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Documents relating to the application of Israel to the
Export-Import Bank for a loan of \$100,000,000, 1948.

Chronology of Actions of Israel on Export-Import Loan

May 14, 1948	State of Israel proclaimed
May 18	Informal discussion Export-Import Bank (Gass)
May 19	Request Gass to Kaplan for authority to open loan negotiations behalf Israel; authority granted
May 25	Weizman-Truman conversation
May 27	Formal discussion State Department (Epstein - Gass)
May 28	Further formal discussion State Department (Epstein, Gass, Nathan)
*June 1	Formal meeting with Board Directors Export-Import Bank (Epstein - Gass). (See annexed cable paraphrase excerpt)
*June 2	Letters Martin, Thorp, et al. (See copies annexed.)
*June 2	<u>Memorandum</u> revising Jewish Agency application (See copy annexed)
June 3	Request Epstein-Gass to Shertok for cable to Marshall; done June 8
June 4	Informal discussion Martin - Gass
June 6 - 9	Staff discussions State Department (Gass)
June 14	Informal note Martin to Gass
*June 15	State Department staff discussions (Gass). (See annexed cable paraphrase excerpt.)
*June 28	Lovett letter to Epstein (See annexed summary)
June 28	Offer of Secretary Brannan to review food and agriculture part of loan application.
June 29	Report Gass to Kaplan. (See annexed excerpt.)
*July 1	Epstein letter to Lovett. (See annexed copy.)
*July 16	Lovett letter to Epstein. (See annexed summary.)
*July 19	Epstein to Lovett and Martin. (See annexed copies.)
July 20	Staff discussion State to clear up Lovett letter July 16 (Gass)

*July 26 Martin letter to Epstein. (See annexed summary.)

July 30 Informal contact Export-Import and State to
clarify Martin letter (Gass)

*August 3 Epstein to Lovett (See annexed copy.)

*August 5 Jacobsen - Truman conversation. (See annexed
cable paraphrase excerpt.)

August 27 Lovett - Epstein conversation

August 30 State Department discussion (Heyd - Gass)
Export-Import discussion (Ginsburg - Gass)

*August 31 Agriculture Department support of Israel's application
(See copies annexed.)

*August 31 Teletype to Arthur Lourie from Gass (See copy annexed.)

Teletype sent August 31, 1948

To Arthur Lurie from Oscar Gass

Would greatly appreciate the assistance of your office in damming the flow of uninformed propaganda to the effect that Israel is about to receive a loan from the Export-Import Bank. The facts are, and I have checked those facts in the most responsible quarters only yesterday, that no loan is under active consideration at the Export-Import Bank and no loan is likely to be concluded during the next months. No political support whatsoever is being given by the White House or the State Department and the strongest political support would be necessary to secure the conclusion of such a loan under current disturbed conditions. We have no established public relations line on this matter -- though it is high time that one were established -- but at least perhaps we can prevent the Democratic party from taking a cheap electioneering profit on false pretense.

OSCAR GASS Consulting Economist

NO. 3 THOMAS CIRCLE, WASHINGTON 5, D. C.

National 8632

June 2, 1948

Mr. William McChesney Martin, Chairman
Export-Import Bank
Washington, D.C.

Dear Mr. Martin:

Mr. Epstein and I wish to thank you, the Board of Directors of the Bank, and your staff for the attention and sympathetic interest you gave yesterday to our oral presentation of Israel's loan application.

We thought it might be helpful to you to have the substance of our presentation in writing. We are therefore sending you the attached memorandum. A binder enclosing all of our previous submissions to the Bank on this question is also attached, for your convenience.

We especially appreciate your understanding of the need for urgent action in this matter and your consequent determination to give us an answer, in principle, later this week or early next week. Should your answer be affirmative, as we hope, Mr. Eliezer Kaplan, the Minister of Finance of the Provisional Government, would come to Washington shortly to conclude and sign a final agreement.

Between yesterday and today the overt evidence of the stability of the State which has been established in Israel has become somewhat clearer even to the general public. Few States have given such a demonstration of their strength and survival value only two weeks after their legal date of birth. Such strength is evidence of the long continuity and tenacity of purposes. It assures not only outward stability but also a strict observance of obligations freely assumed - financial and other.

I have not, in my own mind, the slightest doubt of the stabilization and eventual prosperity of the State of Israel. Israel will, I am confident, establish a productive home for many hundreds of thousands who would otherwise be homeless. It will also, in time, make a great constructive contribution to the whole Middle East - a contribution of democratic spirit, of scientific method and of business enterprise. But the early road of Israel can be very hard or relatively smooth. The Bank is in a position to make a great, strategic contribution towards smoothing it.

Yours sincerely,

Oscar Gass
Economic Adviser to the
Provisional Government of Israel

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MADE IN U.S.A.

Paraphrased excerpt from cable dated June 1, 1948

Kaplan
Memisrael
Tel Aviv, Israel

Epstein Gass held preliminary financial discussions Henderson, Thorp, Martin Thursday, Friday, Tuesday STOP Martin promised reply in principle later this week or early next week STOP He obviously concerned respecting assurance Israel survival and consequent repayment ability STOP We can be confident of a loan realistically only if peace achieved or there are striking Israeli victories assuring ultimate success STOP Loan in absence peace or assured victory would mean State Department desire support Israel STOP Such support very doubtful

Epstein Gass

June 2, 1948

The Honorable Willard Thorp
Assistant Secretary of State
Department of State
Washington 25, D.C.

Dear Mr. Thorp:

I enclose copies of a memorandum dealing briefly with the subject matter discussed with you and your staff by Mr. Epstein, Mr. Nathan and myself on Friday. We shall be pleased to continue this discussion at your earliest convenience.

I venture to call to your attention again the urgency of affirmative action on the loan application discussed in this memorandum. The Government of the United States is in a position, at this time, to make a great contribution to an important and long-delayed resettlement and development problem. We trust that this strategic moment will not be allowed to pass without constructive action.

Yours sincerely,

Oscar Gass
Economic Adviser to the
Provisional Government of Israel

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OG:rg

State of Israel

PROVISIONAL GOVERNMENT

OFFICE OF THE
REPRESENTATIVE

2210 MASSACHUSETTS AVE., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

Confidential

June 2, 1948

MEMORANDUM

Application of Israel for a Credit of \$100,000,000
from the Export-Import Bank

1. The funds requested in the present application would be utilized primarily to facilitate the accomplishment of Israel's Four-Year Plan of Resettlement and Development (1948-51). The two basic purposes of this Plan are the productive employment of 400,000 immigrants in Israel during the next four years and the rapid raising of the standard of living of the Arab population of Israel to a level of equality with the Jewish standard. Some \$75,000,000, out of the total funds requested in this loan application, are required for investment in connection with the accomplishment of these purposes.
2. A basic feature of the Four-Year Plan was the setting of an immigration target of approximately 100,000 persons for the year 1948. Due to special difficulties which could not be foreseen, it has proven possible to bring in only about 30,000 persons in the first five months of the year. Since May 15 however immigration has proceeded at a much higher rate. A target of 15,000 persons per month has been set for the next months. Given the resources to assure the productive employment of the immigrants, it may yet be possible to meet or even exceed the immigration target originally set for 1948.
3. A second - not entirely unrelated but in part independent - objective of this loan application is to provide dollars needed to meet certain specific and extraordinary supply shortages. These are specifically shortages of basic foods and fodders, of petroleum products, and of ships. In part dollar expenditures are

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State of Israel

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required for these commodities because of the unilateral exclusion of Palestine from the sterling area in February, in part because of special needs growing out of the recent disturbances in Palestine.

(a) The most important of these special supply problems is that of basic foods and fodders. Palestine has annual import requirements of some 180,000 metric tons of wheat, 80,000 tons of fodder cereals, 21,000 tons of oil seeds (oil equivalent), as well as substantial quantities of meat, rice, sugar and several minor products. Normally Palestine has imported these commodities almost entirely against payment in sterling and largely from neighboring countries; these sources of funds and supplies are partly closed. Nevertheless it is not suggested that Israel should finance the bulk of her food and fodder imports by payment in dollars, still less from credits advanced by the Export-Import Bank. It is requested merely that a credit of some \$15,000,000 be advanced to finance special and emergency food and fodder requirements. These will be only a minor fraction of the total requirements.

(b) A second problem of this kind arises in the case of petroleum products. Normally the Haifa refinery is an adequate source of supply and no other source would be considered. The flow of crude to the Haifa refinery has however now been stopped, for political reasons. Israel has offered to allow the refinery to supply the whole Middle East with refined products providing that the Arab States will desist from interfering with the flow of crude; it is hoped that this offer will be accepted. Meanwhile, however, Palestine's industry, transportation and domestic heating are all based on liquid fuels. An emergency may arise shortly, requiring extraordinary purchases of petroleum for dollars. It is not contemplated that, in any case, any substantial fraction of Palestine's annual consumption (approaching 600,000 metric tons) could be purchased with dollars, but relatively small emergency supplies may be required. For this purpose, a credit of \$5,000,000 is requested. It is hoped, however, that there will be no need to utilize dollars for this purpose.

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State of Israel

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(c) The third problem of this kind is that of maritime shipping services. Egypt and Syria have proclaimed an illegal blockade of the Palestine coast (promptly signified to be illegal by the United States Government). Egypt has seized cargoes destined for Israel and has attempted seizure and detained vessels bound for Israel utilizing the Suez Canal. Consequently many vessels have been deterred from serving Palestine ports. Israel will have to compensate for this deficiency of normal service by purchasing some vessels. For the longer term development of the country, such ship acquisition - though compelled by an abnormal situation - may well turn out to be a most valuable investment. A credit of \$5,000,000 is requested for this purpose.

4. It is proposed that the funds made available under this credit should be obligated within twelve months after the signature of the loan agreement. All purchases would be made through normal trade channels.

5. No special request is made with respect to the rate of interest. It is presumed that this loan would bear an interest rate comparable to the rates on other credits of similar maturity that have been granted by the Bank in recent years.

6. It is suggested that the credit might be repaid in twenty-four equal semi-annual installments, the first payment to be made two years after the signature of the loan agreement.

7. The question of ability to repay has been dealt with exhaustively in previous submissions particularly in the memorandum prepared by Mr. S. Hoofien, Chairman of the Board of Directors of the Anglo-Palestine Bank Ltd. This question has also been discussed in the various submissions analyzing the Palestine balance of payments. In our judgment, there is no reasoned basis for doubt of the ability of Israel to repay very much larger sums than are here under discussion over an adequate period of time.

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8. It is suggested, in view of the urgency of the underlying program, that should a favorable decision in principle be reached, it might be possible for the Bank to issue a letter of intent to the Minister of Finance of Israel. Such a letter would permit essential purchasing to begin immediately, while the final details of a loan agreement were being arranged.

9. A summary statement of the goods and services to be purchased under the proposed credit is given on the following page. Fuller details for many categories have already been supplied. The Ministry of Finance of the Provisional Government of Israel is prepared to furnish any further information that may be required.

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Goods and Services to be Purchased under the
Proposed \$100,000,000 Credit

1.	Agricultural tools, machinery and equipment	\$ 13 million
2.	Dairy cattle	2 million
3.	Industrial machinery and equipment (including power equipment)	10 million
4.	Construction equipment	3 million
5.	Plumbing and other building installations	2 million
6.	Trucks and busses	3 million
7.	Iron and steel	
	Pipe and other irrigation and water supply	\$7.5 million
	Structurals	5.0 million
	Other	<u>2.5 million</u>
		15 million
8.	Non-ferrous metals and products	2 million
9.	Timber	4 million
10.	Chemicals and miscellaneous raw materials	4 million
11.	Foodstuffs and fodders	15 million
12.	Petroleum products	5 million
13.	Ship acquisition and repair	5 million
14.	Shipping services carrying above mentioned commodities	15 million
15.	Engineering, consulting and purchasing services	<u>2 million</u>
	TOTAL	\$100 million

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Paraphrased excerpt from cable dated June 15, 1948

Kaplan
Memisrael
Tel Aviv, Israel

Conversations State and Export-Import proceeding regarding loan STOP
President Truman told top officials only that he wished Israel's
loan application to be handled like any other application STOP
Martin assured me yesterday that he is working to reach speedy
decision STOP Export-Import however waiting State Department assurance
of peace and stability Israel STOP Believe State Department will not
approve any loan action until satisfied general character Palestine
peace settlement

Gass

Summary of a letter from Mr. Robert A. Lovett to Mr.
Eliahu Epstein dated June 28, 1948

Acknowledged receipt cable June 8th from
Shertok regarding loan. Requested Shertok
be informed that loan was "under active
consideration" by the Bank and the State
Department.

Excerpt from a letter to Mr. Eliezer Kaplan from Mr. Oscar
Gass dated June 29, 1948

"At the top political level in the Department of State nothing can be taken for granted except continuing ill-will. I write this with the greatest deliberation. Meanwhile, however, the financial people, all of whom are much more sympathetic, are clearly hoping that we can do something if the truce is extended or peace concluded."

July 1, 1948

Mr. dear Mr. Lovett:

Thank you for your letter of June 28, 1948 with respect to the application of the Provisional Government of Israel to the Export-Import Bank for a loan of one hundred million dollars. I shall inform my Government of your assurance that this loan application is under active consideration by the Department of State and the Export-Import Bank.

This loan is of great importance to Israel because of its possibilities of facilitating the accomplishment of our basic purposes of immigration and the related economic development. I would accordingly appreciate an opportunity to discuss this matter with you at your earliest convenience.

Sincerely yours,

Special Representative

Mr. Robert A. Lovett
Under Secretary of State
Department of State
Washington, D.C.

Summary of a letter from Mr. Robert A. Lovett to Mr. Eliahu
Epstein dated July 16, 1948

Suggested that the Export-Import Bank wished
to study "additional information" from the
Provisional Government of Israel.

(The Export-Import Bank, both at this time and
later, denied that it was interested in any
"additional information".)

State of Israel

PROVISIONAL GOVERNMENT

OFFICE OF THE
REPRESENTATIVE

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2210 MASSACHUSETTS AVE., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

July 19, 1948

My dear Mr. Lovett:

I wish to call to your attention the urgency of action now with respect to the application of the Provisional Government of Israel to the Export-Import Bank for a loan of one hundred million dollars. Now that the cessation of hostilities in Palestine has been achieved, my Government is turning its primary attention to the peaceful work of immigration and development. The credit from the Export-Import Bank can be most helpful in promoting this peaceful economic progress.

I am bringing this matter to your attention particularly because it is my impression that considerations respecting peace in Palestine rather than those relating to the financial credit-worthiness of Israel have delayed affirmative action hitherto on this loan application. It would accordingly be most helpful if you could inform both the Export-Import Bank and the responsible economic officers of the State Department that the cessation of hostilities in Palestine now seems assured. I know that, as you have informed me, you are fully appreciative of the responsible and law-abiding attitude which the Provisional Government of Israel has taken in helping to bring about this cessation of hostilities.

I would also appreciate an opportunity to discuss the larger objectives of this loan application with you at your earliest convenience.

Sincerely yours,

Special Representative

Mr. Robert A. Lovett
Under Secretary of State
Department of State
Washington, D.C.

State of Israel

PROVISIONAL GOVERNMENT

OFFICE OF THE
REPRESENTATIVE

658

2210 MASSACHUSETTS AVE., N. W.
WASHINGTON 8, D. C.

ADAMS 5411
July 19, 1948

My dear Mr. Martin:

In view of the fact that the fighting in Palestine has come to an end, I would like to call upon you most urgently for action in connection with the application of the Provisional Government of Israel for a credit of one hundred million dollars from the Export-Import Bank.

I appreciate that there has been some hesitation on your part in recent weeks to proceed with this credit so long as Palestine was an area of active hostilities. This difficulty no longer prevails, and Israel is proceeding to give its primary attention from now on to the peaceful work of immigration and development. We are confident that the Export-Import Bank will see its way to participate in the furthering of that peaceful economic progress.

Both I and my Economic Adviser, Mr. Oscar Gass, are available for consultation with you on this matter at your convenience.

Sincerely yours,

Special Representative

Mr. William McChesney Martin, Chairman
Export-Import Bank
Washington, D.C.

Summary of a letter to Mr. Eliahu Epstein from Mr. William McC.
Martin dated July 26, 1948

Expressed regret that "reports reaching me" do
not appear to warrant at this time "active
consideration" of the loan application by the
Export-Import Bank.

State of Israel

PROVISIONAL GOVERNMENT

OFFICE OF THE
REPRESENTATIVE

2210 MASSACHUSETTS AVE., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

1041

August 3, 1948

My dear Mr. Lovett:

My Government has instructed me to ascertain the precise status of its application for a credit of one hundred million dollars from the United States Export-Import Bank, in view of the somewhat conflicting information which I have found it necessary to transmit to Israel recently on this question.

As you are aware, Israel's application for this loan was discussed first by Dr. Chaim Weizmann with President Truman on May 25th, 1948. President Truman at that time graciously assured Dr. Weizmann that there would be no difficulty in Israel's being granted a substantial loan by the United States Government, for constructive purposes.

Subsequently, and pursuant to this general assurance, I and my Economic Adviser, Mr. Oscar Gass, had a series of discussions with the responsible economic officers of the Export-Import Bank and the Department of State. These discussions dealt with matters with which the appropriate officials of the United States Government were already largely familiar because they covered ground which had been dealt with during the preceding five months on behalf of the Jewish Agency for Palestine. All of the technical questions advanced by the staff of the Export-Import Bank had already received replies in the approximately twenty-five submissions made in response to Export-Import Bank inquiries. These submissions were brought up to date in a memorandum of June 2nd, 1948, which was communicated -- like the previous submissions -- both to the Export-Import Bank and to the Department of State. We appreciate that there may be some technical questions outstanding such as can be settled in final negotiations; on the other hand, it is clear that the economic officers of the United States Government have received a relatively full picture of the way in which this credit application is designed to service Israel's general program of resettlement and development.

On June 28th, 1948 you requested me to "...inform Mr. Shertok that the loan application of your Government has been received by the Export-Import Bank and that it is under active consideration by the Bank and by the Department". I conveyed this information to my Government.

I was accordingly somewhat surprised to receive a letter from the Chairman of the Export-Import Bank dated July 26th, 1948 stating that "...reports reaching me do not appear to warrant at this time active consideration by the Export-Import Bank of the credit application filed with the Bank...". As our discussions have made clear, the concern of the Chairman of the Export-Import Bank related not to purely financial and economic considerations but rather to such general political and military reports as bear on peace and stability in Israel. However, during the month which intervened between your letter and that of the Chairman of the Export-Import Bank, the chief military and political developments which occurred in Palestine were the further strengthening of the security of Israel and substantial progress toward the achievement of a permanent peace under the sanction of the United Nations. My Government is much concerned that this progress in the achievement of peace and stability in Palestine should be accompanied by a shift in the status of our loan application from one commanding active consideration to one not warranting active consideration.

The Provisional Government of Israel was strengthened in its expectation that the Government of the United States would be in a position very shortly to conclude a loan agreement with Israel by the encouragement which I received in the interview with which President Truman honored me on July 29th, 1948. The President expressed his great interest in the resettlement of displaced persons in Israel and in the related economic development.

As you will appreciate, a loan of one hundred million dollars from the United States to Israel at this time could be most helpful in facilitating the next stage of our work of bringing displaced persons into Israel and affording them constructive, self-sustaining employment. The Provisional Government has been much heartened by recent evidence that both the Government of the United States and all sections of the American people are sympathetic with the accomplishment of these objectives. My Government is accordingly most interested in concluding these negotiations. Israel would be prepared to

send its Minister of Finance to Washington to complete negotiations for a loan agreement as soon as the United States Government considers it advisable.

I would appreciate having your views on the status of this matter so that I can respond to the inquiry of my Government.

Sincerely yours,

Eliahu Epstein
Special Representative

Honorable Robert A. Lovett
Under-Secretary of State
Department of State
Washington, D.C.

Paraphrased excerpt from cable dated August 5, 1948

Kaplan Shertok
Memisrael
Tel Aviv, Israel

"President Truman's former business partner Jacobson called after interview with President and reported that President promised call in Marshall August 5th or 6th and instruct Marshall to get ahead with the loan STOP Beg you not to attribute too much importance to this conversation Jacobson and Truman though have great confidence that Jacobson report to me verbally accurate."

C
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P
Y

DEPARTMENT OF AGRICULTURE
Office of the Secretary
WASHINGTON

August 31, 1948

Mr. E. Epstein
Special Representative of the
Provisional Government, State
of Israel
2210 Massachusetts Ave., NW
Washington 8, D.C.

Dear Mr. Epstein:

I am enclosing, for such use as you may find for it, an analysis of the portion relating to agriculture of the application of the Provisional Government of Israel to the Export-Import Bank for a loan in the sum of \$100,000,000.

Members of the staff of this Department have discussed this analysis with Mr. Gass and have revised it to conform with his suggestions. I hope you will find it useful.

I am also enclosing the copy of the loan application and subsequent reports furnished us by Mr. Gass.

With kind personal regards, I am

Sincerely yours,

CHARLES F. BRANNAN (signed)

Secretary

Encls.

(Annex to Letter of August 31, 1948 from Charles F. Brannan to Mr. Eliahu Epstein. All underlining in the text of this Report has been added by the Israeli Mission)

Report of the results of a staff review of an application of Israel for a credit of \$100,000,000 with particular reference to the agricultural implications thereof.

The share of the Agricultural Investment and Food supply payments in the application of the Provisional Government of Israel for the \$100,000,000 credit is \$45,000,000. The food and fodder purchase component of the agricultural segment is \$15,000,000 and the agricultural investment component is \$30,000,000.

In the review of the credit application access was had to two reports of fairly recent date which contain considerable valuable information pertinent to agriculture and plans for its development in Palestine. These reports are "Jewish Colonisation in Palestine" by Drs. Loewe and L. Samuel and "Development of Irrigated Farming in Palestine Based on Utilization of Local Water Sources" prepared by the Agricultural Research Station at Rehovot. These were made available to Mr. Oscar Gass, Economic Adviser to the Provisional Government of Israel.

In regard to the proposed credit of \$15,000,000 for food and fodder purchases, it is reasonable to conclude that the effects of these purchases from the standpoint of United States domestic prices would be almost negligible. Further, some of the commodities to be purchased, such as sugar and wheat, may be in relatively favorable supply during the next four years.

With respect to the proposed credit of \$30,000,000 for agricultural intensification and development in Palestine, the projected national income and savings and the optimistic tenor of expositions as to Palestine's capacity to absorb large numbers of immigrants within the next few years and settle a considerable number of them as colonists on the land are impressive. The farm improvement program proposed to be financed in part through the proposed credit will strengthen the economic base of Palestine and will have a significant long term value. In view of the total objective in Palestinian development it is a reasonable undertaking, with worthy humanitarian aims and merits sympathetic consideration.

Should the expectations of the agricultural development program that would be carried out on the limited area allowable by the proposed credit be realized, the improved agricultural base would be capable of making enhanced contributions to national finances and, provided a repayment period was adequate, could assume the responsibility for liquidating the development loan.

The proposed agricultural development program will, however, be undertaken with definite risk. The major problem is recognized as the lack of an adequate resource base of agricultural land. The Palestine area suited for crop production is restricted and the principal opportunities for further agricultural colonisation are on land

already in use for agricultural production. Therefore, the bulk of further colonisation requires readjustment of farmers now on the land, a slow and costly process.

In order to better utilize the resources of the country, the proposed development plan calls for the expansion of improved agricultural methods and techniques and a wide extension of irrigation farming. The ultimate completion of the plan will bring a five-fold increase in the acreage of land irrigated. The increase in irrigation and the application of improved farming practices are expected to make possible an increase of 78,549 additional agricultural units.

There is general agreement that much can be accomplished with improved farming practices. The need to intensify farming enterprises and to increase productivity per worker is clear if Israel is to expand its agricultural settlement. To do this will require increasing capital investments for improved livestock, machinery, buildings, equipment, and irrigation systems. All of these types of capital needs require long-term investments - 20 to 30 years or more may be necessary to liquidate investments in buildings and irrigations structures, and 5 to 15 years for breeding cattle and machinery. The rate of return on such investments is likely to be small in the first years of operation while reorganization is taking place or during the development period of new agricultural units. It takes many years to establish a settlement as a going net income-producing unit. The long-time character of improvement and development loans would make it advisable to base the repayment plan on the amortization principle.

The review of the types of farm plans proposed shows that a technically sound approach has been taken to the problem of farm planning. Notwithstanding the adequacy of the plans developed, it is believed that the income-producing abilities of the irrigation and settlement plan may be over-optimistic, especially for the first few years of operation. Dairying is important as a measure for intensifying production, but fodder supplies may have to be developed close at hand and improved breeds of cows obtained before increased incomes become available for paying part of the development costs. These requirements are all long-time measures and will have to be financed with credit adapted to such conditions.

A transition in Arab agriculture may well require a generation or longer, judging from the information contained in the reports available. Although it is planned to initiate the settlement plan on land entirely in Jewish ownership and where extensive irrigation works will not be necessary, rearrangement of ownerships may cause delays and increase the costs of development. Another contingency that may arise to increase costs and make more difficult the liquidation of agricultural loans is the long time that may be necessary for the Arab farmers to progress from Stage A (Transition farm) to Stage E (Intensive farm) in the development plan.

Many of the foregoing risks involved in the proposed undertaking have been recognized by those who participated in the planning of the development. They must also be weighed in any consideration of the proposed credit. The kinds of things proposed to be financed with the agricultural portion of the credit appear to be the things required to initiate the development. Without them the development would not be possible. With these facilities there appears to be reasonable assurance of beneficial returns through an increase in the production of agricultural commodities for local consumption and an ultimate favorable increase in the balance of Palestine trade.

JEWISH AGENCY FOR PALESTINE
TREASURY DEPARTMENT

CONSOLIDATED ACCOUNT
OF INCOME AND EXPENDITURE

of the

Jewish Agency for Palestine
Palestine Foundation Fund (K.H.),
Jewish National Fund (K.K.L.)

and

COMBINED ACCOUNT
of the above with the Youth-Aliyah Dept.
October 1946 - September 1947

Jerusalem, January 1948.

