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

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

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

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United Jewish Appeal, United Palestine Appeal, refugee  
settlement report, 1939-1940.

November 17, 1939

DRAFT OF A MEMORANDUM  
CONCERNING THE CREATION OF A CENTRAL CORPORATION  
FOR THE SETTLEMENT OF REFUGEES

I. THE POSITION OF THE PROBLEM

A. THE ACUTENESS OF THE PROBLEM

The many problems presented by the forced migration of hundreds of thousands of people during the last few years, have been thoroughly studied by many official and private organizations. These numerous efforts have not been developed in vain. A substantial number of refugees have been settled all over the world, who have, as a result, new possibilities for living a decent life.

But the number of new refugees has kept on increasing and the problem is even more pressing today than ever. Great masses of refugees are now in a particularly difficult position: either they are sheltered in countries of temporary asylum - where the war has increased the hardship of their situation and the acuteness of the problems created by their mere presence - or they are shunted from one place to another in the most precarious and dangerous circumstances.

B. THE INCREASED POSSIBILITIES TOWARD A SOLUTION

If, on the one hand, the problems have become more urgent and more acute; on the other hand, the possibility of finding ways to solve them has also been increased. The many efforts made in numerous directions, both by public organizations like the Inter-governmental Committee or the President's Advisory Committee on Political Refugees,



and by private organizations, have greatly enhanced the possibility of finding a real solution.

1. Importance of new settlements.

First of all, the line has been clearly drawn between the two aspects of the refugee question: on the one hand, the relief and charity problems; on the other hand, the problems related to the actual settlement of the refugees in new and final quarters.

It would be impossible to give enough praise to the magnitude of the charitable endeavors made by private organizations and the astounding importance of the actual relief afforded by them to the refugees. At the same time, it has become more and more obvious that the sources of such charities cannot last forever; and that even under the best forms of relief, the moral and material position of the refugees remains appalling. More and more it has been realized how necessary it is to provide for the prompt, large-scale and final settlement of refugees.

Great stress has been laid upon the necessity to increase the infiltration of refugees into countries already developed. In no case should the importance of this method be overlooked; all efforts should continue to be made in order to develop any possibility of infiltration, but it is evident that there are limitations in this direction. These limitations have been felt in recent years. Increased emphasis, therefore, is to be laid upon the possibility of establishing refugees en masse, by large-scale settlements, in new countries.



It was realized that the creation of new places for the settlement of refugees would operate in two ways: first, in a direct way, by giving new possibilities of life to more people; second, in an indirect way, by easing and facilitating the other methods of helping the refugees, either by infiltration or in the countries of temporary asylum.

Thus the conclusion has been arrived at that at present one of the most important elements for the solution of the problem is to make a step forward in the actual realization of large-scale settlement in new countries.

## 2. New factors.

There are several new factors which militate in favor of a prompt and effective approach to this big problem.

(a) First, it is widely recognized that the moment has come when all separate efforts should be centralized in one large organization which would, in fact, make use of and benefit from all the partial results, the manifold experience and the goodwill at present scattered.

(b) On the other hand, all these previous efforts have already obtained one most important result: several possibilities actually exist for the creation of settlements in new countries. In other words, there are today several places in the world where it would be possible within a relatively short time, and provided the necessary means were at hand, to settle refugees in relatively great numbers.



There are perhaps eight or ten such possibilities. In some cases, the studies have been completed thoroughly. In others, only preparatory examinations have been made. In certain cases, agreements with the authorities seem to have been already concluded, at least in principle; in other cases, approaches will have to be made along carefully considered lines. But altogether, it seems safe to say that several possibilities exist at the moment. As an illustration, one may cite the following possibilities:

Angola  
Australia  
Bolivia  
Brazil  
British Guiana  
Mindanao  
New Caledonia  
Palestine  
Santo Domingo  
Venezuela

and so on.

(c) Another result of the many efforts made so far has been to endow several organizations and personalities with a knowledge and an experience of the conditions required to make a success of the difficult business of new settlement.

Thus we are now in possession of a few facts which should allow us to succeed in making a new, big step in the direction of an actual solution:

- (1) The will to coordinate and centralize exists and is widely developed
- (2) Places of settlement are open in several countries.
- (3) Studies have been made and experience has been obtained of the rules to be applied in order to reduce the risks of failure.



