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Anglo-American Committee of Inquiry, 1946 January 7.

HEARINGS BEFORE THE
ANGLO-AMERICAN COMMITTEE OF INQUIRY
WASHINGTON, D. C.

State Department Building

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HEARINGS BEFORE THE
ANGLO-AMERICAN COMMITTEE OF INQUIRY
WASHINGTON, D.C.

Held in Room 474 of the State Department Building, Monday,
January 7, 1946, at 10:00 a.m.

MORNING SESSION

APPEARANCES:

Mr. Earl Harrison, American Representative on the Inter-
Governmental Committee on Refugees

Dr. Joseph J. Schwartz, representing the American-Jewish
Joint Distribution Committee, Inc.

PROCEEDINGS

(The hearing began at 10:10 a.m., Monday, January 7, 1946, Judge Joseph C. Hutcheson presiding.)

JUDGE HUTCHESON: The Anglo-American Committee of Inquiry is beginning today its first hearings on the problems referred to it by the United States and British Governments. The breadth and complexity of the problems will appear from a reading of the terms of reference.

We enter upon our task and invite those interested in the problems to approach them in the spirit of cooperation evidenced by the appointment of our joint body of American and British membership. In our hearings, consultations, and inquiries, we ask assistance of all concerned in the confidence that men of good will everywhere will recognize that our minds are directed to resolving the difficulties and meeting the situation as a whole.

Mr. Executive Officer, will you read the terms of reference.

MR. MOOD: The terms of reference of this Committee as agreed upon between the two Governments are as follows:

"1. To examine political, economic and social conditions in Palestine as they bear upon the problem of Jewish immigration and settlement therein and the well-being of the peoples now living therein.

"2. To examine the position of the Jews in those countries in Europe where they have been the victims of Nazi and Fascist persecution, and the practical measures taken or contemplated to be taken in those countries to enable them to live free from discrimination and oppression and to make estimates of those who wish or will be impelled by their conditions to migrate to Palestine or other countries outside Europe.

"3. To hear the views of competent witnesses and to consult representative Arabs and Jews on the problems of Palestine as such problems are affected by conditions subject to examination under paragraphs 1 and 2 above and by other relevant facts and circumstances, and to make recommendations to His Majesty's Government and the Government of the United States for ad interim handling of these problems as well as for their permanent solution.

"4. To make such other recommendations to His Majesty's Government and the Government of the United States as may be necessary to meet the immediate needs arising from conditions subject to examination under paragraph 2 above, by remedial action in the European countries in question or by the provision of facilities for emigration to and settlement in countries outside Europe."

JUDGE HUTCHESON: And now, having spoken as Chairman of the Committee, may I not, before calling our first ap-
 pearer, ask the privilege of speaking briefly and in
 character for myself.

A United States Judge, engaged for more than a quarter
 of a century in the business of judging, I have long known
 that while knowledge must precede understanding and under-
 standing must precede judging, this is not always enough.
 Sometimes if we would judge aright we must let our minds be
 bold. In that knowledge I have accepted my place on the
 Committee and assumed my share of its burdens with a mind
 made up to diligently seek knowledge and understanding and
 a spirit solemnly aware of its responsibilities and its op-
 portunities and ready to let the mind be bold. For dealing as
 we shall with problems whose seat and spring are, and have
 been, mass human misery, and dedicated as we are by our terms
 of reference to finding and pointing out ways for its alleviation,
 no other mind and spirit will suffice. In the inspired words
 of one of the greatest of our Presidents, spoken some 30
 years ago, let me say to my colleagues, to you who, furnish-
 ing us with material and information and appearing before
 us, are our co-adjutors, as well as to you everywhere who
 watch and pray without ceasing that justice may be done;
 "We know our task to be no mere task of politics, but a task

which shall search us through and through, whether we be able to understand our time and the need of our people, whether we be indeed their spokesmen and interpreters, whether we have the pure heart and the rectified will to choose our high course of action."

Let me say finally that the Committee, as a Committee, can do only so much. Whether we shall succeed in our high purposes will not be in our hands. It will be in the hands of men of good will everywhere, especially of those who, intensely concerned with the problems with which we shall deal, tender their assistance to us not as mere factions and with a fierce purpose to have only a particular way, but generously and in a selfless search to find the best way. If those in whose hearts these problems have first place will selflessly and wholeheartedly assist us to arrive at a just and workable solution and stand firmly then with us in supporting it, I for one will have no doubt that public opinion will accept and approve that solution and that in due time it will be made the judgment of mankind.

Mr. Secretary, will you call our first appearer, Mr. Harrison.

MR. ROOD: Mr. Earl Harrison.

MR. HARRISON: Good morning.

JUDGE HUTCHESON: Good morning. Are you ready to begin?

MR. HARRISON: Yes, sir, I am. Mr. Chairman, before

I start my statement, do you or any Members of the Committee want to know anything more about me?

JUDGE HUTCHESON: I don't.

(Laughter)

MR. HARRISON: You know enough, sir!

JUDGE HUTCHESON: Maybe, but not too much!

MR. HARRISON: Thank you. While I have just heard the full terms of reference of the Committee, I believe that my experience may be helpful to the Committee, if at all, particularly in dealing with what I concede to be the very pressing and immediate needs of the former persecuted Jews remaining in Germany and Austria. I appreciate, of course, that immediate solutions must fit into and must be appropriate to the long-range solution with which this Committee is also charged. But I'm rather confident that after you have heard all the witnesses and after you have completed your own examinations, this Committee will conclude that the most immediate and the most pressing needs requiring remedial action in Europe are in connection with the approximately 100,000 Jews in Germany and Austria.

I am equally sure that you will conclude no matter how much conditions in camps and so-called displaced-person centers have improved in recent months, while people are compelled to remain in those camps, there is a very important unfinished piece of business of liberation.

Now, I note that you will examine, and I quote "the practical measures taken or contemplated to be taken," I presume in Germany and Austria, as well as in the rest of Europe, to enable Jews to live free from discrimination and oppression.

I venture to hope that the Committee will not spend much time in undertaking to recommend ways and means in which Jews who do not wish to do so might be enabled thus to live within Germany and Austria. I say that because during the early part of my mission, I must confess I had very much in mind the possible desirability of undertaking the rehabilitation of these victims right on German soil before the eyes of the German people in order to show our contempt for and our condemnation of Nazi persecution policy.

I don't wish to stress the point unduly or even to argue now that it would have been feasible, but it is clear to me that if ever we were to have taken that course, it was immediately back in May or June by throwing open the gates of the concentration camps, in spite of the many difficulties and problems which admittedly would have been created by doing so. But instead of that, we continued to keep them in camps, in many cases under military guard until--I can't refrain from saying--in October, when General Eisenhower happily ordered that necessary guarding should be done by displaced persons themselves on a volunteer basis and

without arms.

But Members of the Committee, I had not visited many of the camps, nor had I talked to a large number of the people themselves before I realized how very intense their desire is to get out of Germany and Austria and how inhuman it would be to compel them, against their will, to remain there merely to prove a point to the German people, or I might add, even to avoid some very difficult problems which are created by their desire to be evacuated from Germany and Austria.

Now, this attitude on the part of the surviving population--call it psychological if you will--is no less real or pointed, in view of what is suggested to be easily understood and respected, but it isn't. When I was in Germany and Austria I had British and American officers, Captains, Majors, and higher in rank, argue to me that there really was no valid reason why displaced persons, including Jews, should object to living even in the worst of the concentration camps, like Belsen, where they still are. So long as the place was properly administered, it was argued there was really no sound objection to their continuing to live there.

This Committee will, I am sure, reach very different conclusions.

Although I have been assured that I could assume that

the Committee will have read my report, permit me, please, to underscore very brief portions of it in this connection:

For reasons that are obvious and need not be labored, most Jews want to leave Germany and Austria as soon as possible.

MR. JUSTICE SINGLETON: Will you give the references.

MR. HARRISON: That is on Page 458, the second column at the top.

"For reasons that are obvious and need not be labored, most Jews want to leave Germany and Austria as soon as possible." WRHS

That is their first and great expressed wish.

Then go down a few lines. "Their desire to leave Germany is an urgent one. The life which they have led for the past ten years--lives of fear and wandering and physical torture--has made them impatient of delay."

Then, sir, over in the last column of 459, the very next page, under "Conclusions:"

"Now that the worst of the pressure of mass repatriation is over, it isn't unreasonable to suggest that in the next and perhaps more difficult period, those who have suffered most and longest be given first and not last attention."

Finally, number two: "Evacuation from Germany should be the emphasized theme, policy, and practice." That, sir, is my first point.

Secondly, I should like to say this:

That you are charged by the two Governments, as I was charged last June, to make estimates of those who wish, or will be impelled by their conditions, to migrate to Palestine or other countries outside Europe.

Now, needless to say, I have endeavored to keep in touch generally with the situation since I returned. I have talked to a great number of people who have returned from Europe, and I wish now here to reaffirm as of today, with respect to Germany and Austria, that--going to Page 458--"With respect to possible places of resettlement for those who may be stateless or who do not wish to return to their homes, Palestine is definitely pre-eminently the first choice."

Many now have relatives there, while others who have experienced intolerance and persecution in their homelands for years feel that only in Palestine will they be welcome and find peace and quiet and be given an opportunity to live and work.

Then on Page 460, there are two sentences in about the middle of the first paragraph, the first column:

"For some of the European Jews, there is no acceptable or even decent solution for their future other than Palestine." This is said on a purely humanitarian basis, with no reference to ideology or political considerations so far as Palestine is concerned.

Nothing has occurred in the meantime that has caused me to change my mind in the slightest with respect to those findings of fact. Indeed, subsequent events have rather strengthened those conclusions.

I should like to make a very brief comment with respect to the Sir Frederick Morgan incident.

Even when I was in Germany during July, I visited several camps where I came across and talked with Polish Jews who had been repatriated, or in some other way had gotten back to Poland, but they hadn't stayed long. They came back on foot or by bicycle or by any other means they could into the camps, and I assure you that the camps that I am talking about were not places you and I would seek to live. But I talked to those people, and I can also assure the Committee that there was a sincere feeling on the part of those people that their lives simply were not safe in Poland at that time. So as between the two things, liberation, if you will, living back in their own countries and living in what to me certainly as an American was a rather disagreeable place, they chose the latter and voluntarily came back into Germany in order really to be safe again.

That was going on even during the month of July, and of course it has been going on to a great extent since.

The Members of the Committee will note that in the course of my report I make reference to a memorandum prepared by

the Jewish Agency of Palestine and submitted to His Majesty's Government. I assume that Members of the Committee will have that memorandum made available to them, and I assume also that in due course you will hear witnesses and have an opportunity to discuss the contents of that memorandum.

I merely want to say I considered it a very persuasive piece of testimony with respect to the immediate absorptive capacity of Palestine.

Now, before there are questions, I want to make only two or three other very brief comments.

In the first place, I should like to commend to the Members of the Committee the discussion that is to be found in the preliminary memorandum filed by the Joint Distribution Committee--the discussion in that memorandum with respect to the Intergovernmental Committee on Refugees. I have been the United States Representative on that Committee since last March, and I am very much concerned about the inactivity--the relative inactivity--of the Intergovernmental Committee.

The reasons for much of that inactivity are, in my opinion, fairly accurately, impartially, and objectively set forth in the memorandum to which I have referred.

I am considerably disturbed that there seems to be an attitude that we should do as little as possible in the way

of resettlement--trying to find new homes for homeless persons, refugees, persecuted persons--on the theory that if we undertake any such activity now, it will encourage others to consider themselves as non-repatriable.

I submit that that policy, which has a certain amount of basis to it, of course, may be carried entirely too far, and that we may be failing to do things that we should undertake, merely because of our fear that by doing things recognized as necessary, we will be encouraging other people to consider themselves or be considered as non-repatriable.

No matter what conclusions this Committee will finally come to, it is apparent that we will need some kind of international machinery to carry out, let us say, some of the recommendations of this Committee. Whether that international machinery be the Intergovernmental Committee on Refugees or whether it be some portion of the United Nations Organization, I hope that this Committee will make eminently clear that some international organization should have this problem of resettlement very much in mind and in charge.

Sir Frederick Morgan was entirely right in saying and expressing concern over the fact that UNRRA, for example, is really a temporary organization and that there must be some organization after the end of 1946 that will give attention to this serious question of resettlement.

We are not going to solve even a small part of this

tremendous problem for years to come, and I hope, among other things, that out of the deliberations of this Committee will come some rather specific recommendations with respect to the international organization that will carry on the work.

I realize the difficulties surrounding the Intergovernmental Committee on Refugees right now. It isn't sound and it isn't right that our two Governments should be really financing alone the work of that Committee. There should be more widespread financial support to the work, and specifically, I am hoping that this Committee will see fit, after the conclusion of its deliberations, to make recommendations in that direction.

Finally, I should like to take the liberty, Mr. Chairman, of saying this:

I know it certainly wouldn't be done in a court room, but I should like to commend to this Committee the next witness. For some 25 years I have worked with people who are engaged in what we might call social service work of one kind or another, and in all that time I have not met a man who is more objective in his approach to these very difficult problems than Doctor Schwartz is. I was very pleased to know he commanded the respect and admiration of divergent groups in this country, and I found it a great pleasure talking with him on my mission, because at no time was he given

to over-statement. He was most objective in his approach.

MR. JUSTICE SINGLETON: He was with you throughout?

MR. HARRISON: Not throughout, sir, but on a large part of my mission.

Then I will conclude, sir, by expressing the hope, as the Chairman did, that we will permit our minds to think in terms of bold action. My trip to Germany convinced me that we require just that, particularly with respect that very immediate and pressing problem--bold action.

I conclude my statement, so far as I am concerned, in no better way than I conclude my report. I wish to repeat:

"In many ways, the only real solution of the problem lies in the quick evacuation of all non-repatriable Jews," and I use the word "non-repatriable" as the British and Americans have understood it in our practices. By that I mean, up to this point we have not compelled people to return to their countries against their will. That has been our practice on which we have stood together, and I use the word in that sense there.

"The quick evacuation of all non-repatriable Jews in Germany and Austria who wish it to Palestine."

And finally I repeat that the civilized world owes it to this handful of survivors to provide them with a home where they can again settle down and begin to live as human beings.

That's all I have to say, sir, unless there are any questions from any Members of the Committee.

JUDGE HUTCHESON: We are about to breach a rule which I propounded to the Committee that we avoid the attitude of examining the appearers and take our information as it is given to us. I don't want in any way to breach it in spirit if I do in letter. I realize the question I am about to ask you is a difficult one to ask and a difficult one to answer without raising some implications which are not intended, but what you have said makes it seem necessary for me to have an answer to it.

In a way, you spoke of the work that is being done for the refugees and the work of UNRRA. The difficulties you talked about, I gather from what you haven't said, more than from what you have said, that the refugee problem as it affects others than the Jews is in the course of a settlement or disposition in a different way. Have you been talking about all the refugees or just about Jews?

MR. HARRISON: For the most part, I was talking more about Jews than I was about refugees or displaced persons in general.

JUDGE HUTCHESON: Yes.

MR. HARRISON: But I should like to make clear my comments about the Intergovernmental Committee. There I was referring to even the broader group. I would say there it's

for all displaced persons for whom probably the ultimate solution is resettlement rather than repatriation.

I appreciate, of course, that the first thing we want to do is to get as many people as possible back to their homes, but I say we can carry altogether too far delaying other plans for those we know right now will not go back to their homes unless they are compelled to at the point of a bayonet.

JUDGE HUTCHESON: Our terms of reference extend only to Jews in Europe, and I wasn't raising the point as to what we should do, but trying to find out if the problem which you were talking about was manifested only with reference to Jews.

MR. HARRISON: No, sir, it isn't.

JUDGE HUTCHESON: Other people also?

MR. HARRISON: It is manifested with respect to the entire problem, but it is accentuated in the case of the Jews.

MR. CRUM: Mr. Chairman, there is a point that I should like to have cleared. I would like to ask the witness how he arrived at the figure of 100,000 persons.

MR. HARRISON: How I received it?

MR. CRUM: Yes.

MR. HARRISON: I am talking primarily about Germany and Austria alone, because after all, that is the only place I

spent any considerable period of time and made any intensive study.

MR. CHAM: Does that include all of Germany and all of Austria?

MR. HARRISON: Yes, and again let me say, I don't vouch for that as being an up-to-the-minute figure, because I frankly don't know the extent of the influx into Germany in recent weeks about which we have been hearing.

MR. JUSTICE SINGLETON: I also desire to ask you a question about it. I want to ask a question on that specifically myself.

First, I want to thank you for giving me the references. The reason I asked you is I haven't had as much time to consider your report as I should like to have had. I received it last night.

MR. HARRISON: I am very accustomed to giving references in briefs.

MR. JUSTICE SINGLETON: The 100,000 figure which you gave, that I take it to be the same, in effect, as you mention at the bottom of the column on Page 463?

MR. HARRISON: Yes, sir, although actually I think the number would be less than 100,000.

MR. JUSTICE SINGLETON: Yes, you made the assumption for one reason or another.

MR. HARRISON: That's right, some will undoubtedly want

to return to their homes.

MR. JUSTICE SINGLETON: Yes.

MR. HARRISON: Some, as I pointed out in the report, will undoubtedly wish to remain in Germany. I'm talking about those who do not fall into either one of those two categories, for whom some other plan ought to be found.

Incidentally, my estimate of that number is very much of an estimate, because there are no accurate figures that I know about. It would be somewhere in the neighborhood of 50,000 to 75,000.

MR. JUSTICE SINGLETON: Yes, and would you, perchance, be in a position to say what proportion of that 100,000, taking that as the figure, is old or infirm or very young? I ask that from the point of view of what consideration should be given or what should be done. It may be a question of relief.

