



Abba Hillel Silver Collection Digitization Project

Featuring collections from the Western Reserve Historical Society and
The Jacob Rader Marcus Center of the American Jewish Archives

MS-4787: Abba Hillel Silver Papers, 1902-1989.

Series I: General Correspondence, 1914-1969, undated.

Sub-series A: Alphabetical, 1914-1965, undated.

Reel
70

Box
25

Folder
1589

United Jewish Appeal, United Palestine Appeal,
distribution committee, 1939-1941.

MINUTES

OF A MEETING OF THE ALLOCATIONS COMMITTEE OF THE UNITED JEWISH APPEAL

Held at the Offices of Mr. Henry Ittleson

No. 1 Park Avenue, New York City

- - - - -

A meeting of the Allocations Committee which was held at the offices of Mr. Henry Ittleson, 1 Park Avenue, New York City, began at 1 P.M. on November 15, 1939, and was adjourned at 6 P.M. All members of the committee were present, namely, Dr. Solomon Goldman, Henry Ittleson, Louis E. Kirstein, Chairman, Albert D. Lasker, Dr. Abba Hillel Silver. Mr. Samuel A. Goldsmith, Secretary, performed the duties of that office.

(NOTE: The members of the Committee, acting as individuals, held an informal hearing with Mr. Ben Cohen of Washington prior to the formal meeting of the Committee. Mr. Cohen presented a request that the Allocations Committee make a gift which might be used for refugees, irrespective of their religion. The members of the Committee indicated to Mr. Cohen that it was not within the province of the Committee to make allocations of this type. They agreed, however, that Dr. Silver, as a member of the Negotiating Committee, should present this request to the Committee at its next meeting, which was likely to be held within a period of two to three weeks; that Mr. Cohen might be asked to appear before the Committee to present the matter in detail; and that the Negotiating Committee be urged to make such a gift or gifts to non-sectarian organizations in order that Protestant and Catholics shall share equally in the sum allotted to such purposes.)

The Secretary presented a formal report which he had prepared as a result of an exploratory investigation of the work and the financial operations of the Joint Distribution Committee, the United Palestine Appeal, and its constituent organizations, as well as the National Refugee Service.

Following the reading of this report it was suggested that those portions of pages 15, 16 and 17 in the report which concerned themselves with the New York City operations of the National Refugee Service should be deleted. The Committee also unanimously agreed that the general suggestion made by the Secretary to the effect that the operations of the various agencies be considered on a calendar year and cash basis could not at this time be considered.

The Committee thereupon immediately turned to a consideration of the best methods to govern a reasonable division of the \$6,000,000 which would in all probability be raised and paid into the treasury of the United Jewish Appeal in addition to the \$9,500,000 which had already been distributed among the participating organizations, such division to be achieved on the basis of the needs presented by these organizations and in relation to the total amount to be distributed.

Discussion indicated that though the Joint Distribution Committee had undertaken various underwritings and guarantees with respect to refugees, notably in connection with the Coordinating Foundation and with refugees who had to be disembarked from the SS. St. Louis, the United Palestine Appeal, according to Dr. Silver and Dr. Goldman, ^{had} recognized the Coordinating Foundation and the SS. St. Louis incident as a responsibility of the United Jewish Appeal and, therefore, of the United Palestine Appeal as well as of the Joint Distribution Committee. The Committee also considered the emergency needs of the National Refugee Service and of the United Palestine Appeal. In all these connections the possibility of relative responsibility of all participating organizations in all such underwritings was explored.

As a result of all these discussions and of a discussion of the general budgets presented by the participating organizations, the following resolution was adopted by unanimous vote:

BE IT RESOLVED that the Allocations Committee, in accordance with the powers vested in it by the Joint Distribution Committee and the

United Palestine Appeal under an agreement dated December 9, 1938, hereby instructs the officers of the United Jewish Appeal to distribute funds collected beyond the \$9,500,000 covered in such agreement and up to a grand total of \$15,500,000 estimated to be collected and available for distribution after deduction for campaign costs:

- (1) \$600,000 to the National Refugee Service, Inc.

\$250,000 to be held in reserve pending a report by the Negotiating Committee with respect to a gift or gifts to be made by the United Jewish Appeal to non-sectarian organizations dealing with Christian refugees, with the understanding that Protestant and Catholic refugees shall share and share alike in the distribution of such funds. In the event that the Negotiating Committee does not approve such a grant, this sum shall be divided between the United Palestine Appeal and the Joint Distribution Committee in the ratio of 15 parts to the former and 36 parts to the latter, except for the condition indicated in Item (4) below.

- (2) With respect to the remainder \$5,150,000, the following distribution is to be made: \$1,500,000 to the United Palestine Appeal

3,650,000 to the American Jewish Joint Distribution

Committee, which includes:

- (A) \$500,000 in obligations assumed toward the refugees disembarked from the SS. St. Louis;

- (B) \$500,000 for the Coordinating Foundation for Refugees.

(3) If more than a total of \$15,500,000 is collected in cash the Joint Distribution Committee and the United Palestine Appeal are to share in such additional amounts on the basis of 70% of such additional amounts being paid to the Joint Distribution Committee and 30% to the United Palestine Appeal.

369 X (4) Should less than a total of \$15,500,000 be available for distribution, the Joint Distribution Committee and the United Palestine Appeal shall share in such amounts up to \$5,150,000 in relation which the sum of \$1,500,000 being distributed to the United Palestine Appeal and the \$2,650,000 being distributed to the Joint Distribution Committee bear to each other, the latter sum excluding the \$1,000,000 made available to the Joint Distribution Committee because of guarantees made through that organization on behalf of the SS. St. Louis refugees and the expenses of the Coordinating Foundation.

In view of the facts presented to the Allocations Committee with respect to the financial emergency existing in the National Refugee Service and with respect to an emergency relief situation in Palestine, the Allocations Committee also

RESOLVED that the officers of the United Jewish Appeal be instructed to distribute as soon as possible from funds now available or shortly to be made available the sum of \$500,000 to the National Refugee Service and \$250,000 to the United Palestine Appeal.

This resolution was also adopted unanimously.

Respectfully submitted,

SAMUEL A. GOLDSMITH
Secretary

C O P Y

November 21, 1939

Mr. Samuel A. Goldsmith
130 North Wells Street
Chicago, Ill.

My dear Mr. Goldsmith:

Let me thank you for your kind letter of November 18. I appreciate greatly the spirit animating it. By now you will have received the letter of Mr. Lasker and my reply to it. Perhaps Mr. Lasker's letter will give you an idea of just why I have been so insistent upon the proper and exact phrasing of our agreement.

ratio
25-75
36-64
X

We are about to enter negotiations with the J.D.C. for the 1940 campaign. The questions of ratios as between the J.D.C. and the U.P.A. will of course be the vital issue, and precedents will undoubtedly be quoted. What the actual percentage arrangement was in 1939 will be quoted as a precedent for 1940. Hence it is very important to define exactly what the percentage arrangement for 1939 actually was. If out of the \$5,400,000 (excluding the \$600,000 allocated to the N.R.S.) the U.P.A. receives \$1,500,000, and the J.D.C. all the rest, then the ratio is about 75-25, whereas, if \$250,000 are set aside by the United Jewish Appeal (J.D.C. plus the U.P.A.) as a special item for Christian refugees, as well as the two half million dollar items for the St. Louis refugees and the Refugee Coordination Foundation, then the ratio between the U.P.A. and the J.D.C. allotment becomes approximately 36-64.

X

It was never intended that the ratio obtaining for the first nine and a half million dollars would obtain for all the remaining funds. We agreed to a lower ratio for the first nine and a half million dollars because of the two million dollars which had to be allocated to the National Refugee Service. Out of the additional funds, it was always assumed that the share of the U.P.A. would be larger inasmuch as in 1938, the J.D.C. and the U.P.A. divided the funds raised on the basis of 60-40.

With reference to the \$500,000 earmarked for the Coordinating Foundation for Refugees, it is of utmost importance that the Minutes reflect the fact that the U.P.A. is partner to that allocation. We are officially represented on the President's Advisory Committee which called into existence the Inter-Governmental Conference and the Coordinating Foundation. The U.P.A., last year, made a direct contribution out of its own treasury at the request of Mr. McDonald.

Mr. S. A. Goldsmith

-2-

November 21, 1939

The U.P.A. was officially requested to endorse the work of the Coordinating Foundation by agreeing to a special allotment out of U.J.A. funds to its work. After protracted negotiations both in London and in Geneva, the U.P.A. finally agreed to that arrangement, and it was with that fact in mind that Dr. Goldman and I consented to setting aside out of the \$6,000,000, one-half million dollars for the Foundation. To lump that sum of money anonymously into a general allotment to the J.D.C. is not in agreement with our understanding, and is contrary to all the negotiations which led up to it.

In all this, my dear Mr. Goldsmith, you will see there is no desire to ask for any more money than was agreed on at the Allocations Committee meeting. But when the report of the Allocations Committee is finally made public, it is important for the Jews of America to know that the United Palestine Appeal has a share in the grant of a quarter of a million dollars to Christian refugees, and in the half million dollars which is set aside for the Inter-Governmental study of the refugee problem in which, as you will recall, Sir Herbert Emerson, Director of the Inter-Governmental Committee for Refugees, indicated that Palestine plays and must continue to play a vital role.

With all good wishes, I remain

Most cordially yours,

(Signed) Abba Hillel Silver

AHS:BK

very all

CONFIDENTIAL

Verbatim Minutes of a meeting of the Distribution Committee held at the office of the United Jewish Appeal, 342 Madison Avenue, New York City, Room 2000 on Monday, July 15, 1940 at 4:00 P.M.

Present: Messrs. Jonah Wise (temporarily in the Chair)
Harris Perlstein (Chairman)
Harold Linder
Louis Lipsky
Solomon Lowenstein
Morris Rothenberg
David Watchmaker
Henry Wineman
Joseph C. Hyman
H. L. Lurie
Henry Montor

DR. JONAH WISE: You will select a temporary Chairman later, and possibly a Secretary, if necessary, and then go ahead with the business of the committee. Now, I am not a member of this committee. All the gentlemen here are either members of the committee as such, or alternates for the members of the committee. Dr. Lowenstein and Mr. Linder represent the J.D.C., and Mr. Lipsky and Judge Rothenberg are the Alternates for the U.P.A., and the other three gentlemen - Mr. Wineman from Detroit, Mr. Perlstein from Chicago and Mr. Watchmaker from Boston - are neutrals in the best sense - communities representatives. So now the only business I suggest you need transact at the moment, is that of electing a temporary chairman and then my job is through. The members of the two organizations are completely aware of what the intended functions of the committee are, so they can discuss that or any other business that comes up. Is there any suggestion for a temporary Chairman?

DR. LOWENSTEIN: How about Mr. Perlstein?

SECONDED AND APPROVED

(Dr. Wise left, at this point)

DR. LOWENSTEIN: I think we ought to say that this ought to be an executive body. I think we will have need not once but often, to call upon Mr. Montor, Mr. Lurie, Mr. Hyman and Mr. Haber, and possibly others, and I am sure they will be willing to help just as much as possible. I think they will understand this action.

MR. LURIE: I will say that the committee consisting of Mr. Hyman, Mr. Montor and I had an assignment to make.

(Mr. Montor and Mr. Lurie left the room to discuss their assignment.)

DR. LOWENSTEIN: Mr. Chairman, it seems to me, if you don't mind my opening the discussion, that what we are to do is to effect either a temporary or permanent organization of this committee. We have to extend the temporary organization by putting you in the Chair. I say that because as far as I am concerned - the others will

speaking for themselves - you are satisfactory to me. Inasmuch as three of the men here this afternoon are in an alternate capacity, it may be that they would prefer a permanent organization deferred until their principals can be here.

There is one other very important matter and that is the one Mr. Lurie just referred to. When we all --

MR. LIPSKY: Isn't it important to have before us a statement of the situation that requires our meeting here? Is there such a statement?

MR. PERLSTEIN: No, the gentleman who called the meeting would be best qualified to answer as to that. I had a telephone conversation with Dr. Wise, after receiving a wire, and he merely stated that it was necessary that we get together and to put considerable thought on the person who is to do the bidding, as I understood it. I think almost any of the rest of these gentlemen will be better qualified than I to talk about the subject. This is my first contact with it. I don't know the background.

DR. LOWENSTEIN: I think all four of us - I leave out Mr. Wineman and Mr. Watchmaker - are fairly familiar in a general way with the general situation, and if they don't mind, I would be very glad to open the discussion. There is no sense in being technical.

During the winter we had a series of negotiations between the U.P.A. and the N.R.S. and the J.D.C. which eventuated in an agreement between the U.P.A. and the J.D.C., that there should be joint money-raising for 1940 on behalf of the three organizations, with a definite contract as between the J.D.C. and the U.P.A. And as part of that contract it was provided in the first place, that there should be a definite division of the first \$11,250,000 of which \$5,250,000 to go to the J.D.C., \$2,500,000 to the U.P.A. and the N.R.S. was to get a sum of \$2,500,000 from the general campaign and \$1,000,000 from the New York City campaign, with the understanding that it might apply for an additional \$500,000 if necessity indicated that it should do so, to this committee, which was to decide whether it should get that additional money or not. All net sums derived from the U.J.A. of 1940 over those \$11,250,000 should be at the disposition of a committee to be constituted by agreement between the two organizations and the Council of Federations and Welfare Funds, and this committee is the result.

Now to answer Mr. Lipsky's question, unless he has further information, we have been told that at the moment, it looks as if there would not be more than \$12,000,000 net to distribute. In other words, if that be a fair estimate, there would be \$750,000 approximately at the distribution of this committee. And it was further the consensus of those who signed this agreement and who formulated it, that this committee should get organized as soon as possible in order that it might build up a secretariat, if I may call it that for want of a better term - a budget department, or whatever else you want to call it - which should consist of a director and such staff as he might require, to require from all the participating agencies any data, financial or otherwise, on which they might base their applications; study and analyze these, - if need arose, even to go to Palestine or to Europe or wherever else the need might indicate; and it was hoped that by some such process there might be created a more or less permanent organization, so that if it were successful this year, we should not have to go through this agony every year, of debating with one

another about quotas or whether we should come together or not, but accept this for the time being as a prelude looking to a permanent stabilization of this kind of activity.

Now, of course the situation has changed very much since that time. In the meantime, in order to help this committee get organized - it took a long time, in my ~~opinion~~ judgment, before we could all agree upon you three gentlemen - a committee was appointed informally, consisting of the two gentlemen - Mr. Lurie and Mr. Montor - and Mr. Hyman, to look around to see whether they could locate the kind of person that it might be desirable to engage for this budget function. And they have interviewed, I think, several persons, perhaps a large number of persons, and they have thus far found it extremely difficult. They finally recommended for our consideration, a man named Dr. Lorwin on whom they were all ready to agree as acceptable. It was understood that there was to be appropriated for the expense of this committee a sum not to exceed \$25,000. Dr. Lorwin came to New York last Monday, and we were all asked to be here. I was the only member of this committee that showed up. We had quite a talk with him. He makes a very good impression. He has had excellent experience. I can say briefly that he is a Columbia man, has written several books, I am informed, on authoritative phases of the labor problem. He was with the International Labor Office in Geneva and while there, made studies of various situations in various European countries, so that he has a good deal of that background. He has never been in the Near East. He has worked in this country for the Brookings Institute (?) and is just completing a study for the National Youth Administration at the present time.

So far as information has come to us, I have checked on it with a couple of people, he bears an excellent reputation. He made a very excellent impression. However, he thinks of the job, I think properly, in a way, in ~~rather~~ rather larger terms, and originally sketched out some kind of plan for permanent operations that would have involved a very substantial sum of money considerably in excess of the \$25,000 we had available, and he was told that that was not in the cards at all. At no time had we contemplated for this present effort to spend anything like the sum he had mentioned, but we wanted to know whether he could think of any more restricted terms outlined which he undoubtedly had with him. It was for that reason he came over last Monday.

After talking with us about the whole thing for an hour or so, he said that he could undertake a study that might occupy about four months and that he thought ~~to~~ ^{pay} his services and engage the kind of assistance he would need, and pay ordinary budgetary expenses of rent and all the things that go with it - stationery, clerical help, etc. - he would require not less than \$20,000, and of course not more than \$25,000, since that was all that was available, and that of that his fee would be \$10,000. We told him we would take the matter under consideration, though I think we gave a general indication, not all but perhaps a majority of us, that that was in excess of the amount of money to spend under present conditions for the amount of money available.

Now I have gone into detail about him because there are those who have been consulted who, I know, believe that the difference of a few thousand dollars isn't important. The important thing is to get established a kind of motus operandi that would justify this procedure and that might continue on, although we would not commit ~~us~~ ourselves to him or any other individual, that might continue on into next year or subsequent years, and accept this procedure as a going concern, and not

something to be discussed annually as in the past. There are others who believe that that amount of money is much too large to consider spending at this time, in the light of the rapidly changing, almost daily changing, situation which we have to face, and that we could not justify so large an expenditure even though we do feel very strongly that this should be a continuing procedure.

And there were therefore proposed two suggestions: (1) that we try to find some less expensive person than Dr. Lorwin who might be acceptable to all of us, or a majority, or failing that, if that didn't seem to be the desirable procedure, (2) that we try to appoint a Secretary - some person ~~as~~ such as Mr. Sam Goldsmith of Chicago, or Dr. Ben Selekman of Boston. If we chose one of them or anybody like them, we should ask his local organization to give him leave of absence, as might be required for this, and that he might then have assistants duly delegated to him - Mr. Montor from the U.P.A., Mr. Leavitt from the J.D.C. and Dr. Haber from the N.R.S. - and that they form a sort of cabinet that would work this thing out with this Secretary responsible. And along that same line the suggestion was made that we try to find an independent secretary, not somebody tied up at the moment with any local enterprise, who could act in the same capacity with the assistance of these men.

I have tried to outline all these things. I don't know to what extent these gentlemen have discussed the matter.

MR. PERLSTEIN: Well, the obvious purpose is to effect some kind of organization, and we will assume the first thing is to establish what positions are to be filled before we try to fill them. So I would suggest that we get an expression of opinion on that.

JUDGE ROTHENBERG: Well, obviously, the permanent ~~chairman~~ organization and either the type of person suggested or secretary.

DR. LOWENSTEIN: I think that would be acceptable to this committee anyway.

JUDGE ROTHENBERG: Speaking for myself, I should prefer the permanent organization should await the presence of the members, the representatives of the U.P.A. I am only an alternate, a substitute for either Dr. Silver or Dr. Wise. I shouldn't like to take the responsibility.

DR. LOWENSTEIN: I thought you might feel that way.

MR. LIPSKY: I think you should attempt to get a secretary.

MR. PERLSTEIN: It certainly would seem sensible.

MR. LINDER: I should think the notes of this meeting will suffice until your regular members of this committee are present, and then they can choose between an outside secretary or one of them acting as secretary.

MR. PERLSTEIN: Well, it will amount to our getting a transcript of this meeting and forwarding it to everyone to mull over, so they won't go passing hasty judgment on the important question.

JUDGE ROTHENBERG: I do think the type of question you referred to should be considered. That is the main thing here. If we want the kind of man to go to that expenditure, we should take action immediately. That really seems to me to be the important business of this meeting. My own view is that the situation is so changed and the amount available so unexpectedly small that I don't think we need that kind of organization. I think it isn't warranted, the expenditure wouldn't be warranted. I think the alternative outlined - a man of the type of Goldsmith or Selekman, with the representatives of the U.J.A., I think, are amply qualified to ~~handle~~ handle the situation, to give to this committee whatever information it needs for the purpose of allocating \$750,000.

DR. LOWENSTEIN: These other members should have a chance to express their views.

MR. WATCHMAKER: Let me express the opposite point of view, and let the gentlemen consider whether there is anything in it. As I understand it, my information is gained from two sources: from attendance at some regional meetings of the Council of Jewish Federations and Welfare Funds, and secondly, from experiences in New England. I believe that the origin of this question came from the Council of Federations. They found that at their regional meetings throughout the country, that they were continually being requested by the various communities to give them facts, figures, evaluations, studies. That has been going on now, in my impression, for at least two years. And it was as a result of that, that the Council made the request to the U.P.A. and the J.D.C. that a Distribution Committee be set up which would include representatives at large from the Council - so-called - representing the communities.

To my mind, the question isn't how much money is available to be distributed, because if the sole function of this committee were to distribute that \$750,000, I would be perfectly in agreement that perhaps \$25,000 isn't worth spending under those circumstances, but as I understand it, that is not at all the sole function of this committee. I understand that the purpose is to provide a continuing study that will obtain objective factual data on programs, expenditures, so that they may be in a position to make recommendations as to coordination of agencies, if there are any overlappings of work.

Now, it seems to me that we first have got to find out just what this committee is really supposed to do. I was furnished a copy of the contract, the agreement between the U.P.A. and the J.D.C., and that talked about ~~the~~ the committee of the budget studies, hiring personnel and other overhead expenses. Those were the words, for which money was being appropriated, rather indefinite, and I don't know just exactly what the members had in mind when that agreement was drawn. But if the program is ~~just~~ the distribution of \$750,000 and nothing else, I am in accordance with \$25,000 under the circumstances. If the program is to provide a continuing study, then I say that \$25,000 is sufficient if nothing else is to be distributed at the present time. So I come back to the question - just exactly what is the function of the Distribution Committee? I realize the immediate function may be the distribution of money, but is that the ultimate function?

it

MR. LIPSKY: I think ~~that~~ has an element of what we discussed here at the time this committee was referred to in agreement. At that time there was a

conception of having set up a continuing commission for the purpose of going into an appropriation of the money, the expenditures of money for the purposes of the agencies involved. It was thought that through this means, there would be created a bond of union between the two or three agencies and there would be set up on the part of the contributors a commission represented by a man who would know all the facts involved in the matter, who would go to the places where the expenditures were being made, ascertaining how these things were ~~being~~ affecting the situation, and subsequently be in a position to make reports to the communities that would be valuable to them in their programs and guidance in general.

But anybody who thinks of the situation today in the light of what we were thinking of at that time is bound to realize that the whole conception has suffered a collapse. There is nothing to talk about that has any relation to what we were talking about then. We were thinking of a continuing work of the J.D.C., normal in a certain sense, or abnormal, but growing in a certain abnormality. We were thinking of Palestine under a state of siege - that someone would go into the country, make investigations, find out exactly what things were being done with the money, and so on. But the situation now, I think, is so radically changed, that that whole conception, as a matter of fact, goes by the board. I don't think anybody would think in terms of the same things we were thinking of at that time.

MR. WATCHMAKER: But Mr. Lipsky, that in effect is saying that so far as the future is concerned, nobody can conceive of what any campaign in 1941 should be for.

MR. LIPSKY: I was thinking that the answer to that is that at this time, on July 15th, I think you can't think of anything, but in all probability if you meet in the month of September, there may be a different situation and you may be able to see your way through. Today or next week, I don't see how anybody can rationally observe the situation at all.

JUDGE ROTHENBERG: We ought to keep in mind, I think, that the staff as it exists now, is not uninformed on the subject. We are not approaching our work without any information as to ~~what~~ our money is being used for. We have a very substantial knowledge with respect to the European situation and Palestine, but a study such as we have in mind involves some sort of stability of the situation, which we haven't. You couldn't make any study today. The facts we would ascertain today might be entirely irrelevant tomorrow, so that I can't see how we can put anybody in a position of permanency, and what information we need with respect to the allocation of the money that is at hand, is certainly available, and this we must keep in mind - that \$750,000 which we have to allocate is so out of proportion to the needs as they exist, that there can be no question about making a mistake as to how we are going to distribute it.

MR. LINDER: Mr. Chairman, I just wanted to say that as we seem to be expressing ~~different~~ points of view here, in some discussions that I have had, there have been different points of view expressed also. I agree with what Mr. Watchmaker said, that there would be little point in getting a committee of this kind ~~together~~ together and in undergoing very substantial expense for the sole purpose of distributing and how best to distribute the money. I don't think that any study

is going to lead us to such drastic changes in proportions that even without a study, we wouldn't continue to drive substantially the same result. I do think, however, that it is a question of whether the situation is in such flux that we should undertake to set up a permanent body at very considerable expense at this time, or whether rather we shouldn't make the first step in that direction by undertaking a much less ambitious scheme than we had contemplated at the time this agreement was made, both because the situation was much more stable at that time, and foreseeable, or so we thought, and because it might have been assumed that a very much larger amount of money would have been available.

Those are the two things, it seems to me, have militated against the advisability of creating an elaborate organization. Now whether that we should make a start in that direction, I don't think anybody doubts. Whether the start can be made merely by getting a competent man to act as secretary, drawing upon the information that is already available from the three organizations, or whether we should do something more than that, I don't know. And I have a little of reluctance that Judge Rothenberg has in expressing a definite opinion, being merely an alternate. I do think that something in between should be done - no organization, and the kind of statistical work together with trips in the field-by that, I mean both Europe and Palestine - is indicated.

MR. WINEMAN: I partly understood that the work of this committee, besides distributing the funds, was a study of the ~~work~~ evaluation of the work of coordination of activities and consideration of the campaign for 1941, which was mentioned, which, I think, is very very important. I was rather surprised when I got here today to hear that the amount of money raised in the United States was so small. I don't know anything about it, but I was very much disappointed. Now maybe one of the main reasons was because they got a late start last year. No business can start in February to carry on the work that starts in January 1941, and I think that it would be fine work on the part of this committee if within its providence, it would be able to do it. Also, whoever takes up this work should think in terms of an appeal for next year.

DR. LOWENSTEIN: Since everybody has spoken but you and I, Mr. Chairman, I would like to say, as I said before, I can't reconcile myself to spending \$25,000 at this time for this purpose, much as I want to see it accomplished. I have been one of the most ardent persons for this committee, and I say here that unless we can work out some kind of an arrangement of this sort, and determine these things on the basis of such ascertaining facts as we can get, I don't believe we will have any joint campaign next year, and I don't think we should. On the other hand, you three (Wineman, Watchmaker and Perlstein) at least know better than we do what the sentiments in the various communities are with respect to that, and I think that nearly all the sentiment is that there should be a united campaign. I am perfectly willing to go along with that, but I want the kind of campaign - objective - that could come out of this careful, analytical study and with all information available.

I don't think we will get that this year, so I am in great sympathy with Mr. Watchmaker. I want to see a permanent organization effected, but at the moment I think we've got to go slowly about it, and therefore, instead of committing ourselves at this time to something that would carry over automatically to next year, I'd say, let's temporize it for the time being, try to get as good a secretary as we can. I'd like, of course, to have one absolutely impartial and disinterested, who would utilize the available proportional assistance in the organization who, I

think, can provide pretty much all the data that anybody else can get at this time. If I thought there were any possibilities of sending a man to Palestine, Poland, wherever necessary, and getting the stuff on the spot, I'd feel differently about it, but I feel that that is absolutely impossible under present conditions. So my feeling is that we ought to try to get a very good secretary engaged for the rest of this year, with no commitment for the following year, but with the thought in our minds that if he is the right person, then to continue with him and utilize the resources of the three agencies, all of whom have good men, and outline your plans with an idea of future continuance, but no personal commitment.

MR. PERLSTEIN: It seems to me that even if conditions were more or less stable normally, it would be questionable as to whether or not we would want to set up a new fact-finding body. That goes on the assumption that the facts already available are not sufficient for the purpose. And it seems to me that it is difficult to assume with any degree of accuracy, that a new man engaged, brand-new to the work, would bring us more dependable information - sending him off to Europe for the first time and Palestine for the first time - I would be inclined to think that perhaps the information he would bring back would not be as dependable as that already available. My personal view would be then, that someone in the position of a community fund, and as a general rule they get information from their agencies by requiring the answering of specific questions in a specified manner, rather than sending someone definitely into each agency to question the operations, and it would seem to me entirely logical that we first try to get our facts by merely assembling and studying those that are already available.

If we find after having tried, that they are not adequate, we are then faced with the question of perhaps someone to start anew to get them. But that would be my personal view, even if the situation were not as unstable as it is. Add to that the uncertainty, I think we would be very much in error if we started a new and intensive search for facts which aren't valid 24 hours after you get them, and I am therefore very much in agreement with the idea that we ought to set up an organization here ~~that~~ with an individual, possibly someone who is already supplied by one of the agencies ~~and~~ and who is capable and impartial, to assemble information from the three agencies, and to tell us that the information is lacking in this, that or the other respect, and then go back to the agency in question and ask additional questions and see whether we can't get all that we need to pass judgment on for the time being, and then let the situation develop, but certainly not step into an intensive program at this moment.

DR. LOWENSTEIN: If this committee wished it, do you think Mr. Goldsmith would be available?

MR. PERLSTEIN: That depends on how much time would be involved. Of course, he did a similar job once before and if it was a job that took a little time, I am quite sure he would be willing, although there is a disposition there to feel that he can't do everything and that something local is apt to suffer, but Sam Goldsmith, of course, is in a better position now during the next few months than he would have been a few months back with a Chicago campaign on his hands.

MR. WATCHMAKER: Mr. Selekman would be out of the question because our campaign takes place in October, and it is not only an overseas and refugee campaign,

but it is combined with the local philanthropies, and this is the first time such a thing ever took place to raise \$1,250,000 in Boston. It is the biggest task ever undertaken there.

Council

MR. LIPSKY: How would it be to extend the work which the ~~League~~ of Jewish Federations and Welfare Funds has been doing in connection with information about the distribution of funds.

DR. LOWENSTEIN: I went personally - I think I made a fight in the Council itself. I think that is the job of this committee and not the job of any of the existing agencies. In other words, I feel very strongly that the man whom we engage for this purpose should be our man with no other loyalty than that to us, and should not represent the Council.

MR. WATCHMAKER: I agree with Dr. Lowenstein but by the same token, I believe that a man who is engaged, Goldsmith or anybody else, should be entirely a person who is not tied up with either agency, and therefore I dissent from the view that he should have the assistance of the representatives of the J.D.C. and U.P.A., except insofar as all the information should be made available by them. I mean, the purpose of this thing is to try - there is no such thing as a person connected with an agency being an impartial person. That person hasn't been born yet, and either you want an objective person or you don't. Now, I know Goldsmith, ~~xxxxxx~~ and I know that he is a very able man, and I don't know anything at all contrary to the fact that he isn't ~~an~~ objective, but I think that he ought to have his setup and that he should not be burdened at the outset with representatives of these organizations as assistants.

MR. PERLSTEIN: Then in your view, to call upon them for such information as may be available --

DR. LOWENSTEIN: I want to make a suggestion since I was responsible for excluding these men. I believe I said to you that they would be formally appointed to explore the field. Now we don't have to commit ourselves today to Mr. Goldsmith or anybody else. I wonder whether at this point you would think it wise to ask them to come in and ask them to tell us about other persons under consideration.

MR. WINEMAN: I think it would be a good idea.

DR. LOWENSTEIN: Then we should ~~xxxxxx~~ telephone Mr. Hyman and ask him to come down too.

MR. WATCHMAKER: Then to summarize the situation, a study under the existing circumstances that would involve an expenditure of a large sum of money wouldn't be justified because of the change in the situation. However, a temporary secretary or worker could be set up at no great cost that would serve two purposes: first of all, consisting in the committee and distribution of such money as will be available, and secondly; that ~~xxxx~~ there will at least be a study. In other words, I have very clearly in mind that there isn't a continuing study setup today, and I can see the point of view that it isn't desirable. I have clearly in mind that the time must come, in two or four months, when it must be set up.

it

Now you may say, well, if you are going to set up in four months, why not set it up now? Because I can see the point of view of these gentlemen, that nothing of any great consequence can be accomplished until there is some stabilization. In other words, I don't think anybody is attempting to say here that they disagree with the fact that a continuing study by an outside person should be made at the appropriate time. The point is simply that this isn't the appropriate time to spend this money and to get someone engaged in this thing. If you get a report at the end of four months, and that report may be entirely obsolete in six months from today, whereas, if a report beginning in four or six months from today is made, things will be more stabilized.

(At this point Mr. Montor, Mr. Lurie and Mr. Hyman entered.)

MR. PERLSTEIN: We have been considering a question of what program the committee should undertake, and who should undertake it. We understand that you have been paying some attention to the question of a secretary, and we would like to learn what we can of the investigations you have made.

