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Sub-series A: Main Manson File, 1940-1949.

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Jewish Agency, 1941.

MEYER W. WEISGAL

Office:

~~PARAMOUNT-BURBANK~~
~~1501-BROADWAY~~
NEW YORK CITY
~~CLINTON-1700~~
51 East 42nd Street
Murray Hill 2-0274

June 30, 1941

Dr. Abba Hillel Silver
The Temple
Cleveland, Ohio

My dear Dr. Silver:

This is to confirm our telephone conversation
of this morning.

Dr. Weizmann is very anxious -- in fact he
phoned yesterday from California to make sure that I contact
you immediately -- that you be present at a meeting with the
non-Zionists to be held in New York on Thursday, July 10th,
at the Waldorf Astoria beginning 11 a.m. This meeting has
been called by Mr. Sol Strock, President of the American
Jewish Committee.

It is intended that as a result of this meeting
some workable method might be evolved for a union of forces
on the Palestine political as well as economic front.

I shall appreciate it greatly if you will let
me know if you can come.

With kind regards.

Sincerely yours,


Meyer W. Weisgal

MWW:eg

July 2, 1941

Mr. Meyer W. Weisgal
51 East 42nd St.
New York, N.Y.

My dear Mr. Weisgal:

Thank you for your kind note of
June 30. I shall make every effort to attend
the meeting on July 10 in New York City.

Very sincerely yours,

AHS:BK



P R I V A T E

MEYER W. WEISGAL

Office:

51 EAST 42ND STREET
NEW YORK CITY
MURRAY HILL 2-0274

M E M O R A N D U M

July 3, 1941

TO DR. ABBA HILLEL SILVER
FROM MEYER W. WEISGAL

With reference to my letter of June 30th about the meeting of July 10th at the Waldorf Astoria, I have been requested to advise you that the Zionist representatives will meet for breakfast promptly at 9 o'clock, Thursday morning, July 10th, in the Crane Suite on the 4th Floor at the Waldorf Astoria.

It is desired that the Zionists confer among themselves prior to the joint meeting which begins at 11 o'clock.

Please let me know if you can attend.

Hotel St. Regis.

Fifth Avenue and Fifty-fifth Street

New York July 20th, 1941

Dr. Abba Hillel Silver
The Temple
Cleveland, Ohio

Dear Dr. Silver:

Dr. Weizmann has asked me to send you the enclosed copy of his letter to Mr. Stroock, dated July 15th. Dr. Weizmann has left instructions with Mr. Weisgal as to further procedure in this matter, and the latter will get in touch with you in the near future.

Sincerely yours,

Blanche Jacobson Shepard
Secretary to Dr. Weizmann

MEYER W. WEISGAL
SIDNEY WALLACH
Room 211
51 East 42nd Street
New York City

August 12, 1941

Dear Dr. Silver:

Following a meeting arranged by Dr. Weizmann and Mr. Sol M. Stroock, it was agreed that two committees be asked to come into being: 1) to explore the practicability of reconstituting the Jewish Agency for Palestine; 2) to explore, and if possible, to prepare a program envisioning the entire general Jewish situation. By mutual agreement, the first committee is to consist of: Dr. Stephen S. Wise, Dr. Abba Hillel Silver, Judge Morris Rothenberg, Henry Monsky, Adolph Held, George Backer, Morris Wolf, and Dr. Solomon Lowenstein.

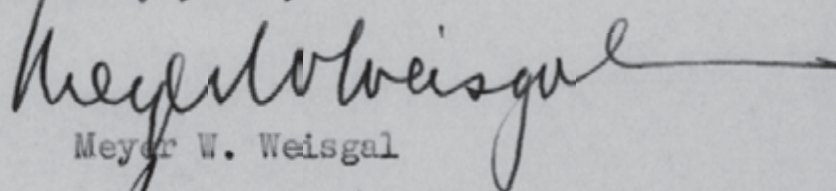
The second committee is to consist of: Dr. Nahum Goldmann, Carl Sherman, Louis Lipsky, Jacob Blaustein, George Z. Medalie, Joseph Willen, and either Adolph Held and Henry Monsky or their respective designees.

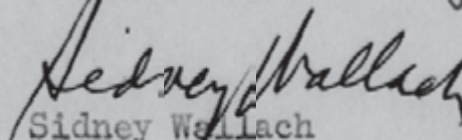
In addition, both groups are free to co-opt others as experts and participants. Whatever conclusions and reports may be agreed upon, however, will be the conclusions of those named above.

Mr. Meyer Weisgal has been asked to act as Dr. Weizmann's representative, and Mr. Sidney Wallach as Mr. Stroock's representative.

We should like to arrange for the first meeting of both groups, which, it is understood, will be a joint meeting. It has been suggested that a suitable time could be arranged the last week in September. Will you please let us know on the enclosed card on what days of that week you will be available?

Cordially yours,


Meyer W. Weisgal


Sidney Wallach

Dr. Abba Hillel Silver
East 105th Street & Ansel Road
Cleveland, Ohio
MMW-SW:MS

הסוכנות היהודית לארץ ישראל
THE JEWISH AGENCY FOR PALESTINE

26.8.41.

Telegrams : 'JEVAGENCY' JERUSALEM
Telephone : 4671 (5 LINES)
Codes : BENTLEY'S

OFFICE OF THE EXECUTIVE
P. O. Box 92,
Jerusalem

Dear Sir,

Ref. No.

We beg to send you herewith a survey of recent economic activities of Palestine Jewry connected with the war effort.

We trust you may find this material of interest.

Yours faithfully,

I. KLINOV.
Information Department.

The Economic War Effort of Palestine Jewry

The participation of the Jewish Community of Palestine in the economic war effort is already appreciable and is constantly on the increase. Apart from direct supplies to the Army the increase of the country's production as a whole is to be regarded as a direct contribution to the war effort, since in the first place it releases shipping space which can be used for military requirements, and in the second place releases labour power in other countries of the Empire for concentration on military production. It is from this wider point of view that the war effort of the Jewish Community of Palestine must be judged. That effort has produced results in the following four main branches: agriculture, industry, transport and public works.

Agriculture.

The quantity of foodstuffs which Palestine supplies direct to the Army cannot be accurately estimated because each Army camp makes its own arrangements locally. A real indication of the country's services, so far as the provision of foodstuffs is concerned, is to be gathered from the increase of production. The area of land cultivated by Jews has increased during the two years of war by approximately 20 per cent. This increase has been made possible largely as a result of moneys invested by the Jewish National Institutions.

The Jewish production of milk rose from 35,000,000 litres in 1939 to 37 million litres in 1940, and from 15.2 million in the first half of 1939 to 17.8 million in the first half of 1941.

The production of eggs on Jewish farms increased from 59 million units in 1939 to 63 million units in 1940 and from 26 million in the first half of 1939 to 31 million in the first half of 1941.

The production of vegetables on Jewish farms increased from 16,000 tons (of which 3,000 tons were potatoes) in 1939 to 26,000 tons (7500 tons of potatoes) in 1940 and

from 6,000 tons (1216 tons of potatoes) in the first half of 1939 to 12,000 tons (4,000 tons of potatoes) in the first half of 1941.

These results were achieved despite difficulties caused by a shortage of manures, fodder for poultry and cattle, and agricultural machinery, and by difficulties of transport.

Industry.

The main factor in the development of Jewish industry during the war has been the orders placed by the Army. The expansion of our industry would not, however, have been possible had it not been for the following three factors:

- (a) The large number of technical experts and skilled workers in the country. Their presence in the country is the result of Jewish immigration, particularly since the destruction of the Jewish Communities in Germany, Austria, Czechoslovakia and Poland.
- (b) The presence of Jewish capital available for industrial investments.
- (c) The reduction of imports.

The expansion of industry in the two years of war was preceded by a period during which a purified industrial system was being built up in the country.

The following figures give an indication of the industrial development during the war.

No. of days of work in privately-owned Factories
according to the Government Index
(January 1938 = 100)

August 1939:	88.1
March 1941:	114.6

No. of days of work in Industry
according to the Index of the Jewish Agency
(October 1938-September 1939 = 100)

August 1939:	104.3
May 1941:	122.0

Supply of electric Power to Industry by the
Palestine Electric Corporation
(in millions of KWH)

January - March 1939:	5.21
January - March 1941:	8.51

The above figures on the increase of the number of working days do not take into consideration the new factories which have been established and whose number is substantial, as is to be gathered from the following figures of the number of motors connected to electrical mains in Jewish-owned factories in the Southern District alone:

New Electrical Connections in Jewish-owned Factories (Southern District)

September - December 1939:	99 motors
January - December 1940:	1006 motors
January - June 1941:	504 motors

In 1940 a million pounds worth of industrial products were supplied to the Army. In the first four and a half months of 1941 a further million pounds worth of Army orders were executed by Jewish industrial concerns. Thus, the volume and range of Army orders is on the increase.

The Army is particularly interested in the presence on the spot of a ramified industrial establishment, especially when there is need for speedy execution of orders. In contradistinction to other countries the industrial war effort in Palestine is proceeding without Government help. Industry was helped considerably in obtaining supplies of raw material by the assistance of the Jewish Agency at whose initiative a Consortium consisting of the Anglo-Palestine Bank, the Jewish Agency and the Palestine Industrial Bank advanced credits to manufacturers, thus enabling them to lay in supplies of raw materials to a value of half a million pounds.

The Jewish Agency also cooperated with Government by providing information, statistics and scientific data on the position and possibilities of industry. The Jewish Agency likewise cooperated with the Anglo-Palestine Bank and the Palestine Industrial Bank in the financing of military orders.

Transport.

The Central Transport Committee of the Jewish Agency cooperated with Government and Military Authorities in the mobilisation of vehicles and drivers, and thus placed at the disposal of the Authorities hundreds of vehicles and drivers.

Public Works.

The presence in this country of a large number of experienced Jewish building workers and of contracting companies made it possible to execute public works of considerable importance for the Military Authorities. On an average, some 10,000 Jewish workers are engaged on these works.

MEYER W. WEISGAL

Office:

51 EAST 42ND STREET
NEW YORK CITY
MURRAY HILL 2-0274

September 19th, 1941

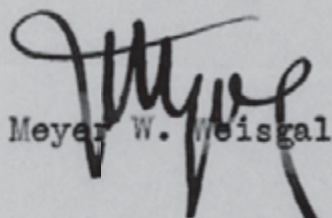
Dr. Abba Hillel Silver
The Temple, Cleveland, O.

Dear Dr. Silver:

In connection with the meeting called for Thursday, September 25th at 5 o'clock (Hotel Astor), it has been decided that the Zionist members meet earlier, at 3:30 o'clock on that day, in order to have a discussion of policy and procedure.

It is important that the Zionist members arrive at the Hotel Astor at 3:30 o'clock sharp, as the joint meeting begins promptly at 5 o'clock.

Sincerely yours,


Meyer W. Weisgal

P.S. The Astor Hotel Bulletin Board will list the room number under the heading "Jewish Agency".

