



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
85

Box
30

Folder
1875

Zionist Organization of America, Palestine Economic Bureau,
1946-1947.

Palestine Foundation Fund . . . קרן היסוד

(KEREN HAYESOD) Inc. - FINANCIAL INSTRUMENT OF THE JEWISH AGENCY FOR PALESTINE
41 EAST 42nd STREET • MURRAY HILL 2-4448 • NEW YORK 17, N. Y.

President

BERNARD A. ROSENBLATT

Chairman, Administrative Committee

CHARLES RESS

Chairman, Board of Directors

HERMAN L. WEISMAN

Honorary Chairmen

LEON GELLMAN
MRS. EDWARD JACOBS
LOUIS LIPSKY
HENRY MONSKY
DAVID PINSKY
ABBA HILLEL SILVER
STEPHEN S. WISE

Vice Chairmen

MRS. MOSES P. EPSTEIN
ISRAEL GOLDSTEIN
ABRAHAM GOODMAN
JAMES G. HELLER
MAX KIRSHBLUM
EMANUEL NEUMANN
HARRY A. PINE
MORRIS ROTHENBERG
DAVID WERTHEIM

Treasurer

SAMUEL BERSON

Associate Treasurers

JACOB H. COHEN
JACOB GOODMAN
ABRAHAM KRUMBEIN
ABRAHAM L. LIEBOVITZ

Secretary

LOUIS J. SCHWEFEL

Administrative Committee

MRS. ARTHUR H. ELLIS
DANIEL FRISCH
EMANUEL GREENBERG
ISAAC HAMLIN
EDMUND I. KOBLINZ
I. M. KOWALSKY
HENRY L. KRAUSHAR
HARRIS J. LEVINE
JACOB LUKASHOK
JOSEPH MAZER
KALMAN OSTOW
SAMUEL PERRY
MILTON POLLOCK
RUDOLF G. SONNEBORN
DEWEY STONE
MORRIS WEINBERG
CHARLES WOLF

Executive Secretary

SARAH BEHRMAN

FROM THE OFFICES OF THE

ECONOMIC BUREAU

DAVID TANNENBAUM,
Executive Director

September 11, 1946

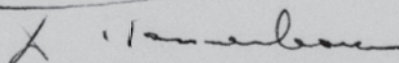
Dr. Abba Hillel Silver
American Zionist Emergency Council
342 Madison Avenue
New York, N. Y.

Dear Dr. Silver:

I am taking the liberty of enclosing a translation of an article written by Gabriel Baer entitled, "The Arab Post-War Economy," which appeared in a recent issue of HAARETZ which may have escaped your attention.

I believe that even at this time there is an opportunity for Jewish-Arab cooperation along economic lines which must lead eventually to a better understanding between the two groups.

Sincerely,



David Tannenbaum
Executive Director
ECONOMIC BUREAU

DT:LF
Enc.

The Arab Post-War Economy.

Capital Accumulation.

1945 witnessed a further accumulation of capital which steadily increased during the war. Tremendous amounts were accumulated by the two Arab Banks, particularly during the last year. The deposits of the "Arab Bank" which in 1941 amounted only to LP.350,000.- increased by the end of 1944 to LP.4,360,000.- and in 1945 they have risen to almost LP.7,000,000.- The deposits of the "Arab National Bank" increased in 1945 from LP.2,737,000.- to LP.3,800,000.- These two banks have during the last year opened new branches; the "Arab Bank" in Baghdad, and the "National Bank" in Cairo. The National Bank increased its share capital by LP.300,000.- and the number of its employees - from 160 to 214.