MR. HARRISON: Let me put it this way: As I went from place to place—I might say I visited about 30 camps, for instance—I gathered the distinct impression that there are relatively few quite young people and very very few elderly people.

MR. JUSTICE SINGLETON: So of the 100,000, a large proportion of the people are in between?

MR. HARRISON: There is no doubt about that in my mind at all, although I must say that in a good many cases some

training or re-training would be required before they could again take their places in society. But most of them are people whose labors were being used, of course, by the Nazis and are people who can make their own living.

MR. JUSTICE SINGLETON: Those are the matters I am obliged to you for, but there is one other thing which I think I am interested in, in which you might be very useful to us. You say you went to various places to gather information?

MR. HARRISON: Yes, sir.

MR. JUSTICE SINGLETON: He suggested doing the same thing, and I am inclined to think it would be of greatest use to the inquiry if you will help them as to the mode of approach. By "mode of approach," I mean the places you went.

MR. HARRISON: I shall be very happy to do that. Can the Committee give me any indication as to how much time it might have available for that purpose, or about how many places, or may I make suggestions or recommendations to the Committee?

MR. JUSTICE SINGLETON: I suggest if you would be so good as to give a little of your time to the Secretaries, they could discuss that with you.

MR. HARRISON: I should be happy to do so.

MR. BUXTON: Your statement that most of the people wished to go back to Palestine was based presumably on fairly

wide questioning of a representative section--oral questioning?

MR. HARRISON: Yes, sir, oral questioning and conversations. And I was astonished in how many places it wasn't necessary to have an interpreter. There was always someone who could speak English--often broken English--but I was able to do it without the intervention of an interpreter on most occasions--not all. When Doctor Schwartz was along, I had no difficulty.

DR. AYDELOTTE: May I ask how much time you spent in Germany and Austria?

MR. HARRISON: About a month--most of the month of July.

MR. CROSSMAN: On Page 458, at the bottom of the second column, you distinguish between two groups as to Polish and Baltic Jews--their desires and traditions, and the second group that feels their chances of getting to the Western countries are difficult. Would you have any possibility of assessing the different percentages between the one group and the other?

MR. HARRISON: Let me see--two groups. I would say without hesitation that the first group was much the larger group. The second classification would break itself down into several different categories. I talked to some people who would say--and I didn't really have time to pursue the

subject too far with them--"Of course, we want to go to Palestine, because it's the only place we really can go. You know they won't take us into the United States."

I couldn't get from that whether if they had the choice they would have preferred to come to the United States or not, but that is much the smaller of the two groups.

MR. CROSSMAN: How are the postal facilities of these people? How do they get in contact? Do they write their relatives?

MR. HARRISON: There are none.

MR. CROSSMAN: Could there be postal facilities if they were allowed? What is the physical difficulty about it?

MR. HARRISON: There seems to be a great deal of difficulty, although when I was there in July, I was told that the Postal Service would be set up within 30 to 60 days. At that time they said it was a matter of setting up rules and regulations which had pretty much been decided upon and recruiting local talent for carriers.

MR. CROSSMAN: So that these people have no idea whether they have relatives alive or not in the western countries?

MR. HARRISON: Most of them do not. A few have been able through private organizations and individual soldiers ascertain those facts, but that has been a relatively small number.

MR. CROSSMAN: Thank you very much.

MR. CRICK: Mr. Chairman, Mr. Harrison mentioned these displaced persons. Can you give the Committee any indication of the sort of occupations they followed before they became displaced persons?

MR. HARRISON: It is a very wide range--very wide range--many shoemakers, watchmakers, skilled craftsmen, some lawyers, some doctors, professional people--a very wide range.

MR. CRICK: Did you find any farmers?

MR. HARRISON: Some, but relatively few. I might say I came across a great many who indicated a willingness to try farming.

(Laughter)

MR. CRUM: It's still not clear to me whether your report covers those portions of Germany and Austria occupied by the Soviet Union.

MR. HARRISON: I did not visit them. I should have liked to.

MR. CROSSMAN: So the figures don't include Russian Jews at all?

MR. HARRISON: No.

JUDGE HUTCHESON: You are not taking those into account by rumor or any other kind of information?

MR. HARRISON: It is astonishing how little one could hear about it. I heard practically nothing.

MR. CROSSMAN: It is the free Western zone?

MR. HARRISON: Yes, sir.

JUDGE HUTCHESON: I want to say as a Judge, I have known that a lawyer makes a bad witness because he takes a long time and doesn't say anything, but I want to make it clear that that is not so as to one lawyer!

MR. HARRISON: Thank you. In Pennsylvania we have the half-hour rule!

(Laughter)

MR. HOOD: Doctor Schwartz of the American-Jewish Joint Distribution Committee.

JUDGE HUTCHESON: When you are ready, sir, you may begin.

MR. SCHWARTZ: Thank you.

I would like to call the attention of the Committee first to the preliminary memorandum which we have submitted and to point out that there was a slight statistical error on the first page, as a result of which we are submitting a corrected copy for the benefit of the Committee.

The problem which I want to discuss briefly is the general situation of the Jews in Europe. Where the Joint Distribution Committee has been working in the field of relief and rehabilitation for a period of some 30 years, the problem, as we see it, divides itself naturally into three parts:

There is, first of all, western Europe, including France, Belgium, Holland, Switzerland, and Italy, which presents one

problem different from that which we find in other parts of Europe.

Second is the problem presented by the displaced persons in Germany and Austria, and to some extent in Italy.

Third, Eastern Europe, under which heading we include Poland, Rumania, Bulgaria, Hungary, and Czechoslovakia, also Yugoslavia.

Before dealing with the problems in these three zones, I would like to say one word of general introduction. In that part of Europe with which we are dealing, that is, continental Europe, exclusive of the Soviet Union, there were, before the war approximately 6-1/2 million Jews. There are today, according to our estimates, in the same territory slightly more than a million and a quarter Jews. The rest of them--some five million--have been exterminated by the Nazis and their satellites.

If we add to that figure of five million the approximately one million Jews who were killed by the Nazis in the territory which belongs to the Soviet Union, we get the over-all figure of some six million Jews who were exterminated during the course of this war.

Now, the problem of the Jews in western Europe is different from that in other parts of the world, in that the urge towards mass emigration does not exist in those western countries. I believe it is fair to say that the majority

of French Jews, Belgian Jews, and Dutch Jews will choose to stay in Europe and they will not wish to migrate. That doesn't mean there won't be some of the nationals of those countries who will not desire to join relatives or to start life in a new country.

But I think it is fair to say that the majority of those native Jewish nationals of those countries will not wish to migrate.

However, attention should be called to the fact that even in those Western countries there are large numbers of displaced persons, people who came into the country since 1933 as refugees and who never had the right of settled residence within those countries, or if they did have a technical right of settled residence, they didn't have the right to work, or they have some other disability in connection with their stay in those particular countries. The great majority of those will wish to emigrate because their situation and their legal position in those Western countries is a very uncertain one. Those are the people for whom a haven must be found either in Palestine or in some other overseas country.

I should like also to call your attention to one particular problem which we find in the Western countries as well as in the rest of Europe, and that is the problem of Jewish children. Before the war, it is estimated that there

were about 1,200,000 Jewish children up to the age of 14 on the European Continent, not including Soviet Russia. The total number today is about 150,000. The rest have disappeared, have been liquidated, together with their families. Most of those children are either full or half-orphans. Most of those children have been living in hiding for a great many years, have been in concentration camps, and have been subjected to all the hardships and all the torture of concentration camp life. Many of those children have had no opportunity for any kind of education, vocational or otherwise. They will have to be retrained. They require special care and special assistance.

We believe, our organization and many other organizations that have worked with these children, that in view of their present psychological state, in view of the state of insecurity through which they have had to live in Europe over so long a period of time, emigration is a solution to the problem of the great majority of those children. They don't want to stay in an atmosphere and in countries where they have seen their mothers and fathers taken from them and in many cases where they have seen them murdered before their eyes. Now they are orphans. They have no one to look after them. They are dependent upon charity and philanthropic care. They would require and many of them have expressed the wish of leaving the Continent of Europe

and go to a place like Palestine, some of them to the United States, where they can be brought up in safety and security with all of the educational opportunities which children require.

We believe that the problem of the Jews in Western European countries is tied up with the general problem of economic and social recovery within those countries. Insofar as those countries will be reconstituted and the economies restored, the Jews who had been living there for a long period of time are citizens of the countries. Many of them were born there and many of them will wish to stay on and participate in the life of their country.

When we come to the problem of the Jews in Germany and Austria, of whom there are about 100,000, I agree fully with Mr. Harrison that those people will have to be removed. The great majority of those people do not want to return to the countries from which they came.

And I agree fully with Mr. Harrison that there is no possibility of rehabilitating them on German soil. That conviction is based on discussions and conversations with those people over a period of months and visits to practically everyone of the displaced persons camps in Germany and Austria.

May I say also that it is of utmost importance that the evacuation of those people take place with the least

possible delay. Bear in mind the fact that these people have been in concentration camps, some of them for six years and longer, and that now, eight months after the liberation, they are still in internment camps, and unless they are evacuated quickly and expeditiously, their demoralization will be greater than even what it has been up to now.

Therefore, we consider it most important from every point of view that those people be removed from Germany and Austria and also from Italy at the earliest possible time.

We also believe that the only country which up to now has offered an opportunity for a quick removal is Palestine, because under the quota laws of the United States, even with the fine and generous statement that has been made by President Truman, it must be borne in mind that it will be a matter of years before those people will be able to be moved.

The Polish quota, for example, is 6,500 a year, which means even if all of the visas under the Polish quota were given to Jews--which I don't believe is contemplated--it would take many years before the approximately 50,000 to 60,000 Polish Jews in Germany and Austria could be brought to the United States.

The second largest nationals numbered among the displaced persons in Germany are the Hungarian Jews, of whom it is estimated there are some 10,000, and the Hungarian

quota is about 800 a year. You can see, then, it would be a matter of at least ten to twelve years under our quota laws if all of those numbers were given to Jews before they could be removed to the United States. Certainly we haven't seen or heard of any offers on the part of other countries in the Western Hemisphere to absorb or to accept these people in any large numbers.

Because of that and because of our conviction that these people ought to be removed from German soil as soon as possible, we believe that Palestine offers the best and most constructive solution to that problem.

Then we come to the status of the Jews in Eastern Europe. I would like to dwell on that at some length because I have been in Poland and I have been in Hungary and in Slovakia, and I have been able to see the conditions under which the remnant Jews in those countries live today.

If I have said there are no indications of an urge to mass migration from Western Europe, I would like equally emphatically to say that there is a definite urge to mass migration on the part of the Jews from Eastern Europe.

There are today 80,000 Jews in Poland, approximately, out of an original population of about 3-1/2 million. It is estimated that there are some 150,000 Polish Jewish refugees on Soviet soil who, according to an agreement between the Polish and the Russian Governments, will be repatriated

to Poland. About 30,000 of them are said to have returned already. That means there are some 230,000 to 250,000 Polish Jews who will come back who will be in Poland. I have not any statistical data available, but in the five weeks I was in Poland I visited most of the principal cities and talked with Government officials, to British and American newspaper correspondents, and to all of the leaders of the Jewish community, and it is my belief that 80 to 90 per cent of the Jews of Poland want to leave that country.

Now, why do they want to leave?

They want to leave for psychological reasons and also for other reasons which are much more real than just psychological.

Most of those people have seen their nearest and dearest exterminated before their eyes. They have seen the population reduced by at least 90 per cent.

Poland, which was the cradle of Jewish culture and Jewish religious life, now has altogether eight Rabbis in the entire country. Poland, which was the center of Jewish culture and artistic achievement, now has only a handful of people, a handful of writers and actors and artists who have survived the rubble.

There are only 5,000 Jewish children left in all of Poland, and those 5,000 children are living either in institutions or in private families, but being supported by

philanthropic funds. In all of Poland you will find not more than 100 intact Jewish families; that is, where father, mother, and children are alive. Most of the people in Poland are individual survivors of family groups. They have no more families and no family ties; they have nothing, no roots to keep them where they happen to be at the present time. In addition to that, they feel, and I think they are right, that the Polish people cooperated very actively in the extermination policy which the Nazis introduced, and they point to the fact that of all the countries of Europe, Poland is the one which has lost the greatest percentage of Jews, because they have received the least help from the general population. Even today there is widespread anti-Semitism in Poland.

There has been a great deal of discussion in the press in recent days as to whether there have been or have not been pogroms in Poland.

I can only tell you that I visited Poland about a week after the Cracow Pogrom took place, and that wasn't a fiction. That was a real thing, and it had all of the elements of the traditional pogrom--the same story about Jews having killed the Christian boy to use his blood in connection with a religious ceremony--the same story of the attack on the synagogue--the same story of them attacking the Jewish quarter of Cracow, and the incident lasted from early morning

until evening, when it was finally put down by the armed forces.

I was also in Poland at the time when a Jewish orphanage in the town of Rofit was attacked three times, and on two occasions hand grenades were thrown, and it was only the merest chance that no children were injured or killed as a result of those incidents, but so serious were they that the orphanage had to be closed down. The children were scattered in other existing institutions and that institution could not continue to function without endangering the lives of those children.

Now, incidents of that kind, added to anonymous letters which Jews all over Poland are receiving warning them that they still have a chance to leave the country and this is the time for them to get out, added to the fact that Jews in many numbers who work in a factory are discriminated against by their fellow workers, added to the fact that there is widespread anti-Semitism and that there is an economic boycott existing within the country, makes life unbearable for the Polish Jews who have survived.

In that connection, I want to emphasize that the Polish Government as such has taken every step to put down these anti-Jewish excesses, but they have not been successful. They have not been successful because they realize themselves that the Polish people are not behind them in their policy

of suppressing anti-Jewish incidents.

The result is, and I think I can say that literally, that the great majority of the Jews in Poland are sitting on their valises. They are all packed and ready to go. I can assure you it doesn't need a secret Jewish organization, and it doesn't need a conspiracy of any kind to take these people out of Poland. It is no secret. It's no conspiracy. Everybody knows, including the Polish Government, that these people are leaving Poland. Everybody knows the reason why.

When we talked to some of the Polish officials and some of the representatives of the Jewish organizations in Poland talked to the Polish Government and discussed with them some of these incidents, the Polish Government asked whether it was necessary for them to leave the country in this particular manner. The answer was "Can you assure us our lives? Can you assure us our personal safety if we do not leave Poland?"

and the answer of the officials always was "We can give you no such assurances of personal safety."

The migration has gone on. Now these people have left Poland and traveled under the most difficult conditions across borders, across mountains, into strange countries, speaking languages which they themselves didn't understand. The fact that they have undertaken this perilous journey —

not just young people, but children, pregnant mothers, and elderly people--is an indication of how insecure they feel in Poland.

That those people have been helped on their way, nobody denies. I am merely speaking for the Joint Distribution Committee that as these people left Poland, came to Czechoslovakia, and then came to Vienna, and some of them to Salzburg and continued their way into the American zone of Germany, we helped them. We helped with food; we helped them with lodging; we helped them with clothing and wherever we possibly could.

I want to say I would be ashamed both for myself and for my organization if we hadn't helped them.

We have also the situation of the Jews in Hungary. Hungary, which before the war had a Jewish population of some 800,000 or 900,000, today has about 180,000 to 200,000 left. Of those 200,000 left in Hungary, there are some 9,000 children, again the majority of them orphans. Those children, too, for the most part live in institutions or in private families, where they are being supported by philanthropic agencies.

The Jews of Hungary represent a group of whom 75,000 back from concentration camps that had been deported. Sixty thousand came out of the ghetto in Budapest and the rest of them came out of their hiding places within Hungary. Many

of them hadn't seen the light of day for months at a time. When they came back to the cities or towns where they formerly lived, they found they had nothing. They had no homes; they had no clothing; they had no businesses. Everything had been taken away from them.

Now they live in that country where there is no UNRRA help of any kind, because UNRRA is not allowed to function in an enemy country such as Hungary is, and they are dependent upon their own resources and upon the help which the Joint Distribution Committee can give them for any kind of rehabilitation or restoration of their former lives.

Hungary was never as nationalistic and Zionism was never as widespread in Hungary as it was in Poland. Nevertheless, there has been a tremendous growth of Jewish nationalism in Hungary, and there is a widespread desire on the part of a great many of the people there to go to Palestine. Zionists estimate that at least 100,000 want to go to Palestine today. Non-Zionists estimate the number is 30,000 to 40,000. My own estimate is it is certainly not less than about 75,000 who would want to go to Palestine. and there are many other thousands who would want to emigrate elsewhere if the opportunity were open to them.

In Hungary, too, the people feel that there is very little chance of their being rehabilitated on any kind of a permanent basis. There has been too much dislocation; they

have been too thoroughly uprooted; they have lost too much of what they possessed in life in order for them to attempt to rehabilitate themselves within the country.

Then there is also the problem which must be borne in mind in all of these countries, and that is the very thorny and complicated problem of the restoration of Jewish property. Every time a Jew comes back from a concentration camp, he creates at least ten anti-Semites, because everybody in each one of these countries is holding some form of Jewish property, and every person is afraid if this Jew comes back, perhaps my business will go back, too, and he will ask for the return of the wealth which he is holding.

That, added to the unstable political situation, to the broken economic life of these countries creates an atmosphere within which it is very difficult to ask the Jews to continue to live.

I happened to be in Hungary at the time when the statement of the British Prime Minister was made public in which he said that he would want the Jews to stay in European countries to help to rebuild the economies of these countries.

The very distinct feeling and reaction that I received from these people was that for centuries now we have been building for others. Then as a reward for it, we have been murdered; we have been shoved into concentration camps; we

have been deported; we have been treated as aliens, even though we were patriotic this, that, and the other thing. Now the time has finally come when we must act and live in our own interest, when we must build something which will mean a future existence for us when, if we lose, we lose because our interest is tied up with people whom we understand, with people whom we love, and not to be asked to continue to live and re-establish the economy of a country which in a day or in a week can suddenly take away all our rights and declare one as alien to the population.