C
O
P
Y

THE JEWISH AGENCY FOR PALESTINE
P. O. Box 92
Jerusalem, Palestine

September 19, 1941

H. Montor, Esq.,
United Palestine Appeal
41 East 42nd Street
New York

Dear Mr. Montor,

I am sending you herewith a report of the four national institutions up to the end of June 1941. The most important figures in this report we have already communicated to you by cable. We are continuing to prepare the accounts on the lines of previous reports, but we shall take your observations into consideration when editing the explanatory notes. We shall shortly be sending you the explanatory notes to the report for the six months October 1940 to March 1941.

On the enclosed report the following observations are to be made:

1. The sum of LP.2,910 paid out to Bizur on account of our guarantee for the loan of the Palestine Marine Corporation which, in our telegram, was included under the heading of "Labour", is contained in the report under the heading of "Investments".
2. In the attached report there are no Income or Expenditure items in connection with our guarantee to the Mizrachi.
3. The income of the Immigration Department of LP.410.650 which was listed in the report for May 1941 under the heading of collections has been included in the attached report under the head of "Participations".
4. Most of the participations of the Jewish Agency were received from the monies of the Czech Transfer.
5. The income and expenditure in the attached report does not include the sum of \$34,500 sent by the U.P.A. to various countries to cover the travelling expenses of refugees.

Sincerely yours,

(signed) E. Kaplan

Eliezer Kaplan

Encx.

P.S. I am also enclosing the report for July, 1941.

CONSOLIDATED ACCOUNT
OF INCOME AND EXPENDITURE OF --

- (A) THE JEWISH AGENCY FOR PALESTINE
(B) THE CENTRAL BUREAU FOR THE SETTLEMENT OF GERMAN JEWS
(C) PALESTINE FOUNDATION FUND (KEREN HAYESOD)

a n d

- (D) JEWISH NATIONAL FUND (KEREN KAYEMETH LEISRAEL).

Period: 1st October 1940 to 30th June 1941

S U M M A R Y

I N C O M E :

	<u>LP</u>	<u>LP</u>
1. Contributions		825,733.273
2. Service Charges, etc.		155,154.717
3. Loans		297,971.929
4. Special Earmarked Funds etc.		<u>64,337.033</u>



1,343,696.952

E X P E N D I T U R E :

1. Immigration & Training		29,248.741
2. (a) Purchase of Agricultural Land	345,405.221	
(b) Agricultural Settlement	<u>165,592.241</u>	510,997.462
3. Labour & Housing		64,632.367
4. Urban Settlement, Trade, Industry		49,791.999
5. Investments etc.		17,473.887
6. Social Service & Relief		39,212.991
7. Education, Culture & Youth Aliyah		148,015.637
8. National Organization & Security		91,976.364
9. Administration		77,596.130
10. Meeting previous commitments (largely for land purchases)		<u>447,067.274</u>

TOTAL EXPENDITURE *

1,476,112.852

EXCESS OF EXPENDITURE OVER INCOME

132,415.900

*) Not including Commitments and Guarantees - see note on page 10.

I N C O M E

<u>1. CONTRIBUTIONS</u>	<u>LP</u>	<u>LP</u>	<u>LP</u>
(a) <u>Palestine Foundation Fund (Keren Hayesod)</u>			
From U.S.A.	191,645.289		
" Other countries	<u>151,201.000</u>	342,846.289	
(b) <u>Jewish National Fund (Keren Kayemeth)</u>			
From U.S.A.	174,908.230		
" Other countries	<u>156,301.637</u>	331,209.867	
(c) <u>The Central Bureau for the Settlement of German Jews</u>			
From U.S.A. (Hadassa)	111,792.353		
" Other countries	<u>39,884.764</u>	<u>151,677.117</u>	825,733.273
<u>2. SERVICE CHARGES, COLLECTIONS, GRANTS & PARTICIPATIONS & OTHER INCOME</u>			
(a) <u>Jewish Agency</u>			
(i) Collections on Loans, by Departments:			
Agricultural Settlement	4063.807		
Labour & Housing	4229.139		
Trade, Industry & Artisans	2005.385		
Immigration	40.404		
Political	75.640		
Bialik Institute	90.620		
Miscellaneous	656.415		
From P.L.D.C. on a/c of loan	<u>7413.829</u>	18,575.239	
(ii) From sale of Irrigation pipes		1,502.384	
(iii) Dividends & Interest		1,957.658	
(IV) Grants & Participations:			
From Palestine Government			
To Experimental Station	2152.500		
To Agricultural Settlement	192.-		
From Others			
To Trade & Industry dept.	1795.-		
To Labour Dept	5905.-		
To Immigration & Training Dept.	1003.710		
To Crafts and small Trade Dept.	1000.-		
To Political Dept.	3470.881		
To Social Service & Relief	2572.940		
To Agric. Settlement	3125.-		
To Economic Research Institute	112.597		
To Miscellaneous	<u>784.267</u>		
	22113.915		
Less Return of Special Grant received in previous years	<u>996.250</u>	21,117.665	
(V) Realisation of Investments	<u>2,100.-</u>	45,252.846	



	<u>LP</u>	<u>LP</u>	<u>LP</u>
(b) <u>Palestine Foundation Fund (Keren Hayesod)</u> Dividends, Interest, etc.		526.674	
(c) <u>Jewish National Fund (Keren Kayemeth)</u> Participation from private land purchasers 67,026.031 Leasehold Rent 11,965.951 Debt collections, Real- isation of Investments etc. 17,851.174		96,843.156	
(d) <u>The Central Bureau for the Settlement of German Jews</u> (i) Collections o/a of Youth Aliyah Loans 1,131.080 do. German Jewry Council 3,237.775 do. Miscellaneous 786.151 5,155.006 (ii) Maintenance charges paid by children's parents, etc. 1,740.728 (iii) Grants & Participations From Central British Fund 2506.307 " Haavara for Loans & subsidies to German Jews 3130.-		5,636.307	12,532.041 155,154.717
3. <u>LOANS</u> <u>Jewish National Fund (Keren Kayemeth)</u> Loans on Promissory notes, etc.			297,971.929
4. <u>SPECIAL EARMARKED FUNDS, etc.</u> <u>Jewish Agency - From South Africa:</u> for W.I.Z.O. various purposes		1,246.875 26,935.750 28,182.625	
<u>Jewish National Fund</u> Deposits		36,654.403	64,837.033
<u>Total Income</u>			1,343,696.952 =====



E X P E N D I T U R E

<u>1. IMMIGRATION & TRAINING</u>	<u>LP</u>	<u>LP</u>	<u>LP</u>
(a) <u>Jewish Agency</u>			
(i) Attending to Immigrants on Arrival:			
Accommodation of Immigration Hostels etc.			
Immigrants	846.792		
Refugees	<u>433.643</u>	1,280.435	
Medical Treatment & Sick Insurance			
603 Immigrants	382.270		
60 Refugees	<u>140.715</u>	522.985	
Loans			
1149 Immigrants	2,276.960		
348 Refugees	<u>941.891</u>	3,220.851	
Transportation			
344 Immigrants	102.035		
80 Refugees	<u>40.982</u>	143.017	
Assistance to refugees ex s.s. Patria		1,628.640	
Tents for Refugees		783.090	
Refugees' fares		3,174.455	
" " Payment o/c Guarantee granted in 5700 etc.		3,500.-	
Participation in Social Service of Vaad Leumi		276.-	
(ii) Training abroad:			
To Hechaluz Organisations & others		1,683.964	
(iii) To Immigration Institutions:			
General Labour Federation, Hapoel Hamizrachi, General Zionists, Yemenite Workers and Greek Immigrants		195.-	
(iv) Equipment of new immigrants' Hostel in Tel-Aviv		136.088	
(v) Administration Expenses			
Of Palestine Offices abroad	360.-		
" Immigration Offices	<u>9,033.073</u>	<u>9,393.073</u>	25,937.598
(b) <u>Central Bureau for Settlement of German Jews</u>			
Initial accommodation loans to immigrants		707.610	
Training at institutions, agricultural Settlements & Labour Groups		<u>2,603.533</u>	<u>3,311.143</u>
		<u>T C T A L</u>	<u>29,248.741</u>
<u>2. AGRICULTURAL SETTLEMENT</u>			
(a) <u>Jewish National Fund (Keren Kayemeth)</u>			
Land purchase		274,964.665	
Maintenance, Watching, Taxes, etc.		46,564.246	
Occupation		3,484.168	
Loans to settlements, investments, etc.		8,948.849	
Afforestation		<u>14,443.293</u>	345,405.221

	<u>LP</u>	<u>LP</u>	<u>LP</u>
(b) <u>Jewish Agency</u>			
To settlers of villages and cooperative Small-holders settlements (Moshavin)		28,993.593	
To Communal Settlements (Kvutzoth & Kibutzim)		46,031.477	
" Middle Class Settlements		8,905.449	
" Individual settlers		816.552	
" Girls' Training Farms of Moazat Hapoalot		500.861	
" " " " " WIZO		3,380.202	
Instruction, Courses & Services		6,768.979	
Various Undertakings etc.		5,277.025	
Roads		1,727.893	
Investments in Agricultural Settlement Cos.-			
Palestine Agricultural Settlement			
Association (PASA)	1,263.964		
'Mekoroth' Water Co.	3,934.334		
RASSCO	145.175		
Batei Kfar Ltd.	*) 85.526	5,257.947	
Agricultural Experiment Station		22,488.245	
Grant to Daniel Sieff Institute		750.-	
Administration & General Expenses of:			
Colonisation Dept.	5,414.716		
Technical Dept.	2,674.434		
		<u>8,089.150</u>	138,987.373
(c) <u>Central Bureau for Settlement of German Jews</u>			
Sundries out of funds of Council for German Jewry, London, etc.			20,604.868
(d) <u>Palestine Foundation Fund (Keren Hayesod)</u>			
To WIZO, earmarked contribution from S.Africa			<u>6,000.-</u>
		<u>T O T A L</u>	<u>510,997.462</u> =====

3. LABOUR & HOUSING

(i) Transportation of unemployed labourers to places of work, etc.		421.039	
(ii) Relief Works:			
Participation in Road Building, connecting Beilinson Hospital with Petach-Tikva Road		50.-	
To Bizur Ltd. on a/c of loan to Agro Bank for Road building at Moledeth, etc.		234.464	
Payments on a/c Guarantees granted to Bizur Ltd. in the year 5700 and previous years on loans to Public Works, etc.		<u>3,315.745</u>	3,600.209
(iii) Expenses of securing employment on Government Public Works			1,858.829
(iv) (a) Labour Exchanges in Cities		185.-	
(b) Labour Exchanges in Villages		5,051.102	
(c) Labour Unions for employment regulation		<u>550.-</u>	5,786.102
(v) Vocational Training, through Merkaz Haklai, Hapoel Hamizrachi, Women Workers Council			5,348.675
(vi) Loans to rural labourers for Auxiliary Farms:			
(a) Through Workers Bank to Labour Groups		6,862.755	
(b) " Kupath Milveh of Hapoel Hamizrachi		375.-	
" " " " " " "			
Payment on a/c of Guarantee on loan to Hapoel Hamizrachi		120.-	