MR. HYMAN: We have had more or less informal meetings of this tentative committee, consisting of these gentlemen (Mr. Montor and Mr. Lurie) and myself. We had a number of names to consider, among them people who had had some contact with Jewish work, and on the other hand, men who are known to be good research men but had never been in the channels of Jewish activity. Mr. Lurie was good enough to give us a list of people connected either with the Brookings Institute or departments in Washington. I think the opinion on the whole of our little group was that we could find men with some research experience who have had background with Jewish problems, if that would be preferable, and so we discarded for the time being looking for men of the exclusive research type.

We had four or three names before us. One was Dr. Lorwin. The second was a man by the name of Dr. Norman Stone, and another name tentatively suggested and mentioned was Elisha Friedman, and the fourth name was that of Mr. Jacob (Erin or Stein?). In any event, some of us met Dr. Stone. I don't think any of us took occasion to meet or talk to Friedman. We met Dr. Lorwin on several occasions. I think all of us - the three of us - felt that Lorwin was an exceptionally competent man and that while he lacked intimate contact with Jewish organizational matters, that he could develop them very promptly. I think we all felt that he was a man of objectivity who would be free of any partiality of any kind. The thing, frankly, that stumped Mr. Montor and me about him - I don't know if Mr. Lurie felt that way - was that we felt he was over-ambitious in planning. He spoke of a project entailing an expenditure, I think, of \$60,000 for a study of the organizations comprising this united appeal, ~~and~~ related by him, and he thought it would take a period of from eight to nine months before any real conclusions would be presented in what he would regard as ^{in an} authentic or authoritative way.

I think both Mr. Montor and I, without having sounded out the views of our respective committees, felt that that, in the first place, exceeded so far the allotment that had been set aside in this U.J.A. of \$25,000 maximum, at the same time projected the inquiry so far beyond the time when the organizations would need to have some decision, that we didn't regard that as practical. We discussed it again and Mr. Lurie, on the basis of the suggestions of Mr. Montor and myself, asked Dr. Lorwin whether he considered coming in on a shorter term basis, and one that

wouldn't ~~we~~ involve so complete and comprehensive a study. And at that time any of the men who had now joined in this committee would be available, because he did seem to us in many ways to be in other respects an excellent worker for this post.

JUDGE ROTHENBERG: What is his present position?

MR. HYMAN: He is with the National Youth Administration. He has an excellent background, both with working people, with the International Labor Office and his general reputation, I am told, is excellent. I think he is a man of about 50 or over, good presence, and carried himself extremely well, knows his mind. I think he knows how he wants to go about it, when we pursued the matter with him. I don't know whether these gentlemen want to add anything to what I have said. It seemed, at least to me, if he could be gotten for a shorter term and within the limits of our appropriation, that he might be the man.

JUDGE ROTHENBERG: Has he any familiarity at all with our work?

MR. HYMAN: General contacts. I don't think he has ever been involved in any special Jewish activity.

MR. LINDER: Is he a Jew?

MR. HYMAN: Yes, he is a Jew, and as far as I could ~~sensitively~~ sense it, interested and desirous of doing something useful in this work, as a Jew.

MR. PERLSTEIN: If we understood Dr. Lowenstein, his approach was that he would have to dig everything out from the ground up, rather than accept data offered by the various organizations. Is that right?

MR. LURIE: I don't think that is exactly correct. Since I have had most of the correspondence with him, I think it is better perhaps that I should talk on the subject. I first put up a rather large project to him which would involve not merely the collection and interpretation of existing data, but also an examination of the actual programs in the countries in which they are being carried on. That I think was four or five months ago, and about the general attitude of the people whom we are talking about in the U.J.A. about what this project would be, on that I also have a reply. He thought that that kind of project - this was before the acute war situation, so it seemed at that time more plausible - could not be done in three or four months, but would require seven or eight months and might involve about \$45,000. Our committee of three men considered that and we whittled down the project and put it up to him, which did not include examination or visits in the actual countries of operation, but rather an evaluation of the information that could be secured from the available agencies in this country. Now, that in itself can be a very routine job without very much in the way of interpretation or it can be done on the basis of interpretation and relation to world events, so that I included in my letter a suggestion that that kind of examination should be in relation to a perspective on economic and political events in Europe overseas, with which this group will have to work. We thought at our last meeting that that assignment could be completed within three or four months and might take from \$20,000 to \$25,000.

I have Dr. Lorwin's biography from Who's Who, and it gives something about what he has done in the past, his experiences in economic and political research.

JUDGE ROTHENBERG: I think we have a sufficient picture of the man.

MR. PERLSTEIN: Assuming that the job was of lesser magnitude and that for the moment we were looking for a person who would evaluate the data that is already available, and perhaps be able to ask questions and get additional information from the various agencies, and ~~this~~ we weren't supposed to go into as costly a program as that, is there anybody among the others you interviewed that you think is worth consideration for that more limited job?

MR. HYMAN: I don't think that we agreed on anybody else. We didn't agree on Dr. Lorwin, as a matter of fact. We felt we should present some of these names to you gentlemen. Personally, I think a man of the type of Elisha Friedman would be a first rate man. I don't know how many of you know him. He is an economist. He did some work in construction at N.Y.U. He wrote a number of very comprehensive books on various phases of post-war reconstruction, and I should think offhand that a man like Friedman would be a first rate person. I don't know if he is free. If he were free, I should say that he is the sort of man who could do a good job.

MR. MONTOR: In the discussion of the problem there were two central questions that had to be answered and which I assumed the Distribution Committee will have to answer, and that is, to what extent will the Distribution Committee be able to function? That is, what amounts will be placed at ~~the~~^{their} disposal for distribution, and therefore, what research will be required to determine how those funds should be ~~spent~~ spent. Should be done by someone either of the calibre of Dr. Lorwin or someone operating in the same field as Mr. Friedman or someone else? Or you could follow the procedure that was used last year, that is, bringing in someone who has familiarity with the work of the J.D.C., the U.P.A. and the N.R.S., someone who has worked within the community and someone who could within two or three months prepare material along the same lines as Mr. Goldsmith did last year.

When the program was considered at the beginning of this year, last year's procedure was abandoned because it was felt to be unsatisfactory, and because larger research was necessary, and in the meantime changes with respect to the situation have taken place. So, therefore, if someone of Dr. Lorwin's type is not wanted, that is one of the things that we have been discussing, to bring in someone who might be detached from one of the Welfare Funds or similar activity and prepare material for the consideration of the Distribution Committee.

MR. PERLSTEIN: Have you gentlemen any suggestions in that field?
in our minds,

MR. HYMAN: A great many good men are ~~available~~, but the question is, can you get them - men like Ben Selekman.

DR. LOWENSTEIN: He is out of the question. There is a campaign coming up in Boston in October.

MR. HYMAN: I wouldn't know ~~from~~ if Harry Greenstein would do it. I think he has taken on giving a course of instruction out west.

MR. PERLSTEIN: ~~isn't it helpful for you to decide what functions you want the director to perform?~~ Wouldn't it be helpful if we were given a list of such men?

MR. LURIE: Isn't it helpful to you to decide what functions you want the director to perform? I'd like to read you the functions listed for Dr. Lorwin: there are four functions:

- "1) The evaluation of available information, financial and other data;
- 2) the placing of the programs of the overseas and refugee agencies and respective agencies in relation to the current war problems;
- 3) the evaluation of quota and suggestions for methods of improvement of basic data and procedure for securing additional information; and
- 4) an outline of the program of research for subsequent years."

Now perhaps the fourth may be questionable, but as to the others, if you still want that kind of study, I think a person like Lorwin is required. If you want merely the routine preparation of data now available without any evaluation or weighing of material or placing it in relation to general political events, that kind of routine job would require an entire different kind of man, and for that, one of the Federation executives would be competent, with some assistance on the job.

MR. PERLSTEIN: It seems that is all we are in a position to undertake with any degree of intelligence at this moment. Our conclusion was that to undertake the other study now would simply mean that we would have to do it over again in the light of changing situations about as soon as it was finished. We didn't discuss one thing you mentioned, which seems to be rather ambitious, and that is, a program which sort of becomes a super-guide to what the organization should do. My interpretation of the functions of the committee is that it is to attempt to divide the available money now and in the future perhaps, among the existing organizations on the best possible basis, and not to try to set the policy for those organizations. I think we will probably find ourselves in hot water if we were to do that. And part of the work you mentioned there would certainly seem to be that.

MR. LURIE: Of course, all this is in relation to some of the preliminary discussions that were entered into long before your personnel committee was established, and so perhaps we have been proceeding from an entirely different ~~main~~ approach. Because the general idea, certainly in the early part of the winter, was not so much on the question of how much money would be available for distribution, but rather the development of a new process to judge decisions on matters of fund allocations to these agencies, and perhaps there was also some idea in the minds of those who discussed that, that a procedure could be established this year which might form the basis for continuation of such activities as the U.J.A.

MR. PERLSTEIN: Well, seemingly, so far as these men now are ~~anxious~~ engaged, it comes down to Dr. Lorwin with the possible addition of Mr. Friedman.

DR. LOWENSTEIN: I'd like to know how many persons know Mr. Friedman.

(No one gave any indication that he knew Mr. Friedman.)

MR. PERLSTEIN: I wonder whether the best thing we could do would not be to have the information written up on both those gentlemen, and with a supplementary list of suggestions as to suitable people from the Welfare Funds and whether they are available or not. Would that serve the purpose if we circulated that among the members of the committee?

MR. LIPSKY: I think if we proceed to name a Secretary of the Distribution Committee for the purposes of the committee, that would be sensible, leaving ^{it to him} ~~it to him~~ to establish a method of procedure for the Distribution Committee, all this information, distribution, calling another meeting, etc. If we make the organization dependent upon securing personnel or investigation of a matter, I think this committee would never be organized at all. We have a request here, for example, from the N.R.S. How do we proceed with it?

JUDGE ROTHENBERG: I understand Mr. Kaplan wanted to make some application too.

MR. LIPSKY: How do we go about it?

DR. LOWENSTEIN: I couldn't go along with Mr. Lipsky. We have to have material. Although I am a director of the N.R.S., I wouldn't vote on that request without material. I don't think we will get along this way, and therefore I would suggest - and you will have the entire authority to make it - that you appoint a sub-committee of three persons who are either in New York or easily available. By that I mean that any one of you three gentlemen could come when the material is ready, to go over this whole business and take these individual names and decide ~~by~~ which one of them to approach and do it rapidly. The field is not large. You ought to be able to reach out and get almost anybody you want. But there are really very few persons available. It seems to me we are limited to three kinds of choices:

First, to decide as you apparently have before you came in, that at the moment, attractive as Dr. Lorwin is, we can't undertake to engage him on the terms he lays down. Second there is a question of whether or not we should get Federation or Welfare Fund people, and thirdly, whether we should get an outside person. Now we have had the suggestion of Mr. Friedman, Mr. Jacobstein and Dr. Stone. It seems to me that if we get the qualifications of those three men, you appoint a sub-committee of three and get together within the next day or two.

MR. WATCHMAKER: As to what Dr. Lowenstein was just talking about, I am not certain that the Chairman meant what I think was the impression he created when he talked about that this committee is to allocate money and is not to be a super-guide. I assume that the Chairman didn't mean that this committee is to do now or hereafter, just simply to decide how certain monies should be available, because that necessarily involves, in order to have an intelligent position, a knowledge of the facts - data, etc. - and calls for continuing studies. And I assume that the Chairman didn't mean to ~~exclude~~ that as part of the program of this committee, because if the Chairman did, I imagine, according to my own view and as has been expressed by the others, that perhaps at the present minute the undertaking of a study might be futile, due to the daily changing of conditions, and a report we get four months from now might be obsolete. But regardless of any study, any work that is undertaken now by Dr. Goldsmith or anybody else, I personally ~~am~~ ^{am} of the opinion that as soon as we do know conditions are somewhat stabilized, that the

proper study must be undertaken, should be undertaken, for the purpose of enabling a proper distribution.

DR. LOWENSTEIN: I think we all agree with that, Mr. Chairman. None of us regarded this allocation of \$750,000 as our only function. We do feel at the moment we are not in a position to lay down the lines of large intensive study for future developments.

MR. PERLSTEIN: Well, I refer to the nature of the study, whether it was to go into the programs to such an extent that it would in effect dictate what J.D.C. or U.P.A. or N.R.S. should spend money for, and I assume that that was not the function of the committee.

DR. LOWENSTEIN: They will ask us for money for certain purposes.

MR. PERLSTEIN: We are to pass on that program.

DR. LOWENSTEIN: Well, they already have assurances that monies have been set up for them out of the first \$11,250,000. Beyond that the demands are extra. The function of this committee is to determine which of those special requests should be granted.

MR. LIPSKY: All questions that have come before the U.J.A. are in vague terms and indefinite. We don't know exactly what we are going to do. My impression of the appointment of this Distribution Committee was that there was a desire on the part of many people, especially of the Welfare Funds, that there should be created in the U.J.A. board that would impartially pass upon the policies of the various agencies collecting money in the United States, that would eventually, if properly developed and carefully nurtured, create a board of control. Now it has never been expressed in definite language.

DR. LOWENSTEIN: I think "control" is a pretty remote word, and not very advisable.

MR. LIPSKY: That is because you don't want to use definite words. I think what was involved in that was a definite control of the expenditures of funds collected in the United States.

MR. PERLSTEIN: In that direction, of course, you need a different type of survey.

MR. LIPSKY: So that what we are doing now is retreating from that position.

DR. LOWENSTEIN: I don't know if Mr. Lipsky knows this or not, that at a recent meeting of the board of the Council of Federations, this very idea he has talked about which is nothing new, was brought up at the instance of the Western Regional Conference of the Council. And the Council authorized its President to appoint a committee to study this whole business of distribution and what should be recommended with respect to budgetary control, or anything else, and that committee, as I understand it, is now in process of appointment.

MR. LIPSKY: Do you remember at Detroit when Mr. Selekman got up at a meeting and stated very definitely that he thought the Council of Welfare ~~Funds~~ Chests shouldn't have any relation to the agencies, because it wanted to be exclusively neutral and didn't want to influence anyone, and he found himself facing a very opposite opinion on the part of a large number of people that were sitting there. Now it was clear that in the Welfare conference in Detroit, the overwhelming opinion was in favor of a control of the expenditures. I don't say it is good and I don't say it is bad, but that is a fact and you can't leave this situation involved in the appointment of this commission without realizing the heart of it is that idea.

MR. PERLSTEIN: That affects the type of person you pick out, as well as a program.

MR. LINDER: Isn't it a fact that if this committee ~~sub-committee~~ ~~is, in effect, an~~ allocations committee, and is permanently organized, with competent advice, it will have an influence on the relationship of the constituent agencies at the time each new drive is proposed? It will undoubtedly have some influence on the rigid contributions made to each agency, and will obviously exercise a degree of control in its allocations. But it seems to me that that is an indirect result, or rather the kind of thing that would result from a statement received from this committee which would say, in effect, this is the way you are conducting Palestine, etc.

JUDGE ROTHENBERG: I think it is going too far to say it was contemplated we should outline the policies of the organizations.

MR. LINDER: I think we might actually look at our terms of reference.

JUDGE ROTHENBERG: A just proportion of the distribution of funds.

MR. PERLSTEIN: What we are really to determine is the priority of expenditures.

MR. LURIE: I think it was more in the original --

MR. WINEMAN: Why don't you record the original purpose? I think you are overlooking it. I don't think you are carrying out the purpose, as I understand it from reading this (agreement between J.D.C. and U.P.A.). "Upon organization of the Distribution Committee, there should be allocated to it from the U.J.A. an amount not in excess of \$25,000 to be used during 1940 in connection with budget studies, personnel and other overhead expenses, to the end that the said Distribution Committee shall have for consideration at its various meetings all material which may be pertinent to a thorough analysis of all matters before it. The Distribution Committee shall be named not later than March 15th! Then it goes on further to say, of course it is not obligatory, I think --

MR. PERLSTEIN: The important question still remains the election of a Secretary, then, doesn't it? And the only definite suggestion so far is that a sub-committee be appointed to go into the subject further.

JUDGE ROTHENBERG: I second that motion of Dr. Lowenstein's in that regard.

MR. PERLSTEIN: Do we have a discussion of that?

APPROVED

MR. PERLSTEIN: I should like to suggest this also. I got this Chair more or less by accident, and I think the same thing applies even to temporary Chairmanship. If your work will center here in New York, it would be better to select somebody here, or closer than Chicago.

DR. LOWENSTEIN: I don't know how available any one of you may be, but I personally would not at this time figure on New York, because it happens that all of us in New York are definitely connected with one organization or another. I think we should have an impartial person. You are quite satisfactory.

MR. PERLSTEIN: Mr. Watchmaker would be more acceptable than I am.

MR. WATCHMAKER: I think the Chairman is alright as he is.

JUDGE ROTHENBERG: I think ~~is~~ since Mr. Perlstein has been named, he should continue.

MR. PERLSTEIN: Then I will continue as temporary Chairman. This sub-committee ought to be named immediately, and I'd like to have free discussion since I am the person least familiar with the gentlemen in the work. I'd like to have the benefit of some advice. It was assumed that the committee should ~~be~~ consist of people close to New York, and that the people who are in New York are the people connected with the agencies. If any of you gentlemen have any suggestions, I'd like to have them.

MR. WATCHMAKER: The question is who should serve off the sub-committee and to consider the appointment of --

MR. PERLSTEIN: The sub-committee is merely to make a recommendation.

MR. WATCHMAKER: I think that question, Mr. Chairman, ought to be of the people who know something about the situation. You are talking about personnel. You are talking about men. I don't know why a recommendation shouldn't come from Mr. Montor, Mr. Lurie and Mr. Hyman.

DR. LOWENSTEIN: Well, my own idea would be that one of the U.P.A. and the J.D.C. and one of the Federation --

MR. PERLSTEIN: Will you accept, Mr. Watchmaker? You are closer to New York than either Mr. Wineman or myself.

(Mr. Watchmaker accepted, and it was decided that a meeting of the sub-committee, consisting of Dr. Lowenstein, Mr. Watchmaker and Mr. Perlstein, should be held at 2:00 the following afternoon at the office of Dr. Lowenstein. ~~Mr.~~ Mr. Hyman, Mr. Montor and Mr. Lurie were to be present.)

MR. PERLSTEIN: We need a Secretary pro tem, to keep the records here. Will you serve, Dr. Lowenstein?

DR. LOWENSTEIN: Yes, but only pro tem.

MR. PERLSTEIN: Let me declare on this one thing, I assume Dr. Lowenstein's motion was that the gentleman to be selected rather than recommended. I think that as soon as you make some conclusion, the members of the committee be circularized and the whole problem laid before them by mail, rather than by waiting for another meeting.

MR. LIPSKY: The committee can ascertain from its colleagues what their opinion is and vote on it.

DR. LOWENSTEIN: I think it is alright to send special delivery or airmail letters and ask them to telegraph a reply.

MR. PERLSTEIN: I should like to see ~~the~~ recommendation when it goes out to some of the members of the committee, so that those who are not here will be made familiar with the whole thing, and then perhaps we can get somewhere. Now is there any thought as to about when another meeting would be in order?

MR. WATCHMAKER: You might find that the person you want you can't get.

MR. PERLSTEIN: Is there anything urgent? We have these various requests, but I understand there is only about \$750,000 to be disposed of, and that is not available as yet.

JUDGE ROTHENBERG: There is a request here from Mr. Kaplan, which he asked me to mention. The procedure of this is to be considered. He has some request to make, I don't know just what it is, - some question of emergency of allocation or provision.

MR. MONTOR: I don't whether it is in form, but what he had in mind was that, not application to the Distribution Committee at this time, not a distribution of additional funds because he is thoroughly familiar with the fact that the funds are not available for distribution at this time, but the granting of priority in distribution to the U.P.A. He mentioned the special situation that has arisen in Palestine in connection with the war. One of the things he had in mind related to the evacuation problem from the coast. And he expressed the hope that the Distribution Committee might consent to the granting of priority to the U.P.A. to the extent of \$250,000. That would involve not additional money beyond the \$2,500,000 which the U.P.A. has already been granted by the agreement but a change in the form. At the present time, for every \$10.25 (million?) received by the U.J.A., \$5.25 goes to the J.D.C., \$2.50 to the U.R.A. and \$2.50 to the N.R.S. And the application is that this form be varied to the extent that Palestine may receive this emergency grant which, of course, will be absorbed later on payments that are made.

DR. LOWENSTEIN: It seems to me that that is not our business. That is purely a U.J.A. matter and that kind of application ought to be referred to the U.J.A. But I think what we want to do is at this moment quite apart from that - not to establish any kind of priority - but I would suggest that either you as temporary Chairman or a temporary Secretary write at once to the three parties involved and

tell them that this committee has been organized and requests their early indication of the special requests they want to lay before us. Then that will be the duty of the Secretary.

MR. PERLSTEIN: But we leave the matter of time for the next meeting quite open. It may be in 30 or 60 days, and the point of it is, I don't want to overlook the calling of a meeting for any real need, and at the same time I don't want to call a meeting again without something quite definite to be done.

DR. LOWENSTEIN: Personally, I can't see the need for any immediate meeting until after action on this immediate matter. I do think when we get a man appointed and get him to work, we ought to then have a meeting.

MR. PERLSTEIN: I want to be perfectly sure there wasn't anything we had to deal with quickly.

Meeting adjourned at 5:35 P.M.



AUGUST 5, 1940

REGular Meeting of the Sub-Committee of the
Distribution Committee of the United Jewish Appeal for 1940
Room 703, Federation Building, 2 West 47th Street, New York City
3 P.M.

PRESENT: David M. Watchmaker, Chairman; Solomon Lowenstein.

Excuses were received from Judge Morris Rothenberg, who had stated he would send an alternate, but it developed on telephoning that he had neglected to do so and that Mr. Lipsky when asked to attend said it was impossible, but that the meeting should proceed without him. He asked that he be advised of the proceedings of the meeting.

Present by invitation: Mr. Joseph C. Hyman of the Joint Distribution Committee, and Mr. Harry L. Lurie of the National Council of Jewish Federations and Welfare Funds. These two gentlemen with Mr. Henry Montor of the United Palestine Appeal had constituted an Advisory Committee appointed during the negotiations preliminary to the organization of the Distribution Committee to endeavor to present candidates for the position of director of the Committee. Mr. Montor was unable to be present at this meeting because of absence from the city. Mr. Elisha Friedman was also present, by invitation.

This Sub-Committee consisting of Mr. David M. Watchmaker, Judge Morris Rothenberg and Solomon Lowenstein had been appointed at the organization meeting of the Distribution Committee to endeavor to secure and propose a professional officer for the Committee and to report back to the full Committee. The purpose of the study with reference to the three agencies which constitute the United Appeal is (1) to secure an evaluation of such information as is now available with respect to them, financial and other data (2) the placing of their programs in perspective in relation to current war problems (3) the evaluation of the quality of the available data and recommendations for improvement and the securing of additional information and (4) furnishing a program of research for future years. The Sub-Committee had held two meetings prior to this present meeting at which it had discussed the proposal of Dr. Lorwin previously reported at the organization meeting of the Distribution Committee and had interviewed

Mr. Elisha Friedman and Dr. H.I. Stone, consulting economists, both of New York City. The Sub-Committee had preferred Mr. Friedman, who had indicated his willingness to accept the position and was present at today's meeting for final discussion of the matter. Meantime, a letter had been sent by the Secretary pro tem of the Committee to the full membership submitting Mr. Friedman's name for approval and asking for an immediate vote by mail as to the approval or disapproval of proposals to authorize the Sub-Committee to engage Mr. Friedman and proceed with all necessary details to the establishment of an office for the Committee and the beginning of its work. Approvals were received and are attached to and made part of these minutes from Messrs. Perlstein, Wineman, Watchmaker, Silver and Lowenstein, members of the Committee, and from Messrs. Limier and Goldwasser, alternates. There were no disapprovals, but no replies as yet have been received from Messrs. Wise and Becker, regular members, and Judge Rothenberg and Lipaky, alternates. Judge Rothenberg, however, had participated in the previous meeting of the Committee and had approved of the proposals submitted. The Committee by formal resolution elected Mr. Elisha Friedman as professional Director for the Distribution Committee of the United Jewish Appeal for 1940 at a salary of not to exceed \$5,000., payment to be deferred at the request of Mr. Friedman until the work has been completed. It is understood that Mr. Friedman is to devote full time to this task with the exception of one day per week required for his private affairs, with the understanding that he may require limited leaves of absence of two days at a time for possible public work which may be required of him prior to Election Day. It is understood that in all events his work for this Committee shall be completed by the end of November, but earlier if possible. Mr. Friedman accepted the appointment under these conditions and will begin work immediately.

It was further resolved that the Secretary pro tem be authorized to apply immediately to the United Jewish Appeal for an advance of \$5,000. on the sum of \$25,000. available for the use of this Committee under the terms of the agreement for the United Jewish Appeal for 1940 and it was further resolved that the Secretary pro tem be authorized

to open a bank account in the name of the Committee and in accordance with such form of resolution as may be required by the bank, such bank to be one of those at present used by the United Jewish Appeal. It was also decided that for the time being office be secured with the United Jewish Appeal at 342 Madison Avenue, New York City and that Mr. Alex Rothenberg, Office Manager of the United Jewish Appeal be asked to volunteer his services to this Committee with respect to the details of office administration. It was resolved that all checks drawn on account of the activities of the Distribution Committee should be signed by Solomon Lowenstein or any other person or persons designated in writing by him; all checks to require two signatures. It was decided that a brief notification of the organization of the Committee and of the election of Mr. Friedman should be supplied to the United Jewish Appeal with the request that through its Public Relations Department such notification be made through the Daily Bulletin of the Jewish Telegraphic Agency, subject, however, to the prior approval of the form of release by Messrs. Watchmaker and Lowenstein. There was some discussion as to whether Mr. Friedman's studies, analyses and recommendations should be confined to the three beneficiary agencies participating in the United Jewish Appeal for 1940, viz., the Joint Distribution Committee, the United Palestine Appeal, and the National Refugee Service, or whether it should also include such other organizations appealing to the general Jewish community, as Hadassah, Ort, HIAS, etc. It was the opinion of the Committee that the work of Mr. Friedman's office should be primarily related to the three participating agencies and to consider the others only incidentally as their work may be related to or duplicating that of other agencies.

It was decided also that Mr. Friedman should immediately undertake a study of the work of the three participating agencies and on the basis of such studies indicate in a report to be submitted to the full Distribution Committee the number and character of staff personnel that he believes he will require to assist him and

the salaries to be paid to such persons; he being authorized, however, to proceed immediately with the engagement of a competent secretary.

There being no further business, the meeting adjourned at 4:30 P.M.

SOLOMON LOWENSTEIN

Secretary pro tem.

Subsequently to the meeting and prior to the circulation of these minutes further approvals were received from Rabbi Stephen S. Wise and Mr. Louis Lipsky.



United Jewish Appeal
342 Madison Avenue
New York City

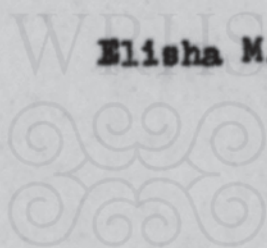
xcv all

ALLOTMENT COMMITTEE INQUIRY --

ITS AIM AND SCOPE

Memorandum from

Elisha M. Friedman



Second Rough Draft
Subject to Revision
August 21, 1940

-- CONFIDENTIAL --

Please return with
comments to E.M.F.

Elisha M. Friedman

SUMMARY OF OUTLINE

- I. TERMS OF REFERENCE
- II. MAJOR FUNCTIONS OF U.J.A.
- III. DIFFICULTIES OF AIM
- IV. ALLOTMENT PRINCIPLES
- V. METHODS OF ALLOTMENT
- VI. ACCOUNTING REQUIREMENTS
- VII. ACCOUNTING DIFFICULTIES
- VIII. PARALLEL ORGANIZATIONS
- IX. PLAN OF INQUIRY
- X. SPIRIT OF INQUIRY
- XI. VALUE OF THE STUDY

I. TERMS OF REFERENCE

The terms of reference defined in the minutes of the meeting of the Committee on Distribution of the United Jewish Appeal on July 5th and August 5th, 1940 are as follows:

"The purpose of the study with reference to the three agencies which constitute the United Jewish Appeal is:

- "1. To secure an evaluation of such information as is now available with respect to them, financial and other data.
- "2. The placing of their program in perspective in relation to current war problems.
- "3. The evaluation of the quota, of the available data, and recommendations for improvement and the securing of additional information, and
- "4. Furnishing a program of research for future years."

The agreement of February 8, 1940 between the Joint Distribution Committee and the United Palestine Appeal constituting the 1940 United Jewish Appeal allocated "an amount not in excess of \$25,000 to be used during 1940, in connection with budget studies, personnel and other overhead expenses, to the end that the said Distribution Committee shall have for consideration all material which may be pertinent to a thorough analysis of all matters before it."

"The traditional collections of the Jewish National Fund are not to be included in or to be considered a part of the United Jewish Appeal. However, a report of its net receipts shall be made available to the Distribution Committee if requested.

"Any funds paid or payable directly to the J.D.C., the U.P.A. or the N.R.S. as the respective beneficiaries of any Will, Estate, Testamentary Bequest or Provision and under any power of Appointment, shall be retained by the recipient thereof and not included, or considered part of, the United Jewish Appeal.

"The N.R.S. shall have the right to receive and retain grants and contributions from Foundations whose charters or established policy specifically exclude gifts that are not to be used within the United States. Such grants or contributions shall not be included in, or considered part of, the United Jewish Appeal. However, it is understood that this paragraph shall not be deemed to give the N.R.S. the right to obtain grants or contributions from any Foundation or Agency which contributed funds to the N.R.S. or to the United Jewish Appeal on behalf of the N.R.S. during the year 1939. In all cases, the National Refugee Service shall report to the United Jewish Appeal all funds received from whatever source with a description of the sources.

"Except as otherwise specifically provided herein, the U.P.A., the J.D.C. and the N.R.S. agree that all funds and assets of any nature whatsoever pledged to and/or collected or received by any of them directly during the year 1940, or ~~XXX~~ directly as a result of any 1940 United States campaign activities, shall be assigned, transferred and/or paid over to the United Jewish Appeal, Inc. and shall be considered part of the receipts of the joint campaign and subject ~~XX~~ in their entirety to the provisions hereof."

"No agencies other than the U.P.A., the J.D.C. and the N.R.S. are to be beneficiaries of distributions made by the Distribution Committee; and no such other agencies shall be included in the United Jewish Appeal without the prior consent of the J.D.C. and the U.P.A.

"This agreement between the J.D.C. and the U.P.A. and the joint campaign which is the subject thereof, shall be deemed to have commenced on January 1st, 1940, Any proposal for an agreement for fund-raising in a 1941 campaign shall be considered not later than October 31st, 1940."

In the margin will be noted the following terms:

Immediately necessary - items needed for the report of November 1, 1940

Immediately desirable - items that would be helpful in the report of November 1, 1940 but if not immediately available, may be omitted

Future research - items neither necessary immediately nor available, which should be studied after November 1st as part of the long-range program

II. MAJOR FUNCTIONS OF THE CONSTITUENT ORGANIZATIONS IN THE UNITED JEWISH APPEAL

Description of functions of J.D.C., U.P.A., N.R.S. along following functional lines:

(Immediately) An organization chart showing parent organization and all subsidiaries classified by functions, as noted below:
(Necessary)

A. Recurring Charity

Recurring aid to economic dependents - U.S.A., Europe and Palestine

B. Emergency Relief

Crisis of war and anti-Semitism - U.S.A., Europe and Palestine

C. Refugee and Migration

U.S.A., Europe, Latin America, Palestine

D. Resettlement - Agro-Joint, Refugee Economic, LOA, PEC, Santa Domingo
U.S.A., Latin America, Palestine

E. Reconstruction of Jewish life - Readjusting to new economic environment
and economic absorption into community

1. J.D.C. - Foreign countries

a. Health

d. Vocational Training

b. Schools

e. Credit cooperatives

c. Social welfare

f. Community organization

2. U.P.A. - Palestine

Economic, political and spiritual aspects.