Rumania today has the largest Jewish population of any country in Europe, where there are some 335,000 Jews, and there are at least 100,000 who are dependent on relief. Of those 100,000, 40,000 are people who came back from deportation and concentration camps, and 50 per cent of the Jews of Rumania as of August were unemployed. They had nothing to do.

Rumania also is a country where UNRRA does not function, being also an ex-enemy country, so again in Rumania it is private philanthropies and the Joint Distribution Committee and organizations of that kind which are expected to take care of that problem.

In Rumania also there is a tremendous urge to migrate. People want to leave. Estimates vary, but I think it can be assumed, on the basis of figures which we have seen and

which we have examined, that as in Hungary, at least 75 per cent, if not more, would wish to go to Palestine now.

If I were asked on the basis of all the estimates that I have seen, on the basis of all the information which we have been able to assemble, on the basis of all the discussions which we have had with representatives in the various communities, how many of the Jews of Europe want to leave today to go primarily to Palestine, although some would want to go to other places, I would place the figure--and I think it's a conservative estimate--at about 500,000, which represents about 50 per cent of the surviving Jewish population on the Continent of Europe, outside of Russian territory.

The same story that one finds in Rumania, Hungary, and Poland, one finds in Slovakia and some of the other countries like Bulgaria, where the Jewish population is smaller.

I would say that there is a possibility of rehabilitating and restoring the Jewish communities of Western Europe.

There is an immediate and urgent need to remove the displaced persons from Germany, Austria, and Italy.

There is an immediate need to provide outlets of emigration for the masses of Jews who want to leave the East European countries for a variety of reasons. And it would seem to me that this Commission, in undertaking its task, ought to bear in mind that when we are speaking of the Jewish problem of Europe and when the Harrison report speaks of

100,000 certificates, that represents only that phase of the emergency which has to deal with the displaced persons in Germany and Austria. If we encompass the whole of the problem, as the terms of reference here indicate, the Commission will run into much larger ones, and we have on our hands an immediate problem which begs for solution.

I don't know how many Jews have recently come out of Poland into Germany and Austria. There have been various estimates, but I think that that flow will continue. It will continue because of the insecurity that the Jews feel in Poland because of the many many incidents which take place in Poland almost every day and because of the desire on the part of the great majority of Jews of Poland to leave the graveyard of Poland where they have seen their families buried.

MR. JUSTICE SINGLETON: There is one question, Mr. Schwartz, to which I should like to have your reply. Your estimate of the number of Jews who would wish to leave the countries which they now are in and go, probably as you say, to Palestine, is 600,000 at the moment. I suppose that figure would be reduced if conditions in those countries were improved, Poland, in particular?

MR. SCHWARTZ: I would doubt that very much. I don't think it would be reduced because it would take a long time for the Jews in a country like Poland to become convinced

that any changes which are introduced by law really mean something.

MR. JUSTICE SINGLETON: I appreciate what you say with respect to that, but history shows, doesn't it, that in every country where there has been persecution, after a period the people have come back. It may be that conditions improved so much and it was made more attractive. I suppose that is something we ought to bear in mind with respect to figures.

MR. SCHWARTZ: I don't think history offers any parallel to what has happened to European Jewry over the past ten years. What has taken place has created such a deep impression that it is going to take much more than the formal preparation of certain laws and decrees to make people feel that it is safe for them to remain or to come back to Poland.

Therefore, I believe in the immediate future, at least, the improvement of conditions by the way of getting good laws passed will have very little influence on the situation.

MR. JUSTICE SINGLETON: The future depends not so much on the laws as on the carrying out of the laws and policy, obviously, but will you give us again the estimate of the figure of those who wish to go into Palestine. I imagine you must be presupposing settled Palestine, too.

MR. SCHWARTZ: I would like to presuppose a settled Palestine, of course.

MR. JUSTICE SINGLETON: Doesn't everyone?

MR. SCHWARTZ: I would say this:

The psychological state of the Jews of Europe is such that not having a settled Europe and being offered, they expect to go to unsettled Palestine...

MR. JUSTICE SINGLETON: Because the conditions in the countries which they wish to leave you would say are worse?

MR. SCHWARTZ: Because of that, and also because of the fact that when things finally are settled in Palestine, as they hope they will be, it will give them an opportunity to build something on a permanent basis, and they will not be homeless again.

MR. JUSTICE SINGLETON: Are you thinking from the point of view of the Jewish State?

MR. SCHWARTZ: No, I am not thinking in political terms at all; I am thinking in terms of settlement and the desire of the people to live under conditions and in an environment which they consider friendly.

MR. JUSTICE SINGLETON: There is a question which is raised on another side which we have to consider, too. You are envisaging the possibility of good relations arising between the Arab population of Palestine and the large number of those who are going to Palestine of the Jewish

race, is that right?

MR. SCHWARTZ: I am envisaging that, and I am certainly hopeful that good relations will exist. But what I would want to stress is that in talking with those people, even if those conditions in Palestine did not become immediately settled, they would still prefer to leave their unsettled environment of today and go into the unsettled environment which is Palestine today. As between the two, they definitely prefer Palestine.

MR. JUSTICE SINGLETON: It wouldn't be quite the lesser of two evils, but the more attractive proposition?

MR. SCHWARTZ: Yes, sir.

MR. JUSTICE SINGLETON: Is that what you mean?

MR. SCHWARTZ: Yes, sir.

JUDGE HUTCHESON: I would like to ask one or two questions. One I am sure will be insoluble because no answer has come from there. You spoke of 150,000 Jews in Russia who would probably be sent back or allowed to go back to Poland. Why don't they stay there? What is the situation in Russia? Do any Jews want to go to Russia? Does Russia want any?

MR. SCHWARTZ: These 150,000 Jews could stay in Russia if they so wished.

JUDGE HUTCHESON: They could?

MR. SCHWARTZ: But they don't wish it.

JUDGE HUTCHESON: Yes.

MR. SCHWARTZ: They have expressed a preference for going back to Poland not because they want to stay in Poland, but because of the fact, I believe, they feel if they come back to Poland they have an opportunity of emigrating elsewhere. There is no emigration from Russia.

JUDGE HUTCHESON: That leads to my second question. Does Poland make no barriers against emigration from Poland?

MR. SCHWARTZ: Poland at the present time—the authorities with whom I have spoken have assured me they will offer no barriers to any migration of Jews from Poland. If they have certificates or visas to any country, they will give them the exit permits to leave the country.

JUDGE HUTCHESON: Is that a special policy pertaining to the Jews, or is that the same policy they have for the other Poles?

MR. SCHWARTZ: I don't know.

JUDGE HUTCHESON: You said the Jews in Russia want to come out if they can, but that applies only to Polish Jews?

MR. SCHWARTZ: That applies to Polish Jews.

JUDGE HUTCHESON: What is presented is not mainly getting out of somewhere but getting to somewhere?

MR. SCHWARTZ: That's right.

JUDGE HUTCHESON: That leads me to this question:

Is the existence of the Palestine haven of hope, or whatever it is, responsible for the desire to emigrate or were the Polish Jews trying to emigrate to other places before this catastrophe, or is this catastrophe and Palestine linked up together? Is Palestine an objective or just a movement?

MR. SCHWARTZ: I think there has been the desire always on the part of the Jews in Poland and other countries to get out, but I think this tragedy has strengthened their attachment to Palestine as a homeland, and while before this catastrophe took place, emigration might have been just as attractive to them in any other country that offered itself, today that is not the fact. Today they make their first preference Palestine.

JUDGE HUTCHESON: On the assumption that they could not go to Palestine, take the big figure of 600,000, or even smaller figures, and state whether your information leads to an assessment of what their attitude would be to stay there or go somewhere else. Is it just to go out of there to go to Palestine or to go anywhere?

MR. SCHWARTZ: I think some of it is to go out anywhere, but I think the majority of it, by far, is to go to Palestine.

JUDGE HUTCHESON: All right, if they couldn't go to

Palestine, would they prefer to try and make a place there or try and go to some other country?

MR. SCHWARTZ: I think if they became convinced that Palestine were completely out, which to them would be a fatal blow...

JUDGE HUTCHESON: I understand.

MR. SCHWARTZ: ...they would still prefer to go out rather than to remain in Poland.

JUDGE HUTCHESON: So it isn't only a Promised Land they are seeking, but it's an avoidance of conditions which they now find intolerable?

MR. SCHWARTZ: It's a combination of both, I would say, sir.

JUDGE HUTCHESON: All right.

MAJOR MANNINGHAM-BULLER: The first question I should like to ask is I should be interested if you would explain to me the precise meaning that is given to the word "Jews" in this memorandum. Are you including within the word "Jews" all those who were persecuted as such by the Nazis?

MR. SCHWARTZ: We are including in this memorandum all those people who haven't formerly renounced their allegiance in the Jewish group. For the purposes of this memorandum, we are not including those people in Germany and in Austria who were Jewish by the Nurnburg Laws because they had a Jewish grandmother but who are not affiliated

with the Jewish community. We have made no attempt to include them because they have no desire at all to be identified with the Jewish group as such, and they haven't been identified with them.

It is only the advent of Nazism which has made them Jews against their will.

MAJOR MANNINGHAM-BULLER: So there is in addition to the figures you gave me some number of persons who have been persecuted as Jews who are not treated by you in this memorandum as Jews at all?

MR. SCHWARTZ: Exactly, except that the preponderant majority of those Jews with whom I have spoken in Germany and Austria have no desire to leave those countries.

MAJOR MANNINGHAM-BULLER: I want to ask you one or two questions about your report. With regard to France, is there any reason to suppose that the 2,000 displaced persons in Germany and Austria will not be allowed to remain there permanently?

MR. SCHWARTZ: There is a possibility that they may be. On the other hand, up to the present time there are two groups of displaced persons in France. One is this group of 2,000 who have only recently come into France, and the other is a group much larger which came into France since 1933. The status of the German and Austrian refugees in France has never been clarified, and because

there is a rather intense feeling even in the Western countries against all Germans, whether Jewish or not, there is a possibility that these Jews will not be able to settle on any kind of a decent basis even in the Western countries. We find the same feeling in Holland and Belgium against German and Austrian Jews, not so much on the basis that they are Jews as that they are Germans.

MAJOR MANNINGHAM-BULLER: That is why you say 2,000 displaced persons in Belgium would want to go?

MR. SCHWARTZ: Except that the Belgian authorities have indicated to us not that they would want to go but they would have to go. The Belgian authorities would not want to admit them but send them back to Germany until we gave them a guarantee of maintenance for those people as long as they are on Belgian soil.

MAJOR MANNINGHAM-BULLER: The Jewish population is less than one-third of what it was before the war?

MR. SCHWARTZ: Exactly.

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MAJOR MANNINGHAM-BULLER: One point-I didn't quite follow your thought on that. You say it was revealed in an informal poll that had been taken among displaced persons that Hungarian Jews, with few exceptions do not want to go back. You mean they would rather remain in Sweden?

DR. SCHWARTZ: They would rather remain in Sweden than go back to Hungary and Poland, but they want to enter Palestine.

MAJOR MANNINGHAM-BULLER: Which comes first?

DR. SCHWARTZ: I would say in the majority they would all want to go, but in the case of relatives in Sweden there is a readiness and willingness to stay there.

MAJOR MANNINGHAM-BULLER: With regard to Italy, you refer there to 24,000 displaced persons. Could you give any indication of what proportion comes from what countries?

DR. SCHWARTZ: I should say in Italy, as elsewhere, at least 70 percent are Polish Jews.

JUDGE HUTCHESON: In Italy?

DR. SCHWARTZ: Yes.

MAJOR MANNINGHAM-BULLER: Some of them would be Rumanian?

DR. SCHWARTZ: Some Rumanian, some Hungarian, and some Yugoslavian, maybe a few exceptions.

MAJOR MANNINGHAM-BULLER: The remaining Jews in Sweden want to go back to Rumania?

DR. SCHWARTZ: Yes, there have been Rumanian Jews in Germany who would rather go back than stay at a camp in Germany.

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There are some Jews in other countries who would want to go back to join relatives they still have there.

MAJOR MANNINGHAM-BULLER: Would it be possible for you to give us the figures for those who desire to emigrate to join relatives in particular countries and those who desire to emigrate to Palestine?

DR. SCHWARTZ: I am afraid that would be impossible.

MAJOR MANNINGHAM-BULLER: You contemplate that in the future in Germany, Austria and Hungary there will really be no Jewish population?

DR. SCHWARTZ: I didn't say that. In Germany and Austria I don't think there will be a Jewish population to speak of. I think there will be a handful who might remain. As far as Hungary is concerned, there will remain a Jewish population in Hungary. I estimated, for example, that of the 180,000 Jews who are in Hungary today, if the opportunity were offered to them, about 75,000 would leave now. That would still leave a majority of Hungarian Jews there. Of the balance, not all of them might decide to stay on indefinitely. I think there will be a Jewish community in Hungary for a good long time to come.

MAJOR MANNINGHAM-BULLER: One final question. In some parts of Europe you say they express a desire to emigrate to Palestine as the practical opportunity appears.

DR. SCHWARTZ: Yes.

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MAJOR MANNINGHAM-BULLER: That is in effect the number, 600,000, is it not, if there were equal prospects of getting into the United States?

DR. SCHWARTZ: I think the number of 600,000 would be reduced if other countries in the Western Hemisphere, for example, were to open their doors to these people. The fact of the matter is, though, that there is a keen disappointment that after all that has happened, and 8 months after the liberation, no country has opened its doors.

MAJOR MANNINGHAM-BULLER: Assuming there were open doors.

DR. SCHWARTZ: There would be a reduction in the total number of 600,000.

MAJOR MANNINGHAM-BULLER: Can you give any idea of the extent of that reduction?

DR. SCHWARTZ: No, I could not.

MR. LCDONALD: Would you clarify a little more your interpretation of the meaning or the significance of President Truman's recent order as affecting this problem? What I have in mind is that many people have the impression that since the President spoke of 39,000, or something of that sort, that in some way or other you could assume that this 39,000, when the order becomes effective, would be mostly people with whom we are here concerned. Could you explain such technicalities as the matter of countries of origin, and so forth,

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under our laws?

DR. SCHWARTZ: I want to say I respect greatly, as do all of my colleagues, the spirit which led the President to make the statement that he did, and we appreciate the relief it will bring to those people who are involved. But I think there has been somewhat of a misunderstanding as to what bearing it will have on the solution of the problem of displaced persons in Germany. Of the 39,000 total numbers that are available, about 37,000 of them are for Germans and Austrians. Those are not the people in the internment camps, and there aren't that many German and Austrian Jews alive.

The balance, about 12,000, are divided up, 6500 a year, approximately, for Poland, about 800 a year for Hungary, and about the same amount--I don't remember the exact numbers--for Rumania, which means the groups with whom we are concerned, and who constitute the great majority of the displaced persons in Germany, will be able to benefit only to a very small degree from this new order that has gone out.

As I stated, even if all of the visas available under the quota law were to be given to Jews--which, I am told, is not contemplated--there would still be only 6500, which would be the maximum who could come out within any year, and if we have sixty to seventy thousand Polish Jews in those territories it will be a matter of at least 10 years, if they receive all of the quota numbers, before they could be

2-5

evacuated from German soil.

MR. McDONALD: Won't you explain about the legal position in terms of how it is based on nationality or country of origin?

DR. SCHWARTZ: The quotas, of course, are based on the place of birth of the person. It has nothing to do with nationality. A man may be a Polish national and if he was born in Germany he comes under the Germany quota. These quotas require that of the people born in those countries a certain number shall be permitted to come to the United States each year, provided they meet certain requirements and regulations. So of the Polish Jews who are now in Germany the greatest possible number that could possibly come out within a year would be 6500. That would be those born in Poland. The same thing is true of Rumania, Hungary and all the other countries.

JUDGE HUTCHESON: I think you made that fairly clear in the first statement.

I would like to ask you a question—a correction of a statement which I know you didn't mean to state—that there are no German and Austrian Jews alive. There are a great many of them in Palestine, France and England and everywhere.

DR. SCHWARTZ: I meant there weren't enough German and Austrian Jews alive within those countries.

JUDGE HUTCHESON: I knew you didn't mean it when you

2-6

made that statement.

MR. CRICK: Mr. Chairman, I would like to pursue Dr. McDonald's question a little further in connection with this particular problem. Dr. Schwartz mentioned certain conditions for emigration within the quota. Would you be good enough to tell us how those conditions relate to the present condition of the displaced persons in Europe? Is there, for instance, a requirement of ^a certain minimum of personal possessions. Is there a requirement of a reasonable prospect of ability to support oneself? Would you be good enough to tell us?

DR. SCHWARTZ: I am not a specialist of immigration, but there is a requirement that every person qualifying for a visa to the United States must be able to demonstrate that he will not become a public charge when he comes to this country. That is demonstrated on one of several bases, either the possessions which the prospective immigrants themselves have, the resources which he has, or that he has a close relative in the United States who will guarantee for him that he will maintain and support him should there be a danger of his becoming a public charge, and on the basis of that affidavit of support a visa is also given, even though the person himself doesn't have any resources of his own.

There are also health requirements; there are also moral requirements, but the most important requirement,

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from the point of view of the displaced person, is this requirement with regard to not becoming a public charge.

The President's statement has, I think, introduced an element into the situation which will make it more easy for displaced persons to qualify as people who will not become a public charge than has been the case up to now, because they will receive the affidavit, the corporate affidavit of a welfare organization stating that this person will be supported and will not be permitted to become a public charge, a procedure which hasn't been followed in the past except with respect to minor children and not to adults.

JUDGE HUTCHESON: I might say it is a matter of general immigration laws of the United States which are basic to all immigration into this country, and it is merely evidentiary that the President did not change the law. He is merely providing a different evidence of their not being a public charge as what heretofore has been required. They still must not become a public charge.