*) Credit

	<u>LP</u>	<u>LP</u>	<u>LP</u>
(c) Through Kupath Ashrai of General Zionists		120.-	
(d) " " Milveh of Agudath Israel		83.400	
(e) " Revisionist Groups		424.-	
(f) " Nir Co. & Audit Union of Co-operative Societies - To Individual Workers		4,100.-	
(g) To Kvutzat Banativ	250.-		
" Individuals	<u>25.-</u>	<u>275.-</u>	12,360.155
(vii) Citrus Industry:			
Loans to Orange Growers to facilitate employment of Jewish labourers		3,007.677	
To Anglo-Palestine Bank, (Discount Fund)		1,690.840	
Payments on a/c guarantees granted in 5700:			
To Workers Bank for loans to Orange Growers		1,211.744	
To Workers Bank do. (Discount Fund)		1,770.907	
To Kupath Milveh do. Do.		1,470.420	
To A.P.B. for loans to Orange Packers Assoc.		533.140	
To A.P.B. for loans to Orange Growers		<u>1,567.786</u>	11,252.514
(viii) Building at Labour Camps		4,958.712	
Tents at Labour Camps	1,154.260		
Payment on a/c guarantee granted to Industrial Bank	<u>571.-</u>	1,725.260	6,683.972
(ix) Housing Loans to Labourers:			
Through Nir Co. for housing at Ness-Ziona		115.-	
Through Mortgage and Credit Bank for Housing at Rehovoth		1,300.-	
Through Mortgage & Credit Bank, to Labourers in Villages		295.-	
Through payment on a/c Guarantee granted in 5700 on Loans to Communal Settlements		662.500	
For Housing at Kfar Ivri		160.-	
" " " Neve Haim near Hedera		300.-	
" " " Givat Hapoel, Binyamina etc.		80.-	
Through Hanifde Haezrachi and Halvaa Vehisachon, Tel-Aviv		<u>200.-</u>	3,112.500
(x) Refugees labour camps - Housing, maintenance, etc.			2,242.706
(xi) Payments on a/c of Guarantees to Kupath Cholim in 5700 for loans to Communal Settlements for Sanitary Accommodation			550.-
(xii) Maritime Activities - Training Fishermen etc.			4,368.357
" " Payment on a/c guarantee to Kupath Milveh for loans to Harbour Workers			40.910
(xiii) Investment in preference shares of Bitzur Ltd.			2,134.-
(xiv) Subsidies & Miscellaneous			237.470
(xv) Administration expenses			<u>4,634.929</u>
		<u>T O T A L</u>	<u>64,632.367</u>

4. URBAN SETTLEMENT, TRADE & INDUSTRY AND INVESTMENTS

(a) Jewish Agency

(i) Trade & Industry Dept.

On a/c participation in loans for industrial recovery 40% by Jewish Agency, 50% by Anglo Palestine Bank, 10% by Industrial Bank	9,600.-
Payment on a/c guarantee granted to APB in 5700 for loans for industrial recovery	<u>4,000.-</u>
	13,600.-

	<u>LP</u>	<u>LP</u>
On a/c participation in small loans fund at Industrial Bank	2,900.-	
Loan to Textile Manufacturing Co. through Anglo Palestine Bank	1,000.-	
Industrial Bank Ltd. Preference Shares	1,500.-	
Foreign Trade Institute	1,400.-	
Promotion of Industry through Igud Tozereth Haaretz, Technical instruction, exhibitions, etc.	3,603.130	
Promotion of home industry	1,350.-	
Administration expenses	<u>2,588.238</u>	27,941.368
(ii) Crafts and Small Trade Department:		
Small Loans granted direct and through loan funds to Artisans, shop-keepers & pedlars	7,388.054	
Small loans (Gmilut Hessed) funds	2,040.-	
Subsidies to Artisans' Unions	519.-	
Administration	<u>1,082.962</u>	11,030.016
(iii) Economic Research Institute		4,386.863
(iv) Department of Statistics		1,780.550
(v) Zionist Tourist Information Bureau		<u>334.467</u>
		45,473.264
(b) <u>Central Bureau for Settlement of German Jews</u>		
Grants & Information Service		2,664.500
(c) <u>Jewish National Fund (Keren Kayemeth)</u>		
Purchase of Urban Land	1,017.284	
Maintenance, Watching, Taxes, etc.	<u>636.951</u>	<u>1,654.235</u>
	<u>T O T A L</u>	<u>49,791.999</u>

5. INVESTMENTS, etc.

(a) <u>Jewish Agency</u>		
(i) Marine Trust (Tel Aviv Harbour) investments in shares	1,240.-	
(ii) Payment on a/c guarantee to Bizur, Ltd.	<u>2,910.417</u>	4,150.417
(iii) Temporary Loan to Palestine Land Development Co.		5,815.970
(iv) Investments in Tel-Aviv Development Co.		<u>7,507.500</u>
	<u>T O T A L</u>	<u>17,473.887</u>

6. SOCIAL SERVICE AND RELIEF

(a) <u>Jewish Agency</u>		
(i) Relief to unemployed To Vaad Leumi for all labour organisations and Middle Class		19,760.953
(ii) In Villages through Hapoel Hamizrachi	80.-	
" Merkaz Haklai	<u>1,025.-</u>	
" " " Hapoel Hamizrachi	150.-	
" Hamifdeh Haesrahi	200.-	
" Agudath Israel	<u>125.-</u>	1,580.-
(iii) Works instead of Relief		8,356.361
(iv) Relief distributed to Polish Refugees		3,156.867
(v) Relief to Roumanian Refugees		290.039
(vi) To Air Raid Victims in Tel-Aviv & Haifa		725.-
(vii) Loans to Communal Settlements for Sanitary Accommodation (see Labour & Training)		100.-
(viii) Sundry Subsidies		<u>937.-</u>
		35,906.220

	<u>LP</u>	<u>LP</u>
(b) <u>Central Bureau for Settlement of German Jews</u> Subsidies to Scientists, Students and Sundries		2,008.660
(c) <u>Palestine Foundation Fund (Keren Hayesod)</u> Through Vaad Leumi to various education & medical institutions, proceeds of Shemtov estate	205.-	
To air raid victims in Tel-Aviv & Haifa	178.925	
To Veteran Zionists	859.186	
To Refugees from Poland etc.	<u>55.-</u>	<u>1,298.111</u>
	<u>T O T A L</u>	<u>39,212.991</u>

7. EDUCATION, CULTURE & YOUTH ALIAH

(a) <u>Jewish Agency</u>		
(i) On a/c participation in Education Budget of Vaad Leumi		21,146.950
(ii) Bialik Institute, Publication of Books, grants to Vaad Halashon (Hebrew Language Academy) etc.	2,419.791	
Payment on a/c guarantees for loans to publishers	<u>180.280</u>	2,600.071
(iii) Rabbi Kook Institute, participation in Budget		805.-
(iv) Technion, Haifa - Grant		603.-
(v) Marine College, Haifa - Grant		375.-
(vi) Habimah Theatre - Grant	172.472	
do. Payment on a/c guarantee	<u>160.856</u>	333.328
(vii) Palestine Symphony Orchestra - Grant		225.-
(viii) Ohel Theatre - Grant		300.-
(b) <u>Central Bureau for Settlement of German Jews</u> Youth Aliah		119,909.238
(c) <u>Palestine Foundation Fund (Keren Hayesod)</u> To Hebrew Technical Institute, Haifa	1,287.-	
" Gymnastic Hall Building at Lemel		
Girls' School, Jerusalem	400.-	
" The Society for the education of delinquent children	30.-	
" The Hebrew University Jerusalem (from England)	<u>1.050</u>	<u>1,718.050</u>
	<u>T O T A L</u>	<u>148,015.637</u>

8. NATIONAL ORGANISATION & SECURITY

(a) <u>Jewish Agency</u>		
Political Department, Jerusalem - Land, Arab Affairs, President's Expenses, emergency preparations	19,532.485	
Payment on a/c guarantee to A.P.B. in 5700	1,200.-	
to Contracting Office on a/c of buildings	<u>523.298</u>	<u>1,723.298</u>
	<u>21,255.783</u>	
London Office	8,307.288	
Geneva Office	<u>1,329.265</u>	30,892.336
Security - Supernumerary Police		52,868.219

	<u>LP.</u>	<u>LP</u>
Religious Affairs		
payment on a/c Guarantee granted	3,155.980	
in 5700	<u>71.628</u>	3,227.608
To Yeshivoth		451.795
Press Bureau		524.399
Information Bureau		637.007
Sports Associations: Hamacabi & Hapoel		<u>450.-</u>
		89,051.364

(b) <u>Palestine Foundation Fund (Keren Hayesod)</u>		
To Mizrahi Organisation - Grant	1,925.-	
To the Vaad Hayeshivoth, Jerusalem,		
(From South Africa)	<u>1,000.-</u>	<u>2,925.-</u>
	<u>T O T A L</u>	<u>91,976.364</u>

9. ADMINISTRATION, PROPAGANDA & GENERAL EXPENSES

Jewish Agency		15,721.933
Central Bureau for Settlement of German Jews		3,138.283
Palestine Foundation Fund (Keren Hayesod)		22,075.462
Jewish National Fund (Keren Kayemeth)		<u>36,760.452</u>
	<u>T O T A L</u>	<u>77,696.130</u>

10. DEBT REPAYMENT

<u>Palestine Foundation Fund (Keren Hayesod)</u>		
Principal	79,398.981	
Interest	<u>15,722.779</u>	95,121.760
<u>Jewish National Fund (Keren Kayemeth)</u>		
Principal	305,424.161	
Debentures	14,996.460	
Interest	<u>31,524.893</u>	<u>351,945.514</u>
	<u>T O T A L</u>	<u>447,067.274</u>

<u>TOTAL EXPENDITURE</u>	<u>1,476,112.852</u>
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Not including Commitments of Guarantees of the Jewish Agency as follows:

