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ANGLO-AMERICAN COMMITTEE
OF INQUIRY

Hearing in Jerusalem, Palestine
Monday 11th March, 1946

APPEARANCES:

- Mr David Ben Gurion: Chairman of the Executive, Jewish Agency.
Mr S. Hoofien: (Continued from Friday, 8th March, 1946).
Mr Horowitz: Director, Economic Department, Jewish Agency.

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PROCEEDINGS

STATEMENT BY MR. BEN GURION.

Judge Hutcheson: The Committee is advised that instead of concluding Mr. Hoofien's testimony this morning, Mr. Ben Gurion, chairman of the Executive of the Jewish Agency wishes to come on for his statement and that will be followed, I understand, by Mr. Hoofien. I would like to know exactly what time Mr. Ben Gurion expects to take in order to keep these proceedings moving without any unnecessary delay and so that Mr. Hoofien will be ready I would like to know what time you are asking for and what time you should be allowed.

A. (Mr. Ben Gurion) I am afraid the greater part of the morning, if not the whole morning.

Q. By morning you mean from now until 12 o'clock?

A. Perhaps.

Q. Then I think we should have Mr. Hoofien ready to proceed as soon as the previous one concludes, whether 12 o'clock or what time. Please proceed, Sir.

A. Mr. Chairman and Gentlemen, I fully realise you have been on this enquiry for more than two months and you have already had a good deal of evidence, oral and in writing, and I cannot presume to tell you new things entirely. The reason for my statement is that up till now you have had only the view of Jews from abroad looking to this country. I will try to present to you the case as seen by those in their own country; by those who are no more American, British, Russian, Polish, German Jews, but just Jews.

I want first of all to tell you that there was considerable discussion whether to appear before the Commission or not both here and in America and many reasons were given for not co-operating. It was said that the appointment of the Commission was practically a means of putting off the request of the President of the United States for an immediate admission of 100,000 refugees from Germany. It was said that the setting up of this Commission is a means of silencing the voice of the Labour Party in England for the immediate repeal of the White Paper. It was said the statement made by the Secretary of State for Foreign Affairs, Mr. Bevin, pre-judged many conclusions of the Commission. It was

said anyway the policy of the Mandatory Power will not be determined by the findings of the Commission on facts and figures, but on considerations of political expediency and it was specially urged that the only result of this enquiry will be the prolongation of the agony and sufferings of hundreds of thousands of Jewish victims of the Nazis, who meanwhile will be condemned to stay in that hell. We decided otherwise, not because we thought all these objections were entirely without foundation, but first of all we thought whatever may be the intention of those who set up this Commission, the Commission is in no way responsible for it or for the results. We appreciate the distinguished personalities from Great Britain and America on this complicated and not too pleasant enquiry have left their homes and their work and they are engaging to find out what is the truth of this complicated problem and we therefore considered it our moral duty to help you as far as we could to ascertain the truth and justice of the case. On behalf of our community I tell you you are invited to see how we are living, what we are doing and you will be welcome everywhere.

Sir, our case it seems to us rather simple and compelling and it rests on two elementary principles; one, that we Jews are just like other human beings, entitled to the same rights as every human being in the world and we Jewish people are just like any other people entitled to the same equality of treatment as any free and independent people in the world. The second principle is, this is and will remain our country. We are here as of right. We are not here on the strength of the Balfour Declaration or the Palestine Mandate. We were here long before. I myself was here before. Many thousands were here before me, but we were here long long before that. The Mandatory Power is here on the strength of the Mandate speaking legally from the legal point of view. Our case, and I think you will meet many such cases now in Europe, our case is that of one who builds a house for his family to live there who was expelled forcibly and the house was given to somebody else. It changed hands and then the owner comes back and wants to get his house again. In many cases the Jew is being kept out, it is occupied by somebody else. To make it more exact I will say it this way. It is a large building, our building, of say 150 rooms. We were expelled from that house, our family was scattered, somebody else took it away and again it changed hands many times and then we had to come back and

we found some five rooms are occupied by other people, the other rooms from neglect are destroyed and uninhabitable. We said to these occupants we do not want to remove you, please stay where you are, we are going back to these uninhabitable rooms, we will repair them, and we did repair some of them and settled there. Then some other members of the family are coming back and they want to repair some other uninhabitable- rooms, but then these occupants say "no, we are here, we do not want you; we do not live in them, these rooms are no good for any human beings but we do not want you to repair them, to make them better", and again we do not say to them "leave, it is ours." We say "You stay, you are there but from yesterday, you may stay please and we will help you to repair your rooms too if you want; if not you can do it yourself". In the neighbourhood there are many big buildings half empty, we do not say to them "Please move over to that other big building". No, we say "Please stay here, we will be good neighbours". This is the case, this is what I say, it is simple and compelling, but I realise the intellectual difficulty of the case. There are other practical difficulties, but now I am talking of the intellectual difficulty of understanding our case because it is unique. There is no precedent, there is no example in the world's history of this problem of the Jews and their country. There is no example or precedent of such a people. It is a people and it is not. There is no example of the history of the Jewish people. There is no example of the fate of this country, no precedent to the significance of this country, to the position of this country. There is no example of the relations between the people of the country. It is unique and people usually when they are faced with a new phenomenon, if they cannot understand it, they simply deny it, but here it is. There is the unique case of the Jewish people in this old country.

I have read a great deal of the evidence given to you in America and in England. I saw the real difficulty of getting at it. What is this Jewish people? Is it a people? Are they not citizens of Poland, Russia, America and England? Did we not treat them as brothers and as co-citizens, and people say it sincerely and I have the greatest admiration for the people saying it because they really think the Jew is just like themselves. It is true there is a Jewish people and there is a problem. They have been torn away from this country for many centuries, the greater part of them, and still it is their country, but it is not empty. There are people

there, part of them have been there for many centuries, a great part of them also newcomers, but a part of them for many centuries, and from afar it is not easy really to get at the core of the problem, but I believe when you see things here it will become a little more easy to understand.

What I am going to do is simply to tell you what we Jews in our own country, who we are, what we are doing, what we are aiming at. Why are we here, for what purpose are we here? Perhaps this will explain things.

There are here now some 600,000, more than one-third are born in this country, some of them living here for many centuries, not only in the towns. There are Jewish fellaheen, peasants who are living here for centuries. They are living in Ramleh and in Galilee, but the majority of us were not born in this country; I am one of them. We came from all parts of the world, from all countries, and we came not only from countries where Jews were persecuted physically, exterminated, repressed as in Nazi Germany, as in Poland, as in the Yemen, as in Morocco, as in Tzarist Russia, as in Persia, as in Fascist Italy. Many of us came from free countries where Jews were treated like citizens, where there was no persecution as from England, from the United States of America, from Canada, from the Argentine, from pre-war Germany, from Imperial Germany, from Soviet Russia, from France, Egypt and other countries. Why did they come? They did not come because they were persecuted; what is the common denominator which brought all these people whether from Nazi Germany or from England, whether from Yemen or from Egypt. That is what I want to tell you.

The first thing which brought them over, all of them, was to escape from dependence and discrimination. I do not mean from anti-Semitism. There was a great deal of talk in your Commission about anti-Semitism and many of our people were asked to explain why is it. It is not for us. It is your baby, it is a Christian baby. It is for you Gentiles to explain why it is. Perhaps it would be necessary to set up a Jewish Commission, to make an enquiry of the Gentiles or perhaps a joint Jewish-Gentile Commission, one Chairman Jewish, one Chairman Gentile, to make an enquiry among leaders of the Church, teachers, educators, journalists, political parties as to what disease this is, what is the reason for it in the gentile world. To me it seems it is part of a larger phenomenon which does not concern only Jews. It is a general human

phenomenon. Wherever you have two groups, one a strong group, powerful, and the other weak and helpless, there is bound to be mischief. The strong group will always take advantage of the weaker group, rightly or wrongly. You cannot expect human beings, human nature being what it is, people having power over other people, that they should not sometimes, not always, not necessarily always, abuse it. But I am not concerned with anti-Semitism, it is not our business. I am concerned with the question why Jews have to come to this country, and have come not only from countries where they were physically persecuted. They came because they felt it was unendurable for many of them that they are at the mercy of others. Sometimes the others are excellent people but not always, and there is a discrimination, not necessarily a legal one; or a political one or an economic one; sometimes merely a moral discrimination and they do not like it as human beings with human dignity, they do not like it, and they do not see how they can change the whole world.

I want to give you one example of moral discrimination. Gentlemen, I do not know in Europe a more tolerant, a more liberal, a more fairminded people than the English people in their country; perhaps the Scandinavian peoples are also like that, I do not know them as much as the British although I do not claim to know the British. I do not think anyone can claim that except the British themselves, even if they can. There was recently in the House of Lords, one of the noblest institutions in the world, whatever one thinks of it from democratic principles, there was a debate on the Jewish problem. I think only in England could you have such a debate, a debate on the Jewish problem. It was on 7th December and in that debate the Archbishop of York in very strong language condemned anti-Semitism as unchristian. Coming from His Grace it means a lot, antichristian. It may not help us practically very much, but we appreciate it very deeply as a moral help. He then began talking about the Jewish attack or criticism of the policy of His Majesty's Government in Palestine, meaning the White Paper policy of 1939 and the attack being made by Jews on both sides of the Atlantic and he said these significant words:

"It (meaning this criticism) is being resented and may easily lead to a most dangerous reaction."

Well, Jews are not the only people who are criticising or attacking the White Paper policy. In 1939 the White Paper policy was

described, not by a Jew, but by an Englishman, a pure Englishman, a Gentile, as a mortal blow to the Jewish people. The name of that Englishman, Gentlemen, is Winston Churchill.

We agree with his description. It was and is a mortal blow. Well, Gentlemen, when a people receives a mortal blow from somebody, would anybody ask them to lie down and take it silently, a mortal blow. Would anybody resent this criticism, this attack on that mortal blow. This was said by Mr. Churchill in 1939 when our people in Europe were still alive. Since then tens of thousands of human beings, of babies — after all, Jewish babies are also babies — have met their death because of that policy. Because of that policy they could not be saved. Not all of them found their death because of it, but tens of thousands could have been saved and were not because of that policy. Is it surprising that we as human beings should criticise or attack this policy. I am sure His Grace understands that. He is a great personality, but he knows the mind of these people and he said this may lead to a most dangerous reaction. This is what I call moral discrimination. We are receiving a mortal blow; we must be silent. If not, it may lead to a dangerous reaction. Where? Not in Poland, but in that most liberal and tolerant country, I say it with the greatest respect, England. Why this discrimination? There are many Jews who submitted; there are some Jews who refused and that is what brought them over here. There they were at the mercy of nice people, but nice people may sometimes become very nasty, when they have the power and are dealing with a minority. Why is there this discrimination. As I see it, it is for two reasons; because we happen to be different from others, and we happen to be a minority. We are not the only people who are different from others. In truth we are not different at all because difference is a term of relativity. If there was only one person in the world he would not be different. We are what we are. Others are different, but as they see us, we are different, but we are what we are and we like to be what we are. Is it a crime? Cannot a man be what he is? Cannot a people be what it is. I know on the Continent they consider British people very different and they are, but no Britisher will think he is different. He is, but he is not different, he is just what he is, but to the Continental people he looks different. He is just what he is and we are too; we are just what we are. We happen to be different because other people are different. For that our people suffer. The English people do not suf-