Consolidated Account of Income and Expenditure
of
The Jewish Agency for Palestine
The Palestine Foundation Fund (Keren Hayessod)
The Jewish National Fund (Keren Kayemeth Leisrael)
for the period October 1946-September 1947

SUMMARY

<u>Income</u>	LP.	Percentage
Contributions	9,347,858.199	59.7
Participations, Grants, etc.	1,070,554.652	6.8
Loans	3,001,845.782	19.2
	<u>13,420,258.633</u>	<u>85.7</u>
<u>Expenditure</u>		
Immigration, Relief to Refugees and Youth Aliyah	2,152,836.413	13.8
Purchase of Land	3,405,480.650	21.8
Agricultural Settlement	2,634,258.494	16.8
Housing and Accommodation	1,838,944.617	11.8
Trade and Industry	604,028.551	3.8
Labour	325,701.053	2.1
Resettlement of Ex-soldiers	793,186.364	5.2
National Organisation	1,148,598.134	7.3
Education and Culture	221,643.177	1.4
Religious Affairs	53,947.958	0.3
Grants to Institutions	103,773.628	0.6
Administration and Propaganda	494,254.464	3.2
Interest on loans received	211,134.982	1.3
	<u>13,987,788.485</u>	<u>89.4</u>
Total expenditure		
Repayment of loans (principal)	1,652,718.774	10.6
	<u>15,640,507.259</u>	<u>100.0</u>
Excess of Expenditure over Income	<u>2,220,248.626</u>	<u>14.3</u>

CONSOLIDATED ACCOUNT OF INCOME AND EXPENDITURE
THE JEWISH AGENCY FOR PALESTINE, THE PALESTINE FOUNDATION FUND & THE JEWISH NATIONAL FUND
for the year 5707 (October 1946-September 1947)

	Jewish Agency	P.F.F.	J.N.F.	Total
	LP. Mils	LP. Mils	LP. Mils	LP. Mils
INCOME				
Contributions	(1)			
Participations, Grants, Collections, etc.	842,619.269	62,439.910	165,495.473	1,070,554.652
Loans	842,619.269	4,869,448.014	4,706,345.568	10,418,412.851
	842,619.269	1,888,282.165	1,113,563.617	3,001,845.782
	842,619.269	6,757,730.179	5,819,909.185	13,420,258.633
EXPENDITURE				
Immigration, Relief to Refugees, and Youth:				
Aliyah	2,121,049.873	31,786.540		2,152,836.413
Purchase of Land		30,073.001	3,375,407.649	3,405,480.650
Agricultural Settlement	2,350,317.762	10,550.000	273,390.732	2,634,258.494
Housing (2)	1,838,944.617			1,838,944.617
Trade and Industry	604,028.551			604,028.551
Labour	325,701.053			325,701.053
Resettlement of Ex-soldiers	793,186.364			793,186.364
National Organisation	1,148,598.134			1,148,598.134
Education and Culture	221,458.302	184.875		221,643.177
Religious Affairs	41,894.901	12,053.057		53,947.958
Grants to Institutions	80,249.228	23,524.400		103,773.628
Administration and Propaganda	141,540.635	116,356.882	236,356.947	494,254.464
Interest (on loans received)		71,365.479	139,769.503	211,134.982
Total Expenditure	9,666,969.420	295,894.234	4,024,924.831	13,987,788.485
Repayment of loans (principal)		651,640.365	1,001,078.409	1,652,718.774
	9,666,969.420	947,534.599	5,026,003.240	15,640,507.259
Excess of Expenditure over Income				2,220,248.626

RECONCILIATION OF INTERNAL TRANSFERS

INCOME				
As per consolidated Account	842,619.269	6,757,730.179	5,819,909.185	13,420,258.633
Transmitted from P.F.F.	5,735,832.144			5,735,832.144
" " J.N.F.	1,080,492.938			1,080,492.938
	7,658,944.351	6,757,730.179	5,819,909.185	20,236,583.715
EXPENDITURE				
As per consolidated Account	9,666,969.420	947,534.599	5,026,003.240	15,640,507.259
Transmitted to Jewish Agency		5,735,832.144	1,080,492.938	6,816,325.082
	9,666,969.420	6,683,366.743	6,106,496.178	22,456,832.341
Excess of Expenditure over Income				2,220,248.626

- (1) Keren Hayessod records further income of LP.344,956, the bulk of which expended in U.S.A., to be included in the Jewish Agency accounts later.
- (2) Including housing schemes in plantation villages and agricultural settlements.

Itemized Consolidated Income

	LP.	LP.	LP.
<u>Contributions</u>			
<u>Palestine Foundation Fund</u>			
Regular Receipts			
(List No.1)	4,703,181.145		
Earmarked Receipts			
(List No.1)	<u>103,826.959</u>	4,807,008.104	
<u>Jewish National Fund</u>			
Receipts from various countries (List No.1)		<u>4,540,850.095</u>	9,347,858.199
<u>Participations, Grants, Collections and other income</u>			
<u>Jewish Agency for Palestine</u>			
Participations and Grants (List No.2)	511,912.430		
Collection on Loans (List No.3)	94,615.070		
Sales of camps equipment (Military camps bought in and transmitted from Europe)	68,927.931		
Dividends, interest	11,676.258		
Rent for tents and huts	7,942.408		
Receipts for dispatch of parcels	7,239.867		
Earmarked Funds for absorption of Ex-soldiers in transportation enterprises	8,000.000		
for Volunteers in Palestine	4,210.500		
Various Income	<u>128,094.805</u>	842,619.269	
<u>Palestine Foundation Fund</u>			
From J.N.F. on a/c of Purchase of Kuskus-Tabun Land	32,500.000		
Refund of old debts from Amzic	25,968.977		
from "Meshek"	3,906.757		
Sundry collections	<u>64.176</u>	62,439.910	
<u>Jewish National Fund</u>			
Collections of debts	75,322.784		
Rent from land	65,855.804		
Various income (List No.4)	<u>24,316.885</u>	<u>165,495.473</u>	<u>1,070,554.652</u>
		C/F	10,418,412.851

LP.

LP.

LP.

B/F

10,418,412.851

Loans

Palestine Foundation Fund

Loan received from A.P.B.
a/c of LP.600,000.-of
which LP.500,000-was re-
ceived in 5706 100,000.000

Loan received from A.P.B.
Ltd. -
Special credit for invest-
ment in Palestine Mort-
gage Bank Debentures 242,672.225

Advances on a/c of future
contributions

From USA 1,365,609.940
" South-
Africa 180,000.000 1,545,609.940 1,888,282.165

Jewish National Fund

Loans received from
various banks and
institutions

1,113,563.617 3,001,845.782
13,420,258.633

Itemized Consolidated Expenditure

	LP.	LP.
<u>Immigration and Rescue</u>		
<u>Jewish Agency for Palestine</u>		
Rescue, Relief and Training		1,014,074.666
Transportation of Immigrants		31,901.743
Care of Immigrants		
Initial accommodation, cash		
equipment and medical aid	578,913.986	
Loans	34,490.754	
Social cases	23,421.315	
Immigrants Welfare Section		
administrative expenses	<u>24,618.125</u>	661,444.180
 Immigration Department -		
Administrative expenses of		
Central Office	5,847.696	
Office in Jerusalem, Tel-Aviv		
and Haifa	31,884.644	
Offices abroad	<u>2,375.810</u>	40,108.150
 Participation in Youth Aliyah		
Budget		288,396.676
Contact with Diaspora -		
Delegates Section	29,851.123	
Participation in Zionist		
Organisation's work abroad	25,000.000	
Missing Relatives Service	20,728.093	
Information Bureau for Jews		
in U.S.S.R.	1,745.443	
Parcels Despatch Section	<u>7,799.799</u>	85,124.458
 <u>Palestine Foundation Fund</u>		
To Youth Aliyah Department		
out of earmarked contributions		
from Canada	31,534.790	
Sundries	<u>251.750</u>	<u>31,786.540</u>
		2,152,836.413
 <u>Land Purchase, etc.</u>		
<u>Jewish National Fund</u>		
Acquisition of Land		
Agricultural Land	1,831,371.239	
Land for Agricultural Housing	165,988.000	
Land for Urban Housing	<u>821,710.000</u>	2,819,069.239
 Development and Amelioration of		
of Agricultural Land		
(List No. 5)		102,514.075
Hydrological Survey, Water Supply,		
Drainage and Anti Malaria Work		
(List No. 6)		58,397.605
Maintenance of Land		
(List No. 7)		45,153.946
Afforestation		
(List No. 8)		<u>78,162.058</u>
	C/F	3,103,296.923

	LP.	LP.
	B/F	3,103,296.923
Road Construction (List No. 9)		87,473.047
Development of Land for Housing (List No. 10)		43,494.843
Buildings		34,320.489
Property Taxes and Rates paid		21,942.294
Participation in Land Development and Water Companies (List No. 11)		22,846.434
Protection of heirless Jewish Property in Palestine		54,057.696
Section for Jewish Property in Diaspora		<u>7,975.923</u>
		3,375,407.649
<u>Palestine Foundation Fund</u>		
Plot of Land in Kuskus - Tabun	29,698.001	
Plot of Land in Herzliyah (in lieu of contribution)	<u>375.000</u>	<u>30,073.001</u>
		<u>3,405,480.650</u>
<u>Agricultural Settlement</u>		
<u>Jewish Agency for Palestine</u>		
<u>Collective Settlements</u>		
On account of initial budgets (Takziv Aliyah) for 29 col- lective settlements founded from 1.10.1946 to 30.9.1947	312,833.689	
Complementary allocations for development of exist- ing farms:		
44 settlements founded from 1939/40 to 30.9.1946	371,850.442	
37 settlements founded from 1935/36-1938/39	178,145.675	
12 settlements founded from 1929/30-1935/36	37,392.591	
3 settlements founded before 1929/30 (List No. 12)	<u>4,329.630</u>	
	591,718.338	
Water projects and water researches in Negev	583,287.332	
Water researches in Seisan Plain	437.500	
Loans for irrigation	<u>4,045.000</u>	587.769.832
Conversion of agricultural debts (jointly with Nir Ltd., PASA Ltd., and Anglo- Palestine Bank involving debts amounting to LP.361,000.-)	66,732.500	
Various loans:		
For laying-in stocks	32,715.111	
Industrial enterprises in the Negev	6,909.418	
Participation in Hakibutz Hameuhad Fund	<u>3,000.000</u>	<u>42,624.529</u>
		<u>1,601,678.888</u>
	C/F	1,601,678.888

	LP.	LP. B/F	LP. 1,601,678.888
<u>Smallholders settlements</u>			
Payment on account of initial budgets (Takziv Aliyah) for 5 smallholders settl. founded from 1.10. 1946 - 30.9.1947	32,720.976		
Complementary allocations for development of existing farms:			
30 settlements founded from 1939/40-30.9.1946	274,841.020		
10 settlements founded from 1936/37-1938/39	56,922.266		
26 settlements founded from 1929/30-1935/36	109,429.160		
20 settlements founded before 1929/30 (List No. 13)	<u>27,032.256</u>	500,945.678	
Fund for smallholders settlements		<u>600.000</u>	501,545.678
Loans and investments in private settlements (List No. 14)			142,285.411
Various activities (List No. 15)			112,313.069
Investments in agricultural and water companies (List No. 16)			104,000.000
Service charges (interest paid)			9,184.071
Administration expenses			16,008.369
Agricultural Experimental Station (List No. 17)			<u>74,101.296</u>
			2,561,116.782
<u>Less: Expenditure previously recorded and now included in accounts of settlements ..</u>			
Erection of camps in the Negev	34,298.401		
Loans for housing through PASA	3,122.527		
Agricultural machinery and equipment	<u>9,669.785</u>		
	47,090.713		
Participation of the Department for the Resettlement of Ex-soldiers in collective settlements	129,983.307		
in private "	<u>33,725.000</u>	<u>163,708.307</u>	<u>210,799.020</u>
			<u>2,350,317.762</u>

	LP.	LP.
	B/F	2,350,317.762
<u>Jewish National Fund</u>		
Loans to various agricultural settlements	124,890.732	
Loans to companies and institutions for purchasing of pipes	<u>148,500.000</u>	<u>273,390.732</u>
		2,623,708.494
<u>Palestine Foundation Fund</u>		
Loans to various agricultural settlements out of earmarked funds for erection of guest houses	8,150.000	
For development of Ramath-Ishai Village	<u>2,400.000</u>	<u>10,550.000</u>
		<u>2,634,258.494</u>
<u>Housing and Accommodation</u>		
<u>Jewish Agency for Palestine</u>		
<u>Building by Jewish Agency directly:</u>		
Transit camps and hostels for immigrants (List No. 18)	111,895.492	
Camps for labour groups in the vicinity of villages (List No. 19)	76,966.169	
Residential quarters in suburbs and plantation villages (List No. 20)	30,900.346	
Purchase of various building materials and housing equipment	614,962.636	
Maintenance of buildings	2,966.224	
Maintenance of Yemenite camps	1,807.767	
Insurance and sundry expenses	1,710.334	
Administrative expenses (salaries, travelling and other expenses)	<u>1,293.515</u>	842,502.483
<u>Financing of Building through other bodies:</u>		
Financial Institutions -		
Tephahoth - Investments in shares	145,000.000	
General Mortgage Bank Ltd. - Investments in debentures	242,672.225	
Bitzur - Investments in shares	119,000.000	
Neveh Oved Co. Ltd. (Mimun) - participation in fund	<u>8,835.854</u>	515,508.079
Housing Societies -		
Ichsun Co. Ltd.	91,750.000	
Kereth Co. Ltd.	25,000.000	
Diroth Am RASSCO Co. Ltd.	<u>21,500.000</u>	
C/F	138,250.000	1,358,010.562

	LP.	LP.
	138,250.000	1,358,010.562
B/F	4,998.000	
Maoz Leoleh Co. Ltd., Jerusalem	4,690.000	
Maon Co. Ltd. Haifa		
Kupat Milveh shel Hapoel		
Hamizrachi - preference shares	4,300.000	
Safad Immigrants Housing Co. Ltd.	<u>2,000.000</u>	154,238.000
Loans for housing against third mortgages (List No. 21)		68,355.000
Loans for Housing to local councils (List No. 22)		42,709.660
Joint Loan Funds		<u>8,200.000</u>
<u>Building activities of Jewish Agency jointly with other bodies:</u>		
Erection of Residential quarters for Yemenites at Karkur, Hadar and Hadera - jointly with Mortgage and Credit Bank - 160 units		24,000.000
Participation in consortium (constituted by Jewish Agency, Nir Ltd. PASA and Solel Boneh Ltd.) granting loans totalling LP.250,000.-	137,500.000	
Participation in LP.50,000.-Loan granted by Bizur to settlements	<u>12,500.000</u>	150,000.000
<u>Other Activities</u>		
Expenditure on housing for immigrants in smallholders villages not yet specified		25,000.000
Rent paid for flats for new immigrants		<u>8,431.395</u>
		<u>1,838,944.617</u>
<u>Reconciliation by budgets</u>		
1. Housing Section		1,058,348.351
2. Investments in housing companies		506,672.225
3. Agricultural Settlement Department		150,000.000
4. Labour Department		75,557.636
5. Immigration Department		<u>48,366.405</u>
		<u>1,838,944.617</u>
<u>Trade and Industry</u>		
<u>Jewish Agency for Palestine</u>		
<u>Department of Trade and Industry</u>		
<u>Industrial credits:</u>		
Otsar Letaasiyah Ltd., - investment in shares	100,000.000	
Promotion and Rehabilitation Fund jointly with A.P.B.	90,000.000	
Loan Fund with Otsar Letaasiyah Ltd.	82,050.000	
Joint loan funds with Palestine Industrial Bank	20,000.000	
Joint Loan Fund for promotion of cooperative industry with Worker's Bank	<u>14,000.000</u>	<u>306,050.000</u>
C/F		306,050.000

	B/F	LP.	LP.
<u>Marketing of Palestine Products:</u>		306,050.000	
Foreign Trade Institute	32,833.333		
Promotion of Palestine Products Exhibitions	6,700.000		
	6,284.322		
Palestine Economic Bureau in London	3,250.000		
Exports Promotion Fund	2,741.208		
Promotion of applied arts and Home Industry	1,672,431		
Trade and Transfer office	<u>1,200.000</u>	54,681.294	
<u>Research and Guidance</u>			
Palestine Raw Materials Research Institute	9,885.198		
Technical Guidance Bureau	2,724.566		
Planning and Research Publications	1,154.348		
	<u>4,188.042</u>	17,952.154	
Vocational Training Committee		5,722.451	
Various subsidies		650.000	
Administration		<u>10,311.344</u>	<u>395,367.243</u>
<u>Department of Crafts and small Trade</u>			
Loans to Craftsmen and Small-Traders			
Participation in "Idud" Co. Ltd.	27,000.000		
" " Tree Loan Centre	13,000.000		
" " Joint Loan Funds	<u>19,750.000</u>	59,750.000	
(List No. 23)			
Near East Trust Co. Ltd.-			
Investment in shares		10,000.000	
Immigration Enterprises Co. Ltd.		1,900.000	
Vocational training of craftsmen		1,793.000	
Subsidies to trade organisations		2,759.000	
Various Subventions		1,800.400	
Administrative expenses		<u>5,282.766</u>	83,285.166
<u>Other departments and offices</u>			
Economic Research Institute			9,134.325
Economic Department			8,494.657
Department of Statistics			8,710.234
Transportation Office			5,654.146
Zionist Information Bureau			3,775.157
<u>Investments in companies</u>			
Zim Palestine Navigation Co.		65,000.000	
Safad Development Co. Ltd.		15,000.000	
Tiberias Development Co.		7,500.000	
Marine Trust Co. Ltd.		374.290	
Palestine minerals Development Co., Ltd.		1,733.333	89,607.623
			<u>604,028.551</u>

	LP.	LP.
<u>Labour</u>		
Labour Exchanges (List No. 24)		64,910.876
Vocational training . for youth	9,897.045	
for adult workers (List No. 25)	<u>4,414.807</u>	14,311.852
Works in citribulture Instruction in citrus work	10,279.470	
Organisation of auxiliary work (List No. 26)	<u>32,300.000</u>	42,579.470
Auxiliary farms	7,360.000	
<u>Less:</u> Participation of the Department for Resettlement of Ex-Soldiers	<u>3,000.000</u>	4,360.000
Government and Public Works:		
Construction of roads, etc. through various Local Councils (List No. 27)	92,750.000	
Public works through Labour Exchanges	9,080.000	
Participation in expenses in connection with introduction of labourers into government works	2,788.651	
Introduction of labourers in works in Haifa port	1,000.000	
Loan fund for employees in refineries	600.000	
Loan fund for Post Telegraph and Railways employees	<u>150.000</u>	106,368.651
Measures against Unemployment -		
Employment schemes for immigrants in plantation villages	4,000.00	
Employment scheme through Otsar Le'haklauth	3,000.00	
Joint loan fund with unemploy- ment fund for development of crafts and home industry enterprises	3,000.000	
Transportation of labourers to places of work	906.443	
Transportation of youth into villages for agricultural training	<u>791.000</u>	11,697.443
Loan funds to settlements of Hapoel Hamizrahi through Yaniv		1,000.000
Loan to Poalei Agudath Israel		8,000.000
Subsidies to various institutions (List No. 28)		5,448.325
Administration expenses		19,881.825
Fishing and maritime activities (List No. 29)		<u>47,142.611</u>
		<u>325,701.053</u>

	LP.	LP.	LP.
<u>Resettlement of Ex-Soldiers</u>			
<u>Department</u>			
<u>Jewish Agency for Palestine</u>			
Demobilisation Offices			295,851.500
Agricultural Settlement			
through Agricultural			
Settlement Dept.	163,708.307		
directly	<u>2,935.000</u>		166,643.307
Housing:			
through "Diyur" Housing Co.			
On a/c of erection of 1000			
units through housing			
societies in towns and 100			
units through local councils			
in villages	75,000.000		
Kfar Azar	38,050.740		
Kiriath Avodah (through			
Shikun Co.)	30,000.000		
Kiriath Hayim (through			
Shikun Co.)	10,000.000		
Nahalath Itzhak	8,322.407		
Kiriath Nahum	5,633.612		
Sundries	<u>2,066.959</u>	169,073.718	
through "Tephahoth" Co.			
loans to Individual Ex-			
Soldiers	<u>32,500.000</u>		201,573.718
Joint Loan Funds			
Loan Fund jointly with A.P.R.			
Halvaa Vechisachon and Kapath			
Milveh		77,710.304	
Loan Fund jointly with "Otzar			
Lachayal"		26,174.000	
Loan Fund for Ex-Servicemen			
jointly with A.P.B. Tel-Aviv		12,500.000	
Loan Funds for Cooperative			
Enterprises		25,900.000	
Loan Fund jointly with			
"Zebulun" Fund	<u>1,500.000</u>		141,784.304
Auxiliary Farm in Labour Groups			3,000.000
Grants and Participations			
Loans to Cooperatives			
(Kfar Monash, Hayozem and Yael			
Coop.)		5,000.000	
Grants to disabled ex-servicemen			
(out of Argentine Fund)		4,712.000	
Scholarship		230.000	
Subsidies	<u>1,852.500</u>		11,794.500
Administrative Expenses			<u>5,326.411</u>
			825,973.740
<u>Less: Income from Ex-soldiers</u>			
Equipment Supply Co. Ltd.			<u>32,787.376</u>
			<u>793,186.364</u>

	LP.	LP.	LP.
<u>National organisation</u>			
Political Activities, care of War Invalids, Supernumerary Police offices and Welfare Service, Political work and offices abroad, Press Bureau. Information Section Palcor, Public Relations			1,148,598.134
<u>Education and Culture</u>			
<u>Jewish Agency for Palestine</u>			
Participation in the Vaad			
Leumi Education Budget	179,496.678		
Bialik Foundation	26,961.624		
Participation in the Youth Department of the Zionist Organisation	<u>15,000.000</u> 221,458.302		
<u>The Palestine Foundation Fund</u>			
For Educational purposes	<u>184.875</u>		221,643.177
<u>Religious Affairs</u>			
<u>Jewish Agency</u>			
<u>Various Religious Activities</u>			
Grants to Rabbis, and Shochatim in towns and villages	10,717.266		
Kasher kitchens in camps of Supernumerary Police etc.	2,600.000		
Council for observation of Sabbath	3,500.000		
Grants to rabbis refugees	550.000		
Miscellaneous	<u>337.635</u>	17,704.901	
Grants to Yeshivoth through Mifal Hatorah		9,700.000	
Rabbi Kook Institute		<u>14,490.000</u>	41,894.901
<u>Palestine Foundation Fund</u>			
To Mizrachi Organisation - grant		10,125.000	
Grants to Herzliyah, Kfar Vitkin and Ramath Ishai settlements for building of Synagogues		<u>1,928.057</u>	<u>12,053.057</u> <u>53,947.958</u>
<u>Grants to Institutions</u>			
To Educational Institutions			
Hebrew Technical Institute, Haifa		26,675.000	
Hebrew University, Jerusalem		12,500.000	
Haifa Nautical School at Hebrew Technical Institute		3,400.000	
"Maoz Hayam", Nautical School at Caesarea		4,993.750	
Mikveh Israel Agricultural School		1,000.000	
Daniel Sieff Institute, Rehovoth		506.270	
New Bezalel, School of Arts and Crafts		<u>500.000</u>	<u>49,575.020</u>
		C/F	49,575.020

	LP. B/F	LP. 49,575.020
<u>To Cultural Institutions</u>		
Central Council for Promotion of Hebrew	3,600.000	
Habimah Bldg. Co. Ltd.	3,000.000	
Habimah Theatre	1,000.000	
"Ohel"	800.000	
Palestine Orchestra	800.000	
Palestine Conservatoire of Music	550.000	
Palestine Folk Opera	300.000	
Hebrew World Union	200.000	
Journalists Association	<u>300.000</u>	10,550.000
<u>To Sport Organisation</u>		
Hapoel	500.000	
Maccabi	125.000	
Elitzur	<u>300.000</u>	925.000
<u>Social and Health Institutions</u>		
Relief to Veteran Zionist	8,600.000	
Joint Relief Committee of Polish Jews	2,351.989	
Youth and Child Welfare Organisation	1,000.000	
"Wizo" training schemes	994.954	
People's Sick Fund in Villages	300.000	
Various grants and participations (List No. 30)	<u>5,952.265</u>	19,199.208
		<u>80,249.228</u>
<u>Palestine Foundation Fund</u>		
To "Wizo" special earmarked contributions	23,500.000	
For Social Welfare and Health purposes - grants	<u>24.400</u>	23,524.400
		<u>103,773.628</u>
<u>Administration and Propaganda</u>		
<u>Jewish Agency for Palestine</u>		
Salaries and office expenses	83,415.508	
Expenses of Collection Office	12,803.417	
Pensions	4,188.753	
Central Control office	1,089.210	
Compensation to discharged employees	1,311.705	
Commission interest etc.	<u>38,732.042</u>	141,540.635
<u>Palestine Foundation Fund</u>		
Salaries	24,066.522	
Office expenses	11,192.127	
Propaganda	43,342.362	
Delegates abroad	27,395.086	
General and travel expenses	<u>14,582.450</u>	
	<u>120,578.547</u>	<u>141,540.635</u>
C/F		

	LP.	LP.	LP.
	B/F	120,578.547	141,540.635
<u>Less:</u> Dividend and Interest received	3,221.665		
Participation of Sundry Institutions in our administrative expenses	<u>1,000.000</u>	<u>4,221.665</u>	116,356.882

Jewish National Fund

Salaries and office expenses	100,133.973		
Propaganda, Publicity, Pamphlets, Exhibitions, etc.	87,996.650		
Travelling organisers and organisation abroad	29,753.633		
Contribution to London office of Zionist organisation	12,000.000		
Subsidies to veteran Zionists	<u>6,472.691</u>	<u>236,356.947</u>	<u>494,254.464</u>

Meeting previous commitments

Payment of capital and interest

	Capital LP.	Interest LP.	Total LP.
<u>Palestine Foundation Fund</u>			
Lloyds Bank Ltd. and Anglo Palestine Bank Ltd.			
1945 Loan	38,535.784	95,568.608	134,104.392
Anglo Palestine Bank, Jerusalem			
1946 Loan	19,920.447	177,251.917	197,182.404
Anglo Palestine Credit 1947, (i/c with Mortgage Bank Debentures		25,000.000	25,000.000
"Migdal" Insurance Co.		551.206	551.206
Keren Hayesod - South Africa - Advances	1,304.571	100,000.000	101,304.571
Keren Hayesod - New York - Advances	12,482.150	253,258.594	265,740.744
Expenses i/c with A.P.B. 1946 Loan	814.062		814.062
Expenses i/c with 1945 Consolidated Loan	<u>181.428</u>		<u>181.428</u>
	<u>73,238.442</u>	<u>651,640.365</u>	<u>724,878.807</u>