<u>Commitments:</u>	<u>LP</u>	<u>LP</u>
Labour Dept. To Mortgage & Credit Bank		
Loans to Labour-groups	150.-	
To Bizur Ltd. - Loans to Relief Works	1,729.192	
Miscellaneous	<u>10.-</u>	1,889.192
Trade & Industry Dept. To A.P.B. in Connection with export to South Africa	5,000.-	
To A.P.B. Increase of Guarantee Fund for loans for purchase of raw materials, etc.	<u>13,500.-</u>	18,500.-
Religious Affairs. To Bizur Ltd. Loan for Synagogue Building		<u>235.680</u>
		<u>20,624.872</u>
		=====
<u>Guarantees:</u>		
Agricultural Settlement Dept. To A.P.B. for Loan to Palestine Agricultural Settlement Association (PASA)	10,000.-	
To A.P.B. Loan to Hamashbir Hamerkazi	6,000.-	
To NIR Ltd. " to Kvuzat Hulda	<u>250.-</u>	16,250.-
Education. To A.P.B. for loans to Vaad Leumi Education Dept.	11,500.-	
To Bizur Ltd. for loans to Vaad Leumi Education Dept.	<u>2,696.271</u>	14,196.271
Religious Affairs - To Bizur Ltd. for loan to Yeshivoh, Tel-Aviv		366.940
Labour Dept. - To A.P.B. for loans to unemployment fund	5,750.-	
To Hamashbir for loan to Merkaz Haklai	500.-	
To Kupat Milveh" " " " "	200.-	
To A.P.B. " " " " "	1,000.-	
To Palestine Government for loan to WIZO Girls farms	2,125.-	
To Palestine Government for loan to Girls Farms of Women Workers' Council	375.-	
To Bizur for loan for Buildings	366.940	
To A.P.B. for loan to Hamashbir & unemployment fund	5,000.-	
To A.P.B. for loan to Brick factory "Hamalben"	<u>1,000.-</u>	16,316.940
Citrus Industry. To A.P.B. for loans to Orange Growers	16,000.-	
To A.P.B. for loans to Orange Packers	<u>700.-</u>	16,700.-
Political Dept. To A.P.B. for loans to Kofer Hayishuv		1,500.-
Trade & Industry Dept. to A.P.B. for loan to Kibutz Afikim for Industrial plants	2,500.-	
To Hamashbir Hamerkazi	750.-	
To A.P.B. for loan to Ashdot Yakov & Givath Brenner for Industrial plants	500.-	
To The Central Bank	<u>3,000.-</u>	6,750.-

					<u>LP</u>
Sundry:	To	A.P.B.	for loan to	PLDC	4,500.-
	To	"	"	" Kfar Shmaryahu	1,617.130
	To	"	"	" Pal. Mizrachi Fund	1,000.-
	To	"	"	" Mizrachi-World Centre	1,000.-
					<u>80,197.281</u>
					=====
Commitments					20,624.872
Guarantees					<u>80,197.281</u>
<u>T O T A L</u>					100,822.153
					=====



STATEMENT OF INCOME AND EXPENDITURE
PERIOD 1 OCTOBER, 1940 TO 30 JUNE, 1941

<u>INCOME:</u>	<u>Jewish Agency</u> <u>LP</u>	<u>Central Bureau</u> <u>LP</u>	<u>P.F.F.</u> <u>LP</u>	<u>J.N.F.</u> <u>LP</u>	<u>Total</u> <u>LP</u>
1. Contributions		151,677.117	342,846.289	331,209.867	825,733.273
2. Service charges, Participations, etc.	45,252.846	12,532.041	526.674	96,843.156	155,154.717
3. Loans				297,971.929	297,971.929
4. Special Earmarked Funds, etc.	28,182.625			36,654.408	64,837.033
Total Income	73,435.471	164,209.158	343,372.963	762,679.360	1,343,696.952
<hr/>					
<u>EXPENDITURE:</u>					
1. Immigration & Training	25,937.598	3,311.143			29,248.741
2. Purchase of Land & Agricultural Settlement	138,987.373	20,604.868	6,000.-	345,405.221	510,997.462
3. Labour & Housing	64,632.367				64,632.367
4. Urban Settlement, Trade & Industry	45,473.264	2,664.500		1,654.235	49,791.999
5. Investments, etc.	17,473.887				17,473.887
6. Social Service & Relief	35,906.220	2,003.660	1,298.111		39,212.991
7. Education, Culture & Youth Aliyah	26,388.349	119,909.238	1,718.050		148,015.637
8. National Organisation & Security	89,051.364		2,925.-		91,976.364
9. Administration & Propaganda	15,721.933	3,138.283	22,075.462	36,760.452	77,696.130
10. Meeting Previous Commitments			95,121.760	351,945.514	447,067.274
Total Expenditure	459,572.355	151,636.692	129,138.383	735,765.422	1,476,112.852

INCOME AND EXPENDITURE ACCOUNTS FOR THE MONTHS

OCTOBER 1940 - JUNE 1941

a) Jewish Agency	LP	LP	LP
<u>Excess of Expenditure over Income beginning of the year 5701</u>			
<u>October 1, 1940. (per Audited Balance Sheet)</u>			
Sundry Deposits and Earmarked Funds	87,518.013		
Accounts payable, loans & obligations	135,461.997		
Employees Pension Fund	3,215.748		
The Central Bureau for the Settlement of German Jews (Excess of Income over Expenditure)	<u>12,022.137</u>	238,217.895	
Loss Accounts Receivable	95,324.568		
" Cash and Banks	<u>76,805.491</u>	<u>172,130.359</u>	66,087.536 (1)
<u>Expenditure from October 1, 1940 to June 30, 1941</u>			
As per Monthly Accounts of the Jewish Agency		453,082.886	
Expenses on S.S.Patria Refugees (see Income)		1,003.710	
" " a/c of Transfers from J.N.F.		500.-	
Payments on a/c of Commitments & Guarantees		<u>25,610.631</u>	
		480,197.227	
Loss: New Commitments Incurred during October- June		<u>20,624.872</u>	
per Consolidated Account			<u>459,572.355</u>
			525,659.891
Loss: Cancellation of Expenditure of previous years			<u>50.-</u>
			525,609.891
<u>Income from October 1, 1940 to June 30, 1941</u>			
As per monthly Accounts of the Jewish Agency service charges and Earmarked Funds	72,431.761		
Grants for S.S. "Patria" refugees	<u>1,003.710</u>		
per Consolidated Account	73,435.471		
Transfers from Palestine Foundation Fund	238,550.824		
Transfers from Jewish National Fund	<u>39,006.766</u>		350,993.061
<u>Excess of Expenditure over Income at 30.6.1941</u>			
Sundry Deposits & Earmarked Funds	58,572.321		
Accounts payable Loans & Obligation	193,871.989		
Employees Pension Fund	4,885.293		
The Central Bureau for the Settlement of German Jews	<u>25,435.046</u>	282,764.649	
Less: - Accounts Receivable	69,654.991		
" Cash and Banks	<u>38,492.828</u>	<u>108,147.819</u>	
		Balance	<u>174,616.830 (2)</u>

b) The Central Bureau for the Settlement of German Jews

<u>Balances brought forward</u>	<u>LP</u>	<u>LP</u>
Cash and Banks at beginning of the year 5701, October 1, 1940		12,022.137
Income from October 1, 1940 to June 30, 1941	164,209.158	
Transfers from Palestine Foundation Fund	9,039.262	<u>173,248.420</u>
		185,270.557
 Expenditure from October 1, 1940 to June 30, 1941		
per Consolidated Account	151,636.692	
Payments on Sundry Accounts etc.	<u>8,198.819</u>	<u>159,835.511</u>
Excess of Income over Expenditure		25,435.046
		=====

c) Palestine Foundation Fund

Balances brought forward at beginning of 5701, October 1, 1940

Cash and Banks	12,284.865	
Deposits at Banks	3,735.728	
Reserve for payment to Lloyds Bank	<u>51,000.-</u>	67,020.593
 <u>Income from October 1, 1940-June 30, 1941</u>		
per Consolidated Account	343,372.963	
Advances from South Africa	<u>6,000.-</u>	<u>349,372.963</u>
		416,393.556
 <u>Expenditure from October 1, 1940-31.3.1941</u>		
Per Consolidated Account	129,138.383	
Transfers to Jewish Agency	238,550.824	
Transfers to Central Bureau	9,039.262	
Miscellaneous payments on Sundry Accounts	<u>6,410.722</u>	<u>383,139.191</u>
 <u>Balance June 30, 1941</u>		
Cash and Banks	8,798.512	
Deposits	5,855.853	
Reserve to payment to Lloyds Bank	<u>18,600.-</u>	<u>33,254.365</u>
		=====

d) Jewish National Fund

Balances brought forward at beginning of 5701 (October 1, 1940)

Cash and Banks		57,962.214
 <u>Income from October 1, 1940 - June 30, 1941</u>		
Per Consolidated Account	762,679.360	
Sundry Accounts	340.213	<u>763,019.573</u>
		820,981.787
 <u>Expenditure from October 1, 1940-June 30, 1941</u>		
Per Consolidated Account	735,765.422	
Transfers to Jewish Agency	19,973.350	
Transfers to Jewish Agency for Occupation	<u>16,033.416</u>	<u>771,772.188</u>
 <u>Balance at June 30, 1941</u>		
Cash and Banks		49,209.599(3)
		=====

1) The Deficit at October 1, 1940 does not include Commitments and Guarantees totalling LP. 134,398.491.

2) The Excess of Expenditure over Income at June 30, 1941 does not include Commitments and Guarantees as follows:

	<u>LP</u>	<u>LP</u>
At beginning of 5701 (October 1, 1940)		134,398.491
Reductions and cancellations	5,905.604	
Payments by borrowers	8,687.911	
Jewish Agency payments on a/c thereof	<u>23,114.331</u>	<u>37,707.846</u>
Balance of previous commitments and guarantees		96,690.645
Commitments since beginning of 5701	23,729.952	
Jewish Agency payments on a/c thereof	<u>3,105.080</u>	<u>20,624.872</u>

Total 117,315.517

Guarantees since beginning of 5701

80,197.281
197,512.798
 =====

3) Not including LP3000.-- transferred to Jewish Agency, entered in Jewish National Fund Books in the year 5700.

