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United Jewish Appeal, United Palestine Appeal, Jewish Agency,
1939-1940.

MINUTES OF MEETING OF ADMINISTRATIVE COMMITTEE OF
PALESTINE FOUNDATION FUND (KEREN HAYESOD)
TUESDAY, OCTOBER 3, 1939, 4:30 P.M.
AT THE OFFICE OF THE KEREN HAYESOD, 111 FIFTH AVENUE, N. Y.

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PRESENT: Mr. Louis Lipsky, in the Chair; Messrs. Jacob H. Cohen, Sol Cohen, David Freiburger, Leon Gellman, Dr. Israel Goldstein, Isaac Hamlin, John L. Leibowitz, Major William J. Mack, Charles Riss, Albert D. Schanzer, Robert Silverman, David Wertheim, Dr. Stephen S. Wise.

Messrs. Samuel Caplan and Meyer W. Weisgal.

Excuses for absence were received from Mr. Abraham Krumbein and Judge Morris Rothenberg.

MINUTES OF PREVIOUS MEETING:

It was moved, seconded and carried that the minutes of the previous meeting, held on March 17, 1939, be adopted.

REPORT ON PALESTINE PAVILION:

The Chairman called on Mr. Meyer W. Weisgal for a brief summary of the report prepared by the latter on the activities of the Palestine Pavilion from its inception to date.

In connection with the financial status of the Pavilion, Mr. Weisgal reported that the total income, for the period from January 12, 1938 to August 31, 1939, amounted to \$312,444.92. This included underwritings amounting to \$143,256.11, and the balance was raised through various sources. The total cash disbursements, including the accounts payable for the building, equipment, exhibits and administration, amounted to \$294,292.12; the maintenance cost of the Pavilion for the period of operation amounted to \$28,058.56, making a total of \$322,350.68, and leaving a deficit of \$9,905.76.

Mr. Weisgal explained that this summary report is substantiated by various tables as follows: Fund-raising activities (including income from the sale of the booklets, contributions from fund-raising organizations, and maintenance fund campaign conducted during August) produced a net income of \$112,378.83; Detailed account of income and expenditures; Maintenance and operation of the Pavilion for the period from May 13th to August 31st indicates that the budget estimate produced a saving of \$6,965.44; Accounts payable as of August 31st amounted to \$24,576.09; Cash on hand, in banks and receivable, amounted to \$21,808.21; Booklet inventory (representing a schedule of accounts which has not been included in the assets) shows that the organizations still owe \$68,377.05.

Reporting on the attendance at the Pavilion, Mr. Weisgal

stated that the general attendance as of August 31st was 1,592,169 out of a total paid attendance at the World's Fair of 14,776,335. The Diorama attendance was 204,328. He pointed out that the Pavilion is the third largest attended building at the Fair. In terms of percentages, the attendance is as follows: Pavilion attendance to Fair attendance, 10.8%; Diorama Hall attendance to Pavilion attendance, 12.8%; Paid attendance to total Diorama attendance, 40.8%.

Mr. Weisgal also reported on the financial status of the Pavilion from August 31st to October 1st. He stated that the deficit has been reduced to approximately \$8,000; the sum of \$10,000 was paid out to contractors, thus reducing accounts payable to approximately \$14,000. He was of the opinion that if the same average is kept up, and if all the organizations that have committed themselves to make certain payments in connection with the maintenance of the Pavilion, would do so, the Pavilion would be completely free of current debts. He also pointed out that the attendance has been considerably increased during the month of September.

Mr. Weisgal called attention to the fact that the report also contains a complete survey of the entire operation of the Pavilion, as well as proposals for future action, and proposed that on the basis of a complete study thereof, a decision be arrived at so far as 1940 is concerned. It is his estimate that approximately \$75,000 will be required for repair, alterations, maintenance and administration from the time of the closing this year, until November 1st, 1940. This includes also the cost of fund-raising, which in all likelihood will be offset by income at the Pavilion during operations. It is further proposed that the Diorama Hall be eliminated as an income-producing feature for 1940. In view, however, of the enormous propaganda value of the Dioramas, it is recommended that they be moved to various halls of the main building, thus converting that part of the building into an attractive meeting place, providing the possibility for special events, programs, films, etc. The sources from which the \$75,000 would be forthcoming, include:

- 1) Participation of affiliated organizations
- 2) Community appropriations
- 3) Individual donors
- 4) Special revenue-producing events

With regard to the latter item, he believed that consideration should once again be given to the question of an outstanding event similar to that held in Chicago in 1933, which would produce not only considerable income for the maintenance of the Pavilion, but may also produce a sufficient surplus to reduce considerably the underwritings of the Palestine Foundation Fund and the Keren Kayemeth.

Mr. Weisgal stated that a meeting of the Board of Directors of the Pavilion would be held on October 16th, and that a decision has to be arrived at before October 31st.

In conclusion, he declared that the report contains certain criticisms and certain recommendations, but by and large it represents a comprehensive survey of what may be expected, to what extent the expectations have been lived up to, and of what greater value the Pavilion could be if the recommendations are accepted.

The chairman recorded the fact that a statement has been received from the National Fund, which will be corroborated by the Palestine Pavilion, showing that up to September 10th, the sum of \$4,659.59 has been received from the boxes that have been placed in the Pavilion.