The accumulation of capital has brought about a general expansion in economic activity which is also evident from the increase in credits granted by the two other Banks. At the end of 1945 the loans outstanding of the "Arab Bank" amounted to LP.5,130,000.- as compared with about LP.2,200,000.- at the end of 1944. The loans outstanding of the "Arab National Bank" doubled during the last two years and at the end of 1945 amounted to LP.2,734,000.-

The main economic activity consisted at the beginning in the purchase and sale of land. Between January 1944 and June 1945 the Arabs bought rural land at a sum of $3\frac{1}{2}$ million pounds, and urban land - at a cost of $2\frac{1}{2}$ million pounds. Millions of pounds were spent on the purchase of land which only changed hands. Commercial investments were second in degree. In 1945 many commercial firms were established (import of paper with a capital of LP.50,000.-; import of tailoring accessories LP.10,000.-; centralized purchase of stock left by the Army LP.250,000.-; import of wood LP.100,000.-; import of sewing machines LP.5,000.-; etc) Only on a limited scope, as compared with Egypt and Syria, has local Arab industry been established.

Industrial Development.

The principal industrial development was in the textile branch. In 1941 the Arab textile industry had no more than 12 mechanical looms and 636 manual looms. Now they have 170 mechanical looms of which 120 are in the Almaari factory near Ramallah, and 2,400 manual looms. Before the war, the Arabs produced about 4% of the total local textile production, while now they produce about 35%. The Arab textile industry also suffers from lack of yarn. The Arab textile factory owners have sent several delegations (mainly to Egypt) to obtain the necessary yarn. Three more Arab textile factories are now being established. These have ordered 25,000 spindles.

Last year a cement company with a share capital of LP.300,000.- was registered. Its capital has in the meantime been increased to half a million. The company has already bought the required land and will soon start construction of factory. Production will begin in 1947, which according to plan will amount to 300,000 tons per annum. A factory for parts of machinery is planned in Gaza. In Haifa - for drugs (with a capital of LP.50,000.-), and another factory for perfumeries. In Jerusalem a factory of perfumeries and ointments has already begun operations. In Haifa a large carpentry workshop which is connected with the Arab National Bank will soon begin to operate. A large Arab enterprise with a capital of LP.250,000.- has been established for the Trans-Jordan Phosphate Concession. Another company with a share capital of LP.600,000.- has been established with the purpose to finance various enterprises including a chocolate factory.

In Nablus 2 agricultural industrial companies were registered this year; one for milk products on modern lines (the machinery has been ordered from England) and one for raising of sugar cane, cotton and rice in the Jordan Valley (capital LP.100,000.-). New Arab cinemas are under construction in Jaffa and Haifa and an Arab film company has already produced its first film.

Communication.

The El Alamein Taxi Company has opened now a branch in Cairo in addition to its Beirut and Damascus branches. Another taxi company has extended its Beirut-Haifa line to Jaffa. The owner of one of the Bus Companies applied to the Government for the opening of a Palestine Iraq transport line. With the opening of the Jaffa port an Arab Maritime Company with a share capital of LP.300,000.- was established. The purpose of the company is to organize a steamship line between Palestine, Egypt, Syria, Turkey and Greek ports. An Arab aviation company Ash-Sharak with an LP.100,000.- capital was established. This company also participated in the establishment of the Trans-Jordan Aviation Company and strongly objected to establish a Palestine Civil Aviation Company.

Building.

Building has not been discontinued almost during the entire war (the only important decrease was in 1943), and is now being continued with more vigour. In February 1946 the building permits amounted to the same number as during the whole of 1941. The Riad Building Company which increased its capital in 1944 from LP.75,000.- to LP.150,000.- and in 1945 increased it to LP.200,000.- has now erected a new building quarter south of Jaffa which it now plans to expand.

Centralization and Organization.