Less:

1) Interest from "Amzic" an old debt 1,188.968

2) Interest from Lloyd's Bank on Redemption Reserve a/c

683.997	1,872.965	1,872.965
<u>71,365.479</u>	<u>651,640.365</u>	<u>723,005.842</u>

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	Capital LP.	Interest LP.	Total LP.
<u>Jewish National Fund</u>			
Payment on a/c of loans	978,908.409	101,155.256	1,080,063.665
Redemption of K.K.L. debentures	22,170.000	7,725.842	29,895.842
Living Legacies		30,888.405	30,888.405
	<u>1,001,078.409</u>	<u>139,769.503</u>	<u>1,140,847.912</u>

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Contributions
received
by Palestine Foundation Fund
and Jewish National Fund
during October 1946 - September 1947

	Regular Receipts	Earmarked Receipts	Total	Jewish National Fund	Total Palestine Foundation Fund and Jewish National	Perce- ntage
	LP	LP	LP	LP	LP	LP
United States of America	3,888,997.959	6,636.143	3,895,634.102	3,476,738.606	7,372,372.708	78.9
Central and South "	179,484.631	21,512.500	201,007.131	356,600.474	557,607.605	5.9
Eretz Israel	144,035.739	6,929.000	150,964.739	255,457.135	406,421.874	4.4
England	149,450.000	2,110.000	151,560.000	222,011.490	373,571.490	4.1
Canada	108,991.507	31,658.558	140,650.065	102,517.790	243,167.855	2.6
South Africa	173,851.281	33,373.750	207,225.031		207,225.031	2.2
Australia and New Zealand	20,165.074	1,217.008	21,382.082	46,281.250	67,663.332	0.7
Various countries	25,724.829		25,724.829	81,243.350	106,968.179	1.1
Individual contributions	12,470.125	390.000	12,860.125		12,860.125	0.1
	4,703,181.145	103,826.959	4,807,008.104	4,540,850.095	9,347,858.199	100.0

Participations and Grants
received by the Jewish Agency for Palestine

From Palestine Jewish Rescue and
War Needs Fund

for rescue	25,827.690	
" various purposes	334,945.126	360,772.816

From Vaad Leumi - for rescue activities		50,000.000
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From South Africa - for rescue activities		35,777.423
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From Joint Distribution Committee for Yemenite Refugees in Aden	18,510.000	
" Training of Pioneers in Bulgaria	1,011.027	19,521.027

From Palestine Government for Agr. Experimental Station		6,560.400
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Various participations		<u>39,280.764</u>
		<u>511,912.430</u>

Collections received by the Jewish Agency
on loans granted by various departments

Agricultural Department	32,372.135
Labour Department	14,241.624
Housing Section	17,072.844
Trade and Industry	20,795.839
Crafts and Small Trade Department	1,094.662
Immigration Department	2,297.545
Department for Resettlement of Ex- Soldiers	2,219.777
Various Budgets	<u>4,520.644</u>
	94,615.070

Collection of debts, rent and
other income

	LP.	LP.
Collection of Debts		
from Agricultural Settlements	40,930.770	
from various institutions and companies	<u>27,011.777</u>	
	67,942.547	
	<u>7,380.237</u>	75,322.784
Rent from Land		
from Collective Settlements	15,111.525	
" Smallholders Settlements	14,113.216	
" Urban Land	20,895.724	
" Factories	10,458.079	
" Sundries	<u>5,277.260</u>	65,855.804
Collection of property and local taxes paid by K.K.L. on land leased		15,631.045
Various income		<u>8,685.840</u>
		<u>165,495.473</u>

Development and Amelioration of Land

Upper Galilee

Maale Habashan (Lehavoth)	8,312.207	
Amiyad	5,440.176	
Shamir	5,033.231	
Biriya	3,141.935	
Yechiam	2,629.250	
Misgav Am	2,260.444	
Irgun Shefer	1,737.235	
Remin (Manara)	1,439.570	
12 other places	<u>9,693.805</u>	<u>39,687.853</u>
	C/F	39,687.853

	B/F	LP.	LP.
Judea			39,687.853
in the surroundings of Hebron: (Kfar Etzion, Massuoth Itzhak, Ein Zurim, Revadim)		7,619.154	
Kfar Uriah		4,825.186	
Neve Ilan		1,990.310	
Ataroth		1,762.322	
Barka1 (Kv.Hatzor)		1,608.000	
Maale Hachamisha		1,597.258	
3 other places		<u>2,803.375</u>	22,205.605
 Samaria			
Ramath Hashophet		6,916.175	
Even Yitzhak		4,483.050	
Ein Hashophet		2,600.152	
Dalia		2,564.522	
2 other places		<u>308.132</u>	16,872.031
 Yezreel Valley			
Ein Haemek		8,187.447	
Kfar Hachoresch		<u>638.420</u>	8,825.867
 Lower Galilee			
Yakuk		2,222.312	
Ein Gev		<u>1,999.116</u>	4,221.428
 Beisan			
Various Settlements			3,204.265
 Sharon			
Narbata		1,892.360	
Other settlements		<u>844.319</u>	2,736.679
 Zebulun Plain			931.625
 Plans, watching, etc.			<u>3,828.722</u>
			<u><u>102,514.075</u></u>

List No. 6

Hydrological Survey, Water Supply
Drainage and Anti-Malaria Work

	LP.
Yezreel Valley (Tiveon)	13,787.877
Upper Galilee (Matzuva etc.)	10,439.849
Zebulun Valley (Carmel Mountain etc.)	7,078.312
Judea (Kfar Uriah, Kfar Azar, Rehovoth etc.)	3,637.546
Sharon	3,347.973
Shomron (Beth Oren)	876.758
Lower Galilee	301.197
Beisan	117.495
Water Office - for hydrological research and irrigation researches and planning	16,388.623
Sundry expenses	<u>2,421.975</u>
	<u>58,397.605</u>

List No. 7

Maintenance of Land

Watching and inspection	17,256.162
Cultivation of Land	9,145.061
Legal Expenses	7,306.076
Survey, fencing etc.	<u>11,446.647</u>
	<u>45,153.946</u>

List No. 8

Afforestation

Judea	20,726.324
Upper Galilee	17,097.920
Yesreel Valley	10,484.560
Samaria	9,149.677
Lower Galilee	5,576.777
Sharon	3,179.924
Zebulun Valley	2,236.161
Beisan	462.160
Sundries	<u>9,248.555</u>
	<u>78,162.058</u>

List No. 9

<u>Road Construction</u>		LP.	LP.
Tiveon Northern (Beth Shaarim)			33,564.543
Haifa and Zebulun Valley			29,234.371
Upper Galilee (incl. road to Yechiam - 10,653)			13,129.948
Participation in road construction in Judea	8,164.185		
" Sharon	2,980.000		
" Shomron	400.000		11,544.185
			<u>87,473.047</u>

List No. 10

Development of Land for Housing

Participation in Development of Land for 802 units in following places viz: Hulun - 208 units, Zebulun Valley - 149; Jerusalem - 104, Nathania and surroundings - 171, Bnei Brak - 43, Petah Tikva - 30, Rehovoth and surroundings - 61, various places - 36.		23,491.084
Participation in Development of Land for housing in Talpioth, Jerusalem (for ex-soldiers)		2,000.000
Town building planning and other activities		<u>18,003.399</u>
		<u>43,494.483</u>

List No. 11

Participation in Land Development and
Water Companies

Safad Development Company	20,000.000
Minerals Development Co.	1,733.334
"Mekoroth" Water Company	460.000
Sundry	653.100
	<u>22,846.434</u>

Loans and Investments in Collective Settlements

	LP.	Exsoldiers LP.	Total LP.
<u>Settlements Founded from</u>			
<u>1.10.1946 - 30.9.1947</u>			
Naath Mordechai (Gaeton)	14,701.873	1,000.000	15,701.873
Dovrath - Zrayim	19,072.221	425.000	19,497.221
Kfar Daram - Netivoh	9,749.939		9,749.939
Galon	19,578.318		19,578.318
Beari	16,950.906	700.000	17,650.906
Kedma	15,879.295		15,879.295
Ein Zurim	11,587.926		11,587.926
Mishmar Hanegev	17,534.876		17,534.876
Shobal - Eilat	15,116.352		15,116.352
Urim	12,654.268	150,000	12,804.268
Hatzerim	10,903.522		10,903.522
Neve Eilan	9,124.050		9,124.050
Nirim	10,795.775		10,795.775
Yehiam	11,591.796		11,591.796
Yesodoth	1,260.000		1,260.000
Ami-Ad	820.265		820.265
Mivtachim	8,924.221		8,924.221
Revaqim	6,188.291		6,188.291
Shorashim	9,107.399		9,107.399
Yakuk	11,926.959	425.000	12,351.959
Hachotrim		150.000	150.000
Maayan Baruch	18,472.514		18,472.514
Eyal - Dardara	7,461.006		7,461.006
Yasur	29,112.893	300.000	29,412.893
Moria, Hazla	8,413.316		8,413.316
Sde Akiba	3,427.708		3,427.708
Tira, Kibutz Hashomer			
Hatzair V	9,328.000		9,328.000
	<u>309,683.689</u>	<u>3,150.000</u>	<u>312,833.689</u>
<u>Founded from 1939/40</u>			
<u>- 30.9.1946</u>			
Haogen	5,144.644	1,200.000	6,344.644
Beth Keshet		1,000.000	1,000.000
Gvar Am	7,324.981	300.000	7,684.981
Hatzofim G Rehovoth		300.000	300.000
Yodphat - Machanayim	6,110.500		6,110.500
Ramat Hashophet	3,397.718		3,397.718
Doroth	5,881.993	675.000	6,556.993
Sde Nehemia	2,429.853	300.000	2,729.853
Avukah	5,487.932	350.000	5,837.932
Gath	6,378.893		6,378.893
Beth Haaravah	3,119.670		3,119.670
Glil Yam	5,961.279	300.000	6,261.279
Matzuva	9,847.800	500.000	10,347.800
Hermonim	4,875.000	1,375.000	6,250.000
Beeroth Yitshak	14,822.410	50.000	14,872.410
Nir Am - Beth Haam	9,651.267		9,651.267
Kfar Sold	11,924.628	900.000	12,824.628
Maanith	4,317.796		4,317.796
Kfar Etzion	17,109.558	400.000	17,509.558
Glilim - Manarah	4,892.871	1,133.860	6,026.731
Haphetz-Hayim	7,267.303		7,267.303
Kfar Blum	4,835.357	300.000	5,135.357
Givoth Zeid	13,398.941	1,875.000	15,273.941
Yad Mordechai - Mitzpe Hayam	8,298.676	300.000	8,598.676
Mitzanim	11,639.304	500.000	12,139.304
Sdoth Yam	12,943.193	500.000	13,443.193
Ruhamah	16,997.775	550.000	17,547.775
Gvuloth	10,748.324		10,748.324
Even Yitzhak	10,020.472	1,695.000	11,715.472
	<u>224,888.138</u>	<u>14,503.860</u>	<u>239,391.998</u>

	B/F	LP.	LP.	LP.
Hakuk		224,888.138	14,503.860	239,391.998
Birya		5,286.666		5,286.666
Shamir		680.982		680.982
Hadassah Gezer		10,900.112		10,900.112
Massuoth Yitzhak		7,649.618	1,475.000	9,124.618
Evron		8,517.879		8,517.879
Misgav Am		8,566.700	400.000	8,966.700
Lehavoth		8,790.611	500.000	9,290.611
Hamaapil - Meretz		7,381.809	500.000	7,881.809
Hachoshlim - Amiad		11,004.789	300.000	11,304.789
Emunim - Ein Hanaziv		7,318.886		7,318.886
Ein Zeitim		24,439.425		24,439.425
Abmoth - Bithaniya		10,650.185	300.000	10,950.185
Revivim		2,037.850	500.000	2,537.850
		15,257.932		15,257.932
		<u>353,371.582</u>	<u>18,478.860</u>	<u>371,850.442</u>

Founded from 1935/36 - 1938/39

Nir David	2,358.140	150.000	2,508.140
Genosar		1,200.000	1,200.000
Sde Nahum	5,301.810	250.000	5,551.810
Tirath Zwi	4,455.994	100.000	4,555.994
Ein Gev	3,383.089	300.000	3,683.089
Usha	3,616.302	250.000	3,866.302
Tel Yitzhak	4,092.022		4,092.022
Ein Hashophet	1,545.935	200.000	1,745.935
Beth Yehoshua	8,749.991	200.000	8,949.991
Maayan Zvi		250.000	250.000
Mesiloth	4,029.277	750.000	4,779.277
Mishmar Hashlosa		1,235.000	1,235.000
Massadah	3,288.251	300.000	3,588.251
Kfar Hamaccabi	2,328.846		2,328.846
Shaar Hagolan	2,989.799	300.000	3,289.799
Yavneh	6,718.365	200.000	6,918.365
Maoz Hayim	2,752.198		2,752.198
Maale Hahamisha	1,829.305	600.000	2,429.305
Kfar Ruppim	2,083.000	400.000	2,483.000
Neveh Eitan	2,873.011		2,873.011
Alonim	2,945.360	300.000	3,245.360
Hanita	14,128.282	300.000	14,428.282
Eilon	3,398.386		3,398.386
Sde Eliyahu	4,091.666		4,091.666
Mishmar Hayam	21,036.989		21,036.989
Gordonia Maapilim	7,174.116	425.000	7,599.116
Negba	6,266.629	425.000	6,691.629
Daliya	2,084.821		2,084.821
Ein Hamifratz	1,880.000		1,880.000
Mishmar Zevulun	1,813.970	350.000	2,163.970
Daphne	1,980.860	300.000	2,280.860
Dan	1,932.500	450.000	2,382.500
Beth Goren	10,064.233	760.000	10,824.233
Kfar Glicksohn	1,996.744	400.000	2,396.744
Amir	2,929.520		2,929.520
Kfar Menahem	6,820.180	1,100.000	7,920.180
Hulata	12,426.084	1,285.000	13,711.084
	<u>165,365.675</u>	<u>12,780.000</u>	<u>178,145.675</u>

	LP.	Exsoldiers LP.	Total LP.
<u>Founded from 1921/30 - 1935/36</u>			
Shaar Ha'amakim	1,500.000		1,500.000
Hulda	1,913.160		1,913.160
Beth Hashita	8,667.396		8,667.396
Maabarothe		300.000	300.000
Mishmar Hasharon		500.000	500.000
Kfar Hachoresh	11,441.328		11,441.328
Mishmaroth		1,000.000	1,000.000
Ein Hahoresh		1,250.000	1,250.000
Ramat Hakoveesh		450.000	450.000
Naan	5,761.275	350.000	6,111.275
Shfayim	2,649.432		2,649.432
Hazorea	1,610.000		1,610.000
	<u>33,542.591</u>	<u>3,850.000</u>	<u>37,392.591</u>
<u>Founded before 1929/30</u>			
Kv. Shiller - Gan Shlomo	3,099.630		3,099.630
Givath Hashlosha		150.000	150.000
Merhavia		1,080.000	1,080.000
	<u>3,099.630</u>	<u>1,230.000</u>	<u>4,329.630</u>
	<u>865,063.167</u>	<u>39,488.860</u>	<u>904,552.027</u>

List No. 13

Loans and investments in Smallholders' Settlements

	LP.		Total LP.
<u>Founded between the years 1.10.1946 - 30.9.1947</u>			
Beth Yoseph B	772.175		772.175
Tkuma - Sumra	11,329.763		11,329.763
Nvatim - Madsus	13,287.640		13,287.640
Saad	7,241.306		7,241.306
Pardess Platkin	90.092		90.092
	<u>32,720.976</u>		<u>32,720.976</u>
<u>Founded between the years 1939/40 - 3.10.1946</u>			
Shaar Yashuv	5,749.480		5,749.480
Beith Hilel	734.125	58.400	792.525
Shaara - Shadmoth Dvora	1,630.172		1,630.172
Mitzpeh Hagalil - Sedzra	2,242.000		2,242.000
Irgun Hagalil - Tamrah	13,806.744	1,397.279	15,204.023
Bnei Geulim	4,755.850	800.000	5,555.850
Irgun Borochoy, Kfar Matzar x)	5,205.500		x) 5,205.500
Irgun Yerushalayim - Nehalim	7,447.550		7,447.550
Irgun Hayogev - Beth Eshel	9,588.595		9,588.595
Irgun Hayogev	4,437.511		4,437.511
Irgun Kedem - Kfar Uria	10,067.604		10,067.604
Beth Halevi	6,277.341	4,128.817	10,406.158
x) Red figures.	C/F 61,531.472	6,384.496	67,915.968

	LP.	LP.	LP.
B/F	61,531.472	6,384.496	67,915.968
Shaar Yashuv	821.157		821.157
Beth Hilel	x) 296.151		x) 296.151
Irgun Hagalil Tamrah	325.179		325.179
Kfar Netter	589.450		589.450
Michmoreth	7,544.155		7,544.155
Telmon	21,983.569		21,983.569
Kfar Monash	16,695.289	300.000	16,995.289
Bnei Dror	14,329.743		14,329.743
Kfar Kish	46,464.047	66.000	46,530.047
Kfar Yael	29,916.623		29,916.623
Batzra	12,838.924)	104.796	32,150.838
Regba	19,207.118)		
Ein Haemek, Notrei Zion	5,282.594		5,282.594
Irgun Wegdwood	11,595.269		11,595.269
Ramath Naphtali	15,086.026		15,086.026
Gan Hephher	529.320		529.320
Kfar Warburg		2,800.000	2,800.000
Nira		400.000	400.000
Nehalim		400.000	400.000
	264,385.728	10,455.292	274,841.020

Founded between the years
1936/37 - 1938/39

Irgun Hakotzer, Kfar Hittim	4,473.478	2,244.000	6,717.478
Moledeth	8,323.200	500.000	8,823.200
Kfar Netter	9,852.688	4,947.270	14,799.958
Zur Moshe	3,725.021		3,725.021
Hazoryim - Sargonia	1,500.000	3,800.000	5,300.000
Sharona	11,559.847		11,559.847
Beth Shaarayim	333.000	5,363.181	5,696.181
Beitam		300.000	300.000
Kfar Sirkin		94.664	x) 94.664
Beth Yoseph	x) 94.083		x) 94.083
	39,673.151	17,249.115	56,922.266

Founded between the years
1929/30 - 1935/36

Kfar Hogla	1,900.000	1,455.423	3,355.423
Eilat		300.000	300.000
Ramath Tiomkin	904.787		904.787
Kfar Hayim		2,930.000	2,930.000
Elroi	1.517	400.000	401.517
Ein Eiron	2,200.976	1,000.000	3,200.976
Behadruga		1,027.487	1,027.487
Tel Zur	4,000.000	990.000	4,990.000
Kfar Bitzaron	3,196.641	8,175.257	11,371.898
Rishpun	889.458	930.000	1,819.458
Irgun Kedem - Yokneam	21,517.100		21,517.100
Mishmaroth	12,317.868		12,317.868
Kfar Yaavetz	17,471.236		17,471.236
C/F	64,399.583	17,208.167	81,607.750

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	B/F	LP.	LP.	LP.
Ataroth (Irgun Haemek)		64,399.583	17,208.167	81,607.750
Elyashiv		12,081.397		12,081.397
Kfar Haroe		420.513		420.513
Kfar Pines		3,921.423		3,921.423
Givoth Hen		2,199.627	870.000	3,069.627
Hadar Am			250.000	250.000
Netaim			1,700.000	1,700.000
Gibton			1,458.250	1,458.250
Kfar Bilu			300.000	300.000
Kfar Hess			300.000	300.000
Kfar Yedidia			3,280.200	3,280.200
Beth Oved			390.000	390.000
Ramoth Hashavim			500.000	500.000
			150.000	150.000
		83,022.543	26,406.617	109,429.160

Founded before 1929/30

Kfar Gidon		1,485.000	1,485.000
Avichail	8.824	4,183.428	4,192.252
Yavneal		400.000	400.000
Kfar Yehoshua		2,100.000	2,100.000
Kfar Malal		100.000	100.000
Beer Tuvia		450.000	450.000
Benyamina		1,400.000	1,400.000
Gedera		285.000	285.000
Ness Ziona		38.800	38.800
Ein Vered		2,805.000	2,805.000
Ein Shemer		500.000	500.000
Margolin		425.000	425.000
Nvo - Irgun		700.000	700.000
Kfar Vitkin	8,121.204		8,121.204
Beth Hanan		700.000	700.000
Gath Rimon		450.000	450.000
Heruth		830.000	830.000
Nahalal		1,200.000	1,200.000
Hadar		300.000	300.000
Motza		550.000	550.000
		8,130.028	18,902.228
		428,532.426	73,013.252
			501,545.078

List No. 14

Loans and Investments in Private Settlements

Bnei Zion	22,225.000
Yokneam	20,180.000
Can Hashomron	15,587.500
Beitan	10,607.370
Hibbat Zion	10,431.062
Sde Warburg	8,801.000
Migdal	8,588.000
Havatseleth Hasharon	4,746.649
Beth Yitzhak	4,535.000
Shave Zion	3,288.000
Kadimah	2,950.000
Ramath Hadar	1,675.000
Raanana	1,600.000
Ramoth Hashavim	1,300.000
	C/F	116,514.581

Even Yehuda
Kfar Saba
Kfar Sirkin
Ramat Hasharon
Kfar Bialik
Nira
Beer Yaacov
Beth Yanai
"Behen"
Givath Ada
Herzliyah
Motza
Loan to citrus growers
Sundry for guarantees
"Haaspaka"
To individuals in various
settlements

B/F

LP.
116,514.581
750.000
700.000
675.000
625.000
600.000
600.000
425.000
300.000
275.000
235.430
220.000
220.000
12,000 000
1,300.000
5,000.000

1,845 400
142,285.411

List No. 15

Various activities
of
Agricultural Settlement Department

Agricultural Extension Service ⁵ through Agricultural Settlement Dept.	25,564.398	
" Private Settlements Section	<u>7,374.200</u>	32,938.598
Technical Office		16,929.267
Road Construction		9,184.840
Irrigation office		12,953.066
Water office		1,066.709
Boring and Water Researches		9,622.465
Agricultural Planning		22,118.572
Agricultural Statistics		1,192.900
Fishing		2,000.000
Subvention to agricultural institutions		
Girls training farms	3,000.000	
Afikei Hasharon Society	300.000	
Agra Societies (through Private Settlements Section)	150.000	
A.D. Gordon Agricultural Centre	100.000	
Building in memory of L. Etkin and H. Sturman	<u>50.000</u>	3,600.000
Sundries		706.652
		<u>112,313.069</u>

List No. 16

Investments in Agricultural and Water Companies

	LP.
Otsar Le'haklauth Ltd.	50,000.000
Rasseo Co. Ltd.	30,000.000
Mekoroth Water Co.	10,000.000
Shomron Water Co.	6,000.000
"Hakhal" Co. Ltd.	5,000.000
Banim Li-gvulam Co.	2,000.000
Otsar Ammami Bank	<u>1,000.000</u>
	<u>104,000.000</u>

List No. 17

Agricultural Experimental Station

Seeds growing at Quibeba		6,949.252
Experimental fields in Hanita and Eilon		1,036.710
Agricultural Institute		500.000
Research Departments		
Department of Pathology	569.139	
" " Entomology	295.198	
" " citriculture and agricultural botanics	814.022	
" of Land Chemistry	<u>831.084</u>	2,509.443
Laboratories		932.048
Researches in use of salt water for irrigation		984.499
Library and publications		1,186.133
Buildings and other investments		2,520.000
Cattle feeding		5,257.192
Administration		45,255.434
Sundries		9,802.225
Circulating capital		<u>10,211.545</u>
		87,144.481
<u>Less:</u> Income from sale of milk	5,229.903	
Income from sale of seeds and plants	5,784.517	
Income from laboratories	1,336.750	
Other income	362.015	
Participation of Trade and Industry Dept.	<u>330.000</u>	<u>13,043.185</u>
		<u>74,101.296</u>

List No. 18

Transit Camps and Hostels for Immigrants

	LP.
Shkhunat Arie, Raanana	37,124.547
Pardess Rosenblum, near Bnei Brak	31,933.362
Kfar Azar	12,836.089
Rehovoth	12,697.580
Kiryath Shmuel	8,059.606
Neveh Hayim, Hedera	4,432.295
Bath Galim, near Haifa	2,154.255
Kfar Saba	1,100.000
Immigrants Hostel, Tel-Aviv	481.202
Bath Yam	396.000
Ramath Hasharon	350.000
Immigrants Hostel - Jerusalem	150.000
Immigrants Hostel, Haifa Bay	135.556
Sundries	45.000
	<u>111,895.492</u>

List No. 19

Camps for Labour Groups
in the vicinity of Villages

Zikim and Zealim, Kfar Gibton	5,183.401
Eitanim, Beth Oved	3,414.738
Gasith, Hedera	3,158.327
Al-Magor, Petah Tikvah	2,868.185
Herev-Lae't, Hibbat Zion	2,863.771
Atereth, Migdal	2,498.000
Hasharsheret, Sde Yaacov	2,232.768
Moriah, Kfar Avraham, Petah Tikvah	2,027.911
Nachshonim, Ramath Hasharon	1,980.128
Mivtachim, Gedera "B"	1,940.025
Hasela, Kiryat Hayim "G"	1,850.000
Hasolelim Raanana "G"	1,815.705
Yesodoth, Magdiel	1,624.153
Irgun Hatzophim, Kfar Vitkin	1,392.859
Bamishor, Kv. Heiruth, Kfar Ata	1,337.116
Tkuma, Kfar Haroe	1,231.629
Even Yehuda, Lahat	822.832
Amir, Hedera	770.884
Hayotzrim, Shamir	743.086
Irgun Rakanati, Yesod Hamaale	700.000
Gath Rimon	646.029
Herzliyah	560.994
Beeroth Hazophim "B", Gedera	480.250
Nahlath Yehuda "G" Masora	413.891
Hagoshrim, Pardess Hanna "B"	300.000
Regavim, Kfar Saba "B"	292.079
Mavkyim, Benyamina	252.129
Gaeton, Nahariya	195.779
Seged, Hedera "G"	150.000
Kfar Pines	1,015.000
Apel	1,000.000
Mishmereth	600.000
Hagarin	397.000
Hamaagan	237.500
	<u>30,170.000</u>