Mr. Ress called attention to the fact that the Keren Hayesod has certain agreements of indemnity from Mr. George Backer in the amount of \$5,000, from the Jacobi estate in a like amount, \$25,000 on the part of the Z.O.A., \$11,250 on the part of the J.N.F., and, in addition, representation was made to the effect that Dr. Goldman had undertaken to raise \$7,500, but no written statement has been received, evidencing this agreement. He stated that no notice of default has been sent to the indemnitors, and inquired whether any action ought to be taken with respect to these agreements.

It was moved, seconded and carried to express appreciation to the Board of Directors of the Pavilion for submitting its report.

It was further moved, seconded and carried that a committee of three be appointed to investigate the entire question and report back to the next meeting of this Committee, taking into account the view of the Board of Directors of the Pavilion.

The Secretary was authorized to send such notice to the indemnitors as may be required.

The Committee appointed consists of the following:

Charles Ress, Chairman
David Wertheim
Robert Silverman

FINANCIAL REPORT:

Mr. Ress submitted a statement of income and expenses for the eight months' period ending August 31, 1939, prepared and certified by Jacobson, Greenfield & Company.

It was moved, seconded and carried that the report be accepted.

ANNUAL MEETING:

It was moved, seconded and carried that the chairman be authorized to fix the date for the annual meeting for some time in the latter part of November, when one or more European visitors will be available, and that a committee be appointed to arrange the program for the meeting.

STATEMENT REGARDING THE ISSUE OF A LOAN OF \$4,000,000
FOR THE WORK OF THE JEWISH AGENCY FOR PALESTINE.



New York, N. Y.

February 7th, 1940.

STATEMENT REGARDING THE ISSUE OF A LOAN OF \$4,000,000 FOR THE
WORK OF THE JEWISH AGENCY FOR PALESTINE

It is suggested that a sum of \$4,000,000, being the equivalent today of £1,000,000, be raised in the United States as a loan for the work of the Jewish Agency for Palestine.

I. The proceeds of the loan shall be used only for the following purposes:

- (A) \$600,000 (£150,000) to be spent through PASA, Ltd.
(Palestine Agricultural Settlement Association, Ltd.)
for loans for the enlargement of existing agricultural settlements in Palestine.
- (B) \$600,000 (£150,000) to be spent through the Jewish Agricultural Trust, Ltd. for loans to citrus growers.
- (C) \$600,000 (£150,000) to be spent through Bizur, Ltd.
for loans to Jewish communities and public utilities companies for public works and building construction.
- (D) \$600,000 (£150,000) to be spent through a specially created loan fund for the granting of loans to industrial enterprises.
- (E) \$800,000 (£200,000) to be spent through the Palestine Land Development Company, Ltd. for various enterprises, especially reclamation work on the Huleh Concession.
- (F) \$600,000 (£150,000) to be spent through the Palestine Foundation Fund Keren Hayesod, Ltd. to satisfy mortgages presently existing and covering certain property so that first mortgages may be placed on said property to secure loans to be made by Pasa and Bizur and other

companies for the purposes mentioned in (A) and
(C) above.

(G) \$200,000 (~~150,000~~) to be spent through the Marine
Trust, Ltd. for various works in the harbor of
Tel Aviv.

II. Palestine Foundation Fund (Keren Hayesod), Inc. shall cause
to be organized under the laws of the State of New York a membership
corporation which is hereinafter referred to as the "Corporation".

III. The Corporation will issue, in denominations of \$1,000, a
series of notes or debentures not to exceed \$4,000,000 in aggregate
principal amount, each note or debenture to be payable in 20 years in
equal annual instalments, together with interest at the rate of 4% per
annum.

IV. Provision shall be made in the charter or by-laws of the
Corporation for the participation of holders of the Corporation's notes
or debentures in the management of the Corporation.

V. The payment of the said notes or debentures shall be guaranteed
by Palestine Foundation Fund (Keren Hayesod) Inc. To further secure the
payment of the notes or debentures, Palestine Foundation Fund (Keren
Hayesod) Inc. will pledge out of its yearly income a sum equal to the
aggregate amount of principal and interest to be paid annually by the
Corporation on its notes or debentures as above stated.

VI. Each of the organizations listed under Paragraph I is a wholly
or partly owned subsidiary of Palestine Foundation Fund Keren Hayesod,
Ltd., which is the fiscal instrument of the Jewish Agency. Each of the

said subsidiaries is authorized to issue and will issue and deliver to the Corporation debentures in the principal amount advanced to it out of the proceeds of the loan as above provided. The said debentures will be payable in equal annual instalments over a period of 20 years with interest at $4\frac{1}{2}\%$ per annum.

VII. The Corporation will agree that it will not transfer or otherwise dispose of or encumber the debentures so acquired by it or incur any indebtedness in addition to that represented by the notes or debentures to be issued as above stated, so long as any of the said notes or debentures remain outstanding.