MR. CRICK: Mr. Harrison was good enough to give us some information about the occupations of these people. Will you tell me what you feel are the chances of reinstatement of these people in their old skills, which, I imagine, they haven't practiced for quite a number of years?

DR. SCHWARTZ: I think on the basis of the experience which we have had in those countries already the possibilities

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of restoring them to their former skills are very good. We have set up certain projects even in Poland and in Hungary of people who were tailors and cobblers and carpenters and mechanics of all kinds in order to revive in them the old skill which they may have forgotten. We have found that these projects have been eminently successful. Some of them have gotten back their old skills without too much difficulty.

In addition, there are large numbers of them who are going into agricultural projects in order to train themselves for living on the land in Palestine, because that is what they see as their future.

There are a number of these projects throughout Europe, young men and women getting together, getting a piece of land and beginning to work on that land, and in very many cases becoming within a relatively short time self-supporting. In that way they develop a skill for working on the soil which will make them better fitted to their life in Palestine to which they look forward.

MR. CRICK: Can you give us any written material or reference to any written material dealing with the agricultural aspects?

DR. SCHWARTZ: We could give you the material we have in our files regarding such projects in Italy; even in Germany you have some of these projects. We would be very glad to

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give you what material we have, and I am sure there are other agencies who would be able to furnish you additional material of that nature.

JUDGE HUTCHESON: One other question, Mr. Schwartz. This is also speculative because it is difficult to answer a question as to what would happen if something else would happen, but isn't it a fact, isn't it reasonable to say that a great part of this uneasiness and unrest and feeling of emigration is due to completely disrupting economic conditions in all of those countries, whether it is expressed in terms of hard times and no work, or in terms of disorder and general disturbance? Isn't that a large part of the cause of the ^aunsettlement? You could assume/certain established easily working economy in those countries, but would you still have the same answer to our question?

DR. SCHWARTZ: I am certain if you had a stable economy the numbers might be reduced, but I believe that you would still have a very decided urge to migrate.

One of the reasons for it is that it is so much more difficult now at this stage to fit the Jews into the general economy of the country than it is to do so for other segments of the population. They have suffered so much and have lost so much that it would require very, very special action to bring them up to the parity which the rest of the population already has. There is a hopelessness on the part

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of the Jew as to his abilities to once again fit into the economy from which he has been ejected.

JUDGE HUTCHESON: When the employment is close, fair employment will languish for those where the general population is hostile.

One final question. Mr. Harrison said there are only a few Jewish children. I didn't get exactly where that was. You said there were 150,000 children.

DR. SCHWARTZ: There are about 150,000 Jewish children all over Europe, which represents 10 or 12 percent of the number of Jewish children who lived before the war. You are asking for the reason why there are so few children?

JUDGE HUTCHESON: I want to know first whether the 150,000 had to do with an entirely different thing than what you are talking about.

MR. JUSTICE SINGLETON: The figures were odd figures.

DR. AYDELOTTE: May I ask you, your figures in all cases include Poland?

DR. SCHWARTZ: Yes sir.

DR. AYDELOTTE: Mr. Harrison's did not.

DR. SCHWARTZ: Mr. Harrison spoke only of Germany and Austria.

MR. PHILLIPS: May I ask about the situation in Italy? You say that the Jewish population of Italy is estimated about 52,000 and about half of that number, I understand, have

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arrived from the German and Austrian camps. Can you tell me what the general attitude of the present Italian government is toward refugees? My understanding is that before the Fascist regime there were only about 40,000 Jews living in Italy. The present number has increased very much.

DR. SCHWARTZ: The general attitude of the Italian government toward Jewish refugees is very friendly. If it were within the power of the Italian Government to do anything about the situation of those people, I am sure that they would do everything possible.

The fact of the matter is that the great majority of these displaced persons did not come to Italy for the purpose of staying there. Their purpose is not to remain in the country, and even if nationality were offered them very few of them would avail themselves of that opportunity.

MR. CROSSMAN: The simplest method would be a mass diversion to Palestine before any rehabilitation or sorting?

DR. SCHWARTZ: I have convinced myself--it is just a feeling I have fathered after a good bit of experience with it--that the best and most effective way and place of rehabilitating those people is in a country like Palestine rather than try to prepare them in Europe for their eventual emigration. That does not mean that we don't do everything possible within the time that is allotted to us to prepare those people. But I believe in the mass those people are

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rehabilitated in a much shorter time and at much less expense in a country like Palestine than they could possibly be prepared in Europe.

MR. CROSSMAN: Secondly, do you feel that the problem is too big for Palestine? If it is to try to move all the people you could in 2 years, it would be impossible to take all that number?

DR. SCHWARTZ: I have no views on that, and I would rather that expert testimony be given on that.

MR. CROSSMAN: Supposing that in the western countries they were able to contact their relatives still surviving and invite them over, would that be a substantial relief if they were able to do that? If laws were lifted?

DR. SCHWARTZ: My own feeling is that since the time Mr. Harrison left that a good many of the people now in Germany and Austria have established some kind of contact with their relatives. There are still numbers who haven't. But I would say that as of today the majority have established some kind of contact through American or British soldiers or through the aid of organizations, and so on.

Now those relatives, of course, are not in a position to just invite them, because the laws of their countries don't permit of an invitation of that kind. So I would say under present laws the number of people who could come into other countries on the basis of their relatives would be rather

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small.

MR. CROSSMAN: Don't we have now an arrangement if a relative can prove relationship they are allowed in?

DR. SCHWARTZ: It has to be a very close relationship.

MR. CROSSMAN: You think that would not really be a major solution of the problem?

DR. SCHWARTZ: Decidedly not.

MR. JUSTICE SINGLETON: How long have you been associated or attached to the Joint Distribution Committee?

DR. SCHWARTZ: Since 1939, and I have been in Europe since 1940.

JUDGE HUTCHESON: I believe that is all.

We will adjourn until 2:30.

(The meeting adjourned at 11:55 a.m.)

AFTERNOON SESSION

2:30 p.m.

Judge Hutcheson: The session will come to order.

We will hear the next appearer.

Mr. Rood: Mr. Isidore Hershfield, of the Hebrew Sheltering and Immigrant Aid Society.

Judge Hutcheson: You are to take the place of Mr. Sudarsky?

Mr. Hershfield: Yes, sir.

Judge Hutcheson: All right.

Mr. Hershfield: May I be seated?

Judge Hutcheson: Certainly.

STATEMENT OF ISIDORE HERSHFIELD,
HEBREW SHELTERING AND IMMIGRANT AID SOCIETY.

Mr. Hershfield: Let me briefly accredit myself and the organization I represent.

I am the Counsel of the Hebrew Sheltering and Immigrant Aid Society, known colloquially as the Hebrew Immigrant Aid Society, and still more colloquially and more generally by the initials HIAS, Hebrew Immigrant Aid Society. We are known throughout the world generally as HIAS. When I speak this afternoon of HIAS you will understand that I am referring to the Hebrew Sheltering and Immigrant Aid Society.

Judge Hutcheson: Will you speak just a little louder, sir.

Mr. Hershfield: Yes, sir.

The society is 60 years in existence. It is a charitable

welfare non-profit organization. It is supported by the memberships and contributions of our people throughout the United States. Its aim, as its name indicates, is to care for immigrants to this country and to other countries to which they might immigrate.

The society has been doing this work for 60 years. We are the oldest and the only organization, in fact, solely and exclusively in this field.

In connection with our work we have, of course, maintained branches and offices in European countries and in other countries of immigration, such as South America.

I will briefly make a statement to you, Mr. Chairman, and your fellow members, and then I shall be happy to answer any questions you may care to put to me that I can answer.

Our representatives have been functioning in some European countries throughout the war, particularly in Portugal and in Spain and in Shanghai. Shanghai is not a European country, of course. Since the conclusion of the war, the conclusion of hostilities, we have had our own representatives visit various European countries and we have also had communication with people there who represent us in our work.

We find that the displaced Jews and displaced persons generally, who are also called refugees, are in a very deplorable condition and we, and all persons who consider the

problem, believe that the only solution for them is immigration. They do not care to continue in the countries where they resided before or to return to those countries. I needn't elaborate on the reasons. You undoubtedly have had that in the testimony of other witnesses or shall. They do not care to resume their lives in the cemeteries or slaughterhouses of their near ones and dear ones. We find that that is so from actual personal witness reports brought to us by our own representatives, some of whom have gone abroad recently, and one of whom returned only a few days ago from Europe.

In some detail I would like to say this, that in Germany our representative interviewed many displaced persons of the different zones and inquired as to their needs. The inquiries reveal that the wish of practically all of them is to immigrate and most of them wish to immigrate to Palestine. They feel that in Palestine they will have a sense of belonging, a sense of security, and a sense of privilege, and the duty of building something that will be their's and their childrens and grandchildren.

For instance, we have interviewed various persons in displacement camps. In Zelschen, of the 2500 persons there, over 2000 had expressed a desire to immigrate to Palestine. Of the 11,000 displaced persons, displaced Jews, in Bergen-Belsen, we are advised that the great majority of them wish to immigrate and immigrate to Palestine.

There are about 50,000 Jewish refugees who have found a temporary haven in Italy. Remember these refugees fled from a devastating conflagration and they fled to any possible place of safety. They fled south, east, and some of them even went into Russia. The 50,000 refugees who have found temporary haven in Italy, among them none are desirous of returning to Germany. Some came from Germany, Hungary, Austria and Rumania. They do not care to return there.

Our representatives estimate that at least 75 percent of these refugees now in Italy have expressed a desire to go to Palestine.

(2) In Sweden our representatives report that the number of displaced persons or refugees is approximately 11,000 exclusive of those recently sent to Sweden for re-hospitalization. More than 75 percent of these persons in Sweden, brought to Sweden, are young women, and younger persons. Hereto the desire to find a permanent home is present and their wish is Palestine. The overwhelming majority.

In Switzerland many of these refugees have become permanently settled through the kindness of the Swiss Government in permitting them to remain there permanently, acquiring the right to work and the right to have security.

But there are about 50,000 Jewish persons there who have found refuge in Switzerland from 1936 to 1945 and who are still there temporarily. Over 11,000 of them desire

to find permanent places and permanent homes in Palestine.

In Poland, and Poland is a sore spot in the picture, despite the efforts of the Polish Government to counteract anti-Semitism, the Poles have been and I am afraid for a long time will be intensively and aggressively anti-Semitic.

May I digress for a moment, Mr. Chairman and gentlemen of the committee, to interject this personal note.

During the last war, before we entered the war, I spent nearly a year in Poland doing relief work for my organization. Immediately after the armistice, two months after the armistice, I was back in Poland for the Joint Distribution Committee and spent nearly three years there. In all I have spent about four years in Poland. That gave me the opportunity of close study and for coming to know the Jewish situation in Poland.

The Government was not at that time anti-Semitic. I do not accuse the Polish Government of ever having been or of now being officially anti-Semitic, but the Poles simply don't like the Jews and show their hostility in every way. Many of these refugees fled from Poland and now are in central Germany, in camps, where they are liberated, but still not free men or women, and do not wish to return to Poland.

The few who have returned, many of them have re-immigrated westwardly from Poland into central Europe.

Now, people don't wander around just because they have the wanderlust. Tourists with money may wander around to see new places, new countries, new customs and taste new foods, but poor people prefer to stay where they were born and where they belong, and the fact that these people are fleeing today from Poland is not because they want to but because, again, they have to, to save their lives and save any possible chance of future security.

Now, those who have returned to Poland, and those who have not yet gone to Poland, those who have returned to Poland and since fled back eastwardly out of Poland, overwhelmingly desire to immigrate, and again overwhelmingly desire to immigrate to Palestine.

In Yugoslavia we are informed that of the 71,200 Jewish persons who lived in Yugoslavia only 9,000 have survived. Of these 5,000 continue to live in Yugoslavia, 2200 live in Italy temporarily, 500 have already immigrated to Palestine, and there again the majority of these in Yugoslavia wish to get out. It is their only chance of life and of safety, both for themselves and their children. The place they want to go is to Palestine.

In Rumania the picture is the same.

We have submitted a memorandum to the committee which undoubtedly will be read and carefully considered that gives more statistics.

Shanghai was a great place of refuge from Hitler before the war commenced. In Shanghai today the figures that I have here show that there are 15,000 Jewish refugees but I am sure that is a great understatement. I believe, and have good reason to believe, that there are in Shanghai at least 25,000 Jewish refugees who came from Germany and central Europe. This was, of course, before 1939, before the war. Their position there is insecure, and now particularly, with the making of peace and the readjustment of territory there.

It is understood that Shanghai is being returned to China and China does not want these temporary refugees in Shanghai. China has stated that they will have to evacuate. Where will they go? Palestine seems to them to be their best hope and the best place that they can go to and where they will be welcome.

Now, coming down to the tail end of my thought. First with relation to the surviving Jews and the possibilities of immigration. Our society recommends that immediate steps be taken to provide them with those documents necessary for immigration, which they can not now procure because of their statelessness. Immigration is a very involved technical affair, gentlemen. It isn't like going from Washington to Florida or to California. In that case you buy a ticket, you get on the train. There are all kinds of official, legal

technical hurdles to be met and overcome.

Production of valid passports, production of birth certificates, production of police certificates of good conduct. It is this kind of work that we have been busy on for years in Europe, had been before the war.

We recommend that administratively these matters be attended to and looked after and made, I was going to say, as painless as possible, but I would rather say make them as equitable as possible. Certain consular officials should be set up so that these preliminary steps for immigration may be speedily completed. I mean consular officials of all countries to which they can immigrate. That is, countries of immigration.

Referring not merely to British Consulate and American Consulate, but also consulates of other countries which may be willing to receive and accept them.

And, further, and perhaps most important, open the doors of Palestine so that those who, in sufficient large numbers wish to go there, can get there.

It is an anomalous situation, gentlemen, that while by law and by the action of our American Government Palestine is the national Jewish homeland, it is anomalous that today it is the only country to which Jews are not admitted. I, a native American citizen, can obtain a visa to go to Peru, or Brazil, we will say, Sweden or Denmark, of China, but I

cannot obtain a visa to go to Palestine because I am a Jew.

In the diplomatic history of our country we had such a situation only once to my knowledge. That was when we had a treaty of amity and commerce with old Russia, Czarist Russia. Like all treaties of amity and commerce it provided for the reciprocal rights of the nationals of each country to visit, travel in, and sojourn and reside in that other country. But Russia set up a restriction. It would not recognize American passports and grant visas to the holders of those transports if those American citizens, holders of American passports, were Jews.

The situation became intolerable and finally, during the administration of President Taft, for the reasons I have mentioned, for this discriminatory restriction against Jews -- and those were the days before we had Hitler, or anything else -- for those reasons we denounced and terminated our treaty with Russia.

Now, Palestine not only seems to be but actually is the one country where two things exist, namely, Jews want to go there, and Jews are welcome there. There are no restrictions as to entering Palestine for non-Jews. You gentlemen of the committee, even if you weren't going to Palestine in your official capacity, could obtain visas on your American passports to go to Palestine and settle there, if you met all the necessary governmental regulations,

but, as I said a moment ago, I could not, merely because I happen to be a Jew, although some of my best friends are Christians they couldn't help me.

I will leave it to the organizations that have or will appear before you to tell you in greater detail what Jews have done in and for Palestine and for non-Jews in Palestine during the last 27-28 years.

As to the absorptive capacity of Palestine, that is not within the province of our society, nor will I touch upon it. I am sure you will hear from Dr. Lowdermilk, one of the officials of our American Government who has made a study of it. I will only say that guesses -- g-u-e-s-s-e-s -- that guesses as to the absorptive capacity of Palestine have been many in the last 15 years and have all been wrong. The various Palestinian inquiry commissions that have preceded your gentlemen have busied themselves, among other things, with the question of the absorptive capacity of Palestine. The famous Peel Report said that Palestine was chuck full to the brim, that you couldn't get another Jew in, yet since Hitler alone some 350,000 Jews, at least, have come into Palestine. They haven't over-crowded the country. They have developed the country agriculturally and industrially and by doing that they have made more room for more Jews who want to go there and who are welcome there by the Jews.

(4)

In conclusion, gentlemen, in the light of these observa-

tions, our society makes the following recommendations for a permanent solution of the problem of displaced Jews:

The major possibilities for the absorption of displaced Jews in Palestine should, of course, be thoroughly utilized. The civilized countries of the world should also make provision to absorb proportionate numbers of these displaced Jews. Our society is prepared to continue its work on an expanded and larger scale. All this machinery of visas and passports and birth certificates and police certificates, certificates of residence and certificates of employment, certificates of non-employment, and health certificates, those are matters which we are familiar with. We have had 60 years experience in handling those symptoms of unhappy people who must immigrate. We are prepared to continue that work and expand it. We can get the additional funds. We have never been short of money.

The Jews of America and some non-Jews have been very very generous in supporting us.

And if that is done we believe that this committee may be able to come to a solution of not only the immediate Palestinian question but of the larger question, which I understand is also within the scope of this committee, of handling these displaced persons generally.

Now, if you have any questions, gentlemen, I shall be glad to try to answer them.

Judge Hutcheson: I don't have any questions. Do the other members?

Mr. Justice Singleton: I don't propose to ask anything except I think, Mr. Hershfield, that you might make our minds clearer, certainly mine, if you will amplify what you said as to your recommendations for a permanent solution.

You said "The civilized countries of the world should make provision to absorb each a proportionate number of displaced Jews."

I don't know what that means. Proportionate to what?

Mr. Hershfield: I mean, by proportionate number, according to the population of the various countries, for instance.

Mr. Justice Singleton: Then there wouldn't be many left for Palestine, would there?

Mr. Hershfield: Oh, that has nothing to do with Palestine. This point I make is as to immigration generally.