fer because they are different. On the contrary, it is a great compliment, it is a great strength. They have their own individuality and people are brought to respect it. But with us, not only are we different we are in a minority. We are at the mercy of others in that people do not like us being different. It becomes most dangerous sometimes for us because other people want us to be like them and they want us to renounce from time to time either our being a people or our religion or our country or our language, and many of us did renounce, not all, but some of us do and did. You have perhaps met some of them. The Jewish people as a whole defy superior material power when asked by this superior material power to renounce spiritual values which are dear to us and which are ours. And we pay the price, sometimes a very high price for that because we stick to our spiritual values. It is a long long story. It goes back 2,300 years when the world became Hellenised, when Egypt, Syria, Persia became Hellenised. Judaea did not submit to that superior culture, and it was in many respects a superior culture, but the Jews preferred to be just what they were and they suffered. There was another clash when Rome became the dominant Power and we were asked to accept the divinity of the Caesars, and we refused; the most powerful rulers of the world, they were above all other people, recognised as divine persons but not by us and we suffered and fought and were defeated, but only materially, not spiritually. We defied that superior material power. Then it happened again with the rise of Christianity. I must be careful now in speaking. The whole of Europe was converted to Christianity many by force, we refused. We perhaps had more to do with it than other peoples; St. Paul was a Jew. We refused and we paid the price. We are still paying it, a very high price. I read some evidence of some Moslem people and I felt it was repeated again with the rise of another great religion. Here I prefer to be entirely silent. Then the French Revolution asked us to renounce our being a people. Some Jews did it. The Jewish people refused, and now the last phase, I am not going to speak about that. What has happened in the last few years, it is unspeakable, why should I burden you with Jewish feelings. It happened to us, not to anybody else. I will tell you only one feeling which I had, one of the feelings which I had when I knew of what happened, at least I am happy in my children that we belong to a people who is being slaughtered and not to those who are slaughtering us and not to those who are looking

at it indifferently. I know many Christians in France, in Holland, in Belgium and other countries who risked their lives to save a Jew or a Jewish baby. We will never forget that, never, but there were other things, not what happened in Nazi Europe, they are outside the pale of humanity, I am not discussing them, but there was a conspiracy of silence in the entire world. When we suffered and when we tried to tell you the answer was, it is Jewish propaganda, it is a press propaganda of the Jews. I merely ask myself would you suffer if a million Gentile babies were slaughtered in Europe? Why this discrimination? Just imagine such a thing that a British fighting division was captured by the Japanese, an entire division was slaughtered after being prisoners of war, only one platoon remained alive. Then the war is over and America got that concentration camp where this platoon was in captivity and they prevented them going back to England for some reason. Can you imagine the feelings of every Englishmen in the world; can you imagine our feelings when this remnant is being kept after the war is over and the country is liberated, when they want to get out and they cannot get back to their home. Is it not their home, the national home of the Jewish people and they are Jews. Why? Here was a people bleeding to death, a few remnants remain. Why are they tortured. It is a torture. Not a physical torture, no. I saw them there being treated physically nicely, very nicely in the American and the British camps. I have not seen the Russian camps. I have not seen the French camps, but it is torture. There is such a thing as spiritual torture. Not only they are being tortured. Every one of us in this country is because we are here for their sake. They are our blood, they are our brothers. Many of them are our brothers literally, but all of them are our brothers because they suffered for the same crime that we are guilty of, for being Jews. Why are we tortured? Why are attempts being made to lock up that unfortunate remnant of Polish Jewry, some 30,000 Jews remain out of three millions, who are still being massacred every day in Poland. Why are attempts made to lock them up there and not to let them out. They are human beings. Why this discrimination in your Christian world? Why must we wait, why cannot we escape from this dependence, this being at the mercy of others and this discrimination. That is one reason why we want to get back here and there is another reason. It is love of Zion, a deep passionate love, the love of Zion. There is no parallel to that in the entire human history. It is unique, but

it is a fact; you will see it here. There are 600,000 of us here because of that deep undying love of Zion.

In evidence given to you in America, an American Arab, I believe it was John Hassan said there was never known any Palestine as a political and geographical entity and another American Arab, a great Arab historian, Dr. Hitti, he went even further and said, and I am quoting him "There is no such thing as Palestine in history", absolutely not. And I agree with him. That is not the only thing in which I agree with Arabs. I agree with him entirely; there is no such thing in history as Palestine, absolutely, but when Dr. Hitti speaks of history it means Arab history, he is a specialist in Arab history and he knows his business. In Arab history there is no such thing as Palestine. Arab history was made in Arabia, Syria, Persia and in Spain and North Africa. You will not find Palestine in that history, nor was Arab history made in Palestine. There is not only however an Arab history; there is a world history and a Jewish history and in that history there is a country by name Judea or as we call it Eretz Israel, the Land of Israel. We have called it Israel since the days of Joshua the son of Nun. There was such a country in history, there was and it is still there. It is a little country, a very little country, but that little country made a very deep impression on world history and on our history because this country made us a people; our people made this country. No other people in the world made this country; this country made no other people in the world. Again they are beginning to make this country and again this country is beginning to make us. It is unique; it is a fact, and this country came into world history by many wars, Egyptians, Babylonians, Assyrians, Persians, Greeks, Romans, Byzantines and others, it gained a place in history and in world history for the same reason, because our people created here, perhaps a limited, but a very great civilisation, and shaped our people, the Jewish people, to make it as it is from then until today; a very exclusive people on one side and a universal people on the other; very national and very international. Exclusive in its internal life and its attachment to its history, to its national and religious tradition; very universal in its religious, social and ethical ideas. We were told there is one God in the entire world, that there is unity of the human race because every human being was created in the image of God, that there ought to be and will be brotherhood and social justice, peace between peoples. Those were our ideas; this

was our culture and this made history in this country and it took its place in world history. We created here a book, many books; many were lost, many remained only in translations, but a considerable number, some twenty four remain in their original language, Hebrew, in the same language, Mr. Chairman, in which I am thinking now when I am talking to you in English and which the Jews in this country are speaking now. We went into exile, we took that book with us and in that book which was more to us than a book, it was us, we took with us our country in our hearts, in our soul, and there is such a thing as a soul, as well as a body, and these three, the land, the book and the people are one for us for ever. It is an indissoluble bond. There is no material power which can dissolve it except by destroying us physically.

The distinguished British Chairman of this Commission Friday morning quoted something which was found in a book by Sir Ronald Storrs and another gentlemen I don't remember. Sir, our rights and our attachment and our significance in this country you will find in that book, in that book alone. That book is binding upon us, only that book. It is binding on us. Whether or not it is on anyone else is not for me to say. I know many Christian people which believe it is binding upon them too, but it is binding upon us. You cannot conceive of our people without this book, either in the far away past or in the present, and it is my conviction in the future too.

Somebody may tell you, "All this is merely a mystical attachment to a mystical Zion, not of this physical Zion." But now you will see 600,000 living human beings which the love of Zion has brought over and kept them here. They are attached to the living Zion. It has for them also a great and deep spiritual significance.

Then we are asked this question, which seems a very commonplace question: When the Arabs conquered Spain didn't they create there a magnificent civilization? And they did. They created a magnificent civilization in Spain and then they were driven out. Can they claim Spain for the Arabs? Have they a right to Spain? I know of no other objection which proves so forcibly our case as this one, and I am taking it up. Is there a single Arab in the Iraq or in Egypt or anywhere who knows the rivers and mountains of Spain more than he knows this country? Is there an Arab in the world who will give his money to Spain? What is Spain to him? Does he care about Spain?

There are many people who want to conquer countries and possess countries. I am speaking about love for their country. Is there a single Arab in the world who loves Spain? I know many peoples who would like to possess this country. They have tried it for many generations, not because of love for this country, but people who want power.

Here are Jews who are away for centuries, some of them many centuries, some of them thousands of years, as the Jews in Yemen, where they have always carried Zion in their hearts, and they came back and came back with love. You will find in no other country in the world people loving their country as the Jews love this country.

I wonder whether all the American members of this Commission know this fact: In the first World War thousands of Jewish boys from America, from the United States of America, came over to fight for the liberation of this country in a Jewish Legion in the British Army, in the Royal Fusiliers. I happened to be at that time in America and I had the privilege of taking part in that, and I, too, was a volunteer in the British Army and served under Allenby here in the 39th Battalion of the Royal Fusiliers.

By the way, I know what happened then in Palestine? I don't know what happened in Egypt. There were Semetic soldiers in this country, many thousands. Some of them fought on the other side, and I don't blame them. It was their right and perhaps their duty.

What brought over these thousands of American Jewish boys with the consent and blessing of the President of the United States of America, the late Woodrow Wilson? What brought them over if not the love of Zion? Perhaps it can hardly be explained, but it is there.

Another thing, and it was mentioned to you, Jews tried to settle on the land in many other countries. It was tried in Russia. Czar Alexander Nicolai I tried to settle Jews on the land. The Soviet Government tried to settle Jews on the land. It is a powerful Government. Jews tried settling in Argentina; Jews tried to settle in the United States of America. It failed. It succeeded here. There was no love for the land there; there was love of the land here. As much as I love this country I must tell you that Argentina is a much richer and more fertile country than here. American certainly is more fertile, and Russia, and they failed there. They succeeded here. It is because of love of Zion.

Why? What is it? A man can change many things, even his religion, even his wife, even his name. There is one thing which a man cannot change, his parents. There is no means of changing that. The parents of our people is this country. It is unique, but it is there.

More than 300 years ago a ship by the name of the Mayflower left Plymouth for the New World. It was a great event in American and English history. I wonder how many Englishmen or how many Americans know exactly the date when that ship left Plymouth, how many people were on the ship, and what was the kind of bread that people ate when they left Plymouth.

Well, more than 3,300 years ago the Jews left Egypt. It was more than 3,000 years ago and every Jew in the world knows exactly the date when we left. It was on the 15th of Nisan. The bread they ate was matzoth. Up to date all the Jews throughout the world on the 15th of Nisan eat the same matzoth, in America, in Russia, and tell the story of the exile from Egypt and tell what happened, all the sufferings that happened to the Jews since they went into exile. They finish by these two sentences: "This year we are slaves; next year we will be free. This year we are here; next year we will be in Zion, the land of Israel." Jews are like that.

There was a third reason why we came, and this is the crux of the problem. We came over here with an urge for Jewish independence, what you call a Jewish State. I want to explain to you, since this is the center of the entire programme, what is meant by that. When people talk outside in the world about a state, it means power, it means domination. I want to tell you what it means for us.

We came here to be free Jews. I mean in the full sense of the word, 100 percent free and 100 percent Jews, which we couldn't be anywhere, couldn't be in the full sense Jews, we couldn't be free, in no country in the world, and we believe we are entitled to be Jews, to live a full Jewish life as an Englishman lives an English life and an American lives an American life, and to be free from fear, from dependence, not to be an object of pity and sympathy, of philanthropy and justice by others. We believe we are entitled to that as human beings and as a people.

We are the freest Jews in the world. Not in a legal sense. On the contrary, here we are deprived even from equality before the law. We are living in a most arbitrary regime. I know no other

regime in the entire world as arbitrary as here, as the regime of the White Paper administration. But it is not what I want to emphasize here.

Freedom begins at home, it begins in the human mind and the human spirit, and here we built our Jewish freedom more than any Jew in the entire world. Why? Why do we feel freer than any Jew? Because we are self-made Jews, made by our country, making our country. We are a Jewish community which is, in fact, a Jewish commonwealth in the making.

I will tell you in a few words how we are making it. When we say "Jewish independence" and "a Jewish state" we mean Jewish country, and I will say what it is. We mean Jewish soil, we mean Jewish labour, we mean Jewish colony, Jewish agriculture, Jewish industry, Jewish seed. We mean Jewish language, schools, culture. We mean Jewish safety, security, independence, complete independence as for any other free people.

I will begin from the foundation. You heard already from Dr. Hitti that there is no such thing as Palestine, absolutely nothing. We are not coming to Palestine; we are coming to a country which we are recreating. When we came here as newcomers, what you call immigrants, we found hundreds of Arab villages, Moslem Arabs and Christians. We didn't take them away; we didn't settle there. Not a single Jew settled in all these villages. We established hundreds of new Jewish villages on a new soil. We didn't produce soil, it is made by God, but what nature left to people is not enough, they must work. We didn't merely buy the land, we recreated the land. It was rocky hills. You will find a description in the Royal Commission's report. In Hedera hundreds of Jews died, and they refused to leave that place because of love of Zion, because of the need to create their own soil. It was the sand dunes of Rishon-le-Zion, and with our toil, our sweat, and with our love and devotion we are remaking the soil to enable us to settle there, not at the expense of anybody else.