		LP.
	B/F	30,170.000
Tel Yitzhak		100.000
Kv. Sneh		172.262
Various camps		1,657.475
Building materials from American camp		<u>28,240.263</u>
		77,166.169
<u>Less:</u> Participation of the Department for Resettlement of Exsoldiers		<u>200.000</u>
		<u>76,966.169</u>

List No. 20

Residential Quarters
in Suburbs and Plantation Villages

Herzliyah (Yemenites)		20,022.850
Karkur		394.900
Hadar		428.164
Pardessiya, Kfar Yona		302.503
Hephzi-Ba		1,121.010
Kiryat Benyamin		3,458.550
Pardess Hanna (Yemenites)		1,713.137
Kiryat Shmuel		1,159.840
Shekhunat Peretz, Raanana		135.737
Shkhunat Magdiel		<u>2,163.655</u>
		<u>30,900.346</u>

List No. 21

Loans for Housing
against Third Mortgages

Peiser and Goral Contractors -		
Rishon Le 'Zion		
200 units - LP.128 per unit		25,600.000
Ezra U'Bitzaron, Tel Aviv Municipality)		
96 units	9,600.000	
18 " on Sablavi Land	<u>2,250.000</u>	11,850.000
Shikun Olim -		
Nathanis - 50 units LP.150 per unit)	7,500.000	
(therein half on a/c of third mortgage and half on a/c of shares)		
Pardess Rosenblum	<u>2,000.000</u>	9,500.000
"Shikun" Workman Housing Co.-Jerusalem		
Jerusalem - 104 units	5,000.000	
Givath Ata 40 units	<u>2,000.000</u>	7,000.000
Raanana - 40 units		3,750.000
Mifal Olei Yavan, Tel-Aviv, - 80 units		<u>4,005.000</u>
	C/F	61,705.000

	LP.	LP
Monacheth Co. (M. Berman Contractor)		61,705.000
Kupath Milve of Hapoel Hamizrachi		1,000.000
on a/c of 40 units in Bnei Brak (in		
5706 granted - 1500		500.000
Appel - Tel-Aviv, 72 units		1,600.000
Mishkanoth - Kfar Ata - 10 units		500.000
Nve Oved - Kinereth - 9 units		450.000
Petah Tikvah Municipality, Mahne Yehuda 40 units		1,500.000
Rassco (Labetah Ltd.) - Hulun - 8 units		400.000
Hazroth Hadar, Kfar Saba		100.000
Building of Yeshiveth Harambam		
and Beth Yoseph		100.000
Individuals: Kfar Hassidim 1 unit	200.000	
Raanana 2 units	150.000	
Pardessiya 1 unit	150.000	
		<u>500.000</u>
		<u>68,355.000</u>

List No. 22

Loans to Local Councils for Housing

Rehovoth - 32 units (á 125 per unit)	4,500.000
Ramath Hasharon 40 units (á 20-125 per unit	
2,000)	4,500.000
Magdiel 20 units (á - 120 per unit	
2,400)	3,750.000
Even Yehuda 24 units	1,800.000
Kadimah (Vaad Hakfar)	
20 units á 125	1,500.000
Zichron Yaakov (Vaad Hamoshava) Water Supply	
20x125 = 2,500)	1,000.000
Irgun Hamaamad Habenski, Haifa (14x150)	
Kiryat Motzkin - 4 units	600.000
Shkhunath Agro Bank, Hadera 50 units	
(50x75.8750)	8,750.000
Hedera 40 units (40x100 - 4,000)	5,630.000
Ness Ziona 20 units (150 per unit 3,000)	
(Kupat Silveh shel Heovdim)	479.660
Beth Yam 75 units (75x100=7,500)	7,500.000
Pardess Hanna (20x125=2,500)	1,500.000
Gan Yavneh	700.000
Ramath Hasharon	500.000
	<u>42,709.660</u>

List No. 23

Joint Loan Funds
for Craftsmen and Smalltraders

	LP.
Loan Fund to Craftsmen and Smalltraders through Loan and Saving Society, Tel-Aviv	6,000.000
Loan Fund to Craftsmen, Smalltraders and Middle-class Settlers through Loan and Saving Society, Jerusalem	5,250.000
Loan Fund to Smalltraders through Loan and Saving Society, Tel-Aviv	4,500.000
Loan Fund to Craftsmen jointly with Bank Zerubavel	3,000.000
Loan Funds to Individuals through Workers' Bank	500.000
Joint Loan Fund for Crafts enterprises	500.000
	<u>19,750.000</u>

List No. 24

Labour Exchanges in Towns and Villages
Participation in Budget

	LP.	LP.
<u>Labour Exchanges in Villages</u>		
Petah Tikvah	2,916.745	
Rehovoth	2,331.975	
Hedera	2,277.350	
Rishon Le Zion	2,155.290	
Nathanya	1,958.540	
Kfar Saba	1,670.190	
Herzliyah	1,617.785	
Bnei Brak	1,567.000	
Raanana	1,501.830	
Ramatayim, Magdiel	1,182.130	
Pardess Hanna	1,129.855	
Ness Ziona	1,049.385	
Even Yehuda	716.850	
Karkur	690.405	
Tel-Mond	616.680	
Hadar	534.375	
Ramath Hasharon	521.775	
Benyamina	460.475	
Gedera	404.615	
Zichron Yaacov	420.690	
Yavneel	394.130	
Kfar Yona	350.780	
Gan Yavneh	315.315	
Beer Yaacov	221.550	
Ekron	128.325	
Kfar Yaavetz	120.000	
Hapoel Hamizrahi	120.000	<u>27,374.040</u>

C/F

27,374.040

	B/F	LP.	LP.
			27,374.040
<u>Labour Exchanges in Towns</u>			
Tel-Aviv		9,755.220	
Haifa		8,864.650	
Jerusalem		4,685.465	
Ramath Gan		2,444.090	
Safad		706.710	
Holon		634.105	
Tiberias		606.180	
Affule		<u>439.785</u>	28,136.205
Labour Exchanges' Centre			2,200.000
Circulating capital and miscellaneous			<u>7,200.631</u>
			<u>64,910.876</u>

List No. 25

Vocational Training
(through Labour Department).

	LP.	LP.	LP.
a) For Youth			
To Hanoar Haoved for courses for vocational train- ing	5,000.000		
for evening classes in Jerusalem	150.000		
for instructors seminary in Jerusalem	60.000		
for sundry	<u>317.045</u>	5,527.045	
To Bnei Akiva for vocational courses	650.000		
for evening classes, Jerusalem	<u>50.000</u>	700.000	
To Women's Councils of General Labour Federation	1,600.000		
of Hapoel Hamizrahi	400.000		
of Poalei Agudath Israel	<u>350.000</u>	2,350.000	
To Luis Brandeis Voca- tional Centre for vocational courses, Jerusalem		880.000	
To Society for Care of Neglected Youth in Jerusalem - for carpentry workshop		300.000	
For Supervision of Voca- tional Training Courses		<u>140.000</u>	9,897.045
b) For Adult Workers For building and other courses			<u>4,414.807</u>
			<u>14,311.852</u>

List No. 26

Organization of auxiliary works

LP.

Picking work in citrus villages, jointly with Unemployment Fund of Gen. Labour Federation, paid to Hakhal and Labour Exchanges	6,500 000
Wrapping Courses (jointly with Unemployment Fund) paid to Mercaz Haklai	3,500.000
Participation in organization expenses of the joint institutions of "Haorez" and Wrapping Workers Centre (jointly with Unemployment Fund) paid to Mercaz Hachaklai	5,000.000
Hoeing work jointly with Mercaz Hachaklai and Unemployment Fund of General Labour Federation	1,000.000
Participation in loans for works in citrus groves, paid to Otsar Lechaklauth for relief to unemployed	16,000.000
To Labour centre of Hapoel Hamizrahi, participation in supply for works in smallholders villages	300.000
	<u>32,300.000</u>

List No. 27

Loans to Local Councils
for construction of roads etc.
through Bitzur Ltd.

To Petah-Tikvah	22,000.000
Rehovoth	9,100.000
Remath Gan	9,000.000
Nathanyia	7,000.000
Hedera	6,000.000
Kfar Saba	5,500.000
Bnei Brak	5,000.000
Hulon	7,750.000
Herzliya	5,000.000
Rishon Le Zion	4,000.000
Raanara	3,000.000
Givatayim	2,900.000
Magdiel	2,000.000
Bath Yam	2,000.000
Kfar Yona	1,500.000
Karkur	1,000.000
	<u>92,750.000</u>

List No. 28

Subsidies to Various Institutions

	LP.
Sharon Smallholders' Council	1,900.000
Institution for Hygiene in Industry	1,500.000
Organization of Sephardic Workers	667.325
Federation of Agudath Israel Workers	910.000
Various Other Institutions	<u>471.000</u>
	<u>5,448.325</u>

List No. 29

Fishing and Maritime Activities

	LP.	LP.
<u>Fishing in Ponds and Seashore</u>		
Sdoth Yam	2,339.375	
Hulata	684.920	
Maagan	608.380	
Gordonia Maspilim	415.026	
Kinnereth	558.560	
Hachotrim	127.343	
Kfar Yael	39.600	
Ein Hayam	12.275	
Ein Gev	<u>9,100</u>	4,794.579
<u>Colonisation of Ex-Servicemen</u>		
Kv. Michmoreth		9,405.584
<u>Fishing and Maritime Training</u>		
Hapoel	1,149.834	
Zevulon	901.200	
Sheveth Zophei Yam	741.778	
Elitzur	<u>352.300</u>	3,145.112
<u>Maritime Training</u>		2,261.515
<u>Experimental Station at Sde Nahum</u>		
Fish breeding	4,252.927	
Less: Income from sale of fish	<u>2,007.716</u>	<u>2,245.211</u>
C/F		21,852.001

	B/F	LP.	LP.
			21,852.001
Haifa Experimental Station			2,329.583
Experiments and Researches			886.220
Purchase of boats and equipment			2,522.848
Hiring and maintenance of boats			3,933.064
Maritime activities			1,033.270
Administration			8,221.238
Miscellaneous			1,436.443
Grants o/c of Agricultural Settlement Department			3,000.000
Circulating capital and advances			<u>6,427.944</u>
			51,642.611
Less: Agricultural Settlement Department on account of Michmoreth Settlement	2,500.000		
on account of purchase of fishing instruments and boats	1,500.000		
Labour Department on account of fishing activities	500.000		<u>4,500.000</u>
			<u>47,142.611</u>

List No. 30

Various Grants and Participations

	LP.	LP.
Relief for Passover through Hamifde Haezrahi and Small Trade and Crafts Dept.		2,105.000
To Antituberculosis League, Grant for erection of a new hospital		1,000.000
"Beth Azar" in Kfar Azar		325.000
Scholarship in memory of Dr. Rupp in through PASA		200.000
Institute for Zionist Education		150.000
Artists and Sculpturers Association		135.000
"Mikhla" School for Law and Economics		100.000
Participations		550.000
Miscellaneous		<u>1,387.263</u>
		<u>5,952.265</u>

Combined Account of Income and Expenditure
The Jewish Agency for Palestine, The Palestine
Foundation Fund, The Jewish National Fund
and
The Youth Aliyah Department

SUMMARY

	<u>LP.</u>	<u>Percentage</u>
<u>Income</u>		
Contributions	9,966,765.564	60.7
Participations, Collections, etc.	1,094,004.204	6.6
Total Income	11,060,769.768	67.3
Loans	3,001,845.782	18.2
Total Receipts	14,062,615.550	85.5
<u>Expenditure</u>		
Immigration and Relief to Refugees	1,832,653.197	11.1
Youth Aliyah	1,115,146.932	6.8
Purchase of Land	3,405,480.650	20.8
Agricultural Settlement	2,634,258.494	16.0
Housing and Accommodation	1,838,944.617	11.2
Trade and Industry	604,028.551	3.7
Labour	325,701.053	2.0
Department for Resettlement of Ex-Soldiers	793,186.364	4.8
National Organisation	1,148,598.134	7.0
Education and Culture	221,643.177	1.3
Religious Affairs	53,947.958	0.3
Grants to Institutions, etc.	103,773.628	0.6
Administration and Propaganda	494,254.464	3.0
Interest (on loans received)	211,134.982	1.3
Total Expenditure	14,782,752.201	89.9
Repayment of loans (principal)	1,652,718.774	10.1
	16,435,470.975	100.0
Excess of Expenditure over Income	2,372,855.425	14.5

COMBINED ACCOUNT OF INCOME AND EXPENDITURE
THE JEWISH AGENCY FOR PALESTINE, THE PALESTINE FOUNDATION FUND, THE JEWISH NATIONAL FUND AND
YOUTH ALIYAH DEPARTMENT (x)
for the year 5707 (October 1946-September 1947)

	Jewish Agency	Foundation Fund	Jewish National Fund	Youth Aliyah Department	Total
	LP. Mils	LP. Mils	LP. Mils	LP. Mils	LP. Mils
INCOME		(1)			
Contributions		4,807,008.104	4,540,850.095	618,907.365	9,966,765.564
Participations, Grants, Collections, etc.	842,619.269	62,439.910	165,495.473	23,449.552	1,094,004.204
Total Income	842,619.269	4,869,448.014	4,706,345.568	642,356.917	11,060,769.768
Loans		1,888,282.165	1,113,563.617		3,001,845.782
Total Receipts	842,619.269	6,757,730.179	5,819,909.185	642,356.917	14,062,615.550
EXPENDITURE					
Immigration and Relief to Refugees	1,832,653.197				1,832,653.197
Youth Aliyah				1,115,146.932	1,115,146.932
Purchase of Land		30,073.001	3,375,407.649		3,405,480.650
Agricultural Settlement	2,350,317.762	10,550.000	273,390.732		2,634,258.494
Housing (xx)	1,838,944.617				1,838,944.617
Trade and Industry	604,028.551				604,028.551
Labour	325,701.053				325,701.053
Department of Resettlement of Ex-Soldiers	793,186.364				793,186.364
National Organisation	1,148,598.134				1,148,598.134
Education and Culture	221,458.302	184.875			221,643.177
Religious Affairs	41,894.901	12,053.057			53,947.958
Grants to Institutions, Etc.	80,249.228	23,524.400			103,773.628
Administration and Propaganda	141,540.635	116,356.882	236,356.947		494,254.464
Payment of Interest inclu. expenses		71,365.479	139,769.503		211,134.982
Total Expenditure	9,378,572.744	264,107.694	4,024,924.831	1,115,146.932	14,782,752.201
Repayment of Principal		651,640.365	1,001,078.409		1,652,718.774
	9,378,572.744	915,748.059	5,026,003.240	1,115,146.932	16,435,470.975
Excess of Expenditure over Income					2,372,855.425

RECONCILIATION OF INTERNAL TRANSFERS

INCOME					
As per consolidated account	842,619.269	6,757,730.179	5,819,909.185	642,356.917	14,062,615.550
Transmitted from Jewish Agency				288,396.676	288,396.676
" " P.F.F.	5,735,832.144			31,786.540	5,767,618.684
" " J.N.F.	1,080,492.938				1,080,492.938
	7,658,944.351	6,757,730.179	5,819,909.185	962,540.133	21,199,123.848
EXPENDITURE					
As per consolidated Account	9,378,572.744	915,748.059	5,026,003.240	1,115,146.932	16,435,470.975
Transmitted To Jewish Agency		5,735,832.144	1,080,492.938		6,816,325.082
" " Youth Aliyah	288,396.676	31,786.540			320,183.216
Total Expenditure as per Individual Accounting	9,666,969.420	6,683,366.743	6,106,496.178	1,115,146.932	23,571,979.273
Excess of Payments over Receipts					2,372,855.425

- (x) The accounts of the Central Bureau for Jewish Refugees, Central British Fund, etc. are not yet available.
- (xx) Including housing and accommodation schemes in plantation villages and agricultural settlements.
- (1) Keren Hayessed records further income of LP.344,956, the bulk of which expended in U.S.A. to be included in Jewish Agency accounts later.

Youth Aliyah Department

	LP.	LP.
<u>Income</u>		
Contributions (List No. 31)		618,907.365
Participations, Grants Collections, etc.		
From T.C.A. - participation	6,242.585	
" parents - tuition fees paid	9,232.575	
Collections on account of loans and dividends	7,729.780	
Various income	<u>244.612</u>	<u>23,449.552</u>
		<u>642,356.917</u>
<u>Expenditure</u>		
Maintenance of Youth (List No. 32)		
Buildings in various institutions		1,078,694.781
Cultural and Social Activities		4,300.000
Seminary for Instructors	12,669.137	
Organisation of Instructors	4,723.923	
Cultural activities	2,102.788	
Social activities	2,608.673	
Researches	403.294	
Grants and Subsidies	<u>615.000</u>	23,122.815
Organisation and Propaganda		
Delegates abroad	3,610.456	
Offices abroad	2,760.844	
Exhibitions, propaganda, etc.	<u>1,843.654</u>	8,214.954
Administrative expenses		<u>40,974.579</u>
		1,155,307.129
<u>Less: Transfers to other accounts:</u>		
Huts, tents and other equipment from American camp	26,232.354	
Building Activities in collective settlements	10,054.000	
Clothing and footwear stock	<u>3,873.843</u>	<u>40,160.197</u>
		<u>1,115,146.932</u>

List No. 31

Contributions
received by Youth Aliyah Department

U.S.A.	415,415.377
South Africa	112,084.540
England	42,510.168
Central and South America	17,977.500
Australia and New Zealand	22,362.304
Sweden	4,933.825
Various countries	<u>3,623.651</u>
	<u>618,907.365</u>

Youth Aliyah Department
Maintenance of Youth

LP.

LP.

In Collective Settlements

Hulda	7,263.797
Afikim	6,966.259
Yagur	6,141.840
En Harod	6,108.325
Deganiya "B"	5,756.134
Gvat	5,758.023
Ashdod Yaacov	4,953.390
Beth Zera	4,736.737
Genosar	4,765.833
Merhavia (Hashomer Hatzair)	4,552.412
Naan	4,580.430
Deganiya "A"	4,515.375
Shaar Hagolan	4,451.627
Kfar Giladi	4,316.814
Nir David (Tel Amal)	4,508.084
Shfaim	4,501.901
Beeroth Yitzhak	4,252.798
Alumim	4,226.462
Mizra	4,148.371
Beth Alpha	3,998.521
Givath Hashlosha	3,913.066
Tel Yoseph	3,823.134
Kinnereth	3,647.884
Sde Nahum	3,563.069
Beth Hashita	3,552.676
Msiloth	3,521.420
Ramath Yochanan	3,488.158
Aleleth Hashahar	3,392.904
Givath Brenner	3,355.799
Sarid	3,350.338
Daphne	3,236.219
Kv. Ayanoth, Ramath David	3,232.060
Maabaroth	3,130.705
Shaar Haamakim	3,122.004
Kiryat Anavim	3,102.187
En Hashophet	3,077.833
En Hahoresht	2,961.796
Tirath Zvi	2,928.977
Usha	2,903.906
Gan Shmuel	2,956.915
Mishmar Haemek	2,892.130
Mishmar Hasharon	2,866.540
Kfar Hamaccabi	2,858.813
En Shemer	2,692.495
Ramath Hakovesh	2,649.010
Dan	2,500.329
Beth Oren	2,532.613

C/F

185,756.113

	LP.	LP.
B/F	185,756.113	
Doroth	2,460.390	
Givath Hayim	2,426.070	
En Hamiphratz	2,326.980	
Ginegar	2,266.961	
Hazorea	2,228.339	
Kfar Masaryk	2,368.808	
En Gev	2,153.132	
Ramath Hashophet	2,122.340	
Haphetz Hayim	2,082.055	
Gan Shlomo (Kv. Schiller)	2,036.631	
Hephzi-Ba	1,986.580	
Gevah	1,881.498	
Daliya	1,744.122	
Kfar Menahem	1,742.403	
Glil Yam	1,622.060	
Hanita	1,524.146	
Gath	1,480.520	
Kfar Szold	1,460.590	
Maanith	1,499.870	
Kv. Eilon	1,459.336	
Kfar Glickson	1,395.055	
Yavneel	1,343.374	
Nir Hayim	1,301.930	
Neveh Eitan	1,321.982	
Matzuva	1,306.950	
Kv. Hasharon (Ramath David)	1,129.776	
Maoz Hayim	1,094.905	
Mishmereth	1,055.565	
In 28 various collective settlements	<u>8,425.698</u>	243,004.179

In Smallholders Settlements

Sde Yaacov	12,728.279	
Nahalal	5,306.591	
Beer Tuvia	4,931.503	
En Vered	4,711.513	
Kfar Haroe	4,353.773	
Beth Hanan	3,395.850	
Kfar Baruch	3,110.742	
Tel Adashim	2,832.550	
Kfar Yehoshua	2,433.264	
Merhavia (Smallholders Village)	2,258.420	
Kfar Warburg	1,838.120	
Shoni	1,676.380	
Beth Yoseph	1,626.050	
Kfar Yehezkel	1,587.985	
Givath Hen	1,280.990	
Yarkona	1,270.700	
Ataroth	1,230.410	
Moledeth	1,168.205	
Kfar Pines	1,023.534	
In other Smallholders Settlements	<u>2,619.042</u>	<u>61,383.901</u>

C/F

304,388.080

	LP. B/F	LP. 304,388.080
<u>Agricultural, Training and Educational Institutions for children and youth.</u>		
Kfar Hanoar - Ben Shemen	122,492.839	
Kfar Hanoar Hadati	67,200.601	
Kfar Yeladim, Meir Shfea	28,801.675	
Wizo Children's farm Pardess Hanna	3,374.600	
Kfar Hanoar in Cyprus	<u>2,905.487</u>	224,775.102
<u>Girls Training Farms</u>		
Girls farm at Avaanoth	8,372.070	
" " at Hedera	6,465.393	
Chavath Halimud, Jerusalem	5,074.797	
Girls farm, Shkhunath Borochoy	4,070.740	
" " Zaphon Tel-Aviv	2,897.530	
" " Petah Tikvah	2,764.190	
" " at Affula	2,634.220	
" " Nahlath Yehuda	2,141.510	
29 Various other training farms	<u>21,235.000</u>	55,655.450
<u>Children's Homes</u>		
"Ahava", Haifa	37,810.699	
Home for Youth Aliyah - Talpioth	8,655.883	
Youth Aliyah Hostel in Safad	5,246.232	
"Bethenu", Raanana	5,133.239	
Beth Hayeled - Bnei Brith "Jerusalem"	3,446.788	
Youth Aliyah Hostel, Bnei Brak	4,637.722	
Boarding School "Horev" Jerusalem	3,913.497	
Beth Hanoar, Rehovoth	3,471.756	
Beth Levenstein, Ramatayim	3,637.220	
"Neveh Hayeled" Nahariya	6,606.510	
"Ahuza" Haifa hostel	1,757.049	
Children's Institute Sara Wilbushevitz	1,869.180	
Shreiber's Institute, Herzliyah	<u>1,911.350</u>	88,097.125
<u>Agricultural and Vocational Training Schools</u>		
Mikveh Israel, Agricultural School	53,869.547	
Institute for Agricultural Education at Magdiel	35,866.219	
Ludwig Tietz Yagour Vocational School	11,338.468	
Agricultural School for Girls, Nahalal	3,714.528	
Vocational School for Home-Work at Nahlath Yitzhak	1,439.170	
Children's Society, Mishmar Haemek	1,173.960	
Crafts School at Shehunath Marmorek	1,584.056	
Various other vocational schools		
Health Institutions		
Sanatorium at Mekor Hayim	<u>11,188.340</u>	<u>120,174.288</u>
	C/F	793,090.045

	LP.	LP.
	B/F	793,090.045
<u>Agudath Israel Institutions</u>		
Institutions of Agudath Israel		
- general account	39,475.129	
Beth Yaacov, Jerusalem and		
Petah-Tikvah	13,918.947	
Agudath Israel Educational Institute		
in Kfar Saba	8,711.706	
Boarding School "Sanhedria",		
Jerusalem	9,888.317	
Boarding School "Geulah" Petah-		
Tikvah	5,281.395	
" " Yemin-Moshe	2,464.580	
Yeshivath Ponieviez, Zikhron Yaacov	10,885.015	
" Beth Yoseph Zvi, Jerusalem	3,921.545	
" Tel Arza, Jerusalem	3,151.396	
" Kol-Torah Jerusalem	2,087.495	
" Sfat E'met	1,533.190	
" Harav Moizenetz, Tel-Aviv	<u>1,375.600</u>	102,694.315
<u>Institutions of Mizrahi Women's</u>		
<u>Organisation in America -</u>		
Mizrahi Women's organisation		
in America	16,146.000	
Beth Zeiroth Mizrahi, Jerusalem	23,601.438	
"Aliyah", Petah Tikvah	22,748.852	
Institute for Orthodox Youth		
"Techiyah" Petah Tikvah	8,686.608	
Children's farms, Motza	8,049.333	
"Raanana, Bnei Brak	7,436.312	
"Ora" Zikhron Meir	5,236.198	
Beth Zeiroth Mizrahi, Tel-Aviv	1,285.199	
Kfar Yeladim, Raanana	<u>616.551</u>	93,806.491
Institutions of Mizrahi Organisation		
Boarding School of Rabbi Tzvik, Kfar		
Ganim	20,352.191	
Yakir Institute, Kfar Haroe	12,096.393	
"Talpioth" Raanana	4,881.058	
Beth Hayeled, Pardess Hanna	1,479.105	38,808.747
In various institutions		4,652.516
Palestine Youth		
In collective settlements	14,850.655	
In Institutions	<u>993.480</u>	15,844.135
Maintenance of Youth before accomo-		
dation in settlements		1,457.702
Maintenance of individuals		28,340.830
		<u><u>1,078.694.781</u></u>

The Jewish Agency for Palestine

January 29, 1948

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE JEWISH AGENCY FOR PALESTINE (1.) as at September 30, 1947

ASSETS: (2.)

