVELOPMENT AND ABSORPTION OF IMMIGRANTS FROM EASTERN
EUROPE. I KNOW THAT UNDER THIS OUTSTANDING TRIUMVIRATE MIAMI WILL
PLAY ITS FULL ROLE IN MEETING THIS HISTORIC NEED. WARM REGARDS.

ABBA HILLEL SILVER
CHAIRMAN BOARD OF GOVERNORS
STATE OF ISRAEL BONDS.

Phoned in 11/26/58

December 16, 1958

Rabbi Joseph P. Sternstein
Beth Abraham Synagogue Center
Salem Ave. at Cornell Drive
Dayton 6, Ohio

Dear Rabbi Sternstein:

William Greenfield sent me your letter of November 26th in which you asked him to "inquire into a report which I have received that the National Chairman of the Board of Governors of the Bonds for Israel Organization does not have an appeal in his Synagogue on the High Holydays. Surely this would warrant the interest that such a situation presents and an understanding of the background for it."

Frankly, I am amazed that you take such a position. You certainly do not look to Rabbi Silver for guidance in other matters. You have not done away with daily services because they are not held in Rabbi Silver's Temple. Nor do the men worship bareheaded and without talleseym.

Do you honestly believe, Rabbi Sternstein, that it is Torah to do the right thing if others do and only if they do? Rabbi Silver has made a great contribution to the cause of Israel. As one of today's leaders in Zionism, I think we have a right to look to you to help all you can and not seek an excuse to keep from doing your full duty.

Sincerely yours,

Adolf L. Hamburger

Adolf L. Hamburger

NHW

\$300,000,000

PROSPECTUS

2ND DEVELOPMENT ISSUE

Dated: February 5, 1959

STATE OF ISRAEL

Two types of bonds are now being offered in the aggregate principal amount of \$300,000,000:

(a) Interest Bearing Bonds, denominated Fifteen Year 4% Dollar Coupon Bonds. Bonds will become due March 1, 1974 except that bonds sold after February 29, 1960 will become due on the 1st day of March following the 14th anniversary of the date on which subscriptions therefor are accepted by the bank designated for such purpose.

Interest payable on September 1 and March 1. Offered at par in denominations of \$500, \$1,000, \$2,500, \$3,000, \$5,000, \$10,000, \$25,000 and \$100,000.

(b) Capital Appreciation Bonds, denominated Ten Year Dollar Savings Bonds. Dated first day of month in which subscription is accepted by the bank designated for such purpose: due 10 years from date. Offered at par, in issue-amount denominations of \$100, \$250, \$500, \$1,000, \$2,500, \$3,000, \$5,000 and \$10,000. Maturity value: 150% of issue amount.

BOTH TYPES OF BONDS ARE NON-TRANSFERABLE AND NON-ASSIGNABLE UNTIL MARCH 1, 1964, EXCEPT IN CERTAIN SPECIAL INSTANCES; ON AND AFTER MARCH 1, 1964, 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	\$300,000,000*	*	*

* 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, the cost of flotation, and the total amount of Independence Issue and Development Issue Bonds accepted in payment for Second Development Issue Bonds, as hereinafter set forth.

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 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 the current semi-annual interest period at the time of sale is paid in advance at the time of delivery of the bond.

DEVELOPMENT CORPORATION FOR ISRAEL
215 FOURTH AVENUE, NEW YORK, NEW YORK

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 the 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 purchase any bond held by any religious, charitable or educational organization 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, had certified 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. In such event, the State undertakes to make payment of such bond in full in United States currency not later than thirty days after the making of said demand.

The State of Israel undertakes to purchase in Israel any bond 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 \$25,000 in any twelve-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; and (c) to investments and enterprises within the Development Budget of the State*, and, (d) unless limited by the State to the foregoing, to any other uses and enterprises.

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 March 1, 1964 (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 outstanding on February 29, 1964.