U.P.A. operates entirely in one geographical area, therefore can be
surveyed as a unit; the effect of the U.P.A. on the economic, social
and political life of Palestine

111. DIFFICULTIES OF AIM

A. Functions Cover the Whole Range of Jewish Life

Individually, socially

B. Distribution Depends upon a Philosophy of Jewish life

1. Philosophy of Jewish life depends upon

Diverse origins, backgrounds, Jewish education of givers.

However, danger and fear unite a community.

2. The crises created a working philosophy

3. Motives

a. Zionists

b. Religionists

c. Humanitarian

C. Problems beyond Human Capacity to assess

1. The Yom Kippur services assign to the Almighty alone, these decisions,
"Who shall live, who shall die, who shall starve and who shall be
sated, who shall wander and who shall rest".

2. F.D.R. in 1932 said it is not possible "to find master minds so unselfish, so willing to decide against their private prejudices, men almost God-like in their ability to hold the scales of justice with an even hand".
3. 100% justice, accuracy and satisfaction is impossible.
4. What percentage of accuracy would be satisfactory?
5. Recognition of the difficulties of the task, and the inevitable inequities. Prerequisite is honesty of approach and absence of deliberate misrepresentation.

(Immediately necessary)

ALLOTMENT PRINCIPLES

A. Needs

1. Presented by the three constituent organizations
2. Emergency needs created by war, exile or revolution (S.S. St. Louis)
3. Where needs overlap, what is relative responsibility

B. Total sums to be allotted

1. World needs of three affiliated organizations and other unaffiliated organizations. Last year and this year compared.
2. Budget demands of three constituent organizations. Last year, this year. How are totals built up from per capita base?
3. Estimated receipts from all sources for three constituent organizations. Campaign goal - last year, this year.
4. Actual receipts of three organizations, classified by continents, South America, Africa, Etc. Last year, this year.
5. Actual expenditures of the three organizations by function, by countries. Last year, this year.
6. Are American allotments affected by sums collected by unaffiliated organizations and local committees outside United States?
7. Reconcile amounts budgeted with amounts actually spent last year.

C. Principles of Benefits Received

1. Number benefited
2. Nature of benefit - cash given vs. advice and service
3. Scale of payments

a. Refugees in France and Shanghai vs. U.S.; per capita comparison, relative to the several countries

b. Standard of living

(1) Percentage of local standard attained

(2) Previous standard of European Jews

4. What are the principles of allotment inside the constituent organizations? Can they be applied to other organizations? Or will it interfere with organizational autonomy?

D. Priority of

1. Age - children preference

2. Sex - women first

3. Vocation - productive individuals like artisans vs. unproductive

E. Effect of Collapse of European Source of Funds on U.J.A.
Priorities of Each of Three Agencies

1. Increasing number of refugees and rising costs on account of emergency. The charity givers become charity takers. The leaders of the community had to flee

2. Decreased demand from Russian Poland offset by increased demands from newly invaded countries

3. Duties of U.S.

a. To compensate for foreign changes

b. To continue American aspects

4. American aspect

a. Are Jewish refugees a greater responsibility in U.S.A. than elsewhere?

b. Have they any prior claim on U.S. funds?

F. AMOUNTS Raised

1. Shall the size of the sums collected affect the quota for each type of service - relief, refugee, resettlement, reconstruction?

2. Shall the amounts raised outside the U.S. affect the USA allotment ratios?

3. Necessities vs. luxuries in philanthropy
- G. Increasing Allotments as Inducement to Foreign Governments to Relax Admissions Requirements or Cooperate Otherwise
- H. Palestine Needs Large Funds Now
 1. To preserve existing community
 2. However, offset by great dangers if England loses. Shall we be bold or cautious on this guess?
- I. Relative Weights of Established Quotas and Future Needs
 1. Past accounting vs. emergency demands
 2. Prestige of each organization in philanthropy and government circles here and abroad
- J. Total by Countries Spent by all Agencies - three constituents plus other unaffiliated
- K. Historic Priorities in Charities Established by Maimonides
 1. The highest scale was to give to an individual to enable him to dispense with relief.
 2. Which departments in each agency serve this purpose best?
 3. How does immediate relief pave way for ultimate constructive work?
- (Future Research) L. Efficiency of operation of the organization or its department -
 1. Shall there be better allotment to stimulate efficiency?
 2. Shall quotas vary to induce organizations to improve data or operations?

M. Past Quotas

Report of November 12, 1939

J.D.C. - 52.6
 U.P.A. - 26.3
 N.R.S. - 21.1
 100%

Report of November 15, 1939

J.D.C. - 70.6
 U.P.A. - 29.4
 N.R.S. - -
 100%

Report of November 12, 1938

J.D.C. - 50.0
 U.P.A. - 25.0
 N.R.S. - 25.0
 100%

Report of November 15, 1939

J.D.C. - 66.6
 U.P.A. - 33.3
 N.R.S. - -
 100%

Report of November 15, 1939

J.D.C. - 46.0
U.P.A. - 26.0
N.R.S. - 28.0
100%

Report of February 8, 1940

J.D.C. - 51.2
U.P.A. - 24.4
N.R.S. - 24.4
100%

Report of February 8, 1940

J.D.C. - 46.6
U.P.A. - 31.1
N.R.S. - 22.2
100%

(Immediately necessary, at least in part)

V. METHODS OF ALLOTMENT

A. Uniform System of Classification, Statistics and Terminology
Scientific allotment impossible in the present overlapping of accounts and confusing terminology.

(Desirable)

B. Is Local Opinion and Approval Desirable or Necessary?

1. Field trip to heads of communities
2. Field men's report
3. Poll of large, medium and small contributors in sample communities:
 - a. By mail
 - b. By personal canvass
4. Shall local views be asked with or without the recommendations of the Allotment Committee, based on more facts and more study than local communities have?
5. Do local communities desire the responsibility, or
6. Is it essential for local goodwill?
7. One field man says, "you are looking for trouble"
8. Suggestion made that out-of-town community leaders be questioned casually when in New York

xxxx

VI. ACCOUNTING REQUIREMENTS

(Immediately necessary)

A. Compare the Bases of

1. Cash actually received against pledges as basis of percentage to be curtailed
2. Budget allotments for the year, or collections anticipated
3. Estimated income of the campaign

(Immediately B. Uniform System of Accounts and Classification necessary in

part and Future Research for rest) Professor H. C. Adams found a uniform system of accounting the first

requisite in the functioning of the Interstate Commerce Commission.

1. Uniform fiscal year - Some of the agencies report for the calendar year and some for the fiscal year ending March 30th, June 30th and September 30th. Interim reports should be published to December 31st bringing all the accounts to a like basis, so as to facilitate comparisons and analyses.
2. Distribution or priority, or allotment, depends upon comparative standards of performances. To obtain such standards, there must be some unit in terms of which performances can be measured. Otherwise, conclusions are merely guesses or bias. Benefits per capita - either dollars given per capita or jobs found per capita - either might be the standard for comparing the usefulness and the efficiency of the department in the organization in the allotment planned.

(Immediately C. Degree of Accuracy necessary)

1. The accuracy of the final result depends on the least accurate of the data
2. Since .01 of \$10,000,000 equals \$1,000 in figuring allotments, one should not exceed an accuracy of .01. Small items do not appear in the budget. Time and energy of accountants and staff saved.
3. What is the minimum dollar sum to be investigated and studied? \$10,000 equals 0.1 of \$10,000,000.

(Immediately D. Classify Expenditures Functionally necessary in

part. Future research for rest)

1. Direct cash paid out
2. Overhead at the point of distribution
3. Other overhead - USA and abroad

E. Factors of Elasticity

1. Reserves for contingencies - cash kept in treasury
2. Full and prompt disbursements plus borrowings at banks

F. Constituents' borrowing

1. Shall organizations' borrowing be controlled by the U.J.A.? U.J.A. has no power over autonomous constituents
2. Can one organization commit the U.J.A.?
3. Does constituent organization in borrowing, specify its own risk and also other constituents' freedom from responsibility?
4. Questions outside scope of inquiry - but may borrowing jeopardize collection of non-borrowing organization?

(Immediate- G. Is an Efficiency Investigation Part of this study?
ly desirable.

- Rest for Future Research)
1. Incidentally only investigation as complete as time permits. Overlapping functions. 2. How did N.C.C. coordinate overlapping activities of its own constituents?
 3. Shall accountants go beyond the parent organization books to the details of the subsidiaries?

H. Compare Dollars Paid by Contributor and Cash Received by Ultimate Recipient

1. Cost accounting analysis by departments
2. Number of persons benefitted and per capita benefit
3. Per capita overhead, point of distribution; indirect overhead at home and abroad.
4. The contributor's dollar is raw material of the enterprise. The recipient's dollar is the finished goods of the enterprise. The expense is really cost of production, of converting raw material into finished goods.

(Immediately
necessary)

- I. Single, Consolidated Statement Covering Constituent Organizations Supported by other consolidated statements, covering three constituent organizations, classified
 1. By function, relief, etc.
 2. By organization serving - already available in existing records
 3. Consolidated budget, consolidated authorizations, consolidated payments. Such a bird's-eye view would not only help in allotments, but would clarify the work of the organizations themselves.

J. Time Limit Restricts Scope

Since accounting time limit October 1st, scope of the inquiry must be curtailed to meet this limit, and the rest is subject to future research. Avoid unnecessary detail and all non-essential reports.

VII. ACCOUNTING DIFFICULTIES

- A. Remoteness of original records of subsidiaries
- B. War-created confusion and budgets upset by rapidly changing conditions
- C. Censorship and financial restrictions
- D. Accurate accounting and careful analysis vitiated by unforeseeable contingencies

(Imme-
diately de-
sirable. Future
research for
rest)

VIII. PARALLEL ORGANIZATIONS

Minutes of meeting of August 5, 1940 states, "The work should be primarily related to the three participating agencies and consider the others only incidentally as the work may be related to duplicating that of others."

- A. Sums raised by parallel but unaffiliated organizations for similar purposes:

- | | |
|---|--------------------------------|
| 1. Ort | 7. New Zionist Organization |
| 2. Federation of Polish Jews | 8. Mizrachi |
| 3. Hias | 9. Pioneer Women |
| 4. Hadassah | 10. Jewish National Fund boxes |
| 5. Hebrew University | 11. World Jewish Congress |
| 6. Jewish Labor Committee
(Gewerkschaften) | 12. War-Torn Yeshivahs |

B. World Survey

Consolidation of statements of the three American affiliated and the numerous unaffiliated American disbursing organizations, comparing allotments with and without the unaffiliated agencies on the basis of

- 1. Countries served
- 2. Functions performed

3. Is their cooperation possible in raising funds and in disbursing them?
4. Funds raised by
 - a. Jewties in Canada, Argentina and other neutral countries for similar purposes
 - b. The three organizations outside the U.S.A.

IX. PLAN OF INQUIRY

A. Time Schedule

The due dates follows:

1. Accountants' study on October 1st
2. Sociological study, October 15th
3. Committee report, preferably final, at least first draft, November 1st. The present agreement expires October 31st.
4. Final report, outside limit, November 15th

B. Format

1. Letter of transmittal; condensed summary, one to two pages, including consolidated financial statement.
2. Factual summary and recommendations - four to five pages
3. Text of report - not too long.

C. Organization

The staff will be kept the minimum size capable of doing the job.

It may include:

1. Chief accountant - approximate salary per month \$500
2. 3 junior accountants - per month 420
3. 3 organization contacts

U.P.A. - Montor
J.D.C. - Leavitt
N.R.S. - Haber

C.F. -- \$ 920

B.F. -- \$920

4.	3 statisticians or sociologists	800
5.	Secretary loaned	
6.	3 stenographers	\$360
	Monthly total estimated	\$2,080

D. Maximum Time Allowed

1. Accountants - six weeks
2. Research men - eight weeks
3. First draft of committee representatives - ten weeks
4. Final draft - twelve weeks

X. SPIRIT OF THE INQUIRY

- A. Final results will depend upon the tact of the staff and will call for the goodwill of the three organizations
- B. The inquiry seeks facts. It is not an investigating committee.
- C. Never press for facts when they are too difficult to get or that the organization is not willing to disclose.
- D. Suggestions for improvement of the presentation of the facts might be welcomed. The staff is not attempting to get minimum allotments for any organization or maximum allotments for any organization, but merely the facts, to make possible a just and reasonable allotment policy.

XI. VALUE OF THE STUDY

- A. Common experience and cooperation develop respect and toleration for different views
- B. It should encourage large contributors who demand scientific analysis and business standards of performance, and could be made the basis for increasing the number of contributors.

- C. Uniform accountants' standards will be helpful within each organization
 - D. Jewish community in U.S. is being welded into a new unity, with less zealous partisanship.
-



August 30, 1940

To the Members of the Distribution Committee

Dear Sir:

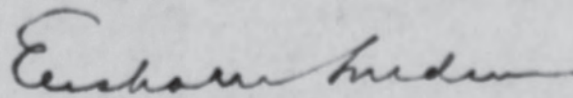
A meeting of the Distribution Committee has been called for Friday, September 6th. The hour and the place will be decided before Tuesday, and you will be notified.

The attached memorandum on the Allotment Committee Inquiry - Its Aim and Scope is being sent to you in order that you may have an opportunity to read it before its discussion at the meeting.

The other question to be considered at the meeting was stated by Mr. Harris Perlstein as follows:

"We are being pressed by W.R.S. for some early indication as to what is likely to happen (in a general way) with any funds from the 1940 campaign which remain to be distributed."

Yours sincerely


Elisha M. Friedman

EMF:BJ
Encl.

see all

DISTRIBUTION COMMITTEE OF THE UNITED JEWISH APPEAL FOR 1940
342 MADISON AVENUE
NEW YORK, N. Y.

COMMITTEE

JAMES H. BECKER
DR. SOLOMON LOWENSTEIN
HARRIS PERLSTEIN
DR. ABBA HILLEL SILVER
DAVID M. WATCHMAKER
HENRY WINEMAN
DR. STEPHEN S. WISE

DIRECTOR

ELISHA M. FRIEDMAN



United Jewish Appeal
342 Madison Avenue
New York City

ALLOTMENT COMMITTEE INQUIRY --

ITS AIM AND SCOPE

Memorandum from

Elisha M. Friedman



Third Draft
August 29, 1940

- CONFIDENTIAL -
Not for Publication

SUMMARY OF OUTLINE

- I. TERMS OF REFERENCE
- II. MAJOR FUNCTIONS OF THE CONSTITUENT ORGANIZATIONS IN THE U. J. A.
- III. DIFFICULTIES OF ALLOTMENT
- IV. ALLOTMENT PRINCIPLES
- V. ACCOUNTING REQUIREMENTS
- VI. PARALLEL ORGANIZATIONS
- VII. PLAN OF INQUIRY
- VIII. SPIRIT OF THE INQUIRY



I. TERMS OF REFERENCE

The terms of reference defined in the minutes of the meeting of the Committee on Distribution of the United Jewish Appeal on July 5th and August 5th, 1940 are as follows:

"The purpose of the study with reference to the three agencies which constitute the United Jewish Appeal is:

- "1. To secure an evaluation of such information as is now available with respect to them, financial and other data.
- "2. The placing of their program in perspective in relation to current war problems.
- "3. The evaluation of the quota, of the available data, and recommendations for improvement and the securing of additional information, and
- "4. Furnishing a program of research for future years."

The agreement of February 8, 1940 between the Joint Distribution Committee and the United Palestine Appeal constituting the 1940 United Jewish Appeal allocated "an amount not in excess of \$25,000 to be used during 1940, in connection with budget studies, personnel and other overhead expenses, to the end that the said Distribution Committee shall have for consideration all material which may be pertinent to a thorough analysis of all matters before it."

"No agencies other than the U.P.A., the J.D.C. and the N.R.S. are to be beneficiaries of distributions made by the Distribution Committee; and no such other agencies shall be included in the United Jewish Appeal without the prior consent of the J.D.C. and the U.P.A."

"This agreement between the J.D.C. and the U.P.A. and the joint campaign which is the subject thereof, shall be deemed to have commenced on January 1st, 1940. Any proposal for an agreement for fund-raising in a 1941 campaign shall be considered not later than October 31st, 1940."

In the margin will be noted the following terms:

Necessary - Items needed before November 1, 1940 to allot undistributed balance.

Desirable - Items helpful for this purpose. If not available, omit.

Future Research - Items neither necessary nor available, which could be studied as part of a long-range program.

II. MAJOR FUNCTIONS OF THE CONSTITUENT ORGANIZATIONS IN THE UNITED JEWISH APPEAL

Description of functions of J.D.C., U.P.A., N.R.S. along following functional lines:

Necessary An organization chart showing parent organization and all subsidies classified by functions, as noted below:

A. Recurring Charity

Recurring aid to economic dependents - U.S.A., Europe and Palestine

B. Emergency Relief

Crises of war and anti-Semitism - U.S.A., Europe and Palestine

C. Refugee and Migration

U.S.A., Europe, Latin America, Palestine

D. Resettlement - Agro-Joint, Refugee Economic, Philippines and Bolivia, ICA, PEC, Santa Domingo, U.S.A., Latin America, Palestine

E. Reconstruction of Jewish Life - Readjustment to new economic environment and economic absorption into community

1. J.D.C. - Foreign countries

a. Health

b. Schools

c. Social welfare

d. Vocational Training

e. Credit cooperatives

f. Community organization

g. Immigration

h. Service (like N.R.S.)

(II. MAJOR FUNCTIONS OF THE CONSTITUENT ORGANIZATIONS IN THE U.J.A. - Cont.
E. Reconstruction of Jewish life)

2. U.P.A. - Palestine

Economic, political and spiritual aspects.

U.P.A. operates entirely in one geographical area, therefore can be surveyed as a unit; the effect of the U.P.A. on the economic, social and political life of Palestine

III. DIFFICULTIES OF ALLOTMENT

A. Functions cover the whole range of Jewish life

Individually, socially

B. Problems beyond human capacity to assess

1. The Yom Kippur services assign to the Almighty alone these decisions, "Who shall live, who shall die, who shall starve and who shall be sated, who shall wander and who shall rest"
2. Recognition of the difficulties of the task, and the inevitable inequities. Prerequisite is honesty of approach and absence of deliberate misrepresentation.

IV. ALLOTMENT PRINCIPLES

necessary

A. Needs

1. Presented by the three constituent organizations for rest of 1940; after 1940
2. Emergency needs created by war, exile or revolution (S. S. St. Louis)
3. Where needs overlap, what is relative responsibility? J.D.C. received relief appeals for Palestine and requests for emigration costs from Danube to Palestine. Define functions of each organization, thus limiting the responsibility.

B. Total sums to be allotted

1. World needs of three affiliated organizations and other unaffiliated organizations. Last year and this year compared. 1939; 1940 to date.
2. Budget demands of three constituent organizations. How were totals built up from per capita base? Last year, this year. 1939; 1940 to date.

(IV. ALLOTMENT PRINCIPLES

B. Total sums to be allotted - Cont.)

3. Estimated receipts from all sources for three constituent organizations. Campaign goal - last year, this year. 1939; 1940 to date.
4. Actual receipts of three organizations, classified by continents, South America, Africa, etc. Last year, this year. 1939; 1940 to date.
5. Actual expenditures of the three organizations by function, by countries. Last year, this year. 1939; 1940 to date.
6. Are American allotments affected by sums collected by unaffiliated organizations and local committees outside United States?
7. Reconcile amounts budgeted with amounts actually spent last year, and explain important modifications and differences.

C. Principles of benefits received

1. Number benefited
2. Nature of benefit - cash given vs. advice and service
3. Scale of payments. Principle not universally applicable. Low cash per capita paid by service organizations as N.R.S.
 - a. Refugees in France and Shanghai vs. U.S.; per capita comparison, relative to the several countries; percentage of total receiving help; effect on anti-Semitism of large number not helped.
 - b. Standard of living and of relief
 - (1) Percentage of local standard attained
 - (2) Previous standard of European Jews
 - (3) Effect of sub-standard relief levels for refugees.
 - z. On the prestige of U.S. Jewry
 - y. On the refugees' liability to deportation and risking citizenship application
4. What are the principles of allotment inside the constituent organizations? Can they be applied to other organizations? Or will it interfere with organizational autonomy?

(IV. ALLOTMENT PRINCIPLES - Cont.)

D. Priority of

1. Age - children preference
2. Sex - women first
3. Vocation - productive individuals like artisans vs. unproductive

E. Effect of collapse of European source of funds on U.J.A. - Priorities of each of three agencies

1. Increasing number of refugees and rising costs on account of emergency.
2. Decreased demand from Russian Poland offset by increased demands from newly invaded countries, and demand to save political and religious declassées as Social Democrats, rabbis, yeshivah students in Russia.

3. Duties of U.S.

- a. To compensate for foreign changes
- b. To continue American aspects

4. American aspect

- a. Are Jewish refugees a greater responsibility in U.S.A. than elsewhere? How about Jewish prestige in South American countries and in Palestine?
- b. Have they any prior claim on U.S. funds?

F. Amounts raised

1. Shall the size of the sums collected affect the quota for each type of service - relief, refugees, resettlement, reconstruction?
2. Shall the amounts raised outside the U.S. affect the U.S.A. allotment ratios?
3. Necessities vs. luxuries in philanthropy

G. Increasing allotments as inducement to foreign governments to relax admissions requirements or cooperate otherwise. Few foreign governments left to induce. Palestine government gave LP750,000 for public works relief.

IV. ALLOTMENT PRINCIPLES - Cont.)

- H. Palestine needs large funds now
- I. To preserve existing community
 - I. Relative weights of established quotas and future needs
 - J. Total by countries spent by all agencies - three constituents plus other unaffiliated
 - K. Efficiency of operation of the organization or its department
 1. Shall there be better allotment to stimulate efficiency?
 2. Shall quotas vary to induce organizations to improve data or operations?
 - L. Past quotas
 - M. Is local opinion and approval desirable or necessary?
 1. Shall local views be asked with or without the recommendations of the Allotment Committee, based on more facts and more studying than local communities have?
 2. Do local communities desire the responsibility, or
 3. Is it essential for local goodwill?
 4. One field man says, "You are looking for trouble."
 5. Suggestion made that out-of-town community leaders be questioned casually when in New York

V. ACCOUNTING REQUIREMENTS

- A. Compare the bases of
1. Cash actually received against pledges. (Is it true that pledges are 96% collected? Add experience table)
 2. Budget allotments
 3. Goal
 - B. Uniform system of accounts and classification, statistics and terminology. Scientific allotment impossible in the present overlapping of accounts and confusing terminology.
 1. Uniform accounting year - Some of the agencies report for the calendar year and some for the fiscal year ending March 30th, June 30th and September 30th. Interim reports should be published to December 31st bringing all the accounts to a like period, so as to facilitate comparisons and analyses.

AMERICAN JEWISH
ARCHIVES



WRHS

(V. ACCOUNTING REQUIREMENTS)

B. Uniform system of accounts and classification - Cont.)

2. Distribution or priority, or allotment, depends upon comparative standards of performances. To obtain such standards, there must be some unit in terms of which performance can be measured. Otherwise, conclusions are merely guesses or bias. Benefits per capita - either dollars given per capita or jobs found per capita, might be the standard for comparing the usefulness and the efficiency of the department in the organization in the allotment planned.
3. N.R.S. differs in function. Intangibles not subject to such precise analysis.
4. U.P.A. differs from other agencies. Politics of Arab relations and British government, spiritual aspects not mathematically analyzable.

C. Classify expenditures functionally

1. Direct cash paid out
2. Overhead at the point of distribution
3. Other overhead - U.S.A. and abroad

D. Factors of Elasticity

1. Reserves for contingencies - cash kept in treasury
2. Borrowings at banks after cash disbursed

E. Constituents' borrowing

1. Should not the U.J.A. alone borrow, and not the constituent organizations? A Federation borrows but the social service agencies do not.
2. In above case the collecting agency is a borrowing agency and the spending agency does not have either the worry or the right to borrow, implicating other coordinate constituents. May not borrowing constituent jeopardize collection of non-borrowing constituent?

F. Is an efficiency investigation part of this study?

1. Incidentally only. Investigation as complete as time permits.
2. Overlapping functions. How did N.C.C. coordinate overlapping activities of its own constituents?
3. Shall accountants go beyond the parent organization books to the details of the subsidiaries?

Necessary
partly and
Future re-
search

Desirable
and Future
Research



(V. ACCOUNTING REQUIREMENTS - Cont.)

Future re-
search

- G. Compare dollars paid by contributor and cash received by ultimate recipient
1. Cost accounting analysis by departments
 2. Number of persons benefited and per capita benefit
 3. Per capita overhead, point of distribution; indirect overhead at home and abroad
 4. The contributor's dollar is raw material of the enterprise. The recipient's dollar is the finished goods of the enterprise. The expense is really cost of production, of converting raw material into finished goods.

Necessary

- H. Single, consolidated statement covering constituent organizations supported by other consolidated statements, covering three constituent organizations, classified
1. By function, relief, etc.
 2. By organization serving - already available in existing records
- I. Time limit restricts scope
Since accounting time limit October 1st, scope of the inquiry must be curtailed to meet this limit, and the rest is subject to future research. Avoid unnecessary detail and all non-essential reports.

Desir-
able and
Future Re-
search

(VI. PARALLEL ORGANIZATIONS)

Minutes of meeting of August 5, 1940 state, "The work should be primarily related to the three participating agencies and consider the others only incidentally as the work may be related to duplicating that of others".

- A. Sums raised by parallel but unaffiliated organizations for similar purposes, such as:

- | | |
|--|--------------------------------|
| 1. Ort | 7. New Zionist Organization |
| 2. Federation of Polish Jews | 8. Mizrahi |
| 3. Hias | 9. Pioneer Women |
| 4. Hadassah | 10. Jewish National Fund boxes |
| 5. Hebrew University | 11. World Jewish Congress |
| 6. Jewish Labor Committee - Gewerkschaften | 12. War-Torn Yeshivahs |

- B. World survey
Consolidation of statements of the three American affiliated and the numerous unaffiliated American disbursing organizations, comparing allotments with and without the unaffiliated agencies on the basis of
1. Countries served
 2. Functions performed

(VI. PARALLEL ORGANIZATIONS

B. World survey - Contd.)

3. Is their cooperation possible in raising funds and in disbursing them?
4. Funds raised by
 - a. Jewries in Canada, Argentina and other neutral countries for similar purposes
 - b. The three organizations outside the U.S.A.
- C. Basis for research already in files of Council of Federations and Welfare Funds
 1. Need to adapt their material to present purpose
 2. Possibly use Council research man on special assignment

VII. PLAN OF INQUIRY

A. Time schedule

The due dates follow:

1. Accountants' study on October 1st
2. Sociological study, October 15th
3. Committee report, preferably final, at least first draft, November 1st. The present agreement expires October 31st.
4. Final report, outside limit, November 15th

B. Format

1. Letter of transmittal; condensed summary, one to two pages, including consolidated financial statement
2. Factual summary and recommendations - four to five pages
3. Text of report - not too long

C. Organization

The staff will be kept the minimum size capable of doing the job.
It may include:

(VII. PLAN OF INQUIRY)

C. Organization - Cont)

1. Chief accountant - approximate salary per month	\$500
2. 3 junior accountants " " " "	\$420
3. 3 organization contacts	
U.P.A. - Montor	
J.D.C. - Leavitt	
N.R.S. - Haber	
4. 3 statisticians or sociologists " " "	\$800
5. Secretary loaned	
6. 3 stenographers	\$360
Monthly total estimated	\$2,080

A study of non-affiliated organizations undertaken by the Council of Federations who already have most of the material, and requiring one month, should add about another \$ 300

D. Maximum time allowed

1. Accountants - six weeks
2. Research men - eight weeks
3. First draft of committee representatives - ten weeks
4. Final draft - twelve weeks

VIII. SPIRIT OF THE INQUIRY

- A. Final results will depend upon the tact of the staff and will call for the goodwill of the three organizations.
- B. The inquiry seeks facts pertinent to its purpose, but is not an investigating committee.
- C. Suggestions by inquiry staff for improvement of the presentation of the facts might be welcomed by organizations surveyed. The staff is not attempting to get minimum or maximum allotments for any organization, but only facts underlying a just and reasonable allotment policy.

next all

United Jewish Appeal
342 Madison Avenue
New York City

ALLOTMENT COMMITTEE INQUIRY --
ITS AIM AND SCOPE

WRHS
Memorandum
to Distribution Committee
from Elisha M. Friedman



Fourth Draft
September 4, 1940

- CONFIDENTIAL -
Not for Publication

(Kindly return previous draft)

CONTENTS

I.	PURPOSE AND PLAN OF INQUIRY	Page 1
II.	MAJOR FUNCTIONS OF CONSTITUENT AGENCIES . "	5
III.	ALLOTMENT PRINCIPLES	" 5
IV.	ACCOUNTING REQUIREMENTS	" 10
V.	PARALLEL ORGANIZATIONS	" 11
VI.	TIME SCHEDULE AND FORM	" 12



ANALYTICAL CONTENTS

I.	<u>PURPOSE AND PLAN OF INQUIRY</u>	Page 1
A.	Purpose of Inquiry	" 1
B.	Distribution Agreement for 1940	" 1
C.	Plan of Inquiry	" 2
D.	Spirit of the Inquiry	" 4
E.	Difficulties of Allotment	" 4
F.	Information Required	" 4
II.	<u>MAJOR FUNCTIONS OF CONSTITUENT ORGANIZATIONS</u>	" 5
A.	Recurring Charity	" 5
B.	Emergency Relief	" 5
C.	Refugee and Migration	" 5
D.	Resettlement and Readjustment	" 5
E.	Reconstruction of Jewish Life	" 5
III.	<u>ALLOTMENT PRINCIPLES</u>	" 5
A.	Needs	" 5
B.	Total Sums to be Allotted	" 6
C.	Amounts Raised	" 6
D.	Factors of Elasticity	" 6
E.	Constituents' Borrowing	" 7
F.	Principles of Benefits Received	" 7
G.	Priority in Past	" 8
H.	Effect of Collapse of European Source of Funds on U.J.A.	" 8
I.	Past Quotas	" 9
J.	Efficiency of Operation	" 9
K.	Is Local Opinion and Approval Desirable or Necessary?	" 9
IV.	<u>ACCOUNTING REQUIREMENTS</u>	" 10
A.	Compare Bases	" 10
B.	Uniform System of Accounts	" 10
C.	Classify Expenditures Functionally	" 10
D.	Compare Contributions and Donations	" 10
E.	Is Efficiency Investigation Part of Study?	" 11
F.	Single Statement for U.J.A.	" 11
G.	Time Limit Restricts Scope	" 11
V.	<u>PARALLEL ORGANIZATIONS</u>	" 11
A.	Sums raised by Parallel but Unaffiliated Organizations	" 11
B.	World Survey	" 12
C.	Basis for Research in Files of Council	" 12
VI.	<u>TIME SCHEDULE AND FORM</u>	" 12
A.	Time Schedule	" 12
B.	Format	" 12
C.	Organization	" 13



Gross 4
Net

I. PURPOSE AND PLAN OF INQUIRY

A. Purpose of Inquiry

The terms of reference defined in the minutes of the meeting of the Committee on Distribution of the United Jewish Appeal on July 5th and August 5th, 1940 are as follows:

"The purpose of the study with reference to the three organizations which constitute the United Jewish Appeal is:

- "1. To secure an evaluation of such information as is now available with respect to them, financial and other data.
- "2. The placing of their program in perspective in relation to current war problems.
- "3. The evaluation of the quality of the available data, and recommendations for improvement and the securing of additional information, and
- "4. Furnishing a program of research for future years."

B. Distribution Agreement for 1940

The agreement of February 8, 1940 between the Joint Distribution Committee and the United Palestine Appeal constituting the 1940 United Jewish Appeal allocated "an amount not in excess of \$25,000 to be used during 1940, in connection with budget studies, personnel and other overhead expenses, to the end that the said Distribution Committee shall have for consideration all material which may be pertinent to a thorough analysis of all matters before it."

"No agencies other than the U.P.A., the J.D.C. and the N.R.S. are to be beneficiaries of distributions made by the Distribution Committee; and no such other agencies shall be included in the United Jewish Appeal without the prior consent of the J.D.C. and the U.P.A."

(I. PURPOSE AND PLAN OF INQUIRY - Cont.)

(B. Distribution Agreement for 1940 - Cont.)