Cash on Hand and at Banks £P 148,543

Loans and Investments 8,121,418

These are made up of £P 5,660,816 long term loans to agricultural settlers and investments in water installations, etc.; £P 1,777,271 various loans and investments for purposes of urban settlement including housing; and £P 683,331 sites, office buildings, etc.; all after deduction of reserves for doubtful debts and depreciation; secured by mortgages, contracts and other obligations.

Securities 1,914,286

These are shares and debentures of agricultural, water, housing and financing companies associated with the Jewish Agency; valued at cost price.

Inventory and Equipment 641,555

At cost, less depreciation, including £P 556,856 stocks of building materials and agricultural equipment still kept in stores.

Accounts Receivable 690,074

These include various interim accounts of the Palestine Foundation Fund as well as imprest funds and advances on account of future expenditure by the Jewish Agency; after deduction of a reserve of £P 153,062 for doubtful debts.

Long-Term Loans and Investments Granted Out
of Earmarked Funds

TOTAL ASSETS £P 12,162,993

(1.) Including the Agency's fiscal instrument, the Palestine Foundation Fund.

(2.) Assets are encumbered to the extent of £P 909,587 being the balance of the consolidated loan granted by Lloyds Bank London jointly with the Anglo-Palestine Bank, Tel-Aviv.

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(3.)

LIABILITIES:

Current Accounts with Banks

£P 745,543

This sum is arrived at as follows: The Jewish Agency's debit balances with the Anglo-Palestine Bank Ltd., Jerusalem totalling £P 1,832,506, less the equivalent of £P 1,086,963 paid by the Jewish Agency's office in New York into a special account kept by the Anglo-Palestine Bank at the Manufacturers' Trust Co., N.Y.

Trust and F earmarked Funds. Deposits

55,129

This includes various minor funds for the settlement of Jews in Palestine, administered by the Jewish Agency on behalf of various Jewish institutions abroad as well as smaller deposits by individuals.

Loans

2,731,109

This includes three loans contracted by the Palestine Foundations Fund from Lloyds Bank and Anglo-Palestine Bank, as well as a number of smaller loans for specific purposes contracted by the Jewish Agency from various banks and companies. A scheme of repayments is attached (Annex 1).

Advances

1,217,851

These have been obtained by offices of the P.F.F. abroad, which contracted short-term loans secured by future income from contributions. A scheme of repayments is attached (Annex 2).

Contractors and Purchasing Orders

770,120

These are accounts arising out of contracts with building firms, water companies, agricultural companies, etc., as well as orders chiefly for building materials, piping, irrigation machinery, and agricultural equipment.

Accounts Payable

953,304

These are correct accounts with various purveyors and institutions in respect of goods delivered and services rendered, and also suspense accounts.

TOTAL LIABILITIES £P 6,473,056

(3.) In addition there are contingent liabilities incurred by the Jewish Agency amounting to £P 1,747,394.

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Annex 1

REPAYMENT SCHEME FOR LOANS

<u>Year</u>	<u>Principal</u> <u>£P</u>	<u>Interest</u> <u>£P</u>	<u>Total</u> <u>£P</u>
1947/48	634,420	73,355	707,775
1948/49	597,666	57,579	655,245
1949/50	375,268	44,394	419,662
1950/51	314,968	36,264	351,232
1951/52	238,863	28,239	267,102
1952/53 and after	<u>592,724</u>	<u>48,018</u>	<u>640,742</u>
	2,753,909	287,849	3,041,758
<u>Less:</u> Reserve deposited for loan re- demption	22,800		
 TOTAL	<u>2,731,109</u>	<u>287,849</u>	<u>3,041,758</u>

Annex 2

REPAYMENT SCHEME FOR ADVANCES OF THE PALESTINE FOUNDATION
FUND

<u>Year</u>	<u>Principal</u> <u>£P</u>	<u>Interest</u> <u>£P</u>	<u>Total</u> <u>£P</u>
1947/48	1,140,351	7,800	1,148,151
1948/49	18,000	2,800	20,800
1949/50	18,000	2,800	20,800
1950/51	1,500	--	1,500
Unspecified	<u>40,000</u>	<u>--</u>	<u>40,000</u>
 TOTAL	<u>1,217,851</u>	<u>13,400</u>	<u>1,231,251</u>

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The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
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BALANCE SHEET OF THE JEWISH NATIONAL FUND, LTD.

September 30, 1947

(Provisional)

Assets

Land, buildings and water installations in Palestine (land at cost; buildings depreciated value)	£P18,680,000	Debentures	£P 162,000
Forests and plantations (at cost)	436,000	Sundry creditors and credit balances	£45,000
Office, furniture, etc.	---	Loans and bills payable	2,762,000
Securities and investments (at cost)	220,000	Advances and remittances from branch committees against future donations or held in suspense	683,000
Discount on and expenses of issue of debentures, less amounts written off	4,000	Advance payment of rent on lands	<u>13,000</u>
Loans granted	1,621,000	Total	3,865,000
Sundry debtors and debit balances	967,000	Donated surplus	<u>18,305,000</u>
Cash and deposits with banks: specific funds	220,000		
Cash and deposits with banks: ordinary funds	<u>22,000</u>		
Total	£P 22,170,000	Total	£P 22,170,000

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The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

January 22, 1948

Mr. Oliver C. Lockhart
Economic Adviser for the Far East
Export-Import Bank
Room 1005
734 Fifteenth Street, N.W.
Washington, D. C.

Dear Mr. Lockhart:

I enclose a statement of Palestine's Balance of Payments for the year 1946. This statement is based on the research of the Government of Palestine as enlarged and carried further by a number of economists associated with the Jewish Agency and the Anglo-Palestine Bank.

I am also in possession of a more summary statement on the Balance of Payments for the year 1947 which will be transmitted to you as soon as some of its figures -- obviously garbled in cable transmission -- have been rectified.

As you will observe the total payments due from Palestine in the year 1946, on current account, exceeded the total payments due to Palestine on current account by some £P 22.5 million. The net excess of goods and services purchased was financed by various special remittances and by imports of capital.

May I, however, at the risk of laboring the obvious, emphasize that the phrase "financed by" is perhaps an insufficiently causal linking of these two aspects of the balance of payments. The net excess of goods and services imported was due to the existence of these special remittance funds and these capital imports. Without the purchasing power created by the remittances and capital imports, no such imports of goods and services could have been financed, and no such imports would therefore have taken place.

I call your attention to the fact also that in the year 1946 Palestine was unable to achieve any substantial net depletion of her external assets. While the foreign holdings of the Palestine Currency Board fell by £P 5,020,000, and Palestine bank holdings of foreign securities fell by £P 1,788,000, at the same time banking balances abroad rose by £P 1,642,000. Government investments and balances abroad rose by £P 2,748,000, Government foreign debt fell by £P 100,000,

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and recorded gold holdings rose by £P 752,000. The net depletion of foreign exchange and gold assets was therefore only about £P 1,566,000.

It would have been much healthier for Palestine's economy if -- after six years of wartime import abstinence -- she had depleted her foreign exchange holdings much more substantially in 1946. It would have been much healthier particularly if Palestine had been able to purchase capital goods, raw materials, and foodstuffs in greater quantity from relatively low-price areas. The competitive position of her industries would have been strengthened and a firm brake applied to inflationary tendencies.

The comparatively low rate of net utilization of foreign assets was bearable in 1946 because of the low rate of immigration. Due to the comparative effectiveness of the restrictive immigration policy, only about 18,000 Jewish immigrants entered Palestine in that year.

Unfortunately there is not yet available such an analysis of national income and investment in Palestine for 1946 as would reveal the full significance of the special remittances and capital imports of that year in the economic achievement of the country. Dr. W. Dusterwald has estimated the net investment of the Jewish sector of the economy in 1946 at £P 25 million to £P 30 million (including inventories). If we make the arbitrary addition of £P 7.5 million for net real investment (including inventories) by the non-Jewish sector of the economy together with Government investment, we come to a total net investment of £P 32.5 million to £P 37.5 million. Subtracting the net capital import of £P 22.5 million, we arrive at a net investment from domestic saving of between £P 10 million and £P 15 million.

On this very rough basis, therefore, it appears that Palestine's net real domestic saving in 1946 was between 8 percent and 12 percent of her National Income of approximately £P 125 million. This rate of saving is no small achievement particularly since we have included in the consumption of Palestine not only the consumption of her settled population but also that of the ~~new~~ immigrants. The new immigrants necessarily consume more than they produce for an initial transitional period and are therefore, as a group, dis-savers rather than savers.

Because of this excess of consumption by new immigrants, Palestine's balance of payments in conjunction with

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her investment account can not show any sizeable net domestic saving in years of really large immigration. A more revealing economic picture would therefore be attained if the estimated excess of consumption (including training and other services) for new immigrants were carried as a separate item in the national accounts. This item would represent a kind of public investment -- though one yielding only intangible assets. Then the real earning, spending and saving pattern of the settled population would emerge clearly -- and would always now show sizeable positive savings,

I have gone into this question somewhat at length because there is so much misconception of the Palestine balance of payments and its significance for the prospects of self-sustaining economic development in the country. It ought to be particularly difficult for Americans to dismiss the Palestine economy lightly, on the basis of a superficial knowledge of its balance of payments, as "a deficit economy". For three centuries -- until World War I -- the United States was, in exactly the same sense, "a deficit economy". Since large-scale immigration into Palestine is necessarily a matter of years and not centuries, the period of major capital import will be correspondingly shorter.

I shall be glad to go into this matter with you as thoroughly as you may require, at your convenience. It is a question to which I have personally given a good deal of attention and to which I attribute great importance.

Yours sincerely,

Oscar Gass
Economic Adviser to
The Jewish Agency for Palestine

Enclosure

OG/1sb

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The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

PALESTINE BALANCE OF PAYMENTS FOR THE YEAR 1946

Summary Statement (in thousands of £P)

A -- Current Account

<u>Debits</u>		<u>Credits</u>	
<u>Merchandise purchased</u>		<u>Merchandise sold</u>	
Recorded gross imports	70,432	Recorded net exports	24,485
Less crude oil	12,743	Less oil exports	9,788
Plus oil purchased	<u>3,567</u>	Plus re-exports	<u>3,075</u>
<u>Imports</u> , net of special petroleum transactions	61,256	<u>Exports</u> , net of petrol- eum gross of re- exports	17,772
<u>Services purchased</u>		<u>Services rendered</u>	
Travel	2,700	Travel	1,130
Dividends	260	Dividends and interest (private)	1,200
Government interest paid on 1942 loan	108	Government receipts for services to U.K.	
Insurance	1,000	Government and from grants	1,100
Government current payments	200	British Army pay to Pales- tinian civilians	4,500
Transit fees, commissions, and royalties	<u>1,000</u>	British Army pay for purchases in Palestine (except oil)	14,661
	5,268	Services to oil companies	2,000
		Interest on government assets abroad	290
		Transit fees	<u>1,400</u>
			26,281
<u>Total Current Account debts</u>	66,524	<u>Total Current Account credits</u>	44,053

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B -- Capital Account

<u>Debits</u>		<u>Credits</u>	
<u>Capital Exports</u>		<u>Capital Imports</u>	
<u>Remittances</u>		<u>Remittances</u>	
Jewish institutions funds for rescue, refugee care, etc.	800	Receipts of Jewish national institutions	8,600
Jewish institutions funds for loan amortization	50	Import of goods not requiring payment (including immigrants' effects and gifts in kind)	800
Gift exports	120	Receipts of foreign diplomatic establishments	500
Emigrant and other private capital transfers	1,100	Receipts of schools and hospitals maintained from abroad	1,500
		Receipts of foreign residents, non-Jewish refugee and residual	4,000
<u>Changes in capital assets</u>		<u>Changes in capital assets</u>	
Increase in bank balances abroad	1,642	Jewish private capital import	6,200
Increase in Government investments abroad and holdings with Jt. Col. Fund	2,748	Investments of foreign concerns	1,375
Amortization of Government loan	100	Decrease in bank holdings of foreign securities	1,788
Gold import (recorded)	752	Decrease in Palestine Currency Board foreign assets	5,020
Total Capital Account debits	7,312	Total Capital Account credits	29,783
<u>Debits</u>		<u>Credits</u>	
Current Account	66,524	Current Account	44,053
Capital Account	7,312	Capital Account	29,783
Total	73,836	Total	73,836

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The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

January 23, 1948

Mr. Oliver C. Lockhart
Economic Adviser for the Far East
Export-Import Bank
Room 1005
734 Fifteenth Street, N.W.
Washington, D. C.

Dear Mr. Lockhart:

I enclose a very tentative statement of the Palestine Balance of Payments for 1947. Because of its tentative character, I have added some notes indicating the basis of estimate for each item. The statement leans very heavily on the judgment of Dr. Kurt Mendelsohn of the Anglo-Palestine Bank.

The use of the calendar year basis for this statement is somewhat misleading, particularly because of the rapid rehabilitation of the citrus industry in these years. Citrus fruit is shipped primarily in the first quarter of the year. While the import bill for the calendar year is heavily burdened by purchases of packing materials which arrived in the last half of 1947, the export earnings will be realized primarily in the first quarter of 1948. Shifting the twelve months basis from January 1, 1947 through December 31, 1947 to a basis of April 1, 1947 through March 31, 1948 would mean an increase in export proceeds from about £P 19 million to about £P 25 million (always excluding petroleum exports).

As you will note, imports of petroleum are rigorously excluded from the debit side and exports of petroleum from the credit side of the Palestine Balance of Payments. Palestine's foreign exchange holdings are not drawn upon to pay for the imports, and they do not derive anything from the exports. Petroleum operations in Palestine are, in law and in fact, an extra-territorial enterprise. Palestine, in effect, buys her petroleum products from abroad and receives payments from abroad for labor, supplies and services rendered to the Petroleum operations. Under announced current plans of the Iraq Petroleum Co. and the Consolidated Refineries, Haifa will receive by pipeline and will refine some 9,000,000 tons of petroleum products by 1949 or thereabouts (as compared to a current Palestine consumption of just over 500,000 tons for civilian purposes). The exportable part of this production might have a gross value of the order of \$125,000,000 per annum,

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Jewish Agency

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But under current arrangements only the payments for labor and services would be a credit item in Palestine's balance of payments.

In the year 1947 Palestine managed, for the first time since 1939, to make a substantial (net) use of her foreign exchange holdings. It is believed that she was the only country in the sterling area that had to wait until the third year after the end of the war in Europe to be allowed to draw on her sterling assets significantly. According to our tentative balance, these assets were drawn down by some £P 18.5 million in the calendar year (item (12) / (13) / (14), including about £P 2 million used for private gold acquisition), but this depletion would probably be reduced to about £P 12.5 million if we could eliminate the special seasonal factor mentioned above.

On the whole -- and with some conspicuous exceptions --, from the point of view of Palestine, this depletion of sterling balances is to be welcomed. It made possible a large inflow of machinery, equipment, raw materials and durable consumer goods. It placed the country in a stronger position to absorb a large immigration. Due especially to the de facto loosening of restrictions in the latter months of the year, Jewish immigration rose from about 18,000 in 1946 to about 30,000 in 1947. The country was taking some of the steps necessary to make possible a much larger immigration -- though many factors cooperating in the process would have rejected such an objective violently.

For the future, it cannot reasonably be anticipated that the United Kingdom will continue to allow Palestine to draw down her sterling balances so rapidly -- no matter how worthy the purposes on which those balances may be expended. Even in 1947 the result is to be attributed primarily to administrative laxity rather than to design. Nevertheless, it is hoped and planned that arrangements for a more moderate depletion of Palestine's sterling balances may be negotiated and that these arrangements will assure controlled expenditure of existing sterling balances in accordance with the needs of Palestine's economic development.

Yours sincerely,

Oscar Gass
Economic Adviser to
The Jewish Agency for Palestine

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The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

PALESTINE BALANCE OF PAYMENTS FOR THE YEAR 1947 (in millions of £P)

A -- Current Account

	<u>Debits</u>	<u>Credits</u>
(1) Trade in merchandise (excluding petroleum and re-exports)	70	19
(2) Purchase of petroleum products	4	--
(3) Services to petroleum company and remittances received by foreign residents	--	7.5
(4) Travel (net)	2	--
(5) Dividends, interest, etc. (net)	--	2
(6) Services to British Army	--	14
(7) Insurance and commissions (net)	1	--
(8) Total Current Account	<u>77</u>	<u>42.5</u>

B -- Capital Account

(9) Non-institutional remittances (net)	--	1.5
(10) Receipts of Jewish National Institutions (net)	--	12.5
(11) Transfers of private capital net	--	5
(12) Changes in bank and other assets abroad	--	15
(13) Change in Palestine Currency Board foreign assets	--	2
(14) Change in Government foreign assets	--	1.5
(15) Miscellaneous (including gold imports)	3	--
(16) Total Capital Account	<u>3</u>	<u>37.5</u>

C -- Reconciliation

(17) Current Account	77	42.5
(18) Capital Account	3	37.5
(19) Gross Balance	<u>80</u>	<u>80.0</u>

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Notes in Explanation of Palestine Balance of
Payment, 1947

Line (1): imports

Total imports January - October 1947
as in published statistics (excluding
crude petroleum)

£P 65,576,000

Less imports not requiring payments;
petroleum companies,
diplomatic bodies, etc.

3,906,000

Less re-exports included in general
imports

3,650,000

Retained imports for 10 months

57,820,000

Estimated retained imports for final
2 months 1947

12,000,000

Total

69,820,000

Rounded total of estimated retained
imports for 1947

70,000,000

Line (1): exports

Total exports January - October 1947
as in published statistics
(excluding crude petroleum)

£P 10,218,000

Plus value of citrus shipments
November and December

4,500,000

Plus value of other exports
November and December

1,500,000

Plus special exports to
"Boycott" countries

1,000,000

Plus adjustment for undervaluation
of diamond exports

1,800,000

Total

19,018,000

Rounded total of estimated exports for 1947

19,000,000

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Line (2): petroleum purchases

Actual purchase of refined products 1945	£P	2,999,000
Actual purchase of refined products 1946		3,567,000
Estimated purchase of refined products 1947		4,000,000

Line (3): services to petroleum company, etc.

Represents an increase of £P 1 million from 1946 due to enlarged petroleum concession activities.

Line (4): travel (net)

The Government statistician estimated the net expenditure on this account in 1946 at £P 1.5 million. Since then, registered departures increased about 25 percent. The estimated net deficit of £P 2 million for 1947 is a rough figure.

Line (5): dividends, interest, etc. (net)

Follows the Government Statistician's estimate for 1946. The Palestine financial community regarded this figure as somewhat low for 1946, but it may be right for 1947 in view of the sales of sterling securities in the latter part of the year.

Line (6): services to British Army

No official figures available for 1947. Evaluated in terms of decline from 1946, when corresponding figure was £P 19.2 million.

Line (7): insurance and commissions (net)

Have utilized Government Statistician's figure for 1946.

Line (8): Total -- by addition

Line (9): Non-institutional remittances (net)

Followed 1946.

Line (10): Receipts of Jewish National Institutions (net)

According to records of these institutions.

Line (11): transfers of private capital (net)

Based on estimates of banking and financial community. Net resultant of considerable movements in both directions.

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Line (12): changes in bank assets abroad

According to official statistics, the decline in 1947 through October 30, 1947 was £P 11 million. The decline in the last two months is reported, by responsible banking sources, to have been rather more than £P 3 million. An allowance has also been made of £P 1 million for sales of sterling securities held by non-banking sources.

Line (13): changes in Palestine Currency Board foreign assets

Estimated from change in currency in circulation.

Line (14): change in Government foreign assets

The reported decline in the first eight months of the year was only £P 0.7 million (from £P 13.2 million to £P 12.5 million), but surpluses were probably consumed more rapidly in the latter months.

Line (15): miscellaneous, including gold

This item includes payments for films, patents, etc. Unrecorded gold purchases alone are estimated at £P 2 million.

Lines (16), (17), (18) and (19) -- by addition.

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הסוכנות היהודית לארץ ישראל

The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

February 4, 1948

Mr. Oliver C. Lockhart
Economic Adviser on the Far East
Room 1005
Export-Import Bank
734 15th Street, NW
Washington 25, D. C.

Dear Mr. Lockhart:

The Jewish Agency has profited from the presence in this country of Mr. S. Hoofien, Chairman of the Board of Directors of the Anglo-Palestine Bank, Ltd. to enlist his authoritative judgment in reply to the inquiry of the Export-Import Bank concerning the ability of the Jewish State to repay the proposed \$75,000,000 loan.

Mr. Hoofien is in many ways uniquely qualified to answer this question. He has played an important part for many years in the economic life of Palestine and has particularly been associated with the growth of the Anglo-Palestine Bank to its pre-eminent position among banking institutions operating in Palestine. He is also Chairman of the Board of Directors of the General Mortgage Bank, Ltd., the most important mortgage institute of Palestine.

Mr. Hoofien has, quite naturally, answered this question with all a banker's caution. He has been concerned to explore the position as it would be on a minimum basis asking always the question, "How would the loan be repaid, not if events turn out as we believe most probably, but in the worst case?"

As a minimum answer, Mr. Hoofien's reply is however completely in accord with the judgment of the Jewish Agency's economic officers, and I transmit it to you with the Agency's full adherence. I would merely call your special attention to the conclusion drawn in point 10 of Mr. Hoofien's memorandum; the Jewish Agency lays great stress on this point.

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Jewish Agency

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I believe that you will find that Mr. Hoofien has given a very carefully-reasoned justification for the Agency's conviction that no serious question can arise of the ability of the Jewish State to repay the proposed loan.

Yours sincerely,

Oscar Gass
Economic Adviser to the
Jewish Agency for Palestine

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MEMORANDUM

Ability to Repay the Proposed Loan of \$75,000,000

1. In connection with the Jewish Agency's proposal regarding an immediate loan of \$75,000,000, it has been suggested that a brief statement should be presented setting out how the Agency envisages the Jewish State's ability to provide the necessary funds for the service of such a loan. The following observations will, it is hoped, be found to meet this purpose.
2. It is assumed that an annual amount of approximately \$8,500,000 would be required each year for a period of ten years to cover the interest and amortization of the loan.
3. It will be appreciated that, for many obvious reasons, no useful purpose would be served by an attempt to draw up, in figures pretending to exactitude, an outline of the Jewish State's budget during the forthcoming decade or of the international balance of payments of its economy during these years. It is evident that there would be a most serious objection to any attempt at exactitude; the lender may well feel that a calculation showing in exact figures that there will exist available funds for the service of this loan has only a specious precision, inasmuch as in any case those exact figures would rest on a large number of uncertain assumptions.

What the lender can reasonably expect is that a clear case should be made out that the economy of the State will be such as to enable it to make savings out of the aggregate national income sufficient to deal with all its obligations and that - unless complete international monetary chaos supervenes - the State will be able to meet its international financial obligations by providing the appropriate foreign exchange.

There will, it is believed, be no difficulty in making out such a case.

National Income and Savings Capacity

4. In the year 1946 the Government of Palestine published a survey of the National Income of Palestine in the year 1944, prepared by Mr. P. J. Loftus, the Government Statistician. This survey, in the preparation of which the most accurate data available were used, provides the best

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Ability to Repay - cont'd.

starting point for the calculation now envisaged.

In the survey, the total National Income of Palestine for the year 1944 was calculated to amount to £P 123,000,000. The Government Statistician broke down this aggregate figure as follows:

National Income of the Jewish Population	£P 73,400,000
National Income of the Arab (and other) populations	49,600,000
Total	£P 123,000,000

5. Since 1944 there has been a substantial increase in productivity, particularly in the Jewish community.

(a) The re-opening of the Mediterranean to commercial shipping has permitted the rehabilitation of Palestine's greatest export industry - citrus fruits. Exports of citrus rose from some 2,747,000 cases (including bulk shipments, in case equivalents) in 1944-45 to an anticipated 12,000,000 cases in the season which will end in the next three months. The f.o.b. value of these exports rose from £P 1,952,000 in 1944-45 to approximately £P 15,000,000 in the present season. Palestine's citrus industry is not yet fully re-habilitated from its wartime neglect, yet there has already been a rise of the equivalent of over \$50,000,000 since 1944 in the annual value of the company's citrus exports.

(b) A few real indices, not confused by questions of price changes, may be cited in further confirmation of the expansion since 1944.

Expansion of Electricity and Cement Output
in Palestine since 1944

	Total electric power output (thousands of kilowatts)	Industrial electric power output (thousands of kilowatts)	Cement production (metric tons)	Indices of preceding columns		
				1	2	3
1944	187,811	58,020	158,579	100	100	100
1946	251,611	76,831	254,780	134	132	161
1947*	303,000	88,000	325,000	161	152	203

*1947 based on 9 months for power and 10 months for cement.

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Ability to Repay - Cont'd.

(c) Available real indices of Jewish agricultural production confirm the same expansionary trend.

Expansion of Jewish Diversified Farming since 1944

	Milk production (millions of litres)	Egg production (millions of units)	Vegetables and potatoes (thousands of tons)	Deciduous fruit (thousands of tons)	Bananas (thousands of tons)
1944	61.5	73.8	40.5	3.3	3.5
1946	72.4	130.1	68	7.1	4.1

There is every indication that the figures of real agricultural output for 1947 are larger again than those for 1946, very much larger indeed.

6. In spite of these and many other indications of a substantial real increase in productivity since 1944, we shall assume for sake of conservatism that there has been no per capita increase. This assumption provides us with a very real reserve.

(a) The Jewish population of Palestine numbered during 1944, on the average for the year, approximately 550,000. The present Jewish population is to be put at a figure approaching 700,000. At an unchanged rate of per capita national income the present Jewish national income may, therefore, be estimated at $700/550 \times \text{£P } 73,400,000 = \text{£P } 93,400,000$.

(b) A round 100,000 out of these 700,000 Jews live in Jerusalem. Let it be assumed that the Jerusalem Jews will not bear any part of the burdens of the Jewish State and let it also be assumed that their per capita national income is equal to the average per capita figure. In both cases the assumption is somewhat exaggerated. The Jerusalem Jews are bound to take a fair part in the economic life of the Jewish State and will invest a good part of their savings in it. And, as they contain little industry, their per capita income is bound to be smaller than the average. Let these factors, however, be disregarded and deduct for the 100,000 Jerusalem Jews one-seventh of the figure of $\text{£P } 93,400,000$. We are then left with a figure of $\text{£P } 80,000,000$ for the present national income of the initial Jewish population of the Jewish State on the basis of the 1944 price level.