VIII. It will be observed from the above that the Corporation's notes or debentures to be issued as aforesaid will be secured by:

- (A) the Corporation's ownership of the debentures of the subsidiary companies above mentioned;
- (B) the guarantee by Palestine Foundation Fund (Keren Hayesod) Inc. and the pledge of the Palestine Foundation Fund (Keren Hayesod) Inc. of a portion of its annual income, as above set forth. The annual income of the Palestine Foundation Fund (Keren Hayesod) Inc. during the last five years has been:

1935	\$ 607,469.28
1936	602,077.41
1937	692,181.56
1938	1,106,376.29
1939	1,897,974.56

IX. Exhibits I, II and III hereto attached, set forth information concerning the organization and financial condition of Keren Hayesod, Ltd. (Jerusalem); Palestine Foundation Fund (Keren Hayesod) Inc. (New York); and of the several subsidiaries of the Keren Hayesod at Jerusalem, above mentioned.



EXHIBIT I.

INFORMATION WITH REGARD TO THE KEREN HAYESOD LTD., JERUSALEM

- (1) Keren Hayesod was registered in London under the name "The Eretz Israel (Palestine) Foundation Fund, Keren Hayesod, Ltd." on the 23rd of March, 1921, as a company limited by guarantee and not having a share capital.
- (2) Up to the 31st of March, 1939, the total income of the head office of the Keren Hayesod from voluntary contributions amounted to £ 6,972,904. The receipts of the Keren Hayesod office for the four years ending March 31st, 1939 were:

April 1st, 1935 to March 31st, 1936	£ 254,415.15. 9
April 1st, 1936 to March 31st, 1937	453,127.10. 7
April 1st, 1937 to March 31st, 1938	456,763.11. 6
April 1st, 1938 to March 31st, 1939	495,542.18. 6

- (3) Receipts by the head office of the Keren Hayesod from the United States amounted to:

April 1st, 1936 to March 31st, 1937	£ 160,939.13.10
April 1st, 1937 to March 31st, 1938	171,479.19. 3
April 1st, 1938 to March 31st, 1939	221,284. 6. 9

With regard to the period April to December 1939, it should be noted that during the year 1939 the collections of Keren Hayesod in the United States were combined with the collections of the Keren Kayemeth, within the United Palestine Appeal. The receipts of the Keren Hayesod in the United States out of the United

Palestine Appeal proceeds during the year 1939, as of December 31st, were \$1,897,074.56, and an additional \$493,250.00 is still to be collected on account of contributions for that period.

- (4) Besides three first mortgages which were registered on office buildings, of the Jewish Agency in Jerusalem and in Haifa, totalling originally £20,325, part of which has already been repaid, the head office of Keren Hayesod raised two loans:
- (a) One loan of £500,000 at an interest of 4%, repayable by monthly instalments of £3,800 during the period of October, 1934 to December, 1949, was received from Lloyds Bank, Ltd., London, acting jointly with the Anglo-Palestine Bank, Ltd. The debenture to secure this indebtedness was issued on October 31st, 1934. The amount outstanding in February 1940 is £369,174.
- (b) A second loan of £175,000 was obtained from Lloyds Bank, acting jointly for themselves and the Anglo-Palestine Bank, with interest at 4%, repayable on October 31st, 1940. £100,000, part of this loan, has since been consolidated with the loan mentioned under (a) and on October 31st, 1940 the balance of £75,000 will be repaid.

(5) The last balance sheet of the head office of the Keren Hayesod, dated July 24th, 1939, audited by Russell and Company, as at March 31st, 1939, shows the following figures:

LIABILITIES:

1. Subscriptions - Amount received from March 23, 1931 to March 31st, 1939	LP 6,954,469.223
Deduct - transfers to the Jewish Agency during this period	LP 5,019,522.722
Deduct - administration exp.	609,759.150
BALANCE - subscriptions	LP 1,325,189.261
2. Capital refund reserve	23,700.000
3. Trust Funds	238,158.334
4. Loans	592,348.879
5. Sundry accounts (including employees' pension and insurance fund)	12,962.578
TOTAL	2,192,359.152

ASSETS:

1. Loans:	
Long term loans as certified by the Jewish Agency.....	LP 1,080,420.399
Short term loans, after provision for bad and doubtful debts as certified by the Jewish Agency	206,046.317
Urban Mortgage loans	1,197.150
Advances in connection with land purchases and other accounts....	77,156.101
	1,364,819.967
2. Land and buildings	111,934.713
3. Inventory and equipment, etc.	17,493.613
4. Investments	387,404.210
5. Trust Funds	238,158.334
6. Debtors and debit balances	29,553.532
7. Lloyds Bank Ltd. Redemption Reserve Account	22,800.000
8. Cash at banks and in hand	19,326.246
9. Employees Pension and Insurance Fund Sundry account	1,268.537
TOTAL	LP 2,192,359.152

Profits of subsidiary companies have been included in this balance sheet to the extent of dividends and bonuses received within the period covered by the report.

EXHIBIT II.

INFORMATION WITH REGARD TO PALESTINE FOUNDATION FUND
(KEREN HAYESOD) INC. NEW YORK

I. The Keren Hayesod was chartered as a membership corporation under the laws of the State of New York, on July 20th, 1922, under the name Keren Hayesod (Palestine Foundation Fund) Inc. and in 1937 was consolidated with the American Palestine Campaign, Inc., the certificate of consolidation having been filed with the Department of State of the State of New York, on February 18th, 1937, under the name of Palestine Foundation Fund (Keren Hayesod) Inc.