## II. GENERAL FEATURES OF A SCHEME FOR REALIZATION

At this point, it becomes obvious that important means are necessary to cope with the establishment of refugees in new places on a larger scale.

Let us put in direct form the ideas and proposals which are being envisaged, it being understood that no one of the details of such a scheme is of importance in itself; each could easily be changed to fit other requirements.

### 1. CENTRALIZATION

A central organization is to be established under the form of a company or corporation. This organization will either merge and absorb the existing organizations or corporations, or will establish with them intimate relations analogous to those between a holding company and its subsidiaries. In other words, the central organization will, according to needs, either act as an operative corporation or a mother company.

### 2. NON-DISCRIMINATING CHARACTER

From the beginning, the activity of that organization should be completely indiscriminatory in every direction; it should, on the one hand, extend to every kind of refugee and, on the other hand, make an appeal to every class of investor and every sector of possible cooperation.

### 3. ECONOMIC ENTERPRISE

The central organization will be conceived as a business



enterprise, the funds being obtained not as contributions, but as investments. The motivations of the actual subscription in the minds of the subscribers may not be solely of a business character, but the organization will be operated along business lines, with a purpose to insure the reimbursement of the capital and the payment of a return upon the investment.

The prospects of such colonization enterprises can never be fully ascertained. But it should be understood that the whole approach to the problem is to be made upon an economic basis.

Money will not be given, but loaned to the refugees, under the best banking traditions evolved in such cases. The organization will derive return from interest and commission, from real estate operation, from public utilities and other enterprises. The emphasis will be put upon the eventual reimbursement of the capital funds. The distribution of returns should be constructed so as to benefit the new communities to the greatest extent and prepare the way for new settlers.

Several essential considerations should be kept in mind when the advisability and the prospects of such an economic enterprise are to be weighed.

The importance of the economic aspects of the population problems which are pressing upon certain parts of the world, and especially of Europe, should not be underestimated. Where population problems exist, the trouble bound to come up in the most hardly pressed sectors is apt to propagate and to infest other elements of the community. For instance, worries due to the presence of numerous unsettled and idle refugees in countries of temporary asylum, might



be the source of increased difficulty and favor the spreading of dissatisfaction. The keeping or preserving of internal order inside of national units is in itself of importance for the maintenance of international peace. Every attempt intended at reducing disturbing factors in Europe is in the right direction.

As to the countries of settlement, it should be emphasized that the advent of new men, new energies and new capital is in fact a great "bonus".

The quality of the refugees under consideration, the standard of life and of civilization of the communities from which they come, the training and education of many of them, indicate that the average capacity, intelligence, energy and morality in these new communities will be at least as high as in several previous successful colonization schemes. Provided with the necessary capital and guided by competent organizations, they should constitute for the country in which they will spend their effort, an asset and a source of normal and sound increase of prosperity.

On the other hand, the establishment of new, increasing, developing communities is to be considered as an important element in the reconstruction of a more stable and prosperous world economy; everyone is aware of the role played in the past century by expanding overseas communities; everyone is equally aware of the necessity of finding new outlets, new markets, new places of developing activities in order to keep moving in orderly fashion the progressive production and trade of the world. Such considerations will in all probability form a part in the solution of the problems of the after-war period.



The conclusion is that such schemes, properly handled, present elements of a successful and useful economic venture.

#### 4. Amount of capital

The capital of the organization will be fixed at \$100,000,000. This figure is not entirely arbitrary. According to some of the elaborate studies made, such a sum should be necessary and sufficient to insure the establishment of some 200,000 refugees directly. Considering that it is hoped to use the funds at the disposal of the organization as revolving credits, being loaned to the refugees and repaid by them, it may be taken for granted that a much larger number of people could be settled in succession with such an amount of capital.

It seems obvious that the gradual settlement of refugees up to such figures will rapidly and effectively render more liberal and more easy the attitude of many countries of temporary or definite asylum towards refugees; at the same time, it will attenuate the burden of the relief and maintenance problem.

#### 5. Raising funds

The actual raising of the money should be made in two different stages. A first portion of the capital should be obtained under the form of common stock. This portion should be approximately \$20,000,000. It would bear the first and thus the greatest risk in the enterprise and eventually receive the most substantial return. This first portion should be obtained not by a general public subscription, but under the patronage of a committee of business men of very high standing in different quarters of the business community.



The common stock should be offered to a limited number of subscribers. These should be chosen among people of substantial wealth and broad vision and among large corporations which possess abundant means and to whom would be reserved important orders resulting from the establishment of the new settlements (bridges, machinery, public utilities, transportation means, housing, etc.)