"This agreement between the J.D.C. and the U.P.A. and the joint campaign which is the subject thereof, shall be deemed to have commenced on January 1, 1940. Any proposal for an agreement for fund-raising in a 1941 campaign shall be considered not later than October 31st, 1940."

C. Plan of Inquiry

1. Quantitative approach

- a. What data can be measured statistically
- b. What per capita bases can be worked out
- c. Value and limitations of statistical comparisons

2. Imponderables

a. Unmeasurable factors

1' Home aspects

a' Absorption of refugees to avoid

- 1" Concentration as distinctive group
- 2" Psychological inferiority and resultant attitude

b' Public reaction to

- 1" Jewish refugees - Valuable element, not nuisance
- 2" All refugees - anti-alien attitudes ?
- 3" Jews of United States

- a" Take care of our own problems
- b" "Home security"
- c" Insurance against prejudice

c' Efficiency and prestige of Jewish philanthropy and community organizations

- 1" Service to local community on refugee aid
- 2" Communities' organization and cooperation to help refugees useful to general Jewish work

d' Goodwill of contributors to U.J.A. and to Federations

(I. PURPOSE AND PLAN OF INQUIRY)

C. Plan of Inquiry

2. Imponderables

a. Unmeasurable factors

1' Home aspects - Cont.)

e' Relation to non-Jewish refugee organization

1" Cooperation on Jewish and general refugee question

2" Jewish organization encouraging others

2' Foreign aspects

a' Settlement in normal life

1" Freedom from risk of new persecution

2" Close to soil and stable economy

3" Ease of absorption in new society

b' Opinion of governments and public on

1" Jewish settlers or colonists as creators

2" Jewish colonizing agencies

c' Prestige abroad of Jews of United States

d' Approval of contributors and success of future campaigns

b. Basis for evaluation

1' Good accomplished to beneficiaries

2' Permanent vs. temporary results

3' Risks taken by agencies and inevitable errors

4' Avoidance of dangers to Jews, as a group or as individuals contributing

3. Comparison of experience of other similar international organizations

a. American Red Cross

1' Allotment principles

2' Budget and accounts

(I. PURPOSE AND PLAN OF INQUIRY

C. Plan of Inquiry

3. Comparison of experience of other similar international organizations (Cont.)

b. Rockefeller Foundation

1' Allotment principles

2' Budget and accounts

D. Spirit of the Inquiry

1. The inquiry seeks facts pertinent to its purpose, but is not an investigating committee.
2. The staff is not attempting to get minimum or maximum allotments for any organization, but only facts underlying a just and reasonable allotment policy.
3. Suggestions by Inquiry staff for improvement of the presentation of the facts might be welcomed by organizations surveyed.
4. Final results will depend upon the tact of the staff and will call for the goodwill of the three organizations.

E. Difficulties of Allotment

1. Functions cover the whole range of life of Jews
 - a. As individuals
 - b. As a social group
2. Problems beyond human capacity to assess
 - a. The Yom Kippur services assign to the Almighty alone these decisions, "Who shall live, who shall die, who shall starve and who shall be sated, who shall wander and who shall rest".
 - b. Recognition of the difficulties of the task, and the inevitable inequities. Prerequisite is honesty of approach and absence of deliberate misrepresentation.

F. Information Required

In the margin will be noted the following terms:

- | | | |
|------------------------|---|--|
| <u>Necessary</u> | - | Information needed before November 1, 1940 as a basis of allotting 1940 balance. |
| <u>Desirable</u> | - | Information helpful for this purpose. If not available, omit. |
| <u>Future Research</u> | - | Information necessary but not available, which must be studied as part of a long-range program |

II. MAJOR FUNCTIONS OF THE CONSTITUENT ORGANIZATIONS IN THE U.J.A.

Description of functions of J.D.C., U.P.A., N.R.S. (called constituent organizations) along following functional lines:

Necessary
partly, Re-
search

An organization chart showing parent organization and all subsidiaries classified by functions, as noted below:

- A. Recurring charity - even if transition to II C., D., and E. below
Recurring aid to economic dependents - U.S.A., Europe and Palestine
- B. Emergency relief - as in II A.
Crises of war and anti-Semitism - U.S.A., Europe and Palestine
upsets fixed principles; prevents checking budget against audit.
- C. Refugee and migration - as in II A.
U.S.A., Europe, Latin America, Palestine
- D. Resettlement and readjustment as individuals - capacity to help
others later.
Employment, retraining and servicing
- E. Reconstruction of Jewish life as group - readjustment to new
economic environment and economic absorption into community -
and added absorption capacity as in Agro-Joint, Refugee Economic,
Philippines and Bolivia, ICA, PEC, Santa Domingo, U.S.A., Latin
America, Palestine
 1. J.D.C. - Foreign countries
 - a. Health
 - b. Schools
 - c. Social welfare
 - d. Vocational training
 - e. Credit cooperatives
 - f. Community organization
 - g. Immigration
 - h. Service (like N.R.S.)
 2. U.P.A. - Palestine
Economic, political and spiritual aspects.
U.P.A. affiliates operate entirely in one geographical area, there-
fore can be surveyed as a unit; the effect of the U.P.A. affiliates
on the economic, social and political life of Palestine.

III. ALLOTMENT PRINCIPLES

Necessary
& Future
Research

A. Needs

1. Present^{ed} by the three constituent organizations for rest of 1940;
after 1940.
2. Emergency needs created by war, exile or revolution.
3. Where needs overlap, what is relative responsibility? Define
functions and scope of each organization, thus limiting the
responsibility - N.R.S., U.P.A. J.D.C. received relief appeals
for Palestine and requests for emigration costs from Danube to
Palestine.

(III. ALLOTMENT PRINCIPLES - Cont.)

B. Total sums to be allotted

1. World needs of three constituent organizations and other unaffiliated organizations. 1939, 1940 to date.
2. Budget demands of three constituent organizations. How were totals built up from per capita base? 1939, 1940 to date. Principle not universally applicable. Low cash per capita paid by service organizations as N.R.S.
3. Estimated receipts or campaign goal from all sources for three constituent organizations. 1939, 1940 to date.
4. Actual receipts of three organizations, cash and also local "matched" contributions classified by continents, South America, Africa, etc. 1939, 1940 to date.
5. Actual expenditures by the three organizations and the local committees abroad and other unaffiliated organizations by function, by countries. 1939, 1940 to date.
6. Are American allotments affected by sums collected by unaffiliated and uncontrolled organizations in U.S.A. and local committees outside United States?
7. Reconcile amounts budgeted with amounts actually spent in 1940 and explain important modifications and differences.

C. Amounts raised (See IV A. on accounting aspects)

1. Shall the size of the sums collected affect the quota for each type of service - relief, refugee, resettlement, reconstruction?
2. Shall the amounts raised outside the U.S. affect the U.S.A. allotment ratios?
3. Necessities vs. luxuries in philanthropy - allowing for factors mentioned (III F. 4.)
4. Effect of surplus cash on hand
5. Effect of old deficits
6. Effects of maturing debts

D. Factors of elasticity

1. Reserves for contingencies - cash kept in treasury
2. Borrowings at banks after cash disbursed

(III. ALLOTMENT PRINCIPLES - Cont.)

E. Constituents' borrowing

1. Should not the U.J.A. alone borrow, and not the constituent organizations? A Federation borrows but the social service agencies do not.
2. In above case the collecting agency is also the borrowing agency and the spending agency does not have either the worry or the right to borrow, implicating other coordinate constituents. May not borrowing constituent jeopardize collection of non-borrowing constituent?

F. Principles of benefits received

1. Number benefited
2. Nature of benefit - cash given vs. advice and service and imponderables
3. Scale of payments
 - a. Per capita comparison, relative to the several countries; percentage of total receiving help; effect on anti-Semitism of large number not helped.
 - b. Standard of living and of relief - many imponderables, not statistical
 - 1' Percentage of local standard attained
 - 2' Previous standard of European Jews
 - 3' Effect of sub-standard relief levels for refugees
4. Standards of relief to refugees in U.S. compared with private relief to Americans
 - a. Effect on the prestige of U.S. Jewry
 - b. Effect on the refugees' liability to deportation or preventing citizenship
5. What are the principles of allotment inside the constituent organizations? Can they be applied to other organizations? Or will it interfere with organizational autonomy? Priorities in each of three organizations:

(III. ALLOTMENT PRINCIPLES)

F. Principles of benefits received

5. (Continued)

1. H.R.S.

- a. Relief
- b. Resettlement
- c. Employment

Prefer to move them.

Employ those who can't be moved.

2. U.P.A.

- a. Relief
18,000 Jews of Europe absorbed since war broke out.
- b. Colonization
- 3. General development and increasing absorption capacity.

3. J.D.C.



G. Priority in past

- 1. Age - children preference
- 2. Sex - women first
- 3. Vocation - productive individuals like artisans vs. unproductive

H. Effect of collapse of European source of funds on U.J.A.

- 1. Increasing number of refugees and rising costs of living
- 2. Blockade and food supply
- 3. Money transfer difficulties
- 4. Decreased demand from Russian Poland offset by increased demands from newly invaded countries, and demand to save political and religious declassées as Social Democrats, rabbis, yeshivah students in Russia

(III. ALLOTMENT PRINCIPLES

H. Effect of collapse of European source of funds on U.J.A. - Cont.)

5. Duties of U.S.

- a. To compensate for foreign changes
- b. To continue American aspects

6. American aspect

- a. Are Jewish refugees a greater responsibility in U.S.A. than elsewhere? (MRS) How about Jewish prestige in South American countries (JDC) and in Palestine? (UPA)
- b. Have refugees in U.S. prior claim on U.S. funds?

I. Past quotas

1. Cite recent distributions
2. Relative weights of established quotas vs. future needs - history vs. emergency

Future Re-
search

J. Efficiency of operation of the organization or its department

1. Shall there be greater allotment to stimulate efficiency in broadest sense?
2. Shall quotas vary to induce organizations to improve data or operations?

Desirable

K. Is local opinion and approval desirable or necessary?

1. Shall local views be asked
 - a. With, or
 - b. Without the recommendations of the Allotment Committee, based on more facts and more study than local communities have?
2. Do local communities desire the responsibility, or
3. Is it essential for local goodwill?
4. One field man says, "You are looking for trouble".
5. Suggestion made that out-of-town community leaders be questioned casually when in New York.

IV. ACCOUNTING REQUIREMENTS

Necessary

A. Compare the bases of (See III C. on allotment aspects)

1. Campaign goal
2. Budget allotments
3. Cash actually received against pledges. (Is it true that pledges are 96% collected? Add experience table for recent years.)
4. In distributing funds, is curtailment pro-rata or otherwise?

Necessary partly, and Future Re-search

B. Uniform system of accounts and classification, statistics and terminology. Scientific allotment impossible in the present overlapping of accounts and confusing terminology and imponderable factors.

1. Uniform accounting year - Some of the agencies report for the calendar year and some for the fiscal year ending March 30th, June 30th and September 30th. Interim reports should be published to December 31st bringing all the accounts to a like period, so as to facilitate comparisons and analyses.
2. Distribution or priority, or allotment, depends upon comparative standards of performances. To obtain such standards, there must be some unit in terms of which performance can be measured. Otherwise, conclusions are merely guesses or bias. Benefits per capita - either dollars given per capita or jobs found per capita - might be the standard for comparing the usefulness and the efficiency of the department in the organization in the allotment planned.
3. H.R.S. differs in function. Imponderable factors not subject to such precise analysis.
4. U.P.A. differs from other agencies. Politics of relations to Arabs and to British government. Spiritual aspects not mathematically analyzable.

Necessary partly and Future Re-search

C. Classify expenditures functionally

1. Direct cash paid out
2. Overhead at the point of distribution
3. Other overhead - U.S.A. and abroad

Future Re-search

D. Compare dollars paid by contributor and cash received by ultimate recipient

1. Cost accounting analysis by departments
2. Number of persons benefited and per capita benefit

(IV. ACCOUNTING REQUIREMENTS

D. Compare dollars paid by contributor, etc. - Cont.)

3. Per capita overhead, point of distribution; indirect overhead at home and abroad
4. The contributor's dollar is raw material of the enterprise. The recipient's dollar is the finished goods of the enterprise. The expense is really cost of production, of converting raw material into finished goods.

Desirable
and Future
Research

E. Is an efficiency investigation part of this study?

1. Incidentally only. Investigation as complete as time permits.
2. Overlapping functions. How did N.C.C. coordinate overlapping activities of its own constituents?
3. Shall accountants go beyond the parent organization books to the details of the subsidiaries?

Necessary

F. Single, consolidated statement for U.J.A. combining constituent organizations

1. Supported by other consolidated statements, segregating each of constituent organizations
2. Classified also by function, relief, etc.

G. Time limit restricts scope.

Since accounting time limit is October 1st, scope of the inquiry must be curtailed to meet this limit, and the rest is subject to future research. Avoid unnecessary detail and all non-essential reports.

V. PARALLEL ORGANIZATIONS

Desirable &
Future Re-

Minutes of meeting of August 5, 1940 state: "The work should be primarily related to the three participating agencies and consider the others only incidentally as the work may be related to duplicating that of others".

A. Sums raised by parallel but unaffiliated organizations for similar purposes, such as:

- | | |
|--|--------------------------------|
| 1. Ort | 7. New Zionist Organization |
| 2. Federation of Polish Jews | 8. Mizrachi |
| 3. Hias | 9. Pioneer Women |
| 4. Hadassah | 10. Jewish National Fund boxes |
| 5. Hebrew University | 11. World Jewish Congress |
| 6. Jewish Labor Committee - Gewerkschaften | 12. War-Torn Yeshivahs |

(V. PARALLEL ORGANIZATIONS - Cont.)

B. World survey

Consolidation of statements of the three American affiliated and the numerous unaffiliated American disbursing organizations, comparing allotments, including and excluding the unaffiliated agencies on the basis of

1. Countries served
2. Functions performed
3. Is their cooperation possible in raising funds and in disbursing them?
4. Funds raised by
 - a. Jewries in Canada, Argentina and other neutral countries for similar purposes
 - b. The three organizations outside the U.S.A.

C. Basis for research already in files of Council of Federations and Welfare Funds

1. Need to adapt this material to present purpose
2. Possibly use Council's research man on special assignment

VI. TIME SCHEDULE AND FORM

A. Time schedule

The due dates follow:

1. Accountants' study on October 1st
2. Sociological study, October 15th
3. Committee report, preferably final, at least first draft, November 1st. The present agreement expires October 31st.
4. Final report, outside limit, November 15th.

B. Format

1. Letter of transmittal; condensed summary, one to two pages, including consolidated financial statement.

(VI. TIME SCHEDULE AND FORM)

B. Format - Cont.)

2. Factual summary and recommendations - four to five pages
3. Text of report - not too long

C. Organization

The staff will be held to the minimum size capable of doing the job. It may include:

1.	Chief accountant - approximate salary per month	\$ 500
2.	3 junior accountants - " " " "	420
3.	3 organization contacts	
	J.D.C. - Messrs. Hyman or Leavitt	
	U.P.A. - Mr. Montor	
	N.R.S. - Messrs. Haber or Greenleigh	
4.	3 statisticians or sociologists	800
5.	Secretary loaned	
6.	3 stenographers	360
	Monthly total estimated	\$2,080

A study of non-affiliated organizations undertaken by the Council of Federations who already have most of the material, and requiring one month, should add about another

300

D

AGENDA FOR MEETING
OF DISTRIBUTION COMMITTEE OF UNITED JEWISH APPEAL
FRIDAY, SEPT. 6, 1940 AT 2:00 P.M.

- I. How much is left to allot
 - A. Report of U.J.A. Treasurer
 - 1. On cash position
 - 2. On budget position
- II. Consideration of application of N.R.S. for early indication of general disposition of funds which yet remain to be distributed from 1940 campaign
- III. For consideration of Allotment Committee Inquiry
 - A. To approve program and discuss progress of Allotment Committee Inquiry
 - B. Is Inquiry to frame its scope and method on expectation of temporary or permanent status?
 - C. How much to reduce its scope as a result?

xvii all

AGENDA FOR SECTION OF
ALLOTMENT COMMITTEE MEETING
Friday, Sept. 6, 1940

I. WHAT PRINCIPLES TO FOLLOW

- A. Is it true "the minimum needs of the refugees in the United States constitute the primary responsibility of the American Jewish community?" If true, what are minimum needs? Is N.R.S. then outside Allotment Committee scope?
- B. Comments on the quantitative approach - It has been criticized but no alternative suggested.
- C. Imponderables stressed without suggesting method of evaluating them. Back to horse-trading?
- D. Possibility of combining quantitative factors and imponderables.

II. MATERIAL AVAILABLE

- A. Material available to answer questions in memo are:
 - 1. N.R.S. is seemingly adequate.
 - 2. J.D.C. fair amounts, though some material held up abroad.
 - 3. U.P.A. data inadequate in this country. Palestine data cabled for.

III. PROCEDURE

- A. Analyze needs
- B. Verify the data and its urgency
- C. Reconcile 1939 budget and accounts

IV. ORDER OF WORK - ALL PARALLEL AND SIMULTANEOUS

- A. N.R.S. completed first. Data all in U.S. Self-contained operating unit.
- B. J.D.C. completed next, when requested information arrives.
- C. U.P.A. completed last because of mail delay from Palestine.

V. DECISION WISHED OF DISTRIBUTION COMMITTEE

- A. To indicate principles and procedure of Inquiry
- B. Is Inquiry to frame its scope and method on expectation of extended status? November recommendations or long-range study?
- C. How much to reduce its scope as a result?

VI. NAME OF COMMITTEE

VII. MEMORANDUM REVISED AND RATIFIED BY COMMITTEE

CONFIDENTIAL

Summary of minutes of the meeting of the Allotment Committee of the United Jewish Appeal held at the offices of the United Jewish Appeal, 342 Madison Avenue, New York City, on Friday, September 6, 1940 at 2:00 P.M.

Present: Messrs. Harris Perlstein, in the Chair
James H. Becker
Louis Lipsky (for Dr. A. H. Silver)
Dr. Solomon Lowenstein

David M. Watchmaker
Henry Wineman
Dr. Stephen S. Wise
Elicha M. Friedman

Present by invitation: Messrs. William Rosenwald
Albert Abrahamson
Dr. William Haber
Joseph Kalafa
Moses A. Leavitt
Henry Montor
Bernard J. Reis

ORGANIZATION QUESTIONS

Though the Committee meets in executive session, there were present besides members of the board, invited members representing the three organizations whose opinion was desired in connection with the aim and scope of the Inquiry of the Allotment Committee. To set up a permanent organization, Mr. Perlstein was elected as Chairman and Mr. Friedman as Secretary.

DISCUSSION OF AGENDA - ANY FIXED PRIORITIES?

On the question as to whether any of the three organizations had a priority, or whether they are all to be considered as subject to pro-rata, the Committee, on motion of Dr. Lowenstein, voted that the J.D.C., the U.P.A. and the N.R.S. are alike subject to the allotment decisions of the Committee. The question of any allotment now was not discussed since it did not seem feasible for the Committee to act before the pertinent information was available. Transmitting the views of Dr. Silver in his absence, Mr. Montor stated that the representatives of the U.P.A. would not attend any meeting which would consider at this time applications for funds as the Inquiry was not finished.

QUANTITATIVE APPROACH VERSUS IMPONDERABLES

The question arose whether the Inquiry should proceed along purely quantitative lines based on accounting, or purely imponderable lines, or whether both should be considered. In the opinion of Mr. Leavitt, some other approach may develop as the material is assembled.

After discussion, the value and limitations of the statistical approach and the consideration of imponderables, it was voted, on motion of Dr. Lowenstein and Mr. Watchmaker, to combine both methods of study.

FIRST DRAFT TO BE SHOWN TO EACH ORGANIZATION

Dr. Wise suggested that each of the organizations be advised of the contents of its section of the report before the full and final report of the Inquiry Sub-Committee is submitted. The Inquiry is to be free to form its own opinions without regard to the views of the three organizations, but the organizations should know about them before a meeting is called to consider them. It was the intention of the Inquiry Sub-Committee to consult with each of the organizations, as was done in the case of the four drafts, on which their comments were helpful. Each organization will informally and unofficially receive a draft to correct obvious errors of statement and to point out what seem to be errors of opinion or appraisal. The Inquiry Sub-Committee, however, is not bound to change its opinion because of any comment by one of the organizations. It would, of course, correct any errors of fact. The Inquiry Sub-Committee would be free to take note, and if it wished, to record in its report dissent from its views on the part of the constituent organizations.

MATERIAL AVAILABLE

The data on the W.R.S. is fairly complete and available. The data on the J.D.C. is partly impounded in Europe. The data on the U.P.A. is in Palestine and has been cabled for. Dr. Lowenstein, as Secretary pro tem, wrote to each of the organizations, asking that Mr. Friedman and his staff be given full access to all records. He had formal replies from the W.R.S. and the J.D.C. but no reply from the U.P.A. Dr. Lowenstein assumed that the U.P.A. wished the same rule to apply as to the other organizations. Mr. Montor then asked whether the books of the U.P.A. had been opened to the accountants, and Mr. Friedman stated that they had been. When Mr. Montor was asked whether the data of the subsidiaries would be available, Dr. Wise said that the question need not be asked, for it goes without saying that they will be.

PROCEDURE

On the section of the agenda entitled Procedure, it was agreed that the task was first to analyze the needs as submitted in the budget, and second to verify them and their urgency, and third, to take the closed books of the last year, to find whether the books are in good shape, and attempt to reconcile the actual expenditures with the estimates made by each organization.

ORDER OF WORK - BRIEF OR EXTENDED STUDY

The nature of the Inquiry and the expense would depend upon whether the study will end on November 1st or is to be extended. This would affect 1) the direction of the study, 2) the size of the staff, and 3) the selection of a successor to the Director. At the suggestion of Mr. Watchmaker, seconded by Mr. Becker, it was decided to continue the investigation beyond November 1st, particularly since the funds appropriated would be adequate. Even if there should be no joint campaign, some of the local communities which run combined drives will expect guidance such as the Allotment Inquiry is expected to furnish. Even on the basis of this partial cooperation in local communities, all the agencies agreed to open their books to the Inquiry Committee.

ORDER OF WORK - BRIEF OR EXTENDED STUDY - Cont.

For the November 1st interim report, there will be insufficient material to furnish the basis of a reasoned judgment. Mr. Perlstein then stated that it was the consensus of opinion that this is to be considered as a long-range study, so far as our appropriations will permit, to which Dr. Wise added, with the understanding that by the first of November we would have as full a report as possible on that date. Dr. Lowenstein added that it is important for the record that this date be set because of the cash difficulties of all the agencies.

NAME OF COMMITTEE

Because the word "Distribution" is already associated with the J.D.C., it was voted to change the name of the committee to "Allotment Committee", particularly since the word "allotment" implies demands greatly in excess of the funds available, therefore requiring allotment or pro-rating.

DISCUSSION OF THE INQUIRY MEMORANDUM ON AIM AND SCOPE

Parallel organizations: Dr. Lowenstein and Mr. Lipsky felt strongly that there should be a review of all the activities that relate to the entire field in which each of the agencies operate, so that the Inquiry would cover not merely the three organizations, but the other organizations in the field in which the three organizations operate. This was obviously a large task. The facts are assembled at the Council of Federations and Welfare Funds, and the Inquiry Sub-Committee would have to appraise them, including the application of strict accounting principles for the verification of the facts presented to the Council of Federations by the reporting organizations.

PRINCIPLES OF ALLOTMENT

The Committee wished to take into account the amounts raised by other organizations (Messrs. Becker and Perlstein) and whether the allotments shall be affected by the size of the sum raised or the funds collected outside the United States. On the necessities versus luxuries, Dr. Lowenstein thought it was impossible to answer that question. As for the effect of old deficits and maturing debts in its effect on the allotments, that would depend on what purpose the deficits and debts were incurred.

Concerning principles of benefits received, Mr. Perlstein asked whether these were conclusions, and the answer was no. The whole memorandum was merely a form of questionnaire for the Inquiry. The only decision wished now is, does the Allotment Committee authorize the Inquiry to ask these questions.

SHALL THE REPORT RECOMMEND DEFINITE ALLOTMENTS

The Inquiry staff asked whether: (1) they were merely to give a set of facts; (2) or cite conflicting claims of the several organizations; (3) or make concrete recommendations; or (4) whether a precise set of allocations be furnished. Mr. Watchmaker felt that the Inquiry report should not recommend definite allotments, because if the Allotment Committee decided differently, the news would leak out and prejudice the results. Dr. Lowenstein stated emphatically that as a result of years of experience in Federation, it was invariably the rule to have concrete percentages or allotment figures given for each of the constituent organizations. Then the

F
United Jewish Appeal
342 Madison Avenue
New York City

not all

ALLOTMENT COMMITTEE INQUIRY --

ITS AIM AND SCOPE

WRHS
Memorandum
to Allotment Committee
from Elisha M. Friedman

Fifth Draft
Approved by the Committee
on Sept. 6, 1940

September 12, 1940

- CONFIDENTIAL -
Not for Publication

(Kindly return previous draft)

CONTENTS

I.	PURPOSE AND PLAN OF INQUIRY	Page 1
II.	MAJOR FUNCTIONS OF CONSTITUENT AGENCIES ...	" 5
III.	ALLOTMENT PRINCIPLES	" 5
IV.	ACCOUNTING REQUIREMENTS	" 9
V.	PARALLEL ORGANIZATIONS	" 10
VI.	TIME SCHEDULE AND FORM	" 11

ANALYTICAL CONTENTS

	<u>Page</u>
I. <u>PURPOSE AND PLAN OF INQUIRY</u>	1
A. Purpose of Inquiry	1
B. Distribution Agreement for 1940	1
C. Plan of Inquiry	2
D. Spirit of the Inquiry	4
E. Difficulties of Allotment	4
F. Information Required	4
II. <u>MAJOR FUNCTIONS OF CONSTITUENT AGENCIES</u>	5
A. Recurring Charity	5
B. Emergency Relief	5
C. Refugee and Migration	5
D. Resettlement and Readjustment as Individuals	5
E. Reconstruction of Jewish Life as Group	5
III. <u>ALLOTMENT PRINCIPLES</u>	5
A. Needs	5
B. Total Sums to be Allotted	6
C. Amounts Raised	6
D. Factors of Elasticity	6
E. Principles of Benefits Received	7
F. Priorities by Groups	8
G. Effect of Collapse of European Source of Funds	8
H. Past Quotas	9
I. Efficiency of Operation of Organization or its Department	9
IV. <u>ACCOUNTING REQUIREMENTS</u>	9
A. Compare the Bases	9
B. Uniform System of Accounts and Classification	9
C. Classify expenditures functionally	9
D. Compare Gross and Net	10
E. Is Efficiency Investigation Part of Study	10
F. Single Consolidated Statement for U.J.A.	10
G. Time Limit Restricts Scope	
V. <u>PARALLEL ORGANIZATIONS</u>	10
A. Sums Raised by Unaffiliated Organizations	11
B. World Survey	11
C. Basis for Research in Files of Council	11
VI. <u>TIME SCHEDULE AND FORM</u>	11
A. Time Schedule	11
B. Format	12
C. Organization	12

I. PURPOSE AND PLAN OF INQUIRY

A. Purpose of Inquiry

The terms of reference defined in the minutes of the meeting of the Committee on Distribution of the United Jewish Appeal on July 5th and August 5th, 1940 are as follows:

"The purpose of the study with reference to the three organizations which constitute the United Jewish Appeal is:

- "1. To secure an evaluation of such information as is now available with respect to them, financial and other data.
- "2. The placing of their program in perspective in relation to current war problems.
- "3. The evaluation of the quality of the available data, and recommendations for improvement and the securing of additional information, and
- "4. Furnishing a program of research for future years."

B. Distribution Agreement for 1940

The agreement of February 8, 1940 between the Joint Distribution Committee and the United Palestine Appeal constituting the 1940 United Jewish Appeal allocated "an amount not in excess of \$25,000 to be used during 1940, in connection with budget studies, personnel and other overhead expenses, to the end that the said Distribution Committee shall have for consideration all material which may be pertinent to a thorough analysis of all matters before it."

"No agencies other than the U.P.A., the J.D.C. and the H.R.S. are to be beneficiaries of distributions made by the Distribution Committee; and no such other agencies shall be included in the United Jewish Appeal without the prior consent of the J.D.C. and the U.P.A."

(I. PURPOSE AND PLAN OF INQUIRY - Cont.)

"This agreement between the J.D.C. and the U.P.A. and the joint campaign which is the subject thereof, shall be deemed to have commenced on January 1, 1940. Any proposal for an agreement for fund-raising in a 1941 campaign shall be considered not later than October 31st, 1940."

C. Plan of Inquiry

1. Quantitative approach

- a. What data can be measured statistically
- b. What per capita bases can be worked out
- c. Value and limitations of statistical comparisons

2. Imponderables

a. Unmeasurable factors

1' Home aspects

a' Absorption of refugees to avoid

- 1" Concentration as distinctive group
- 2" Psychological inferiority and resultant attitude

b' Public reaction to

- 1" Jewish refugees - Valuable element, not nuisance
- 2" All refugees - anti-alien attitudes?
- 3" Jews of United States

- a" Take care of our own problems
- b" "Home security"
- c" Insurance against prejudice

c' Efficiency and prestige of Jewish philanthropy and community organizations

- 1" Service to local community on refugee aid
- 2" Communities' organization and cooperation to help refugees are useful to general Jewish work

d' Goodwill of contributors to U.J.A. and to Federations

(I. PURPOSE AND PLAN OF INQUIRY - Cont.)

C. 2. a. 1' e' Relation to non-Jewish refugee organization

- 1" Cooperation on Jewish and general refugee question
- 2" Jewish organization encouraging others

2' Foreign aspects

a' Settlement in normal life

- 1" Freedom from risk of new persecution
- 2" Close to soil and stable economy
- 3" Ease of absorption in new society

b' Opinion of governments and public on

- 1" Jewish settlers or colonists as creators
- 2" Jewish colonizing agencies

c' Prestige abroad of Jews of United States

d' Approval of United States contributors and success of future United States campaigns

b. Basis for evaluation

- 1' Good accomplished to beneficiaries
- 2' Permanent vs. temporary results
- 3' Risks taken by agencies and errors inevitable in a crisis
- 4' Avoidance of dangers to Jews, as a group or as individuals contributing

3. Comparison of experience of other similar international organizations

a. American Red Cross

- 1' Allotment principles
- 2' Budget and accounts

(I. PURPOSE AND PLAN OF INQUIRY - Cont.)

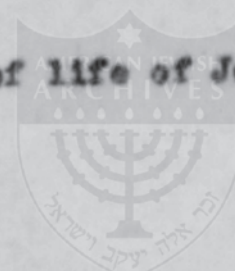
C. 3. b. Rockefeller Foundation

- 1' Allotment principles
- 2' Budget and accounts

D. Spirit of the Inquiry

1. The Inquiry merely seeks facts pertinent to its purpose.
2. The staff is not attempting to get minimum or maximum allotments for any organization, but only facts underlying a just and reasonable allotment policy.
3. Suggestions by Inquiry staff for improvement of the presentation of the facts might be welcomed by organizations surveyed.
4. Final results will depend upon the tact of the staff in creating and holding the goodwill of the three organizations.

E. Difficulties of Allotment

1. Functions cover the whole range of life of Jews
 - a. As individuals
 - b. As a social group
2. Problems beyond human capacity to assess
 - a. The Yom Kippur services assign to the Almighty alone these decisions, "Who shall live, who shall die, who shall starve and who shall be sated, who shall wander and who shall rest".
 - b. Recognition of the difficulties of the task.

F. Information Required

In the margin will be noted the following terms:

Necessary - Information needed before November 1, 1940 as a basis of allotting 1940 balance.

Desirable - Information helpful for this purpose. If not available, omit.

Future Research - Information necessary but not available, which must be studied as part of a longer range program.