During the years 1932-34, collections for the Keren Hayesod in the United States were made by the American Palestine Campaign, Inc. Since 1935, Palestine Foundation Fund (Keren Hayesod) Inc. has conducted joint campaigns for funds together with the Jewish National Fund, through United Palestine Appeal. Today it is still acting jointly with the Jewish National Fund for the purposes of both funds. The income of the Keren Hayesod during this period was accordingly derived from independent fund-raising campaigns, or from the Keren Hayesod's share of the proceeds of the above-mentioned United Palestine Appeal.

II. The income of the Keren Hayesod in America during the period 1935-1939 was as follows:

1935	\$ 607,469.28
1936	602,077.41
1937	692,181.56
1938	1,106,376.29
1939	1,897,974.56

SCHEDULE III.

INFORMATION WITH REGARD TO THE SUBSIDIARY COMPANIES.

I. Palestine Agricultural Settlement Association, Ltd., Jerusalem

This company was founded in 1936 for the purpose of giving loans to agricultural settlements and settlers. Keren Hayesod is the sole holder of its share capital which amounted to **LP** 138,359.000 on December 31st, 1938, and is being increased annually by Keren Hayesod. The company gives loans only against first mortgage on the whole property of the settler and for purposes in which the settler himself has to participate out of his own means to the extent of not less than 25%. The loans were mainly given for the erection of water plants. According to the balance sheet of December 31st, 1938, 4% debentures redeemable in 1942 to 1961 were issued to a total of **LP** 111,100. The company had a reserve of **LP** 26,960.510. The balance sheet showed a net profit for the year 1938 of **LP** 2,165.844. The company holds a valuable stock of pipes and iron implements amounting to **LP** 60,000.

II. Bizur, Ltd., Tel Aviv. Keren Hayesod holds:

(A) Shares in Bizur, Ltd.	LP 47,520.000
(B) Debentures in Bizur, Ltd.	25,025.000

This company was founded in 1936. It has a total share capital of **LP** 125,000 of which **LP** 81,040 were issued and fully paid up, and has issued debentures up to June 30, 1939, in the amount of **LP** 219,120. The purpose of the company is to advance credits for public works and building projects. The company has a reserve fund of **LP** 4,000 and the balance sheet as at June 30, 1939 showed a net profit for the year 1938-39 of **LP** 2,696.437. At June 30, 1939 the company had invested **LP** 272,353.700 of which **LP** 142,915.752 were destined for public works, especially loans for roads and drainage and **LP** 129,337.948 for building activities.

III. Palestine Land Development Company, Ltd. Jerusalem.

This company was founded in 1919 for the purpose of land purchase in Palestine. The company, inter alia, is the holder of the Huleh Concession. It has a total paid up share capital of £P 298,632, which includes 30,000 6% cumulative redeemable preference shares. The Palestine Land Development Company is controlled by the Keren Hayesod and the latter's sister fund, the Keren Kayemeth Leisrael, Ltd., which between them hold a large majority of the company's Founder Shares, which have control of the management of the company. The company holds reserves of £P 111,000. The net profit for 1938 amounted to £P 24,105.977. The dividend paid by the company was 6½% in respect of the year 1938.

IV. Marine Trust, Ltd., Tel Aviv.

This company, which owns the Tel Aviv Lighter Port, was formed in 1936. It has a paid up share capital of £P 179,095. The Keren Hayesod shares with the Anglo-Palestine Bank, Ltd. (as trustee for the Municipality of Tel Aviv) the virtual control of the company. The Keren Hayesod holds the share capital of the company in the amount of £P 25,355.

Note: Additional informative material with regard to these companies is available. Additional material with regard to the other companies mentioned in Paragraph I will be available.

הסוכנות היהודית לארץ ישראל
THE JEWISH AGENCY FOR PALESTINE

Telegrams "JEVAGENCY JERUSALEM

Telephone : 4871 (5 LINES)

Codes : BENTLEY'S

INFORMATION SECTION

OFFICE OF THE EXECUTIVE

P. O. Box 92,
Jerusalem

Ref. No.

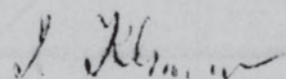
20th February, 1940

Dear Sir,

Enclosed herewith I am sending you a summary of an article which recently appeared in "Davar", dealing with the internal situation and the present currents of opinion in the Revisionist movement in Palestine.

Trusting that this material may be of interest to you, I am

Yours sincerely,



I. Klinow.

הסוכנות היהודית לארץ ישראל
THE JEWISH AGENCY FOR PALESTINE

Telegrams : "JEVAGENCY JERUSALEM"

Telephone : 4671 (5 LINES)

Codes : BENTLEY'S

INFORMATION SECTION

OFFICE OF THE EXECUTIVE

P. O. Box 92,
Jerusalem

Ref. No.

THE DISSENSION AMONG THE REVISIONISTS

In its issue of February 2nd "Davar" published a detailed account, based on quotations from various Revisionist publications of the internal crisis in the Revisionist camp in Palestine. After the destruction of the Revisionist centre in Poland, the only active Revisionist organisation still alive is that in Palestine. It is now becoming ever more evident that the latter is eaten up by internal dissensions between its several currents and sections. It is not without irony that the Revisionist Organisation which always pretends to bemoan the multiplicity of Jewish parties as harmful to national unity is itself rent by sectional divisions and cannot maintain unity even within the narrow confines of its own party.