Mr. Justice Singleton: I thought you meant that there should be an absorption of the displaced Jews by reference to population somewhere. That has no regard to Palestine?

Mr. Hershfield: No. Let me develop that a little further. When I say proportionate I mean according to the size and unsettled condition of various countries, territories, according to the population.

For instance, Australia. Australia has a population, I believe, of about 7,000,000. It could easily absorb another

7,000,000. I am not inviting them to accept 7,000,000 Jews. There are not 7,000,000 Jews left in all Europe since Hitler. But Australia could, through the intervention of your committee, and through other governmental diplomatic negotiations, could accept a substantial number of immigrants.

Mr. Justice Singleton: All I wanted, Mr. Hershfield, was the basis of the proportion. You said population a moment ago. I don't know quite what you mean.

Mr. Hershfield: A closely populated country, let us say like Ecuador, could not absorb as many as, say, Brazil, or a country like Canada.

Mr. Justice Singleton: What is the basis there?

Mr. Hershfield: The basis would be the population of each country, its territory, and how much of it is still more or less virgin territory to be developed and settled.

You know, just about 100 years ago Professor Samuel S. M. Morse, the inventor of the electric telegraph, who was a great painter, lived. His way of making a living was to act as Professor of Art at the University of the City of New York, where I graduated in law quite a few years ago, and some of whose paintings are here in the National Capital. Professor Morse was also a dilettante publicist. He loved to write about public questions. He wrote a brochure which he sent to every member of Congress, about a hundred years ago, of the dangers of unrestricted immigration to the United

States. He viewed with alarm the condition of our country 100 years ago and what was happening to it because of immigration.

Well, that was another wrong guess. Nothing has happened to our country in the last 100 years because of immigration, except that we have become stronger numerically, economically, spiritually and financially, we have made many improvements.

Are there any other questions?

(5) Dr. Aydelotte: Mr. Hershfield, I would like to ask you to comment on one item of your report which you did not mention.

In your recommendations, which I read with great interest, in connection with the temporary expedience that might be resorted to, you suggested these steps be taken pending their transportation to future permanent homes, to transfer those in camps to nearby countries where they can be properly cared for.

I would be grateful if you would expand on that.

Mr. Hershfield: That is rather a pious wish, gentlemen. I don't think that that is possible. I don't think there are any nearby countries to central Europe that want them in any number. If it could be done, like all pious wishes, it would be very fine, but in the brief experience of my few years on this mountainous job, I have found that pious wishes start and end in pious hopes and that is all.

Mr. Crum: Wouldn't that same comment be true about the first permanent proposal of yours?

Mr. Hershfield: How is that?

Mr. Crum: Wouldn't your last comment, that it is a pious wish, be true of that first permanent proposal?

Mr. Hershfield: It may or may not be true. I think that it would be very fine if the result of this commission would be to go beyond this Palestinian question you are charged with and see if you could not find permanent places of safety and security.

Mr. Crum: Could you tell us any presently?

Mr. Hershfield: Some of the South American countries, in small numbers. I see no reason why Canada and Australia, if they were properly appealed to, they wouldn't see the light. Australia was in great danger during the war. One of the reasons was because of under-population.

Mr. Crossman: Mr. Hershfield, you mentioned that we should open the doors of every civilized country in the world. You mentioned Australia and Canada but you did not mention Britain or America. What do you think of the possibilities there?

Mr. Hershfield: I would include the South American countries, Canada, Australia, New Zealand, and some others.

Judge Hutcheson: That wasn't the question. He wanted to know if you included the United States and Britain.

Mr. Hershfield: I haven't prepare a blueprint for the committee. I have just thrown out my view. I hope that the committee can not only find a blueprint but make it a detailed working plan for use; a plan and specification.

Mr. Crum: I think you misheard the question. The question was as to immigration into the United States and Britain. I think your society has been especially concerned with problems of immigration into the States. What are the problems as they seem to an expert? What is the possibility there and what are the difficulties?

Mr. Hershfield: I didn't quite get your question, sir.

Mr. Crum: It is as to the problem of immigration into the United States. I think your society is very vitally concerned. Perhaps you could tell the committee the problems to be faced in that and the possibility there.

Mr. Hershfield: As you all know, President Truman has recently directed that administrative work be done so as to admit some 39,000 refugees to the United States who are admissible under the quotas as that would require no change of the law. If the law could be changed to increase the quotas or use unused quotas of certain countries for nationals of central Europe that would help. Administratively we will never get the 39,000 unless we administratively make it simple and realistic. Do away with some of the impossible requirements.

Have I answered your question?

Mr. Crum: Yes.

Major Manningham-Buller: About this proportionate number of displaced Jews, I understand you mean proportionate to the population and area of the country concerned? I was wondering if you could give any indication of the population say of the square miles of Palestine as it now is compared with the population of those square miles of Great Britain and other countries.

Mr. Hershfield: No, I haven't those figures in mind. But Palestine is in a position different from the other countries. Palestine has been, I was going to say, adjudicated, but it is not adjudicated, but has been as a matter of law, of international law, been established as the Jewish homeland.

Major Manningham-Buller: I think the words of the Mandate are "A Jewish home".

Mr. Hershfield: A Jewish homeland. I won't quibble about the different article "The". But Palestine has been constituted the Jewish homeland. Jews, therefore, have more right to go there than any other country. Furthermore, the people in Palestine, the Jews in Palestine, all want them there. They are welcome there. That situation does not exist in any other country that I know of.

(6)

Major Manningham-Buller: One other point. You did say that the Peel Report said that Palestine was full to the

brim. Didn't you mean the Simpson Report? You said the Peal Report had said that Palestine was full to the brim. Didn't you mean the Simpson Report of 1930?

Mr. Hershfield: The Simpson Report and the Peal Report said that Palestine's absorptive capacity was at the limit, exhausted.

Major Manningham-Buller: Will you point out to me the passage in the Peal Report, because I don't recollect it.

Mr. Hershfield: Well, if I am wrong I am sorry to have made a misstatement. Of course, the Simpson and Peal Reports, and the reports of all your predecessor inquiries, are available to you, and no doubt you will have them and will study them. If I have made any misstatement, if I have made any unintentional error, I regret it.

Major Manningham-Buller: One further point. You gave the figure of refugees in Italy as, I think you said, 50,000. 50,000 refugees who had found temporary haven in Italy.

Mr. Hershfield: Yes, sir.

Major Manningham-Buller: We had evidence this morning that the figure was somewhere in the neighborhood of 24,000. I was wondering if you could give us an indication as to how you got the figure of 50,000.

Mr. Hershfield: I think, gentlemen, in the memoranda, the formal memorandum that our society submitted to the committee, there are detailed statistics and detailed figures.

This memorandum that I have is merely the result of a telephone interview with our Executive Director this morning and I had some notes made of it.

Major Manningham-Buller: The same figure appears in your detailed memorandum but it is double the figure we were given this morning.

Mr. Hershfield: Then I prefer to stand by our figures and the other figures are wrong.

Judge Hutcheson: I think the time allotted to this society has been reached. Is there someone else that wants to speak for your society?

Mr. Hershfield: No. Mr. Sudarsky was billed to speak but he knew of the appointment only this morning and couldn't get a plane.

Judge Hutcheson: And you represent him?

Mr. Hershfield: Yes, sir.

Judge Hutcheson: All right.

Mr. Hershfield: In American slang I am pinch hitting for him. That might account for the weakness of my presentation before the committee.

Judge Hutcheson: All right. Is there anything else?

Mr. Hershfield: I think not. I thank you.

Mr. Reed: Mr. Robert Nathan. Mr. Oscar Gass appearing with him.

STATEMENT OF ROBERT NATHAN

(Accompanied by Oscar Gass)

Judge Hutcheson: You may begin when you are ready, sir.

Mr. Nathan: Mr. Chairman and members:

I should like to make a couple of prefatory remarks before entering into the substance of the subject which we are to discuss this afternoon.

First, I am here, with Mr. Gass, Mr. Oscar Gass, associated with me in the development of this study and the preparation of the report, we are appearing here as individuals today, not representing any organization.

Briefly, the study which we have made of the economic potentialities of Palestine and of the absorptive capacity of that country was undertaken by myself and my staff for the American Palestine Institute. I was hired late in 1943 and requested to conduct a study, myself and my staff, independently, on the absorptive capacity of Palestine and to try to do an objective job.

The American Palestine Institute was, I learned then, a non-profit, non-political organization which had been set up for the purpose of making such a study. I was hired by the President of the Institute. I had set up as an independent consulting economist. He hired my organization to do this job.

It was clearly stated to us that the purpose of the study

was to engage in an objective appraisal which would help clarify the economic issues. Apparently there had been contentions as to whether Palestine, being a small country, was already over-crowded, or whether you could take 10 million people in over-night.

It was felt by all groups that such a study was necessary. It was financed by contributions by persons of all shades of opinion on Palestine.

(7) The study was a very comprehensive one -- at least, as you gentlemen already know, by bulk. This is the advance confidential copy of the report. I would like to mention briefly how we went about this study.

Originally we had contemplated that the project would require one year. Mr. Gass was the Director of Research of my organization. I had Daniel Cramer, who became one of the co-authors of the final report, and I had three or four other economists. We had altogether seven or eight economists working on the project. We thought that within three or four months in the United States we would assimilate all of the background material and then go over there and spend about three months on the site and then come back here and prepare the report.

Due to a combination of circumstances, one of which was getting access to the country, we were here for eleven months. In those eleven months the staff and myself digested

and abstracted, I think, about as comprehensive a set of documents as I think could be conceived. We took every type of report, publication, statistics book, everything else we could get, and studied them through carefully. Before we left for Palestine we prepared very comprehensive questionnaires to be submitted to the State Department, the British Colonial Office, and the Palestine Government.

We did get permission to go to Palestine. We left a little over a year ago, early in December 1944, and we stayed in Palestine, the three of us, for two and a half to three months. I stopped in England on the way while Mr. Cass went direct. We really covered the country.

We went from Matula to the Dead Sea to the Mediterranean. We visited Arab villages, cities, factories, institutions, talked with hundreds of people. Then we came back to this country late in March and prepared our report.

I may say that while in Palestine we had excellent cooperation from the Government. Lord Gort and Mr. Shaw, the Chief Secretary, cooperated in making available to us all documents and records and reports and special tabulations. The Jewish agencies were exceedingly helpful.

Returning to this country in March we began to prepare our report. It was completed late in the fall. It is now in page proof. We hope, gentlemen, to give you copies of the printed report very soon to replace the voluminous mimeographed

report. The printed report will not be much smaller but it will be easier to handle.

In working with the galley proof we made no substantive changes. For all intents and purposes the copy you have is a copy of our official statement.

There are three authors. Mr. Gass, myself, and Mr. Cramer. Mr. Cramer is now in Puerto Rico making a study for the Government.

With that background I will go ahead, if I may. I will be brief because the report is very a comprehensive one, with all kinds of data, analyses, conclusions and suggestions, that I hope will be very helpful to the committee.

Now, the country of Palestine is small, consisting of 10,000 square miles. It is almost as big as Belgium and the Netherlands. It is one-fourth larger than Massachusetts. But it is a country with diverse relief in geographical characteristics. It has the climate of South California. Except that when we were there last year they had the heaviest winter rains in their history. I am happy to hear that you are going there later in the season. It has mountains and valleys. It has rivers, desert, and a lot of water in some places.

The development of Palestine over the last 25 years is a rather phenomenal one. The population today is almost three times what it was in 1919. That is really an unparalleled

rate of growth in any country. Unparalleled to my knowledge.

During this period there has been a substantial increase in industrialization, productivity, and from all evidence the standard of living. The ratio of the population is 2-to-1, roughly, Arab to Jew. The ratio of population in 1919 was roughly some 9-to-1 Arab to Jew.

The country is a rather fascinating one from an economic angle because interspersed within one geographic area there exists only two economies that are very dissimilar and that are unique to each other largely.

The Jewish population of Palestine is largely characterized by westernized devices and techniques, productivity and manners of life, different housing, different kind of dress, different language. The occupation proposition of Jews and Arabs is very dissimilar. It has been estimated that anywhere from 60 to 80 percent of the Arab working population is engaged in agriculture. 20 percent of the Jewish working population is engaged in agriculture. As a matter of fact, the occupational background of Jews in Palestine is not very dissimilar from the occupational breakdown of our total American population nor of the British.

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The manufacturing activity in Palestine is approximately five-sixths in the hands of the Jewish population. The type of agriculture differs, except in citrus. Citrus breaks almost even between Jewish and Arab control. Other than

citrus the Arab agriculture is large cereal. On the Jewish farms it is mixed. There is a lot of dairy activity. There is quite a difference, other than in citrus, as between intensive use of the land. In the Jewish farms you have irrigated land. They use industrial farm equipment and have intensified techniques and processes.

As a matter of fact, with 2-to-1 ratio in population, the Jews own about 6 percent of the land of the country. They account for about a third of the people but about 6 percent of the land.

There are many other ways in which life is different, the standard of life is remarkably different. The per capita income of the Jew is roughly a little more than twice that, pre-war, of the Arab. Jewish prices are somewhat higher but even in real terms it is approximately double that of the Arab.

In the past 25 years there has been a tendency for convergence of the two economies but it is very slight. The rate of progress of the Jewish economy since 1919 has been substantial. The rate of progress of the Arab has been substantial but not obviously so.

As far as the country is concerned perhaps the most phenomenal development over the last 25 years is the development of manufacturing activities. Now, in 1919 Palestine had very little manufacturing activity, mainly of a handicraft

or homework nature. Even by the time of World War II, before it broke out, manufacturing production in Palestine increased very substantially. Whereas the population had less than trebled, manufacturing production increased something like sixfold. Whereas the Jewish population had increased sixfold capital increased twenty-onefold.

Value of production is a little hard to measure because of the changes in prices, but there has been a substantial change even before the war in Palestinian manufacturing activity. One of the developments was the marked sharp increase in citrus production, especially in the 30's. You had a substantial development of the citrus industry, the production of which, I think, objectively, is a very satisfactory one.

Over the period of the last 25 years there has been considerable irrigation. I say considerable advisedly. Considerably compared to what it had been before. It is still stoddy. Today in Palestine 400,000 dunnen are irrigated. The large percentage of irrigation is done by wells. They drill for the water and irrigate the land. A moderate percentage of the land is irrigated by springs and drawing the water from rivers and the lakes. But that use of irrigation has permitted a degree of intensification and concentration of products like citrus and other specialized products.

Electricity from 1926 to 1940 increased 80-fold. That should not be startling because there wasn't much electricity in 1926. I have talked about it with people in Jerusalem. In the mid-20's there wasn't very much use of electricity. Today it compares in that respect with most any city. Certainly Tel Aviv, a modern city, which 25 years ago had 2,000 people, today having 170,000, is very modern.

The Government receipts in Palestine increased fivefold in the last 25 years.

There are other measures, in our report, of all kinds of detail, and I won't go into them, but which will indicate the nature and character of the economic development of that country in the past 25 years.

During that period Palestine's exports have increased very substantially but primarily in the citrus field insofar as exports are concerned. Just before the war citrus accounted for some 70 percent of the total export.

The development of Palestine in the last 25 years, in terms of export, domestic production, and immigration, has been conditioned by a number of very important factors which I would like to just briefly mention and come back to it later when we are discussing the possibilities. It has been conditioned by the types of people that come in, the kind of skills that they bring, the basic capacities that come

along with them. Conditioned by the sources and amount of capital.

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It has been conditioned by the natural resources.

Palestine would not be characterized as a country with fantastic resources. The soil is good, certainly in places where there is water for irrigation. The Dead Sea has excellent chemicals. Potash, magnesium. It certainly has been conditioned by Government policy. Government economic policy. That has been a very important factor in the degree to which it has or has not developed up to today. The war came to Palestine and the economic situation changed rather markedly. Palestine had been importing tremendous quantities of food, capital equipment, most of its durable goods. The war suddenly denied that country access to shipping capacity and access to material. As a result, Palestine's self-sufficiency in the sense of producing food required for her own consumption increased rather substantially during the war; but most important Palestine's industrialization speeded up.

I was amazed to find foundries making automobile parts and repair parts and containers for fuel oil. Some of these products, glass instruments, certain kinds of scientific instruments, those were not tremendously large in quantity, because most of the expansion in manufacturing in Palestine during this war was in consumer-type goods or goods that

did not require a major reconversion from war to peace or a major reconversion from peace to war. Certainly the task of changing over from Palestine's pattern of production from war to peace was a much less difficult task than we had in the United States or that you gentlemen on the British side have had in Great Britain.

But it was a period of a very substantial increase in reproduction of manufactured goods. Not only for domestic consumption, to replace previous imports, but also for sale to the British for military purposes and sale to other Middle East countries.

So that we find Palestine today, at the end of the war, with a basis for industrialization that had been firmly established, not very large but firmly established prior to the war, and which was expanded tremendously subsequent to the war. Its establishment is perhaps illustrated by the fact that total manufacturing employment in Palestine was only 10,000 in 1921 and grew to 48,000 in 1939. By 1943 it was 64,000. There was the establishment of that degree of industrialization, that does give to a country modern industrial characteristics.

We analyzed the national income of Palestine. As some of you gentlemen may know, Collom Clarke broke down the economic activities into primary, secondary and tertiary, and pointed out that the most advanced countries, countries

with the higher standards of living, have a larger proportion of their resources diverted to the secondary and tertiary than to the primary. If you compare Palestine to other countries it falls almost solidly within the American-British category as distinguished from some of the less advanced countries. I was thinking of the Jewish segment of Palestine.

At the war end Palestine is faced not with a serious reconversion problem. We came to the country to see what could be done in terms of economic possibilities. The problem of the future of Palestine, the problem of production, is one which I should like to open by expressing a word of caution. Having worked for many, many years in economics in this country, both on peacetime problems and mobilization for war, and more recently on reconversion from war to peace, I think it is only fair to myself to state that when one is dealing with economic factors and questions of the nature posed to us there is obviously a wide margin for interpretation and analysis and judgments in the conclusions that one must draw. It is not precise in that you put a few figures into a jar and turn it over and out comes an answer.