With the development of the Arab economy there is a tendency of concentration of capital with a group of capitalists. Mustafa Abu-Zid, Manager of the Riad Building Company, is also manager of the Wool Import Company, the Iron Import Company and several other companies. Rashid Al Haj Ibrahim, one of the managers of the "Arab National Bank" is also managing one of the large cigarette companies and a partner in other industrial companies. The new Cement Company has among its founders the Nablus industrialists Nabulasi, Al Masri and At Tamimi, the owners of the soap, textile, match and transportation companies. The "Arab Bank" and the "Arab National Bank" not only compete in the economic field but are also political opponents. Only a few years ago the Arab businesses belonged to individuals or to families or to partners, while now most of them are limited companies. Some of the old businesses were recently converted into stock companies. Even the Haifa Chamber of Commerce has applied to be registered as a stock company. The cooperative form of business has also won some place in the Arab economy. The tailors who worked in military camps have established a Tailors Cooperative Society affiliated to the Arab Labour Society of Haifa, while the Arab Labour Society in Jaffa decided to establish a Transportation Cooperative Society. The Arab tobacco growers in northern Palestine established in 1945 a cooperative society with a share capital of LP.50,000.- which is also connected with the Labour Association. Artisans in some of the cities have established Purchasing Cooperative Societies. 30 Consumers' Stores were established.

In some industries there were recently set up national organizations; the largest being those of textile factories and mill owners.

The Arab advertisement has also greatly developed. The Palestine Amalgamated Advertisement Company advertises on full pages in the Arab press including articles on the importance of advertisement. The Jerusalem Chamber of Commerce has published an Arab transportation timetable full with modern and attractive advertisements. Various Arab companies advertise in the buses. In April 1945 an exhibition of Arab industry was put up in Jaffa which was arranged with good taste and which also published a guide containing articles and pictures.

Capital and Exports from England and the Neighbouring Countries.

Many large Arab companies obtained British capital through the "Arab Bank". There are also direct connections with the Midland Bank. British capital participates also in the new Cement Company. The Orient Insurance Company is also connected with foreign capital. One of the Aviation Companies in England negotiates with the Arab Aviation Company the establishment of a Jerusalem-Mecca Airline. One of the members of the Arab Chamber of Commerce reported on the establishing of an English-Arab Commercial Company the stock of which will be equally shared by Arabs and Englishmen. Not all the Arab public is satisfied with this development. The Arab

left wing has strongly objected to "those who tie up the Arab economy with foreign monopolistic capital".

Some of the Arab enterprises employ foreign experts. At the beginning of this year a representative of one of the English machine companies came to Jaffa to help in the erecting of the new spinning factory. The Nablus Milk Products Company invited an English expert. The factory of machinery parts in Gaza is managed by a Polish Christian.

The Arab industry in Palestine is naturally assisted by experts from the neighbouring countries. Many of the local experts have specialized in Syria and Egypt. The Haifa Drugs Factory is now supervised by Lebanese chemists. (An English expert was also invited). The Jaffa Tricotage Factory will be managed by a Syrian. The textile producers demand now also the importing of Syrian Labour. Palestinian workers are being trained in Egypt and Syria.

Egyptian and Syrian capital is infused into the Palestine Arab Economy. A large part of the shares of the Palestine Arab textile and spinning company which was established in 1945 are with Hamada Bey, the general manager of the Misser Textile and Spinning Company. Syrian capital also participated in the Arab Textile industry. The Nablus textile enterprise is connected with a large textile factory in Aleppo, while some of the owners of textile factories in Jaffa have similar enterprises in Damascus. Syrian capital is also invested in the Al-Hamma Baths Company. The capital of this company amounts to LP.200,000-. It plans to erect an hotel, bath-house, and gardens in Al-Hamma. The Arab Aviation Company reported that several Egyptian capital is to participate with 30% in the new Palestine-Trans-Jordan Bank which is now being established.

Industry and Trade.