There are not less than three different currents in the Revisionist Organisation of Palestine. The official course of the Organisation which governs the policy of their daily paper "Hamashkif" pretends that it alone is representative of Revisionist opinion and policy. A second current is that represented by the "National Federation of Workers", the organisation of the Revisionist workers in Palestine. It comprises a considerable body of Revisionists. This opposition group publishes a stencilled paper for internal distribution, which is entitled "Doar Chozer". It is edited by the so-called "Front" of the "National Federation of Workers". So far, eight issues of this publication have appeared. The members of the "Front" are strongly opposed to the separatist policy pursued by the official Revisionist leaders in the field of labour relations. They are in favour of the establishment of a single labour exchange in which all Jewish labour unions in the country would be represented and they accuse the official leadership of the Revisionist Organisation of deliberately and constantly fostering labour disputes. They affirm that the official Revisionist bureaucracy is not concerned for the workers and is pursuing its own interests. In issue No. 5 of their stencilled journal they write, among other things, as follows:

"It should have been the duty of the "National Federation of Workers" to fight for the establishment of neutral labour exchanges. Let us see what positive step its leaders have taken towards this end. They have done nothing in this direction. All their struggle has been limited to fostering competition and strife with regard to the working day. The working day represents for them but another opportunity for raising contributions and thereby strengthening their bureaucracy. We at least have not seen that the leaders of the "National Federation of Workers" possess any scheme showing how they visualise the establishment of neutral labour exchanges. They never saw any need for such a scheme, for ever since they got their jobs they regarded them as their private property and source of income. We regret to have to call the thing by its right name, but such is the truth and it is wrong to close one's eyes to it."

These are words from within the Revisionist camp and they were uttered in connection with the establishment, through the assistance of the Labour Department of the Jewish Agency, of joint labour exchanges in Palestine. The purpose of their establishment was to ensure a fair distribution of work as between the several labour unions without regard to party affiliations. This object has been realised in some measure by the setting up of 16 such labour exchanges in which the bulk of Jewish labour is registered. Negotiations were conducted with a view to securing also the participation of the Revisionists. The official organs of the Revisionist Party, however, which always pretends to strive for unity and peace, would not agree and used all kinds of pretexts. Against this hypocritical policy a considerable body of Revisionist labour is in open revolt. It is the body which has organised itself as a separate group and is fighting against the official course. In issue No. 7 of "Doar Chozer" of the 20th January, the following passage occurs: "We feel that the movement is again being dragged towards the abyss of a struggle between worker and worker, not in regard to ideological questions or political principles, but in regard to our daily bread.... Again there are beatings, injuries, arrests, etc. Let us speak frankly: The Jewish national worker does not want these things any longer." In the same issue it says: "The fact that the Organisation is called "National Federation of Workers" is no conclusive that all national workers are comprised in it and in it alone. We are convinced that there are national workers also in other labour unions. It is even possible that their number exceeds those organised in the "National Federation of Workers"."

The article in "Davar" further gives details of the bitter complaints about the arbitrary behaviour of the leaders of the Revisionist Labour Organisation against those of their members who do not follow the official course. Non-conforming elements are being expelled from the Federation for publishing material in the journal of the "Front" and are being excluded from all benefits and social services. Issue No. 8 of "Doar Chozer" quotes instances of such treatment and ends up by saying: "These people have lost all sense of morality and humanity."

In general the members of the "Front" support the policy of Revisionism, but they sincerely want peace in the Yishub and are anxious to cooperate with other sections of the community. They also are in favour of cooperation with the Vaad Leumi, the supreme representative organ of the Yishub, which comprises representatives of all sections and parties and of late also of representatives of the Revisionists. The "Front" supports such participation against the intrigues which have recently been started by the extremists in the Revisionist camp who demand that the party should again leave the Vaad Leumi.

This separatist group of the "Front" is moving further and further away from the official course. It is developing activities of its own, organises cells and enlists members of its own both in the towns and in the countryside. The result is that it is no longer possible to affirm that there exists today in Palestine a single representative organ of Revisionism entitled to speak on behalf of the movement as a whole.

II.

The second separatist group within the Revisionist Organisation which also is in opposition to the official leadership of the movement calls itself "Accusation and Faith" ("Kitrug Ve-emuna"). This group also engages in fierce criticism of the activities of the party and publishes pamphlets and bulletins of its own. It opposes any kind of cooperation with the Yishub and the Zionist Organisation. For this reason it intrigues against the Revisionist representatives in the Vaad Leumi and rejects the official course of the movement. It also indulges in accusations and attacks "in comparison with which," writes "Davar", "the relations prevailing between different parties may be described as idyllic." This group incidentally has revealed the grounds which compelled the official leadership of the Revisionist Organisation to agree to participate in the Vaad Leumi. In a recent pamphlet entitled "New Zionist Organisation - whither are you going?" the following passage occurs: "Polish Jewry which contained the essential strength of our movement has been destroyed. We are now faced with the tremendous power of the Jewish Labour Party in Palestine without being supported by anyone. The economic position is getting worse from day to day. Jobs with private firms are becoming more and more scarce. How then shall we feed our workmen and our hungry except by public works which are run for the most part by the Jewish Agency." "These are frank words", observes "Davar", "and there is no romanticism about it. The purpose is clear in the extreme." It was not concern for national or Zionist unity which actuated the Revisionists in changing their separatist tactics. Their decision was prompted by the internal difficulties in their party, in particular, by the pressure of a section of their labour groups who do not agree to a policy of separatism.