Now you are here and you may visit, and you are cordially invited to visit these villages. You will find the land was reclaimed by our own toil. It was uncultivable, it was certainly uncultivated. We made it cultivable and we cultivated it. Land for us is not an object of trade. We bought and sold. We considered it for the whole world, as the foundation for humanity; everything comes from there. It is a sacred trust to human beings. They

shouldn't spoil it. We shouldn't neglect it. We should fortify it, fertilize it, keep it. This is what we are trying to do to the best of our ability, and we did not entirely fail in our endeavours, although we are for many centuries living in the towns and we are told there is a law, this time not a legal law. It was not an illegal act in our sight, but it was a scientific law that people from the country go to the town, but not people in the town go to the country. We didn't like that law because it was contrary to our existence, because we believed we had to go back to the land and we went back to the land and we brought that law. I hope it was not illegal. We did it and will continue to do it.

You heard the evidence presented from an Arab state about this country, that more than 60 percent of this country is uncultivable. It is certainly uncultivated. These lands which are uninhabitable, we want to make them cultivable, perhaps all of them, perhaps all of them, I don't know. We will make an effort. Is there a crime in making this effort? We don't consider manual work as a curse. It is a bitter necessity. It is a means of making a living. We consider it as a high human function, as the basis of human life, the most dignified thing in life of the human being which ought to be free, creative. Man ought to be proud of it.

Our boys and girls, middle-class boys and girls, before they finish high school they are encouraged to go out and work on the land, if they cannot find land to work somewhere else. The Jewish commonwealth means Jewish work. You cannot buy a commonwealth; you cannot conquer a commonwealth. You have to create it by your own work. We are trying to do it, and you will find Jews working here in such trades as you will find anywhere else in the entire world, in fields and factories, in quarries, and everywhere. I mean outside, in the country.

By Jewish commonwealth we mean the Jewish economy, Jewish agriculture, industry, seafaring trades, fishing. Independence means first of all you created yourself, you made yourself independent by your labour and by your economy and by your culture. We don't want to say that this is our country because we conquered it, but because we made it. We remade it; we re-created it. That is what we are trying to do, and you will see it wherever you go. You cannot have a Jewish commonwealth without a great, continuous, constructive effort on land, on sea, in

fields and factories, and a Jewish commonwealth means Jewish culture and Jewish language.

If you would come here, not now, but 40 years ago and I would tell you that we are going to revive the Hebrew language and make it a spoken language and a language of work and of trades and of industry and of schools, of universities and science and art, you would say we were mad, it couldn't be done, it is a dead language, it is an old language, it hasn't got all the modern words. Well, it was done, and those Jews came from America and England and Canada and Russia and Poland and Persia and Yemen. With all their many languages they speak now their Hebrew. We have educated their children in Hebrew, and this is now the modern tongue of our children and of our grandchildren.

We don't believe that men live only on bread, and we are creating a Jewish society and we are trying to base it on high intellectual, scientific, cultural and artistic values.

There are two Hebrew theatres in this country. There is a Palestine orchestra; there is an opera; there are scientific institutes. I wonder whether anywhere else so many books are being published, original and translated, taking the size of our population. We happen to be a people who practiced for 2,500 years universal education, and we had all these needs and we satisfied them in our own language.

A Jewish state means Jewish security. If a Jew in the world lacks anything it is security, and he is entitled to the feeling of security. Why? Because even if he is safe he is not safe by himself. Somebody else provides for his security. Well, we want to provide for our own security, and we are doing it from the beginning of our time.

I came to Palestine 40 years ago and I went to work in Sejera, a little village in Galilee. I was never before a worker nor never before a farmer and I had to learn two things at once, to hold a plow in my hands and a rifle. I had to provide for my security, for the security of the village, and I went to work in the fields of Sejera with a rifle on my shoulders. We had a special organization to keep watch. It was called a Shomer. There were very few. They were attacked from time to time and when I stood watch in the long nights in Sejera and looked at the skies I understood the magnificence of the full meaning in the book of Solomon, that

the heavens are telling the glory of God, because I had never seen such glorious skies at night as when I was a watchman.

But when we provided for our own security I went out to work in the field with a rifle. We also tried to make friends with our neighbours. It wasn't easy. I don't know what the reasons were for attacking us. They sometimes attacked others too, but us a little more. They have a great contempt for people who are afraid. They learned to know we were not like that, that we could take care of ourselves and they respected us and we made an effort to win their friendship, and in many cases we succeeded, and we are making this effort all the time in all our settlements to maintain the best human relations with our neighbours, the Arabs. Even if sometimes they are attacking us we don't remember. We want to remember the good things, not the bad. But we had to provide for our own security because we came here to take care of ourselves. We never gave up our defence weapons, and they were never used in our hands against anybody, only for our protection.

Judge Hutcheson: May I ask you about how much longer you will be?

A. I think it will take me another 15 minutes.

Judge Hutcheson: So we will know whether we will have time to ask you some questions.

A. I am sure you will have time to ask me questions.

It means Jewish independence to be our own masters, not to depend, to make our own laws, to live according to our own needs, desires, and ideas of life, and we have ideals of life. We have Jewish ideals and we have human ideals. They are not contrary; they are complementing each other.

We are trying to build up a new society, a free society based on justice, and human justice, and based on the highest human intellectual and moral endeavour. If you will have time to visit our agricultural settlement you will find some of that spirit there. Therefore, and for another reason which I will give you, we want Jewish independence. We don't conceive of being independent and being ruled by somebody else. We are building a Jewish state for these two reasons. I will be brief. One is in order to enable us to live our own lives, and the other is to help the solution of their tragic problem, the great tragic historic problem of the Jewish people in the world. Because, sir, only a Jewish state will be able to build a Jewish National Home. We need the state

in order to continue building the National Home for the Jewish people, for those Jews who for one reason or another will have need, even if his fate is death, to come out here just as we come out here, and only the Jewish state can do it.

We began building the Jewish National Home under the Turkish regime. I am not going to describe it. We continued it under the British Mandate, and I am not going to describe the British Mandate nor to make any complaints. But we learned from experience, I wouldn't say bitter experience, but from experience, that no foreign administration, even of the best friends of the Jews and of the National Home, is able to fulfill that function of building up a National Home for the Jewish people and bringing of those Jews who want and have a right to come to it, is unable to develop the country, is unable to rise to the general level for the benefit of all the people and those who have to come, because it is a function that is difficult and it requires a full identity with the purpose of that function, and you cannot expect the same devotion and love from the best of the peoples—and I don't consider the British to be the worst—which is required to build up a Jewish National Home. This can be done only by Jews. Not that we are more able. Oh, no. I know what the British people have done in many countries, in Canada and New Zealand and Australia and others.

Even then I am afraid that some English people in America some 150 years ago revolted against the British administration. They made war on them. It was their own people. They thought that this administration which is coming from London — I don't know whether at that time it was vital or not, but coming from London they cannot satisfy the needs of the English settlers in America and they made war on King George. Well, really it would be too much to expect then that what they couldn't do for their own kin in America that they would be able to do for the Jew. It is not a general function of a colonial administration of which they are very able. It is a dynamic function; it is a constructive function, a creative one which is beset with great difficulties.

Perhaps we are not more difficult than anybody else. They are our own difficulties, and require not only knowledge but it requires something more. It requires devotion and love. Not every woman can educate a child, but you can trust every child to a mother. You can trust every woman. It is more difficult

bringing up a child than to bring up a Jewish National Home under these conditions.

Therefore, we ask that the Jewish Agency, which means the Jewish people themselves, the Jewish Agency be authorized to conduct this business of immigration. They know the needs and the possibilities and they will do it. They should be authorized according to the Mandate, I think Article 11 of the Mandate, to develop the country to its full possibilities, agriculture and industry for the benefit of all the people here and for those Jews who want and are entitled to come to their home. Only we are able to do it.

Our aim is not a majority, sir. A majority is not a solution of our problem. It isn't the numerical relations between ourselves and the number of non-Jews in Palestine. This is an accidental thing. The number of Jews who have the need to come back is much, much bigger. The majority is a stage, a very important one but not final. You need that to establish efficiently the commonwealth, but then we will have to continue because we need then to build a National Home and the state will have two functions, one the function to care for the welfare of the people of this country, all of them, without any difference, to work for their welfare and to raise them higher and higher economically and socially, intellectually.

Another function is to build a National Home. We will have to treat our Arab neighbours as if they were Jews, but make every effort that they should preserve their Arab characteristics, their language, their Arab culture, their Arab religion, their Arab way of life, but making every effort to make them equal socially, economically, politically, intellectually by raising up everyone, Jews and others.

We are not afraid of the present tragic conflict between us and the Arabs. It is a passing thing. We are now people and we see many, many changes in the world, small and big, and we never accept a position if it is bad; it will change. I know the Arabs, at least some of them, don't want us to return and I understand it. I merely am convinced that their position is futile, but it is natural.

I heard two reasons given against the Jewish state by our Arab neighbours. One was given, I believe, in London by the Chairman of the Chamber of Deputies, Faris Bey el Khoury. I believe it was Dr. Aydelotte asked him, "Why are you afraid of having this

little Jewish state?" He said, "Is this a threat to security of the Arab big states and of the Arab people?" And this is what he answered, "Yes, a state like that is small in its place, but it would depend upon 15 or 16 millions of rich, qualified, able people outside who would always help in everything. It will be sufficiently strong to threaten peace and security."

Then in Cairo another representative of the Arab states said just the opposite. "You cannot have a Jewish state. We will destroy it." Something like that. I haven't got the actual words. "We will destroy it."

It will have to depend on British bayonets. I think both arguments are not very serious. I don't attach great importance either to the threat or to the fear, that both are without foundation. As to the threat, we will take care of ourselves. We did it when we were few and I could tell you many, many stories from 60 years ago and 40 years ago and 20 years ago. Perhaps you heard about Tel Hai. I am not going to take your time now. We will take care of ourselves, but still less is there any foundation for fear the Jewish state will threaten the mighty Arab nations some 40 millions or more, these big states of Arabia, which is one million, Syria, Iraq. I have more respect, more faith in the Arabs than I find in that answer by that gentleman. They, too, will take care of themselves. There is nothing to be feared and there is nothing to be threatened, and we certainly will not be affected by either threats or by fear.

There is now a tension, perhaps a little more, between us and the Arabs. It is very unfortunate. It is a passing thing. It is not a danger. We may be a great help as they may be of great help to us. I believe we need each other. We have something to offer each other as equals, only as equals. We are not going here to be choosy, neither the British nor the Americans nor the United Nations Organization, nor the Arabs nor anybody else.

No people in the world can stand alone, neither a small people nor even big powers. There is an interdependence and in that sense we also need dependence, as Belgium, as Sweden, as Norway. Norway is the best example for us in many, many ways. They have something in common there, in human sight, in social sight. There will be not only peace between us and Arabs, there will be an alliance between us and Arabs, there will be friendship. It is a historical necessity, just as the Jewish state is a historical necessity. It is a moral, political and economic necessity.

We are here as of right. We will not renounce Zion, as we never renounced Jewish necessities, whatever the price may be, and we will not renounce a Jewish commonwealth.

But just as I am convinced there will be a Jewish Commonwealth, so I am convinced there will be not only peace but friendship—permanent, true friendship.

It was Mr. Crossman who asked in London a Jewish witness a rather difficult question:

If you had the choice of getting 100,000 refugees from Germany to Palestine or giving up the Jewish State, which would you do?

That gentlemen couldn't answer that question for his personal reasons. I want to answer it. It is my belief that every human being is a man in himself, who has ideals which he cherishes. I will not sacrifice another fellow; I will do it myself. And I will go together with the other fellow, but I will sacrifice nobody else for my ideal. If that question were put to the 100,000 refugees in Germany, well, they are there, and you know how anxiously they are waiting to go home. If you would ask whether they are willing to buy the certificates to Palestine, as you call it, by renouncing Jewish independence and a Jewish Commonwealth, they would give you a reply. If you will excuse me, it will take another five minutes to answer the question by a question. I hope you will allow me to do it.

Suppose Hitler had in his hand a hundred thousand Englishmen — prisoners—and he told Mr. Churchill, either you give me the British Navy or we will slaughter all these 100,000 Englishmen. Would you ask Mr. Churchill this question?