Prior to March 1, 1964, the bonds are nontransferable and nonassignable, except to the State of Israel, Development Corporation for Israel, tax exempt charitable organizations, and such other persons designated by the State. On or after March 1, 1964, the bonds are fully transferable.

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 Second 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 State of Israel reserves the right to accept as a credit on account of the subscription

* The Development Budget is the fiscal instrument through which the Government of Israel channels funds to the financing of the Country's basic economic development. It includes principally, the fields of agricultural, industrial and construction investment.

** List of lending banks will be furnished by the Underwriter upon request.

prices of Second Development Issue Coupon and Savings Bonds such registered and/or bearer State of Israel Independence Issue Bonds and State of Israel Development Issue Bonds as it shall from time to time designate, upon such terms and conditions as it shall specify not inconsistent with the terms of the Fiscal Agency and Underwriting Agreements, including payment by the subscriber of banking and processing charges.

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 October 31, 1958, is set out below as Table I.

A statement of receipts and expenditures for the fiscal years 1955-56, 1956-57, 1957-58 and the first seven months of the 1958-59 fiscal year appears in Tables II and III below.

National Income and Investments. Israel's national income for 1955 was IL. 1751 million or about IL. 1000 per capita; in 1956 it was IL. 2113 million or about IL. 1156 per capita; in 1957 it was IL. 2513* million or about IL. 1307 per capita. All figures are stated in prices current for the respective years. The consumer price index (September, 1951=100) rose to 178 in December, 1952, to 212 in December, 1953, to 228 in December, 1954, 239 in December, 1955, 250 in December, 1956, 263 in December, 1957 and 277 in October, 1958. Gross investments in current prices are estimated at IL. 551 million for 1955, IL. 655 million for 1956 and IL. 840* million for 1957. Net investments in 1955 were IL. 479 million or 27% of the national income. In 1956 they were IL. 538 million or 25% of the national income. In 1957 they were IL. 664* million or 26% of the national income.

Foreign Exchange. On July 1, 1955, the hitherto effective rate of IL. 1.800 per \$1.00 became the official exchange rate. Philanthropic organizations in Israel received a premium of IL. 0.300 on the official rate during the period January 1, 1954 through October 1, 1955, bringing their effective exchange rate to IL. 1.300 per \$1.00. The effective rate applicable to such organizations was raised to IL. 1.500 per \$1.00 on October 2, 1955. On April 1, 1958 the rate applicable to philanthropic organizations was raised to the official exchange rate of IL. 1.800 per \$1.00.

Foreign Trade. Palestine and Israel have always had an adverse trade balance, like many young countries facing immigration and development tasks, including the United States, Australia and New Zealand in their early years. Under the best of conditions, current production cannot supply all of the huge capital needs of a population which has increased at the rate experienced by Israel and is still continuing to increase.

The value of the foreign trade of Israel since 1955 is set forth below:

Year	Total Imports (Millions)	Exports and Re-Exports (Millions)	Trade Deficit (Millions)	Trade Deficit Less Non-Exchange Imports*** (Millions)
1955	\$333.4	\$ 88.9	\$244.5	\$234.9
1956	367.0	109.7	257.3	233.8
1957*	431.9	139.1	292.8	259.7
1958** (Jan. 1—Oct. 31) ..	358.6	118.2	240.4	214.8

* Revised figures.

** Provisional figures.

*** "Non-exchange imports" are imports without allocation of foreign currency, such as those brought by immigrants or foreign investors or as gifts.