It is true that the extremists organised in the "Kitrug" group want this separatist policy to be maintained. They too are publishing an internal bulletin called "Our Struggle". They attack Mr. Rutenberg and maintain that he is devoid of any influence in the Yishub. They are also opposed to any effort being made to reach a settlement in the sphere of labour between the General Federation of Labour and the Revisionist labour unions. In one of the recent issues of their Bulletin they write quite frankly on this subject. The Revisionist lion will never agree to become a group within the Yishub and to enter the cave in which the General Zionists and the Mizrachi have made their home. They go even further and ask: "How long will the youth of Betar permit the evolutionists to set at naught all that has been attained by their sacrifices by pursuing a policy which is fundamentally wrong? How long will our youth put up with the party not knowing its own way and being dragged hither and thither between two mutually conflicting tendencies?" Davar writes in regard to this: "We know well this phrase: 'How long will the youth of Betar permit?' This time, however, it is addressed in a new direction. It is now an internal threat." In the issue of "Our Struggle" of January 1st, 1940 a very frank and clear estimate of the Revisionist forces in Palestine is given. It reads: "The Revisionist camp has lost its prestige. The enthusiasm of its members has waned. The new Revisionist Organisation has ceased to be a serious force in the Yishub." On this

Davar observes: "No one will quarrel with this estimate. It needs only to be revised in one small detail: The new Zionist Organisation never was a serious force in the Yishub."

In the conditions which now prevail in the Revisionist movement in Palestine the official leadership finds itself placed between the hammer and the anvil. On the one hand, there is the pressure from those who want peace with the other parties of the Yishub. On the other hand, the extremists are accusing the leaders of capitulation. The "Leader" himself remains silent. Davar truly observes on this point "He (i.e. Mr. Jabotinsky) follows his well-known hesitating tactics. He does not say yes, but he is also careful not to say no. He simply abstains from intervening. The "Leader" wriggles along between the opposing elements and carefully avoids saying anything definite." Such is his attitude to the problem of Revisionist participation in the Vaad Leumi. Such it is to other questions. It is in effect a new edition of his well-known "Calais" policy. At the time of the Calais conference, when his movement was in similar difficulties and could not engage in any effective external policy, Mr. Jabotinsky discovered that it was possible to be inside the Zionist movement or to stay out of it, but in either case to remain a Revisionist, that it was possible for a Revisionist to buy the Shekel or not to buy it. In the present atmosphere of internal dissensions the leadership is again endeavouring to meet both the Right and the Left, and the party which postulates the unity of all Israel remains in itself rent by radical divisions.

* * * * *

Jerusalem
20.2.1940
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FEB 25, 1940

JERUSALEM

ZIONIST ORGANIZATION GOLDMAN LIPSKY SILVER

111 FIFTH AVENUE NEWYORK

EXECUTIVE SUPPORTS KAPLANS CABLE LANDAUER OF 14/2 REGARDING

35-0/0 KAYEMETH SHARE PROPOSED LOAN



JEWISH AGENCY

STATEMENT REGARDING THE ISSUE OF A LOAN OF \$4,000,000 FOR THE
WORK OF THE JEWISH AGENCY FOR PALESTINE.

I.

I. It is suggested that a sum of \$4,000,000, being the equivalent today of £1,000,000, be raised as a loan for the work of the Jewish Agency in Palestine, the money to be used for enlarging agricultural settlements, for public works, house building, and for the development of industrial undertakings in Palestine.

II. Repayment shall be made in equal annual instalments over a period of 15 years.

Interest at 4%.

III. The money raised by the loan shall be invested in subsidiary companies of Keren Hayesod in Palestine, which are serving the various purposes which it is intended to promote by means of the loan. These subsidiary companies are limited companies according to the Palestine law, Keren Hayesod being the holder of their total, or a considerable part, of their capital. These companies will issue the loans to the beneficiaries in Palestine and will make the investments which should be made out of the proceeds of the loan. They will give their debentures against this capital, and they will have to bear the risk incurred by the investments in Palestine. The debentures of these companies are suggested as a security for the repayment of the loan. Details with regard to the subsidiary companies are found on pages 7, 8 and 9 of this statement.

IV. During the last few years the head office of the Keren Hayesod in Jerusalem received an average sum of \$1,000,000 net from Keren Hayesod in the United States. It is proposed to pledge the amount needed for the payment of interest and for the annual repayment of instalments on account of the loan of \$4,000,000 out of the income of the Keren Hayesod in the United States for this purpose as a ^{Avr Mev} ~~first~~ security for the repayment of the loan.