Our purpose in undertaking this, in trying to arrive at conclusions -- rather, not our purpose but our procedure and goal and objective, was to attempt to appraise all the possible factors we could get hold of and understand, take those factors and to carefully fit them into as intelligent

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and coordinated a whole as possible. Obviously there were certain assumptions involved in our analysis and our survey and very briefly I would like to mention some of them.

First, of course, was the assumption that there would be immigrants available. That, just as all other economic phenomenon, it is a supply-demand situation. From Palestine's point of view it is the supply. It was the assumption that immigrants would be available. I might add that within our report you will find a chapter in which we tried to make the best estimates we can as to what the probable demand will be for immigration into Palestine on the part of individuals throughout the rest of the world.

Judge Hutcheson: That is, the demand into supply?

Mr. Nathan: That is right, sir.

We come to the conclusion in that chapter that, as we can see it today with the current situation and conditions, perhaps between 600,000 and one million and a half Jews would like to go to Palestine. There is a whole subject in the report on that.

Mr. McDonald: You mean not merely from Europe?

Mr. Nathan: This includes not only Europe but the whole world, all other countries where there might be small numbers.

Another assumption concerned the availability of capital necessary for development, and we did not make any assumption that there would be a highly skilled large number --

rather a large number of highly skilled people coming in among those that would be seeking entrance into Palestine. That is a little different from the past history of the country. The past history is primarily one of people with special skills, special capacities and large numbers with capital. But we didn't make the assumption that there would be unusual skill characteristics on the part of these people seeking entry.

Most important of all, we assumed that the Government would play a positive role in the development of that country. I would like to deal with that more fully later.

We did assume that the Arab-Jewish trade in Palestine would grow. That trade within the Arabs and Jews would grow. Gradually and slowly, but that it would grow, and that there would be an improvement in the economic relations between them.

We made the assumption that there would be moderate growth in trade with other Middle East countries. That the Jewish goods would not be denied a market in other Middle East countries.

We assumed in our appraisal of the absorptive capacity that the standard of living of the Jews in Palestine would not decline or be permitted to decline.

We made the further assumption that the standard of living of the Arabs would increase gradually and we felt that

a 20 percent increase over the next decade in Arab standard of living was a reasonable assumption.

Those were some of the general background ideas that we carried along with us as we plowed through this material.

Now, as far as our approach was concerned, in arriving at a figure we were debating as to whether or not we should try to do an absorptive in a limitless sense -- limitless in time. It became obvious to us early in our consideration of the problem that to try to say Palestine has an absorptive capacity of 10 million people ultimately was nonsense. One can't make such an appraisal in the abstract without having a sense of proportion of the capitals and skills and so forth. We decided to confine our analysis to the next decade. Only to the next decade.

We came to the conclusion that within the next decade, on the basis of modest assumptions, Palestine could absorb at least 600,000. We used the figure of 615,000. That is, Palestine could absorb at least 615,000 Jews in the next decade. That represents a 3 percent population increase per year. We concluded that under more favorable assumptions, nothing extreme, but under the more favorable assumptions, Palestine in the next decade could absorb 1,125,000 Jewish immigrants. That is a range between 3 percent per year and 5 percent per year.

Mr. Crum: Will you give the last figure again, please?

Mr. Nathan: 1,125,000.

We also concluded that coupled with that Jewish immigration there would be approximately a 10 percent additional immigration.

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That is 10 percent beyond the Jewish or non-Jewish immigration. That 10 percent represents past behavior. Roughly in the past 25 years they have been about 10 percent non-Jews immigrate into Palestine as have been Jews, and we think that is a reasonable assumption for the future.

So that in our report we have these figures broken down as between Jews and non-Jews and between what the population will be and will not be.

I may say that with the larger figure of 5 percent of immigrants per year, the total population in ten years from now will split almost evenly between Jews and Arabs. A slight majority to the Jews. About 51 percent.

As to whether or not that 615,000 is easily attainable, whether it is really a minimum, whether it is larger, depends of course on the assumptions I have outlined.

Whether or not the 1,125,000 is a maximum depends on these factors. I feel that if all of the factors were carried out on the positive side, Government aid, skills, capital, and so forth, in the most extreme degree that any one could conceive, that the 1,125,000 might prove to be a very conservative estimate. But we feel, in terms of normal

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relationships, normal absorption, in a common economic sense, that this represents our range of reality.

We went about estimating this absorptive capacity by taking each industry in Palestine and trying to carefully appraise what the economic prospects were . It was industry by industry.

For instance in the chapter which you gentlemen have on manufacturing, there the whole category of manufacturing in Palestine was broken down into three groups of production. One group was production for export, world export. The second included production for home consumption. The third included production that could be exported within the Middle East. That is, area advantages attached to their production in Palestine.

In all three, an attempt was made to make as careful an appraisal of what they gross prospect was as we could do. We did the same with citrus. We studied the trend of citrus consumption in the world before the war. We studied the sources of citrus. The United States, Spain, Italy, Palestine.

We studied markets. We studied the costs of citrus in the United States, the costs of citrus in Palestine, in an attempt to get some idea as to whether Palestine is going to get an increasing proportion of the world market, can it compete, are its costs out of line with American production,

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what are the factors in the growth possibilities of citrus in Palestine.

We emerged with the estimate of what we thought might be done in the next decade. We did the same with citrus concentrates and juices.

Take potash. There are tremendous resources of potash in the Dead Sea. What has happened to potash production in recent years. Is fertilizer being used increasingly? What are the cost factors. What is the competitive -- the competition of Palestine's potash with American and German?

These are the kind of questions we attempted to appraise in deciding what the prospects were for potash production.

In that industry-by-industry appraisal, we did arrive at an estimate of what we thought the increase in manufacturing might be.

We did that for agriculture. We did it for trade and services.

Then we went into the field of irrigation. I understand you are going to have experts much more qualified technically than I am to discuss that with you. We did study the irrigation proposals in Palestine, and there are dozens of them.

Suggestions of how to irrigate, where the water will come from, how much water there is, how it should be pumped,

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construction provide.

I might say that we were concerned about too much being diverted to construction purposes, and being stolen away, so to speak, from manufacturing and agriculture.

Well, as a result of those analyses, we came to this conclusion; that three to five percent is the range of what we call reasonable, minimum and reasonable maximum possibility in the next decade.

We think that, in view of the question raised that that this issue of whether or not a hundred thousand can be absorbed in Palestine, on that question we don't think there is any doubt. Today there is really a shortage of manpower in Palestine. It would require capital. It would require raw materials to engage in the operations that are necessary. But there is no doubt, from the point of view of economic absorption that Palestine could take 100,000 almost immediately without too great economic difficulty.

In conclusion, I would like to just raise two or three broad problems which, in our judgment are extremely important in making this appraisal of what Palestine is like economically, what it can do, what it can be.

In our report we raised dozens of issues which, I might say, frankly we are very critical of, on the way the policies have been adopted and followed.

Palestine is going, in the next decade, if it is going

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to 1,125,000 people, is going to need a lot of capital. Some people thought that Palestine is a charity economy. We believe that prior to the war Palestine was fairly self-sufficient. Self-sufficient in the sense that the people could provide their own livelihood at their good standard of living, good standard of living for the Middle East, not as high as ours, but good; they could provide for themselves and provide for their capital expansion, expansion of their own numbers, but they couldn't save enough to provide for capital expansion for newcomers.

If one studies the history of any country and thinks in terms of rapid development, it is recognized that that country must be a capital importer. Palestine has been, in the last 25 years. People have come in. They have had to have resources with which to work. They have had to have homes, schools, factories, farms, all things necessary for the maintenance of life.

But as far as the people were concerned, it was largely self-sufficient.

If these people come in now, they are going to have to have capital, not only with which to get themselves started off economically, but also to get themselves into condition, many of them to work.

Now, interestingly enough, and this rather startled me when I got into the subject, I found, in the capital imports

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in Palestine , up to World War II, from World War I to World War II, 75 percent of all the capital imports came with the immigrants. Twenty-percent came from national contributions. I think a lot of people are inclined to think that the national contributions of the Jewish National Fund and the Hadassah account largely for the financing of the immigrants.

We are doubtful whether the new immigrants, the immigrants from here on ~~are~~ likely to come in with anywhere near the capital of the previous immigrant.

Of course, that large capital inflow was partly as a result of the immigration policy, which denied immigrants the right to come in without capital.

First it was 500 pounds. Then it went up to 5,000. When Hitler started to chase the Jews out of Germany, they did leave with resources. Those now are without resources. We feel that in the next ten years there will be required somewhere between 475 million pounds, and 675 million pounds from outside sources. Capital will be required for the immigration of 615,000 to 1,125,000, which means 1,900,000,000 to 2,900,000,000.

Mr. Crum: That is within ten years?

Mr. Nathan: Yes. Those funds can come from a wide variety of sources. I will not go into the details of Palestine's sterling balance, but at the end of 1944, she

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had a sterling balance of 125 billion pounds -- 120 million pounds. That was Palestine's sterling balance at the end of 1944. We think today it is about 144 million pounds. That is very largely savings in wartime.

A substantial part of that should be available for the capital required in postwar.

We think the Palestine economy, if it is a prosperous one, can provide a lot of savings out of its own capital development. We think that foreign companies might invest some amounts in industry in Palestine, at least if the economic and political questions are solved.

Finally, there is the question of borrowing through international funds, and finally there is the question of reparations. Those are extremely important because the magnitude is sizable. But the availability of capital at low interest rates is going to be one of the determining things as to whether the potential is going to be realized.

Now, we feel that the development of Palestine by the Jews has resulted in a substantial benefit to the Arabs. That benefit has manifested itself in numerous ways. It results from a number of factors. The life expectancy of the Moslems in Palestine has increased very substantially. Infant mortality has dropped measurably since the entrance of the Jews into Palestine. The increase in Arab health seems to be correlated with proximity to Jewish settlement.

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In those categories or branches of the Palestine country where there is a larger proportion of Jews, the decline of infant mortality has been greater than in those where there is not.

The living conditions of the Arabs have been improved considerably by the presence of the Jews in Palestine. The Arabs have sold many of their agricultural products to the Jews. Their public services have been enhanced by the Government's financial ability to pay more as a result of their revenue from this increased economic activity.

Finally, the Arabs have benefited, not so much the masses, from the sale of land to the Jews, at prohibitive prices.

We feel that further immigration would, under the favorable circumstances and assumptions provided, would enhance rather than harm the Arab standard of living.

Now, one final point.

This, in our estimation, is the most important of all. That is that the primary determining element in the future of Palestine, the economic future of Palestine, -- and that is all we are discussing -- is the role of Government. That is going to be the most important single determining element in the absorptive capacity of that country.

Up to date the role of Government in Palestine has been at best, neutral. It has not been a positive force, in making

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the most of the economic possibilities of that country.

In many cases it has operated under the presumption against immigration rather than pro.

The slowness with which land has been settled in Palestine is retarding. Further intensive agriculturalization, either by Jews or Arabs must be had. The Government has done almost nothing with respect to irrigation. Most of the irrigation has been localized and there has been wasteful crisscrossing of wells all over the country. The large flows of water in the Jordan and other rivers have not been diverted for large-scale irrigation purposes. It cannot be unless there is a positive policy of aid.

The price of fuel in Palestine is really scandalous in my estimation. Fuel comes from Iraq. It comes by pipeline to Haifa. The price of fuel at Haifa is the Gulf of Mexico cost basis. That is, the cost of fuel at the Gulf of Mexico. As a result, that has retarded the electricity development, retarded motorization, and has retarded a lot of economic growth. The Government policy with regard to foreign trade has likewise been indifferent. The mandate provided there should be no discrimination. Countries dropped their goods on Palestine and Palestine was hopelessly helpless in terms of retaliatory measures. There were no reciprocal trade agreements. Other countries engaged in bilateral trade activities, which after 1926 seriously harmed the citrus

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industry.

Moving over to monetary and fiscal policy. The monetary policy has not been designed to develop the country. They have a Palestinian currency board.

The Palestinian pound is also backed up 100 percent by reserves in Britain. The funds have never been invested in Palestine. They have been invested in other countries and in other securities.

So there is no central banking device. No technique for expansion of credit. No Government participation in agricultural development, and so forth, which would help develop the industrial part of the country.

The fiscal policy has been regressive for many years. The customs on raw materials were utterly wrong. Even now they are very high on semi-processed material.

Health and education system is wholly inadequate for the country today. I believe the estimate that some 30 percent of the Arab children between the ages of 7 and 15 go to school at some one time or another, compared with 90 percent of the Jewish children in Palestine.

As far as what comes in the future, it is going to have to be a very positive, aggressive, imaginative program in all these categories I have criticized if the country is going to make the most of its resources. If the policy is neutral, there is still a possibility. If the policy is

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aggressive, reasonable, constructive, we think the maximum which we have indicated can be achieved.

If the policy is really all out, it may go beyond what we have suggested.

Now, gentlemen, I have rambled over a wide field, but I have attempted to be rather brief and general rather than specific because this report will probably give you what you need in your studies.

I shall be happy to be of any help I can in answering your questions.

Mr. Justice Singleton: Mr. Nathan, the Chairman suggests that I might ask one or two questions first.

I am sure you will understand that I haven't had time to read your work.

Mr. Nathan: Yes, sir.

Mr. Justice Singleton: The nature of which I appreciate, believe me. And you will appreciate too that I haven't had the help on the economic side to go into all those things.

Mr. Nathan: Yes.

Mr. Justice Singleton: But there are some matters which do occur to me, and on which I should like your help. And I am sure you appreciate that when I or any member puts a question, it is for the sake of gaining help, to instruct our minds, because many of you gentlemen have made researches into these matters.

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The first thing that occurs to me really arises from what you have said as to the desire for Jewish and Arab cooperation. That is, for their good working relationships.

It is not there now, is it?

Mr. Nathan: No; very little of it. There is some inter-employment, some inter-trade, but it is not very extensive.

Mr. Justice Singleton: I notice in your first chapter page 3 of my copy, you say:

"Peace in Palestine cannot be foreseen realistically except in terms of greater success of Arabs and Jews in living together and working together.

"Under the best of circumstances general close collaboration cannot be anticipated in the near future."

Now, one of the troubles between the Jews and the Arabs, as I understand the position, has been the increase in the Jewish population and the acquisition of land by them?

Mr. Nathan: Yes.

Mr. Justice Singleton: You are pre-supposing putting into Palestine 1,250,000?

Mr. Nathan: Yes, sir.

Mr. Justice Singleton: I suppose it is right to say that the more Jews you put into Palestine, the more land

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they will occupy?

Mr. Nathan: Yes.

Mr. Justice Singleton: Subject to Government order which prevents the acquisition of lands; that is right, isn't it?

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Mr. Nathan: Yes.

We have estimated that as compared with 10 percent of holding by the Jews -- 6 percent they own now -- we estimate that if you brought in 1,125,000, plus the natural increase over the next decade, that they would hold -- they would need to hold 10 percent.

Mr. Justice Singleton: The likely result of that wouldn't appear, from what you said, to be better feeling between the two, would it?.

Mr. Nathan: If you don't mind, I would like for Mr. Gass to take that question.

As a matter of fact, that first chapter was his.

Mr. Justice Singleton: I don't mind a bit.

Tell me, Mr. Gass, what the result is.

If that was part of the difficulty of the dispute between the two sections originally, isn't it likely that the further acquisition of land by the Jews, against the wishes of the Arabs, would accentuate that feeling?

Mr. Gass: I think we can answer that question, or at least make some of the terms of that question more clear in

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several dimensions, and I should like to separate them out.

On the one hand, the questioner suggests that there is a growth or a prospect for a growth of ill-feeling between Jews and Arabs pretty much in the measure in which Jews acquire land in Palestine, and I think I should like to state that in terms of three dimensions.

First, a political question, about people feeling the Jews are acquiring a large holding in Palestine:

For the moment, may I pause upon that one. I think that is a real question.

Then there are, in a sense, two economic questions.

One, the question which is suggested in saying that the purchase of land and the acquisition of larger land holdings by Jews causes ill feeling.

In the first instance, obviously not on the part of the people who sell land. This is a very real problem in Palestine today. Those individuals and indeed for the most part -- and this is a matter which the committee will be in a position to check with the officers of the Government of Palestine insofar as they are directly concerned with these questions -- are very much of one mind, I think.

That is, the rural Arabs who own land but who under the present ordinance are not allowed to sell to Jews are almost unanimously opposed to those regulations. They would

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like to be in a position to sell their lands to Jews. They would like to be in position to sell part, in many cases, to Jews, so that with the proceeds, they would be able to intensify and modernize the rest of their land, and thereby increase their agricultural capacity.

Therefore, I wish to make the stipulation as a matter of fact if we enter into the question of politics for a moment, it is a common conviction among rural Arabs in either the prohibited or the regulated zone, either in zone A or zone B, that the limitations upon Arab land transfer were imposed upon them by merchants, Arab merchants, and lawyers of the cities, who, being residents of the municipalities, have reserved for themselves in the land transfer regulations, complete freedom to sell land to Jews, which freedom, of course, does exist within municipality limits.

But I don't regard that question as being the major issue.

The real issue, which I think the questioner has in mind, and which I think is one which we ought to confront is the issue of whether or not the Jewish land purchased thereby in a real agricultural sense diminishes the amount of land which is available for Arab use, and I am suggesting that within the framework of the suggestion Mr. Nathan gave.

In real agricultural terms, it is very likely that within the limits which we have stated, the more land that

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is bought in rural areas by Jews within the next decade, therefore the more land which is subject to irrigation and intensive treatment in real agricultural terms, the more land will be left for Arabs to use for agricultural purposes.