CONSOLIDATED ACCOUNT
OF INCOME AND EXPENDITURE OF -

- (A) THE JEWISH AGENCY FOR PALESTINE
- (B) THE CENTRAL BUREAU FOR THE SETTLEMENT OF
GERMAN JEWS
- (C) PALESTINE FOUNDATION FUND (KEREN HAYESOD)
- a n d
- (D) JEWISH NATIONAL FUND (KEREN KAYEMETH LEISRAEL)

Period: For the month of July 1941

S U M M A R Y

I N C O M E :

	<u>LP</u>	<u>LP</u>
1. Contributions		137,322.944
2. Service charges, etc.		17,553.330
3. Loans		36,715.119
4. Special Earmarked Funds etc.		<u>10,582.033</u>
	TOTAL INCOME	202,773.426
		=====

E X P E N D I T U R E :

1. Immigration and Training		12,459.343
2. (a) Purchase of Agricultural Land	49,083.020	
(b) Agricultural Settlement	<u>20,577.601</u>	69,660.621
3. Labour and Housing		3,407.194
4. Urban Settlement, Trade, Industry		6,818.019
5. Investments etc.		2,410.417
6. Social Service and Relief		5,044.474
7. Education, Culture & Youth Aliyah		23,688.616
8. National Organisation and Security		13,545.723
9. Administration		7,963.761
10. Meeting previous commitments (largely for land purchases)		<u>27,433.712</u>
	TOTAL EXPENDITURE	172,431.880
		=====
	EXCESS OF INCOME OVER EXPENDITURE	30,341.546
		=====

I N C O M E

	<u>LP</u>	<u>LP</u>	<u>LP</u>
1. <u>CONTRIBUTIONS</u>			
(a) <u>Palestine Foundation Fund (Keren Hayesod)</u>			
From U.S.A.	74,307.102		
" other countries	<u>11,472.317</u>	85,779.419	
(b) <u>Jewish National Fund (Keren Kayometh)</u>			
From U.S.A.	24,635.-		
" other countries	<u>21,334.450</u>	45,999.450	
(c) <u>Central Bureau for the Settlement of</u> <u>German Jews</u>			
From U.S.A. (Hadassa)	1,135.775		
" other countries	<u>4,906.300</u>	<u>6,044.075</u>	137,822.944
2. <u>SERVICE CHARGES, COLLECTIONS, GRANTS AND</u> <u>PARTICIPATIONS AND OTHER INCOME</u>			
(a) <u>Jewish Agency</u>			
(i) Collections on Loans, by Departments:			
Agricultural Settlement	630.776		
Labour & Housing	775.182		
Trade, Industry & Artisans	180.440		
Immigration	6.837		
Miscellaneous	<u>166.867</u>	1,760.154	
(ii) Dividends & Interest	1,736.474		
(iii) Grants & Participations:			
To Immigration & Training Dept.	8612.537		
To Crafts & small Trade Dept.	500.-		
To Social Service & Relief	924.-		
To Agricultural Settlement	<u>2625.-</u>	<u>12,661.537</u>	16,158.165
(b) <u>Palestine Foundation Fund (Keren Hayesod)</u>			
Dividends, Interest, etc.		70.421	
(c) <u>Jewish National Fund (Keren Kayometh)</u>			
Participation from private land purchasers	1,396.-		
Leasehold Rent	<u>383.806</u>	1,779.806	
(d) <u>The Central Bureau for the Settlement of</u> <u>German Jews</u>			
(i) Collections on a/c of Youth Aliyah loans	392.825		
do. German Jewry Council	285.331		
do. Miscellaneous	*) <u>46.993</u>		
	631.213		
(ii) Maintenance charges paid by children's parents, etc. (correction)	*) 986.275	*) 355.062	17,653.330

3. LOANS

Jewish National Fund (Keren Kayemeth)
Loans on Promissory notes, etc.

LP

LP

36,715.119

4. SPECIAL EARMARKED FUNDS, etc.

Jewish Agency

From South Africa - for W.I.Z.O.

193.313

for various purposes

4,988.720

From Emergency Committee of Hadassah, U.S.A.

5,400.-

10,582.033

TOTAL INCOME

202,773.426



EXPENDITURE

1. <u>IMMIGRATION & TRAINING</u>	<u>LP</u>	<u>LP</u>	<u>LP</u>
(a) <u>Jewish Agency</u>			
(i) Attending to immigrants on arrival:			
Accommodation of Immigration Hostels etc.			
Immigrants	240.828		
Refugees	<u>96.743</u>	337.571	
Medical Treatment & Sick Insurance			
38 Immigrants	23.700		
44 Refugees	<u>42.320</u>	66.020	
Loans			
39 Immigrants	99.460		
275 Refugees	<u>631.450</u>	730.910	
Transportation			
65 Immigrants	18.652		
397 Refugees	<u>89.887</u>	108.539	
Assistance to refugees ex s.s. Patria		89.156	
" " " " Cyprus		983.427	
Tents for refugees		18.035	
Refugees' fares		3,498.837	
Participation in Social Service of Vaad Leumi		200.-	
(ii) Training abroad:			
To Hechaluz Organisations & others		150.-	
(iii) To Immigration Institution			
General Labour Federation of Agudath Israel		12.-	
(iv) Administration Expenses:			
Of Palestine Offices abroad	111.545		
" Immigration Offices	<u>943.392</u>	<u>1,054.937</u>	12,249.432
(b) <u>Central Bureau for Settlement of German Jews</u>			
Training at Institutions, agricultural			
Settlements & Labour Groups			<u>209.911</u>
		<u>T O T A L</u>	<u>12,459.343</u>
2. <u>AGRICULTURAL SETTLEMENT</u>			
(a) <u>Jewish National Fund (Keren Kayemeth)</u>			
Land purchase	35,744.111		
Maintenance, Watching, Taxes, etc.	12,720.642		
Afforestation	<u>618.267</u>	49,083.020	
(b) <u>Jewish Agency</u>			
To settlers of villages and cooperative			
Small-holders settlements (Moshavim)	4,118.967		
To Communal Settlements (Kvutzoth & Kibutzim)	4,161.801		
To Middle Class Settlements	914.666		
To Girls' Training Farms of WIZO	1,197.759		
Instruction, Courses & Services	814.049		
Various undertakings etc.	2,955.540		
Roads	111.603		

	<u>LP</u>	<u>LP</u>	<u>LP</u>
Investments in Agricultural Settlement Cos.			
Palestine Agricultural Settlement Association (PASA)	250.-		
'Mekoroth' Water Co.	*) 34.334		
RASSCO	<u>32.400</u>	248.066	
Agricultural Experiment Station		2,631.490	
Administration & General Expenses of:			
Colonisation Dept. (correction)*	19.547		
Technical Dept.	<u>315.107</u>	<u>295.560</u>	17,449.501
(c) <u>Central Bureau for Settlement of German Jews</u>			
Sundries out of funds of Council for German Jewry, London, etc.			<u>3,128.100</u>
		<u>T O T A L</u>	<u>69,660.621</u>

3. LABOUR & HOUSING

(i) Transportation of unemployed labourers to places of work		55.-
(ii) Relief Works:		
Payments on a/c of guarantees granted to Bizur Ltd. in the year 5700 and previous years on loans to Public Works, etc.		485.587
(iii) Expenses of securing employment on Government public works		234.530
(iv) (a) Labour Exchanges in Cities (correction) *)	25.-	
(b) Labour Exchanges in Villages	<u>485.-</u>	460.-
(v) Vocational Training, through Merkaz Haklai, Hapoel Hamizrachi, Women Workers' Council		175.-
(vi) Loans to rural labourers for Auxiliary Farms To Individuals		205.-
(vii) Buildings at Labour camps		85.930
(viii) Refugees' Labour camps - Housing, maintenance, etc.		25.-
(ix) Maritime Activities - Training fishermen etc.	831.208	
Payment on a/c guarantee to Nachshon Co. for loans for acquiring fishing equipment	<u>260.-</u>	1,091.208
(x) Subsidies & Miscellaneous		40.-
(xi) Administration expenses		<u>549.939</u>
	<u>T O T A L</u>	<u>3,407.194</u>

4. URBAN SETTLEMENT, TRADE & INDUSTRY.

(a) <u>Jewish Agency</u>	
(i) Trade & Industry Dept.	
On a/c participation in loans for industrial recovery	
40% by Jewish Agency; 50% by Anglo-Palestine Bank;	
10% by Industrial Bank	2,000.-

On a/c participation in small loans fund at Industrial Bank	700.--	
Foreign Trade Institute	645.--	
Promotion of Industry through Igud Tozereth Haaretz, technical instruction, exhibitions, etc.	534.662	
Administration expenses	<u>257.936</u>	4,137.598

(ii) Crafts and Small Trade Department:		
Small loans granted direct and through loan funds to Artisans, shopkeepers & pedlars	772.--	
Small loans (Gmilit Hessed) funds	700.--	
Subsidies to Artisans' Unions	303.--	
Administration	<u>84.512</u>	1,859.512

(iii) Economic Research Institute		205.211
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(iv) Department of Statistics		185.900
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(v) Zionist Tourist Information Bureau		<u>47.798</u>
		6,436.019

(b) <u>Central Bureau for Settlement of German Jews</u>		
Grants & Information Service		<u>382.--</u>

<u>T O T A L</u>	<u>6,818.019</u>
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5. INVESTMENTS, etc.

(a) <u>Jewish Agency</u>		
(i) Marine Trust (Tel-Aviv Harbour)		
Investments in shares	500.--	
Payment on a/c guarantee to Bizur Ltd.	<u>910.417</u>	1,410.417
(ii) Investments in Tel-Aviv Development Co.		<u>1,000.--</u>

<u>T O T A L</u>	<u>2,410.417</u>
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6. SOCIAL SERVICE AND RELIEF

(a) <u>Jewish Agency</u>		
(i) Relief to unemployed		
To Vaad Leumi for all labour organisations & Middle Class		716.962
(ii) Works instead of Relief		2,695.600
(iii) Relief distributed to Polish Refugees		816.898
(iv) Relief to Roumanian Refugees		20.--
(v) Sundry subsidies		<u>420.--</u>
		4,669.460

(b) <u>Central Bureau for Settlement of German Jews</u>		
Subsidies to Scientists, Students and Sundries		271.500

(c) <u>Palestine Foundation Fund (Keren Hayesod)</u>		
To Veteran Zionists		<u>103.514</u>

<u>T O T A L</u>	<u>5,044.474</u>
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7. EDUCATION, CULTURE & YOUTH ALIYAH

LP

LP

(a) Jewish Agency

(i) On a/c participation in Education Budget of Vaad Leumi		3,862.115
(ii) Bialik Institute, Publication of Books, grants to Vaad Halashon (Hebrew Language Academy) etc.	382.081	
Payment on a/c guarantees for loans to publishers	<u>74.-</u>	456.081
(iii) Rabbi Kook Institute, participation in Budget		80.-
(iv) Writers' Association in Palestine - grant		250.-
(v) Technion, Haifa - grant		250.-
(vi) Habimah Theatre - grant		21.559
(vii) Ohel Theatre - grant		50.-
(viii) The Palestine Conservatoire of Music in Jerusalem - grant		100.-
(ix) New Bezalel, Jerusalem, School of Arts & Crafts - grant		<u>100.-</u>
		5,169.755
(b) <u>Central Bureau for Settlement of German Jews</u> Youth Aliyah		<u>18,518.861</u>

T O T A L 23,688.616

8. NATIONAL ORGANISATION & SECURITY

(a) Jewish Agency

Political Department, Jerusalem		
Land, Arab Affairs, President's Expenses, emergency preparations	11,908.963	
Payment on a/c guarantee to A.P.B. in 5700	<u>200.-</u>	
	12,108.963	
London Office	973.600	
Geneva Office	<u>50.360</u>	3,132.923
Security - Supernumerary Police		9,555.097
Religious Affairs		236.372
To Yeshivoh		400.-
Press Bureau		61.298
Information Bureau		85.033
Sports Associations: Hamacabi, Hapoel and Elitzur		<u>75.-</u>

T O T A L 13,545.723

9. ADMINISTRATION, PROPAGANDA & GENERAL EXPENSES

	<u>LP</u>	<u>LP</u>
Jewish Agency		1,893.008
Central Bureau for Settlement of German Jews		330.351
Palestine Foundation Fund (Keren Hayesod)		2,144.838
Jewish National Fund (Keren Kayemeth)		<u>3,595.564</u>
	<u>T O T A L</u>	<u>7,963.761</u>