The central organization should begin to work with that part of the money.

At a second stage, as soon as concrete results have been achieved, so as to be able to come to the public with facts beyond dispute, a public issue should be made for the remaining \$80,000,000 in the form of participating debentures.

At that moment, it will probably be possible to approach governments so as to obtain the public guarantee for the long-term reimbursement of the \$80,000,000 participating debentures. For such a guarantee precedents could be invoked; the fact that private capital had taken care of the first \$20,000,000 and had obtained concrete results would be a new and maybe decisive factor.

The different governments interested in some way in the question might be solicited to give their partial or limited guarantee; for instance, the governments of countries where funds would be spent in industrial orders; where capital would be invested and people settled; where funds would be raised; or from where temporary refugees would be taken, etc. The pooling of these partial guarantees would obtain the desired purpose.

Such a public subscription would be international in character and funds should be raised not only in the United States, but also



in South America and in European countries such as Belgium, Holland, Sweden and Switzerland.

6. Use of funds

The funds at the disposal of the central organization would be used for the following purposes:

- (a) Acquiring the land necessary for settlement and reselling or leasing it to settlers.
- (b) Granting loans to the refugees, in order to allow them to make the trip, carry on during the first period and establish themselves in suitable conditions.
- (c) Doing the necessary public utility works and operating such works directly or indirectly.
- (d) Creating or favoring establishment of primary industries inside the new communities.
- (e) Subscribing shares in subsidiary corporations with the same objects.
- (f) In a general way, taking all steps, administrative and otherwise, useful in obtaining the purposes for which it is intended.

7. Staff and technique

(a) The central organization would constitute a staff comprising the personalities who have so long acquired experience and training in the refugee problems and especially those who have been actually connected with the placing of new immigrants, as for example, in Canada and in South America.

(b) A technique would be elaborated and perfected which could be applied and used in the several particular schemes either operated directly by the central organization or put through by the subsidiary or separate corporations.



(c) The actual setting up of activities intended to loan money, establish public utility work, by land, etc., should be realized through the collaboration of personalities who have gained experience in these matters and according to the rules of the best organizations of the kind.

8. Negotiations with public authorities. Privilege agreements.

As a point of special importance, it should be emphasized that the negotiations with the public authorities in the countries of prospective settlement should be conducted under the guidance of the central organization and upon rules laid down according to the experience already acquired.

The central organization, either directly or through subsidiaries, should conclude with everyone of the countries of prospective settlement a special agreement, establishing certain privileges and rights so as to insure, as far as possible, the security of the new settlers.

The idea of a privileged company is not a new one, but it should be constructed apart from any political aspects and should be restricted exclusively to the economic field.

9. Basis of the settlements.

It is understood that the settlement would begin on the basis of self-subsistence, diversified farming; the projects would be conceived on a scale large enough to allow the new community to be, to a certain extent, self-contained and at the same time enabling the members to continue to live a decent life according to western civilization standards. It seems probable that this will require semi-urban or semi-agricultural communities, with a few primary industries connected either with the actual necessities of life, such as food, clothing,



shelter and so on, or with the use of agricultural products. Thus, the central organization might be induced at a certain stage to invest money, directly or indirectly, in such industries.

10. REMARKS:

(a) It may be hoped that the presence of a strong central organization disposing of an important sum of money would effectively insure the centralization of the efforts, of the knowledge, and the experience; and also provoke by its mere presence and activity the birth of new possibilities.

One instance of this is the following:

It is possible that countries in South America, in view of changing general economic conditions, might see in the functioning of the central organization a reason to allow much more liberally the entrance of new people to their territory. In this respect, it should be noted that one of the activities of the central organization would be to organize the selection of the refugees, so as to bring into the new communities only those who would be best suited for the job intended.

Another consideration is that there are still many refugees who have either personal means or relatives ready to advance them the necessary capital, provided actual chances of definite settlement are in view. Such contributions would increase the scope of action of the central organization eventually.

(b) It should be understood that the organization is to be formed under the aegis of, and will work in close contact with the principal public and private organizations in care of the refugee



problem, i.e., the Intergovernmental Committee, the President's Advisory Council and the Coordinating Foundation; it is due to continue, realize and expand the purposes for which these organizations were created; it will work in close relation with them, and through them, keep and benefit from the necessary contacts with the governments concerned.