Israel's Balance of Payments

1956, 1957, First Six Months of 1958 (In Millions of Dollars)

Description	1956				1957*				1958 (Jan. 1-June 30)**			
	Receipts		Payments		Receipts		Payments		Receipts		Payments	
	Total	From U.S.	Total	To U.S.	Total	From U.S.	Total	To U.S.	Total	From U.S.	Total	To U.S.
CURRENT ACCOUNT												
Merchandise (Exports f.o.b., Imports c.i.f.)	\$109.7	\$ 19.1	\$367.0	\$112.3	\$139.1	\$ 21.1	\$431.9	\$108.6	\$ 86.0	\$ 8.5	\$212.4	\$ 69.0
Foreign Travel	6.4	3.4	2.1	1.3	5.5	3.1	2.8	1.3	7.0	4.2	1.9	0.9
Transportation	32.8	14.8	25.2	5.0	45.8	16.4	30.1	5.8	27.0	13.1	18.7	3.9
Insurance	11.0	1.2	13.8	0.8	13.7	1.3	17.1	0.8	7.6	0.8	9.4	0.3
Investment Income	4.4	1.5	25.6	10.5	4.8	1.5	29.4	13.0	1.3	1.5	20.1	10.0
Government Offices	7.0	—	96.7	20.0	6.5	1.2	44.9	15.0	1.1	—	26.0	11.0
Miscellaneous	6.6	—	4.1	1.5	7.1	—	3.7	1.5	3.0	—	1.9	7.0
Total Goods and Services...	177.9	40.0	534.5	151.4	222.5	44.6	559.9	146.0	133.0	28.1	290.4	102.1
U. S. A. Government Grants..	6.8	6.8	—	—	24.1	24.1	—	—	8.3	8.3	—	—
U. N. Technical Aid	0.5	—	0.1	—	0.5	—	0.1	—	0.3	—	—	—
Reparations	82.5	—	3.3	—	79.7	—	3.7	—	34.4	—	1.6	—
Restitutions	25.7	—	—	—	45.9	—	0.9	—	32.1	—	0.3	—
Personal and Institutions Remittances	128.8	84.6	0.4	—	115.7	72.0	19.0	18.5	50.5	41.0	0.4	—
Total Donations and Transfers	244.3	91.4	3.8	—	265.9	96.1	23.7	18.5	125.6	49.3	2.3	—
Total Current Account	422.2	131.4	538.3	151.4	488.4	140.7	583.6	164.5	258.6	77.4	292.7	102.1
CAPITAL MOVEMENT												
Long and Intermediate Term Obligations	47.4	41.3	20.5	13.0	48.1	44.3	16.9	13.5	27.0	24.2	14.6	14.6
Short Term Obligations.....	18.3	8.0	—	—	0.7	—	—	—	8.0	—	—	—
U. S. A. Government Long Term Obligations	32.6	32.6	—	—	20.4	20.4	—	—	22.0	22.0	—	—
Other Capital Imports.....	17.0	15.0	3.6	—	18.8	—	—	—	27.1	17.0	15.2	13.0
Change of Foreign Currency Balance	7.6	—	—	—	0.9	—	—	—	—	—	41.1	—
Deposits	8.1	8.1	8.4	—	9.3	5.3	1.5	—	8.3	—	—	—
Clearing Agreements	3.0	—	—	—	3.6	—	—	—	—	2.5	—	—
Total Capital Movement....	134.0	105.0	32.5	13.0	101.8	70.0	18.4	13.5	92.4	65.7	70.9	27.6
GRAND TOTAL.....	556.2	236.4	570.8	164.4	590.2	210.7	602.0	178.0	351.0	143.1	363.6	129.7
Errors and Omissions.....	14.6	—	—	—	11.8	—	—	—	12.6	—	—	—

* Revised. ** Provisional. Note: Where dollar equivalents of other foreign currencies are given in the Foreign Trade and Balance of Payments tables above, the same were computed at the respective rates of exchange prevailing at the time of each transaction reflected thereby.

Strained relations between the State of Israel and her Arab neighbors still continue and what the future course of events may be cannot be ascertained at this time.

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 housing for the accommodation of new immigrants. The accelerated pace of the expansion and development of the Israel economy has been made necessary by the need to fully absorb and integrate 920,000 new immigrants. The State has concentrated wherever possible on investments expected to have the greatest effect in saving foreign exchange (by replacement of imports through increased domestic production) or in earning foreign exchange (through exports of additional domestic products).