With the end of the war the Arab merchants have made special efforts to expand their business relations with the neighbouring countries. The main export from Palestine was soap from Nablus, which in 1944 amounted to 58 tons. During the first half of 1945 44 tons were already exported and a new quota for 2,000 tons was granted. A special delegation of the Jaffa and Nablus Chambers of Commerce have visited Damascus to negotiate the sale of citrus fruit and of the Arab groves; the import of products of Arab factories; the export to Syria of Nablus soap and the arrangement of a permanent exhibition of the Arab industry in Jaffa. In 1945 there were further efforts for better organization among the Arab merchants. The membership of the Jerusalem Chamber of Commerce increased from 290 to 360. In Haifa the magazine of the Chamber of Commerce, the publication of which was discontinued in 1932, has been renewed.

At the beginning of 1945 an Arab commercial delegation visited London. The trend of their activity was a true expression of the line of thinking of merchants in a feudal economy and was in diametric opposition to local development of trade. Farid Assa'ad, the head of the delegation, maintained the opinion that the Arab industry is still in the infancy and will remain so for a long time. The Arabs do not want to buy the local products because they are too expensive and they want to have the cheap British products. Consequently the delegation has made the following main suggestions: a) to convert the Near East into a large market for British goods and b) to grant commercial agencies to Arabs for British goods.

The Journal of the Haifa Chamber of Commerce strongly criticised the above suggestions. J'ad Suedan, a large merchant of Haifa, claimed that the commercial deficit in the Arab economy which was hitherto defrayed by the sale of land to Jews, should in the future be covered by the development of the local industrial and agricultural production. Furthermore, Suedan demanded protective tariffs. The Arab left wing also demanded the expansion of national industry, and in one of their conventions (Oct. 1945) there was also a demand for protective tariffs. The articles published by the Jaffa Arab Exhibition pointed out the many possibilities for the development of Arab industry and demanded its expansion. However, they opposed protective tariffs and demanded other means (systematization, better quality, decrease in cost of production). Since many Arab industrialists are also engaged in trade there has so far no common understanding been achieved

Agriculture.

The large development of the Arab agriculture during the war continued also in 1945. The intensive cultures have particularly been increased (tomatoes, potatoes, and other vegetable crops were smaller than last year, but still twice that of 1939). The tobacco area increased from 13,400 dunams to 28,000. The production of bananas, watermelons and melons were also increased (from 143,000 tons in 1942 to 703,000 tons in 1945). During the war 30 - 35,000 dunams of Arab citrus groves were neglected, but now they are being rehabilitated.

Also in the villages the process of more and better organization is apparent, though not to the same extent as in the cities. Several companies were established for vegetable raising. The "Society for the Revival of the Village" in the Haifa neighbourhood has dealt with the purchase of tractors and marketing organization. However, the modernization of the Arab agriculture is making slow progress. Of the 89 tractors which were brought to Palestine in 1945, only 25 were brought by Arabs. The reason lies in the fact that at least 30% of the Arab peasants are fellahim whose main income or part of it is derived from their work for other well-to-do farmers who have large areas of land. These small peasants buy more than they sell, and have not enjoyed the high prices for agricultural products.

First Symptoms of Post-War Depression.

The prices of land in the Arab market increased from an average of LP.11.- per dunam in 1941 to an average of LP.41.3 per dunam in 1944, and in 1945 they were reduced to LP.36.- per dunam (in the Jewish market the prices went up during the same period by about 40%). At the beginning of 1945 the prices of food commodities in the Arab markets were higher than in the Jewish markets, while in the beginning of 1946 they dropped markedly, and are now lower than the prices in the Jewish market. This fall is also due to the decrease in prices in Syria. The Palestine Arabs buy and sell a great deal in that country. The number of marriages among the Moslems in 1943 reached a peak of 13,895 whilst in 1945 it decreased to 9,283.