(c) A last point should be strongly emphasized. It is the necessity for and the possibility of prompt and efficient action. If capital were at hand, there is every probability that immediate realization could be obtained and people actually settled within a few months.



November 17, 1939



APPENDIX 1V

PROJECT PREPARED BY MR. LESSING J. ROSENWALD

"Before presenting his plan, Mr. Lessing J. Rosenwald desired to express several points of general importance. These were:

- "1. That the proposed scheme would come under the aegis of the Co-ordinating Foundation.
- "2. That the scheme should deal with all refugees on a non-sectarian basis.
- "3. That the plan of resettlement be primarily of resettlement on the land, as there appeared to be greater chances of success there. Most countries where there were opportunities of resettlement were in need of further agricultural development.
- "4. That there should in future be a differentiation between money spent for relief and that spent for resettlement. Mr. Rosenwald regarded money spent for resettlement as money that might be termed a quasi "investment".
- "5. That the plan concern itself solely with settlement schemes and with the temporary relief measures as may be necessary until such settlements could become self-supporting.

"Mr. Rosenwald thereupon presented his scheme, passing round photostatic copies of his plan in diagram form.

"In explaining his plans, Mr. Rosenwald pointed out that:

"1. The central corporation should be known as the American Settlement Corporation, or by some similar name, and should deal with all refugee settlements occurring in countries which were within the sphere of influence of the United States of America. It should be a central clearing house and, in financial matters, should be the medium through which the public may, when called upon, assist in the development of settlement projects.

"2. The Board of Directors should be made up of individuals or representatives of organisations interested in the refugee problem. The Board could be as large as necessary. There should be a smaller and more manageable body formed, whose members should be drawn from the main Board of Directors and who would act as an Executive Committee.

"3. The Director should be a man able to devote sufficient time to the scheme and who has the necessary prestige to coordinate the work of various refugee organisations.



"4. Since this country, rightly or wrongly, was of the opinion that the refugee problem was predominately a Jewish one, Mr. Rosenwald felt that it was essential that the Jewish element within the country show its willingness first and foremost in the creation of the corporation, and therefore, that the first funds for the corporation be sought from their hands. He considered that appeals for money from non-Jewish elements of the community should be with-held until some propitious time in the future.

"5. Mr. Rosenwald also thought it advisable that money be sought firstly, from those people able to contribute large sums immediately.

" He explained that this money could be sought through the sale of debenture bonds, paying a low rate of interest. The inscription on these bonds should clearly indicate what they represented and the risks involved. They should be regarded as a quasi-investment with a chance of the return of all or part of the money in due course.

" Mr. Rosenwald cited the Russian Colonisation bonds as an example and pointed out that 43 per cent of the original money invested would probably be returned.

" It was thought that the advice of Mr. Jerome Frank of the S.F.C. might be sought in the preparation of these bonds.

"6. Under Government aid, Mr. Rosenwald explained that he did not expect to see money contributed directly, but that he did expect to see measures taken which would substantially reduce the cost of settlement. For example:

"a) the U.S. Government might guarantee credits and the Export Import Bank might buy a part of the corporation's bonds;

"b) the countries of settlement might give land, revise import duties and taxes in the settlement's favour, give preferential treatment and grants-in-aid; and

"c) the countries of origin or of temporary asylum might extend credits as in the Nansen Plan. The obligation for return of these credits need not be met for some years under this scheme and this would, therefore, give immediate aid.

"7. It should be emphasised here that the central group should be the only group selling bonds or shares to the public. The subsidiary corporations established to deal with individual settlement projects should sell their bonds direct to the



American Settlement Corporation which would, in turn, sell its bonds to the public. It was expected that this would give greater prestige to each separate settlement project; would facilitate cooperation and pooling of information between the various settlement organizations and would spread the risk for purchases of American Settlement Corporation Bonds.

"8 Mr. Rosenwald emphasised the need for understanding between the governments in which settlements would take place, the American Settlement Corporation, the U.S. State Department and any other foreign country interested. This could best be done through the central corporation.

"9. Mr. Rosenwald pointed out that those first established in a new project should be regarded as pioneers -- men and women who would prepare the colony and facilitate the immigration of the settlers who would arrive when the necessities for ~~them~~ the success of the project had been provided."

(An extract from the Minutes of the Fifth Meeting of the Executive Committee, New York, March 19, 1940.)





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