A major part of the funds required for the consolidation and expansion of the economy has been received through four sources, primarily in the United States, namely: Israel Independence Issue and Development Issue Bonds, inter-governmental grants-in-aid, philanthropic gifts and private investments. It is expected that the latter three sources and Israel Second Development Issue Bonds will continue to provide Israel with the major part of the funds needed to further the development of its economy. Sales of Israel Independence Issue Bonds totalled \$145,532,800 at the end of the period of flotation of the Independence Issue, namely, May 1, 1954. As of December 1, 1958, sales of Israel Development Issue Bonds total \$217,313,300 of which \$5,707,750 was paid for by the surrender of Independence Issue Bonds. An additional source of income to Israel

in the coming years is provided by an agreement made September 10, 1952, with the Federal Republic of Germany, under which Israel is entitled to receive \$822,000,000 in goods and services over a period of twelve to fourteen years.

It is proposed to devote the proceeds of the Issue to investment in the economic sectors presented below. The allocations remain tentative and subject to change, for the realization of the program depends on the availability of 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.

Proposed Allocation of Proceeds

	Allocation in \$(000)
Agriculture	
Irrigation (regional and local projects)	\$ 30,000
Establishment of new settlements (including agricultural housing and approach roads)	20,000
Loans for the expansion of livestock	5,000
Loans for the expansion of fruit plantations	4,000
Agricultural research and extension of agricultural education	4,000
Industry and Power	
Generation of electric power	30,000
Mining and basic chemical industry	30,000
Working capital loans for industry	17,000
Export promotion (including export loans and participating in international fairs and exhibitions)	10,000
Transportation and Communications	
Port development	12,000
Telecommunication	12,000
Aviation	11,000
Railway construction	10,000
Low Cost Housing	20,000
Construction of schools and other educational buildings	10,000
Oil pipelines	25,000
General Reserve (for increased expenditures, unanticipated projects and for flotation costs)	50,000
GRAND TOTAL	<u>\$300,000</u>

Summary of Underwriting Agreement. Development Corporation for Israel, a New York corporation, 215 Fourth Avenue, New York, New York is the sole underwriter of the bonds under an underwriting agreement as of December 1, 1958, 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%, which will appertain also to bonds issued in exchange for Independence Issue and Development Issue Bonds. 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 state securities statutes, 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, and all sums payable to The Chase Manhattan Bank, fiscal agent, and to district and community banks.

Legality of the Issue. The legality of the issue was passed upon on behalf of the State of Israel by Pinchas Rosen, Minister of Justice, Jerusalem, Israel; and on behalf of the underwriter by Goldstein, Judd and Gurfein, New York, New York, counsel to the underwriter. On all questions relating to the laws of the State of Israel, said firm has 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 Dr. Martin Rosenbluth, Representative for the Western Hemisphere of the Treasury of the State of Israel, 250 West 57th St., New York, New York.