I know what those hundred thousand Englishmen would answer. Wouldn't they die gladly rather than renounce the British Navy?

I was in England, sir, in the darkest hour of this war, when France collapsed, when there was a real danger of invasion, when there was only a small British Army in England. I was there in the blitz when Nazi planes were raiding England. They fired every night, and the British people took it. I saw the common people in the underground. I saw the taxi drivers; I saw the workers. They were not afraid. Many of them were bombed and were killed. But I saw people for whom their country and their freedom is dearer than their life.

Why do you think and have reason to suppose that we are different? There are things to us that are dearer than our lives, and we love life. The Jewish religion was never an ascetic religion; we don't despise life; we cherish life. We are not going to renounce, even if we have to pay a price, and there are hundreds of thousands of Jews, Mr. Crossman, both in this country and in others, who will give up their lives, if necessary, for Jewish independence — for Zion.

Now, sir, for one minute or two I want to say a few words to the Arabs who are here and who are not here. What I want to say to them is this:

The conflict between us today is the most tragic for it is in a way a family conflict. But it will not last long. The work of our generation, we shall carry out even if the obstacles in our path increase, for it is to us a matter of life and death. We are returning to our country as of right. It is your wish that this land, too, should be Arab. Perhaps it is a natural desire. Many of you prefer a poor Arab country to a prosperous Jewish country. That does you honour, but we are not strangers to this land. It always has been and remains forever a historic hamlet. History has decreed that we should return to our country and re-establish here a Jewish State, and a Jewish State will be established. Many of you know it as well as we.

In the name of the Jewish people, I say to you: Even though you are still opposing us, we want you to know that you have not throughout the entire world a more loyal and useful friend than the Jewish people. We will build our country on the foundations of Jewish prosperity and peace. The closer and more quickly we draw together, the better it will be both for us and for you. The Jewish people and the Arab people need each other in the fashioning of their future as free peoples in this part of the world.

We are convinced with the revival of the Jewish State on the one hand and independent Arab unity on the other, we shall be able to cooperate closely in a spirit of mutual aid, in a true covenant of brothers.

I am finished, sir, and I thank you for your attention.

Judge Hutcheson: Thank you for your speech and for your finish! For myself, I don't wish at this time to ask any questions. Unless something is suggested by other Members of the Committee, I will not ask any questions.

Mr. Justice Singleton: I did not know until late last night, Mr. Ben Gurion, about this change in plans for your presentation this morning. Is it that you are going away?

A. No, it isn't that I am going away. It was intended that I should follow Doctor Weizmann, but unfortunately, I couldn't do it on Friday. I wasn't well. I couldn't even be here on Friday afternoon. So we requested the Committee that I should do it this morning. It was necessary that this morning should be given to me.

Q. I wish I had known of the change in plans. You are going to be available, I gather, for some time. Do you live here?

A. I will be available, yes.

Q. You live here, do you?

A. Not far from here.

Q. So that if there are questions which any of us desire to put to you later, you will be available?

A. Oh, yes, sir.

Q. I would rather postpone any questions I have to ask. I confess, I should like to read the transcript of some of your remarks before I ask you a question at all.

A. As you please, sir.

Judge Hutcheson: Mr. Phillips.

Mr. Phillips: I have no questions at the present time.

Mr. Manningham-Buller: I would like to ask Mr. Ben Gurion a few questions about the Jewish Agency itself. There is a chapter in the Peel Report on the Jewish Agency, and I should certainly be interested to know whether the position of that Agency in its constitution has altered materially since that date. For instance, with regard to the Council of the Jewish Agency, does that still consist of 112 representatives of the Zionist Organizations elected by the Zionist Congress?

A. Sir, the constitution didn't change, but the position changed because for seven years there were no elections. According to our constitution, the Executive ought to be elected every two years. He is now in his seventh year. We are now making preparation to hold world elections next summer.

Q. And of the 112 representatives of Jews on the Council of Jews in various countries, appointed in each country in the manner best suited to local conditions, can you tell me how many of those 112 are, in fact, Zionists?

A. Sir, things change, and you know it changed. Many of them are not anymore.

Q. Of those 112?

A. Yes, sir, and their constituency isn't anymore.

Q. I come now to the Administrative Committee that consists of 40, not?

A. Yes.

Q. Twenty are appointed by Zionists and 20 by non-Zionist members of the Council?

A. Yes, the same thing applies here. The war played havoc with us.

Q. But you still have 40 on the Administrative Committee?

A. Yes, sir, the constitution is still the same.

Q. And the number on the Committee?

A. Whether they are still alive, I don't know.

Q. What is the number alive on the Administrative Committee?

A. We have had no meeting of the Administrative Committee since 1939.

Q. With regard to the Executive Committee, I see here it says the Executive of the Jewish Agency is appointed by the Council, consisting of Zionist and non-Zionist members. Is that still the case?

A. That is still the case in the Constitution.

Q. Are all the members of the Zionist Executive living in Palestine?

A. Not all of them. Most of them are living here. There are two in England, there are six in America, and the President of the Jewish Agency is living sometimes in England, sometimes here, and sometimes in America.

Q. Are the three non-Zionist members here?

A. No, sir, the three non-Zionist members are in the United States of America. One of them died.

Q. I don't want to take up time asking questions about finances, but I see in the Peel Report it does give the total expenditures of the Palestine Foundation Fund, which has been transferred to the Jewish Agency, for the years 1921 to 1936, on various projects. Would it be possible for you to supply me with details of the expenditures since that date?

A. I am sure we can supply any details, but I myself am ignorant about finances more so than anything else. I am ignorant in many things, too.

Q. There is a little bit more information I should be glad to have if you will give it to me, in view of what you said. Could

you say what number of Jews now in Palestine who have been here more than a year retain American nationality?

A. I cannot give you offhand the figures, but we will supply you with them. We will supply you with figures as far as they are available, and we will do it gladly.

Q. The Jewish Agency, before the war, was responsible to some degree with regard to immigration, was it not?

A. Yes.

Q. It had representatives in different countries?

A. Yes, sir.

Q. Since the war, have you been able to send representatives to those countries?

A. Now, we are trying to re-establish them again in Europe. We are trying to do it. We succeeded in some places, and in some places I am afraid we have failed so far.

Q. In which countries have you got representatives?

A. Well, we have representatives in all the Western countries, in France, Belgium, Holland, and we have representatives now also in Poland. We will supply you with full details on that, sir.

Q. Thank you very much. Then there are one or two other questions I would like to ask you. You said something about attempts being made to lock up 30,000 Jews in Poland at the present time.

A. Yes, sir.

Q. I didn't get what you meant by that.

A. I will tell you. I was in Germany recently, and I met Jews fleeing from Poland, and they told me that attempts are being made by different Administrations not to let them flee from Poland.

Q. By which Administrations?

A. You know what is going on in Europe now. You cannot tell whether it is one Government or the other. There are administrations which I would prefer not to mention.

Q. Is the Polish Government making any attempt?

A. I wouldn't say the Polish Government. I had talks with representatives of the Polish Government, and they told me while they are trying to insure the lives of the Jews there, they understand their position, and they understand there is an increase in the feeling that they would like them out, but they have to cross a great number of frontiers there, and there are difficulties.

Q. Your general thesis is this: That throughout Europe, at

least, where there are two groups and the Jews are a minority group, that is bound to lead to oppression of the Jews, is that right?

A. To oppression?

Q. Yes.

A. It may lead; I don't say it must or it will; it may anywhere in the world.

Q. But if you have two groups in Palestine, with a Jewish majority, it would not happen with a Jewish State?

A. That would not.

Q. And what about oppression of the Arab majority?

A. I can answer this by yes and no, and I will explain why. Because happily, that minority is in such a position that it can never be a minority. It is a part, a small fraction of a great people who are here, who are independent, and who have in the neighbouring states such a support that it cannot be, even if you suppose Jews to be the worst people in the world — perhaps they are and perhaps they are not, I don't know; I certainly don't claim any special virtue for the Jew; he has all the vices and virtues of other people. But in the presence of the changes given by history that if the Arabs would be a minority and we will become a majority, they will remain as they are. All the Arabs will stay here. But here they are surrounded and they are independent, and there cannot be such a thing for the Jews because they were never in such a position.

If the Jews in Poland had decided Russia would be a Jewish State and 180,000,000 would be Jews, the Jews in Poland would not be persecuted; they would be perhaps in a preferred position. I am sure the Arabs will be in such a preferred position here.

Q. The Peel Report contains this sentence, referring to the Jewish Agency.

"The Agency is obviously not a governing body; it can only advise and cooperate in a certain wide field. But, allied as it is with the Va'ad Leumi, and commanding the allegiance of the great majority of Jews in Palestine, it unquestionably exercises, both in Jerusalem and in London, a considerable influence on the conduct of the Government."

It would be equally true to say, would it not, today, that as it was in 1936, you are allied with the Va'ad Leumi and you command the allegiance of the great majority of Jews in Palestine?

A. Yes, sir.

Q. I also assume that you entirely agreed with the expressions of Doctor Weizman when he said to us the other day that he hated political violence and that he was uncompromisingly against it.

A. Yes, sir; I heard him and I associate myself fully.

Q. And it could only do us harm; it can never do us any good; and whatever is in my power to stop it should be done and will be done.

A. I associate myself fully.

Q. Can you tell me, in view of the allegiance of the great majority of Jews in Palestine to the Jewish Agency and in view of your association with Doctor Weizman's remarks, what active steps the Jewish Agency have taken in that direction?

A. Yes, sir, a great number of steps, until we unfortunately had to give it up, because it is futile. I would like you to get the facts from the Administration in Palestine. I have no reason to put special confidence in the White Paper and the Administration, but you will get from them all the facts of how we cooperated until, unfortunately, it became useless.

Q. When did it become useless, in your view?

A. It became useless in our view when the war was over and when we had every reason to believe that that mortal blow would be removed and that our tortured people would be able to go home and this will be done by the Government who condemned in the most violent terms the White Paper as a discrimination and a breach of faith — Mr. Morrison, President of the Council, and Mr. Attlee, the Prime Minister, and the other members of the Government. They use such violence and then we believe that this White Paper has no real validity.

Q. I don't want to go into any discussion about the White Paper, but rather, I want to get my mind clear, perhaps, as to what you are now saying. Do I understand — and correct me if I'm wrong — that since the war ended, the Jewish Agency have given up the task of seeking to cooperate with the Administration here in preventing political violence?

A. We cannot do it because I told you it is futile, sir. It is futile.

Q. What active steps did the Jewish Agency take before the war ended to prevent political violence?

A. Well, I told you that you can get these facts from the Administration. I am sure they can give you the facts.

Q. Couldn't you give us them?

A. Perhaps I don't know them fully, but I have a reason.

Judge Hutcheson: Just a moment. I think the Chairman is entitled to rule that he has referred to the Government. He didn't testify on that matter and it isn't necessary for him to go into detail about it now. If you wish to ask him to address himself on that matter or get documents from other people, all right, but I don't think it is within the scope of cross-examination to have him detail that matter which he didn't bring out at all.

Q. Mr. Chairman, I am not attempting to cross-examine Mr. Ben Gurion. I am inviting the help which he offered to give to clear my mind and position as to what happened.

A. I don't mind being cross-examined if only I can give information.

Judge Hutcheson: If you wish to make some specific request as to what he has done or is doing at the present time, I see no objection, but I think the matter of all that with regard to the Jewish Agency should be brought out in more detail at some other time.

Mr. Manningham-Buller: But Mr. Chairman, I understood Mr. Ben Gurion was the Chairman of the Executive Council of the Jewish Agency.

A. Yes, sir, I am still, until the next Congress.

Q. I am certainly not going to pursue this matter in view of the fact you referred me to that source.

A. Yes, sir.

Mr. Crum: Mr. Ben Gurion, you mentioned in your direct statement a portion of the Mandate dealing with the development of Palestine. As I understood it, you said that the Jewish Agency is invoking that section of the Mandate.

A. Yes, sir, it's Article 11, empowering the Jewish Agency to develop the country under certain conditions. I don't remember them exactly by heart.