II. MAJOR FUNCTIONS OF THE CONSTITUENT ORGANIZATIONS IN THE UNITED JEWISH APPEAL

Description of functions of J.D.C., U.P.A., H.R.S. (called constituent organizations) along following functional lines:

Necessary
partly, Re-
search

An organization chart showing parent organization and all subsidiaries classified by functions, as noted below:

- A. Recurring Charity - even if transition to II C, D, and E below.
Recurring aid to economic dependents - U.S.A., Europe and Palestine.
Possibility of inducing repayments in part, as a revolving fund.
Develop sense of responsibility to repay.
 - B. Emergency Relief - as in II A.
Crises - of war and anti-Semitism - U.S.A., Europe and Palestine
upsets fixed principles; prevents checking budget against audit.
 - C. Refugee and Migration - as in II A.
U.S.A., Europe, Latin America, Palestine
 - D. Resettlement and Readjustment as Individuals - capacity to help others later
Employment, retraining and servicing
 - E. Reconstruction of Jewish Life as Group - readjustment to new economic
environment and economic absorption into community - and added absorption
capacity as in Agro-Joint, Refugee Economic, Philippines and Bolivia,
ICA, PEC, Santa Domingo, U.S.A., Latin America, Palestine
1. J.D.C. - Foreign countries
 - a. Health
 - b. Schools
 - c. Social welfare
 - d. Vocational training
 - e. Credit cooperatives
 - f. Community organization
 - g. Immigration
 - h. Service (like H.R.S.)
 2. U.P.A. - Palestine
Economic, political and spiritual aspects.
U.P.A. affiliates operate entirely in one geographical area, there-
fore can be surveyed as a unit; the effect of the U.P.A. affiliates
on the economic, social and political life of Palestine.

III. ALLOTMENT PRINCIPLES

Necessary
& Future
Research

A. Needs

1. Presented by the three constituent organizations for rest of 1940;
after 1940.
2. Emergency needs created by war, exile or revolution.
3. Where needs overlap, what is relative responsibility? Define functions
and scope of each organization, thus limiting the responsibility - HRS,
UPA. J.D.C. received relief appeals for Palestine and requests for
emigration costs from Danube to Palestine.

(III. ALLOTMENT PRINCIPLES - Cont.)

B. Total Sums to be Allotted

1. World needs of three constituent organizations and other un-affiliated organizations. 1939, 1940 to date.
2. Budget demands of three constituent organizations. How were totals built up from per capita base? 1939, 1940 to date. Principle not universally applicable. Low cash per capita paid by service organizations as N.R.S.
3. Actual receipts of three organizations, cash and also local "matched" contributions classified by continents, South America, Africa, etc. 1939, 1940 to date.
4. Actual expenditures by the three organizations and by local committees abroad and other unaffiliated organizations by function, by countries. 1939, 1940 to date.
5. Are American allotments affected by sums collected by un-affiliated and uncontrolled organizations in U.S.A. and by local committees outside United States?
6. Reconcile amounts budgeted with amounts actually spent in 1939 and 1940 and explain important modifications and differences.

C. Amounts Raised (See IV A on accounting aspects)

1. Shall the size of the sums collected affect the quota for each type of service - relief, refugee, resettlement, reconstruction?
2. Shall the amounts raised outside the U.S. affect the U.S.A. allotment ratios?
3. Necessities vs. luxuries in philanthropy - allowing for factors mentioned (III B 4)
4. Effect of surplus cash on hand
5. Effect of old deficits
6. Effects of maturing debts

D. Factors of Elasticity

1. Reserves for contingencies - cash kept in treasury
2. Borrowings at banks after cash disbursed
3. Budget quarterly? To allow for unforeseen crises?
4. Or fixed minimum annual budget plus flexible supplement allotted quarterly?

(III. ALLOTMENT PRINCIPLES - Cont.)

K. Principles of Benefits Received

1. Number benefited
2. Nature of benefit - cash given vs. advice and service and imponderables
3. Scale of payments
 - a. Per capita comparison, relative to the several countries; percentage of total receiving help; effect on anti-Semitism of large number not helped.
 - b. Standard of living and of relief - many imponderables, not statistical.
 - 1' Percentage of local standard attained
 - 2' Previous standard of European Jews
 - 3' Effect of sub-standard relief levels for refugees
4. Standards of relief to refugees in U.S. compared with private relief to Americans
 - a. Effect on the prestige of U.S. Jewry
 - b. Effect on the refugees' liability to deportation or preventing citizenship
5. What are the principles of allotment inside the constituent organizations? Can they be applied to other organizations? Or will it interfere with organizational autonomy? Priorities in each of three organizations:
 - a. N.R.S.
 - 1' Relief
 - 2' Resettlement
 - 3' Employment

Prefer to move them.
Employ those who can't be moved.

(III. ALLOTMENT PRINCIPLES - Cont.)

E. 5. b. U.P.A.

- 1' Relief
18,000 Jews of Europe absorbed since war broke out
- 2' Colonization
- 3' General development and increasing absorption capacity

c. J.D.C.

- 1' Need, as prepared by the local committee
- 2' What sources of income, aside from J.D.C.
- 3' Pro-rate money to save from starvation, the
baseline
- 4' Emergencies

F. Priorities by Groups

1. Age - children preference
2. Sex- women first
3. Vocation - productive individuals like artisans vs. unproductive

G. Effect of Collapse of European Source of Funds on U.J.A.

1. Increasing number of refugees and rising costs of living
2. Blockade and food supply
3. Money transfer difficulties - offset by clearing arrangements
4. Decreased demand from Russian Poland offset by increased demands from newly invaded countries, and demand to save political and religious declassées as Social Democrats, rabbis, yeshivah students in Russian Poland.

5. Duties of U.S.

- a. To compensate for foreign changes
- b. To continue American aspects

6. American aspect

- a. Are Jewish refugees a greater responsibility in U.S.A. than elsewhere? (NRS) How about Jewish prestige in South American countries (JDC) and in Palestine? (UPA)
- b. Have refugees in U.S. prior claim on U.S. funds?

(III. ALLOTMENT PRINCIPLES - Cont.)

H. Past Quotas

1. Cite recent distributions - have they any binding value?
2. Relative weights of established quotas vs. future needs - history vs. emergency.

Future Research

I. Efficiency of Operation of the Organization or its Department

1. Shall there be greater allotment to stimulate efficiency in broadest sense?
2. Shall quotas vary to induce organizations to improve data or operations?

IV. ACCOUNTING REQUIREMENTS

Necessary

A. Compare the Bases of (See III C on allotment aspects)

1. Budget allotments
2. Cash actually received against pledges. (Is it true that pledges are 96% collected? Add experience table for recent years.)
3. In distributing funds, is curtailment pro-rata or otherwise?

Necessary partly, and Future Research

B. Uniform System of Accounts and Classification, Statistics and Terminology
Scientific allotment impossible in the present overlapping of accounts and confusing terminology and imponderable factors.

1. Uniform accounting year - Some of the agencies report for the calendar year and some for the fiscal years ending March 30th, June 30th and September 30th. Interim reports should be published to December 31st bringing all the accounts to a like period, so as to facilitate comparisons and analyses.
2. Distribution or priority of allotment, depends upon comparative standards of performances. To obtain such standards, there must be some unit in terms of which performance can be measured. Otherwise, conclusions are merely guesses or bias. Benefits per capita - either dollars given per capita or jobs found per capita - might be the standard for comparing the usefulness and the efficiency of the departments within the organization and between organizations.
3. H.R.S. differs in function. Imponderable factors not subject to such precise analysis.
4. U.P.A. differs from other agencies. Politics of relations to Arabs and to British government. Spiritual aspects not mathematically analyzable.

Necessary partly and Future Research
C. Classify expenditures functionally

(IV. ACCOUNTING REQUIREMENTS - Cont.)

- C. 1. Direct cash paid out; direct service to refugees
2. Overhead at the point of distribution
3. Other overhead - U.S.A. and abroad

Future Re-
search

- D. Compare dollars paid by contributor and cash received by ultimate recipient
1. Cost accounting analysis by departments
2. Number of persons benefited and per capita benefit
3. Per capita overhead, point of distribution; indirect overhead at home and abroad.
4. The contributor's dollar is raw material of the enterprise. The recipient's dollar is the finished goods of the enterprise. The "expense" is really cost of production, of converting raw material into finished goods.

Desirable
and Future
Research

- E. Is an efficiency investigation part of this study?
1. Incidentally only. Investigation as complete as time permits.
2. Overlapping functions. How did H.C.C. coordinate overlapping activities of its own constituents?
3. Shall accountants go beyond the parent organization books to the details of the subsidiaries?

Necessary

- F. Single, consolidated statement for U.J.A. combining constituent organizations
1. Supported by other consolidated statements, segregating each of constituent organizations.
2. Classified also by function, relief, etc.

G. Time limit restricts scope

Since accounting time limit is October 14th, scope of the inquiry must be curtailed to meet this limit, and the rest is subject to future research. Avoid unnecessary detail and all non-essential reports.

V. PARALLEL ORGANIZATIONS

Desirable &
Future Re-
search

Minutes of meeting of August 5, 1940 state: "The work should be primarily related to the three participating agencies and consider the others only incidentally as the work may be related to duplicating that of others".

(V. PARALLEL ORGANIZATIONS - Cont.)

A. Sums raised by parallel but unaffiliated organizations for similar purposes, such as:

- | | |
|--|--------------------------------|
| 1. Ort | 7. New Zionist Organization |
| 2. Federation of Polish Jews | 8. Mizrachi |
| 3. Hias | 9. Pioneer Women |
| 4. Hadassah | 10. Jewish National Fund boxes |
| 5. Hebrew University | 11. World Jewish Congress |
| 6. Jewish Labor Committee - Gewerkschaften | 12. War-Torn Yeshivahs |

B. World Survey

Consolidation of statements of the three American affiliated and the numerous unaffiliated American disbursing organizations, comparing allotments, including and excluding the unaffiliated agencies on the basis of

1. Countries served
2. Functions performed
3. Is their cooperation possible in raising funds and in disbursing them?
4. Funds raised by
 - a. Jewries in Canada, Argentina and other neutral countries for similar purposes
 - b. The three organizations outside the U.S.A.

C. Basis for research already in files of Council of Federations and Welfare Funds

1. Need to adapt this material to present purpose
2. Possibly use Council's research man on special assignment

VI. TIME SCHEDULE AND FORM

A. Time schedule

The due dates follow:

1. Accountants' analysis on October 14th
2. Statistical analysis, October 14th
3. Committee report, preferably final, at least first draft, November 1st. The present agreement expires October 31st.
4. Final report, outside limit, November 15th.

(VI. TIME SCHEDULE AND FORM - Cont.)

B. Format

1. Letter of transmittal; condensed summary, one to two pages, including consolidated financial statement.
2. Factual summary and recommendations - four to five pages
3. Text of report - not too long

C. Organization

The staff will be held to the minimum size capable of doing the job. Monthly estimate of cost follows:

1. Chief accountant	)	
2. 4 junior accountants	)	\$1,050
3. 3 organization contacts:		
J.D.C. - Messrs. Hyman or Leavitt		
U.P.A. - Mr. Montor		
H.R.S. - Messrs. Haber or Greenleigh		
4. Chief statistician	)	
5. 3 junior statisticians	)	1,050
6. Analyst of non-affiliated organizations covered by Council of Federations		300
7. 2 stenographers		250
Estimated Monthly Total about		\$3,650

SUBJECT: Detailed Application to Allotment Committee due before October 10th.

From: Elisha M. Friedman

For Information: to Allotment Committee - Messrs: Perlstein, Becker, Lowenstein, Silver, Watchmaker, Wineman, Wise

There are seven working days left before the three accountant reports on past performance are to be turned in. The more important information which the Allotment Committee will expect of the Inquiry is a statement of the future needs of each organization and an appraisal by the Inquiry. These future needs are to be summarized by each organization in its application to the Allotment Committee.

May I suggest that you give, as part of your application, as much as possible or available of the following data with comparisons for 1939:

- (1) Comparison of the dollar demands made upon your organization by months in 1939 and 1940 by function, as immigration, unemployment, etc., plus a sub-total including the latest month available, with demands for September, October, November, December 1940.
- (2) Total amount budgeted and total amount spent each month in 1939 and 1940, classified by function, plus a sub-total including the latest month available and the amounts budgeted for September, October, November, December, 1940.
- (3) Commitments by function and by month and sub-total for the year to date and 1939; cash advances against commitments and balance of commitments not met; plus a sub-total including the latest month available; commitments for September, October, November and December, 1940.
- (4) Total cash receipts, total cash expenditures and surplus or deficit, with accumulated deficits, if any, by months (1939 and 1940).
- (5) Show the uptrend or downtrend of demands made upon your organization (1939 and 1940). Cite demands unforeseen at the time the budget was prepared. Give recent cases preferably.
- (6) Cite the factors which may increase or decrease the needs of your organization in the next few months.

May I suggest that you follow, and amplify as above, the form of application of the J.D.C. to the Allotment Committee, dated August 20, 1940, as a guide and general pattern for your statistical statements. The heads of the three organizations have copies of this application, but for your convenience, a duplicate might be obtained for your use, if desired.

The Allotment Committee represent the judges. The Inquiry is its agent and adjunct. It is the job of each organization to be its own advocate and pleader before the Allotment Committee. The application to the Allotment Committee must be prepared by each organization itself. The Inquiry staff has not the time now nor the material available to do this work.

PLEASE NOTIFY US IN WRITING ON WHAT DAY OF THIS WEEK WE MAY EXPECT YOUR DETAILED APPLICATION TO THE ALLOTMENT COMMITTEE.

EMF:RM

October 16, 1940

Subject: Procedure of the Inquiry and Time Schedule

To : Messrs. Hyman, Leavitt
Montor
Haber, Greenleigh
Lurie

For Information of Allotment Committee
Messrs. Harris Perlstein, Chairman
James H. Becker
Dr. Solomon Lowenstein
Dr. Abba Hillel Silver
David M. Watchmaker
Henry Wineman
Dr. Stephen S. Wise

(Copies to Messrs. Kalafa, Reis and Backman)

From: Elisha M. Friedman

There has been sent to you the official draft, as approved by the Allotment Committee, of the Memorandum on Aim and Scope of the Inquiry. Will you kindly keep it in your files so that you can check its queries against the Interim Report to the Allotment Committee, which is due about November 8th. This may also be of some help to you in preparing supplementary data for the Inquiry in connection with your Detailed Application to the Allotment Committee.

The Inquiry Report should consist of three parts:

- 1) Summary of facts - including accounting and statistical data
- 2) Appraisal by the Inquiry
 - a) Concerning allotments - (for the Allotment Committee)
 - b) Concerning internal factors - (for your own administrative use)
- 3) Recommendations
 - a) General - as to trend of allotments
 - b) Suggested allotment - in percentages or dollars

The accounting report will be shown only to the organization surveyed. No one else will see it. Criticism by your organization of the accounting and of the Inquiry comments will be appreciated.

After the receipt of your comments, a first draft appraisal will be prepared by the Inquiry which will be submitted to you alone for comment. Where there is difference of opinion on any important matter, your dissent from the Inquiry conclusion will be pointed out in the final draft of appraisal to be submitted to the Allotment Committee. The same applies to the recommendations of the Inquiry.

Each organization will then receive a copy of the revised report, for a last editing. It will then be sent to the members of the Allotment Committee for consideration. The subsequent meeting of the Allotment Committee will be held about November 15th.

Whether the Inquiry should make suggestions as to the definite allotment quotas has been questioned after the meeting, though the Allotment Committee ordered it to do so. Therefore, the Inquiry will not mail its allotment suggestions to the members of the Committee. But if at the meeting, the Committee again decides that the Inquiry recommendations as to definite allotments should be considered, the quotas or allotments will be available and could be submitted at the meeting.

December 2, 1940

To the Members of the Allotment Committee

Dear Sir:

For the meeting on Friday, December 6th, will you kindly bring the following with you:

1. Memorandum on Aim and Scope - Final Draft as Approved by the Allotment Committee on September 6, 1940
2. Minutes of the Meeting of September 6, 1940 as Approved
3. Applications of J.D.C.
 - a. Original - August 20, 1940
 - b. Supplementary - October 14, 1940
4. Applications of N.R.S.
 - a. Original - October 18, 1940
 - b. Supplementary - July 31, 1940
5. Applications of U.P.A.
 - a. Needs of Palestine, Part I
 - b. Needs of Palestine, Part II
 - c. Supplementary - November 10, 1940
6. Report of the Inquiry, which you should receive either Tuesday afternoon, or Wednesday morning.

Yours very truly,

Elisha M. Friedman
per BJ

Elisha M. Friedman
Secretary

WMF:BJ

b

ALLOTMENT COMMITTEE OF THE UNITED JEWISH APPEAL FOR 1940
342 MADISON AVENUE
NEW YORK, N. Y.

CHAIRMAN

HARRIS PERLSTEIN

JAMES H. BECKER

DR. SOLOMON LOWENSTEIN

DR. ABBA HILLEL SILVER

DAVID M. WATCHMAKER

HENRY WINEMAN

DR. STEPHEN S. WISE

DIRECTOR

ELISHA M. FRIEDMAN



Fav all

VERBATIM QUOTATIONS FROM MINUTES OF MEETING OF ALLOTMENT COMMITTEE

HARMONIE CLUB, SATURDAY NIGHT, DECEMBER 7, 1940

SUBJECT: Motion on Allotment Decision and Cash Priority for the NRS.

MR. WATCHMAKER: Mr. Chairman, I move that the division be on the basis of \$800,000 to JDC and \$400,000 to UPA.

MR. BUTZEL: Seconded.

MR. PERLSTEIN: Is there any discussion? It has been moved by Mr. Watchmaker and seconded by Mr. Butzel that such monies as are available for division from the 1940 campaign, as between the JDC and the UPA, be divided on the basis of \$800,000 to JDC and \$400,000 to UPA, or in like ratio as funds are made available in an amount more or less than \$1,200,000.

.....

The motion is carried.

(p. 122)

MR. WATCHMAKER: Mr. Chairman, I listened to Mr. Rosenwald and I think I understand their position, and I think that it deals with a position which will begin to aggravate itself in the latter part of March and the beginning of April, especially if there should happen not to be a united campaign. I believe that there is one situation which wasn't called to our attention before, which is now clearer and that is, that any monies that should be accelerated should be sufficient at least for the month of December to give them a total of \$600,000. In other words, we talked yesterday of acceleration to the point of their receiving 50% of the receipts until such time as the balance due on their allotment was paid. It is possible that that figure of \$600,000 might be reached under that formula. Maybe it won't. Maybe it will be somewhat shy. I think that the JDC and UPA ought to be ready to help them so far as acceleration is concerned, even further if necessary, than we talked about yesterday.

Subject to that understanding, I move that there should be no allotment to the NRS.

DR. SILVER: I second the motion. I'd like to say that as far as the acceleration of money to the NRS is concerned, that the UPA would be very sympathetic to any consideration that would help the NRS meet its obligations as it always has been.

(p. 123)

MR. WATCHMAKER: I think that if there is a UJA campaign, which I personally hope there will be, I think there will be no practical difficulty because I think that both JDC and the UPA even so far as when it comes to March or April of 1941, if it is necessary to make a loan of a couple of hundred thousand, would do so..... (p. 123)

MR. WATCHMAKER:Now, if they used \$300,000 for their month of December, and receive an extra \$300,000 on the acceleration - in other words, if they receive \$600,000 this month, it will enable them to pay off the bank loan of \$300,000 so they will then start off January 1st with no money and a cash deficit of \$550,000, and with cash receivables still due them of \$500,000. Now then, they go and borrow again for \$300,000. That makes them \$800,000 in the hole, which takes them up to the end of March, the latter part of March, and from that time on they are "busted". (p. 124)

MR. WATCHMAKER:we have apparently the assurances of both Dr. Silver and Dr. Lowenstein that when it comes to March and the NRS is in a hole, they will be helped..... (p. 125)

.....
MR. PERLSTEIN: Here is where the difficulty comes in. By that time, the NRS won't have any more coming in. They must depend on 1941.

DR. SILVER: But the JDC and the UPA will still be drawing on 1939 money, even if we have separate campaigns.

MR. WATCHMAKER: Then you'll be in a position to help them.

DR. LOWENSTEIN: Mr. Becker will agree with me, that even if there is a separate campaign we will undertake to make arrangements with the UPA whereby we would make this loan to the NRS as of the time it is needed; namely, either March or April, to tide them over, of \$250,000.

DR. SILVER: I don't think there will be any difficulty.

MR. PERLSTEIN: As I understand it, you have moved, Mr. Watchmaker, that on the condition that the UJA elects to pay to the NRS the balance of the original allotment at the rate of 50% of the total disbursements of the UJA to its beneficiary organizations

until that is completed, and that with the specification that that payment during the month of December shall be not less than \$600,000 - we are not laying this down. We are saying that if that is done, we will vote no allotment. We will leave it to the UJA to do. (execute)

(p. 125)

MR. BECKER: They will reach a point in March or April where they will strain a lot and may not be able to get the bank credit. Therefore, if we make them a loan and say we will subordinate our loan to a bank loan, they could get the money from a bank without any difficulty.

DR. LOWENSTEIN: JDC gives them priority. We say to the bank, by a formal resolution, that we will give priority for repayment of loans to the bank rather than to us.

MR. WATCHMAKER: It is a legal point. All it means in effect is that NRS assigns to the bank its anticipated income.

(p. 126)

DR. LOWENSTEIN:To use Mr. Becker's technical term, we will subordinate our loan to the advances made by the bank. The bank will then recognize that they have a first claim, and that if we only collect \$250,000, they will get it all.

(p. 126)

MR. WATCHMAKER: The bank will have a right to collect the money first, before you people have a right to collect it, which you would want to exist anyway.

(p. 126)

0

M E M O R A N D U M

December 16, 1940

To : Mr. Paul Baerwald
Dr. Abba Hillel Silver

From: Elisha M. Friedman

Subject: N.R.S. Acceleration

As Secretary of the Allotment Committee, may I advise you that the following motion was passed by the Allotment Committee at its meeting on December 7, 1940:

"On the condition that the U.J.A. elects to pay to the N.R.S. the balance of the original allotment at the rate of 50% of the total disbursements of the U.J.A. for its beneficiary organizations until that is completed, and with the specification that that payment during the month of December shall be not less than \$600,000, we will vote no allotment (to the N.R.S.). We will leave it to the U.J.A. to carry out."

The cash position for the month of December as reported by the Chief Accountant of the U.J.A. is as follows:

Cash on hand	\$150,000
Cash expected	300,000
Total	<u>\$450,000</u>
 Cash distributed	 <u>\$205,000</u>
J.D.C. -	\$105,000
U.P.A. -	50,000
N.R.S. -	<u>50,000</u>
 Cash on hand and expectable	 \$450,000
Paid to the N.R.S.	50,000
Total	<u>\$500,000</u>
 Total acceleration agreed upon	 \$600,000
 Balance	 \$100,000

Under the terms of the motion as passed, (the payment to the N.R.S. shall be not less than \$600,000 in December) it seems that by the end of December, the two parties to the U.J.A. agreement should refund to the U.J.A. such sums as will bring the total cash priority up to \$600,000. On the present estimate these refunds would be as follows:

U.P.A. - about	\$33,000
J.D.C. - about	<u>\$67,000</u>
	\$100,000

Should the cash expected fall to \$230,000, an additional \$55,000 out of the total of \$70,000 would still be available to the N.R.S. from cash already advanced to the two other agencies.

Upon the ratification by your board of the commitment entered into by your representative on the Allotment Committee, will you kindly instruct your Treasurer to give effect to the above understanding through the U.J.A. Accounting Department.

The resolution passed would also require that the N.R.S. receive during January, February and March the balance of its original allotment, after deducting the \$600,000 at the rate of 50% of the total disbursement from U.J.A. to its beneficiary organizations. Beyond March there may be a stringency in the N.R.S. During subsequent discussion, it was stated by Dr. Silver:

"We want to help out the N.R.S. so that it doesn't get into financial difficulties and this Allotment Committee should make the unanimous recommendation to their respective bodies that the necessary financial arrangements be made."

It was formally restated for the minutes by Mr. Watchmaker:

"We spread on our records the fact that the representatives of the J.D.C. and U.P.A. unanimously agree that ~~they~~ would recommend to their respective bodies this procedure which you have now outlined."

It was then agreed, subject to ratification by the boards of J.D.C. and U.P.A., that the advances to the N.R.S. be subordinated to a bank loan if the N.R.S. cannot borrow enough money to tide them over.

EMF:BJ

E.M.F.

UNITED PALESTINE APPEAL

41 EAST 42nd STREET
NEW YORK, N. Y.

next all

December 16, 1940

Mr. Elisha M. Friedman
United Jewish Appeal
342 Madison Avenue
New York City

Dear Mr. Friedman:

I am returning herewith copy #27 of the Report of the Inquiry of the Allotment Committee of the United Jewish Appeal for 1940. I have pencilled certain sections which I believe should be eliminated, or about which I have asked questions.

I take it for granted that the final draft of the Inquiry Report will give due weight to the observations of the three organizations, and will also include the revisions necessitated by your own further research.

I suggest that before the final draft is formulated the Palestine section should have the supervision of Mr. Abraham Revusky. I understand that he was not given as much opportunity for collaboration on the report as he was prepared to give and as he felt he should have been called upon to provide as research expert on Palestine.

In the light of the discussions held in the meetings of the Allotment Committee, the only observations in the report that should be retained and are valid have to do with the requirements of the agencies. A discussion of fundamental philosophical principles or ideologies is not within the province of the Inquiry.

The following are the corrections, indicated by pages.

Page 4: You use the phrase "adequacy" of accounts with reference to the United Palestine Appeal. Insofar as questions were addressed to Palestine, every effort was made through lengthy cables and otherwise, to provide the information that was requested. The disturbance of normal communication with Palestine did not permit the provision of the much more extensive material which could have been used profitably. But the word that more accurately would cover the situation is "completeness" of account.

As was pointed out, the Inquiry addressed no questions to Palestine that were not answered. All the supplementary material that was made available through cables was provided through the initiative of the United Palestine Appeal office.

December 16, 1940

On pages 9 and 10: The paragraph which contains the sentence "Like all new movements fighting for acceptance, it (Zionism) was fanatic and intolerant" does not belong in a scientific investigation of the needs of the United Palestine Appeal. It should be deleted.

On page 11: The paragraph contains the figure "\$2,100,000" as having been raised in 1939 by Hadassah and the National Labor Committee. Hadassah informs us that its own figures do not coincide with the statistics so that possibly the amount indicated may be excessive.

On pages 12 and 13: We certainly object to this discussion of the land-buying policy of the Zionist movement. That is a matter of decision by the Zionist movement. That was the view taken by the Allotment Committee. I have, therefore, eliminated the observations on the fundamental values of land in Palestine and the comparison drawn between land acquired in Palestine and needs elsewhere.

On page 17: May I submit that a formal policy on the subject of how deficits were to be treated was not adopted by the Allotment Committee. The comments of the United Palestine Appeal on this topic, as read at our meeting on Friday afternoon, December 6th, were not challenged by the Allotment Committee. My own view is that this entire topic, under section B, should be eliminated. Since a fundamental principle is involved and the United Palestine Appeal has made its position clear, and that position has not been invalidated by any action taken by the Allotment Committee, this is a matter of policy and does not come within the type of a scientific appraisal of the United Palestine Appeal's requirements.

On page 18, you observe that loans "are not on an economic basis but on a philanthropic basis". The validity of that judgment is for the time and for the benefits accrued to determine.

On page 21: I do not believe that section F dealing with "Past Quotas of Allotment" is relevant, since this has been treated on page 23. But if you are using past ratios, I suggest inclusion of reference to ratios that prevailed in the years prior to 1939, even as far back as 1925. The report itself points out that "current and future needs are more significant than past performances, though the latter furnish a standard of measurement".

Pages 23 and 24: You will have noted my excision of the figures on page 23.

Pages 25, 26, and 27: As I recall, the Allotment Committee made its decisions with respect to the requirements of the Joint Distribution Committee, the United Palestine Appeal and the National Refugee Service on the basis of their expenditures and proved needs; at least, that was the standard of measurement which we all tried to use. Under these circumstances comparisons between organizations raising money for non-Palestinian purposes and those raising funds for Palestinian activities are not relevant.

In the section describing organizations raising money for "European and other J.D.C. countries" you give \$68,000 as having been raised by the Hias. On re-examination you will find that this figure is not complete. Hias indicates that it has raised approximately \$400,000 a year. Moreover, this section does not take into account such other organizations as the Refugee Economic Corporation, the Dominican Republic Settlement Association, the Council of Jewish Women, the Joint Reconstruction Foundation, the Committee for the Aid of Displaced Scholars, the Committee for the Aid of Displaced Scientists, the University in Exile, the International Refugee

Association, etc., etc.

All figures, therefore, would have to be revised. Since no complete data is available, it would be preferable to eliminate this section altogether.

On page 28: On this page you have offered certain formulas which were not sustained by the Allotment Committee. Moreover, the figures indicated were revised by yourself after the drafting of the report to which I here have reference. The decision by the Allotment Committee on the National Refugee Service requirements also invalidates this section.

On page 29: Since the decision of the Allotment Committee did not take into account loans incurred in the United States to tide over the organizations, there is no point in referring to loan funds which either the Jewish National Fund or the Palestine Foundation Fund obtained, particularly when there are no comparable references to other organizations.

Also on page 29 you use certain figures with respect to the Joint Distribution Committee, the United Palestine Appeal and the National Refugee Service as to their individual and comparative requirements that were not sustained by the Allotment Committee and that were, as a matter of fact, revised by your own statistics subsequently.

That entire page should be revised in accordance with your new findings. All the "J" tables referring to the United Jewish Appeal must be revised, insofar as requirements of the agencies are concerned, in accordance with the revisions of figures heretofore referred to.

UNITED PALESTINE APPEAL SECTION

On page 1: Again reference is made to the amounts on hand with the Palestine Foundation Fund and the Jewish National Fund to enable them to meet loan obligations incurred. As I indicated in a previous comment, this material is not relevant to the action taken.

On page 2: In dealing with the income of the United Palestine Appeal for 1939, may I suggest that you use the total sum including not only the original allotment but the whole amount, including the sum made available through the action of the Allocations Committee of 1939.

Since no figures were used generally to indicate percentage of expenses in fund-raising, comment with respect to the decline of expenses for the United Palestine Appeal is not relevant.

Also I would suggest the use of the phrase "incomplete" to describe the balance sheet data, although, as I understand it, additional material indicating the time of the maturity of the loans both for the Jewish National Fund and the Palestine Foundation Fund in Jerusalem has been provided.

On page 3: The Jewish Agency and the Jewish National Fund budgets, as described by Mr. Eliezer Kaplan, Treasurer of the Jewish Agency for Palestine, in the supplementary memorandum submitted to the Allotment Committee by the United Palestine Appeal and in cables subsequently received from Mr. Kaplan, should be the basis on which the Inquiry Committee should prepare the revised report.

December 16, 1940

As was indicated in the original memorandum submitted to the Allotment Committee by the United Palestine Appeal, the budget was tentative and subject to revisions. Now that these revisions have been officially made in Jerusalem there is no need to utilize the tentative budget. We should restrict ourselves to what Jerusalem has indicated is its official budget. All tables and references to that tentative budget are, therefore, irrelevant.

As a general principle I suggest -- on behalf of the United Palestine Appeal -- that, whenever you describe the expenditure of the Jewish Agency, the Keren Hayesod and Keren Kayemeth in Jerusalem, you use the figures given by these agencies, whether these include loan repayments or any other items. If it is desired to indicate in such figures the breakdown of the amounts expended, that, of course, is satisfactory, but I see no reason for the elimination in advance by the Inquiry Committee of items of expenditure which have gone through the books of the three agencies concerned.

On page 4: The same observations apply to the income and expenditures of the Jewish National Fund.

A total statement of the expenditures as indicated in Mr. Kaplan's cable of December 3rd, marked as "Appendix A" in the observations of the United Palestine Appeal dated December 6, 1940, should be used.

I do not think that any observations are in place on the value which might be attached to land bought in Palestine by the Jewish National Fund. This, again, is a question of policy. Under these circumstances, pages 5 and 6 should not be repeated.

On pages 7 and 8: Again there are references to the value of land in Palestine with judgments given as to whether or not the Jewish National Fund ought to continue buying land. This discussion has no place in the report of the Inquiry. Page 8 would be revised on the same basis.

On page 10: You use certain figures with respect to the percentage of money received in Palestine from the United States. The cables that we have received from Mr. Kaplan give the actual percentages.

Two observations are in place here: first, the fact that America has been sending 62% or 63% of the money is not in itself a criterion as to what percentage of the money America ought to send. It merely means that other countries have been bearing more than their proper share of the responsibility. Secondly, it is evident that the traditional collections of the Jewish National Fund throughout the world constitute a far greater percentage of the total income than they do in the United States.