STATE OF ISRAEL

By

ABBA EBAN

ABBA EBAN, Ambassador of the State of Israel
to the United States

TABLE I—GOVERNMENT OF ISRAEL—FUNDED PUBLIC DEBT AS OF OCTOBER 31, 1958

A. INTERNAL DEBTS — Payable in Israel Pounds

<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Description</u>	<u>Rate of Interest</u>	<u>Amount Authorized</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Call Provisions</u>
1948/51	—	Treasury Bills	2%	69,400,000	69,400,000	69,400,000	
1949/58	1953/70	Land Bonds	3%	77,300,000	77,300,000	77,278,000	
1949	1959	War Loan	3½%	7,500,000	7,500,000	1,574,120	
1955	1960	Financial Institutions	3%	10,000,000	10,000,000	10,000,000	
1956	1961	Financial Institutions	3%	6,500,000	6,500,000	6,500,000	
1949	1969	Popular Loan	3% in pr.	3,000,000	3,000,000	2,878,670	IL. 14,000 redeemable by annual drawings by lot each year 1951 through 1968.
1950	1975	Popular Loan (Series A)	3% in pr.	6,000,000	6,000,000	5,759,160	IL. 34,000 redeemable by annual drawings by lot each year 1951 through 1974.
1950	1975	Popular Loan (Series B)	3% in pr.	6,000,000	6,000,000	5,871,830	IL. 21,000 redeemable by annual drawings by lot each year 1951 through 1974.
1954	1979	Popular Loan	3% in pr.	6,000,000	4,495,100	4,447,510	
1955	1980	Popular Loan	3% in pr.	7,500,000	3,903,270	3,858,300	
1955	1979	Special Popular Loan (Income Tax Advance)	3% in pr.			9,469,265	
1952	1952/67	Compulsory Loan	4%			25,959,054	
1956	1968	Defense Loan	6½% in pr.	40,000,000	40,000,000	39,948,375	
1957	1959/71	Housing Loan	6% in pr.	50,000,000	46,142,600	35,054,525	
1953	1953/57*	Securities	3½%		4,371,830	4,636	
1951	1951/69	Tavei Dollar	3½%	25,000,000	12,060,805	12,060,805	
1951	1960/70	Dollar Linked Bonds	3½%	10,000,000	4,100,665	3,743,926	
1944/46	1964/66	Bearer Bonds (issued by Palestine Mandatory Government)	1% in pr.	4,394,210	4,394,210	3,178,760	Redeemable by annual drawings in 1964-66 at par.
1948	1948/53**	National Loan (issued by Jewish Agency)	3%	5,000,000	5,000,000	129,784	
—	1958/73	Defense Act 1956/57	3%	65,000,000	65,000,000	62,834,000	
		Loans from various public institutions (as authorized by the budget laws)				227,812,213	
						IL. <u>607,762,933</u>	

B. FOREIGN DEBTS

Payable in Dollars

1951	1963/66	Independence Bonds	3½%	500,000,000	145,532,800(1)	108,928,000
1954	1964/69	Development Bonds	4%	350,000,000	207,723,700	181,590,000
1949/50	1952/65	Export-Import Bank Loan	3½%	135,000,000(2)	135,000,000	95,487,732
1958/60	1961/73	Export-Import Bank Loan	5¼%	24,200,000	3,984,202	3,984,202
1958	1958/60	Bank of America, S.F.	5¼%	10,000,000	10,000,000	5,995,969
1958	1958/60	Bank of America, S.F.	5%	3,386,590	3,386,590	2,257,728
1950	1952/59	French Credit Interest included in Commercial Conditions		26,000,000		179,139
		Other Obligations				<u>124,873,000</u>
						<u>\$523,295,770</u>

Payable in Pounds Sterling

1950	1950/65	Anglo-Israel Agreement	1%	2,871,292		1,303,370
1954	1955/64	Barclay's Bank, D.C.O.	4%	3,000,000		1,725,478
1954	1955/61	Barclay's Bank, D.C.O.	4%	1,000,000		427,571
1955	1955/61	Palestine Electric Corp. Shareholders	4%	997,229		489,584
		Other Obligations				<u>1,245,046</u>
						<u>£5,191,049</u>

Payable in German Marks

1958	1959	Bankers' Credit			G.M. <u>13,520,000</u>	
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Payable in Swiss Francs

1958	1959	Bankers' Credit			Sw. Fr. <u>2,006,667</u>	
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Notes:

* As of October 31, 1958, IL. 4,636 in bonds was not presented for payment.

** Certificates are not payable unless presented: as of October 31, 1958 IL. 129,784 was not presented for payment.

(1) Divided as follows:

	<u>Independence</u>	<u>Development</u>
Savings Bonds.....	\$71,748,300	\$112,323,000
Coupon Bonds.....	73,784,500	95,400,700

(2) \$35,655,000 thereof to be repaid to the Government by the Jewish Agency in Dollars.