Q. You are aware, are you not, that in other portions of the hearing it was suggested to us that a Jordan Valley Authority be undertaken in Palestine? Do you know about that?

A. More or less, sir.

Q. The amount mentioned, I think, of the construction of that project was something in the neighbourhood of 460 million pounds over a ten-year period?

A. Yes, sir.

Q. Is the Jewish Agency prepared to assume that responsibility?

A. On this question, I am even more ignorant. You will have the evidence of the Treasurer, who knows everything about it. I heard about it, but I prefer not to give the evidence, because he will be able to supply you all the exact figures.

Mr. Crossmon: In view of the Chairman's remark, I would like to keep myself clear on some matters which you spoke about in your opening speech. The first one is on three occasions, I think, you made references to the security of a Jewish State. I think in the first one you said "We will provide it ourselves." Then later you said "We will take care of ourselves." I would like very much to know what that means and whether that means you as the Chairman hold the view that the complete withdrawal of the British troops from this area would be wholly to the interest of the Jewish community here.

A. I think there are other interests, mind you, legitimate interests, why British troops are being held here.

Q. I want the question more clearly answered. I wasn't concerned with the British.

A. Then I think we are able to take care of ourselves.

Q. Then there was some evidence of Doctor Weizmann's on which I would like your comment. It's on Page 66, where he said "The Rock of Gibraltar on which I build my Zionist policy is absolute cooperation with Great Britain." I may be wrong, but I got the impression that the inflections of his voice and the inflections of yours were slightly different!

A. Maybe!

Q. Would you expand the way in which they are?

A. I will, gladly. I happen to be, unfortunately, this Executive for the last twelve years. There was a time when I had the privilege of not being that. I hope soon I may be out. We are associated with that policy for the last 40 years, even before the Balfour Declaration. This policy was inaugurated by the founder of the Zionist Movement, Doctor Herzl. And we had a reason for that. It proved we were not wrong altogether. We knew something about Great Britain, about their position, about their attitude to Jews, and this was a tendency. I hope it will remain, but cooperation ought to be cooperation — a two-sided business and not a one-sided business. You cannot expect us to cooperate with the White Paper.

Q. That brings me to the last problem which I wanted to raise with you, which is about the general philosophy of Zionism which you expressed. I take it I wouldn't be wrong in thinking you belong to what I call the Left Wing or revolutionary philosophy of Zionism.

A. Everything depends on definitions. If you will give me an exact definition of what you mean, then my answer will be more correct. I don't know how you define it, but as I understand it, yes. But I don't know how you understand it.

Q. There were many references in your speech about defiance of material power and a very moving passage about the American Revolution from England, which I suppose had some reference to affairs in Palestine. Would you really define your attitude on the subject? Do you feel the position has now been reached where, as you said, when a human being comes to absolute despair, he takes to violence and either goes well or badly? Is it your feeling now that that point has been reached?

A. Now I am afraid I know your definition of revolutionary is violence. This is as I understand it. Then I must correct my answer. I am against violence.

Q. No, the question was not about...

A. I don't think the case of America applies to Palestine. I told you our case is unique in many senses — more than I touched on here.

Q. So your reference to America had no relation to the subject?

A. It had relation to the Administration, which is not identified with the lives and purposes of the people and cannot do it.

Q. And the people who were suffering under such an administration would be justified in taking to force?

A. If they have to, they have to. I thought you also belonged to that revolutionary tendency in England!

(Laughter).

Q. I asked you whether you felt that that situation had been reached now.

A. Well, I think you will provide an answer, not me.

Q. I believe this is a fair question.

A. As far as we are concerned, this is the policy as set out by Doctor Weizmann. We want cooperation, and we want to cooperate. Perhaps it should be, but I wouldn't compel it. We want

to cooperate. The question is whether you want it. We will welcome it.

Q. That wasn't quite the question I asked you. It was whether you felt that the point had now been reached where the free human being, owing to the weakness of the Administration, had the right and the need to take up arms. That is a precise question and I would like a precise answer.

A. I cannot answer it. It depends on what is going to happen by you — whether this will continue — this policy which was condemned by the moral conscience of the civilized world. I hope it will not. I cannot say it would. I know something of the British people. I don't know as much as an Englishman, but I know something of the movement which brought this Government to power and I cannot conceive that it will continue. This is my hope.

Q. Then to elucidate your thinking, do you feel that the point might be reached in the near future, if certain things happen? In your reply to Major Manningham-Buller, you said you could not control your own followers.

A. As I understood Major Manningham-Buller's question, it referred to Terrorist actions.

Mr. Crossman: Yes, sir.

Mr. Ben Gurion: I thought you were referring to something else. Am I right that you did not refer to the Terrorist action but something else which I said?

Q. I was referring to the taking up of arms in the last emergency, which I suppose you can call Terrorist action.

A. Well, it depends, yes.

Q. But your feeling is that when you replied on the subject of the Agency being unable any longer to assist the Government in suppressing terrorism, that wasn't because of a decision that the movement had been reached?

A. No, absolutely not.

Q. But because you felt you couldn't any longer control your own people?

A. Yes, that these people we couldn't control. Among our own people are all kinds. There are people which you can and there are people which you cannot.

Q. But owing to the spirit of the population at the moment, you could not stamp it out?

A. Because of the position, it would be futile if we tried to do again what we did. It would bring no results.

Q. So that on that point I do see certain differences between you and Doctor Weizmann, who said "I resent them; I hate them; I will fight them."

A. There is a Hebrew saying about two prophets. I'm certainly not a prophet and cannot speak in the same style. I would put it differently. If I did say it, I wouldn't say it eloquently. My English is much poorer than Doctor Weizmann's.

Q. I noticed the difference in substance and not in style!

Mr. Crick: Mr. Ben Gurion, may we come down to the realm of political philosophy, which is rather more mundane. There are three matters I would like to take up with you.

The first one is this question of the relevance of the concept of economic absorptive capacity in immigration policy. You would agree that for the greater part of the period between the two wars, the test for the determination of the volume or rate of immigration was the economic absorptive capacity of the country?

A. Yes.

Q. You would agree also that that test was set aside by the White Paper of 1939?

A. Yes, sir.

Q. Therefore, the test holds good today?

A. No, sir, it doesn't follow. It is illegal not because of setting aside absorptive capacity. It has nothing to do with that. There is no absorptive capacity principle at all. The White Paper is illegal for other reasons, because it is illegal to deny that we are here as of right. The Mandate said that recognition was given to the historical connection of the Jewish people with Palestine, to be created for reconstituting their national home there. The White Paper is a denial of that.

Q. My point was this: Since you regard the White Paper of 1939 as illegal, then you must surely regard economic absorptive capacity as being the valid test still in the principle of immigration.

A. No, sir, it doesn't follow.

Q. Well, then, may we go forward from that point. It is perfectly clear that the Jewish Agency, which is ultimately to establish a Jewish State in Palestine — I'm not quite sure whether I should say in Palestine or out — can you tell me?

A. I don't see that there is any difference.

Q. You don't see any difference in that little preposition which has caused so much dispute?

A. No.

Q. Well, then, you propose that a Jewish majority should be established in Palestine at the earliest possible date. And in order to achieve that, you propose that immigration procedure should be placed at the free discretion of the Jewish Agency?

A. Yes, sir, but not for that reason. I think there are other more important reasons.

Q. And that discretion of the Jewish Agency should apply to immigration both as to numbers and as to type of immigrant?

A. Yes, sir.

Q. In the course of carrying out that policy of immigration designed to establish an early majority of Jews in Palestine, would you suggest any attention at all should be paid to economic absorptive capacity?

A. Here again I say yes and no, because I think the economic capacity is an artificial invention. It isn't a thing which exists. If it is, it is being made. We want the control of immigration in order to create absorptive capacity by development and by bringing in new immigrants. When a Jew comes to Palestine, he increases absorptive capacity because he belongs and he is creating new wealth.

Q. So you say there would be no economic difficulties whether you brought in a hundred thousand immigrants in one year or 500,000 immigrants in one year?

A. Yes, sir, but you need not only bring in more, you must give them the opportunity and means to work and to develop the country and to build. It isn't only bringing in people. You bring in the means also for making these people productive.

Q. Would you agree with my definition of economic absorptive capacity as meaning that there must be a reasonable prospect of providing employment and livelihood for the incomer without damage to the standard of living of the people already here?

A. Yes, sir.

Q. Supposing on that test, at some stage when the Jewish Agency is in charge of immigration, you arrive at the stage where it would be dangerous to bring in more and you still, at that stage, did not have a majority in Palestine and there were still people anxious to come here? Would you then conceive it to be the duty of the Jewish Agency to do a little stopping of immigration for the time being?

A. Your question implies something which I don't accept. It

implies we will bring in people for the mere purpose of having a majority. I don't accept that. We are bringing in people for another reason.

Q. What is that other reason?

A. The other reason is that these people have reasons, which I am not going to discuss now, for wanting to be here. They want to be here; they have the right to be here; and a place for them can be created here. That is the other reason and this is the test.

Q. So that we really come back to this point: The economic absorptive capacity as a test of the rate or volume of immigration has no meaning and no relevance?

A. In a certain sense, it has no meaning.

Q. There will not be a great deal of purpose in discussing at length this long pink memorandum that the Jewish Agency was kind enough to prepare?

A. What is the memorandum?

Q. It is on the economic absorptive capacity of Palestine!

(Laughter).

A. I am afraid it is a play on words. What is in the memorandum is they are trying to show the economic potentialities of the country if certain conditions are applied. There is a great reason to study it. It is a very important problem.

Q. You are aware that the Mandate required that the Mandatory Power, in controlling immigration, should have regard for the interests of the people already in Palestine?

A. Absolutely.

Q. Would you agree that that obligation entails having some regard for what the people in Palestine think to be their interests, as distinguished from what the Mandatory Power judges objectively to be their interests?

A. Except one thing. Except their right to deny our right to this country. This view must not be taken into consideration, because otherwise the whole thing is nonsense.

Q. Would you think that that provision in the Mandate should be carried into any new trusteeship which might be arranged by the United Nations Organization?

A. It is only a new name. It will be instead of the League of Nations. I don't want to say the fate of the League of Nations will be the fate of the United Nations. This depends on factors which I don't know about. It means simply there should be a Mandate with a new name and a League of Nations with a new name.

Q. But you would agree that that particular clause should have a place in the trusteeship agreement?

A. Yes, certainly.

Q. In that case, would you think it proper that the duty of regulating immigration should be taken away from whatever country is appointed trustee under the powers of the United Nations?

A. Yes, sir, and I will tell you why. Because we will do it better and more faithfully than anybody else, because we have these interests which are implied in Article 6—these vital interests which are to us more than they are for any Mandatory Government. The first part refers to facilitating Jewish immigration and the second part deals with the rights of other people in Palestine. We are more interested in that than any other Mandatory Government. It is our vital interest that the right of the Arab should really be preserved; that they should feel and know it is so; that our coming here is not at their expense.

Q. May I ask you one or two questions about land which follow from that? I gather that rather less than one-fifth of the Jewish population at the present moment is engaged upon the land or depend upon the land.

A. Yes.

Q. I gather also that you would regard that as due to purely ordinary factors operating in a modern economy? There is nothing particularly unusual about it?

A. I would not say that. I myself would like to see more people on the land. I think Dr. Weizmann explained that point, and I entirely agree with him.

Q. The question occurs to me, because in this paper of yours on economic absorptive capacity much the same proportion is accepted as a basis for calculating the quantity of land the Jews would need to acquire in the process of settling a million people in Palestine.

A. Yes, Sir. These things were written by economic experts who are going according to a certain experience and saying "This will happen". I would like to see something better happening, and I believe it can happen, but these people are hard-boiled.

Q. May I ask you one or two questions about a remark made by Dr. Weizmann on Friday, when he very clearly outlined to us that Palestine contained three distinct sectors of economy: the Jewish, the Arab and the Government. May I assume that you

would see advantage to all parties if we could bring about an integration of the Jewish and Arab economies?