On pages 11 and 12: Statements with regard to the expenditures of the Jewish Agency and the Jewish National Fund should be revised in accordance with the latest figures at your disposal.

I do not believe that the Allotment Committee undertook to assay the validity of the budget projected by the Jewish Agency and the Jewish National Fund for the 1940-1941 period. Accordingly all references, in which judgment is expressed as to whether that budget is justified, are out of place.

In the observations regarding the basis for determining needs, it might be helpful to revise the statement on the basis of the observations offered on December 6 by the United Palestine Appeal, beginning with page 3.

Again judgments as to the validity of the 1940-1941 budget are not appropriate to this Inquiry report.

December 16, 1940

On page 13: This page should be revised in accordance with the new figures available. All the Palestine tables referring to the United Palestine Appeal must also be revised in accordance with the new figures at your disposal. Insofar as the United Palestine Appeal campaign and organization expenditures are concerned, new figures have been submitted to you to indicate that the original figures taken by the Inquiry Committee were incomplete.

NATIONAL REFUGEE SERVICE

On page 5: In giving a complete picture of the requirements of the agencies, it would be in place to indicate not merely the present cash position of the National Refugee Service, but the final result to the National Refugee Service on the basis of allotments from the 1939 and 1940 campaigns.

Thus, in 1939 the National Refugee Service received from the United Jewish Appeal -- not including additional income from foundations -- \$2,600,000. It reports spending \$2,372,000, thus leaving a surplus of \$228,000.

In 1940 its receipts and allotments are stated to total \$3,591,625. Expenditures are budgeted at \$3,438,473.12, leaving a balance of \$153,151.88.

Thus the actual surplus of the National Refugee Service for the years 1939 and 1940 totals at least \$381,151.

WRHS

AMERICAN JEWISH
UNION
In view of the various changes that I have suggested and those that may be suggested by other members of the Allotment Committee, I would ask that before the revised copy is circulated, it should be submitted to us for final approval.

I assure you that I am merely interested in having a report prepared and issued that will be complete and pertinent in all its details, and reflect the scientific spirit throughout -- to the extent that that can be done.

With Zion's Greetings.

Cordially yours,

Louis Lipsky

LL:ETS

ALLOTMENT COMMITTEE OF THE UNITED JEWISH APPEAL FOR 1940

342 MADISON AVENUE

NEW YORK, N. Y.

CHAIRMAN

HARRIS PERLSTEIN

JAMES H. BECKER

DR. SOLOMON LOWENSTEIN

DR. ABBA HILLEL SILVER

DAVID M. WATCHMAKER

HENRY WINEMAN

DR. STEPHEN S. WISE

DIRECTOR

ELISHA M. FRIEDMAN

December 26, 1940

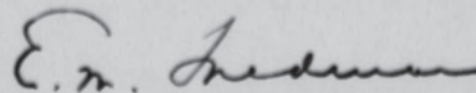
Rabbi A. H. Silver
The Temple
Cleveland, Ohio

Sir:

A member of the Allotment Committee, who had once written a rather strong letter to me, publicly apologized to me of his own accord, at the Allotment Committee meeting just after you left. In thanking him I wrote him that his action required character and courage. It was an act of fine ethics and delicate courtesy.

A copy of an unanswered letter from me to you is attached. Had you stayed you probably would have followed the example of the gallant member. You may therefore welcome the opportunity, before the expiration of the Allotment Committee, to act in a manner befitting your high calling and, even more, befitting a noble cause whose prestige must rest on the public esteem and the good will earned by its advocates. High conduct goes well with a high calling. A noble cause is best served by noble manners.

Yours faithfully



Elisha M. Friedman

EMF:LST

Encl.

cc to Dr. S.S. Wise

Mr. L. Lipsky

Judge M. Rothenberg

6
October 21, 1940

Dr. Abba Hillel Silver
The Temple
Cleveland, Ohio

Dear Dr. Silver:

When your letter of September 25th charged "there was a clear breach of agreement on your part", I was considerably concerned, but my answer of September 30th was soft, because with my usual sympathetic insight I said that perhaps you were upset by something which had nothing to do with the Allotment Committee Inquiry.

Then came your letter of October 6th in which you write, "concerning your letter of September 30th I read it, but I am not convinced. Our understanding was that the question of priority for the N.R.S. would not come up you were high-pressured into summoning a meeting hastily, and thus making it impossible for me to attend it, to consider two matters which were clearly out of order at this distance I have no way of knowing you or your motives I cannot permit considerations of courtesy to keep me from commenting on actions which I regard as unwarranted or unwise."

The above is rather strong language, not the language of a gentleman. You have made several serious charges in these two letters. Explicitly you state that I broke an engagement. Implicitly you indicate that I am subject to influence or "high-pressure", from a source unsympathetic to the U.P.A. or to you, and that you are not quite sure of my motives.

There are two courses open to you: 1) Prove your charges. If you do, I am unfit to act as Director of the Inquiry and merit summary dismissal. 2) Withdraw your charges and apologize, as would any gentleman who had unwittingly offended.

My next step depends upon yours.

Yours truly,

Elisha M. Friedman

EMF:BJ

C
O
P
Y

M E M O R A N D U M

January 13, 1941

TO: Editorial Committee
 Mr. Louis Lipsky
 Dr. Solomon Lowenstein
Executive Directors
 Mr. Joseph Hyman
 Mr. Henry Montor
 Dr. William Haber
Chairman of the Allotment Committee
 Mr. Harris Perlstein
Accountants
 Mr. Bernard J. Reis
 Mr. Joseph Kalafa
Research Staff
 Mr. William L. Bein
 Mr. Abraham Revusky

FROM: Elisha M. Friedman

SUBJECT: Revised Draft of the Inquiry Report

By special delivery you should receive on Tuesday morning, a revised draft of the Inquiry Report. The Council of Federations desires a revised copy for study before the Atlanta meeting.

It would be greatly appreciated if you could read and return your copy by Friday morning in order that the Inquiry staff may have the week-end to incorporate your comments.

Your cooperation will be greatly appreciated.

EMF:MF

E.M.F.

NEW ADDRESS OF THE INQUIRY

c/o Council of Jewish Federations and Welfare Funds
Room 1100
1560 Broadway
New York, N.Y.

Telephone - Bryant 9 - 4393

"Give Today --- Tomorrow May Be Too Late"

—DR. CHAIM WEIZMANN

UNITED PALESTINE APPEAL

PALESTINE FOUNDATION FUND (KEREN HAYESOD)
JEWISH NATIONAL FUND (KEREN KAYEMETH)
For the Settlement in Palestine of Jews of Germany, Poland, Rumania and Other Lands

41 EAST 42ND STREET

NEW YORK CITY

NATIONAL OFFICERS

Honorary Chairmen

ALBERT EINSTEIN
HERBERT H. LEHMAN
JULIAN W. MACK
HENRY MONSKY
NATHAN STRAUS
HENRIETTA SZOLD

National Chairman

ABBA HILLEL SILVER

National Co-Chairmen

STEPHEN S. WISE

Chairman, Administrative Committee

LOUIS LIPSKY

Chairman, Executive Committee

SOLOMON GOLDMAN
ISRAEL GOLDSTEIN
MORRIS ROTHENBERG

Treasurer

CHARLES J. ROSENBLOOM

Associate Treasurers

ABRAHAM L. LIEBOVITZ
JACOB SINCOFF

Vice-Chairmen

BARNETT R. BRICKNER
LEON GELLMAN
JAMES G. HELLER
EDWARD L. ISRAEL
LOUIS E. LEVINthal
ELIHU D. STONE
JOE WEINGARTEN
DAVID WERTHEIM

Honorary Secretary

CHARLES RESS

Executive Director

HENRY MONTOR

January 22, 1941.

To the members of the Allotment Committee
of the United Jewish Appeal:

I attach herewith a detailed analysis of the latest version of Mr. Elisha Friedman's Inquiry Report.

I think it is in order, on the basis of this analysis, to ask that the entire Report be referred back to Mr. Friedman, with the request that it be rewritten and confined to such aspects of the situation as are of direct interest to the purposes of the Inquiry, as defined in its letters of reference.

I submit that the Report expected of the Inquiry should avoid any philosophical or political observations on the programs of the agencies involved in the United Jewish Appeal. It should be accurate and unbiased. It should not be contentious, and should not include discussions that are not relevant to the consideration of the problem of the Allotment Committee, with respect to which the Inquiry was presumed to be helpful, to wit: how best to allocate the balance over and above \$11,250,000 raised in the 1940 United Jewish Appeal Campaign.

Pending the revision of the Report of the Inquiry, it is my duty as a representative of the United Palestine Appeal to object to the use of any part of the Report of the Inquiry, directly or indirectly, to influence action in Atlanta or in any Welfare Chest in the country in the matter of the allotment of funds for 1941. The desire of Mr. Friedman seems to be to place in the hands of the representatives of the Welfare Chests in Atlanta, as quickly as possible, the document he has prepared, including all those statements to which we object as being biased and unscientific. We object to this procedure, which would transform what was intended to be a scientific, impartial piece of work into a political document calculated to promote dissension and partisanship.

Very cordially yours,

Louis Lipsky

LL/RW

HONORARY VICE-CHAIRMEN

George Backer, *New York*
 Joseph Bank, *Phoenix*
 Solomon N. Bazell, *Louisville*
 Morton M. Berman, *Chicago*
 Oscar Berman, *Cincinnati*
 Joseph M. Berne, *Cleveland*
 Philip S. Bernstein, *Rochester*
 Robert M. Bernstein, *Philadelphia*
 Jacob Blaustein, *Baltimore*
 Louis J. Borinstein, *Indianapolis*
 Charles Brown, *Los Angeles*
 Gedalia Bublick, *New York*
 Fred Butzel, *Detroit*
 Alfred M. Cohen, *Cincinnati*
 Henry Cohen, *Galveston*
 Sol Cohen, *New York*
 Julius Cohn, *Newark*
 Amos S. Deinard, *Minneapolis*
 Clarence W. Efroymson, *Indianapolis*
 Mark Eisner, *New York*
 Jacob Epstein, *Baltimore*
 Leon I. Feuer, *Toledo*
 Louis Finkelstein, *New York*
 Phillip Forman, *Trenton*
 Solomon B. Freehof, *Pittsburgh*
 Harry Friedberg, *Kansas City*
 Harry Friedenwald, *Baltimore*
 Daniel Frisch, *Indianapolis*
 Herman Gessner, *Escanaba*
 Louis Ginzberg, *New York*
 Abraham Goldberg, *New York*
 I. M. Golden, *San Francisco*
 Mrs. M. L. Goldman, *San Francisco*
 Abraham Goldstein, *Hartford*
 Joseph Goodman, *Troy*
 Julius Gordon, *St. Louis*
 Hayim Greenberg, *New York*
 Simon Greenberg, *Philadelphia*
 Joseph E. Grosberg, *Schenectady*
 Dave Grundfest, *Little Rock*
 L. Manuel Hendler, *Baltimore*
 Sidney L. Herold, *Sbrevport*
 Isidore Hershfield, *Washington*
 Sidney Hillman, *New York*
 Jacob Hoffman, *New York*
 Harry A. Hollzer, *Los Angeles*
 Jacob J. Kaplan, *Boston*
 E. I. Kaufmann, *Washington*
 Oliver M. Kaufmann, *Pittsburgh*
 Louis E. Kirstein, *Boston*
 Gustave Klausner, *St. Louis*

Sidney G. Kusworm, *Dayton*
 Milton Kutz, *Wilmington*
 Sidney Lansburgh, *Baltimore*
 Monte M. Lemann, *New Orleans*
 Benjamin Lencher, *Pittsburgh*
 Joseph Leonard, *Allentown*
 Louis Levine, *New York*
 B. L. Levinthal, *Philadelphia*
 Israel H. Levinthal, *New York*
 Felix A. Levy, *Chicago*
 Julius Livingston, *Tulsa*
 Max Maccoby, *Mt. Vernon*
 Edgar F. Magnin, *Los Angeles*
 Julius Mark, *Nashville*
 Israel Matz, *New York*
 Mortimer May, *Nashville*
 Louis B. Mayer, *Culver City*
 Millard Mayer, *Kansas City*
 George Z. Medalie, *New York*
 Stanley C. Myers, *Miami*
 Irving Miller, *Far Rockaway*
 Charles W. Morris, *Louisville*
 Max Moss, *Jacksonville*
 Morris Neaman, *Pittsburgh*
 Max Ogust, *New York*
 Kurt Peiser, *Philadelphia*
 Hadwig Pies, *Memphis*
 Abe Plough, *Memphis*
 Albert H. Rosenberg, *Chicago*
 Edwin J. Schaffarber, *Columbus*
 Max J. Schneider, *New York*
 W. H. Schwartzschild, *Richmond*
 Simon Shetzer, *Detroit*
 Mrs. Archibald Silverman, *Providence*
 Max Silverstein, *New York*
 Morris Simon, *Washington*
 Eugene M. Solow, *Dallas*
 Ferdinand Sonneborn, *New York*
 Michael A. Stavitsky, *Newark*
 Horace Stern, *Philadelphia*
 Mrs. Joseph Stroock, *New York*
 Leon C. Sunstein, *Philadelphia*
 Morris D. Waldman, *New York*
 Eugene Warner, *Buffalo*
 Lionel Weil, *Goldsboro*
 I. M. Weinstein, *Atlanta*
 David T. Wilentz, *Perth Amboy*
 Henry Wineman, *Detroit*
 Mrs. Stephen S. Wise, *New York*
 Samuel Wohl, *Cincinnati*
 Alexander S. Wolf, *St. Louis*
 Max F. Wolff, *New York*

C
O
P
Y

HARRIS PERLSTEIN
221 North LaSalle Street
Chicago, Ill.

February 7, 1941

Mr. Elisha M. Friedman
15 Broad Street
New York City

Dear Elisha,

I would suggest that a copy of the Allotment Committee report be sent promptly to Dr. Jonah Wise and Dr. Abba Hillel Silver to whom it is addressed, and to Mr. Baerwald and Mr. Rosenwald as heads of the J.D.C. and N.R.S., so that each organization will know exactly what is intended with regard to publication and can arrange to have comments, if any, in your hands within the stipulated time. Send an extra copy to Dr. Silver also as a communication to U.P.A. on this subject.

In addition, copies should now be sent to each member of the Allotment Committee proper as well as to those who served as alternates, and to the Council of Jewish Federations and Welfare Funds.

In communicating with Mr. Baerwald and Mr. Rosenwald as well as Dr. Silver in his capacity as head of the U.P.A., please point out that the comments to be included with the published report should be signed by the head of the organization or, if signed by some other responsible officer, should be accompanied by a letter from the head of the organization advising that the officer in question has been officially authorized to sign. For instance, Dr. Silver might wish to delegate this to Mr. Lipsky, in which case he should so advise you.

If you wish, you can transmit this information to Messrs. Baerwald, Rosenwald and Dr. Silver by simply enclosing a copy of this letter with the Committee Report when you send it to them.

You will, of course, understand that in talking of the "committee report" I refer only to the report of the committee which was signed by the committee members present in Atlanta, and do not refer to the report of the Inquiry.

Regards.

Yours sincerely,

Harris Perlstein

February 10, 1941

COMMENTS ON THE FOURTH DRAFT OF THE REPORT OF THE INQUIRY
OF THE 1940 ALLOTMENT COMMITTEE OF THE UNITED JEWISH APPEAL
(Dealing particularly with Aspects of the Comments on the U.P.A.)

Table of Contents - It should be noted that the item "Comparison of Budget with Actual Expenditures" appearing on Page 64 for the U.P.A., is not used for the J.D.C. or the N.R.S. This, in spite of the fact that the J.D.C. tables on Page 93 show comparison of actual figures with the budget, revealing a wide variation between the two.

There are twelve financial tables for the U.P.A., including the income and expenditures of agencies which the U.P.A. helps to finance in Palestine, while there are only six tables for the J.D.C., with no financial records whatever of the income and expenditures of the organizations to which the J.D.C. gives financial support.

In general, the U.P.A. offers reports on the Keren Hayesod, the Keren Kayemeth, the Jewish Agency, etc., which receive funds from America through the U.P.A., whereas similarly comprehensive information is not provided by the J.D.C. on agencies it supports either in the United States or in countries abroad.

Page 2 - In the first paragraph appears the sentence, "the United Palestine Appeal is purely a fund-raising organization for the quasi-governmental bodies in Jerusalem, the Palestine Foundation Fund and the Jewish National Fund, and it has no authority to control their policies. It is a creature and not a master of the World Zionist Organization". This is not an accurate statement of the nature of the U.P.A. and its relation to the determination of the budgets in Palestine.

The facts are as follows: The United Palestine Appeal is a fund-raising organization comprising the American Keren Hayesod (Palestine Foundation Fund) and the American Keren Kayemeth (Jewish National Fund), both of which raise funds for the Keren Hayesod and Keren Kayemeth of Jerusalem. The budget of the Keren Hayesod, which is the fiscal instrument of the Jewish Agency for Palestine, is

determined biennially at the World Zionist Congress and at meetings of the Council of the Jewish Agency for Palestine comprising Zionists and non-Zionists, and in between Congresses by the Actions Committee of the World Zionist Organization and the Executive of the Jewish Agency for Palestine. The budget of the Jewish National Fund is determined biennially by the World Zionist Congress, and, between Congresses, by the Executive of the World Zionist Organization. The budgets are formulated by representatives democratically chosen at biennial sessions of the World Zionist Organization and the Council of the Jewish Agency for Palestine in which there is representation of the Zionists and non-Zionists of the United States, who thus have a definite share in the determination of the nature and extent of the budgets which finance the operations of the Keren Hayesod and the Keren Kayemeth in Palestine. The Jewish Agency for which the Keren Hayesod raises funds, is recognized in the League of Nations as the supreme Jewish authority in the relations between the Jewish people and the British government in the reconstitution of the Jewish National Home.

Page 4 - At the top of the page there appears the sentence, "For future reports the Inquiry will welcome instructions as to whether efficiency in administration and adequacy of accounts shall be a factor to consider".

Inasmuch as the United Jewish Appeal has been dissolved, the Inquiry set up by the 1940 Allotment Committee will not continue and therefore the use of this sentence may indicate erroneously the agreement for the continuation of this Inquiry body.

One of the headings under "Allotment Principles" is that of "Needs". It is a fundamental fallacy that what the Allotment Committee or what the Inquiry Committee attempted to answer was the question "what are the needs?" In actuality, the Inquiry Committee and the Allotment Committee were concerned with what the agencies had expended and not with what they had needed during the year 1940. They could only spend what they were guaranteed in advance, and what they might

anticipate as maximum additional income as a result of the 1940 United Jewish Appeal campaign, which proved to be a very meager sum.

Page 5 - In the second paragraph appears a statement in the field of prophecy rather than of examination of the financial or other experiences of the J.D.C. Thus the blunt statement is made that regardless of any changes that might take place in Europe, the needs of the J.D.C. would be so great as not to require any variation in its financial program.

Although Pages 5 and 6 review "Principles of Benefits Received", the description is made to apply exclusively to the J.D.C. and the N.R.S., whereas the same points might well be made with respect to Palestine. In fact, the Inquiry Committee report in several other sections indicates either directly or by inference, that money spent in Palestine has brought far greater returns in constructive, permanent achievements than anywhere else in the world.

At the bottom of page 5 is a table purporting to be the experience in a number of countries in which the J.D.C. has operated. The impression is given that the J.D.C. by itself spends the "monthly per capita" sums referred to. In actuality, however, the J.D.C. merely makes a contribution toward the relief grants which are paid out locally in virtually all of these countries. In most instances in which the J.D.C. operates, the percentage of the J.D.C. contribution to the local relief program varies from 2% to 3% to a maximum of 20% in any country.

In discussing the "Principles of Benefits Received", it is appropriate that it should be pointed out with respect to Palestine, that the benefits received from money contributed to the Palestine upbuilding program have been lasting in character and have represented the essence of an effective, philanthropic program, that is, giving the individuals who receive these funds an opportunity to become self-sustaining, which cannot be said with respect to most of the other countries in which relief is now given.

On Page 6 reference is made to the J.D.C. and the N.R.S. operations, and although it is stated that the "three organizations must experiment and be bold",

there is no description of the ramified activities conducted by the funds provided by the U.P.A. in the field of relief or permanent rehabilitation.

Page 7 - The statement appears that "the borrowing by U.P.A. beneficiaries is not on an investment or bank basis but on a quasi-governmental basis of 'public welfare'". An asset nevertheless remains a pledge even though it produces no income. Land, which is one of the assets accumulated with funds raised by the U.P.A. is an unusually good pledge. It is inaccurate to state that the borrowing of the Jewish Agency, for example, is on a philanthropic basis when it is recalled that Lloyds Bank of London has made two substantial loans to the Jewish Agency during the past seven years. Lloyds Bank could not be accused of acting on a philanthropic basis. It was obviously convinced that the assets which were being pledged were sufficiently substantial to warrant loans of \$2,500,000 at one time and \$750,000 at another time.

The statement is made that the N.R.S. is short of cash. The same might be said with respect to both the U.P.A. and the J.D.C., since in all three instances allotments are made to these organizations on the basis of funds which have been pledged and which are paid out over a period of many months by the communities contributing to the U.J.A. Actually, the position of the N.R.S. is less difficult than that of the U.P.A. because it ended 1939 with an actual allotment surplus. Moreover, its 1940 income from the U.J.A. was accelerated and given preferred status with respect to both the U.P.A. and the J.D.C.

Throughout the Inquiry report it is made to appear that the N.R.S. is in a worse position than the U.P.A. and the J.D.C. The fact is that the N.R.S. has been able to obtain substantial funds from banks and other sources to carry it along both in 1939 and in 1940. Since it has been given preferred position in both 1939 and 1940, its cash resources have been more solid, particularly in relation to its budget, than those of the U.P.A. and the J.D.C.

Page 8 - In dealing with "Treatment of Deficits", the Inquiry report ignores a fundamental position that has been consistently taken by the U.P.A., that is, that the obligations incurred by the agencies supported by the U.P.A. are continuing responsibilities, whether they were incurred in the current year or in previous years. This responsibility for all obligations was understood by the J.D.C. when the U.P.A. entered into an agreement with it to constitute the 1939 and 1940 U.J.A. Therefore it cannot be said with any fairness or accuracy at this time that "deficits", which is merely another word for previous commitments, must be ignored in determining the requirements of the U.P.A. agencies. To disregard these previous commitments is, in essence, to demand of the U.P.A. agencies that they shall go into bankruptcy for obligations they have incurred in the past and which they must meet over a period of years out of the current income of each calendar year.

The very fact that the Inquiry report insists on "ignoring" the "deficits" (read "previous commitments"), indicates once again that the Inquiry report has dealt exclusively with what the agencies received and spent, rather than with the evaluation of their needs.

It is stated that "the N.R.S. and J.D.C. have curtailed disbursements to fit reduced funds". Since the name of the U.P.A. does not appear in this sentence, the implication might be that the U.P.A. agencies did not equally suffer from lack of funds. The truth is, however, that many of the services financed by the U.P.A. agencies in Palestine had to be sharply curtailed and many groups in the Jewish community of Palestine suffered during the year 1940 because the Jewish Agency was not in a position (a) to provide sufficient relief, (b) to consolidate the colonies and to give financial support to young colonists who had to go out to dangerous points for colonization in the belief that they would be given livestock, agricultural equipment and barracks to strengthen the settlements which they had established, to aid many of the laborers and citrus growers as well as industrial groups who were in serious economic straits in 1940 because they had relied upon the

Jewish Agency for support which was not forthcoming, due to the failure of the U.P.A. to provide adequate funds from the U.J.A.

The second paragraph on Page 8 which begins with the sentence "If an allotment is made merely because there is a deficit it may encourage expenditures which would, in effect, destroy the allotment concept" has no place in the Inquiry report, since the Allotment Committee in dealing with allotments ignored everything except amounts actually expended, and even removed from its consideration loans which enabled the Jewish Agency and the Jewish National Fund to finance themselves during periods of financial stringency arising out of the inadequate income of the U.P.A.

Page 10 - In order to arrive at actual comparisons between the needs of the agencies which were included in the 1940 U.J.A., fundamentally inaccurate platitudes must be avoided. Thus, on Page 10 appears the statement, "the millions of Jews in Europe must be cared for". Also the sentence, "the approximately 150,000 Jewish refugees" in the United States.

In the first place it is clear even from the Inquiry Committee report that (a) the Jewish communities of Europe in largest part still, even in 1941, supply most of the funds they need to meet their social service and refugee requirements locally, and (b) that the maximum number of Jews in Europe whom the J.D.C. claims to "care for" is 500,000.

In another section of the Inquiry Report it is stated that there are 135,000 refugees in the United States and not 150,000. In any event it is certainly clear that the "150,000" are not all in need of aid. On the contrary, the Inquiry report itself and other statistics that are available indicate that the overwhelming majority of the refugees who have entered the United States are (a) people who came here with funds of their own, (b) people who have relatives who provide for them, (c) people who have managed to integrate themselves into the economic life of the country and have self-sustaining jobs, and (d) the comparatively limited number who are not cared for in one or another of these ways and are provided with service and, as required, maintenance by local Jewish communities.

One of the points made by all refugee committees in the United States, especially in statistics compiled by the American Friends Service Committee, is to show how many Americans were given jobs as a result of the businesses started and financed by re-

fugees entering the United States.

If one is dealing with the subject of refugees, is it not equally appropriate to refer to the fact that between July 1, 1932 and July 1, 1940, some 280,000 refugees entered Palestine, constituting as many refugees as came into all other countries of the world outside of Palestine combined?

In this connection, the last two sentences on Page 10 are inappropriate and actually misleading. They are "the capacity of Palestine must be increased to absorb the proportionately large share of refugees it has been taking since 1933. The long-term development of Palestine as the Jewish Homeland and as a great cultural and spiritual center must go forward." In truth, the absorptive capacity of Palestine since 1933 has developed in geometric proportion to the number of immigrants who have entered the country. The inference of the last two sentences is that Palestine has been unable either to absorb many refugees or that the current development of Palestine must be delayed until some future unforeseeable period. When it is remembered that Palestine has made a contribution to the solution of the refugee problem equal to that of the rest of the world combined, including the prosperous and peaceful United States, the accurate statement would be, "Palestine has made the most substantial contribution to the refugee problem: by giving homes to 280,000 refugees in its midst, and by relieving to that extent the tension of the Jewish problem in Europe, which has the twofold purpose of helping the Jewish situation in European countries and of relieving the J.D.C. and other bodies of the need of providing for these men, women and children".

Page 11 - There are two fallacies in the "History of Fund-Raising":

(a) In 1934 and 1935 the J.N.F. did more than conduct "traditional collections". It conducted a campaign, since there was no agreement with the Keren Hayesod at that time, which would have debarred it from the normal processes of a fund-raising effort. There was no U.P.A. in 1934 and 1935, and therefore the percentages obtained by the J.D.C. were in relation to the Keren Hayesod alone (at that time

known as the American Palestine Campaign). This changes the entire picture of proportions between the J.D.C. and the U.P.A. Actually in 1934 and 1935 the income of the Keren Hayesod and the Keren Kayemeth from all sources was greater than that of the J.D.C.

(b) The real losses of the U.P.A. percentage-wise are not revealed merely in the comparative ratios of the J.D.C. and the U.P.A., but in the fact that with the N.R.S. a new factor entered into the picture. The N.R.S. took even greater sums than the U.P.A. from the 1940 U.J.A.

The statement that the N.R.S. was "formed in 1939" is misleading, since the N.R.S. is only another name for the National Coordinating Committee which was formed previously and which spent a maximum of about \$600,000 in 1938, the bulk of which is obtained from the J.D.C.

Another sentence that gives an inaccurate picture of the situation reads, "the U.P.A. declined from 42% of the total in 1934 to 31% in 1938 just prior to the formation of the U.J.A.". In actuality, the proportion of the U.P.A. (including Keren Hayesod and Keren Kayemeth) has declined from some 52% in 1934 to 23% of overseas and refugee funds in 1940 - a net loss of more than approximately 150%, which is the sharpest decline for probably any national overseas organization operating in the United States during this period. This sharp decline is particularly serious because during the same period Palestine absorbed some 280,000 Jews with all its concomitant development in every sphere of activity.

Page 13 - It is misleading to make references to monies collected by non-U.P.A. bodies. This has nothing to do with the question of allocations. When the U.P.A. applied for allocations it did not submit the needs of the whole of Palestine, but solely the needs of the Palestine institutions with whose financing it is concerned.

The figures quoted on "Funds Raised in the United States in 1939 for Jewish Overseas and Refugee Needs by Principal Organizations" are not a complete statement of the facts. Thus, with respect to Landsmannschaften there is only an

"estimate". Comparison with the figures issued by the Department of Commerce would show that during 1939 some \$144,000,000 were sent in private remittances from the United States to countries abroad, with the bulk of this money going to Europe. Even using the percentage of Jews in the United States population would give to Jewish remittances to Europe a much larger sum than that indicated in this estimate. Moreover, it is traditional that the Jewish sense of responsibility for relatives and friends in Europe is far greater than that of non-Jewish citizens. Even a minimum estimate would show that the Jews of America sent to Europe in 1939 the sum of about \$7,000,000 to \$10,000,000.

With respect to "Local Refugee Services" again there is an "estimate". In view of the fact that an effort is being made to give maximum credit to the N.R.S. for its participation in meeting refugee needs, it is not unfair to say that the N.R.S. figures would not be comprehensive with respect to funds spent locally for refugee service and maintenance. In addition, the Inquiry report might have dealt with funds raised by the Council of Jewish Women, B'nai B'rith, University in Exile, and with such miscellaneous items as grants to schools by various foundations for scholars and scientists, and with other programs to aid refugees in the United States. It is arbitrary also to have excluded the "Committee for War-Torn Yeshivoth" from the list of agencies raising funds in the United States for Jews abroad.

Chief criticism, however, must center on the use of 1939 instead of 1940 tables. The use of 1940 tables would show (a) a sharp upward rise in the amount made available for refugee needs to the United States through the N.R.S. and through local refugee programs, and (b) a very sharp curtailment of the funds made available for the Palestine upbuilding program.

Comparison of the programs in Palestine with relief programs either in the United States or in Europe is neither complete nor accurate. There is no inclusion in the American figures of amounts which American Jews have contributed to

the maintenance of American universities, nor is there any reference to contributions which Jews have made to universities, cultural, industrial and agricultural enterprises in other parts of the world. This would include such agencies as the Refugee Economic Corporation, the Coordinating Foundation, the Agro-Joint and other bodies which are semi-private in character and which the Inquiry Committee has not included in its accounts.

Page 14 - If there is taken into account what the J.D.C. spends outside of Palestine to help immigrants go to Palestine, on the same basis the U.P.A. agencies should be credited with expenditures made outside of Palestine for Chalutz camps and similar activities, which are established and maintained by local Zionist bodies and which receive financial support also from the Jewish Agency in Palestine.

How can the present Inquiry Committee be concerned with what organizations not included in the United Jewish Appeal sent either to Palestine or to Europe? If some American Jew gave \$10,000,000 to build a hospital in Jerusalem, would that mean that Palestine received so much money that it didn't need any more for its other requirements? In comparing expenditures and needs in one country and another, they must be on a standard, uniform basis. Merely to say that Europe got so much money and Palestine so much money does not indicate whether the essential social welfare, reconstruction and rehabilitation needs of the particular areas affected received ample funds for their requirements.

The reference to \$3,000,000 invested by the Palestine Economic Corporation bears no relationship to the activities of the J.D.C., even if some of its assets were made available many years ago. Actually the funds which the J.D.C. placed in the Palestine Economic Corporation represent the accumulation of assets in Palestine arising out of the contributions made by Jews in America to the J.D.C. for war relief and post-war relief purposes in Palestine. These contributions were provided by all American Jews since at that time the J.D.C. was the instrumentality through which American Jews provided relief for Palestine. Moreover, it should be noted that the assets of the J.D.C. in Palestine which were turned

over to the Palestine Economic Corporation represented an endeavor on the part of the J.D.C. officers to satisfy the mass of American Jews that it had no antipathy to Palestine. This decision to turn over the assets followed the very vigorous discussion that arose in 1925 with respect to the comparative merits of Crimea and Palestine.