More than in any other field of economic activity, the depression is felt in the Arab Labour market. The wages of the Arab workers increased during the war by about 300% (there were of course differences in the increase between non-specialized labour and specialized; between the private market and Government labour market, etc.) but there was no further increase in 1945 and in some instances they have even been decreased, at least in real wages. In the first months of 1946 some of the Arab employers have tried to reduce wages but the workers declared strikes against these reductions. The problem of unemployment has recently become still more acute. In October 1945 a conference of the Arab Labour Associations was convened to combat unemployment. It was stated that the number of Arabs unemployed was 15,000, and it was estimated that this number will soon increase to about 50,000. The workers dismissed by the Army, mostly villagers, will presumably not return to their villages because a) even the war-time prosperity has not abolished the problem of unemployment in the villages which is expressed there not in unemployment but in very low standard of living; b) many of these workers became used to urban life. The young Arab industry is not ready yet to absorb these thousands of workers. Because Arab building has not been discontinued during the war, it therefore, cannot now absorb more Arab labour. Another difficulty lies in the question whether the young Arab industry will be able to find a sufficient local market and compete with the low priced goods of modern industries.

Palestine Foundation Fund . . . קרן חיסוד

(KEREN HAYESOD) Inc. - FINANCIAL INSTRUMENT OF THE JEWISH AGENCY FOR PALESTINE
41 EAST 42nd STREET • MURRAY HILL 2-1873 • NEW YORK 17, N. Y.

President

EMANUEL NEUMANN

Chairman, Administrative Committee

CHARLES RESS

Chairman, Board of Directors

HERMAN L. WEISMAN

Honorary Chairmen

LEON GELMAN
MRS. EDWARD JACOBS
LOUIS LIPSKY
HENRY MONSKY
DAVID PINSKI
ABBA HILLEL SILVER
STEPHEN S. WISE

Vice Chairmen

MRS. MOSES P. EPSTEIN
ISRAEL GOLDSTEIN
ABRAHAM GOODMAN
JAMES G. HELLER
MAX KIRSHBLUM
HARRY A. PINE
BERNARD A. ROSENBLATT
MORRIS ROTHENBERG
MARK SUGARMAN
DAVID WERTHEIM

Treasurer

ABRAHAM KRUMBEIN

Associate Treasurers

JACOB H. COHEN
JACOB GOODMAN
ABRAHAM L. LIEBOVITZ
BORIS MARGOLIN

Honorary Secretary

LOUIS J. SCHWEFEL

Administrative Committee

BENJAMIN DOFT
MRS. ARTHUR H. ELLIS
DANIEL FRISCH
EMANUEL GREENBERG
ISAAC HAMLIN
EDMUND I. KOBLINZ
HENRY L. KRAUSHAR
HARRIS J. LEVINE
MORRIS LIFSCHITZ
JACOB LUKASHOK
JOSEPH MAZER
MILTON POLLOCK
RUDOLF G. SONNEBORN
DEWEY STONE
RALPH WECHSLER
MORRIS WEINBERG
CHARLES WOLF

Executive Secretary

SARAH BEHRMAN

FROM THE OFFICES OF THE

ECONOMIC BUREAU

DAVID TANNENBAUM,

Executive Director

February 5, 1947.

Dr. Abba Hillel Silver,
The Temple,
East 105th Street at Ansel Road,
Cleveland, Ohio.

Dear Doctor Silver:

I am enclosing a brief memo covering the salient points on the land matter we discussed.

This morning I received a letter from Palestine containing the following additional information. Apparently our conference in Basle resulted in instructions to proceed rapidly with the matter. The following steps were to be taken immediately.

(A) The property put up as security is to be evaluated to ascertain that its worth is no less than L50,000, which property will remain as security for the implementation of the contract for a period of five years.

(B) A supplementary agreement is to be drawn up (I assume by Dr. Eliash acting for the purchaser) to be signed by "A", and upon signature L50,000 are to be paid to "A".

(C) Adequate provisions are to be made that the contract and the supplementary contract upon signature will be assigned to the purchaser or his designated agent.

(D) Upon completion of the above, a representative of Moshe will interview "A" to satisfy himself that all conditions are fulfilled.