10. DEBT REPAYMENT

<u>Palestine Foundation Fund (Keren Hayesod)</u>		
Principal	4,995.363	
Interest	<u>1,000.796</u>	5,996.159
<u>Jewish National Fund (Keren Kayemeth)</u>		
Principal	17,171.009	
Debentures	12.-	
Interest	<u>4,254.544</u>	<u>21,437.553</u>
	<u>T O T A L</u>	<u>27,433.712</u>
	<u>TOTAL EXPENDITURE</u>	<u>172,431.880</u>



STATEMENT OF INCOME AND EXPENDITURE - JULY 1941

	<u>Jewish Agency</u> <u>LP</u>	<u>Central Bureau</u> <u>LP</u>	<u>P.F.F.</u> <u>LP</u>	<u>J.N.F.</u> <u>LP</u>	<u>T o t a l</u> <u>LP</u>
<u>I N C O M E :</u>					
1. Contributions		6,044.075	85,779.419	45,999.450	137,822.944
2. Service charges, participations etc.	16,158.165	*) 355.062	70.421	1,779.806	17,653.330
3. L o a n s				36,715.119	36,715.119
4. Special Earmarked Funds, etc.	10,582.033				10,582.033
TOTAL INCOME	26,740.198	5,689.013	85,849.840	84,494.375	202,773.426
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<u>E X P E N D I T U R E :</u>					
1. Immigration & Training	12,249.432	209.911			12,459.343
2. Purchase of Land & Agricultural Settlement	17,449.501	3,128.100		49,083.020	69,660.621
3. Labour & Housing	3,407.194				3,407.194
4. Urban Settlement, Trade & Industry	6,436.019	382.-			6,818.019
5. Investments, etc.	2,410.417				2,410.417
6. Social Service & Relief	4,669.460	271.500	103.514		5,044.474
7. Education, Culture & Youth Aliyah	5,169.755	18,518.861			23,688.616
8. National Organisation & Security	13,545.723				13,545.723
9. Administration & Propaganda	1,893.008	330.351	2,144.838	3,595.564	7,963.761
10. Meeting Previous Commitments			5,996.159	21,437.553	27,433.712
TOTAL EXPENDITURE	67,230.509	22,840.723	8,244.511	74,116.137	172,431.880
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CONFIDENTIAL

THE ECONOMIC ASPECTS OF AN ORIENTAL FEDERATION

I. General Aspects

1. The idea of Federation, even in the limited character of a Customs Union, calls for theoretical consideration more than any other of the proposals made for changing the status of Palestine as an entity according to International Law. As against political self-determination, which is something obvious for each fully independent state, Federation means that a number of partners share jointly in determining the political and economic fates of the federated countries. Federation, that is, recognises in principle the possibility of overriding external interests. For this reason any investigation of technical questions and details must be preceded by an examination of the fundamentals involved.
2. The demand for the establishment of a Federation of Oriental countries is political in character. It is hoped that the union of these countries may lead to a surmounting of political difficulties and contradictions which derive from the present national composition of the population of these territories, and their political history during the past two decades. Thus the starting-point and motives of all efforts to establish a Federation are clearly and unequivocally political in character. This, however, does not imply that economic considerations cannot be found for closer cooperation between, or even a union of, Oriental countries. The arguments employed in favour of Federation include some of an economic nature.
3. Compared with the motives adduced for the establishment of Federations in other parts of the world, however, the protagonists of Oriental Federation make much less use of arguments of an economic character. In actual fact it is difficult to produce such arguments in any considerable degree, while their weight would certainly be far less than that of those used, for instance, in earlier times for the German Zollverein, which could justifiably be based on the need for a united customs policy as between the various associated Central European Countries. The differences between the stages of economic development of the Oriental countries, and particularly in the absorptive capacity of their markets for industrial products, always a prime consideration in proposals for a Federation, are too great for this. There are even good grounds for assuming that in certain cases the injury to and endangering of important economic positions (which would be an outcome of the establishment of a Federation and the abolition of internal customs frontiers) will be so considerable that from the purely economic viewpoint the only attitude which can possibly be adopted may prove to be a negative one. It is only when the primary aim of the entire proposal of Federation is political that the circumstances of the probable endangering of economic interests will not prove of value as an argument militating against Federation. In fact it would scarcely be possible to prevent the concessions promoting the establishment of a Federation, and necessarily associated with any establishment of an association of states through limitations of the sovereignty of each member state, from also being extended to a considerable degree over economic fields.
4. This is not the place for considering the political importance of a Federation, and particularly its effect on all state and cultural activities of a nation. In considering the immediate economic effects of a Union of States the primary problems are those connected with the establishment of a uniform customs territory. One of the first criteria of political suzerainty over a territory is the uniform administration of its customs policy, and the establishment of a single customs system over the entire area of the country or federated states. A uniform customs policy gives the Central Authorities of the state the possibility of guiding the economic development of a country in the safest way and in accordance with definite principles.

For this reason a Federation of Oriental countries would have to devote attention to the question of the suitability of its tariff system when testing its instruments of economic policy. Luckily the history of the past century, during which Union was established in and between many countries through national and other bonds, will show sufficient examples from which important lessons may also be drawn for the economic and fiscal arrangements of the Oriental federation. It is not an accident that throughout history customs unions have led to state union, or have developed of necessity as the result of a close connection between states (personal union of rulers, or system of associated or federated states). Every form of tariff union calls for organs of common legislation and a common Executive. The body determining customs policy, administrative procedure and the tariff system must have the power of issuing binding prescriptions to the Authorities of the associated countries, and of punishing any disregard of instructions. At the same time it is inevitable that the implications of the questions considered by the body responsible for fiscal policy must reach far beyond fiscal problems in the more restricted sense. Fiscal policy influenced state finances, the development of trade and industry, money and currency, traffic, in brief all those spheres which are of decisive importance for the economic well being of the State as a whole.

For this reason it can scarcely be imagined that this branch of policy can be handled by an authority of second rank, or that it can be withdrawn from the general complex of tasks which the state authorities must regard as their own. In view of this, leading directors of economic policy and economic theorists issued warnings with regard to discussions for the establishment of a European Customs Union, which were in the centre of international attention for quite a long period immediately after the First World War, that the question of a European Customs Union must not be treated as a purely economic problem that can easily be settled once technical difficulties of administration are overcome. The history of Customs Unions in Europe, America, Africa and Australia has shown that without prior political union, or at least a readiness to consider the immediate possibility of political union between the states arranging the Customs Union, the establishment of any uniform customs territory is unthinkable. It would be illusory to believe that a Customs Union could exist in any other part of the world which would be limited to a mere tariff cooperation.

5. If the countries of the Near East are now considered from the point of view of the economics of a Federation, a certain fact will immediately call for very careful consideration. With the exception of Palestine most of the countries of this region show an economic life which has virtually uniform characteristics, despite all the far-reaching differences in constitution of terrain and water conditions. The fact of a dry climate, that is, of a long summer without rain and the need for artificial irrigation in the regions without rainfall, has produced parallel vegetal and productive conditions over extensive zones of the Orient. In addition, a number of social, political and juridical factors have led to largely uniform foundations for economic development. These include the institutions of Moslem Law, the development of a feudal system with certain forms that are specific for Western Asia, and the Ottoman Regime which imposed its politics and administration upon these areas. Further, the linguistic and national relations between the peoples living here have strengthened this uniformity in the course of centuries, despite differences which should not be underestimated. The prerequisite conditions for the creation of a uniform economic territory through the specific instrument, namely a uniform customs system, were therefore largely present here; particularly as such a system had already existed, on paper at least, within the vast territorial frame of the Ottoman Empire.

6. If the area to be united under a single Customs Policy is limited, for obvious reasons, to the three or four countries Palestine, Syria, Lebanon, Transjordan and possibly Iraq, it will very soon be found that in view of the historical conditions described, a task which in itself is none too difficult will be greatly complicated. The economic development of one of these countries, namely Palestine, has since the last War followed an entirely different course from that of the others. As against the relatively self-contained development which is to be observed in the economic life of countries like Syria and Iraq, Palestine burst beyond the bounds of its previous economic life, which once had stood in a certain proportion to that of the neighbouring countries. The structure of economic conditions, the activities in trade and industry, the degree of development in agriculture and traffic, the employment of improved methods of production and distribution, all of these criteria of the stage of development of a national economy showed that other forms or organisation and stages of economic development had been created in Palestine, and particularly within its Jewish sector. Hence the inclusion of Palestine in a Customs Union with the neighbouring Arab countries would, in the case of the establishment of a uniform Customs Policy, either very considerably affect the rate of growth of Jewish economics (in case, that is, that the uniform customs system is orientated towards the requirements of the Arab countries) or, on the contrary, would not pay sufficient attention to the requirements of the latter if the demands of the progressive Jewish economic development are given primary consideration.

It is scarcely necessary to adduce examples in order to prove this. Transjordan, to take an extreme case, is interested in the cheap provision of industrial products and on the other hand endeavours to make the conditions of production for cereals, and in particular for wheat, as favourable as possible through protective tariffs. On the other hand, the industrial sector of Palestine, which is largely identical with the Jewish economic circle, is interested in the cheap supply of cereals and the restriction in principle of imports of foreign industrial articles. The same is true, with certain modifications, of the relations between Palestine and the other countries. In the case of Syria, which as far as Palestine is concerned would be the most important partner of the Federation, there is already a remarkable adaptation observable to Palestinian demands for goods which to a large degree can be provided by Palestinian producers. This adaptation and the frequently fluctuating demand in Palestine itself render difficult any precise prophecy as to future trade relations between the two countries. Nevertheless, conditions in agriculture show that, according to official figures, the Syrian import of eggs amounted to 72 millions in 1938 and 66 millions in 1939, during which years Palestine produced 48 millions and 68 millions respectively; hence these imports have a decisive effect on the profitability or otherwise of local production. As in Syria this production is extensive, i.e. conducted at very low expense, whereas in Palestine it is largely conducted intensively, the danger to the intensive production in the latter country is evident. Incidentally, the same applies to the

which Syria has adapted itself to the requirements of the Palestinian egg market is in itself a remarkable sign of the potentialities in Syria.

The same applies to the import of Syrian vegetables. In this class of goods, it is true, season and variety play an important part in determining competition. Nevertheless the fact that the import figures for 1938 and 1939 are already considerably more than half of Jewish production shows that the inland conditions of production, complicated enough in themselves, can be rendered vastly more difficult. The central problem for these kinds of goods, as well as for a large number of others in the trade between the two countries, consists of the following for the Jewish sector. In view of the extremely low share of human labour in production costs in neighbouring countries, Jewish productions will in the close future face a difficult situation in all its branches of production, where the part of unskilled labour is quite high.

These basic facts, which will determine the economic relations of the countries in question for a long time to come, show that the establishment of a Customs Union as an outcome of a Federal Union cannot be thought of without serious concern for the fate of important economic branches in the member states of the Federation, and particularly in Palestine.