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Ability to Reap - Cont'd

(c) The Jewish State territory now contains about 30% of the present Arab population of Palestine. It is not proposed to go into any lengthy calculations regarding the national income of this group. The 1944 figures of the Government Statistician form a firm enough basis for our rough calculation. He put the total national income of the non-Jewish population at £P 49,600,000. We disregard both increase and improvement - though both there have been, and especially for those non-Jews in the coastal industrial and citrus belt which will come within the Jewish State. The national income of the non-Jewish population of the Jewish State may then be estimated at roughly £P 15,000,000 in 1944 prices.

(d) We come then to the following initial annual national income of the Jewish State:

National income of the Jewish population	£P 80,000,000
National income of the non-Jewish population	<u>15,000,000</u>
Total	£P 95,000,000

7. If the Government of Palestine cost-of-living index be accepted as an indication of the price level, and if it is considered that this index rose by about 14 percent from 1944 to the present time, there would be ground for increasing the money value of the national income accordingly. It is, however, proposed to forego a calculation of this kind as, no doubt, an effort in the direction of a moderate deflation will be made. (It is not within the purview of the present note to venture any prophecy on the desirability or success or otherwise of such an effort.)

8. Several further factors making for larger real income are also deliberately disregarded.

(a) There is ample room for a further increase in the per capita productivity of the Jewish economy. To express such potential increase in exact figures is impossible for obvious reasons. But the whole position and all past experience render it reasonable to expect that the increase in productivity will be substantial. Nevertheless it will be disregarded for the purposes of the present statement, but it had to be mentioned so that the ultimate figures may appear in correct perspective.

(b) There is even more room for an increase in the productivity of the non-Jewish sector of the Jewish State. Experience confirms the probability of such improvement. In the

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Ability to Repay - Con't

past 15 years, real output per Arab household employed in diversified farming (all farming apart from citriculture) has risen by 50 percent. Arab industrialization has begun, and Arabs in the Jewish State will be drawn increasingly into industrial pursuits. Yet, for the purpose of this statement, both the increase during the next years in the non-Jewish labor force and in non-Jewish productivity are entirely disregarded.

(c) The entire contribution of the investment of this particular Export-Import Bank loan, by way of increased per capita productivity, will likewise be disregarded.

9. There will, however, be a very substantial increase in the Jewish population and in the resulting total national income, as a result of the large immigration which, after all, is the essential element of the entire problem under consideration. There will surely be no exaggeration in putting the increase in the Jewish population of the Jewish State from immigration and natural increase during the period of the repayment of the loan at 500,000. This figure will be contested as a gross underestimate by almost all those acquainted with the position, the potentialities and the immigration pressure. Nevertheless, for sake of argument, let the figure of 500,000 be assumed for the present, and let it be reduced to 250,000 for the average figure during the lifetime of the loan. There is no reason to put the per capita income of this additional population at any lower figure than the present per capita income as assumed in this statement. The figure of £P 80,000,000 in respect of some 600,000 Jewish inhabitants of the State is, therefore, to be increased by rather over two-fifths and a total figure of £P 113,300,000 is arrived at. Let us call this £P 110,000,000 for further safety.

If we add to this £P 110,000,000 of Jewish income the £P 15,000,000 of income of the non-Jewish population, we reach a total figure of approximately 125,000,000.

10. A figure approximately £P 125,000,000 for the average total National Income of the Jewish State during the lifetime of the loan has now emerged, and this figure contains all the reserves pointed out in the preceding paragraphs. It ought to be stated at this juncture that the cumulative effect of these reserves is believed to be a very big one, so big indeed that the actual facts may well change the present

Ability to Repay - Con't.

estimate in an upward direction out of all recognition, at the same time that it is virtually impossible that any actual combination of facts could reduce it.

11. With this estimate in hand it is not too difficult to arrive at a rough estimate of the amount which the economy of the Jewish State could, by way of saving, set aside for investment and debt reduction. The Government Statistician estimates Palestine savings during the year 1944 at 18 per cent of the national income. The percentage is an uncommonly high one, and the statistician's observations on it are worth quoting: "Such a high proportion of saving was made possible by the high level of the national income on the one hand and the restricted possibilities of consumption by expenditure both inside and outside the country in the year 1944."

To a considerable extent, the ratio of saving will be a matter of public policy. It is submitted that, taking into account the obvious necessity under which the young Jewish State will be to encourage (if not, in some measure, to enforce) saving, it will be sufficiently conservative for the present purpose to put saving at 10% of the national income.

12. A figure of approximately £P 12,500,000 per annum is thus finally arrived at as the sum available for capital investment and external debt reduction. Convert this figure - not of necessity at the present official rate, but at any rate that may appear reasonable - into dollars, and it will be found that, after having been kept down again and again as set out in the preceding paragraphs, the resulting figure presents a very ample margin as compared with a requirement of say \$8,500,000.

Savings and External Remittance of Debt Service

13. The question may finally be asked whether, whatever surplus over current consumption may be available within the country's economy, the necessary foreign exchange can be procured for the purposes of external debt reduction. Since the answer to such a question will have to cover a period of something like a decade, a period during which the main powers, largely guided and influenced by the United States, will have to bend all their efforts toward bringing the world bank to monetary sanity, it seems obvious that an answer can be given only in fairly general terms. No attempt at drawing up an exact forecast of the Jewish State's annual balances of

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Jewish Agency

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Ability to Repay - Cont'd.

payments during the forthcoming decade can usually be made, nor could such a conjectural calculation reasonably expect to be accepted as providing anything merely because it was abundantly provided with speciously precise detail.

General considerations can however be advanced which are surely adequate for a confident answer to the practical question.

First: the amount of \$8,500,000 per annum is a very modest one. There is surely no exaggerated optimism in expecting any country with adequate savings and an aggregate external trade figure now approaching the equivalent of half a billion dollars to be able to transfer annually some eight or nine million dollars. This modest transfer figure provides a wide margin for difficulties due to monetary obstruction. (Moreover, as will be indicated below, there are special reasons in the relations of the Jewish State with the United States why the dollar exchange problem will present far less difficulty in this case than it would for some other States.)

Second: whatever may have been demonstrated in the present statement about the country's ability to create within its internal economy a surplus available for investment and external debt reduction, there was no intention to make out a case that Palestine will in the near future render (or attempt to render) itself independent of capital import. It is in the very nature of Palestine, as a country of vigorous immigration, that there should continue to be considerable capital import so long as the immigration lasts. The total capital import will certainly be many times as large as the \$75,000,000 loan under direct consideration in this statement. Especially so long as there will be a large capital import, the foreign exchange problem of transferring abroad a moderate sum, of which the local currency counterpart is available from domestic resources, will altogether not present a problem.

14. Transfer of moderate amounts in dollars would also present no special problem for Palestine. In 1946 Jewish capital import into Palestine from the United States was approximately \$35,000,000; in 1947 it was about \$40,000,000. In 1948, due to the foundation of the Jewish State, an entirely unprecedented inflow of funds from the United States is anticipated. Some account of these sources of dollars has

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Ability to Repay - Con't.

already been given by Mr. Eliezer Kaplan, Treasurer of the Jewish Agency, in his memorandum of December 22, 1947 entitled The Financial Requirements of Jewish Resettlement and Economic Development in Palestine. It is consequently unnecessary to enlarge on this matter here. It should be appreciated however that for a long period - so long as there is mass Jewish immigration into Palestine - the flow of capital from the United States to Palestine is very likely to continue and in amounts that are very sizeable indeed when compared to an annual debt service charge of eight or nine million dollars. This consideration alone and apart from all others would suffice to make the foreign exchange transfer problem a quite inconsiderable one.

15. There can therefore be no serious question that the Jewish State will be able to meet an annual debt service charge of some eight or nine million dollars. Much larger amounts will be saved and could be transferred. It may also be said, without vanity, that Jewish Palestine has a voluntarily accepted national discipline which will give this external financial obligation a degree of firmness which can be matched in very few countries today. The Jewish State will have a more effectively organized tax collection system than Palestine has had hitherto. It will have a reasonably efficient foreign exchange control. It will have the assistance of an organized capital market.

It may therefore be concluded that there is every reasonable assurance that the Jewish State would pay the interest and amortization of the proposed \$75,000,000 loan without any great burden on itself and to the satisfaction of the Export-Import Bank.

S. Hoofien, Chairman
Board of Directors
Anglo-Palestine Bank, Ltd.

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הסוכנות היהודית לארץ ישראל

The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.

WASHINGTON 8, D. C.

ADAMS 5411

OFFICE OF
ECONOMIC AFFAIRS

SUBMISSIONS
to the
UNITED STATES EXPORT - IMPORT BANK
IN SUPPORT OF THE
APPLICATION OF THE JEWISH AGENCY FOR PALESTINE
for a
SEVENTY FIVE MILLION DOLLAR LOAN

Oscar Gass, Economic Adviser

February, 1948

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The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

December 22, 1947

Mr. William McChesney Martin, Chairman
Export-Import Bank
Washington, D. C.

Dear Mr. Martin:

I wish to thank you and your colleagues for your courtesy in meeting with me and Mr. Gass last week.

In accordance with your request, we have prepared a concise statement of the basic terms of the immediate credit that we suggest. That statement is contained in the enclosed memorandum entitled Proposed Basic Terms of an Immediate Export-Import Bank Credit.....

I am also taking the liberty of sending you a more general memorandum describing the financial requirements of our Four-Year Plan of Resettlement and Development. As you will see, we have ventured in this memorandum to suggest a rather large, continuing role for the Export-Import Bank in the general problem of resettlement and development in Palestine. It is our hope that this suggestion may win your support and subsequently the support of both the Executive and Legislative branches of the United States Government. We trust that you will agree with us that there is a challenge and an opportunity in Palestine that is worthy of extraordinary measures.

We would greatly appreciate having some indication, however tentative, of your views on these proposals as soon as possible. At the end of the present week, I shall have to go to London for a few days in connection with some urgent financial matters. During my absence, you will, however, be able to get any necessary information from Mr. Gass, who serves as Economic Advisor to the Jewish Agency.

Sincerely yours,

Eliezer Kaplan, Treasurer
Jewish Agency for Palestine

The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

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December 22, 1947

MEMORANDUM

The Financial Requirements of Jewish Resettlement and Economic Development in Palestine

1. The Four-Year Plan

The Jewish Agency for Palestine has established the outline of an economic plan designed to meet the large responsibilities for Jewish resettlement and Palestinian development that have been entrusted to the Jewish State by the United Nations. This plan is conceived tentatively in terms of the four years 1948-51.

The primary objective of this plan is to satisfy the most urgent needs for resettling Jews from Europe and, to a lesser extent, from the Arab countries. A second compelling and pressing objective is to develop the country so as to raise the standard of living of the Arab population of the Jewish State gradually to the level of the Jewish population.

It is believed that the most urgent needs for Jewish resettlement may be met by the immigration of approximately 400,000 Jews into Palestine during the next four years. As a result of the accomplishment of this program, it should be possible - so far as Jews are concerned - to close the Displaced Persons Camps and to put further emigration from Europe on a more normal basis.

Of the 400,000 immigrants, it is contemplated that perhaps 40,000 to 45,000 would be children orphaned or separated from their parents. Approximately 140,000 to 150,000 would be adults and family groups from among the Displaced Persons in Germany, Austria, and Italy. Some 15,000 would come from Cyprus. Roughly 200,000 would be persons in extreme need of resettlement from eastern Europe and from the Arab countries.

It is anticipated that there would be no restriction on the entry of Jews into the Jewish State in so far as the

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prospective immigrants are persons of sufficient means to fend for themselves. The general supply of capital to create opportunities for productive employment will, however, necessarily be a limiting factor in the rate of immigration of persons without means. The Jewish Agency does not, of course, set 400,000 immigrants in four years as an unchangeable program. Should adequate capital be available, it might be possible to accomplish the program more rapidly, but - for the present - 400,000 immigrants in four years seems a sufficiently exacting target. On the other hand, given the need to close the Displaced Persons camps and to provide for distress conditions elsewhere, no target substantially smaller than 400,000 could be accepted.

2. The Funds Required

The funds required for the accomplishment of the various aspects of the Four-Year Plan are indicated below, in rounded summary form. These rounded totals are based on a detailed, though tentative, itemization, which is now undergoing systematic revision.

It must be emphasized that the financial requirements dealt with here are solely the requirements for the Jewish State's resettlement and development plan; funds required for other purposes do not come into the plan. First, the ordinary, operating budget of the Jewish State, for the provision of ordinary public services to the settled Palestinian population, is not included; obviously these services will be provided for from ordinary current income. Second, no part of the security expenditure of the Jewish State is included, whether ordinary or extraordinary. Third, the subsidy of up to \$64 million payable in four years by the Jewish State to the Arab State, in accordance with the determination of the United Nations, is also excluded; this subsidy must, it is true, be provided for out of the savings of the Jewish State, but the purposes for which the subsidy funds will be expended obviously fall out of the purview of a Jewish State plan.

With this delimitation, the funds required for the accomplishment of the Four-Year Plan come to a total of approximately \$1-1/4 billion.

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Funds Required for The Accomplishment
of the Four-Year Plan

For services to
immigrants

Transportation to Palestine	\$ 56,000,000
Care of orphaned children	107,500,000
Adult Chronic Welfare cases	24,000,000
Vocational training	20,500,000
Transitional maintenance and welfare services	<u>65,500,000</u>
Sub-total	\$293,500,000

For productive
investment

Agriculture for immigrants	75,000,000
Irrigation for immigrants	38,000,000
Land for immigrants	100,000,000
Manufactures for immigrants	115,000,000
Housing for immigrants	290,000,000
Other construction for immigrants	160,000,000
All categories of investment for growth of Arab and Jewish popu- lation plus Arab development	120,000,000
Inventory for enlarged population	<u>60,000,000</u>
Sub-total	\$958,000,000

GRAND TOTAL	\$1,251,500,000
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Note: A few explanatory comments are given in the attached
Technical Notes, Note A.

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3. Sources of Funds

The Jewish Agency is undertaking a comprehensive program designed to tap all sources of funds that may be made available for the accomplishment of this program.

In the long run, new savings in Palestine will, of course, be the principal source of development financing. The present (1947) annual national income of the area which will become the territory of the Jewish State may be estimated at roughly \$360 million (£90 million). Given appropriate policies and controls, it is quite possible for the Jewish State to save one-eighth of this income; under war-time conditions, a substantially higher saving ratio was attained. As population expands and development continues, this savings quota will rise - supplying funds for new investment and guaranteeing the repayment of old loans. It is believed that during the next four years - with a labor force increase of approximately fifty percent - it will be feasible to bring about new savings of about \$240 million. In accordance with the determination of the United Nations, up to \$64 million will have to be transferred by the Jewish State to the Arab State, leaving approximately \$175 million of new domestic savings to be devoted to the development program.

Palestine served the British war effort, among other ways, by supplying her capital imports and her new savings to Britain in exchange for balances held in sterling, subject to British trade and exchange controls. The total amount of these balances is very roughly \$500 million, of which roughly three-quarters belongs to residents of the Jewish State territory. It may reasonably be anticipated - though certainty is impossible - that perhaps \$75 million of these balances could be drawn down during the next four years to finance part of the development plan. (The implicit rate of depletion of Palestine's sterling balances would be of the same order of magnitude as the actual rate that has prevailed since the end of the war.)

Campaigns of entirely unprecedented magnitude are being undertaken by world Jewry to contribute money to Palestine for the rehabilitation and resettlement of needy immigrants. In the United States, a campaign has just been launched by the United Jewish Appeal which - should it be fully successful - would ultimately contribute approximately \$145 million to Palestine. (Part of these funds are, however, designated for interim security needs and other purposes lying outside the scope of the Four-Year Plan.) On the basis of these enlarged campaigns, it is hoped that during the next four years world Jewry will contribute approximately \$300 million, as a free gift, towards the accomplishment of the resettlement program and the related economic development.

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A great variety of measures are being undertaken, all over the world, to interest private capital in investment in Palestine. In the years 1919-1939, over eighty percent of the capital imported into Palestine was private and less than twenty percent came by way of contributions. Then, however, private capital came primarily with immigrants who possessed some means. Today, so far as Europe is concerned, there are no such immigrants. Private capital is anticipated primarily by way of branch plants, participation in investment companies, a flow of funds for mortgages in connection with housing, etc. Though any estimate is extremely hazardous, it is believed that it may be possible to tap \$200 million of such investment funds during the next four years.

It is now possible to summarize the funds which are in view for the accomplishment of the Four-Year Plan in relation to the requirements of that plan as indicated above.

Requirements and Resources for the Accomplishment
of the Four-Year Plan
(in round figures)

Requirements:

For <u>services</u> to immigrants	\$300,000,000
For <u>productive</u> investment	950,000,000

Total	\$1,250,000,000
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Resources:

From new and old Palestinian <u>savings</u>	\$250,000,000
From <u>contributions</u> of world Jewry	300,000,000
From private foreign <u>investment</u>	200,000,000
Total	\$750,000,000

Funds required from other sources	\$500,000,000
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It is fully appreciated that many uncertainties affect this balance of Requirements and Resources and the resulting indicated deficit of \$500 million. On the Resources side, the present balance perhaps errs in the direction of optimism,

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but it is not a passive optimism; it reflects a determination to take all possible action to realize the stated objectives. On the Requirements side, a minimal approach has been taken. Housing, for instance, is provided on a standard of 2-1/2 persons per living room. Moreover the program provides little or nothing for development needs beyond the next four years. For that reason no mention is made of what has come to be known as the project of a Jordan Valley Authority.

Such a project as the Jordan Valley Authority would call for a capital sum of at least \$300 million, at present prices. It would also involve the cooperation of several States. For the present, more current needs must receive priority. The irrigation activity of the Jewish State will be planned to fit in with a comprehensive dual-purpose irrigation and power development should such a project prove feasible at a later date.

There is a clear deficit of some \$500 million dollars even with respect to these minimal requirements.

4. Participation of the United States

The Jewish Agency turns to the Government of the United States first with this financial problem because of the preeminent position of the United States in the world capital market, because of the leadership in economic reconstruction now being undertaken by the United States through the Marshall Plan, and because of the sympathetic interest taken by both the Executive and Legislative branches of the United States Government in the problem of Palestine. On October 4, 1946, President Truman expressed this interest most pointedly in specific reference to the economic problem of Palestine. The President generously announced: "...should a workable solution for Palestine be devised, I would be willing to recommend to Congress a plan for economic assistance for the development of the country." This policy of economic and financial assistance was most helpfully reaffirmed by the representatives of the United States Government at the recent proceedings of the United Nations.

It is suggested that there is both a reasonable analogy and a cooperative relationship between the Four-Year Plan of Jewish resettlement and the European Recovery Plan initiated by the United States Government. Both are in fact reconstructions of something shattered by war and Nazi aggression, though the Jewish reconstruction is necessarily accompanied with the creation of a new State. Both plans are necessary for the

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"normalization" of the European economy: such normalization is impossible without solving the Displaced Persons problem as well as the problem of those persons who, while not formally "displaced", are living in places where they cannot remain permanently.

Despite this parallelism and cooperative relationship between the European Recovery Plan and the Four-Year Plan for Jewish resettlement and development, the Jewish Agency recognizes that the question of fully parallel action by the United States Government involves a variety of considerations on which the Agency is not competent to pass judgment. It is the Agency's intention merely to call attention to some points of analogy and relationship which are believed to be relevant. It is for the Government of the United States alone to decide whether financial assistance partly by means of a grant, such as is proposed for the European Recovery Plan, is also appropriate in the case of Palestine. The Agency recalls that both in connection with the original proposal of President Truman to move 100,000 immigrants to Palestine and subsequently, during the Morrison-Grady negotiations, the United States Government did offer grants, in services and in money, to facilitate a Palestine settlement.

5. Possible Role of the Export-Import Bank

The Jewish Agency hopes that the United States Government will find it possible to make a major contribution towards the accomplishment of the Jewish State's Four-Year Plan through the use of the channels of the Export-Import Bank. Preliminary explorations with the officers of the Bank indicate that this would require an Executive recommendation and affirmative action by the Congress. While the Bank may be in a position now to lend moderate amounts for medium periods without any special Congressional authorization, its reserve of uncommitted lending power is not adequate for major participation in the Four-Year Plan.

It is suggested that a Congressional authorization for major participation in the development program (including loans for such long-lived assets as irrigation installations) might appropriately confer power to grant loans for a period up to forty years. Loans should be made only for productive, repaying purposes. In view of current supply shortages, the Bank might also be granted discretion with respect to the concentration of all expenditures in the United States.

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The advantages of such a general lending authorization to the Export-Import Bank would be many. The Bank would retain complete discretion to lend only for sound projects. It would be possible to adjust the financing plan to the basic realities of the underlying resettlement and development problems and not to have to work in terms of unconnected year-to-year fragments. The Bank would acquire a relationship of trust, confidence and guidance which would be most healthy in the economic development of the new Jewish State.

6. Role of United Nations Institutions

The Jewish Agency anticipates that ways can be found through the United Nations to make a modest contribution to the most immediate requirements of Jewish resettlement. In this connection, the Agency thinks particularly of the IRO. It seems clear, however, that there can be no major reliance on the financial resources of the United Nations organization, as such, either for grants or for loans. The budgetary position of the United Nations would not permit any grant, and the United Nations has formally divested itself of the power even to make recommendations to the International Bank with respect to loans. It seems, therefore, that public financing of Jewish resettlement and development, while in accord with declared United Nations policy, cannot practicably operate, to any considerable extent, through United Nations mechanisms.

It is clear that the Jewish State will, in due course, have to develop a borrowing program in connection with the International Bank. Such a program will have to be formulated some time after the Jewish State will have acquired the membership in the International Bank which is a prerequisite for any loan application. Perhaps the International Bank might ultimately undertake to finance the Jordan Valley Authority, as an integrated project. At the present, the International Bank is only beginning its operations and has a long waiting list. It seems unlikely, therefore, that in the near future the International Bank will be in a position to make a major contribution to Palestine's financing needs.

7. First Year Requirements

The crucial year in the establishment of the Jewish State seems likely to be the first year, 1948. The atmosphere created during that year will, in very large part, determine

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the success or failure of the enterprise in which the United Nations has set its hand in Palestine. There is at stake too the outcome of a policy for which the Government and people of the United States have shown such sympathy. What is at issue for the Jewish people is too great and transparent to require further emphasis. And it may also well be that the gains from peace and constructive development - or the losses from conflict and economic stagnation - will be fateful for the future of the Arab Middle East.

Because of the crucial significance of this year, it is most important that - despite all obstacles - constructive work should proceed apace. Arrangements to purchase investment goods must be made well ahead, funds must be obligated, contracts signed, and shipping service assured. Otherwise it will be impossible to bring people into Palestine rapidly, to care for them, and to provide them with productive employment.

Every resource of the Jewish community in Palestine and of world Jewry will be called upon to meet the needs of this first year of the establishment of the Jewish State. There is a profound awareness of responsibility and a determination not to be found wanting. Nevertheless the finances available from Jewish sources alone will be insufficient. They will be insufficient particularly because the exceptional generosity of world Jewry will, in part, be offset by the special circumstance that, for an undetermined part of the year 1948, the Jewish Agency will have to shoulder many of the financial responsibilities of a sovereign State without yet having the normal tax and monetary powers of any State. The resulting gap between probable requirements and resources is roughly \$125 million to \$150 million for this crucial first year.

For these reasons, the Jewish Agency has ventured to suggest to the officers of the Export-Import Bank the possibility of moderate financial participation in the first year requirements of the Four-Year Plan in advance of special Congressional authorization. A brief memorandum outlining the possible character of such participation accompanies the present memorandum.

8. Urgency of Action

The Jewish Agency is confident that the Government of the United States is fully aware of the importance of an early resolution of these basic financial questions.

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A constructive beginning with public financing of resettlement and development will permit careful planning. It will also help to create an atmosphere of peace and constructive effort. In such an atmosphere, a substantial flow of private investment funds into Palestine may reasonably be anticipated; thereby, the total inter-governmental financing required in the long run will be held to a minimum.

Eliezer Kaplan, Treasurer
Jewish Agency for Palestine

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Technical Notes

The present technical notes are intended only to indicate some of the basic assumptions utilized.

Note A - Funds Required (page 3)

The transportation cost estimate is based on IRG shipping experience modified as seemed required.

It is assumed that orphaned children will have to be maintained for an average of only three years.

Transitional maintenance for adults is budgeted for an average of six weeks, but medical care for the first year; initial outfitting is also provided.

The distinction between investment funds required for the 400,000 immigrants and those required for the growth and development of the resident population is, of course, analytical rather than operational. In actuality, there will be no water-tight compartments.

Agriculture is on a basis of present marketing opportunities for irrigated, intensive, diversified farms.

Land is included as a cost because it does not mean a mere shift in the holding of monetary balances. Part of the payments for land will require capital export to the Arab State and neighboring countries; a very large part will result in equivalent real investment by Arabs, particularly in agriculture and housing but also in commerce and industry; only a very small part will mean a mere shift of cash balances from Jews to Arabs in the Jewish State, which should not come into capital requirements.

Housing is on the basis of permanent structures, with 2-1/2 persons per living room plus kitchen and bathroom.

The investment required for the growth of the population through natural increase plus that required for Arab development is covered partly by that specific category and partly by "Land", as indicated above.

All figures are based on current prices in local or world markets depending on where it is anticipated actual purchases will be made.

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Note B - Reconciliation with other figures

The coverage of the Four-Year Plan does not coincide exactly with the scope of Palestine needs as presented recently to the Conference of the United Jewish Appeal and widely summarized in the press. Caution should consequently be exercised in comparing the two sets of figures.