A. Yes, Sir, but this can happen only when there is a Jewish calendar.

Q. May I ask you, that being your position, what steps you would take from your side in order to bring about that integration of the two sectors of economy? What positive steps would you take?

A. I will give you a few instances. At the moment I cannot give you an entire programme, but first of all I would establish a minimum wage for all workers in this country; a decent living wage.

Q. Would that wage be the same for both Arabs and Jews?

A. That is what I say, a minimum for all workers in this country, but a decent living wage; not to bring it down but to bring it up for all workers. This is the first thing which I would do.

Q. And the next thing?

A. Next I would improve the sanitary conditions, the health conditions, of the people in this country. I would open schools. We shall be able to do it when we shall be in charge of the country, and we will do it.

Mr. Buxton: There are two or three questions I would like to ask, Mr. Ben Gurion, one of which you or your associates may think it improper that you should answer. In referring to the British military forces in Palestine, on the question of the number necessary to secure domestic peace, you referred to other interests than those. Would you care to specify what those other interests are?

A. You mean the other interests in Palestine?

Q. Yes.

A. I can give you a few instances, yes. I consider the most important interests in Palestine are the Jewish and Arab interests, but there are other interests. There are religious interests; there are the British interests; there are the interests of the Holy Places; there are the interests of the Christian religions; there are the interests of pilgrims; there are a great number of interests which I can enumerate. If you will give me some time I can give you a memorandum on that.

Q. Certainly large numbers of armed men and block-houses are not necessary to protect those interests.

A. No, I do not think so.

Q. What interests have you in mind where a military force is necessary?

A. I must leave that to Mr. Crossman. He told me I should not discuss British interests, and he is right, because I am not supposed to know them, and no Britisher would accept my view on British interests, but I take it there are those interests. I consider them legitimate, but I must leave it to them, Sir.

Q. I am not implying that they are illegitimate, but I am curious to know what they are.

A. You should not really question me; I am only the poor Chairman of the Jewish Agency.

Judge Hutcheson: I should like to say I do not think it is relevant at all to the Inquiry unless you think that those interests are in some way interfering with what you are trying to do, and you do not say you think they are. I do not think it is for the Committee to go into the question of what British interests are in this or any other part of the world. You may appeal from the ruling of the Chair, but I consider that has nothing to do with this part of our inquiry.

Mr. Justice Singleton: There has been no appeal for any ruling, as far as I know. The witness has something to say with regard to British interests. I do not think there is any British member of the Committee or anyone else who would mind whether we spoke of British interests or any other interests.

Judge Hutcheson: All I am saying is that as Chairman of this Committee I rule that the question of what interests are concerned, whether British or American or any other interests, is not a matter for this Inquiry. I recognise that the Chair can be overruled, but unless it is that is my ruling.

Mr. Justice Singleton: The only remark so far has been as to British interests.

Mr. Buxton: If I may say so, Sir John, as I asked the question, I am quite willing to discontinue questioning on that line. I accept your ruling, Mr. Chairman. There is another question, Mr. Ben Gurion, on which I should like illumination. A great deal has been said about the Jewish Agency in reference to immigration, but I should like to ask you a question in regard to emigration. A large number of skilled artisans have come to Palestine in the last year or two especially to engage in war work, and previously to that to engage in diamond cutting. It has been brought to my attention by two persons that the Jewish Agency is

now using pressure, improper pressure, to prevent the emigration from Palestine of trained workmen who wish to go back to Europe. Do you know of any such activities on the part of the Jewish Agency in Palestine?

A. This is the first time in my life, Sir, that I have heard of such a story. I should like to get instances of this.

Q. There is no such activity taking place, as far as you know?

A. Not as far as I know, or as far as the Jewish Agency knows.

Q. You probably would know if there were such efforts.

A. I certainly would know.

Q. The Jewish Agency has no say at all as to who shall leave Palestine unless somebody wants to borrow money from them to get out of Palestine?

A. We have not even a say as to who should come, unless he wants to come himself, and we certainly like Jews to come, but unless a Jew wants to come we have no say in it, whether he should come or not.

Sir Frederick Leggett: To continue on that point, Mr. Ben Gurion, we did meet in Europe statements from Governments that letters had been received from Jewish residents in this country saying they were being prevented from leaving this country.

A. That they were being prevented?

Q. That they were being prevented from leaving this country and returning to those countries. Can you tell us what would be the agency or the power which would prevent Jews from leaving this country to go to other countries?

A. I believe I know something of the Agency and its so-called powers. I do not see what power it has, nor do I see how it can do it nor why it should do it. If a Jew wants to leave Palestine I think it is better for himself and everyone else that he should leave.

Q. I should have thought that, but is there any other influence or power, do you think, that is preventing these people, in a fairly substantial number, if letters are to be believed, from leaving this country?

A. Sir, I know only of the power of preventing Jews from coming to Palestine. I know of no power for preventing Jews from leaving Palestine, either Jews or non-Jews.

Q. We are left in a difficult position, because we know of ac-

tual letters from Jews in this country who wished to return to countries in Europe.

A. Well, Sir, I think you should invite those Jews to give evidence. Why not invite them? They will come to you and tell you. Invite them to give evidence in camera and you will get their evidence. I think you should ask for it...

Q. It may be that that will be done.

A. ...because I know there is no power to do that.

Q. We assure you we are endeavouring to get the actual facts for the good of everybody.

A. I appreciate that.

Q. And if there are in existence a good many communications from Jews who wish to return to those countries we cannot laugh it off; we ought seriously to get to the bottom of it for the sake of this free society of which you have told us.

A. I can assure you that we shall be grateful if you will get at the facts, and if there are such facts you should know them.

Q. The only other point I would put to you is this: I am sure you will agree, although it was the subject of great laughter among the audience here, that these measures which day by day threaten the lives of soldiers and other people are not things to be laughed at?

A. No, Sir. I can tell you one thing; our children are comrades in arms with these soldiers, and there is no-one more dear to us than a British or American or any other soldier who fought in this war.

Q. I am sure of that.

A. ...and our children are with them. Nothing pains us as much.

Mr. McDonald: I have just one question, Mr. Chairman. Possibly Mr. Ben Gurion will prefer to answer it in a written form, if it has not already been covered in some of the documents submitted. I will read it because I am anxious to have it put quite as I meant to put it to you. Pending a possible decision by the proper authorities about the establishment or the non-establishment of a Jewish State, what changes, if any, would you favour in the constitution, the powers and the functions of the Jewish Agency. Perhaps you would prefer to answer that in writing? It is a long question and rather involved.

Judge Hutcheson: It is a very good question.

Mr. Buxton: Excellent.

A. Sir, I think I will answer it in writing, but I will say, very briefly, I would not say it is necessary to change the Mandate; in my view it is not necessary to change it at all, but according to the Mandate it is a good thing that the Jewish Agency should have authority to regulate immigration, especially as was agreed between us and the Mandatory Power, and this is a reply to your question, because I understand you must have some certain economic tests. When I say I do not agree to the estimate of the country's absorptive capacity, I mean there are certain economic views and laws to be taken into consideration, so the best plan, I would agree, would be to bring over a certain number of people, and that those should be regulated because we know their needs. The second thing is that we should be vested with authority under Article 11, also on an agreed plan; not that we should be given everything we want, but there should be an agreed plan for the maximum development of the country in the shortest possible time, both for raising the economic level of the Jews and Arabs, and making it possible for new settlers to come in in large numbers.

Q. Do you think the document already submitted gives that answer?

A. I think so, more or less. Certainly we should be happy to supply to you a more detailed memorandum than that if the question is not sufficiently covered in the existing memorandum.

Lord Morrison: You will be very pleased to know that the questions have been completed through the whole circle of the table, and we now come to the fellow at the bottom of the class, and I will not detain you for very long. As you know, we have been moving around part of the world and asking a great many questions of a great many people, but what perhaps you do not know is that a great many people have been asking questions of us, and the one too which I should like to direct your attention, and ask if you could perhaps get your Agency to give some information, is one that I have been asked scores of times. I might read out what came to my notice this morning in the local newspaper, "The Palestine Post", on the back page, and I will read two quotations to show you what I am trying to ascertain. It is from "The Palestine Post", "Kibbutz Buchenwald Diary".

"July 25.

A representative of Unrra visited us. She said that the Jewish

Agency in Paris had set aside immigration certificates for our Kibbutz, for Palestine.”—
and a little later on in the Diary, from someone else’s contribution, it said:

“July 15.

Last night Rabbi Marcus arrived... (He) informed us that in the Jewish Agency in Paris there were already seventy certificates set aside for our Kibbutz in the first allotment of 500 certificates soon to be received, but we were asked to remain where we were until the certificates should arrive. We asked how long this might be, and the Rabbi answered perhaps six weeks.

This was the most important news he had for us.”

What we found whether we went was there were a great number of people, particularly young people, who seemed to be uncertain, and what I am endeavouring to get is this: You take young Mr. A.B., a young fellow, or a young woman. How are the actual names selected? I am not talking about numbers, but when you get the numbers and you have to allocated them, I gathering from something you said your representatives are now going into different parts of Europe — what I wondered was if the Agency could give us some information as to how this comes down to the actual person, and whether they have to apply, or how they are dealt with. What is the preference that they get? Are there special preferences for orphan children who have lost both parents, and are there special preferences for people without relatives living? Are there special privileges for people who have very deep religious desires to come here? In short, how does the figure come down to the actual persons? If you could give us some information about that it would be very helpful. I do not know if you want to answer now. Arising from that is this important point, to me: This Committee found its work very, very difficult, because, as you know quite well, there is a constant movement going on in Europe from camp to camp; people who are in one camp one week are in another camp the next, and therefore I would like to know what is the opinion of the Jewish Agency as to whether in certain places where the people’s lives are no longer threatened there could not be something of a standstill order so that they could stay long enough to try and get this problem sorted out. There is one final point arising out of the same thing. There seems to be a feeling amongst some people that if they will only come

as far down Europe as possible they are gaining an advantage, and otherwise getting in front of the others, and correspondingly those who stay behind and wait for their turn are going to — excuse the expression — miss the boat by staying behind and being patient while the others get away. I would like to get the opinion of the Agency on that kind of thing, because it does seem to me that that might result in people who are less deserving and less patient getting here before the more deserving and more patient people.

A. I would say there is the question of the very difficult living conditions also to be taken into account. We have a small number of certificates and a large number of people. Before the war we had training centres in all the countries for young people. They learnt to work, they learnt agricultural work, they learnt Hebrew; they did this for several years, and we had hundreds of thousands of such people training, and we had only 10,000 certificates, so we chose those who had the longest training and the best training, and they were sent out and the others had to wait. We had to make this selection, and we elected the best people through the different kinds of tests. Now it is terribly difficult, for the reasons you know, but also now we are trying to work out a system, and we shall be glad to supply you with information as to how it works and how we want it to work.

Lord Morrison: Thank you very much.

Judge Hutcheson: I would just like to ask you one question, which follows on from Sir Frederick Leggett’s question, and that as as to whether there are people who wish to leave Palestine and who feel that in some way or other they are being prevented, because in my file I have a memorandum of that kind which was sent to me whilst I was in the States, and I am still carrying it around, and I know these complaints are being made. I am not asking you whether they are being soundly made, or unsoundly made; whether these people are telling the truth when they are saying they are interfered with, or not; I just want to ask you this question: Is there any action of any kind on the part of the Jewish Agency, or of certain of its volatile supporters to try to prevent, by disturbance, or by intimidation or in any other way, people from leaving Palestine, because they think it may be a confession of weakness of their cause? That is the point I want to ask you. Has the Agency discovered anything of that kind?

A. I can assure you not only on behalf of the Agency, but of all the other Associations — which I know very well — the Manufacturers' Federation, the Labour Federation, and so on, as far as they are concerned it has no foundation. But I must make one remark. You mentioned supporters of the Agency. As far as I know, all the Jews here are criticising the Agency; I hear only criticism, I do not know of support. I go among the parties and among the sections and everywhere they have complaints and complaints of the Agency. It is not that they are supporters. I will tell you what happened. A young fellow of 19 tried to go to Palestine some 40 years ago — it was myself. I came then to Odessa to the leaders of the Movement — it was not the Jewish Agency then. They laughed at me and told me not to go. I did go. I do not believe that any Jew comes to Palestine, not because he does not want to but because someone is pushing him. I do not believe that any Jew who wants to leave does not leave because somebody does not let him. It is not easy to keep a Jew here if he wants to go away.