7. If, however, despite the considerations given above, there are overriding political reasons for regarding Federation or a framework similar to it as the sole possible basis for securing orderly conditions in the countries of the Orient, an attempt must be made to find a method of reducing to a minimum the possibilities of harm which might result from such a fiscal and economic union. The starting-point for this lies in the fact that the Customs Systems which have grown in the individual countries, Syria, Palestine, Transjordan and Iraq, will in principle be retained. This will not destroy the production and marketing opportunities of the most important economic branches such as agriculture and industry. The principle of fiscal autonomy will apply to both the relations of these territories towards one another and to states outside the Federation.

8. The fact that the countries mentioned are united in a certain political frame will, however, also call for expression in fiscal policy. It is therefore suggested that, irrespective of the various customs systems of the member states of the Federation, all of them together demonstrate their unity vis-a-vis the outer world by raising a tariff duty, of let us tentatively say 5 percent., on foreign goods. This simultaneously gives priority to the individual countries among themselves, since the provision of machines or grain from one federative country to the other should always be five per cent less than when the goods have to be imported from abroad at the identical original price. This introduction of a general tariff surcharge is regarded as a preliminary step. The aim of the union, as far as economic and fiscal policy are concerned, should be a gradual approximation, without any fixed time limit, between the stages of development, the wage level, the quality of work and goods, etc. Until this approximation assumes concrete form, the "preferential" tariffs accorded to the Federative Countries should promote all chances of development into a larger homogenous economic territory. This will further require the abolition of unilateral benefits such as those arbitrarily instituted for certain territories by the Mandatory Power, usually for political reasons.

9. Special investigations of the individual economic branches would have to determine whether a supplementary tariff of 5 per cent will always be the right measure for benefiting Federal Countries, or whether there should not be differentiations for individual classes of goods. For the present the question should also be left open as to how far the existent treaties regarding free trade in certain goods have to be maintained and extended.

The example of the trade relations between Palestine and Syria is particularly instructive in this regard. Until the First World War Palestine and Syria were united within the larger Ottoman economic area without any customs barriers. In order to prevent any difficulties which might have resulted from a sudden separation of the previously united area, the provisions of the Mandate included an article providing for special customs relations between these countries. In virtue of these provisions, which secured easy access for Syrian products on the Palestine markets and vice versa, Syria could systematically strengthen its position as a country supplying important goods and particularly foodstuffs.

When the surplus of Syrian supplies to Palestine became so great that Palestinian economic circles began to regard it as a grave danger for local production, modifications were introduced in accordance with the situation in the individual branches of production. Such revisions of the customs foundations for mutual trade relations have taken place repeatedly during the twenty years since the end of the War; and although the nature of these relations can naturally not be compared with that of Ottoman times, forms of fiscal policy have developed which show the greatest consideration for the fact of the mutual interdependence of the two countries, and which clearly differentiate between those mutual relations with countries not formerly part of the Ottoman Empire.

10. If attention is repeatedly drawn here to the dangers of a Customs Union resulting from the necessity of providing concessions in economic policy in order to attain an important political goal, mention should at the same time be made of certain advantages which might become possible through closer union of the Federating Countries. Palestine production, disregarding the export markets, is at present dependent on a population of $1\frac{1}{2}$ millions. The establishment of a Federation would, in the case considered, automatically increase the market fourfold; a fact which must come about even if only on account of the relatively slight advantage that there will be no supplementary tariff, as it is levied on imports from non-federation countries. The market in question is capable of absorbing in fairly large quantities industrial goods. As will be shown, per capita figures for the consumption of industrial products are, it is true, still very low, but the potential capacity for expansion should not be underestimated. The advantages, however, will not be restricted to this alone. Even during the transition period of loose union, the Federation would also call for new possibilities of exchange of goods in other fields as well. Traffic connections will be perfected, the establishment of a larger economic area will lead to a better exploitation of establishments for manufacture, and will permit production and distribution to be arranged more profitable. In brief, a development will become possible and commence which in other parts of the world constituted the prerequisite for the vastest economic expansion that modern economic life knows so far. Mention should be made of the history of the unification of the German tariff system, of the Union of the North American States, and the establishment of the Australian and South African Customs Unions. The dynamics whose great importance has already been pointed out in the case of Jewish economic development in Palestine would up to a point find its place in the development of other Middle East Countries.

11. At the moment it is scarcely possible to calculate the effect on the most important groups of goods which will result to the import and export situation of each individual country following a union between the Oriental countries mentioned. It should, however, be stressed again that in general potential changes can be expected to be to the advantage of the Oriental countries far more than the reverse. If the case of Palestine is again taken as an example, it should be said that the placing of non-Oriental countries at a disadvantage does not in itself increase or diminish the import volumes as such. The advantages offered for certain articles or classes of goods from one's own neighbors remain constant, whereas imports from say France, the United States, etc., are subject to a higher tariff.

On the other hand, it seems probable that the export prospects of the Oriental countries themselves, and particularly of Palestine, the country with rather important industrial export possibilities, may be considerably improved, as they can profit from the increased prices for non-Oriental wares on the Oriental markets. Thus commodities from Syria, Transjordan and Iraq will be in a preferential position where they compete with similar products from Holland, Denmark and the Baltic States, as, for example, in the case of milk products, cheese, preserves, etc. Further, it would lead to the removal of anomalies such as, for instance, the trade relations between Palestine and Iraq, which latter is at present unilaterally privileged as regards this country. In accordance with a certain Treaty it can export important products to Palestine under very favourable conditions whereas this country is not afforded any possibility of receiving corresponding compensations for its industrial article on the Iraqi markets. A normalization of this kind, that is, an equalisation of opportunities as between the various differences in production and consumption would also be possible in the other countries under the suggested arrangement.

12. The supplement of 5 per cent or more to the existent tariffs is only a suggestion for preparing the way for the development of a federal union as far as customs policy is concerned, and should create the prerequisite conditions for closer trade and tariff cooperation prior to the establishment of a complete Customs Union. To gain some idea of the amounts involved, it is well to consider how far a supplementary tariff of 5 per cent would produce increase prices for important products, once again taking Palestine as example. Assuming 15% to be the rough average of the present customs duties, a supplementary 5% would mean increased customs duties of about 30% on all goods with regard to which any separate agreements with neighbouring countries might be lacking. A supplement of 10% would raise the customs dues themselves by 66%. Thus even in this first stage the question would be one of customs supplement which might be of considerable importance in determining the relative competitive potentialities of the various producing countries.

This initial customs supplement of 5% or 10% is in any case considered as only a transitional phase, to be applied for a period of three years. In the second phase this supplement should be raised till it is more or less double the original supplementary customs duties charged in any case on goods from non-Oriental countries. This being done the average customs duties will amount, if the figures already taken are retained, to 15% plus at least 10 per cent, equalling 25 per cent. After a further three years *a.e.* following the termination of a period of at least six years, goods f

countries outside the Federation should be subjected to a further supplement of 15 per cent corresponding to our average customs duty, i.e., to an increase in customs dues amounting to 100 per cent; the amount of duty would then be 30 per cent.* Compared to this the "Interior Burden" of the members of the Customs Union will be of relative insignificance. This should also be the point at which the planned Customs Union becomes a reality and the interior tariffs are reduced still more or abandoned.

It scarcely needs to be remarked that the figures given above represent no more than a rough sketch for the purpose of clarifying a cooperation in tariff policy with our three or four Oriental neighbours. Calculation of the definite amounts, data and any other details call for careful cooperation between the circles interested and the various Government authorities; it being clearly borne in mind that the Customs Union or even a looser customs tariff cooperation is not regarded as an end in itself but as a means towards the attainment of certain political desiderata.

13. Despite its importance, the Tariff Question in no way exhausts the problems of economic cooperation involved in any loose or close union between these countries. Tariff problems, it is true, are of great consequence also in view of their connection with the weighty financial interests of the State and from the point of view of State sovereignty. In their scope, however, they cover only a section in a large complex of problems which must equally be taken in hand if the delicate task of introducing or fitting various countries into a Federation is to be successfully approached. Mention is made below of a number of such specific tasks which appear of sufficient importance to require immediate consideration, having regard to the entire issue, and which, on the other hand, do not ab initio appear to be burdened with excessive difficulties. These sphere of activity are as follows:

(a) Traffic: Interstate traffic systems call every where for an adaptation of plans of development and traffic regulations, in order that the passage of vehicles, etc., may be conducted with as little friction as possible. The establishment of a permanent "Traffic Conference" for the regulation of current questions and consideration of important common traffic projects would prove an inevitable necessity. The tasks of such a body would be divided according to the various departments of traffic (Posts and Telegraphs, Railways, Motor Transport, Air Transport, Radio).

(b) Migration: The migration conditions, first and foremost those between the individual prospective members of the Federation, must be mutually regulated. The countries with a high wage standard have no interest in uncontrolled immigration. The underpopulated countries, from which emigration normally proceeds, will be quite ready to retain their workers in their own country. The Arabs of Palestine would also find themselves prepared to take a stand against an illegal immigration of Arab workers on a large scale. The legislation of other countries knows of a series of analogies which can be adapted to local requirements without difficulty.

(c) Planned Production: The similarity of many natural conditions makes the prospectively federating countries into competitors with regard to important products. Differences in quality are relatively slight, and are in any case insufficient to win the products of certain districts ab initio a specially good or bad name. The establishment of permanent Committees for supervising the planting of, say, oranges and similar typical products, further the establishment of uniform packing and shipping methods and possibly the allocation of markets, may prove of decisive importance for the branches of production in question. Today the question is one primarily of oranges; tomorrow it may be a question of other fruits, early-ripening vegetables, etc. Further, uniform examination of quality of goods intended for consumption, particularly foodstuffs will prove an important supplementary measure.

(d) Scientific Centres: In the countries of the future federation there exists a very unevenly distributed series of scientific institutes serving for the study of the animal, vegetable and mineral worlds. The insufficient contact between these institutions, which is unquestionable not always and everywhere the result of accident, is a considerable obstacle in the way of a complete knowledge of the existent potentialities for economic exploitation. Occasional communication and meetings have always shown how greatly such an exchange of opinion and information is valued and how fruitful it is for both theoretical and practical progress. Here, too, the establishment of a scientific centre, primarily for the Applied Sciences, would prove a fruitful field of activities.

*It would be possible to forego the levy on imports from foreign countries, if at the same time the interior tariffs would step by step be abandoned.

(e) Currency and Bank Conferences: Most of the countries concerned already possess their uniform currency or a common starting-point for such a thing. It is evident that a Federation would require a uniform currency, just as the credit and banking policy would have to be directed in accordance with uniform principles in order to prevent emigration of capital, unsupervised receipt of credits, etc., as well as in general to prepare the way for a thorough reform of the, in many respects, unsatisfactory Oriental banking system.