(E) It is estimated that the above can be completed between the middle and end of February.

The total amount involved will be about L300,000, which includes the many extraneous payments which have to be made. I do not believe that we should undertake any effort to secure the required funds, or a major part thereof, until we have had assurances from Jerusalem that the transaction is in order.

Dr. Abba Hillel Silver

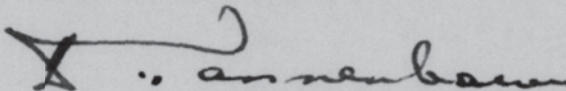
-2-

February 4, 1947.

I am requesting Jerusalem to cable me when the formalities have been completed, at which time we can undertake the fiscal arrangements.

I shall keep you informed as to the developments in this matter.

Very sincerely yours,



DAVID TANNENBAUM
Executive Director
ECONOMIC BUREAU

DT:SK
enclosure



In May of 1946 when I was in Palestine, I was approached by a friend of long standing who indicated that it might be possible to purchase a substantial area of land in T.J. (close to 150M dunam) for around \$1,000,000. The contract would be signed by "A", running to an Arab intermediary with specific right to transfer, including the right of immediate settlement and self-defense.

Despite the fact that many such proposals had been made previously, considering the source from where this proposal emanated I felt that it was worth while pursuing the matter, and accordingly I lent personal assistance in furthering the proposal.

In October I received word that a contract had been signed. At this point I felt that the National Institutions should be apprised of the situation. Accordingly, I arranged that the matter be brought to the attention of Dr. Granovsky and Mr. Shertok. At the suggestion of Dr. G. the documents were submitted to Dr. Eliash for careful scrutiny. Both G. & S. were convinced that the signatures on the contract were genuine and agreed that the matter should be carried through, if possible. They suggested certain modifications and further guarantees, the most important of which was that the intermediary purchaser put up substantial properties in Palestine as a guarantee for the proper fulfillment of the contract and in the event of non-fulfillment, the guarantees were to remain with Dr. G. as liquidating damages.

At this point the interested parties left for the Congress. In a conference in Basle both G. & S. agreed to push the matter but that nothing could be done until their return to Palestine.

February 5, 1947.

The Economic Bureau

הלשכה הכלכלית הא"י של קרן היסוד בארצות הברית

of the

DAVID TANNENBAUM
Executive Director,
Economic Bureau

PALESTINE FOUNDATION FUND
(KEREN HAYESOD) Inc.
41 East 42nd Street, New York 17, N. Y.
MUrray Hill 2-1873

March 10, 1947.

Dr. Abba Hillel Silver,
The Temple,
East 105th Street at Ansel Road,
Cleveland, Ohio.

Dear Doctor Silver:

I thought you would like to know that last week we concluded arrangements between a Palestine firm, headed by Mr. Scheinmann, and the Desco Shoe Corporation, Long Island City, for the establishment of a new plant in Palestine to manufacture American-made shoes. The American firm will participate with new machinery and equipment, modern styling, and the Palestine group provides an equal amount of cash capital.

The shoes will bear the trade mark of the American firm "Desco", which is quite well-known in the trade here, but of course will be manufactured in the country. The amount of capital involved is not too large. It will start with approximately \$10,000, which they contemplate increasing substantially as the need arises. The American participant is a very important manufacturer with plants throughout the country.

Despite the present situation in Palestine it is still possible to interest American businessmen along these lines.

Not for publication

Sincerely yours,

D. Tannenbaum

DAVID TANNENBAUM
Executive Director
ECONOMIC BUREAU

DT:SK

PALESTINE FOUNDATION FUND

EMANUEL NEUMANN
President

CHARLES RESS
Chairman,
Administrative Committee

HERMAN L. WEISMAN
Chairman,
Board of Directors

ABRAHAM KRUMBEIN
Treasurer

LOUIS J. SCHWEFEL
Honorary Secretary