Moreover, it is an invidious statement as to what the J.D.C. has accomplished in Palestine when in dealing with 1940 factors reference is made as to what the J.D.C. may have done with some of its funds in 1926. This is not a history of either the Palestine unbuilding program or of the J.D.C., but is supposed to deal essentially with the amounts expended by the agencies in the year 1940.

Page 15 - The statement is made that "several important organizations outside of the U.P.A. raised funds for Palestine in the United States, but the aid to Jews overseas (outside Palestine) is practically concentrated in the J.D.C.". Two things are overlooked in this statement, (1) that the J.D.C. provides only a fraction of the amounts actually used in all the countries of the Diaspora for Jewish local social welfare or refugee needs, and (2) that as described elsewhere there are many organizations in the United States which raise funds along parallel lines of needs that are supposed to be met by the J.D.C. One need only refer to such bodies as the Ort, Hias, Jewish Labor Committee, Santo Domingo Republic Settlement Association, Refugee Economic Corporation, Landsmannschaften, etc., etc.

To compare what non-U.J.A. agencies raised with the sums obtained by non-U.P.A. agencies is to provide irrelevant statistics. It can make no difference to the needs of the U.P.A. if other agencies with unrelated tasks raise funds either for Palestine or for Europe.

It must be constantly emphasized that the agencies financed by the U.P.A. have specific programs in Palestine, programs dealing with immigration, colonization, land acquisition, general economic development. It is not proved and

cannot be proved that the amounts raised by other bodies relieve these U.P.A. agencies of their financial obligations.

The table showing "Trend of Fund-Raising of Palestinian Agencies" is fallacious in that it fails to take into account that the same rise in the index figure could be cited for every organization operating in the United States, whether of a local, national or overseas character.

This is due to the fact that beginning with 1938 when Jewish communities began to recover from the economic depression and when they began to feel a sense of responsibility for Jewish needs, they began to raise unprecedented sums which were made available not merely to the U.J.A. agencies but to all Jewish institutions ranging from the American Jewish Committee to the Jewish Welfare Board.

The fact that a Hebrew University exists in Palestine bears no relation to Palestine needs. The existence of Harvard, Yale and Princeton in no way minimized the relief needs of the unemployed during the years of depression and the fact that Harvard University received large endowment funds between 1933 and 1940 did not in any way decrease the amounts which the United States Government had to vote for W.P.A. or P.W.A. projects in Massachusetts or in Boston.

That there are no comparable tables provided by the Inquiry report is indicated in the fact that reference has not been made to the large sums raised in the United States between 1936 and 1939 for yeshivoth in Europe. The fact that certain cultural institutions existed in Europe did not diminish the relief needs of Jews in those communities.

In presenting tables endeavoring to show the percentage of increase for various Palestine institutions from 1936 to 1939, the Inquiry report does not offer similar tables for the European field or attempt to show how American

Jewish generosity has increased from 1936 through 1939. Figures are cited on the N.R.S., Hias and local refugee services, but the figures are not from 1936 through 1939. The basis of comparison is solely 1939 and 1940.

If there were comparable tables on refugee assistance in the United States for the years 1936 through 1939, one would find that the index range would curve from probably 10% to possibly as much as 50,000%. Therefore it is unfair and inaccurate not to have comparable tables and to restrict the statistics to the rise in the index figures for Palestine agencies. Under these circumstances the table on Page 15 ought to be eliminated and also the accompanying remarks on Page 16.

Page 16 - The statement is made that the figures "clearly prove the benefit of a united campaign". Again the Inquiry report has failed to take into account the ratio of increase in giving. Thus the U.P.A. received far less money proportionately in 1940 than in 1938.

One of the effects of a united campaign is reflected in the traditional collections of the Jewish National Fund. Thus while all other local, national and overseas agencies were increasing their income by enormous percentages from the period from 1936 through 1940, the J.N.F. did not have a comparable rate of increase. This is due to the fact that its activities were curtailed by the existence of the U.J.A. and by its endeavor to cooperate with the campaign activities of the U.J.A. Thus the U.P.A. really suffered more than is indicated by the quantitative and qualitative figures of its income in the U.J.A. If there had been no U.J.A. and no restrictions on the J.N.F., it would have been able to enjoy its proportionate share of the increased ratio of giving of the Jews of America.

The tables of "Allotments or Expenditures for Refugees and Immigrants in the United States" on Page 16 do not provide any basis of comparison with the figures for Palestinian agencies since the only figures used are those for 1939 and 1940. Moreover, the amounts which local Welfare Funds provide for their local services have no relationship to the increases that have been given to the N.R.S. and the Hias. Thus if the figures for N.R.S., or rather refugee needs, had been taken back to 1936, the percentage of increase would have been anywhere up to 10,000% and not merely 39% as between 1940 and 1939.

Page 17 - It is interesting that the sentence should appear, "The N.R.S. estimates the amounts allotted to local refugee service for 1939, etc." It was assumed that the Inquiry report would be a scientific investigation, determining for itself what local refugee service costs are and not taking its statistics from interested parties. In a factual survey "estimates" can hardly be of value since the amounts available for distribution are so limited that there must be the largest possible margin of accuracy in determining what is available and what has actually been spent.

The following sentence is purely gratuitous in character and is not borne out by any of the facts elicited elsewhere in the report, that is, "in 1940 refugee and immigrant requirements had so grown in volume and need in the United States, because of the accumulative nature of the problem, as to require sums comparable with the amount of money actually expended overseas by the J.D.C." Only two things can be meant by this statement: (a) that the \$6,000,000 received by the J.D.C. allegedly for millions of people, represents the sum which must be given to the refugees in the United States whose number, insofar as the actual maintenance problem is concerned, does not go higher than 20,000; or (b) there is justification for widespread disappointment that the funds of the U.J.A. of 1940 were so divided as to give to a maximum of 20,000 refugees in the United

States as much money as to the great body of Jews dependent upon the J.D.C. and more than twice as much as to Palestine which had to contend not only with a normal upbuilding program, but with 280,000 refugees who constituted an even greater "cumulative problem" than the refugees in the United States, in view of the fact that Palestine has had added to its normal difficulties, emergency and war tasks. The sentence can be interpreted, therefore, as serving no other useful purpose than an endorsement of the N.R.S. in invidious comparison with the J.D.C. and with complete ignoring of the even greater problems financed by the U.P.A.

The statement on "cash position" of the N.R.S. has no relation to the requirements of the agencies. There has been no indication that the N.R.S. was unable to borrow from the banks and elsewhere as its needs required.

Inasmuch as the Inquiry Committee report was prepared in January, it should be indicated that the cash of both the J.N.F. and the P.F.F. which was held in reserve for specific obligations to the banks and to lenders, had been depleted in great part, including the special loan fund of the Keren Hayesod. This loan fund, it must be emphasized, was obtained specifically because the U.P.A. had received such inadequate funds from the U.J.A. in 1940 and had to go to other sources to meet some of the most serious wartime and emergency problems.

IN ARRANGING COMPARABLE TABLES FOR THE J.D.C. AND THE U.P.A., IT IS IMPORTANT THAT THE ASSETS AND LIABILITIES OF THE TWO ORGANIZATIONS BE COMPARED ON A UNIFORM BASIS. The tables for the U.P.A. show excess of assets over liabilities, whereas in reality the liabilities of the U.P.A. exceed its assets. The J.D.C. tables are so contrived as to show an excess of liabilities over assets. Comparable tables for the J.D.C. and the U.P.A. would show that the latter actually has an excess of assets over liabilities.

On Page 17, it is stated that the J.D.C. had an "excess of current liabilities (commitments due) over current assets on September 30, 1940 of \$1,898,000.00." By reference to Table DI, it will be seen that the total liabilities as stated by the J.D.C. amounted to \$1,868,000.00, against which there were assets on hand of \$590,000.00, so it is clear that there was an excess of liabilities over assets, assuming the basis of the calculations to be correct, of only \$1,278,000.00. This matter will be dealt with in more detail at another point in the statement of corrections.

The inference is created that the Palestine Foundation Fund and Jewish National Fund have large cash reserves. With respect to the U.P.A. an attempt is made to establish the "cash position" of affiliated organizations, but there is no such figure for organizations or committees affiliated with or subordinate to the J.D.C. The facts with respect to the latter would indicate very substantial amounts of cash or negotiable securities. If the Inquiry report includes the "cash position" of the P.F.F. and J.N.F. as of September 30, 1940, with equal validity and fairness it should indicate what sums of money or what assets were available to J.D.C. organizations or committees which it subventions or finances in various countries of the world.

Page 18 - Again the statement is made that the "N.R.S. is obviously short of cash." So are the J.N.F. and the P.F.F. or they would not have had to borrow large sums to meet emergency requirements. The facts show that the U.J.A. did not give special consideration to these U.P.A. agencies in order to obviate their borrowing. The U.J.A. officers assumed that each constituent agency of the U.J.A., knowing in advance what it could depend upon, would have to make its own financial arrangements to carry through until cash from pledges to the U.J.A. was available.

The Inquiry Committee states that, according to Appendix III of the N.R.S. Application, dated October 18, 1940, there is a "cash deficiency of the N.R.S.," but why does the Inquiry Committee accept this statement and refuse to point to the actual surplus of the N.R.S. in terms of the allotments granted to it by the U.J.A.

and sums it received from other sources?

It ought also to be mentioned in the Inquiry Committee report, in view of the U.P.A. agreement to accelerate cash payments to the N.R.S. from the 1940 U.J.A., that the U.P.A. financial position has assumed increased stringency because its cash income on account of its allotment has diminished accordingly.

Page 19 - Figures appear on Page 19 and also on Page 20 giving "Budgetary and Cash Positions Projected to December 31, 1940". If the Inquiry Committee intends to deal comparably with the beneficiary organizations of the U.J.A., equal columns ought to be included for the U.P.A. as for the J.D.C. and N.R.S. on both pages.

On Page 19 appears a partial quotation from a letter attributed to Mr. Bernard Reis, which states "as far as the books of the organizations in Palestine, we don't know on what basis they are kept". The Inquiry Committee report ought in fairness to have added that Mr. Reis has indicated that he knows thoroughly how the books of the U.P.A. as of the J.D.C. are kept, but insofar as the agencies which are financed by the U.P.A. and by the J.D.C., he has not had an opportunity to examine these books on the spot. Therefore if it is said that the "books of the organizations in Palestine" are not familiar to Mr. Reis, it ought also to be pointed out that neither are the books "of the organizations financed in Europe or elsewhere by the J.D.C."

Page 19 - Examination of the "Budgetary and Cash Positions" of the J.D.C. and N.R.S. appearing on Page 19 discloses the following:

The N.R.S. is credited with an income of \$3,500,000 which obviously represents the total allotment to it from the 1940 U.J.A. The figure showing J.D.C. receipts in a parallel column is \$5,250,000, but on the basis used for calculating the N.R.S. income, this figure for the J.D.C. should be \$6,050,000 as representing the total income to the J.D.C. from the total allotments from the 1940 U.J.A.

With respect to budgetary payments (item J) the J.D.C. is credited with "budgetary payments" of \$6,914,000. However, Table D4 shows "appropriations" for the nine months ending September 30, 1940 of \$5,216,500 to which must be added the appropriations of the J.D.C. for the last three months of 1940 totalling approximately

\$1,000,000, according to testimony offered at the meetings of the Allotment Committee. This would make the "total appropriations" for the J.D.C. for the 12 months of 1940 approximately \$6,216,500 and not as appears on Page 19, \$6,914,000.

The effect of this discrepancy is as follows: the total of items A and F, that is, showing the total receipts of the J.D.C. including its income from the 1940 U.J.A., would be \$6,184,000; the total "appropriations" made by the J.D.C. for 1940 are \$6,216,500, showing a "budgetary deficit" of approximately \$50,000 instead of as indicated on Page 19, a "budgetary deficit of \$1,664,000".

The above figures do not, however, take into account the income accruing to the J.D.C. in 1940 from 1939. The income from 1939 is, however, cited on Page 19 for the N.R.S., totalling \$190,000 for the N.R.S. If there were added to the J.D.C. figures on Page 19 the income which was received from the 1939 U.J.A., it would show that the J.D.C. ends December 1940 with a budgetary surplus of at least \$2,000,000.

It is obvious from these conclusions that the method of reasoning is utterly fallacious but these conclusions have been purposely drawn to show how ridiculous is the type of computation on Pages 19 and 20.

Page 21 - The figures show a constant reduction in the expenditures of the J.D.C. Was this not due also to war restrictions however great the needs themselves were?

On Page 21 appears a table purporting to be "monthly expenditures of beneficiary agencies." As regards the J.D.C., the figure used is \$1,056,000 for the month of January. Two things must be noted about these figures: (a) they are not comparable since for the J.D.C. the figures cited are those of "budgetary appropriations", whereas figures for the U.P.A. and the N.R.S. represent actual cash expenditures. b) The term "appropriation" insofar as the J.D.C. is concerned does not actually mean expenditures as indicated in the tables furnished by the J.D.C. itself, showing that in the month of January what was disbursed by the J.D.C. was not \$1,056,000 but as is indicated on Page 33, \$503,000. Similar observations could be made with respect to February, March, April, etc.

Another observation that must be made with respect to the "monthly expenditures" cited for the J.D.C. is that the amounts attributed to the J.D.C. as "expenditures" are not expenditures and actually not even appropriations. What must be considered is the amount which the J.D.C. actually forwarded to its beneficiary agencies during the months referred to. In each case the amounts actually forwarded to these beneficiary agencies was substantially less at times than 50% of the so-called "appropriation".

Also on Page 21, it is said that "J.D.C. reduced its appropriations sharply from an average of approximately \$1,000,000 in January and February to approximately \$330,000 a month from June to August, and to \$235,000 in October because the U.J.A. collections were far less than originally expected". In this connection it must be pointed out that a similar situation affected the U.P.A. agencies. As has been indicated elsewhere in the Inquiry Committee report, the U.P.A. agencies had projected appropriations for 1941 of approximately \$17,000,000. Sharp reductions had to be made in the expenditures of these agencies because it became evident as the campaign proceeded that no such amounts would be made available. Thus the U.P.A. as well as the J.D.C. found itself in the position of drastically curtailing appropriations as a result of income prospects. Therefore, the table on Page 21, which is based on facts which are not comparable, inasmuch as the U.P.A. and N.R.S. are treated on a cash basis, whereas the J.D.C. is treated on an appropriations basis, should be eliminated.

Another observation appearing on Page 21 states, "Soviet part of Poland and the Baltic States inaccessible to J.D.C. funds, but the declassée refugees from Soviet rule created new burdens in neighboring countries". Statistics show that at a maximum, several thousand persons fled from Soviet-ruled or occupied territory in order to go to adjacent countries such as Roumania and Hungary. It is inaccurate to give the impression that great numbers of Jews had fled from Soviet-controlled areas and that accordingly, the burden upon public funds in the neighboring countries had been substantially enlarged.

Page 22 - The statement is made that "Palestinian organizations, as shown above, had continued spending slightly more than an average of \$600,000 a month throughout the year". It must again be emphasized that from the very beginning of the year, the Jewish Agency and the J.N.F. had already drastically cut their budgets in order to meet the declining income to the U.P.A. from the U.J.A., and that throughout the year they were working on irreducible minimums.

Page 23 - The statement appears that "the first allotment is \$10,250,000". The actual agreement of the U.J.A. for 1940 shows that the total of the first allotments was \$11,250,000.

On Page 23 there must be a complete revision of these figures summarizing "the remaining 1940 regular requirements" since this constitutes the essence of the problem with which the Allotment Committee dealt.

This page emphasizes that the Allotment Committee was not concerned with the evaluation of the needs of the respective agencies, but solely with the sums that had actually been spent during the year 1940, - sums which could be spent only on the basis of the fixed agreement made early in 1940 for the overwhelming bulk of the funds to be raised by the U.J.A.

An analysis of the "1940 regular requirements" of the respective agencies would show revisions as follows:

1. The J.D.C. should show on the basis of observations made on Page 19, a deficit of only \$165,000 made up as follows:

- a) Income for the year.....\$6,050,000
- b) Expenditures..... 6,214,000 (based on Page 20 and
Table D4)

leaving a budgetary deficit for the
year of.....\$ 165,000.

Therefore it is not accurate to say that "the actual deficit.....will be slightly more than \$1,000,000".

2. To use the same basis of comparison for the U.P.A. income and expenditures for 1940, one arrives at the following:

Allotment income	\$2,900,000
------------------	-------------

Expenditures:

A) Regular requirements of Palestine

(as described in Table P-X)	<u>3,239,221</u>
-----------------------------	------------------

Therefore the deficit for the U.P.A. IS \$ 339,221, even on the basis of the Inquiry Committee's reckoning.

The calculation in Table PX, moreover, was based upon the assumption that only 62.7% of the requirements of Palestine would be forthcoming from the United States as opposed to maximum commitments represented in the J.D.C. tables which included all available income. The item listed for Palestine, therefore, must be considered as a minimum.

It should be noted, however, that the U.P.A. takes issue with the manner in which the Inquiry Committee calculates the expenditures of the U.P.A. agencies in Palestine, in view of the elimination of many items of expenditure that are actually incurred, but which the Inquiry Committee regards as not a responsibility of the U.J.A.

Page 23 - The statement is made that the N.R.S. "should have a budgetary surplus". It is necessary to point out that this surplus is an actual surplus of approximately \$375,000, taking the operations of the N.R.S. on the basis of its 1939 and 1940 income, as has been done by the Inquiry Committee itself in its table on Page 20. The "extra requirements" of the N.R.S. are stated to be "about \$840,000". However, Table R-7 which states "extra requirements" for the N.R.S. for the entire year 1940 gives the figures of only \$638,000 for "total extra requirements". How then can

there be extra requirements of \$840,000 for only three months?

Page 24 - At this point it is pertinent to comment again on the lack of comparability of reports on the agencies covered by the Inquiry Committee. The following chart is submitted to show for various categories how unequal is the treatment of the three agencies. An examination has been made of the space given to various subjects for the three organizations on the basis of lines devoted to each subject. The number of lines is more or less approximate. Thus, for example, "Financial Data of Parent Organization" takes 67 lines for the J.D.C. and 37 for the U.P.A., while "Financial Data of Subsidiary Organizations" takes 100 lines for the U.P.A. and no information whatever on subsidiary organizations is given for the J.D.C.

	<u>Lines</u>		
	<u>JDC</u>	<u>UPA</u>	<u>NRS</u>
History and Purposes	30	5	32
Affiliated Organizations	37	19	--
Chart	1 Page	None	None
Other Non-Affiliated Organizations	36	34	49
Imponderables	79	44	120
Financial Data of Parent Organization	67	37	18
Financial Data of Subsidiary Organization	None	100	--
Appropriations vs. Budgets	18	31	11
Extent of Aid - 1940	14	None	--
Vital Elements of Organizations Problems	58	None	46
Collapsed Areas	55	52	--
Needs	33	80	22
Long Range Program	--	46	--
Palestine As an Alternative	--	11	--
Short Range Program	--	45	--
Analysis of Refugee Capital	None	26	--
Trends of Demand	None	206	104

Page 26 - The upbuilding of the Jewish National Home in Palestine is the proof that Jewish vision has been more "realistic" than current mathematical tables might indicate. In 1914 it could not be and was not predicted that Palestine in 1940 would have approximately 550,000 Jews. For all the current mathematical statistics would disprove such an eventuality. In this connection it is interesting to have the observations of the Inquiry Committee report that "the appraisal of the statistics and accounts as well as the recommendations based thereon, will have to be modified by factors which are not susceptible of mathematical determination. Some factors cannot be expressed in figures".

Thus in 1921 the Jewish National Fund with extraordinary courage and imagination acquired the Valley of Jezreel which is today the most prosperous area in Palestine, housing thousands of Jewish families. There are other sections of Palestine which were sterile and pestilential and which through the ability of Jewish pioneers to see beyond "statistics and accounts" are today the sources of opportunity and freedom for great masses of Jews.

The insistence that statements with regard to the three agencies benefiting from the U.J.A. should be uniform in character is nowhere more necessary than in the account of "imponderables" affecting the three agencies. The statement of "imponderables" with respect to the J.D.C. and the N.R.S. are provided without quotation marks as though these represent the personal conclusions of the Inquiry report. In fact, on Page 29 the observation is made that "the imponderables..... previously indicated in the following statement (were) prepared in collaboration with J.D.C." Despite this fact, however, there are no quotation marks on any of the paragraphs of the statement of imponderables, although such quotation marks appear around the statement of imponderables with respect to the U.P.A.

Page 28 - The statement appears that throughout the United States "there are estimated to be several thousand organizations of persons who came from Poland and other Eastern countries, and who are grouped by cities or towns of their origin". On Page 13 the Inquiry Committee gives as an estimate the sum of \$200,000 as the amount

forwarded overseas in 1939 by the Landsmannschaften. Since "several thousand" are at least 2,000, it would mean that these Landsmannschaften gave a maximum in 1939 of \$100 each for purposes abroad. In view of the deep interest which these Landsmannschaften have in their home communities abroad, it is again obvious how inadequate are the figures supplied by the Inquiry Committee showing the amounts remitted abroad by Landsmannschaften or other organizations of a similar nature.

Page 30 - In the statement on the position of the Jews in Europe, the Inquiry Committee report again fails to point out that the bulk of the money needed by the Jews of Europe for their local social welfare and refugee needs is provided by themselves, and that sums made available by the J.D.C. or other sources are merely auxiliary in character.

Page 31 - The Inquiry Committee describes the "total liabilities" of the J.D.C. as being "\$2,488,000". However, Table D-1 shows the liabilities of the J.D.C. as \$1,867,988.33, including liabilities on account of 1939 commitments. In addition these liabilities include "loans payable of \$670,587.53", which was borrowed from wholly -owned subsidiaries of the J.D.C. (In actuality what was involved was a transaction within the J.D.C. itself and therefore the sum of \$670,587.53 cannot properly be regarded as a public liability).

On Page 31 the Inquiry Committee report refers to "total net liabilities" of \$3,386,000 for the J.D.C. An examination of the financial tables of the J.D.C. discloses the following: (a) that the total liabilities as of September 30, 1940 were \$1,867,988.33. Included in these liabilities were \$670,587.53 of loans payable to subsidiaries which should be deducted. This brings the liabilities to \$1,197,000.

In determining the assets and liabilities of the J.D.C. one arrives at the following:

(a) Liabilities. Table D-1 states the liabilities of the J.D.C. to be \$1,868,000

(Item L, Table D-1). Add to this Items P to U in D-1, totalling \$1,488,000. Thus total maximum liabilities and commitments are \$3,356,000.

b) Placed against these figures are assets as follows:

(Item F, Table D-1) \$ 590,000. Add to this the amount due to the J.D.C. on account of the 1940 first allotment as per Page 32 of the Inquiry Committee report, \$2,500,000. Add to this the second allotment made by the Allotment Committee of \$ 800,000 , giving a total of assets of \$3,890,000.

Thus the minimum excess of assets over liabilities of the J.D.C. is \$534,000. But it must also be taken into account that the liabilities described by the J.D.C. include the following:

- a) Loans payable to wholly owned subsidiaries of \$670,587
- b) Liabilities on account of 1939 commitments, which include guarantees for the S.S. St. Louis which have not been paid and may not ever have to be paid, - - - \$739,145

In further determining the actual excess of assets over liabilities of the J.D.C., it should be noted that the total liabilities of the J.D.C. include \$968,000 for the following items:

For deferred commitments which may never have to be met, including \$640,000 for the Coordinating Foundation where the obligations are stated in advance to be over a period of four years; \$180,000 to the Joint Reconstruction Foundation; and \$ 80,000 for the Joint Reconstruction Reserve, both wholly owned corporation items; and the Australian project of \$68,700.

Thus it is evident that the excess of J.D.C. assets over liabilities amounts to several million dollars.

Whereas the Inquiry Committee adds to the liabilities of the J.D.C. deferred commitments which may never be paid totalling \$968,000.00, the Inquiry Committee in Table PX, in dealing with the U.P.A., deducts "guarantees not payable during

the years 1939 and 1940," amounting to \$295,000.00. In fact, the J.D.C. goes as far as to state in some of their reports that the commitment on the Coordinating Foundation is to be payable, if at all, over a period of four years. Thus, it is clear that the Inquiry Committee and the Allotment Committee have not dealt with the J.D.C. and the U.P.A. on a comparable basis.

In order to demonstrate that there has not been any comparability in the figures for the U.P.A. and the J.D.C., it is of interest to observe the manner in which the assets and liabilities of the U.P.A. have been computed. On Page 49 it is stated that the U.P.A. shows assets of \$126,000 and liabilities of "only \$17,000". The actual analysis of U.P.A. assets and liabilities reveals the following: the liabilities as of Sept. 30, 1940 of the U.P.A. -- on account of definite obligations assumed -- totalled approximately \$90,000 made up of the following: owed to the Mizrahi Palestine Fund \$21,000; to the Z.O.A. and Poale Zion \$53,100; to the Hebrew University \$15,000.

The liabilities of the J.D.C. include commitments made for projects supported by the J.D.C. On this same basis the U.P.A. must include among its liabilities commitments made toward the budgets of the J.N.F. and the Jewish Agency. Table P-2 shows that approximately \$1,254,000 was transmitted to Palestine for the first nine months of 1940. The U.P.A. had a minimum commitment of \$3,000,000, so that an additional liability of the U.P.A. to Palestine is \$1,746,000. The situation therefore would be as follows:

<u>Assets:</u>	Cash	\$108,000	
	Balance of first allotment	1,000,000	
	Second allotment	<u>400,000</u>	
	TOTAL		\$1,508,000
<u>Liabilities:</u>	To Palestine	\$1,756,000	
	Domestic commitments	<u>90,000</u>	
	TOTAL		<u>\$1,846,000</u>

Thus if the tables for the U.P.A. were comparable with those of the J.D.C., there would be shown an actual deficit, or excess of liabilities over assets of \$338,000, as against an excess of assets over liabilities for the J.D.C. of several millions.

Page 32 - The Inquiry report states that the "1939 J.D.C. expenditures were far below the peak of 1919" and adds gratuitously that "for the U.P.A. 1939 expenditures were the peak of collections for Palestine." It might well be pointed out that there were some 450,000 more Jews in Palestine in 1939 than in 1919. Moreover the 1919 expenditures of the J.D.C. represented the unified efforts of the Jews of America to deal with a vast relief problem in which the possibilities of assistance were unlimited, and when there were as yet no upbuilding program as such under way in Palestine.

In dealing with the responsibilities of the J.D.C. in South American countries, it ought also to be pointed that most, if not all, of the Jewish communities of South America are actually raising funds for relief of Jews in Europe and also providing the bulk of the funds required in their countries for social welfare and refugee purposes.

Page 33 - Another reference is made to "appropriations" made by the J.D.C. In view of the fact that the determination of the needs of the J.D.C. must be based on actual expenditures - - according to the dictum of the Inquiry Committee itself - - what was "appropriated" is as irrelevant as the \$28,000,000 budget with which the J.D.C. started the year 1940.

A "commitment" on the part of the J.D.C. can have no bearing on the actual amount expended by the J.D.C. In this connection it is noteworthy that although complete tables are given with regard to the expenditures of the Jewish Agency and the J.N.F. nowhere in the entire Inquiry report does there appear a full and factual statement of the amounts actually expended and not merely appropriated in every country in which the J.D.C. states it is operating.

The inconsistencies and discrepancies of the figures with respect to the

J.D.C. are further illustrated on Page 33, when in one table it is stated that the "net appropriations" of the J.D.C. from January through October 1940 were \$5,476,000 and that "payments and clearing transactions" totalled \$5,063,000. Nevertheless in the last sentence on Page 33 it is stated that "actual cash payments were \$1,000,000 less than appropriations in the first ten months of 1940". Does that mean that the J.D.C. actually expended from January to October 1940, \$4,476,000 and not \$5,476,000 which the J.D.C. refers to as "net appropriations"? This again emphasizes that the term "appropriation" has no relationship to the actual cash expended by the J.D.C.

Page 34 - The sentence appears in connection with the J.D.C. "it seems clear that the needs have been met only at the borderline of starvation". This sentence might equally have been applied to the situation in Palestine where the amounts made available were so sharply at variance with the totality of the needs with respect to relief as well as to rehabilitation measures.

Page 34 - In dealing with the U.P.A., the Inquiry report makes certain observations with respect to the difference between the amounts actually expended and the amounts originally budgeted.

It is very clear that if the U.P.A. could not provide the funds upon which the agencies in Palestine had counted, they would necessarily have to cut their expenditures to the sharp degree required by the failure of American Jews through the U.P.A. to provide the needs.

But in dealing with the J.D.C., the Inquiry report does not make similar observations with respect to the variation between amounts available and original budgets. The U.P.A. agencies and the J.D.C. were in exactly the same position. The J.D.C. started the year with a budget of some \$28,000,000, but when the results of the U.J.A. made it clear that it could not expect anywhere near this amount, it reduced its expenditures accordingly. This must be borne in mind in connection with the Inquiry report's later observations which bear the unfair influence that the budgets of the Jewish Agency are not realistic and therefore that the Jews of America do not have to give proportionate sums through the U.P.A.

Page 35 - In describing the number of Jews who are "living in the European field of J.D.C. activities", the inference is that the J.D.C. provides for the needs of all of these Jews, and moreover that it is in a position to help. Again it should be emphasized that the Jews in Germany, in German-occupied countries, in Fascist countries, in Greece and in neutral countries, provide the overwhelming bulk of the sums which they require for their local social welfare and refugee needs. It is obvious that if the Jews of Europe had to depend upon the funds made available by the J.D.C., they would have died of hunger many years ago. Therefore, to keep emphasizing that there are "4,000,000 Jews in Europe" without indicating what they do locally for their own subsistence, is neither scientific nor fair to the other bodies which must obtain funds from the Jews of America.

Page 37 - Confirmation of the fact that the local Jewish communities provide the bulk of the money they need for their local social welfare and refugee needs is found on Page 37, in which it is stated that "in Poland, J.D.C. contributions in 1939 were estimated at about 10% to 15% and the balance of 85% to 90% was to be raised locally". There follows the sentence, "it seems certain that funds from local Polish sources have been substantially reduced if not completely eliminated". Again it must be asked how the 1,800,000 Jews of Poland could possibly survive if they had to depend for the slight support made available by the J.D.C., a support which under present Nazi control of the continent is dependent entirely on the possibility of a clearance arrangement bound up with the number of Jews who are able to emigrate.

Page 39 - In dealing with the needs of the J.D.C. the statement is made that it "was confronted with a whole series of emergencies which have resulted in increased demands on its limited available funds". It might equally be pointed with respect to the needs of the U.P.A. agencies, that the shocks of a succession of emergency and war problems were not eased by an increased income for the

U.P.A. On the contrary these emergency situations were met by a sharply decreased income.

Page 40 - The Inquiry report makes the statement that "the evidence supports the minimum requirements of \$1,112,000" of the J.D.C. No evidence is cited in the Inquiry report itself. Certainly there was no investigation in European countries nor any independent opportunity for examining the validity of the needs in the countries to which reference is made by the J.D.C. Why then do not the reports of the U.P.A. have equal validity in determining the requirements of its agencies? This question is raised inasmuch as on many occasions the Inquiry report makes the entirely unsupported observation that the need for expenditures in Palestine must be questioned.

Page 41 - The general observation must be made that in dealing with the U.P.A., the Inquiry report goes into the operations not of the U.P.A. itself but of the agencies in Palestine to whose support it contributes. This is at variance with the attitude to the J.D.C. which is dealt with on the basis of being an American organization whose reports on the agencies which it finances are not referred to. Thus, complete data is available on the P.F.F. and the J.N.F. The U.P.A. was happy to place this material at the disposal of the Inquiry Committee, but in a fair analysis of the agencies benefitting from the funds raised by the U.J.A., it would have been scientific and fair if the analysis given to the U.P.A. agencies were also applied to the agencies financed by the J.D.C. But this is not done.