Table II—GOVERNMENT OF ISRAEL—STATEMENT OF RECEIPTS (In IL. 1,000)

	Fiscal Year Ended March 31, 1956	Fiscal Year Ended March 31, 1957	Fiscal Year Ended March 31, 1958	7 Months Ended October 31, 1958
TAXES ON INCOME, CAPITAL GAINS AND PROPERTY:				
Income Taxes (including "Absorption of Immigrants" Tax)	143,927	178,824	259,160	121,414
Taxes on Land Value Increase, Inheritance and Property	4,407	4,683	7,217	3,042
TAXES ON CONSUMPTION:				
Customs, Fuel, Excise and Luxury Taxes.....	182,329	213,811	279,399	175,229
TAXES ON TRANSACTIONS:				
(including Revenue Stamps, License Fees, Land Registry, etc.).....	23,305	27,766	51,890	46,830
INCOME FROM GOVERNMENT PROPERTY AND PUBLIC ENTERPRISES:				
Collections from Government Property and Loans..	28,447	35,147	62,450	37,100
Proceeds from War Damage Fund.....	452	—	—	—
Proceeds from Development Authority	1,901	—	—	—
Income from Ministry of Transportation and Communication Services	47,459	54,279	68,812	44,380
Transfer of Tax Receipts to Development Budget...		(—)10,750	(—)12,200	(—)10,208
Total Ordinary Revenue	<u>432,227</u>	<u>503,760</u>	<u>716,728</u>	<u>417,787</u>
RECEIPTS FROM LOCAL AND FOREIGN LOANS AND OTHER				
RECEIPTS FOR DEVELOPMENT BUDGET:				
Proceeds from Internal Loans	48,060	46,352	66,938	34,303
Revenue from Government Property and Loans....	30,170	31,258	46,005	35,379
Proceeds from Independence and Development Bond Issues.....	51,993	79,382	69,002	38,176
U. S. Grant-in-Aid and Agricultural Surpluses.....	83,102	66,862	104,025	35,953
Reparations from Germany	88,104	73,372	72,386	59,922
Property Tax and Compulsory Loan.....	6,897	1,565	538	—
Sales of State Domains	5,831	6,246	8,820	8,050
Special Receipts	30,494	2,645	15,903	11,057
Advance on Income Tax.....	94	—	53	—
Transfer of Tax Receipts from Ordinary Budget...		10,750	12,200	10,208
Total Receipts for Development Budget....	<u>344,745</u>	<u>318,432</u>	<u>395,870</u>	<u>233,048</u>
Grand Total Receipts from all sources.....	<u>776,972</u>	<u>822,192</u>	<u>1,112,598</u>	<u>650,835</u>

Table III—GOVERNMENT OF ISRAEL—STATEMENT OF EXPENDITURES (In IL. 1,000)

Ordinary Budget				
General Administration	29,466	29,136	33,265	29,561
Public Order and Defense.....	142,192	168,213	273,472	159,865
Social Services	89,565	112,949	125,784	83,363
Economic Services	52,684	59,134	120,777	72,318
Financial Charges	41,585	44,710	44,632	23,280
Public Enterprises.....	44,817	53,398	69,440	45,322
Subsidies on Essential Commodities.....	30,548	34,853	46,092	19,585
Special Development Budget				
Construction	74,176	46,769	113,434	67,870
Agriculture	88,773	78,234	101,516	63,707
Industry	76,912	74,656	97,077	82,707
Communications and Transport	31,367	33,421	33,353	26,297
Funds and various enterprises.....	3,777	1,439	2,219	752
Employment creating projects.....	2,810	2,770	385	—
Financial Charges	69,430	85,513	57,600	43,711
Total	<u>778,102</u>	<u>825,195</u>	<u>1,119,046</u>	<u>718,338</u>



DEVELOPMENT CORPORATION FOR ISRAEL

State of Israel Bonds

215 FOURTH AVENUE, NEW YORK 3, OREGON 7-9650, CABLE ADDRESS: BONDISRA

March 12, 1959

Dr. Abba Hillel Silver
E. 105th St. & Ansel Rd.
Cleveland, Ohio

Dear Dr. Silver:

Following our telephone conversation today, I advised Mr. Daniel Schacht, our supervisor for the area, that you have agreed to visit the west coast for the period June 22nd to 25th to speak at Bond functions in San Francisco, Oakland, Portland and Seattle.