V. As a third security, a floating charge is offered on all assets and income of Keren Hayesod insofar as it is free from other mortgages and a second floating charge on all other assets and income (that is, our assets and income mortgaged to Lloyds Bank in London). Especially all property and assets created out of the proceeds of the proposed loan of \$4,000,000 are to be held in mortgage for the security of this loan.

VI. The loan shall be raised

By the Palestine Foundation Fund (Keren Hayesod) Inc. of New York, which is a branch of the Keren Hayesod which has its head office in Palestine, and is the chief financial instrument of the Jewish Agency or

Under the sponsorship of the Palestine Foundation Fund (Keren Hayesod) Inc. of New York, according to paragraph IV, by investors who will make larger investments in the subsidiary companies of Keren Hayesod directly or through another agency.

II.

INFORMATION WITH REGARD TO THE KEREN HAYESOD

- I. Keren Hayesod was registered in London under the name "The Eretz Israel (Palestine) Foundation Fund, Keren Hayesod, Ltd." on the 23 of March, 1921, as a company limited by guarantee and not having a share capital.
- II. Up to the 31st of March, 1939, the total income of the head office of the Keren Hayesod from voluntary contributions amounted to £6,972,904. The receipts of the Keren Hayesod office for the four years ending March 31st, 1939 were:

April 1st, 1935 to March 31st, 1936	£ 254,415.15. 9
April 1st, 1936 to March 31st, 1937	453,127.10. 7
April 1st, 1937 to March 31st, 1938	456,763.11. 6
April 1st, 1938 to March 31st, 1939	495,542.18. 6

- III. Receipts by the head office of the Keren Hayesod from the United States of America amounted to:

April 1st, 1936 to March 31st, 1937	£ 160,939.13.10
April 1st, 1937 to March 31st, 1938	171,479.19. 3
April 1st, 1938 to March 31st, 1939	221,284. 6. 9

During the year 1939 the collections of Keren Hayesod in the United States were combined with the collections of the Keren Kayemeth, within the United Palestine Appeal. The receipts of Keren Hayesod in the United States out of the United Palestine Appeal proceeds during the year 1939, as of December 31st, were \$1,897,074.56, and an additional \$493,250 is still to be collected on account of contributions for that period.

- IV. Besides three first mortgages which were registered on office buildings, of the Jewish Agency in Jerusalem and in Haifa, totalling originally £20,325, part of which has already been repaid, the head office of Keren

Hayesod raised two loans:

(A) One loan of £500,000 at an interest of 4%, repayable by monthly instalments of £3,800 during the period of October, 1934 to December, 1949, was received from Lloyds Bank, Ltd., London, acting jointly with the Anglo-Palestine Bank, Ltd. The debenture to secure this indebtedness was issued on October 31st, 1934. The amount outstanding in February 1940 is £369,174.

(B) A second loan of £175,000 was obtained from Lloyds Bank, acting jointly for themselves and the Anglo-Palestine Bank, with interest at 4%, repayable on October 31st, 1940. £100,000, part of this loan, has since been consolidated with the loan mentioned under (A), and on October 31st, 1940 the balance of £75,000 will be repaid.

V. The last balance sheet of the head office of the Keren Hayesod, dated July 24th, 1939, audited by Russell and Company, as at March 31st, 1939, shows the following figures:

LIABILITIES:

1. Subscriptions - Amount received from March 23, 1931 to March 31st, 1939	£P 6,954,469.223
Deduct - transfers to the Jewish Agency during this period	£P 5,019,522.722
Deduct - administration exp.	609,759.150
	<u>5,629,279.862</u>
BALANCE - subscriptions	£P 1,325,189.361
2. Capital refund reserve	23,700.000
3. Trust Funds	238,158.334
4. Loans	592,348.879
5. Sundry accounts (including employees' pension and insurance fund)	<u>12,962,578</u>
TOTAL	£P 2,192,359.152

ASSETS

1. Loans:

Long term loans as certified by
the Jewish Agency £P1,080,420.399

Short term loans, after pro-
vision for bad and doubtful
debts, as certified by the
Jewish Agency 206,046.317

Urban Mortgage loans 1,197.150

Advances in connection with land
purchases and other accounts 77,156.101

£P1,364,819.967

2. Land and buildings 111,934.713

3. Inventory and equipment, etc. 17,493.613

4. Investments 387,404.210

5. Trust Funds 238,158.334

6. Debtors and debit balances 29,553.532

7. Lloyds Bank Ltd. Redemption Reserve Account 22,800.000

8. Cash at banks and in hand 19,326.246

9. Employees Pension and Insurance Fund
Sundry Account 1,268.537

TOTAL

£P 2,192,359.152

Profits of subsidiary companies have been included in this balance sheet to the extent of dividends and bonuses received within the period covered by the report.

VI. The Palestine Foundation Fund (Keren Hayesod) Inc. was founded in 1922 in the United States, and the Certificate of Incorporation, pursuant to the Membership Corporations Law of the State of New York, was filed on July 20th, 1922, with the Department of State, State of New York. The corporation has a Board of Directors which elects an Executive Committee consisting of 30 members. The seat of the corporation is in New York City.