(f) Federal Supervisory Office: There is no need to stress the fact that the decisive changes which would be introduced by a Federation even in its preliminary stages would threaten numerous "vested interests". Given even the utmost consideration for such interests and a very slow development of federal institutions, it will nevertheless prove necessary to take precautionary steps to ensure that any steps, which will undoubtedly be taken, to prevent the coming into being of the Federation should not succeed.

It is known that during the Economic Crisis in the U.S.A., for example, the individual states of the Union took steps to help those economic branches of their own that were worst hit; and established what were virtually trade and custom barriers round their own individual territories, even though they did not run counter to the federal law. Thus, for instance, such rigorous quarantine legislation was issued for the import of cattle that it practically amounted to a prohibition of cattle imports. Something similar was done in the case of the utilisation of milk and other foodstuffs, with regard to which hygienic regulations that could scarcely be complied with, but which were alleged to be in the public interest, were introduced. An illustrative example is the prescription that milk may be sold only from such cows as have been certified satisfactory by inspectors of the importing state. The authorities, of course, could either refuse to permit their inspectors to visit other states of the Union or could compel the latter to accept the unsatisfactory reports of their local officials, i.e., could in practice prevent the import of "foreign" milk.

14. In the above remarks the point of departure was the assumption that a closer union or even an actual federation of Palestine, Transjordan, Syria and possibly Iraq is politically speaking an overriding necessity; and with this assumption in mind an attempt was made to outline a series of steps which must be regarded as a criterion for any such union. No attempt, however, has been made to consider more closely whether any such union would actually prove possible; a question which is bound to arise, all the more in view of the remarkably great differences in the economic, political and cultural levels of each of the respective countries which come into consideration for this purpose. Comparison of a series of figures which may serve to indicate the degree of the development and the use of the potentialities of these countries is quite striking. If some key figures are taken, astonishing differences per head of the population are found with regard to production, consumption, public expenditure, development of traffic and even public health. These figures will give some small idea of the difficulties which must be overcome if the at present very inchoate association of lands and various groups of population proposed is to be converted into a homogeneous federation. The most important criterion for estimating the "potential" between the individual countries are the following:

(a) National Income: The concept of national income, in itself an abstract formula, is particularly suitable for providing a picture of the average per capita purchasing power of the population when a comparison of the state of prosperity of different countries is necessary. Our figures, for which it is not always possible to provide exactly substantiated estimates, are as follows:

Per Capita National Income

Egypt	LP. 12.-
Iraq	" 10.-
Syria	" 15.-
Palestine - Jewish population	" 49.-
Do. - Arab population	" 26.-

(compare this, for example, with India's LP 4.- per head of the population or England's LP 80.- to LP 100.-)

It is clear without further discussion that the Oriental countries with minimum national incomes constitute a group on their own which stands far behind not only countries with occidental standards of living but also the Jewish sector of Palestine with its average per capita income of almost LP 50.-

(b) A repetition of these relations will be found if the figures of per capita consumption of the various populations are taken. Obviously per capita consumption must remain within the limits of per capita income. Also in calculating consumption of certain groups of goods, the small quota of the native population is noticeable. Thus the per capita expenditure on textiles in Arab countries is between LP 0.500 and LP 1.---, a fraction of the figures customary in countries with a high standard of living. The same applies to most other articles, with the exception of those which are subjects of prime consumption such as flour, (bread) rice, sugar or tea, in which the variations are not of importance. On the other hand, the levels of expenditure on dwelling, light, education, other necessities of a high standard of living (radio, travel, furniture, doctor) are remarkably different. At the same time the fact should not be overlooked that among the urban section of the Oriental population the demands of daily life have begun to adapt themselves and the difference is by no means so considerable. In Palestine, the only place for which somewhat exact data regarding the urban population are available, the figures for the national income of the urban Arabs (i.e. the room for expenditure per person) already amounts to LP 37.- against LP 51.- for the urban Jewish population.

(c) Important key figures, indicating the state of development of a country and particularly the position of state activities can be found in its budgetary data and the distribution of expenditure among the individual branches of the Administration. As the following table shows, Palestine stands more favourably than its neighbouring countries in this regard as well, even when the average figures are taken for the entire population. If the figures for the Jewish population are isolated, however, an enormous distance is immediately found between their payments of taxes and those of the Arab population.

Per Capita State Income and Expenditure of the
Population of

	<u>Palestine</u>	<u>Iraq</u>	<u>Syria</u>	<u>Transjordan</u>
Income	3.570	1.662	1.829	1.396
Expenditure	4.672	1.705	1.724	1.450

If, as already mentioned, the figures for the Jewish population of Palestine alone are taken, it will be found e.g. for the budgetary year 1934/35 (i.e. that last "normal" year before the War) that they paid taxes to a total of LP 12.1 per head against LP 2.6 per head of the Arab population. This high per capita quota of the Jewish population made it possible to finance the activities of the Palestine Government in certain branches far more favourably than was done in the neighbouring countries, as is shown by the following table.

Specification of Expenditure Per Head of the Population
(in m i l s)

	<u>Palestine</u>	<u>Iraq</u>	<u>Syria</u>	<u>Transjordan</u>
On Education	187	140	121	78
" Health)	157	77	39	51
" Services)				
" Agriculture	155	24	42	28
" Public Works	848	88	240	165

(d) A further notable indication of the state of development of the territory can be found in traffic figures. Here, too, the data confirm what has repeatedly been shown in other connections; namely, the exceptionally favourable provision of means of transport and accessories possessed by the population of Palestine, when taken per head of the population.

	<u>Palestine</u>	<u>Syria</u>	<u>Iraq</u>	<u>Transjordan</u>
Railway Lines, 1938 (in km)	740	1 429	1 212	323
Railway Lines per 10 000 inhabitants (in km) *)	5.3	3.9	3.3	9.8
Number of licen- sed motor vehicles per 1 000 inhab- itants	9.3	3.1	2.0	1.4

(e) The comparative figures so far shown can be completed without difficulty by figures regarding the density of population per unit of cultivated and cultivable land, by the yields of identical crops on soil with similar natural qualities, by the amount of cattle and poultry per unit of area, comparison of egg yield, milk yield, etc. Below a few such data are tabulated. They once more strengthen the general picture of the unique position of Palestine as compared with its neighbouring countries, above which it stands high as regards national income, productivity, exploitation of existent possibilities, state of public health, education and participation in the amenities of life.

15. For those who are familiar with the social and economic history of recent generations, the fact of the existence of such vast differences in developments will not mean anything fundamentally decisive. If there is a readiness to think in long-view terms of achieving desirable changes in the course of decades, the countries of the future Federation will be found to provide ample room for all the measures outlined here, and there is good reason to believe that they may be brought about.

During the Nineteenth Century the incomes of the peoples of Europe and particularly of the working classes were in a state of continual improvement. While the working hours of the individual workers grew steadily less, earnings increased considerably, often in the course of a few decades. There is no reason to assume that such a development is impossible in Oriental countries. The Arabs of Palestine have proved that, provided certain prerequisite conditions are satisfied, their material conditions can rapidly change to their advantage. Here, too, a few figures will make it possible to visualize the existent possibilities. A rise in prosperity of the population can come about through increasing the productivity of agriculture and manufacture, while making the share of the population participating in the process of production as large as possible. In the given case of the yield of agriculture increasing by LP 1 per head through suitable measures (increase of area under cultivation, intensification and improved methods of planting) a country like Iraq (or Syria) would have about Ep. 3 000 000 more available or Egypt about LP 12 000 000, deriving from the increased yield of agriculture alone. This would be a sum of LP 5.- to LP 6.- for each agricultural family, which would permit a very appreciable rise in the living standard of Fellah families. This very modestly estimated increase consists of income which would go almost exclusively for manufactured articles, for there would be a demand for domestic articles (beds, crockery, etc.) and furniture, which would constitute a welcome increase in the amenities of life. During the initial period this increased demand for manufactures will not be capable of satisfaction within the country. But it will gradually stimulate the establishment of industry, which will be of great importance for the absorption of part of the rural population as well as for increasing the income of those who have hitherto not found employment at all.

The prerequisites of such a development are, together with a favourable attitude on the part of the Government, the readiness of capitalists to invest their means in industrial and possibly also agricultural undertakings, and the existence of persons prepared to serve as initiators and directors of the new production. A rise in national income through increased industrial production is easier to achieve than the corresponding rise through agriculture, as it is not dependent on certain fixed biological factors. If increased and rational opening up of mineral resources be added, together with the development of means of transport, there is every reason to assume that a gradual increase in income, and rise in the standards of living of the Oriental peoples, can be brought about.

As regards the Jews in this connection, the history of Palestine in the past 20 years has shown to what a high degree they possess the necessary prerequisites for a fructification and opening up of the economic resources of the country, in general and in particular. They have capital, readiness to invest, capacity for organisation, specialised knowledge and the courage to carry out their projects despite repeated discouragement through political factors. These qualifications predestine them to play a decisive part in the development of an Oriental Federation.

As to the basic attitude of the Jews to the idea of Federation, there is no reason why they should object to a new political form in which Jewish interests are duly safeguarded, on the mere ground that it is alien to their political and economic way of thinking. The Mandate, which was established after the war as a new form in international law, was the outcome of a considerable number of factors which were at work at that time.

It constituted a very serviceable framework for the development of the Jewish National Home. Federation, or a similar political structure, need not be an impediment to Jewish upbuilding efforts, provided it embodies the safeguards indispensable for ensuring the realisation of Jewish requirements while at the same time doing justice to claims of non-Jewish groups.

II. The Economic Effects of a Federation
Analysed in the Light of Trade Relations (Statistics)
Between the Prospective Federal Countries.



Emergency Committee for Zionist Affairs

41 EAST 42nd STREET
ROOM 1121
NEW YORK CITY

CONFIDENTIAL

December 17, 1941

TO: THE MEMBERS OF THE OFFICE COMMITTEE

FROM: MR. EMANUEL NEUMANN

RE: JEWISH MILITARY FORCE

I. I have just received word through a private source of a report to the effect that in State Department circles in Washington the idea is now being weighed of forming in America a Foreign Legion, or International Legion, which would include a Polish unit, a Czech unit and also a Jewish unit. This seems to tie up with the affirmative attitude of Secretary Stimson as expressed in his telegram of December 5th. However, I have no confirmation of this report, and I am now trying to verify it.

II. The World Telegram has called up to say that they are getting inquiries from Jewish young men desirous of enlisting in a Jewish force, and asking for information as to where to direct them. I have advised them to direct such inquiries to me.

III. I am still without instructions regarding what propaganda, if any, should be carried on by us with reference to a Jewish Army under present conditions. I have discontinued our press campaign with America's entry into the war. The Committee for the Jewish Army is, however, continuing its press campaign as well as holding private meetings, approaching various individuals, etc. Our press department is placed in a peculiar position. The newspaper offices are asking whether we have dropped the project or whether the whole matter has been referred to the Committee for the Jewish Army. The same holds true with regard to people in official positions in Washington. An early decision on policy is imperative.

We have done quite a lot by way of press propaganda and have many clippings in our press-book which you may care to inspect.