Q. As far as you know the Jewish Agency does not discourage them?

A. Not as far as I know.

Q. There is no policy of any kind which discourages people from leaving if they want to, or is advising them to stay?

A. The Agency has nothing to do with it.

Q. I might advise somebody; I might not have any authority, but I might say, "Don't do this", or "don't do the other", and I would like your opinion as to whether your Agency or any other institution is doing anything to discourage them. As I understand you, there is no movement here trying to make people stay here if they do not want to stay?

A. If anyone wants to leave he is free to leave; nobody will keep him here.

Q. I will tell that to these people who have been writing to me, that they can go?

A. Yes, but do not tell them that I am sending them away.

Judge Hutcheson: I think we have now finished with this very interesting evidence, and we will adjourn until two o'clock, when Mr. Hoofien will continue his evidence.

(The Inquiry adjourned until 2 p.m.)

ON RESUMPTION.

STATEMENT BY MR. S. HOOFIEN (Contd.)

Judge Hutcheson: I should like to say this to you. In view of the fact that we have the benefit of your memorandum given to us last week, and I know some members of the Committee have read it very carefully, some not so carefully, I would like to suggest to you, if the matters you wish to speak on go beyond or are in addition to that memorandum address yourself to them, otherwise it might be best if you would submit the memorandum and then give the Committee the opportunity of asking questions rather than having what would be a mere repetition; if that is satisfactory to you.

A. Entirely.

Q. I think it would be a good way for us to proceed.

A. I have no intention whatsoever of referring in my evidence at this moment any further to the memorandum. The Committee will remember that there were one or two points left over which are not dealt with in the memorandum which I believe the Committee would wish to hear about, and apart from that I have not anything else.

Before I come to that, Sir, may I refer for a moment to something which according to my strong belief has a bearing upon the point and it is this. When I quoted from the Hebrew a certain text from the Bible I got a strong impression that it was felt by members that they did not understand where I took it from and I would like to read it in the text of the Authorised Version. It is Deuteronomy Chapter 16, verse 20:

"That which is altogether just shalt thou follow that thou mayest live and inherit the land which the Lord thy God giveth thee".

And if I refer to such a text, gentlemen, and if I admit that I give considerable importance to the economic facts, figures, percentages etc. which it is within my province to explain to you, I entreat you to believe that the spirit of this text is more important to me, and I hope to you and I am sure to all those for whom I speak here than the whole of my figures taken together, and I do feel that the way in which the Jewish Agency has attempted to present that part of its case which I am to explain to you is permeated with that spirit.

However, may I now come to the point which was left in the

middle when I closed my evidence on Friday afternoon. I had attempted to give a rough idea of what the immigration of the magnitude which was pictured might cost, and I came to the point of saying it is not really the total amount which is so difficult to estimate with anything like exactitude which counts, but it is whether money can be found and means can be found to do such a thing, and on that I want to say a few words now. I want to bring out two essential points. The Jewish people even after all that has happened is not a beggar. It will make great sacrifices to realise its historic aim. The Jewish population of Palestine saves, has saved in the past, will save and will invest its savings. That is one point. The other one is this. The civilised world I am confident will not refuse its help which will have to be given mainly in the form of credit. I am not speaking of charitable contributions at all, not at all, our problem being to a large extent a world problem.

Let me work out these two main points in some slight measure of detail. I want to start with the Palestinian Jewish contribution, if I may again refer as I did on Friday, to Mr. Nathan's ideas you will see he himself considers it entirely possible that the population of Palestine can save annually something like 15 per cent of the national income as it has done, I may say, during recent years.

Mr. Crum: I did not catch that, will you repeat your whole statement?

A. The entire statement is this. Mr. Nathan considers it entirely possible in the future that the Jewish population of Palestine might save and invest something like 15 per cent. of the national income and I added, this is not Nathan but myself, that they have done that in the past, in the recent past. Then he has himself on estimates of the national income and he arrives at total savings during a decade of £170 millions, total savings of Palestine not Jewish alone, but I am interested for our present purpose in Jewish savings alone. It would not be realistic at this moment to speak of Arab savings being invested in the upbuilding of the Jewish economy. By the time we are at the end of our period I think, Jewish money will go into the Arab economy and Arab money into the Jewish economy, but I shall be laughed at if I held that out as a prospect at this moment, and I do not. I am speaking therefore only of the Jewish savings and out of such £170 millions given by Mr. Nathan they may easily be put at

something like 60 per cent., that would be around £100 millions. If that is considered optimistic which is everybody's guess, I would not like to quarrel about it. I could produce but I want to be economical with the Committee's time, I could produce other calculations. I will do so only if challenged orally or in writing, which lead more or less to similar results. I am open to argument on the part of whoever wants to put it at a somewhat lower amount, but it is bound to be of that order of magnitude and you will appreciate the relation between an amount somewhere around £100 millions and an amount somewhere around £400 millions or anything like that. The whole case which I want to make out is it is a notable contribution.

The second point, it is true immigrants' capital will hardly reach the highest average level of the inter-war period, but it will not be at all negligible.

The next point, investment in Palestine on the part of Jews abroad has been held up for years through the war, through currency restrictions and to some extent through the uncertainty about the country's political future, and there exists, I have many proofs of it, there exists in business a large pent up willingness to invest in Palestine on the part of Jews abroad. I cannot give an estimate of that. The Zionist funds about which you will hear more if that is your wish from the Treasurer of the Jewish Agency will at least maintain their present level of income which is in the neighbourhood of some £8 millions per annum. During the hypothetical development period another £80 millions. The reserves in hand in the form of the Jewish people in Palestine sterling balances abroad can hardly be less than £60 or £70 millions and they ought not to be overlooked.

I have to qualify that I know. First of all a good part of that will be used for current needs of the existing population. Secondly, I have carefully studied what is written about sterling balances in the Anglo-American loan agreement and have, like everybody else probably, been lost in admiration of the term adjustment.

Now even this is not all. One may with confidence, confidence based on experience, count on large amounts of non-Jewish foreign investment, moved by some measure quite possibly of sympathy, but mainly by sound business considerations. We have been able to make this Jewish economy of Palestine a sound business proposition in the eyes, not to mention other circles, at least

in the eyes of the City of London and it has been at no time deterred by political doubts. Once the position becomes stabilised and Great Britain, as I am very sure she will, gradually begins to build up again its foreign investments, then one can confidently assume it will show the same sensible and friendly interest for which in the past we have had so much reason to be thankful.

I may perhaps here express the hope and the confidence that the United States will enter into friendly competition in this particular respect.

I must say a further few words on reparations from Germany. Germany which has declared a war of extermination on the Jews and who is responsible, to put it at its lowest, for the acute form in which the Jewish problem has been raised, that this Germany owes the Jewish people reparation up to the total amount that would be needed for the proposition which I am expounding to you, that to my mind is beyond doubt. I am under no illusion that the whole of this debt within a short time, or any large part of it, can be collected, but I am not of the opinion that the nations of the world may forget this particular problem when the matter of reparations owed by Germany will be finally disposed of and in whatever form it is decided even for reasons of expediency to collect these reparations, our particular case I submit to this Committee deserves particular consideration, and to the extent to which reparations owing to the state in which Germany is will not be forthcoming now, they ought to come forth later and I say it is perfectly aware of the general conception that the reparations problem should be disposed of as quickly as possible in some final way; even then I submit that this case of ours is a particular one and that payments by Germany over a certain term of years, even if they would come too late in order to help us now, would come in helpful in order to lighten the burden of such demands as this economy would have to make against credits which it would receive.

Then it will be seen that there remains only a balance for which we would turn to a body like the new International Bank, the Import and Export Bank, direct possibly to the Governments which will take a practical interest in the solution of our problems, and while that balance will still be fairly large, as you may in a general way calculate from what you have heard, it ought to be entirely manageable and moreover surely there would be no reason to provide it at once. A fraction, if that were prob-

vided at once, would see us through to give us a good start, and on the strength of the results which we shall see it would then be, I would almost say a matter of routine, anyhow a comparatively simple thing to continue.

I come to my last point. Will the economy which we are attempting to set up be a sound one; will it show a reasonably solvent balance of payments, and I am confident this will be the case. I might possibly not even have raised the question and taken up your time on this matter if it were not that the so-called adverse balance of trade, trade please gentlemen, not of payments, in the past has formed the subject of a great deal of comment. I economise in time and I shall refer you as to the past first of all to an explanation made in some measure of detail by the Government of Palestine who in their Annual Report for the year 1935 have in view of these comments gone out of their way to deal with the matter. For the sake of your records, pages 201 and 202, paragraph 29.

I might also refer you to the report of the Peel Commission, chapter VIII, paragraph 16, pages 212 and 213 where they deal in a similar way, not in that measure of detail, with the question whether the country as a whole is in a sound position from the point of view of balance of payment. I might add that more or less at the same time there appeared various articles in monthly economic bulletins of London banks which were written more or less in the same spirit.

So much for the past. As to the present, the present meaning the war period more or less, the only thing I would say is we have been able more or less to build up a fair nest egg. That does not look like insufficiency in our balance of payments, a nest egg which has the honour of being frequently referred to in the financial press.

During the development period the problem can hardly arise because the balance of payments will all the time be under the influence of the capital imports. The only thing I submit to you gentlemen you can then ask is, what will the position be when the economy becomes less expanding in the theoretical end of that development period.

I might first of all refer you to the same paragraph in the Peel Report which I have just quoted. It deals to some extent with the point inasmuch as it emphasises the resilience of the economy to adapt itself to varying situations. I might point to the accumu-

lated effect in the development which will have been brought about by those capital imports. Import of capital comes again at the end of that hypothetical period will become smaller and export potentialities will grow through the considerable capital investments which in the meantime will have been made.

Thirdly, the economy of the whole of Palestine has to be considered, not only of the Jewish population. As I have said before the Jewish population will be, by the whole nature of the thing, the more industrialised part of the population. You could not take a group of branches of the economy out of the whole economy and then say what is the balance of payments in such of that group towards countries abroad. You will have to take the country as a whole and it is difficult enough, as those of your Committee who may possibly have dealt with these things, will appreciate to draw up a really reliable balance of payments for last year. I have never found it an easy thing to follow and to believe when I saw it done. Surely to go into any detail as to a balance of payments of ten years hence I can hardly be expected to do. Until the present day we have managed. That for the next ten years we shall be able to manage if things go as I have shown is also clear enough and that there are many reasons to believe we shall be able to manage after that seems to me evident.

This gentlemen is more or less what I have to say. I have had to deal with a dry outline of economic facts and figures, but let me finish as I started this afternoon. I hope you will see through these facts and these figures and see what lies behind them and see what lies underneath them — the effort of a great ancient people to regain a normal existence, to take in dignity and freedom its place among the community of nations, to make in its own way its contribution to the struggle of the civilised nations for a better way of life, for peace in the world, peace in this country first of all, for decency, for human progress, so that at some time it may be said of us what has been so rightly said of a great nation to which we owe so much and which in spite of any grievances we honour, and I say that out of a full heart, believe me we honour and admire, that we have saved ourselves through our exertions and the world through our example. Thank you, Mr. Chairman.

Judge Hutcheson: If I may I will take the same privilege that I did earlier and reserve any questions until the end, if then I feel I would like to ask any.

Mr. Justice Singleton: One or two general questions only because others will ask you upon details. Suppose you bring into Palestine one immigrant today how much does it cost him, a man?

A. I cannot answer the question with a figure.

Q. The cost of living in Palestine is fairly high?

A. It is.

Q. I suppose it would be £3 a week?

A. For a man?

Q. To keep one man?

A. It would be that at least, Sir.

Q. Perhaps more?

A. Certainly.

Q. I was thinking of how it went, I am thinking of a year as a period, assuming the man was not employed within a period of 12 months, to keep that man would cost £150.