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The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

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December 22, 1947

MEMORANDUM

Proposed Basic Terms of an Immediate Export-Import Bank Credit to the Jewish Agency for Palestine

1. It is extremely urgent that an immediate beginning be made on productive investment in Palestine in connection with the resettlement of immigrants and the related economic development. A very large part of the requisite materials and equipment can be procured only in the United States. The resources available to the Jewish Agency in 1948 will not suffice to meet the irreducible requirements. It is therefore proposed that the Export-Import Bank advance the Jewish Agency a credit for the purchase of equipment, materials and services in the United States.
2. It is suggested that the amount of the credit be \$75 million. The Jewish Agency would propose to obligate these funds during 1948 but suggests that, if supply difficulties necessitate, some part of the funds might be obligated in 1949. All purchasing would take place through normal trade channels.
3. The Jewish Agency submits that, having regard to the nature of the underlying program and the character of the things to be purchased, an appropriate period for this credit would be approximately ten years. It is understood that the credit would be subject to continuous amortization during that period. Should the suggested period of the credit present difficulties to the Export-Import Bank, the Jewish Agency would be prepared to consider a somewhat shorter period, which would still be of great assistance, though a shorter period might involve some change in the composition of the program.
4. No special request is made with respect to the rate of interest. It is presumed that this credit would bear an interest rate comparable to the rates on other credits of equal maturity that have been granted by the Bank in recent years.
5. The obligor, in the first instance, would be the Jewish Agency for Palestine. The Agency is recognized by the Palestine

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Mandate, by the United Nations, and by the Government of the United States as the body duly authorized to represent the Jewish interest in the development of Palestine.

It is proposed that, as soon as a Provisional Government, and then a permanent Government of the Jewish State is established, the obligation to the Export-Import Bank will be taken over by the new State. In accordance with the determination of the United Nations, the latest possible date for the establishment of the new permanent Government would be October 1, 1948.

6. The following page contains a summary statement of the classes of commodities and services which it is proposed to purchase with this credit. This statement is rather an indication of the character of the program than an exact summing up of the value of the things to be procured.

7. The Jewish Agency would like to emphasize again the great importance of an early decision in principle to grant this credit. Assurance of immediate adequate financing is of vital significance for the success of the present Palestine policy, in the formulation of which the Government of the United States has played so constructive a role. It would be most helpful if arrangements for the procurement and shipping of the commodities included in this program could be initiated in the next weeks.

8. The economic officers of the Jewish Agency are prepared to furnish the Export-Import Bank with any further information on this matter that may be required.

Eliezer Kaplan, Treasurer
Jewish Agency for Palestine

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Goods and Services to be Purchased
under the Proposed Credit

1. Agricultural tools, machinery and equipment		\$13 million
2. Dairy cattle		2 million
3. Industrial machinery and equipment (including power equipment)		10 million
4. Construction equipment		2 million
5. Plumbing and other building installations		3 million
6. Trucks and busses		3 million
7. Iron and steel		
Pipe	\$7.5 million	
Bars, Rods and angles	5.0 million	
Other	<u>2.5 million</u>	15 million
8. Non-ferrous metals and products		2 million
9. Timber		4 million
10. Chemicals and miscellaneous raw materials		4 million
11. Engineering, consulting and purchasing services		2 million
12. Shipping services	\$12 million	to 15 million
		<hr/>
TOTAL	\$72 million	to 75 million

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The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

January 12, 1948

Mr. Oliver Lockhart
Economic Adviser for the Far East
Export-Import Bank
Room 1005
734 Fifteenth Street, N.W.
Washington, D. C.

Dear Mr. Lockhart:

I enclose a brief memorandum in partial fulfillment of one of the several promises of additional information I made in our informal discussion last Wednesday.

The present memorandum gives more concrete specifications, revised during recent weeks, of our requirements of agricultural equipment and dairy cattle, previously outlined in our memorandum of December 22, 1947. Comparable concrete specifications of other classes of requirements -- particularly for industrial machinery, construction equipment, steel, and timber -- are now being revised in Palestine and will be transmitted shortly.

I also have very much in mind your request for a memorandum specifying the exact status of the Jewish Agency as a borrower. Such a memorandum will be completed and transmitted to you as soon as a few outstanding pieces of information arrive from Jerusalem.

I have ventured to enclose, for your information, in connection with these specific agricultural requirements, two brief papers which throw some light on the development of Jewish and Arab agriculture. I have not, however, sent you the two most basic studies of agricultural economics and agricultural development possibilities in Palestine. These are both unpublished studies prepared in connection with the Jewish Agency's planning work. The basic general treatment of agricultural economics is Jewish Colonization in Palestine prepared by L. Loewe and L. Samuel in 1945. The basic agricultural development plan is Development Project For Irrigated Farming In Palestine, prepared by the Rehovot

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Agricultural Research Institute in 1947. These are each documents of some 200 pages. They could be made available for your examination should you wish to study them.

Yours sincerely,

Oscar Gass
Economic Adviser to the
Jewish Agency for Palestine

VALLEY PAPER CO
RAC CONTENT
U.S.A.

The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

January 12, 1948

MEMORANDUM

Further Specification of the Goods and Services
to be Purchased under the Proposed Credit of
\$75,000,000 to the Jewish Agency from the Export-
Import Bank: First Installment

1. The present memorandum is submitted in an effort to specify further some of the types of products (and the end-uses of those products) which were outlined first in the application of December 22, 1947 submitted to the Export-Import Bank by the Jewish Agency for Palestine. This memorandum deals specifically with items 1. and 2. of that outline (page 3 of the application of December 22nd). These two items cover requirements of agricultural equipment and livestock with a total value of approximately \$15 million.
2. In general it may be said that this agricultural equipment and livestock are all required in partial fulfillment of the next stage in a program of agricultural expansion and intensification that reaches far beyond 1948. The stages of trial and error that resulted in finding the present pattern of this fully intensive, irrigated agriculture are outlined briefly in the paper on The Jewish Agricultural History of Palestine by S. Zemach. The present stage in the adoption of this type of agriculture by Arabs is outlined by Dr. Ludwig Samuel in his paper on the Progress of Arab Agriculture.
3. The underlying basic agricultural plan, in accordance with which these investment requirements for purchase in the United States have been established, was formulated by the Jewish Agency's Agricultural Research Station. It is entitled Development Project For Irrigated Farming In Palestine and can be made available, in summary form, in English, with some 70 basic tables, if desired. This Project indicates, village by village, the appropriate pattern of land use after intensification and during three stages of intensification; it establishes the water requirements for irrigation of each crop; it outlines ten basic farm types; it also stipulates the investment required, the resulting output, and the necessary market demand for success at each stage. The total accomplishment of this

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plan is, however, a matter of at least ten years and probably longer. The plan is in process of continuous modification. Only the most immediately necessary steps in the accomplishment of this Project are scheduled for 1948 and 1949. Moreover only those items which, in all reasonable probability, can not be purchased elsewhere than in the United States, have been designated for United States procurement.

4. It must be emphasized that the agricultural Development Project outlined by the Jewish Agency is not a plan for Jewish farming alone. It is a plan for joint Arab-Jewish development in the area of the Jewish State. Within the prescribed development area (defined as the area where irrigation water is available without long-distance conveyance), Arab family farms will increase from some 31,000 at present to over 40,000 at the completion of the development process. At the same time, net income per Arab farm family will rise by at least 50 percent. It must be underlined, however, that the development plan cannot be realized either for Jews or Arabs without (a) the growth of the local market through immigration and (b) the increase in productivity through the carrying-out of the investment needed for intensification.

5. The requirements of general agricultural equipment to be purchased from the United States are indicated, by general categories, in the appended table. No such listing would be meaningful in the case of dairy cattle. For the present, it is not contemplated that any substantial numbers of livestock, apart from dairy cattle, will be purchased in the United States during the next year. Of dairy cattle, the type which is most readily adaptable to Palestine conditions is Brown-Swiss. There may also be some purchase of Holstein-Frisian breed. Purchases would be limited to heifers bred to freshen after delivery, with an appropriate complement of bulls. Current price data indicate that the cost per head for Brown-Swiss (including an appropriate complement of registered bulls) would be approximately \$275 per head f.a.s. port. This price would mean that something over 7000 head could be purchased for the \$2 million indicated in item 2 of the December 22, 1947 application. Such a number would make a major contribution to Palestine requirements.

6. It is emphasized that the requirements indicated in the appended table are subject to modifications in detail. These requirements represent the reduction of a more comprehensive program in an effort to include only those items which can be most advantageously purchased from the United States. Under circumstances of fluctuating prices and supply conditions, it may be desirable to make some modifications in

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the particular items to be purchased in the United States when the actual time for placing purchase orders comes. However, these changes in the particular orders would make no change in the general end use for which the products would be required.

7. The Jewish Agency is prepared to furnish in writing any further information on the economics of Palestine agriculture, on the specific agricultural equipment required for the present investment program, or on any related question on which information may be required. Moreover, experts in Palestinian agricultural conditions will come to the United States in connection with purchasing this equipment, and if required these experts could come over earlier in connection with detailed exposition of the nature of the present program.

Oscar Gass
Economic Adviser to the
Jewish Agency for Palestine

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General Agricultural Equipment Requirements Included
in the Proposed \$75,000,000 Credit from the Export-
Import Bank

<u>Type of Equipment</u>	<u>Approximate Total Cost 1/ f.a.s. N.Y. 1000 dollars</u>
1. Tractors, including caterpillar type and wheel	2,100
2. Bulldozer attachments	225
3. Combines, including drawn, self-propelled and foreign type	2,750
4. Balers, automatic	665
5. Corn picking, planting and shredding equipment	320
6. Plows, including wing, disc, rollover, furrow, etc.	315
7. Harrow, including disc, peg tooth, etc.	110
8. Cultivators	130
9. Drills and planters	170
10. Fertilizing equipment, including spreaders (chemical and manure) and loaders	250
11. Mowing machines	110
12. Rakes and swath turners	125
13. Land leveling machines	575
14. Potato planters, diggers, graders	500
15. Sprayers, dusters; motor driven	450
16. Milking machines	300
17. Incubators	400

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General Agricultural Equipment Requirements (continued)

18. Grinding (hammer) mills	50
19. Grain cleaning and disinfectant machinera	50
20. Grain elevators and loaders	80
21. Tool bars and accessories	75
22. Miscellaneous; including Spare parts, accessories and attachments for above itemized equipment. Also in- cludes other pieces of equipment such as rubber wheeled hand carts, angle dozers, rooters, dairy equipment, etc., not other- wise specified	3,250
Total	13,000

1/ Includes freight from manufacturing plants to New York.

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CABLE ADDRESS
JEWAGENCY

הסוכנות היהודית לארץ ישראל

The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

January 30, 1948

Mr. Oliver Lockhart
Economic Adviser on the Far East
Room 1005
Export-Import Bank
734 15th Street, NW
Washington 25, D. C.

Dear Mr. Lockhart:

I am enclosing a memorandum in continuation of the job of more detailed specification of products and end uses begun in our memorandum of January 12, 1948. I have also received from Palestine further specifications on the character of the requirements included in our loan application for steel and timber, and I expect to be in a position to transmit these to you tomorrow. With the completion of the third installment of this further specification, the Agency will have submitted fairly detailed indications of the character of its proposed purchases covering some \$48,250,000 of commodities out of a total of \$58,000,000 worth of commodities (excluding services) comprehended in the Agency's loan application.

Yours sincerely,

Oscar Gass
Economic Adviser to the
Jewish Agency for Palestine

Encl.

CG/rg

The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

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January 30, 1948

Memorandum

Further Specification of the Goods and Services to
be purchased under the Proposed Credit of \$75,000,000
to the Jewish Agency from the Export-Import Bank:
Second Installment

1. The present memorandum is submitted in an effort to specify further some of the types of products (and the end-uses of these products) which were outlined first in the application of December 22, 1947 submitted to the Export-Import Bank by the Jewish Agency for Palestine. This memorandum deals specifically with requirements of industrial equipment and construction equipment. The nature of the equipment required and the purposes for which it will be used are detailed in the appended Table 1 (industrial equipment) and Table 2 (construction equipment). The total value of the requirements covered in these two tables is approximately \$14,250,000, f.a.s. New York.

2. The requirements of industrial equipment included in this program are based on a review of investment and import needs just concluded in Palestine. This review has profited from the experience of the Jewish Agency as an exchange control authority and from considerations of the views of the Palestine Manufacturers Association. However it has been the planning officers of the Jewish Agency who have been responsible for the selection and emphasis involved in this program. It will be impossible for the Jewish State to meet all claims for foreign exchange. It is therefore necessary to conserve foreign exchange for expenditure only in connection with those investments which seem most likely to be successful in Palestine and which are of greatest significance for the further economic development in the country. Moreover, since it is clear that the Jewish State's dollar resources will not permit complete exercise of importers' preference for expenditure in areas requiring payment in dollars, it has been necessary to schedule for purchase in the United States only that industrial equipment in which United States products have the greatest comparative advantage.

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3. The situation with respect to construction equipment is somewhat different. In this field, the advantages of United States products are overwhelming. Moreover, it is of the greatest importance that Palestine's productive efficiency in construction work should improve so that the enormous construction job of the next years can be accomplished at a reasonable cost. Even after the most careful selection, during the Agency's recently completed review, requirements of construction equipment for delivery from the United States during 1948 and 1949 could not be reduced below approximately \$4,250,000. (This is a substantially larger figure than was included in the outline of December 22, 1947.) In the last resort, dollars will have to be diverted from other essential purposes to meet this need.

4. It is emphasized, as previously in our submission on agricultural equipment, that the requirements indicated in the appended tables are subject to modifications in detail. They do not have the precision of a compilation of purchasing orders -- though in some cases they are derived from actual purchasing plans. It is believed however that these tables will serve to indicate, with considerable precision, the character of the investment program for which the present Export-Import Bank credit is requested.

Oscar Gass
Economic Adviser to the
Jewish Agency for Palestine

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Table 1

Requirements of Industrial Requipment Included in the
proposed \$75,000,000 Credit from the Export-Import Bank

<u>Type of equipment</u>	<u>Approximate total cost f.a.s. New York</u>
1. <u>Machine tools</u> (including motors)	
Lathes (115 units)	
Shapers (60 units)	
Millers (40 units)	
Drill presses (100 units)	
Hack-saws (100 units)	
Grinders (40 units)	
Planers (40 units)	
Thread cutters (40 units)	
Sub-total	\$500,000
2. <u>Sheet-metal Machinery</u> (including motors)	
Bending presses (35 units)	
Folding presses (30 units)	
Punching presses (30 units)	
Straightening rolls (20 units)	
Shears (80 units)	
Sub-total	\$125,000
3. <u>Electric motors</u>	
Motors 5 - 10 H.P. (300 units)	
Motors 12.5 - 17.5 H.P. (210 units)	
Motors 20-60 H.P. (75 units)	
Sub-total	\$100,000
4. <u>Semi-basic metals</u>	
Mild steel rolling plant, annual capacity 45,000 tons of bars, rods and structural shapes	\$800,000
Copper and brass rolling plant, 7,500 tons annual capacity of semi-manufactures	\$250,000
Zinc sheets rolling mill, 3,000 tons annual capacity	\$250,000
Electrodes and welding rods, 200 tons annual capacity	\$125,000
Lead-covered cables plant, 250 tons annual capacity	\$ 40,000
Pipe fabrication plant, 30,000 tons annual capacity	\$800,600
Sub-total	\$2,265,000

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Jewish Agency

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5. <u>Foundries and forges</u>	
Foundry metal processing	\$250,000
Forging, stamping, die-casting	<u>\$300,000</u>
Sub-total	\$550,000
6. <u>Woodworking</u>	
Saws, planes, profile cutters, lathes, etc.	Sub-total
	\$250,000
7. <u>Chemicals and pharmaceuticals</u>	
Retorts, stills, centrifuges, dryers, etc.	Sub-total
	\$400,000
8. <u>Building materials manufacture</u>	
Presses, mixers, mills, kilns, etc.	Sub-total
	\$500,000
9. <u>Textiles</u>	
Mechanical revolving looms (600 units)	\$500,000
Automatic looms (250 units)	\$750,000
Weaving auxiliary equipment	\$100,000
Worsted spinning plant, 5000 ring spindles with complete carding, combing, drawing, spinning and twisting section	\$600,000
Double cylinder knitting machines for stockings (100 units)	\$ 75,000
Interlock circular tricot machines (50 units)	\$350,000
Cotton machines for stockings (12 units)	\$750,000
Complete cotton yarn spinning set 10,000 spindles for counts -42	<u>\$775,000</u>
Sub-total	\$3,800,000
10. <u>Miscellaneous</u>	
Electric small tools (600 units)	\$ 30,000
Galvanizing plant (4 units)	\$ 30,000
Garage equipment	\$250,000
Bicycle manufacturing plant (35,000 bicycles per annum)	\$150,000
Printing machinery & newspaper plant	\$225,000
Paper manufacturing plant (8,000 tons annual capacity)	\$250,000
Glass-making plant	\$275,000
Other equipment not specifically itemized	<u>\$300,000</u>
Sub-total	\$1,510,000
TOTAL	\$10,000,000

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Table 2

Requirements of Construction Equipment Included in the
proposed \$75,000,000 Credit from the Export-Import Bank

<u>Types of equipment</u>	<u>Approximate total cost f.a.s. New York</u>
1. <u>Earthmoving and excavation</u> Tractors with angledozers (D6-D8 Caterpillars or similar (25 units) "Letourneau" scrapers 8cy-14cy (10 units) Dumpers with diesel engine, all sizes (10 units) Sheep footrollers, "Huckey" trendhers or similar, and Motorgraders Spare parts and accessories 10%	
Sub-total	\$650,000
2. <u>Quarrying</u> Drills and blasting equipment Cranes (5 units) Stone crushing machines, mobile and stationary Screen elevators and compressors Spare parts and accessories 10%	
Sub-total	\$600,000
3. <u>Asphalt road-laying</u> Tarboilers, various sizes (10 units) Tarboilers, with sprayers (15 units) Asphalt mixers, various sizes (20 units) Asphalt maintenance plant (3 units) Diesel-engine rollers, 6 - 10 tons each (30 units) Pneumatic rollers (10 units) Dryers and finishers Spare parts and accessories 10%	
Sub-total	\$600,000
4. <u>Concrete road laying</u> Concrete plant, with concrete mixers, elevators, finishers, vibrators, etc.	
Sub-total	\$200,000

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5. Compressors

Compressors, 120 - 360 (30 units)
Pneumatic drillers and pave-breakers
(150 units)
Rubber hoses, "Timken" heads, pipes,
etc.
Spare parts and accessories 10%

Sub-total

\$325,000

6. Building Construction

Concrete mixers, 180 - 250 litres,
with elevators (70 units)
Concrete batching plants for ready-
mixed concrete (2 units)
Motor vehicles for the transport of
prepared concrete and special
equipment (20 units)
Spare parts and accessories 10%

Sub-total

\$600,000

7. Workshops

Construction workshop equipment,
including mobile repair shops

Sub-total

\$400,000

8. Water supply and irrigation

Cranes for pipe-laying
Welding apparatus
Spare parts and accessories 10%

Sub-total

\$100,000

9. Harbor and hydraulic equipment

Dredges
Piling machinery
Cranes
Portable coffer-dams
Drydock equipment or floating drydock

Sub-total

\$450,000

10. Miscellaneous

Ancillary prime movers
Electrical auxiliaries
Other, not specified

Sub-total

\$325,000

TOTAL

\$4,250,000

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CABLE ADDRESS
JEWAGENCY

הסוכנות היהודית לארץ ישראל

The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

February 2, 1948

Mr. Oliver C. Lockhart
Economic Adviser on the Far East
Room 1005
Export-Import Bank
734 15th Street, NW
Washington, 25, D. C.

Dear Mr. Lockhart:

With the enclosed third installment of further specification of products and end-uses comprehended in the Jewish Agency's loan application, we are completing our reply to your inquiry on this point. The three memoranda submitted to you - covering agricultural equipment, dairy cattle, industrial equipment, construction equipment, steel and timber - together total some \$48,250,000 out of the \$58,000,000 of commodities (excluding services) included in the Agency's loan application. The remaining categories include primarily such items as trucks and busses (\$3 million) and plumbing and other building installations (\$3 million) whose end-use is transparent or various shipping and other services required in a manner and to a degree directly derivative from the basic commodity purchase program, the essential features of which, we trust, have been made adequately clear.

Yours sincerely,

Oscar Gass
Economic Adviser to the
Jewish Agency for Palestine

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The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

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February 2, 1948

Memorandum

Further Specification of the Goods and Services to
be Purchased under the Proposed Credit of \$75,000,000
to the Jewish Agency from the Export-Import Bank;
Third Installment

1. The present memorandum continues the further specification of the types of products to be purchased under the proposed Export-Import Bank credit and indicates further end uses of those products. This memorandum deals specifically with steel (for which requirements totalling approximately \$15,000,000 are specified) and timber (with requirements totalling approximately \$4,000,000). As in the previous submissions, all values are expressed f.a.s. New York.

Steel

2. Perhaps the most important single type of steel which the Jewish State will have to buy in the United States is pipe. It would be desirable to place orders in the United States immediately for approximately \$7,500,000 worth of pipe, to be delivered during 1948 and 1949. These requirements will be reduced only in one eventuality - an eventuality which is, however, under active consideration: that is the establishment of a pipe-fabricating facility in Palestine. In that case, the requirements of pipe would be very substantially reduced, but there would emerge a requirement for corresponding tonnage of steel plate.

Pipe is needed in Palestine first of all for irrigation. Without irrigation pipe, Palestine will not be able to feed or to employ its immigrants in a manner that takes rational advantage of her soil and climate. Palestine needs pipe also for housing and other construction.

In 1946 and 1947 approximately 40,000 tons of pipe were imported and put in place in Palestine. Of this total, only about one-fifth came from the United States. In spite of the very limited immigration of these years, the country suffered severely and continuously from shortage of pipe. On the assumption of large-scale immigration, detailed plans of pipe

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requirements have been formulated, region by region. A maximum effort is under way to schedule pipe purchases in the United Kingdom, Czechoslovakia and elsewhere. The residual requirements for 1948 and 1949, over reasonable expectations of delivery from outside the United States, are as follows:

Pipe Requirements of the Jewish State
for order in the United States during 1948
(Gross tons)

<u>Kind and size of pipe</u>	<u>For irrigation</u>	<u>For housing</u>	<u>Total</u>
Galvanized $\frac{1}{2}$ " to 2"	9,200	10,200	19,400
Black 2" to 6"	15,000	6,000	21,000
Black 8" to 18"	17,300	2,300	19,600
Total	41,500	18,500	60,000

The fulfillment of these pipe requirements may reasonably be expected to have significant value beyond the economic field in solidifying peace and internal political stability in the Jewish State. A large fraction of the Arab population of the Jewish State is engaged in agriculture that requires only water for most profitable intensification. Irrigation will be pursued for the benefit of Arab and Jew alike. The contribution that economic development can make to peace lies along the lines of mutually beneficial activities of this kind.

3. The second largest category of iron and steel products to be purchased under the proposed loan consists of steel for structural purposes - rods, bars and structural shapes. It is desired to order some \$5,000,000 of such steel immediately under this credit. This is a smaller value of structural steel than was actually imported into Palestine during each of the years 1946 and 1947. The construction required in connection with larger immigration will call for much larger steel imports in 1948 and 1949. Only this very modest amount could, however, be contained within the limits of the proposed credit.

4. The remaining class of miscellaneous iron and steel products (budgeted for \$2,500,000) is also conceived in a manner directed towards investment needs. For instance, no steel financed by this loan would be used to purchase tin-plate for cans or steel strip for razor blades. Examples of uses that would be included cover the whole range of materials for construction installations and household equipment: for instance, rods for drawing into wire, tubing for conducting the wire, plate for boilers, wire for nails, sheets for stamping window

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casements, iron for casting the base of enameled sanitary ware, etc. In addition, purchase of some high-grade steel would be essential for the continued development of Palestine's embryo tool and machine-building industry.

Timber

5. The timber included in this program is solely that required for housing and other construction. Wood for boxes, crates, etc. is excluded from purchase with the proceeds of the proposed loan. Actual imports of timber into Palestine totalled over \$6,500,000 in 1946 and over \$9,000,000 in 1947; at the same time, imports of more or less fabricated wood totalled approximately \$6,500,000 and \$10,000,000. As compared to these magnitudes, the timber purchases included in the proposed credit total only \$4,000,000. Obviously this \$4,000,000 of construction timber cannot meet more than a fraction of the total requirements of timber for construction in a year of large immigration and development. It is accordingly contemplated that large additional amounts of construction timber will be purchased with other funds, wherever prices and delivery terms are most reasonable - particularly in Canada and northern Europe.

6. Prior to World War II, Palestine's timber requirements were met primarily by imports from the Balkan countries. In the post-war years this area has become a restricted source of supply for a minor fraction of Palestine's timber requirements and, consequently, Palestine has come to rely more largely upon the timber resources of the Americas. While it is appreciated that lumber has been in short supply in the United States, we are also aware that in recent months lumber supplies have become more ample to the point of causing some lowering of lumber prices. The relatively negligible purchases which are proposed should therefore cause no undue strain on United States lumber supplies.

7. The housing plans of the Jewish Agency are necessarily based on the provision of a most modest standard of accommodation. It is proposed that the housing of children, youths and single adults will be based, for the present, on a room density of 3 persons per living room (plus an appropriate complement of kitchen and bathroom facilities) while for family group there will be a living room density of 2.5 persons per room. Because of the necessity of speedy construction, greater use than in ordinary circumstances must be made of wooden structures. Investigations have also been made of fabricated structures from the United States for assembly in Palestine, but hitherto no prefabricated house has been found justifying investment on the

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basis of price and quality. Should an appropriate pre-fabricated house be found, serious consideration would be given to purchasing at least some hundreds of units to meet immediate needs. However for the present exclusive reliance is placed on more conventional construction.

8. The following is a summary indication of the major types of lumber desired.

1. Roofing
Cedar shingles
2. Wall materials
Cypress siding
White pine
Cedar shingles
Redwood shingles
3. Structural members or frames
Douglas fir
Long, leaf yellow pine
4. Flooring
Yellow and white pine
5. Interior walls
Wall board
Gypsum board
Plywood
6. Millwork
Douglas fir
White pine
Cypress
Yellow pine

Precise quantities of each specification designated for purchase under the proposed credit cannot meaningfully be given at the present time since these types of lumber are interchangeable with supplies that will have to be purchased in other countries. Decisions with respect to exact quantities and types will have to be made on the basis of price and delivery conditions at the time of actual purchase.

Oscar Gass
Economic Adviser to the
Jewish Agency for Palestine

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הסוכנות היהודית לארץ ישראל

The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

January 20, 1948

Mr. Oliver Lockhart
Economic Adviser for the Far East
Export-Import Bank
Room 1005
734 Fifteenth Street, N.W.
Washington, D. C.