That is, only the process of Jewish purchase and intensification which goes along with large-scale irrigation will really create large reserves of land available for Arab use.

When the Valley of Disraeli, which is today irrigated in very limited sectors, is irrigated in very large measure, the amount of land which Arabs will have available for cultivation, that is, land in terms of agricultural output, and after all, we are not concerned with land areas, we are interested in farm output -- will be increased.

I would suggest, and I suggest this with realization of the problems involved, that the program of land purchase in rural areas which would go along with intensification of agriculture, which we have outlined, would mean that in real agricultural terms there would be more land left for Arabs to use.

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Mr. Justice Singleton: I am not sure, Mr. Gass, if that question is answered, but may I say if it is, it is the longest answer I have ever heard.

Mr. Gass: I am sorry.

Mr. Justice Singleton: But what I would like to know is, and is it your view, that the acquisition of more land by the Jews would increase the friendship between the Arabs and the Jews, or would have no effect, or would make the relations more difficult - which? That is all I ask.

Mr. Gass: Ipso facto, accompanied by no other economic process, if the acquisition of agricultural land by Jews were an isolated process, accompanied by no other further economic changes in the Palestinian economy, it could do nothing but create hardship, and as such, ill feeling. Since it is accompanied by other processes it doesn't create the same kind of hardship and ill feeling.

Mr. Justice Singleton: I suppose it is for that reason in part that the later passage appears on the same page of the book by you gentlemen, that that basic program needs to be enunciated soon and maintained firmly despite conflicting purposes?

Mr. Nathan: I was going to say in response to that question the implication of course^{is} that a positive and clear and clean decision is essential - the basic program needs to be enunciated soon and maintained firmly. We believe that a firm

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policy is the most important single decision that has to be made, and a firm policy that is carried through firmly is going to settle the issues and help to bring about some kind of maintenance of order, whereas constant procrastination is going to be harmful to everybody and maintain a degree of turmoil and ill feeling in increasing degree, rather than less.

Mr. Justice Singleton: Do I gather from that that you take the view that that 600,000 Jews, or a million Jews in the course of the next ten years, ought to be put in Palestine entirely independent of the wishes of the Arabs?

Mr. Nathan: I would like to say this, sir, that we really stayed away from the political implications, the pure political implications, in our study, throughout --

Mr. Justice Singleton (Interposing): Let me interrupt. I thought you did until towards the end when you criticized Government action and I thought perhaps I ought to ask a question about it.

Mr. Nathan: But, sir, I criticized Government action from the economic point of view, from the development point of view. We were trying to find out - Has the country got development possibilities or hasn't it? Were those development possibilities realized or weren't they? If so, why, and if not, why not? I mean political in the sense of Jewish-Arab relations, whether the immigrants would be acceptable.

Mr. Justice Singleton: I don't want to ask you any ques-

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tions on those matters, except that they appeared to be raised in your last few answers, and I have marked that passage.

"Collaboration of Jews and Arabs in the development of Palestine can be conserved only within the framework of a basic political program backed by all the moral and material authority of the United Nations. That basic program needs to be enunciated soon and maintained firmly despite conflicting purposes and the assault of terrorism."

Are we to take it that you are meaning to say that there ought to be a considerable number of Arabs put in, that the Government ought to announce that line and keep to that line, whatever the Arabs say or do?

Mr. Nathan: Whatever the decision is, sir, I certainly think that decision ought to be adhered to. Whether you can ever get any agreement of Arabs to any Jewish immigration is something I really don't know about, that isn't within my compass, either of expertness or of ability, but just offhand I would be very doubtful. Therefore I think the decision has to be made on a variety of considerations, the humanitarian, the political, the social, the relationship of people throughout the world - but once having been made I think the important thing is to get that clarified firmly and follow through.

Mr. Justice Singleton: You mentioned the fact a moment ago that the role of the Government is the most important element. You said that so far it has been neutral.

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Mr. Nathan: At best.

Mr. Justice Singleton: That raises a political consideration. It may not be for you to answer it, and if you are keeping to the economic side purely I won't ask you. But I don't know how far you have considered the questions which arise under the Balfour Declaration, or the League of Nations Charter, or the United Nations Organization Charter. Have you at all?

Mr. Nathan: Oh yes. The only considerations are primarily considerations we raised with respect to Government's role in the economic sphere. I don't think today anywhere in the world one can go into any country - and that includes the United States or Britain or any country at all - and talk of economic likelihoods, cyclical analysis, business predictions, full employment, what is going to happen, what is the Government going to do, what is the Government policy going to be.

Now the question that we have asked ourselves in trying to appraise the development in the last twenty-five years is what has happened with respect to irrigation, why hasn't Palestine been irrigated more fully, why hasn't there been greater trade, why did citrus lose out after 1936 --

Mr. Justice Singleton (Interposing): You haven't finished quite, have you?

Mr. Nathan: No sir, but that is all right.

Mr. Justice Singleton: I tell you what occurs to me, and

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I don't mind whether you answer it now or later in your evidence as long as I get the information I want, and when I say "the information I want" I mean the information that you wish to give us. I will merely refer to two lines in the Balfour Declaration, with which you are familiar. Perhaps I had better read more than two lines.

"His Majesty's Government view with favour the establishment in Palestine of a National Home for the Jewish people, and will use their best endeavours to facilitate the achievement of this object, it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine" and so forth.

So that the Government which you say has been neutral had to bear in mind that they mustn't do anything which would prejudice the civil rights - I will leave out religious - of the Arabs, I take it?

Mr. Gass: We are now, I am afraid, engaged in disputing something which is fairly complex and fairly technical, even a legal question, which I am afraid we are not qualified to answer. Let me be specific.

Mr. Justice Singleton: I am not asking a legal question at all.

Mr. Gass: You are talking about civil and religious rights.

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Mr. Justice Singleton: I drew the attention of the witness in the chair to that question of civil rights, and I propose to ask the question upon it if you will allow me. I gather that there is, in some cases, the acquisition of land by some organizations on terms that it can't be alienated, or something of that kind. Do you know what I mean?

Mr. Nathan: You mean on terms that the land can't be sold?

Mr. Justice Singleton: Yes.

Mr. Nathan: Yes, on leasehold, the Jewish National Fund.

Mr. Justice Singleton: Can you think of that as possibly limiting the civil rights of other people in that land?

Mr. Nathan: Well, I think in any country an organization may procure land only for rental, as distinguished from resale. I wouldn't quite regard that as a restriction on civil rights of the Arabs if, say, a Jewish agency purchased it as contrasted with a Jewish entrepreneur, and the agency then only rented it out as distinguished from selling it. I doubt whether that would be regarded as an imposition on civil rights.

Mr. Justice Singleton: But I draw your attention to another side of it so that you may tell me if you have looked into it. In the Palestine Royal Commission Report there is a reference to labor on Jewish-owned land. Are you familiar with that?

Mr. Nathan: Yes.

Mr. Justice Singleton: I will read from Paragraph 62

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of page 177:

"It has further to be remembered that the Jews, in their policy of creating an agricultural Jewish population, have restricted the employment of Arab labour on lands held by them. In February, 1935, an enquiry showed that in the Jewish-owned orange groves 40 per cent of the labour was Jewish and 60 per cent. Arab. The position is now reversed and 60 per cent. of the labour is Jewish and 40 per cent. Arab. This is a subject of keen discussion between the Federation of Jewish Labour and the Farmers' Federation. There has in fact been a movement to intimidate those Jewish farmers who employ Arab labour. Picketing in the post-war settlements in the Sharon was on such a scale as to require legislation - the Prevention of Intimidation Ordinance of 1927 (amended in 1936).

"Though this policy has not increased the number of landless Arabs, it has reduced the field of employment for labourers, and the means of livelihood of those cultivators who depend on work outside their holdings to obtain an adequate income."

Now this is what I want you to tell me or help me on if you will. If that policy is pursued, and if more land is acquired by Jews, it must mean, in that regard, less employment for Arab laborers?

Mr. Nathan: I think that is true in that regard if one

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doesn't assume all the other implications. Let's look at it broadly. The Jews employ Arabs mainly in citrus culture, not in other agriculture. The Jews have been inclined not to employ Arab labor for several reasons. One, I think, is the fact that the ideology of Zionism, as we have read some of the economic interpretations, was the hope of developing a movement rooted in physical effort, as distinguished from purely entrepreneurial activity. That is one factor in not hiring so many workers, whether Arab or Jewish.

But as far as hiring your Arab workers is concerned, sir, I will take the license to say - I may be wrong - but I think that is in part the result of Government policy, because during the 30's the Government interpreted absorptive capacity very narrowly and wouldn't let people in unless there were specific jobs for them. The result was that the Jews in Palestine wanted immigration, they wanted to grow and develop, and they said that if we hire Arabs there won't be jobs for us, which I don't think, myself, is good economics.

Mr. Justice Singleton: If those things exist, you see, I am afraid I find it difficult to see a better relationship arising. That is what troubles me. If you could solve the relationship between the two sections of the population of Palestine the troubles there are over, it seems to me, but as far as I can see it doesn't seem that that would tend towards a solution.

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Mr. Nathan: Well I think, sir, that if you had a more aggressive Government development policy to help irrigation so that the Arabs do have access to wells and water - and there is the water there - the Arabs could learn from Government schools how to intensively use their agriculture, the Arabs could be better educated. If you had the kind of tax and tariff policy which stimulated activity, then I think that by very consequence they would benefit even more than they have up to now, and I think that is an important consideration. What is needed in Palestine is really a more intensive utilization of those resources.

Mr. Justice Singleton: I am afraid there is always a disposition, you know, at home or elsewhere, to criticize government.

Mr. Nathan: That is true.

Judge Hutcheson: I have lost my voice practically, as a result not of my speaking but of some sort of a sinister conspiracy against it, I don't know what it is. But I think I have enough left to ask you a question which will clear up something perhaps.

As I understood your reference to Government, and its neutrality, it was not that the Government was neutral as between the Arabs and the Jews, but that the Government was neutral in not taking a firm hold on the economy of the land and making it produce?

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Mr. Nathan: For either or both, yes.

Judge Hutcheson: That is what I thought.

Mr. Justice Singleton: I understood that it was the adoption of a neutral policy.

Judge Hutcheson: But not as between the two peoples.

Mr. Justice Singleton: I thought I pointed out that it was something that might have arisen from the terms of the Charter.

Mr. Cass: May I give an example --

Judge Hutcheson (Interposing): I think it is better, sir, to allow the witness who is in the chair to make the answers unless you are called on either by us or by the witness.

Mr. Justice Singleton: If there is something later which Mr. Cass wishes to add, you would allow him to be recalled?

Judge Hutcheson: Yes.

Mr. Justice Singleton: It is easier to have one witness at a time than two.

Judge Hutcheson: A two-headed witness is not a useful animal.

Am I wrong at all in taking the view that what you are talking about is what we hear so much about in this country, a planned economy or the New Deal, or something - you are talking about the fact that the Government has been neutral in planning and carrying out a Government regulated economy, are you not?

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Mr. Nathan: Mr. Chairman, you are right down my alley now about this planning, but I don't know what the concept of the planned economy is among the people here. I wasn't thinking of planned economy in the sense of laying out a blueprint or even the degree that the new party in England suggests, but let's take it in America. What is planned economy is something to argue about for a long time. But even in a sense without basic planning there are steps which Government just must take which aid or retard economic development.

We in the United States have a tax policy, the Federal Government levies taxes. I don't care whether one shuts his eyes and throws a dart at the tax schedule and says we are going to collect taxes for revenue only, and forget the economic consequence. Every tax has an economic consequence. One hits there and the other hits here, and the one helps business and the other hurts business; and one helps consumption and the other hurts consumption.

In Palestine if you take the tax policy of the Government up to now there isn't any evidence at all, seriously, of studying the people through and talking to the people, of any purposeful, constructive policy permeating that tax program over the past 25 years.

Judge Hutcheson: That is the neutrality you are talking about, neutral as between positive and negative?

Mr. Nathan: That is right. Or take irrigation as such.

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There has been literally nothing done about helping foster irrigation.

Mr. Justice Singleton: I have only three or four more matters to cover. If you can think about these perhaps you can answer them and then I won't ask any more.

There is the question of the Jewish and Arab development. You draw a distinction between the two, and I have noticed it drawn quite often in different books to some extent but not to the full extent. I suppose that is due to the one having more capital than the other, to some extent?

Mr. Nathan: To some extent.

Mr. Justice Singleton: The next point is the question of housing. I gather from what you have written in the early part of your book that it isn't really good now?

Mr. Nathan: Very crowded, sir, very crowded.

Mr. Justice Singleton: If you are going to put 100,000 people into Palestine quickly that must be a great difficulty from a housing point of view, I imagine?

Mr. Nathan: Very much so.

Mr. Justice Singleton: I think you have it in this country; we certainly have it in England a great deal at the moment and it is a great difficulty. You pointed out somewhere, I think, that the housing question in any event would hold up other development for a while?

Mr. Nathan: It might, sir, if you diverted too large a

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proportion of your resources to housing.

Mr. Justice Singleton: You will have to do that at first if you are going to put in a hundred thousand, won't you?

Mr. Nathan: That depends. If you brought in a hundred thousand almost overnight it would obviously be necessary to use the most extreme kind of makeshift housing temporarily.

Mr. Justice Singleton: That is one of the points which makes gradual immigration desirable?

Mr. Nathan: Gradual immigration obviously is an economically absorbable immigration as distinguished from dumping large numbers.

Mr. Justice Singleton: Now as to the new population you are thinking of in Palestine, I confess I am a little concerned as to its self-supporting attributes. The immigrants into Palestine over a long period have been mostly people with five hundred or a thousand pounds capital, or with certain income or work provided for them.

Mr. Nathan: That is right.

Mr. Justice Singleton: If you are now going to take displaced persons from various parts of Europe it will take some money to establish them, to keep them until they are established, and there will be some time occupied in training them also. Have you any idea, in the hundred thousand, of how many old and infirm you are thinking of?

Mr. Nathan: No, we don't have at all, sir, the age compo-

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sition. In our analysis of 1,100,000 - I don't recall the table - we did estimate that probably 50,000 would be orphans, though.

Mr. Justice Singleton: I thought you said about 4,000 of the 100,000?

Mr. Nathan: No, I didn't give any figure. But there is no question that you will have the problem of taking care of some who will never be productive, and some who will not be productive for a long time, the children, and some who will need tremendous rehabilitation.

Mr. Justice Singleton: What I had in mind, Mr. Nathan, was that you can't regard them in quite the same category as those who have been coming in over these past years.

Mr. Nathan: That is right, and that is why, if you will notice in going through our report, the capital requirements from here on, for a person coming in, are substantially higher than the total capital requirement for persons that have come in up to now.

Mr. Justice Singleton: This other general consideration I would like your view on sometime - the success or otherwise of Palestine, assuming you have Palestine in agreement in itself, the success or otherwise will depend very largely on markets?

Mr. Nathan: Correct, sir, that is true of every economy.

Mr. Justice Singleton: If you had an agreement with the

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Arab population everywhere --

Mr. Nathan (Interposing): Of course that, sir, is going to be a slow developing market because they didn't use modern stuff.

Mr. Justice Singleton: It has the possibilities of a good market, though?

Mr. Nathan: Tremendous, ultimately.

Mr. Justice Singleton: Suppose you are at loggerheads with the Arab population, the market question wouldn't be very easy, I imagine?

Mr. Nathan: Well, there are three market problems, sir. One is the domestic market. You see with the larger number of Jews you have a larger number of modern consumers and you will have more mass production. Your scale of production steps up immediately. That is one factor.

Secondly - they have developed lots of specializations during the war in terms of special products, and they go a fairly long way. But it is obvious that if you have lack of harmony and outright boycotting, let us say, of Jewish-Arab relations in Palestine, and with the other Middle East countries, it will be a harmful factor.

Mr. Justice Singleton: That is really all I have in mind to ask you now, and I am obliged to you. We don't disagree very much except that we are not sure of each other's standpoint on political matters, and we may never but, but I don't know.

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At least we tried.

Mr. Nathan: That is right.

Mr. Justice Singleton: That is all I wish to ask.



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Mr. Crick: Mr. Nathan, if any of these questions are in fact answered in your book, I hope you will give me the reference and leave me to look it up myself.

Mr. Nathan: I will be happy to do that.

Mr. Crick: Can you give a reasoned judgment of possible immigration over the next ten years? Do you foresee that that immigration should proceed at an even rate per annum; or do you include, in that figure which you give, allowance for a very much heavier rate, let us say, in the early stages, in the first two or three years, and tapering off?

Mr. Nathan: Frankly, we didn't try to schedule it out year by year and say so many ought to come in in each year. We figured 1,125,000 could come in year by year. Obviously, that means a larger percentage increment in the early period than in the later period, but the speed with which they come in I think depends largely on the type of emergency measures that you are taking to provide for them and in the process of absorption. I think, myself, in terms of absorption, an even scale throughout the 10 years could be absorbed.

Mr. Crick: Now I will turn to another aspect of the same problem. You proceed to estimate the capital requirements for the absorption on the scale you envisage. Now some of that capital would come from internal sources, presumably?

Mr. Nathan: Correct, sir.

Mr. Crick: We know, for example, that there has been a

2] great expansion in the currency issued, which suggests hoarding. We know also that there has been a great expansion of bank deposits. Can you give the Committee any estimate of what proportion of that liquid wealth is in Jewish possession and what in Arab possession?

Mr. Nathan: We don't have that breakdown at all, there is just no data on that at all.

Mr. Crick: Can you tell us what the Arabs do with the fifteen millions which you put forward as their having received in the purchases of land?