Page 44 - It is unfortunate and unfair that the statement of imponderables with respect to the U.P.A. should appear in quotation marks, as though the author of the report had not had sympathy with the Palestine position. In view of the fact that various sympathetic statements are made on Palestine in other sections of the report, it is assumed that it will be possible to revise the imponderables

so that they represent an affirmative statement. For this purpose there is here-
with attached a revised statement of the imponderables with respect to Palestine.
Page 47 - The statement is made that "the Jews after the war will have to seek
new domiciles and among these Palestine will occupy an important place". It
might appropriately be mentioned that at least 280,000 Jews entered Palestine
in the period between 1933 and 1940 because of what had been accomplished in the
years prior to 1933. Therefore, if Palestine is to be an important domicile for
an enlarged post-war immigration, the program of upbuilding will have to be enlarged
and intensified immediately and during the entire war period.

Page 49 - Another reference appears to "balance sheet". Again it must be pointed
out that there is no comparable analysis of the J.D.C. and U.P.A. balance sheets.

Another unnecessary and unjustified statement is made as to funds at the
disposal of the P.F.F. This is in connection with the observation "amount of trust
funds unknown" in referring to \$149,000 held by the P.F.F. The Inquiry Committee
had ample opportunity to determine for itself what trust funds were included.

There purports to be a statement of "cash on hand in New York". An adequate
accountant's statement in this respect would not only note cash on hand but also
liabilities to offset this cash.

It is important in describing "cash on hand in New York" to indicate why this
cash is held. It is obvious that obligations to lenders and to banks require
that such cash be held so that loans which were undertaken because of the insuf-
ficient cash made available to the U.P.A. might be repaid promptly according
to the legal requirements.

Page 50 - It is made to appear that "the income of the U.P.A.....declined in
1940 because of the smaller collections of the U.J.A. in that year". This de-
cline in income was due not only to the smaller collections of the U.J.A., but
also to its smaller ratio since more money was made available to the N.R.S. and
a greater ratio was provided for the J.D.C. Insofar as the N.R.S. is concerned,
it obtained \$2,600,000 in 1939 and \$3,500,000 in 1940, despite the reduced income.

The statement is also made that the "1940 original allotment of \$2,500,000 (to the U.P.A.) still exceeded the funds raised in any year for which figures were furnished to the Inquiry prior to 1939". These observations must be made: 1) it was assumed that the Inquiry Committee was investigating the current needs and not the ancient history of fund-raising for Palestine. If figures were not furnished to the Inquiry prior to 1939 it was taken for granted that there was no intention on the part of the Inquiry to create comparative discrepancies as between the funds raised many years prior to the current year of the Inquiry. (2) The U.P.A. through the Keren Hayesod and Keren Kayemeth and, in fact, raised more than \$2,500,000 in previous years, particularly in 1924, 1925 and 1926.

The statement is made that "no balance sheet of the Jewish Agency itself for a date later than September 30, 1938 is available for the Inquiry". In fairness it ought to be pointed out that we were notified by Palestine that such sheets had been forwarded, but in view of the hazards of communication, with many ships being sunk by German submarines, it is most ungracious to refer to the absence of balance sheets that were actually forwarded from Palestine subsequent to the period beginning September 30, 1940.

In this connection it might be pointed out that the Inquiry does not show a single balance sheet for any year of any agency subsidized by the J.D.C. abroad.

This failure to establish comparable standards is reflected in the Inquiry Committee's references to the assets of the P.F.F., but no reference is made to the assets of the agencies subsidized, financed or assisted by the J.D.C. with funds raised in the United States.

Page 51 - The irrelevant statement is made that "the official cabled budget for 1940-41....calls for an expenditure which is more than twice the peak expenditure of recent years". In the first place it must be pointed out that the expenditures of the Jewish Agency and the J.N.F. for 1939-40 were £2,184,407 (\$8,737,628) and that the planned expenditures for 1940 - 41 are \$13,640,000 (£3,410,000). The variety of special problems arising out of the war, including the

dislocation of economy, the increase in unemployment, the effects on several of the major industries of Palestine including the citrus industry, all justify the agencies in Palestine in calling for expanded resources to meet the critical emergency situation. Moreover, it is clear that the expenditures asked for in 1941 are not more than twice the peak expenditures of recent years.

Page 52 - The lack of understanding shown by the Inquiry of the method by which the J.N.F. acquires land is reflected in the actual statement of expenditures of the J.N.F. for the period from October 1, 1939 to September 30, 1940. These show that land purchase totalled £399,055, whereas the borrowings were £382,601, - a difference of some £17,000. It is obviously inconceivable that these borrowings were incurred in order to purchase this land.

A reference appears to the fact that cabled information was received from Palestine on December 5th. It might have been appropriate for the Inquiry Committee to express its appreciation of the eagerness of the agencies in Palestine to cooperate wholeheartedly with the Inquiry Committee by furnishing lengthy data by cable, realizing how difficult and hazardous communications by mail are. The phrase "this last-minute account" in referring to this cabled information might well be eliminated.

Page 52 - The statement is made that "no breakdowns were available as to the maturity of these liabilities". Material showing the maturity of the liabilities of the J.N.F. was made available to the Inquiry Committee through cables that were received from Jerusalem in December, 1940.

The statement is also made that "there is not available to the Inquiry a record of the total commitments now outstanding on land either under option or jointly paid for". This is an inaccurate statement, for as has been disclosed in several other instances, the Inquiry Committee has apparently ignored data provided to it in the past six months if such data did not meet its requirements.

The description of the process by which the J.N.F. acquires land in Palestine is inaccurate. The J.N.F. does not borrow from the seller in order to meet the

purchase price. Commitments are entered into on these bases: (a) by outright payment of cash for the parcels involved; (b) by payments on account and notes or mortgages for the balance; and (c) by borrowings from the banks to complete cash or partial payments.

Page 54 - In describing the effect on Palestine's economy of the entry of immigrants, the Inquiry report refers to capitalists among the refugees.. It should be noted that those refugees who come under the "capitalist" category are supposed to have the sum of 1,000 pounds (\$4,000). How many of these were capitalists who obtained \$4,000 for the specific purpose of entering Palestine under the capitalist category since no other avenue was available to them?

If the economic situation of Palestine is to be discussed in terms of the amount of capital imported into the country by entering refugees, it is appropriate to obtain the facts with regard to capitalists entering the United States. Reference is made in the Inquiry report to the so-called "inadequacy" of figures with respect to Palestine development. But strangely enough the only statistics that are completely missing throughout the Inquiry Committee report are those dealing with America, despite the fact that there is no censorship on cables in New York City, no disrupted shipping lanes and no inability to examine the books on the spot. Thus there are various sources, governmental and civic in character, from which it could easily be ascertained that the refugees who came to the United States between 1933 and 1940 undoubtedly imported hundreds of millions of dollars.

Page 55 - The statement is made that the "exact amount spent for actual relief (in Palestine) cannot be ascertained". But the information was given to the Inquiry Committee in the form of a cable sent from Palestine to Eliezer Kaplan, Treasurer of the Jewish Agency, in December of 1940. In the period from October 1, 1939 to September 30, 1940, the Jewish Agency spent £54,612 for relief to the unemployed in towns and villages; £3,460 on medical services and contributions to sick funds, £2,470 on transportation of unemployed laborers to places of work, £19,361 on various other relief measures including guarantees for loans to enable

road construction, house-building and public works, £7,977 on agricultural and vocational training, £11,700 on miscellaneous loans to rural workers for auxiliary farms, etc., and £23,067 for labor camps including buildings, tents, etc.

Page 55 - The inquiry report points out that "much relief was raised locally", using as an example Tel Aviv's distribution of \$280,000. Palestine Jews are proud of the fact that they have made enormous sacrifices in order to maintain their own social services as well as various institutions for the absorption of immigrants and refugees. The Jews of Palestine contribute from 10% to 20% of their gross income in the self-taxation program to provide for these institutions. The same concern with the maintenance of their local institutions is shown by the Jews of European communities, despite the hardships with which they are afflicted.

Page 56 - The statement appears that "the average price paid per dunam in these 18 years was £10.1." This is not an accurate figure. The average price includes urban land as well as agricultural land. It is obvious that one cannot include the price of land at 1 Wall Street and of land in Nebraska to arrive at an average.

It must also be noted that amelioration of land cannot be included in the cost of land but represents a colonization expenditure.

Page 56 - In the figures on purchases of land by the J.N.F., there is the statement that "purchases projected for 1940-41" involve 198,000 dunams at a cost of £976,000. It is clear on the face of it that the £976,000 does not represent total payment. The J.N.F. in acquiring its land makes part payments on land currently acquired, continued payments on land previously acquired, or the balance of payment on lands contracted for in the past. In some cases, of course, the J.N.F. acquires land outright by the payment of full purchase price.

Page 57 - The statement appears that "the great profits on urban real estate offset the loss on agricultural land being bought at high prices". Apparently it is unknown to the Inquiry Committee that the J.N.F. is not permitted by its charter to dispose of any land which it acquires, regardless of where that land

is situated, for the land bought by the J.N.F. becomes the permanent and inalienable property of the entire Jewish people and can never be sold. The entire sentence has no relationship to the facts, first because urban land bought by the J.N.F. is not sold. Therefore there cannot be any "great profit". Secondly, agricultural land acquired by the J.N.F. is not sold. Therefore there cannot be any "loss". The whole conception of profit and loss with respect to the J.N.F. does not take into account the character of the J.N.F. as the instrument of the Jewish people for the permanent possession of land in Palestine.

In the first paragraph on this page it is said that land originally acquired for £4,183,000 is now appraised at a value of £6,040,000. That does not mean that any land has been bought or sold, but merely that through prudent investment, the value of land acquired by the J.N.F. has risen in value. The total land is worth \$7,400,000 more than when it was acquired. And since the Inquiry report states that profit has been made on the urban real estate "offsetting the loss on agricultural land", it must mean that the gain on urban land was \$7,600,000 which is, of course, inconceivable in view of the fact that the amount of urban land held by the J.N.F. is negligible in comparison with its total ownership of 515,950 dunams.

The inquiry Committee through its own figures thus illustrates that the J.N.F. instead of "losing" on the agricultural land it has bought, has actually made a very good investment, for if \$7,600,000 represents the increased value as between the purchase price and the prevailing value, it is obvious that the bulk of this rise must come from the rise in value of the agricultural land. Thus the J.N.F. cannot be said to have bought its land "at high prices", but on the contrary, at low prices.

Page 57 - There is an inaccurate and incomplete quotation from Dr. Walter C.

Lowdermilk who is alleged to have written, "that the land is being bought at very high prices". Actually Dr. Lowdermilk wrote in part, "These colonists are demonstrating that land has other values than its commercial products. They are demonstrating that land in the final analysis is an integral part of the corporate

existence of a nation, even as its people are. If the Jews are permitted to carry out this magnificent restoration and redemption work of the wasted lands of Palestine, they will have set a Messianic example of the possibilities of the restoration of the wasted lands of North Africa and the Near East which have in the past been so badly damaged by the inroads of the desert peoples and their herds. And in a larger sense, such an example of the redemption and the restoration of exploited and wasted lands will furnish nations of the world a substitute for the satanic frenzy of destruction which is now affecting one-half the entire population of the world."

What does it mean that the cost of land is "high"? Does it mean that land in Palestine costs more than it does in Brazil? For the moment let us take it for granted that the land costs are higher, but that is irrelevant because the Jews want to go to Palestine and not to Brazil. The question with respect to how "high" land is, must also have a corollary the question as to whether the cost represents a fair Palestine market price.

It is stated on Page 57 that "The budget for the fiscal year 1940-41 asks for the highest land purchases since the beginning of the National Fund". To understand the determination of the Jewish National Fund to acquire as much land as possible during this period, account must be taken of (a) the White Paper and its effect on land transfers, (b) the necessity for acquiring maximum land areas for food cultivation and for colonization, (c) the necessity of enlarging the area of colonization in connection with post-war settlements in Palestine.

It is inaccurate to say that "land buying..... (is) on a scale exceeding the highest peacetime record in the history of Palestine". In the first place, the factors cited above must be taken into consideration in determining the tempo of land acquisition in Palestine. It is recognized by all that in the post-war period there will be a vast migration from Europe. If Palestine is to be prepared to absorb the hundreds of thousands of Jews who will flow from the continent, the land areas must be acquired now so that such immigration and

colonization may be possible. In 1940 the J.N.F. bought 43,180 dunams, but in 1920-21, it was 43,021; in 1923-24 the figure was 40,225 dunams; in 1928-29, 59,549 dunams; in 1938-39, 53,499 dunams.

The J.N.F. has the possibility of acquiring either title to or options on 198,000 dunams of land in 1941. Because of existing contracts entered into during the previous year, the J.N.F. is obligated to take possession of larger areas of land during 1941. Once one has commenced land purchases in certain areas, one has to increase one's holdings in order to consolidate them, and acquire sufficient land in a specific area to make sure that the Jewish position is strong enough to meet all possible contingencies in the future. For example, from the point of view of security, it cannot afford to leave one Jewish agricultural settlement in an isolated place. On the other hand, one cannot always buy at one time sufficient land for several settlements in a particular area. Thus the J.N.F. must proceed step by step, buying the first section of land, establishing a settlement, and then buying a further strip of land in the same area in order to establish other contiguous settlements. Once having started its operations in a certain area, the J.N.F. must carry on its work and thus incurs commitments which it is obligated to meet. There are now possibilities, in certain cases, of getting around the provision of the White Paper and acquiring land in the prohibited zones which are of the greatest strategical importance to the Jews. That is why it is indispensable to purchase such areas of land in 1941 as the opportunity is offered.

Page 58 - The observation is made that "under a liberal power like the British, Palestine would continue to flourish". It is important to remember that Jewish progress in Palestine during the past two decades has been made despite difficulties involving relations with the Mandatory Power and with the Arab population. Disturbances during 20 years, lack of understanding on the part of the Mandatory officials, and similar problems had to be surmounted by the Jewish community in Palestine. These facts must be taken into consideration in order to determine what the future of Palestine may be. It is evident that the capacity of the

Jews to flourish in Palestine is not circumscribed by difficulties. The power of the Jews to advance in the upbuilding of the Jewish National Home has been measured by their willingness to provide funds and manpower.

The figures given on this page with respect to population are inadequate, although they may indicate the percentages in rural and urban areas, for Palestine now has over 500,000 Jews, and careful observers have estimated the number as 550,000.

Page 60 - The Inquiry report refers to Jewish immigration to Palestine for 1939. The figures of the Jewish Agency indicate that during 1939, 16,405 Jews entered as certified immigrants and 10,057 as uncertified.

Page 62 - The Inquiry report states that "the U.P.A. view is that the Allotment Committee policy must depend upon long historical trends and upon constructive imagination and like a government seeking the general welfare not be limited to strict accounting technique nor even bound by ordinary business principles." This represents a confused and distorted interpretation of the objectives of Jewish upbuilding in Palestine. One can be guided by imagination in a concept of the future and one may be motivated by vision in launching certain programs, but that is not in conflict with "strict accounting technique". Apparently an impression is sought to be created that "accounting techniques" are not abided by. This is far from the truth. The Jewish Agency for Palestine being a representative body chosen biennially by Jewish leaders gathered in democratic conclave, offers annually and biennially the most complete accounts of its income and expenditure of any international organization of Jews. The Jewish Agency is under the scrutiny of leaders in scores of countries and scores of organizations affiliated with the World Zionist Organization and the Jewish Agency for Palestine. It is inevitable, therefore, that its submission of accounts should be complete and accurate.

The Zionist movement has been animated by a vision of the Jewish future, bound up with the rebuilding of the Jewish National Home. With that objective in mind it has disregarded the difficulties of land, of men, of government, and has wrought miracles because it has ignored the difficulties. But in the process

of building the land and bringing in the people and of creating the framework of a Jewish commonwealth, it has reported on the basis of strictes "accounting techniques".

Page 63 - The statement appears that "the 80% now requested by the U.P.A. seems to be excessive and the percentage requested by the U.P.A. should be substantially smaller, about 70% at present". This is contradicted by the figures referred to by the Inquiry on the previous page, Page 62, where it points out that the J.N.F. and the Jewish Agency have been receiving from America in 1940, 63.2% of their income, and that Europe - excluding England - provided 11.1%. It is obvious that not one penny of money can be expected from the Jewish communities in Europe because of the complete prohibition on transfer of money from European countries. This then would make a minimum total of 74.3% that must be expected from America. In addition, it is clear that such countries as England, South Africa and Canada, having wartime burdens of their own, will probably not be able to maintain their previous standards of contributions to Palestine. Insofar as Palestine itself is concerned, although it has made every effort to keep up a high ratio of contributions to the national funds, its capacity to do so is obviously affected by the economic conditions existing in Palestine. Therefore the minimum figure of 80% as being the responsibility of America is an irreducible minimum and not a maximum.

The records show that the share of Europe - excluding England - in the national funds was much higher in previous years. The ratio of 11.1% covers only the first part of 1940 before the invasion of the lowlands in May and the collapse of France. In previous years the share of Europe in the collections was approximately 20%.

The last sentence on this page includes the phrase "(See Page 72 for percentage based on recent actual experience)". No such Page 72 appears, for in the text of the Fourth Draft, Page 72 is devoted to the N.R.S.

Page 64 - The Inquiry report deals with the "Comparison of Budget with Actual Expenditures". It should be noted that the actual expenditures of the national

institutions in Palestine in the period from October 1, 1939 to September 30, 1940 totalled £2,184,407 (\$8,737,628), divided as follows:

1) Immigration and training		£63,909
a)		
2) Purchase of agricultural land	£574,747	
b) Agricultural settlement	<u>279,021</u>	
or a total of		853,769
3) Labor and housing		158,198
4) Urban settlement, trade, industry and investments		120,001
5) Education, culture and Youth Aliyah		236,402
6) National organization and security		129,445
7) Administration		117,840
8) Meeting previous commitments largely for land purchase		504,822

The Inquiry report has consistently removed from the expenditures of the national institutions in Palestine financed by the U.P.A. the meeting of commitments incurred in previous years. The U.P.A. has consistently pointed out that when it entered into the U.J.A. it took with it the responsibility morally and legally for all obligations into which it had entered in the past. As has been indicated in a previous section dealing with the assets and liabilities of the J.D.C., the J.D.C. was permitted by the Inquiry report to carry the commitments that it had incurred in previous years.

Page 65 - The Inquiry report concludes that "in light of this experience there seems little reason to accept high budget estimates as an indication of minimum needs". This is completely contrary to the point of view adopted toward the J.D.C.'s budget and appropriations. The J.D.C. started the year 1940 with a budget of some \$28,000,000 as is indicated in Table D-4. The J.D.C. will have appropriated for the year 1940 a maximum sum of some \$6,200,000. Therefore the relation between actual expenditures and original budget is some 20%. And yet the Inquiry report does not make that deduction with respect to the J.D.C. as it

does in the case of the U.P.A. The Inquiry report might well have pointed out that the expenditures were curtailed not because the needs were not there, but because the money was not available. This point was made in connection with the figures on the J.D.C.

In dealing with the J.D.C., the Inquiry report takes an entirely different attitude, saying that the sharp cuts in commitments were "due not to smaller needs....they were vastly greater - but to inadequate funds, less than anticipated and budgeted". Yet the figures for Palestine show that the actual expenditures, not appropriations, were over \$8,000,000 last year, while the budget of the Jewish Agency and the J.N.F. for the current year is \$13,640,000. No censure, although none is warranted in any case, attaches to the J.D.C. because its "appropriations" are one-fifth of the budget needs, but apparently some guilt attaches to Palestine because its expenditures are one-half of budget needs, a budget compiled for a year of extraordinary emergency and war needs.

The figures of expenditure cited on Page 66 are completely unacceptable and inaccurate because (a) they refuse to take into account the payments made by the national institutions of Palestine on account of loans, and (b) payments made for the purchase of land. These expenditures are indicated in full in the figures cited on Page 64.

The statement is also made that "the revised expenditures reported in the Kaplan cable of December 5, 1940 have been used, even though their accuracy could not be confirmed because of the failure to furnish supporting balance sheets as of September 30, 1940." This represents a gratuitous insult to the Treasurer of the Jewish Agency for Palestine. The figures of the J.D.C. were not questioned in any way, even though no balance sheets were provided for a single one of the agencies financed and subventioned by the J.D.C., whereas the institutions supported by the U.P.A. submitted balance sheets going back many years! although because of bad communication facilities with Palestine during wartime a balance sheet could not be available as of September 30, 1940.

Page 67 - The statement appears that the "official budget for 1940-41 for Palestine is twice as high as the maximum amount ever spent in Palestine". For the moment, accepting the accuracy of this statement - which is not accurate - it has no relevance to what is needed in Palestine in 1941. Obviously the Jewish population of Palestine has been growing year after year. The number of colonists has expanded. The variety and nature of the problems have been intensified because of the new conditions arising out of the flow of refugees, the economic dislocation and other consequences of the war. It is possible to give maximum aid to Palestine in this war period. There are no exchange restrictions preventing the dispatch of money. No aid is given to the Axis powers. On the contrary, every dollar spent by the Jews of America in the upbuilding of the Jewish National Home of Palestine strengthens the economic cause of Great Britain, the ally of America in this war.

The Inquiry report does not refer to the great difficulties which hamper the operations of the J.D.C. in Europe because of exchange restrictions, because of the unwillingness of Americans to aid the Axis powers, because of the inability to give assistance to Nazi-held territories, because of the decline in immigration, and because of the unwillingness of America to put dollars into Nazi-held territories. But no observations are made by the Inquiry report on these difficulties, even though gratuitous inferences are made with respect to the necessity and possibility of operations in Palestine.

Perhaps the most telling evidence of the urgent need for more money in Palestine is the fact that, although the capacity of the Jews in Palestine to give money has greatly decreased, owing to economic setbacks, they nevertheless found it necessary to make a greater sacrifice than ever before and to increase their contributions during the first ten months of 1940. It does not do justice to Palestine to take as a basis for its needs what was actually spent during a certain period. One cannot spend more money than one has, no matter how badly

such money is needed. Thus in 1940 the U.P.A. suffered a severe decrease in income and expenditures in Palestine were governed accordingly.

The fact that the U.P.A. failed in a previous year to raise and provide the amount which was estimated at the beginning of the year as needed, does not prove that the amount originally budgeted was not required. It certainly does not justify the view that there is little reason to accept high budget estimates as an indication of minimum needs. The fact that the U.P.A. through its failure to receive adequate sums permitted some Jews to starve in Palestine in 1940 cannot be the basis for arguing that more Jews should be allowed to starve in 1941. The more rational and reasonable approach to this problem is to increase the fund-raising activities so that more money will be available to meet these minimum needs.

Page 76 - It is interesting that the Inquiry report makes comments on several occasions about the failure to receive September 30, 1940 balance sheets from Palestine which is in the war zone. Yet the report on the N.R.S., which was presented originally on December 9, 1940 and which is revised as of January 23, 1941, still speaks of the N.R.S. budget for the period of January to September. It would seem that the N.R.S. should certainly have made available to the Inquiry report balance sheets for a much later period than that, in view of the availability or presumed availability of such balance sheets in this country.

Page 78 - The statement is made that "130,000 Jews emigrated into the United States" during the period from 1933 to 1940. It is interesting to compare this figure with that of 150,000 which was cited in another page on the Inquiry report. In describing the immigration of Jewish immigrants into the United States, no figures are given for the capital which they imported with them, although such figures are made available for Palestine.

Page 80 - It is a regrettable example of the approach of the Inquiry report to the N.R.S. that prophecies rather than facts are dealt with. Thus on Page 80 the description is given of the activities of the N.R.S. and of services for refugees

conducted by American Jews, prophesying what may be the needs of the N.R.S. in 1941. After admitting that immigration has declined and that the type of immigration has changed economically, the Inquiry report says that "both classes may turn to N.R.S. for aid if affiants or friends become unable to support them fully". There is no indication that the Jews of America are prepared to cut adrift the relatives who have come to them from Europe. The Inquiry report apparently assumes that the economic status of the Jews of America is being undermined and that its resources will be depleted so that thousands of immigrants who came to the United States through the affidavits of their relatives will be cast off by these same relatives because of an economic depression. Surely, that is no scientific basis on which to construct the budget of an agency like the N.R.S.

Page 82 - It is indicative of the general attitude of the Inquiry report to the N.R.S. in contrast to that to the U.P.A., that the item of \$500,000 should be included "for working capital in the early part of 1941" as an extra requirement. The Inquiry report is supposed to deal only with the expenditures of the agencies in 1940, and yet the Inquiry report is prepared in its generous attitude to the N.R.S. to make the \$500,000 which the N.R.S. itself requested only for 1941, as part of a 1940 putative obligation.

Page 82 - The statement appears that the "extra requirements" of the N.R.S. for three months" were only \$341,800". To arrive at the figure of \$840,000 for "extra requirements", the Inquiry report merely adds \$500,000 "requested as working capital for the year 1941".

General Statement on Financial Tables

It is an interesting reflection on the validity and accuracy of the financial tables accompanying the Inquiry Committee report, which presumably arrived at conclusions on the basis of these financial tables, that the accountants "are absolved of any responsibility and blame either for the conclusions or for any opinion expressed in the report".

It is difficult to understand how there can be any difference of opinion about facts, as they are contained in reports of income and expenditures, in accounts of assets and liabilities, in determinations of needs based on actual expenditures, commitments and appropriations. It would seem that the Inquiry Committee is unwilling to submit the financial tables on which it bases its conclusions to the rigid scrutiny of accountants who were brought into the Inquiry presumably because of the necessity of having the facts on figures scientific and accurate. Is it to be concluded that the opinions registered by the Inquiry Committee bear no relation whatsoever to the figures established by the accountants, so that these accountants must be "absolved of any responsibility"? Under those circumstances, no part of the report of the Inquiry Committee can have any validity.

The U.P.A. submitted voluminous data on all aspects of its operations in the United States and on the operations of the agencies in Palestine which it helps to finance. However, the Inquiry Committee has extracted haphazardly and irrelevantly from these voluminous reports, with the result, that having been torn from their context, many of these figures not only do not have any meaning but give exactly the opposite conclusion to which they are directed in the tables in which they originally appeared.

It is essential in an Inquiry report of the present character, that all financial tables and reports of income and expenditure, and accounts of assets and liabilities, should be comparable for all three organizations. Otherwise it is not possible to arrive at a common denominator with respect to the financial experience of the three agencies. It is assumed, therefore, that the Inquiry Committee will revise its report in such manner that the figures and statistics applying to all three agencies will be on a standard basis, rather than using the "appropriation" or "cash expenditure" basis which one or another of the organizations may utilize within its own operations.

In conclusion, reference must be made to a meeting of the Allotment Committee held at the Biltmore Hotel at Atlanta, Georgia on Friday evening, January 31st. At that meeting were present Mr. Harris Perlstein, Chairman, Mr. Henry Wineman, Mr. Fred Butzel, Dr. Solomon Lowenstein, Mr. Edward M.M. Warburg, Dr. Abba Hillel Silver, Mr. Louis Lipsky and Mr. Elisha M. Friedman. At that meeting several decisions were arrived at by the members of the Allotment Committee with respect to the issuance of the Inquiry Committee report. In brief, these conclusions were:

- a) That observations should be made by each of the agencies to the Director of the Inquiry so that he might incorporate these observations in a revised version of his report,;
- b) If the Director of the Inquiry did not choose to incorporate these corrections in his report, each of the agencies was to have the unrestricted right to compile a statement with reference to its observations on the Inquiry report's examination of its activities. These observations were to be placed intact as an appendix to the Inquiry Committee report before issuance, and
- c) The Inquiry Committee report was not to be completed or circulated until all figures in the report with respect to all agencies were certified and until all tables of financial experience had been made comparable by the Chief Accountant attached to the Inquiry Committee staff.

As illustration of the fact that the tables of financial experience are not comparable, it should be noted that Table P-2 gives a financial statement for the U.P.A. of income, distributions and expenses for the years 1937, 1938, 1939 and 1940, whereas for the J.D.C. in Table D-2 there is given "Distributions and Expenses for the year 1939" and even that only on a "commitment basis" and not on a cash basis, as in the case of the U.P.A. (P-2)

Moreover, Table D-1 for the J.D.C. is not a statement of "Income, Distributions and Expenses" but merely a statement of "Distributions and Expenses". To insert

Table P-2 which gives a full cash expenditure accounting of the operations of the U.P.A., without giving a similar comparative statement for the J.D.C., is to be misleading.

Another evidence of the fact that the tables are not comparable whatsoever is to be found in Table D-4 which points out that the 1940 "budget" of the J.D.C. was \$28,236,000 and that the "actual appropriations" (not cash expenditures) were \$5,216,500, or about 20% of the original budget, whereas Table P-4 for the U.P.A. shows through the use of cash expenditure figures, that the Jewish Agency actually spent more than it budgeted itself for on a "minimum" budget. The inferences of the Inquiry Committee with respect to these tables are partisan in two directions. On the one hand the Inquiry endeavors to show that the U.P.A. received only 20% of what it originally budgeted, and therefore its budgetary requests for 1941 are "excessive". But the same inference is not read into the fact that the J.D.C. only spent 20% of what it originally budgeted. On the other hand, the Inquiry report endeavors to show that the J.D.C. received only 20% of what it asked for and expresses deep regret over this fact in an attempt to show that the Jewish Agency spent more than its minimum budget, as indicated in Table P-4.

Although the operations of the J.D.C. are supposed to be far more ramified than those of the U.P.A., it is noteworthy that there are 15 pages of tables with respect to the U.P.A. operations, and only 8 pages with regard to the J.D.C.

Accompanying Page 25 is a map purporting to show "Committees Subventioned by the J.D.C. 1940". This map is not adequate unless it is accompanied by a full statement of the amounts sent into each country, for it is clear that to some of these countries the J.D.C. has sent no money whatever.

It is submitted that this map should not be permitted to appear in the volume unless an accurate statement as to the expenditures made in each of the countries is simultaneously made available.

ALLOTMENT COMMITTEE OF THE UNITED JEWISH APPEAL FOR 1940

1560 BROADWAY
342 MADISON AVENUE
ROOM 1100 NEW YORK, N.Y. 9-4393

CHAIRMAN

HARRIS PERLSTEIN
JAMES H. BECKER
DR. SOLOMON LOWENSTEIN
DR. ABBA HILLEL SILVER
DAVID M. WATCHMAKER
HENRY WINEMAN
DR. STEPHEN S. WISE

DIRECTOR

ELISHA M. FRIEDMAN

February 14, 1941

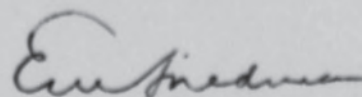
Rabbi A. H. Silver
The Temple
Tenth and Ansel Roads
Cleveland, Ohio

Dear Rabbi Silver:-

Attached is a copy of the final Report of the Allotment Committee signed by the seven members present in Atlanta and a self-explanatory letter from Harris Perlstein, Chairman of the Allotment Committee, to the undersigned, as secretary, is also enclosed at his request.

The delay in transmittal was due to my absence from New York until yesterday.

Yours sincerely,



E. M. Friedman

EMF:mf
enc.
duplicate

ALLOTMENT COMMITTEE OF THE UNITED JEWISH APPEAL FOR 1940

342 MADISON AVENUE

NEW YORK, N. Y.

1560 BROADWAY

ROOM 1100 TEL. BRyant 9-4393

CHAIRMAN

HARRIS PERLSTEIN

JAMES H. BECKER

DR. SOLOMON LOWENSTEIN

DR. ABBA HILLEL SILVER

DAVID M. WATCHMAKER

HENRY WINEMAN

DR. STEPHEN S. WISE

March 25, 1941

DIRECTOR

ELISHA M. FRIEDMAN

Rabbi A. H. Silver
The Temple
Tenth and Ansel Roads
Cleveland, Ohio

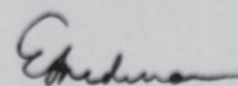
Dear Sir:-

Immediately after the Allotment Committee Report came off the press, a copy was mailed to you. We have found certain pages missing in the collating and we did not like the pulp board cover. We are sending you page 175, missing, and page "c", incorrectly copied. These are enclosed herewith to be corrected on your first copy.

Under separate cover, you are receiving a neatly bound and correct copy and an additional copy should be made available to each member of the Allotment Committee as small appreciation for their great efforts.

With the conclusion of the task of the Inquiry, may I express my deep thanks for your co-operation in the task which was inherently difficult and at times became trying through inevitable circumstances inherent in the nature of the undertaking.

Very truly yours,



E. M. Friedman

EMF:mf
enc.