Dear Mr. Lockhart:

I enclose a memorandum in reply to one of the groups of questions raised by your working group at our last discussion. This memorandum is designed to establish the following three points:

- (1) That the Jewish Agency for Palestine is a public body of a quasi governmental character recognized by international law.
- (2) That the Jewish Agency has extensive and varied experience in development work, and
- (3) That there is such a substantial continuity between the Jewish Agency and the Government of the Jewish State that the latter will unquestionably regard itself as responsible for any obligation assumed by the former.

I enclose also, for your information, three documents which may be of use to you in filling in the background of the present memorandum. The first of these documents, entitled Book of Documents Submitted to the General Assembly of the United Nations contains some basic papers which may not be readily available to you bearing on the status of the Jewish Agency. The second document, entitled Constitution of the Jewish Agency for Palestine may also be of value to you though it must be read in full appreciation of the qualifications contained in point 8 of the present memorandum. The third document, entitled Reports of the Executives Submitted to the Twenty-Second Zionist Congress may also provide helpful information with respect to various financial and economic matters.

I shall be glad to furnish you with any further clarification on these questions that you may require.

Yours sincerely,

Oscar Gass
Economic Adviser to the
Jewish Agency for Palestine

Enclosures

The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

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January 19, 1948

Memorandum

The Jewish Agency for Palestine and its Relation to the Government of the Jewish State

1. An initial explanation must be made of the use of the clumsy and perhaps somewhat misleading term "the Jewish State." The State which it is the primary concern of the Jewish Agency to see established in Palestine will bear a name with appropriate geographical or historical signification. Its Jewish citizens will have no rights that are not shared equally by its non-Jewish citizens. The State will be "Jewish" only in the sense that it will have been created by the United Nations --and by the effort of the Jewish people--particularly for the purpose of providing a home for those Jewish people who are homeless elsewhere. Until a definite name shall have been chosen, however, no other name than "the Jewish State" exists, and this name will accordingly be used below.

The Jewish Agency as a Public Body

2. The world Zionist Organization, which is in fact the parent body of the Jewish Agency for Palestine, was founded in 1897 at the First Zionist Congress, which met at Basle, Switzerland. The purpose of the Zionist Organization was then fixed as the creation for the Jewish people of a home in Palestine secured by public law. The Zionist Organization was then and remains now from the point of view of Switzerland--where most Zionist Congresses have been held--a voluntary association of a non-profit character established for the accomplishment of certain "national" purposes.

3. As a sequel to the First Zionist Congress, Jewish groups in all countries formed societies which accepted the program of the world Zionist Organization and acknowledged its discipline. These societies were of two kinds. In the first instance, there were "Territorial Organizations" (such as the Zionist Federation of Great Britain, of France, etc.). Secondly, there developed "party" groups which--while all sharing the common Zionist objective and a common participation in the world Zionist Organization--had each its own emphasis on the admixture

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of conservative, liberal, labor, and orthodox religious principles that ought to be determinative in the character of the Jewish community to be created in Palestine.

4. All members of the world Zionist Organization pay a small enrollment fee, and membership is symbolized by a receipt called a "shekal", which entitles the holder to participate in elections to the Zionist Congress. For the elections to the Congress which met at Basle in December 1946, some 2,000,000 Jews paid the enrollment fee. (The significance of this number can perhaps be best evaluated when it is compared with the total known Jewish population of some 9,000,000 now resident outside the Soviet Union--and when it is further appreciated that only adults may enroll.) There were 956,000 enrollees in the United States alone. Preliminary indications are that enrollment to qualify as a voter for delegates to the 1948 Congress will be substantially larger in every country than it was in 1946.

5. The Zionist Congress, which is the supreme body of the world Zionist Organization, now meets normally every two years. The Congress elects a General Council ("Actions Committee") of seventy members which may meet occasionally between Congresses in order to determine major lines of policy. The Congress also elects an Executive, which acts as a Cabinet between meetings of the Congress.

6. The world Zionist Organization took its first steps in practical development work pursuant to determinations of the Fifth Zionist Congress in 1901. At that time, the Organization established the Jewish Colonial Trust (under British law), which, in turn, set up subsidiaries in the fields of banking and land acquisition. Later, in 1908, the world Zionist Organization set up a Palestine Office in Jaffa to deal with the practical work of immigration and development. It is from this Palestine Office that the present Jewish Agency has in fact grown.

7. It was due to this background of settlement and development work that the Balfour Declaration could address itself meaningfully to the subject of "Jewish Zionist aspirations". The Mandate for Palestine went further: it accorded the Zionist Organization and its Palestine Office a status in international law as the Jewish Agency for Palestine. Article 4 of the Mandate provided for the recognition of a Jewish Agency

" . . . as a public body for the purpose of advising and cooperating with the Administration of Palestine in such economic, social and other

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Jewish Agency

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matters as may affect the establishment of the Jewish National Home and the interests of the Jewish population in Palestine, and, subject always to the control of the Administration, to assist and take part in the development of the country."

Article 4 also recognized the Zionist organization as the "Jewish agency" the creation of which it enacted. Article 6 stipulated that the Administration of Palestine shall "in cooperation with the Jewish agency" encourage close settlement by Jews on the land, including State lands and waste lands not required for public purposes. Article 11 provides that the Administration may arrange with the Jewish agency

" to construct or operate, upon fair and equitable terms, any public works, services and utilities, and to develop any of the natural resources of the country, insofar as these matters are not directly undertaken by the Administration."

8. In 1929 the Jewish Agency was enlarged by the inclusion of non-Zionist representatives. A formal constitution was drawn up according equal representation to Zionists and non-Zionists. It was, however, stipulated in the terms of the Agreement establishing the enlarged Jewish Agency (Article 15) that the Mandatory Power should be requested to give an assurance that, in the event of the dissolution of the enlarged Agency, the Zionist Organization should be restored to the status it had held formerly under the Mandate. The Mandatory Power, through its Colonial Secretary, accepted this stipulation.

In legal form, the stipulation mentioned above has never been exercised, and the constitution of the Jewish Agency remains formally as it was approved by the British Government in 1929 and accepted then by the Permanent Mandates Commission of the League of Nations. In actual fact, however, the Jewish Agency has reverted to the status of a body designated by the Zionist Organization. During the war years particularly, equal representation of non-Zionists in Jerusalem proved impracticable. Moreover, no Zionist Congress could be held during the war years. In practice, therefore, all authority came increasingly to be concentrated in the hands of the Zionist members of the Jewish Agency Executive. With the end of the war, the regular functioning of the Zionist Organization has been restored, but the systematic participation of non-Zionists in the Jewish Agency has lapsed.

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9. The Jewish Agency has at all times been recognized by the Mandatory Power as a public authority having an altogether special status in Palestine. The Royal Commission of 1936-37 described the Agency as follows (Cmd. 5479, page 174): "This powerful and efficient organization amounts, in fact, to a Government existing side by side with the Mandatory Government." The Government of Palestine in its basic political submission to the United Nations Special Committee On Palestine (Memorandum on the Administration of Palestine under the Mandate, page 6) quotes, with full agreement, the Royal Commission's statement of ten years earlier and enlarges on the many aspects of the Jewish Agency's authority. In the United Nations special session on Palestine, Sir Alexander Cadogan said, on behalf of his Government: "As the representative of the Mandatory, I can say that, if we were to hear the Jewish Agency, we should then have a fair picture of what the Jews of Palestine hold and want." (Provisional Minutes, folder 55, page 66).

10. The United Nations has accorded full recognition to the authority of the Jewish Agency to speak on behalf of the Jewish interest in Palestine, pending the establishment of the Government of the Jewish State. First, the Jewish Agency was recognized to be the only authoritative spokesman for the Jewish case at the Special Session on Palestine. Subsequently, at the hearings of the Special Committee on Palestine in Jerusalem, every representative body in Palestine gave public recognition to the right of the Jewish Agency to speak authoritatively for the Palestine Jewish community. Thereafter, a similar unique position was accorded the Jewish Agency in the recent regular session of the United Nations, both in the Ad Hoc Committee On Palestine and in the Partition Sub-Committee. Most recently, since the acceptance of the basic partition policy by the United Nations General Assembly on November 29, the Jewish Agency has continued to be recognized by all the organs of the United Nations (Trusteeship Council, United Nations Commission, etc.) as the authoritative representative of the interests of the Jewish State pending the establishment of a democratically elected Government in accordance with the procedure designated by the U.N. General Assembly.

The Jewish Agency as a Financial and
Developmental Authority

11. As indicated (in point 6) above, one of the earliest steps of the Zionist Organization in practical development work was the foundation of a bank (1902). This bank, now known as the Anglo-Palestine Bank Ltd., has grown steadily until now

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Jewish Agency

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it occupies the preeminent position among all banking institutions operating in Palestine. Though Palestine is served by such distinguished foreign banks as Barclay's and the Ottoman, as well as by about twenty domestic banks, the Anglo-Palestine alone has, in recent years, held half of all the bank deposits of the country. Moreover the Anglo-Palestine has several strong subsidiaries, most prominently The General Mortgage Bank Ltd., (the most important mortgage institution of Palestine) and the A. P. B. Investment Company Ltd.

It must, however, be emphasized that the Anglo-Palestine does not operate under the supervision of the Jewish Agency. Though the bank was created for Zionist purposes, and accordingly is in daily cooperation with the Jewish Agency on an endless variety of matters, it is conducted as a fully independent business institution. Ultimate control over the bank rests with the Zionist Organization through the Jewish Colonial Trust, but that ultimate control does not involve any operating control over the bank's day-to-day business.

12. A rather different situation prevails with respect to the other activity initiated originally through the Jewish Colonial Trust, namely land acquisition for Jewish settlement in Palestine. For this purpose, the Jewish Colonial Trust founded the Jewish National Fund Ltd. (Hebrew name Keren Kayemet) Its sole function is the acquisition and improvement of land to be held as a perpetual trust of the Jewish people. The directors of the Jewish National fund are designated by the General Council ("Actions Committee") of the Zionist Organization. There is, therefore, the closest cooperation between the Jewish Agency and the Jewish National Fund. The National Fund has now spent some £P 20 million for land purchase and improvement. Due to the rise in land prices during these years, the land held by the National Fund now has a market value far higher than its cost. The National Fund is however not interested in profits and does not sell its land.

13. The very close relations between the Jewish Agency and the Jewish National Fund have led to joint fund-raising in several countries. In the United States this joint fund-raising is organized by the United Palestine Appeal. The receipts of the United Palestine Appeal were \$32,495,105 in 1946 and \$43,419,639 in 1947; these totals exclude receipts from borrowing. Due to the exceptional responsibilities of the present year, the United Palestine Appeal is now participating in a campaign which, if fully successful, should yield cash receipts of some \$100,000,000 in 1948.

14. Before turning to the Jewish Agency's own Treasury, it may be well to clarify the Agency's relations also with a

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Jewish Agency

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number of other Zionist institutions operating in Palestine but receiving their incomes largely from abroad. Most important of these, from a financial point of view, is the Hadassah (Women's Zionist Organization of America). Others include Wizo (corresponding to Hadassah outside the U.S.), the National Committee for Labor Palestine, Inc., the Haifa Technicon, and others. The Hadassah, for example, is concerned primarily with (a) the care, education and vocational training of immigrant orphaned children and (b) the provision of medical services. For these and related purposes, the Hadassah has a budget of \$7,500,000 for 1948. Several of its activities, particularly those for immigrant orphaned children, are in fact part of a larger program of the same work fixed by the Jewish Agency. Yet, it must be emphasized, that the funds accruing to the Hadassah do not, in any sense, belong to the Jewish Agency and cannot be disbursed subject to its discretion. The position of the funds of the other international Zionist agencies is similar.

On the other hand, from the point of view of foreign exchange resources, the position is quite different. These cooperating Zionist institutions do not expend their funds primarily -- or even to any considerable degree -- for imports into Palestine. They purchase local goods and services in Palestine. Therefore their foreign exchange will be available for acquisition by the foreign exchange control authorities of the Jewish State against reimbursement in local currency.

15. In 1917 the Zionist Organization established an independent fiscal instrument for its settlement and development work in Palestine. This instrument was the Palestine Restoration Fund. In 1921, with the recognition in international law of the public status of the Jewish Agency, this fiscal instrument was reorganized as the Palestine Foundation Fund Ltd. (Hebrew name Keren Rayesod Ltd.) It was deemed improper that contributions from outside Palestine should be made directly to a political institution, the Jewish Agency. The Palestine Foundation Fund is however merely the fiscal department of the Jewish Agency. All the funds of the Foundation Fund are disbursed at the discretion of the Jewish Agency Executive. Direct responsibility for all expenditure is vested in the Treasurer of the Jewish Agency.

16. The range of expenditure of the Jewish Agency coincides roughly with that of a development-minded Government.

The Agency has been particularly responsible for immigration and the absorption of immigrants into the Palestine

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Jewish Agency

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economy. Over the past thirty years, about twenty percent of the Agency's total expenditure has been devoted to this purpose.

The Agency has also taken a special interest in agricultural settlement. While the Jewish National Fund has been responsible for the purchase of land, the Agency has loaned the settlers money for their initial equipment in farming. The Agency has also financed an Agricultural Research Institute, undertaken exploration for water, participated in the financing of water companies, etc. About 230 agricultural settlements have been founded with Agency Financing (apart from other settlements which have derived their capital from other sources). About thirty percent of the total resources of the Agency have been utilized for agricultural settlement work.

The Jewish Agency has also assumed other large responsibilities, as a development authority, for the provision of housing for industrial credits, for the expansion of maritime industries, for participation in new and venturesome but economically strategic industrial enterprises, etc. For the most part, this Agency participation does not amount to primary or exclusive responsibility for economic development; it amounts to the provision of financing for ventures of key importance which might be impossible without Agency assistance. Such participation may take the form of loans, purchase of debentures, or any other form most suitable in the individual case. Rather less than twenty-five percent of the Agency's total resources have been used for this non-agricultural development work in the past thirty years, but the percentage is rising steadily.

In total volume, the funds expended by the Jewish Agency in recent years have risen to half the level of the expenditures of the Government of Palestine. In its fiscal year ending September 30, 1947 the Jewish Agency expended some £P 10,494,000; the Government of Palestine spent some £P 21,915,000 in its fiscal year ending March 31, 1947.

Some further details of Agency receipts and expenditures are given in the table on page 8. This table also serves to underline the enormous rise in the volume of Agency activity in recent years, as opportunities for resettlement of Jews from Europe have emerged. As the table shows, expenditure in the single fiscal year 1946-47 was as large as in the two previous fiscal years 1944-1946.

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Jewish Agency

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RECEIPTS AND EXPENDITURES OF THE JEWISH AGENCY FOR
PALESTINE 1917-44, TWO FISCAL YEARS 1944-46 AND
FISCAL YEAR 1946-47
(Thousands of £P)

<u>Receipts:</u>	<u>1917-44</u>	<u>1944-46</u>	<u>1946-47</u>
(1) From contributions	13,031	6,012	
(2) From services, collection of debts, grants, etc.	<u>3,750</u>	<u>1,847</u>	<u> </u>
(3) TOTAL	16,781	7,859	8,459
<u>Expenditures:</u>			
A. <u>Social services</u>			
(4) Immigration and training	2,785	2,530	2,169
(5) Education and culture	2,260	401	324
(6) Health and social work	184	27	19
(7) National organization, security and emergency	2,482	2,125	1,149
(8) General administration	<u>943</u>	<u>225</u>	<u>968</u>
(9) Total Social services	8,654	5,317	4,629
B. <u>Economic development</u>			
(10) Agricultural settlement	4,511	2,765	2,714
(11) Public works, labor and housing	1,646	1,466	2,610
(12) Urban settlement, trade and industry	<u>1,348</u>	<u>593</u>	<u>539</u>
(13) Total economic development	7,505	4,824	5,863
(14) TOTAL	16,159	10,141	10,494

Figures for fiscal year 1946-47 are provisional.

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17. Three especially significant groups of development expenditures may be singled out from the record of the fiscal year ending September 30, 1947 as illustrations of the manner in which the Agency conducts its development work.

The first group is the foundation of new agricultural settlements and the extension of old ones; the Agency invested about 22 percent of its 1946-47 budget in these activities. Some 30 new agricultural settlements were founded with long-term loans from the Agency; 111 older settlements received medium or long-term credits. Of the 30 new settlements, 14 were in the Negeb (Beersheba) district, where water-supply is an acute problem. The Agency accordingly financed a comprehensive water project for this area. Eight wells were bored. Three 6 inch pipelines were laid, with a total length of 224 kilometers. Central pumping stations, regional pumping stations, and reservoirs were established.

The second group of development expenditures relates to housing; investment in this field absorbed about 12 percent of the Agency's budget in 1946-47. The Agency constructed four immigrant hostels and transit camps, with a total capacity of 2900 persons. It purchased over \$2 million of building materials and equipment from U.S. Army camps. The Agency participated in housing projects through eight housing companies. It provided funds to expand the capital of a second-mortgage company. It made loans for private housing. At the same time, some 1620 housing units were constructed for the account of the Agency, and 1420 more were under construction at the end of the fiscal year.

The third illustrative group includes loans to private individuals and investments in various private enterprises; these activities accounted for about 11 percent of the 1946-47 budget. Some £P 27,000 was loaned, through a special small-loan company, to establish immigrant craftsmen. Some £P 140,519 was loaned to citrus growers and other individual farmers. About £P 103,000 was invested in several water companies. Capital of £P 515,508 was provided, through purchase of securities, to extend the operations of four leading credit institutions. Approximately £P 203,050 was made available for industrial credits. A total of £P 189,608 was invested in six companies for marine activities, minerals, and town development.

18. Since March 1945, the Jewish Agency has enjoyed a measure of autonomy as a foreign exchange control authority. In that month an agreement was reached between the Palestine Government and the Jewish Agency whereby gift dollars from the United States were to be made available for purchase of

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"essential" supplies from the United States. An extension of this agreement to cover the use of United States and Canadian gift dollars in other "hard-currency" countries was negotiated in October 1945.

In December 1947 the Palestine Administration informed the Jewish Agency, in writing, that the Administration would no longer supply any dollars to the Jewish community; these dollar needs would henceforth become the sole responsibility of the Jewish Agency. The Jewish Agency protested against this declaration because the Palestine Administration continues to take for itself (and for the United Kingdom) all the dollars derived from Palestine's exports. The Palestine Government was therefore claiming the authority and privilege of a Government without the corresponding responsibility. It was also discriminating grossly against its Jewish citizens, who account for by far the greater part of its foreign exchange receipts. The de facto situation however is that the Jewish Agency is already charged with a substantial part of the foreign exchange responsibilities that will be assumed by the Jewish State after the termination of the Mandate.

As of November 30, 1947 the Jewish Agency's outstanding commitments to importers to supply dollars against Palestine pounds totalled \$14,250,944.

19. While the above analysis has proceeded solely on the basis of the resources now available to the Jewish Agency, it must not be presumed that the resources of the Jewish State for resettlement and development will be similarly limited. Some account of the steps now being undertaken to enlarge the inflow of funds from abroad has been given in the memorandum of December 22, 1947 entitled The Financial Requirements of Jewish Resettlement and Economic Development in Palestine (pages 4 - 5). Here it need only be added that the Jewish State will also have the tax resources of its own economy. In the fiscal year 1946-47 the domestic income of the Palestine Government totalled £P 25.4 million. It would be extremely conservative to estimate the corresponding income of the Jewish State, in the first year of its existence, at £P 15 million. In four years (even without higher tax rates or a more effective collection system), given immigration and development, this yield could rise by about 50 percent. On the other hand, it must equally be emphasized (as on pages 1-3 of the memorandum of December 22) that the responsibilities of the Jewish State for resettlement and development, in the first four years of its existence, will be very greatly larger than any carried hitherto by the Jewish Agency.

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Continuity between the Jewish Agency
and the Government of the Jewish State

20. It is suggested that the continuity between the Jewish Agency and the Government of the Jewish State is a real, political continuity rather than merely a formal, legal one. It is a continuity of purposes, of underlying institutions, and of responsible personalities. It is the kind of continuity which creates real obligations and a binding sense of obligation because those who come later know themselves to be carrying on in the same enterprise as those who have been active earlier.

It is further suggested, that it is this sense of community of purpose with earlier Governments of one's own country which, in any case, causes later Governments to honor obligations incurred by earlier Governments. Between sovereign States, there can be no other real assurance that financial -- or other -- obligations will continue to be honored. Where this sense of community of purpose is lost -- as by revolution or other drastic change in the character of a Government -- old obligations are, in fact, not honored but are either formally repudiated or evaded in one way or another.

The Jewish State will not repudiate or evade any financial obligation assumed by the Jewish Agency. It will regard such an obligation as a debt of honor -- and all the more to be honored because extended at a time when the needs of the Jewish State were greatest.

21. Should the Export-Import Bank nevertheless require some further formal indication that the Jewish State will regard itself as fully bound to meet any obligation assumed to the Bank by the Jewish Agency, such further indication can be secured. Under the laws of Palestine, there exists today a Jewish National Council (Hebrew name Va'ad Leumi) with an elected Assembly designated by the universal suffrage of Palestine Jews alone. This body is responsible for the education and social services of the Jewish community of Palestine and reflects -- as only a democratic body elected by proportional representation can -- every shade of opinion in the Jewish Community of Palestine. It is possible now to give responsible assurance that, should the Bank desire, this body would -- with practical, if not complete, unanimity -- be prepared to adopt a resolution affirming the binding character of this financial obligation with respect to the Jewish State. Without pressing any invidious comparison, it may reasonably be doubted whether any European parliament could

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today give a similar demonstration of unanimity in the acceptance of a financial obligation of this kind.

Beyond such tokens, however, the real position of the Jewish State is perhaps the best guarantee of its faithful compliance with this obligation. The Jewish State will need capital from all the world for many years to come: it will therefore necessarily take every step requisite for establishing its credit. It will not begin its independent financial existence with a record of default. Above all it will not think of defaulting upon credits granted by those who have the vision and the good-will to assist in the vital first steps required for the establishment and consolidation of the Jewish State.

Oscar Gass
Economic Adviser to the
Jewish Agency for Palestine

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Jewish Agency

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Annex

EXECUTIVE OF THE JEWISH AGENCY FOR PALESTINE

JERUSALEM

Mr. David Ben-Gurion	Chairman, World Executive
Rabbi J. L. Fishman	Vice-Chairman
Mr. Isaac Gruenbaum	Vice-Chairman
Mr. Eliezer Kaplan	Treasurer
Mrs. Golda Meyerson	Head of Political Department, Jerusalem
Dr. Moshe Sach	Member of Executive
Mr. Elishu Dobkin	Member of Executive in charge of the Organization Department
Mr. Moshe Shapiro	Member of Executive in charge of the Immigration Department
Mr. Fritz Bernstein	Member of the Executive in charge of the Department of Industry and Trade

LONDON

Professor Selig Brodetsky	Member of Executive
Dr. Nahum Goldmann	Member of Executive
Mr. Berl Locker	Member of Executive
Mr. S. E. Shregai	Member of Executive

UNITED STATES

Dr. Abba Hillel Silver	Chairman, American Section
Mr. Moshe Shertok	Head of the Political Department
Rabbi Wolf Gold	Member of Executive
Dr. Hayim Greenberg	Member of Executive
Mrs. Rose Halprin	Member of Executive
Dr. Emanuel Neumann	Member of Executive

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הסוכנות היהודית לארץ ישראל

The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

January 21, 1948

Mr. Oliver C. Lockhart
Economic Adviser for the Far East
Export-Import Bank, Room 1005
734 Fifteenth Street, N.W.
Washington, D. C.

Dear Mr. Lockhart:

I have just today received a cable containing a summary of the audited statement of the consolidated income and expenditure of the Jewish Agency and the Jewish National Fund for their fiscal year ending September 30, 1947. I enclose two copies of this summary.

Full details of this final audited statement have been airmailed and will be transmitted to you as soon as they arrive.

I would draw your attention to the fact that this statement does not include the expenditures of the Jewish Agency as an exchange control authority. Such foreign exchange expenditures are handled through a special dollar account at the Manufacturers' Trust Company in New York. The total amount expended by this account during 1947 is \$16,335,154.

On a more personal level I must apologize for the misstatement of your Christian name in my previous letters. I asked one of our secretaries to check the matter with your office, and it appears that she got it wrong.

Yours sincerely,

Oscar Gass
Economic Adviser to
The Jewish Agency for Palestine

Enclosure

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Jewish Agency

Consolidated Statement of the Income and Expenditure
of the Jewish Agency and the Jewish National Fund
for their fiscal year ending September 30, 1947

Income

Contributions	LP	9,347,858
Services, collection of debts, grants, etc.		1,070,555
Loans		3,001,846
Advances and short-term indebtedness		<u>2,220,248</u>
Total Income		15,640,507

Expenditure

Immigration and training		2,152,836
Purchase of land		3,405,481
Agricultural settlement		2,634,258
Housing		1,838,945
Trade and Industry		604,029
Labor		325,701
Resettlement of ex-soldiers		793,186
National Organization		1,148,598
Education and Culture		221,643
Religious Affairs		53,948
Grants to Institutions		103,774
Administration and Propaganda		494,254
Interest on loans and advances		211,135
Repayment principal of loans and advances		<u>1,652,789</u>
Total Expenditure	LP	15,640,507

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The Jewish Agency for Palestine

2210 Massachusetts Ave., N. W.
WASHINGTON 8, D. C.
ADAMS 5411

January 30, 1948

Mr. Oliver C. Lockhart
Economic Adviser on the Far East
Room 1005
Export-Import Bank
734 15th Street, NW
Washington 25, D. C.

Dear Mr. Lockhart:

I enclose copies of three financial documents requested by you which have now arrived from Palestine. The figures in these documents are complete though they may be subject to some very minor adjustments after final auditing. The three documents are:

1. Consolidated Account of Income and Expenditure of the Jewish Agency for Palestine for the fiscal year ending September 30, 1947.
2. Consolidated Statement of Assets and Liabilities of the Jewish Agency for Palestine as at September 30, 1947.
3. Balance Sheet of the Jewish National Fund, Ltd. as at September 30, 1947.

I believe that you will find the information in these documents (particularly in the statement of Income and Expenditure) very complete and detailed.

Yours sincerely,

Oscar Gass
Economic Adviser to the
Jewish Agency for Palestine

Enclosures

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