Mr. Nathan: I could speculate on it,- I couldn't give you any facts on it because there are no statistics, but (1) the Arab farmers always, historically, were in debt. They would work, and they were enslaved, literally, for the next year before they got started. Many of them came out of debt as the result of sale of moderate amounts of land. But I really couldn't estimate the proportion. I don't know whether Mr. Gass knows. But a sizable proportion of that 15 million went to absentee landlords in Syria, Lebanon, Iraq, outside of Palestine and Trans-Jordan.

Mr. Crick: Then I take it you would suggest that probably the overwhelming proportion of this liquid wealth is Jewish?

Mr. Nathan: I think a very substantial proportion. As a matter of fact, the Arabs have done quite well in their income and savings during the war, but I think a lot of theirs is

3j held in currency as compared with deposits, but a very substantial proportion of it must be Jewish.

Mr. Crick: What would you suppose would be the conditions for coaxing that liquid wealth into permanent investment?

Mr. Nathan: I have a feeling that it depends upon the political decision. I think if the political decision and the economic policies are favorable, that there is a good opportunity of getting most of it into investment.

Mr. Crick: May we turn to external capital, and let's leave aside for a moment the possibility of reparations. I think you will agree that a great proportion of the capital will have to be found from external sources, and I judged from what you said at one stage in your remarks that you expected a smaller rate of capital associated directly with immigrants.

Mr. Nathan: Yes.

Mr. Crick: Now this external capital required for your purpose would entail an annual debt service?

Mr. Nathan: Correct, sir.

Mr. Crick: Would you say that the prospective balance of payment in Palestine with regard to export prospects, import needs, and all the rest of it, will be sufficient to carry the load of that annual debt service?

Mr. Nathan: Frankly, that annual debt service is going to be insignificant compared with the continued capital import, during the next decade, needed. What you are doing is build-

4) ing up a debt service which is an outlay, but that outlay in the balance of payment is going to be very small compared to what continued capital is going to be needed to come in.

Mr. Crick: Sooner or later, however --

Mr. Nathan: (Interposing) Sooner or later you have got to come to a point of meeting it and facing it; and that, of course, depends primarily on production and competition and cost, rather than any other factor. And we are fairly optimistic about the possibilities of industrialization which will permit greater satisfaction in the domestic market and greater export, which would help them to handle that debt service.

Mr. Crick: That brings me to my next point. I notice that you were optimistic about industrialization, and I want to raise this further question with you. Up until 1939, I take it the industrial development in Palestine was mainly for the home market?

Mr. Nathan: Generally that is true.

Mr. Crick: Between 1939 and 1945, the further industrial development was largely for the export market?

Mr. Nathan: Military and export.

Mr. Crick: How far do you regard that wartime development as being strictly a war phenomenon, and what degree of durability do you think it possesses?

Mr. Nathan: That is a very crucial factor, and a very significant question. We realize that there are many industries

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which are war-induced that are not going to survive, some of the metal industries for example. On the other hand, the evidence that there is available indicates a rather encouraging degree of know-how and productivity prospects attaching to these industries. I think that Palestine is going to be very fortunate in the next few years in that the world supply of many kinds of goods is going to be extremely tight. We in the United States find ourselves now faced with a serious inflationary pressure; England finds itself faced with the same. If England is going to engage in large exports in the next few years, it is going to have to be done under control purposefully to try to get markets and maintain markets, because the domestic demand is so high. We are in the same boat to some extent.

Palestine is in a position in this period to take advantage of that world tightness of materials; and I think that, coupled with the war experience - and they were very fortunate, I might say; usually you don't get paid for apprenticeship, and they got paid very well for that during the war - I think they are going to have a favorable position for further development for a short period of years. And also, if the market in the Middle East does develop and they have this expansion of home consumption for increased scale of operations, I think that a good proportion of this wartime development will find solid roots and develop and expand.

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Mr. Crick: May we turn again - you must forgive me for jumping about like this - but I gathered that you had considerable complaint about the mechanical arrangement known as the Palestine Currency Board, and I take it that in some part of your book those complaints are set out.

Mr. Nathan: Very extensively.

Mr. Crick: Do you also set out what you think should take the place of the Palestine Currency Board?

Mr. Nathan: That is in Chapter 28, the last chapter. It points out some suggestions as to monetary policy. And the other chapter is Chapter 19, that is the analysis and description; and Chapter 28 includes the suggestions.

Mr. Crick: May I just conclude with one more question.

You bring out in your book, in the introduction to your book, very clearly indeed, as you did in your address to us, the curious side-by-side existence of two distinct economies, - economies which have different price levels, different wage levels, different markets, different channels of distribution. You did observe in the course of your Chapter 1 that there were certain signs of a modest breaking down of that segregation - at least I took them to be signs of a breaking down.

Supposing we can imagine that those two sectors of economy coalesce into one single unit of economy, would you suppose that that would be of assistance to the improvement of the economy and the social development of the Palestine Jews and

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Arabs?

Mr. Nathan: Yes, I would say definitely yes. I think that one must recognize, sir, that the rate of progress - not rate of progress, but the quantity of progress, on the Arab side, will inevitably not be revolutionary and tremendously rapid because there isn't the background, there isn't the experience, there isn't the training, there isn't the skill that is needed, and it is going to take time. But there is no question that if the economy can be brought into one integrated unit, that that would help in the ultimate development.

Mr. Crick: You think the Jewish side would pull the other side up rather than the Arab side pulling the Jewish side down?

Mr. Nathan: I think so.

Mr. Crick: Thank you.

Mr. Crossman: I would like to follow with a couple of questions.

I think you maintain you have these two speeds of development in Palestine.

Mr. Nathan: Yes.

Mr. Crossman: What you want to do is "hot up", while it is hot already, the job of getting these refugees in. Do you feel that in order to do that you have got to accelerate the speed of the Arabs' development?

Mr. Nathan: I certainly would favor every possible measure to accelerate industrialization and development of the Arabs.

8j There is no question about it, it will be to everybody's advantage.

 It is the same thing in world government, that there is no peace and no prosperity when you have a beggar next door to you, and that is true among countries and nations.

 Mr. Crossman: The Arabs aren't all beggars?

 Mr. Nathan: Not by any means.

 Mr. Crossman: The problem isn't all beggars?

 Mr. Nathan: I meant beggars in the sense of people with low resources.

 Mr. Crossman: Do you think that the acceleration of the Arab economy development can be accomplished without what would virtually be a social revolution?

 Mr. Nathan: Of course, sir, that depends upon your concept of speed.

 Mr. Crossman: You have agreed with me that we have got to speed up the Arab development artificially.

 Mr. Nathan: Yes, sir.

 Mr. Crossman: Now I say in order to get it going artificially fast enough to keep pace with the Jewish, do you think that that can be done maintaining the present land law system --

 Mr. Nathan: (Interposing) I think a lot could be accomplished, but it would be very desirable from many ways to have a lot of changes in those land laws, and land reforms.

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Mr. Crossman: Would you really conclude that the Palestine administration which had to carry out your scheme would simultaneously have to carry out, from the top, something approaching a social revolution of the other half?

Mr. Nathan: My difficulty is in what the definition of social revolution is. But I think land reform and providing irrigation for the Arabs and providing for their health, and making available a proper kind of tax policy, yes. In terms of forcing a redistribution of land arbitrarily among all Arabs, I am not sure about that.

Mr. Crossman: By "social revolution" I mean something quite precise, a shift in social power from one class or group of people to another. Would that be necessary, because that seems to be an absolutely vital question which everybody is going to be up against as to how far government can undertake, in a foreign country, social engineering on that scale.

Mr. Nathan: I am not so sure, myself. Would you care to have Mr. Gass see if he has a comment on it?

Mr. Crossman: I would very much like to have this thought over.

Judge Hutcheson: I would like to say that from long experience with witnesses, I will tell you that a witness who goes around to the back door to get to the front door does us very little good. If you could be like your friend and shoot to the point, you would get us somewhere.

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Mr. Gass: I will attempt to be as unphilosophical as is necessary to satisfy the will of the questioner.

Some aspects of the social revolution which the questioner suggests may be necessary, are brought out in our document. If I may take just one as an illustration, the social and political complexion of the Arab population of Palestine may be indexed by two particular things - 70% illiteracy, for one thing, and the social dominance which that gives to the very small literate class; and a complete uninterest on the part of the literate and relatively more prosperous class in taxing themselves for the education of the masses. Therefore, a necessity on the part of government to do the kind of things in terms of education which the socially dominant class is not interested in doing.

I think you follow me in that respect.

A very similar but economically more farreaching kind of situation exists in the whole area of land reform. Unfortunately, we have no statistics in Palestine which show the distribution of land ownership by size of holding. We do know, on the basis of partial studies, that something like a maximum of 4/10 of 1 percent of the population owns about 25 percent of the land. Similar problems arise there.

Mr. Crossman: Could I draw one conclusion, which is this: these two social reforms, if you are going to keep pace with your 10-year drive to push on with your Jewish economy, you

11j have to give foremost priority No. 1 to educational reform for the Arabs in order for it to have any effect during these 10 years for breaking down the Arab-Jew controversy. Therefore, social reform for the Arabs must, on your conclusion, be an absolutely vital part of any form of pushing Jews into Palestine.

Mr. Crum: I have just one question, Mr. Nathan. You said it was your conclusion that 100,000 Jews could be absorbed very quickly, in your opinion almost immediately.

Mr. Nathan: Yes, sir.

Mr. Crum: Do you have any time in mind?

Mr. Nathan: Well, I think economically they could be absorbed in somewhere from 6 to 9 months; I would say 6 to 9 months. The economy today is a very tight one. If you threw 100,000 in within the next 3 to 6 months,- the gentleman raises a very important question about housing,- you certainly would have to engage in a lot of temporary housing, maybe tents. Maybe you would have to use some of the barracks, although the camps are pretty filled over there now, and the barracks will probably remain filled as long as there is a disturbance there.

Mr. Crum: Within what period of time?

Mr. Nathan: Six months.

Major Manningham-Buller: You say that there hasn't been a sufficient progress in irrigation in the last 25 years. There has been some irrigation and some close settlement and

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some advantages in consequence of that?

Mr. Nathan: Yes.

Major Manningham-Buller: But each step of land acquisition followed by that irrigation has resulted, has it not, in increased ill feeling between the Arabs and the Jews?

Mr. Nathan: I don't know whether one can appraise each precise action that way as to whether it does or doesn't. I think Mr. Gass is right that the man who sells the land to the Jew probably doesn't have any ill feeling.

Major Manningham-Buller: I wasn't talking about him.

Mr. Nathan: It depends again on what kind of land it was. I saw land there that was being sold to the Jewish National Fund that was absolutely useless.

Major Manningham-Buller: During the last 20 years or so, the feeling between the Arabs and the Jews has not improved, but has gotten worse, has it not?

Mr. Nathan: Well, I don't know how good it was 20 years ago, but it isn't particularly good today.

Major Manningham-Buller: Let us assume that it has gotten worse.

Mr. Nathan: Yes, sir.

Major Manningham-Buller: You said that that is notwithstanding the fact that there has been some considerable agricultural development resulting from Jewish purchase of land, irrigation, and close settlement.

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Mr. Nathan: Correct.

Major Manningham-Buller: What I did not follow, and this is what I wanted an explanation of, is this: If it be true that that process has resulted in increasing ill feeling over the last 25 years, why should it be assumed that the benefits of further land acquisition by the Jews will not have the same results as they have had in the last 25 years?

Mr. Nathan: I hope that I didn't attempt to draw a conclusion, sir, that further immigration or further land acquisition will make for a love feast between the groups. I think that is a little outside of the scope of our study.

Major Manningham-Buller: I took down the answer, that since land acquisition would be accompanied by other processes, it would not be accompanied by more ill feeling.

Mr. Gass: May I extend that just one point, in terms of the question? I take it that the question was posed that there has been a process of land acquisition and irrigation in the last 25 years, and that as a result of this process there has been more ill feeling.

I am afraid that just historically I cannot accept the analysis. There has been, together with some growth of literacy, some rise of Arab nationalist self-consciousness in other countries, an increase in Arab nationalism, and therefore in the awareness of Jews as a foreign group in Palestine. I can not in the slightest accept the thesis that there is historical

14j evidence that this grows out of the land acquisition problem.

Major Manningham-Buller: I think I have read some documents which seem to put that forward, and I am naturally very interested in your reply. Is it not the case that there have been difficulties in the acquisition of land? Take, for instance, in the Beisan case.

Mr. Gass: Again, I don't wish to encounter the problem of going into philosophical and long statistical stories. The Beisan case is a very interesting example --

Mr. McDonald: (Interposing) I am having difficulty in hearing both the question and the answer. Would you mind re-peating the question?

Major Manningham-Buller: I was trying to get an explanation of what Mr. Gass said before, that increased acquisition of land by Jews in Palestine would be accompanied by other processes and therefore would not create more ill feeling.

Mr. McDonald: But you cited a specific case.

Major Manningham-Buller: The case of Beisan.

Mr. Gass: The Beisan Plain, is an area which is rich in springs and therefore in potentialities for local irrigation. This land being open to attack from over the Jordan had, historically, been very thinly settled. After World War I, this land was given, on a fairly thin basis of title, to Arabs, who claimed that because of security reasons they had abandoned the land and gone temporarily to Trans-Jordan, and were now

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coming back. The Jewish population has argued that the land in Beisan was given to the Arabs who acquired it at ridiculously low prices, and that being land which was susceptible of irrigation, they did not exploit the land fully and indeed the use of local springs has only taken place in the measure in which there has been a Jewish infiltration of population into the area.

Major Manningham-Buller: You have said that you didn't accept the thesis that the acquisition of land had led to ill feeling between the races in the past, and I merely put you the case of Beisan to ask whether the acquisition of land there had not in fact led to ill feeling between the Arabs and the Jews?

Mr. Gass: There is no special ill feeling in Beisan between the Jews and the Arabs. I trust that the questioner will check that with the District Commissioner on the ground when he gets into Palestine.

Dr. Aydelotte: I regret to put a question like this at this late time. It is not economics and I wouldn't mention it except that you have brought it out in your chapter. You say:

"It may be that the Arabs ought to be grateful for the benefits brought them by Jewish immigration. In fact they are not grateful. All organized and articulate Arabs are united in favoring the termination of Jewish immigration and the establishment of a national Arab State. They are prepared to forego economic benefits to accomplish these objectives."

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I ask this question because I have come across elsewhere an intimation that in the minds of a good many Arabs economic benefits are, so to speak, of a lower and materialistic order, and that they would rather lead an exciting and heroic life, even though they didn't have good conditions.

Now have you got something there that is formidable and cannot be broken down, or is it something that is yielding to the influences of civilization?

Mr. Gass: May I suggest that the "exciting and heroic" is not really wholly appropriate --

Mr. McDonald: (Interposing) Mr. Gass, if you would sit up you could be heard better.

Mr. Gass: If I would stand up I could perhaps make myself heard.

Mr. Justice Singleton: If you would only speak up - I have asked you four times.

Mr. Gass: The questioner suggests that the Arab life, while not on a very high economic level, may be so exciting and heroic that there is no desire to sacrifice for economic benefits. This reluctance to accept economic benefits I think is not very deep-seated. The problem which that paragraph, and other paragraphs in our report, attempts to raise, and to in some measure answer, I think is this, that on the one hand you have the Arab population of Palestine having received substantial economic benefits from the developments of the past 25

17] years, while on the other hand you have all organized and articulate Arab political groups opposed to the immigration which is the pre-condition of the continuance of that development.

Our answer is, on the one hand, that the sources of this opposition do not lie in economic hardships which have been inflicted upon the Arab population by Jewish immigration. On the other hand, that social and economic changes, and economic betterment and development, is possible, which would make the economic advantages of Jewish immigration much more important in Arab eyes.

Dr. Aydelotte: You feel that the Arabs do value it?

Mr. Gase: That they do value having vegetables to eat instead of having just milk and a handful of mulch? Sure they do.

Sir Frederick Leggett: There is one point upon which I am not sure I understand the conclusion of the report. It states that the level of wage rates is an important determinant in industry's competitive position both in local and export markets. It also says that keeping wages up is a factor against absorption of immigrants, and it appears in the context that in order to increase their export trade, Palestine will have to have some regard to costs.

Now what will be the attitude of the Jewish Federation of Labor to a very large immigration for which possibly no adequate

18j preparation has been possible to absorb it and to make them immediately wage earners?

Mr. Nathan: There are really two questions asked there. One question has to do with wage rates and costs. Wages are very high in Palestine because the cost of living has been very high. You get in the good old inflation spiral, where wages go up and prices go up, and wages go up and prices go up - and that is what has happened. They have a sort of fixed relationship there, a ratio between the cost of living and the wage level. Once imports begin to come in after the war, the raw materials and the things they need, the cost of living is likely to go down, and the cost of living allowance to the wage earner then goes down, and wages decline.

Now Palestine is the only country that I know of at the moment where organized labor is in favor of large-scale immigration. One cannot disassociate in Palestine the labor organization, that is, the Federation of Labor, from the political Zionism or from the political objectives, and the labor federation there is very strongly in favor of immigration. In most countries organized labor is against immigration because they feel, at least some of them operate on the idea, that there are a given number of jobs available and "if somebody else comes in they will take my job", not realizing that with economic absorption there is a further opportunity for jobs. But in Palestine I don't think there is any doubt that at the present

19] time your labor movement very strongly favors immigration, and I personally feel it will continue to do so.

Dr. Aydelotte: And will they be prepared to let wages come down?

Mr. Nathan: I think what you will have is a decline in dollar wages, but I don't think there will be a decline in real wages, that is, in buying power. I think the standard of living will pretty well hold where it is.

Judge Hutcheson: Don't you think we are about finished? I think we should thank you very much, Mr. Nathan, and we should thank you, Mr. Gass, for your willingness, but you must take some training in "witnessing".

(Whereupon, at 5:00 p.m., the meeting was adjourned until 10:00 a.m., Tuesday, January 8, 1946.)

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