During the years 1932 to 1934, collections for the Keren Hayesod were con-

ducted by the American Palestine Campaign, Inc. Since 1935 the Keren Hayesod raised its funds together with the Jewish National Fund by a joint fund-raising agency called the United Palestine Appeal. The American Palestine Campaign, Inc. was consolidated with the Palestine Foundation Fund (Keren Hayesod) Inc., the certificate of consolidation being filed with the Department of State of the State of New York on February 18th, 1937. Today Keren Hayesod is still acting jointly with the Jewish National Fund in the work of fund-raising, for the purposes of both funds. The income of the Keren Hayesod during this period was accordingly derived either from independent Keren Hayesod fund-raising campaigns or from the American Palestine Campaign, or out of the Keren Hayesod share of the proceeds of the above-mentioned United Palestine Appeal.

VII. The income of the Keren Hayesod in America during the past few years was as follows:

1935	\$ 607,469.28
1936	602,077.41
1937	692,181.56
1938	1,106,376.29
1939	1,897,074.56



III

The following are the investments of the Jewish Agency in shares of its subsidiary companies, totalling £387,904,000:

(A) Palestine Agricultural Settlement Association, Ltd.....£P 139,359.000.

A company founded in 1936 for the purpose of giving loans to agricultural settlements and settlers. The company gives loans only against first mortgage on the whole property of the settler and for purposes in which the settler himself has to participate out of his own means to the extent of not less than 25%. The loans were mainly given for the erection of water plants. The share capital belongs entirely to Keren Hayesod. According to the balance sheet as at December 31st, 1938, the authorized share capital amounted to £P150,000 of which £P139,359 were issued and fully paid up. 4% debentures redeemable in 1942 to 1961 were issued to a total of £P 111,100. The company had a reserve of £P 26,960.510. The balance sheet showed a net profit for the year 1938 of £P 2,165.844. The company holds a valuable stock of pipes and iron implements amounting to £P 60,000. The share capital held by Keren Hayesod was increased during 1939.

(B) Shares and debentures in Bizur, Ltd.

1. Shares in Bizur, Ltd.....£P 47,520.000
2. Debentures in Bizur, Ltd..... 25,025.000

This company, founded in 1936, has a total share capital of £P 125,000 of which £P 81,040 were issued and fully paid up and which has issued debentures up to June 30, 1939 in the amount of £P219.120. The company has a reserve fund of £P4,000 and the balance sheet as at June 30, 1939 showed a net profit for the year 1938-39 of £P 2,696,437. The purpose of the company is to advance credits for public works and building projects. At June 30th, 1939, the company had invested £P272,353.700, of which

LP 142,915.752 were destined for public works, especially loans for drainage, and LP 129,337.948 for building activities.

- (C) Shares in the Palestine Land Development Company, Ltd...LP 27,699.

This company was founded in 1909 for the purpose of land purchase in Palestine. The company, *inter alia*, is the holder of the Huleh Con-
cession. It has a total paid up share capital of LP 298,632, ^{includes} which/
30,000 - 6% cumulative redeemable preference shares. It is controlled
by the Keren Hayesod and the latter's sister fund the Keren Kayemeth
Leisrael, Ltd., which between them hold a large majority of the company's
Founder Shares, which have control of the management of the company.
The company holds reserves of LP 111,000. The net profit for 1938
amounted to LP 24,105.977. The last dividend paid by the company was
6½% in respect of the year 1938.

- (D) Shares in the Haifa Bay Development Company, Ltd.....LP 30,000

This company was formed in 1925 by private interests for the purpose
of acquiring and developing the Haifa-Acre Plain. It was taken over
by the Keren Hayesod, in 1929, who hold the company's entire share
capital. After having paid dividends and bonus payments in a total
amount of LP 23,700, the company still shows at present prices an
estimated surplus of assets over liabilities considerably in excess of
the share capital.

- (E) Shares in the Marine Trust, Ltd.....LP 25,355.

This company, which owns the Tel Aviv Lighter Port, was formed in
1936. It has a paid up share capital of LP 179,095. The Keren Hayesod
shares with the Anglo-Palestine Bank, Ltd. (as trustee for the Munici-
pality of Tel Aviv) the virtual control of the company.

- (F) Mekoroth Water Company, Ltd.....LP 16,250.

Gilboa Water Company, Ltd.....LP 13,083

The Eneq Water Company, Ltd..... 7,178

These three water companies were created for the development of water plants in the Plain of Jezreel. Against their investments, they are the proprietors of water plants in the colonies in this district, which are to be turned over to the settlers themselves, according to the re-payment made on account of the loans which are raised.

The Mekoroth Water Company remains the proprietor of the Central Water Plant in the western Eneq Israel and derives its income from the sale of water to settlements.

(G) Rural and Suburban Settlement Company (Rassco).....LP 10,080

The company was established in 1936 for the purpose of furthering the suburban and agricultural settlement of the immigrants of the middle class type in Palestine. This company does not grant loans to settlers because it has to deal only with such settlers who dispose of their own means. The authorized share capital is LP 50,000 of which, according to the balance sheet as of March 31st, 1939, LP 10,080 ordinary shares were issued and fully paid up by Keren Hayesod and LP 29,864 - 6% preference shares which were acquired by individuals. The company issued debentures to an amount of LP25,563. The company established a number of agricultural and suburban settlements, chiefly for immigrating refugees and holds considerable land reserves for future settlements.

New York, January 22nd, 1940.