Mr. Schacht is arranging the actual schedule as to the specific dates for each city and will advise me of final arrangements within the next day or so. Mr. Schacht told me his leadership, which had been awaiting confirmation of your appearances, is delighted with your coming and looking forward to productive Bond selling meetings.

I have also conveyed to our managers your regrets that you are unable to appear on May 13th in Des Moines and June 2nd in New York City because of previous speaking commitments.

Thank you again for your cooperation. I look forward to seeing you soon.

With warmest personal regards, I remain

Cordially,

Max Helvarg, National Director
Community Leadership Division

MH/so



DEVELOPMENT CORPORATION FOR ISRAEL

State of Israel Bonds

215 FOURTH AVENUE, NEW YORK 3, OREGON 7-9650

From the office of
JOSEPH J. SCHWARTZ
Vice President

June 22, 1959

Rabbi Abba Hillel Silver
19810 Shaker Blvd.
Cleveland, Ohio

Dear Rabbi Silver:

Prior to the issuance of any formal invitation, I should like to notify you that there will be a National Economic Conference for Israel in Chicago during the weekend of Friday, September 18, 1959.

I am taking this occasion to convey this personal invitation to you to participate in this important conference which will be held at the Sherman Hotel in Chicago on Friday, Saturday evening and Sunday morning, September 18 - 20. The Friday session will be devoted to a meeting of the Board of Governors of the Israel Bond Organization.

I am happy to report that the results in the first six months have been very gratifying. However, we can maintain and expand our rate of increased sales for the rest of the year only if we utilize the occasion of our September meeting for establishing an intensive Fall campaign program.

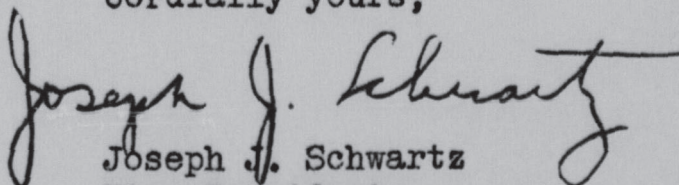
We look forward to your attendance at the September conference to help provide the keynote and stimulation for the decisive campaign months ahead.

With your continued service and leadership I am confident that the Israel Bond campaign will achieve outstanding results for 1959.

I am looking forward to your acceptance by means of the enclosed card of this advance invitation to our national conference in September.

With kindest regards, I am

Cordially yours,


Joseph J. Schwartz
Vice President



Seattle Office

State of Israel Bonds

5151 Arcade Building — Seattle 1, Washington — Phone: MAin 4-0910

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State Chairman

BEN BRIDGE
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Israel Volotin
Rabbi Joseph H. Wagner
Adolph Warshal
Joe L. Woolfe
Joe Woron

June 29th, 1959.

Dr. Abba Hillel Silver
The Temple
Cleveland, Ohio.

My dear Dr. Silver:

I wish to thank you for the splendid effort you made in Seattle in behalf of Israel Bonds. Never before have we had so many favorable and complimentary things said because of the picture that you presented.

It is no small reason that you are known as our "silver tongued orator". I just wish that you could have stayed longer so that in some small way we could have reciprocated by at least showing you something of our fair city.

Mr. Litvak informs me that because of your efforts a far better showing was made in Israel Bond sales that at any time before so, God willing, we hope to see you back again in Seattle and not in too far a distant future.

With kindest regards from Mrs. Bridge.

Respectfully yours,

Ben Bridge

BB:G