A. Let us assume that.

Q. To keep ten, it is quite an easy sum.

A. Quite.

Q. To keep ten thousand would be a million and a half or two millions?

A. Yes, Sir.

Q. To keep 100,000.

A. Would be an astronomical figure.

Q. I am thinking of the cost, the actual monetary cost, assuming a large number of people are put in; that is one side of it.

A. Yes.

Q. Now another side, I wonder if you have thought of the cost of housing?

A. Yes.

Q. Have you?

A. Yes.

Q. What would be the cost of housing, finding housing accommodation for a thousand people?

A. Shall we work to that in a moment in the course of my whole answer if I may, or would you like to hear it at once.

Q. I was wondering what your idea was, what your idea would be of the cost of housing a thousand men, or men and women put it whichever way you like, if you have to find accommodation for a thousand people in Palestine today what would that cost?

A. Also a very large amount. If they were housed in 500

rooms with prices as they are at present would hardly cost less than £30,000.

Q. It would cost £30,000 to house them?

A. To house a thousand people only.

Q. £30 a head, is that what you mean. It seems to me to be a bit low in a place where the cost of living is high.

A. £300.

Q. If you have not considered it, I will not trouble you.

A. It has been fully considered but not on the unit of a thousand.

Q. £300,000 for a thousand; for ten thousand you get to £3 millions on the same basis. There is a housing shortage in Palestine I am led to believe, is that right?

A. Yes, there is.

Q. Again I have heard, I do not know if it is right, that there is a shortage of huts even for soldiers who are demobilised now?

A. That may be.

Q. Only one other generality I would like to have your comment on. Do you know per chance how many people in Palestine were at the peak employed on war work?

A. I think that I could make a fair estimate, yes.

Q. What is your estimate.

A. By war work you mean only in direct employment by military authorities, is that what you mean?

Q. War work generally which includes the making of things necessary for war purposes, not merely employed by the military.

A. That would be at least 40,000 or 50,000.

Q. The figure I had in mind which someone gave me was 50,000, I do not know and I do not put figures for that reason, reason, 40,000 to 50,000.

A. Yes.

Q. Do you know whether those 40,000 to 50,000 people have yet found other profitable employment?

A. Yes, Sir, I know.

Q. They have?

A. Yes.

Q. All of them?

A. Yes.

Q. Is there in Palestine at the moment no unemployment?

A. We estimate it at 0.3 per cent., one-third of a per cent.

Q. That is your estimate?

A. There is practically nothing. On the contrary there is a considerable shortage of labour.

Q. Palestine is an unusual country in a sense.

A. It is in every respect.

Q. In the ordinary course in most lands after a war there is considerable unemployment.

A. Yes.

Q. That is a factor to be borne in mind?

A. Yes, but may I say that there is something left yet for me to answer.

Q. By all means. I hope I never stop anyone answering.

A. There is no doubt you will arrive at a very large cost if you assume large numbers of persons being brought into the country who will not be able to sustain themselves and for whom a budget will have to be found to sustain them, and then there is no end to the cost. It is very remote from what we call economic absorption. If we speak of immigrants, we do admit that a number of the immigrants for some short time may not, a man will not always, it has happened very often but not always, on stepping from the boat, will he be absorbed in the economy. It has never happened in the United States or in any other country, but it must happen quickly enough and we must adapt our whole way of life to that and that is what is planned, therefore the whole question of how much it will cost to sustain him when he does not earn for himself, on the whole does not arise.

Q. That may be right, I appreciate what you say, but there must be a period before they are all in occupations.

A. Yes, Sir.

Q. And if there is unemployment the further question arises too, may I remind you, if you bring in a large number of people some will not very likely be fit for work at all.

A. That, Sir, calls for an explanation of the truth. May I say I hope it is clear to this Committee that throughout in the whole discussions a refugee problem is being mixed up with Zionism, with economically sound, sensible immigration into this country. We shall not refuse unhappy brethren to come in whether they can support themselves or whether they cannot support themselves. That is not the essence of Zionism. That is help to refugees.

Q. I was not talking about the essence of Zionism one little bit. I was seeking to direct your mind to certain economic problems, and these matters I have mentioned to you are factors to

be borne in mind in considering how many should be put in from the economic standpoint.

A. Yes.

Sir Frederick Leggett: I should only like to ask some questions relating to the conditions in industry. Am I right in thinking that wages as a rule are time rate wages here and not piece work in industry in this country except perhaps in the cotton industry?

A. I am not sure whether that is so. There is a general attempt to go over more and more to piece rates. You will have before you at some time I think a representative of the Jewish Manufacturers Association and he will be more qualified to give details on that.

Q. But it would be the case, would not be, if the rates of wages are chiefly time rates, then the increase that has taken place would be almost completely an extra charge on industry. It would not be made up for example by more production. That would be true I think. For example, in building, where the increase has been 329 per cent. over 1939; that would mean the wages are four times what they were.

A. Higher wages in building mean no doubt a higher total cost of building; is that what you mean?

Q. What I mean is, being time rates and not piece rates that does mean the actual cost for wages is four times what it was in 1939.

A. I think four times is too high a figure.

Q. The increase is about 300 per cent.

A. It is certainly something like that.

Q. I understand again, we have not been in Palestine long so we have not been able to gather much information, but I understand there is still a movement for increasing wages in Palestine.

A. I think on the whole that is so. It is not so strong as it was when the cost of living went up all the time, but to put it at its lowest there is no sign of wages going down at this moment.

Q. In the memorandum that you kindly put in while there is criticism of full deflation programme, I think the general idea of the memorandum is it will be necessary to bring down costs, etc. to a reasonable level in due course.

A. If you will allow me slightly to qualify that. The idea of that particular paragraph in the report is to bring out that it will

not be so much a matter of bringing down the level, but that the level will go down.

Q. Now that is just the point I was coming to. One of the important items of costs of production are wages, in the buildings industry, for example, it is somewhere around 50 per cent.

A. Yes.

Q. In other industries it is nearly as much and wages, at least in my experience do not go down; they need a good deal of pressure to bring them down.

A. Yes, Sir.

Q. And the fact that at the present time there is pressure still to put wages up seems to indicate that the unions are getting into a position for that. The two points I am coming to are these, one is it will be necessary if Palestine is greatly to increase its present economy to have a very considerable foreign trade; am I right in thinking that?

A. Yes.

Q. And its wages have gone up, accepting that in the Middle East countries they were very low rates, they have gone up by a considerable percentage; wages have gone up very much higher in proportion to the wages in countries likely to compete with goods coming from Palestine.

A. Yes.

Q. And if prices are high, as they are in Palestine, I imagine there will be very considerable pressure on goods to be produced more cheaply in other countries?

A. Yes.

Q. In those circumstances is it going to be an easy matter to increase that trade so as to absorb a very large number of people.

A. Sir, it will not be an easy matter; it will be a difficult matter, but it will be feasible. This whole matter of the difference in price levels between this country and the countries, the industries of which would compete with us, I have attempted to deal with in the paragraph on inflation and deflation which is in that memorandum, and I would respectfully refer you to that. What we have to bring out is that difficulties of this kind are of a temporary nature. We shall arrive together with the whole world at a sound economical position, at a free flow of commodities and money. That is bound to bring down, I dare not take your time by repeating what has been stated in that memorandum, it is bound to bring down our price level. There will be some measure

of opposition against bringing down wages to a pre-war level, and as to that I can only say that the members of the Committee on returning to their respective countries will find very similar conditions.

Q. In our country, Lord Morrison will agree I think, a cost of living scale is all right going up, but when the cost of living scale starts coming down, there is resistance to it.

A. Of course there is.

Q. I am not suggesting that the economy will not be expanded, I am only suggesting with that factor in question it will affect the period before which production to compete elsewhere will be possible.

A. May I say this, before we go to a high degree to rely for our economy on exports we must have disposed of this deflation problem. If that is what you mean I entirely agree, but it is of the nature of an immigration of the kind which we are speaking of that a very large proportion of it will first of all be employed in the creation of capital goods and there the problem does not in the same measure arise though it does arise in some measure inasmuch as it is better to produce them cheaply than to produce them expensively.

Q. Now may I take it just a little further. In circumstances of that kind it would help to increase the labour force because a part of the present position is caused by the fact that the demand for goods is greater than your labour supply can supply, therefore from immigration would greatly assist in bringing down wages etc. to a more reasonable level, but would there not be resistance from the unions to the introduction of a factor of that kind.

A. On that, Sir, I suggest with great respect that you will hear the representatives of the labour union and they will tell you much more emphatically and much more eloquently than I with the greatest possible exertion can do, that nothing of the sort will be the case. Let them explain it, they will do it better than I can do.

Q. I said that because I realise there are special conditions in Palestine. Now as regards building, at the moment there is very great pressure on housing accommodation. With that I think you will agree. I remember the position in my country and I remember in discussing the housing problem there was a certain reluctance to build houses which are to be accrued by working people

if prices are to be on such a high level that the rent of them for a long time to come will press hardly on the working people. If your building wages are four times what they were in 1939 and if the 1939 wages were anywhere near a reasonable level, it means any building undertaken now will be very very costly.

A. Yes.

Q. Is that so?

A. That is so. Would you like me to go on?

Q. I think it is quite sufficient if you agree. I do not want to expand this greatly. What I am driving at all the time is that with the best will in the world and without discounting the fact that Palestine can have a much more extended economy, when one thinks of the coming twelve months you have some serious obstacles to overcome.

A. We have.

Q. Before you can absorb a whole lot of workpeople in the economy under conditions which are likely to remain. That is the only point I wish to make.

A. We have at no time contended there will not be a large number of serious difficulties, and the extent to which in this oral examination I am not able to deal with all these difficulties, and if it will not put too great a burden on this Committee, it may happen to you that you will still get some memorandum.

Q. May I say we hope, besides the public hearings, we shall have the pleasure of perhaps having a further discussion with you in a less public meeting.

Judge Hutcheson: In smaller groups.

Sir Frederick Leggett: Yes.

Mr. Buxton: A large part of the money for the development of Palestine has come here mainly from Jewish sources?

A. Yes.

Q. You spoke of the desirability of the possibility that funds might be attracted from non-Jewish sources.

A. Yes, Sir.

Q. That pre-supposes first of all it seems to me prolonged peace in the country, a cessation of strife between Arabs and Jews; that is, the ordinary investor who has no interest, no particular interest, no pecuniary interest in Zionism or Palestine would hesitate to make investments in a field which might be torn by internal dissension?

A. That seems quite correct, yes.

Q. Would it also be necessary to change somewhat the regulations which prevail today. As I understand Palestine limits the profits of certain enterprises more than other countries do. It sets out the terms must not be more than a certain percentage or a certain amount.

A. I am not aware of that except if you refer to certain wartime price regulations, but on the whole, no, I am not aware of that.

Q. I understood there was a provision that profits must not exceed a certain reasonable amount, that there was not quite the free field for high profit in Palestine that there was in other countries.

A. You may be referring to the Prevention of Profiteering Ordinance which very sensibly made an effort to limit the sales price of those articles which could not specifically be brought under ceiling price, but I am not aware of any general tendency of this Government to go to so far into the country's economic life as generally to lay down profit margins.

Q. There is another question not relating to this document which has come to my attention in the following passage: "In fact, a review of the condition of congestion of Arab and Jewish rural areas carried out in 1938 had indicated serious congestion in almost the whole of the Arab area, whereas Jewish lands supported fewer families in proportion to the acreage."

I assume from your memorandum the Jewish land supported more persons in proportion to the acreage. Is that correct, sir?

A. Yes sir, that is correct. While the gentlemen of the Committee have, I suppose, perused the memorandum, I am not quite sure whether they have been able to peruse the somewhat more intricate appendices to the memorandum, and I should invite your attention to one of the appendices which gives an idea of the density of the Jewish population on the land.

Mr. Justice Singleton: Which number is it?

A. It will be looked up, and in the meantime —

Mr. Justice Singleton: I will attest I haven't had time to read all the documents we have had. I have looked at some of these. I don't remember this one in particular.

A. It is 7, sir, Appendix 7. There is perhaps one reply of a general nature, and it is that Jews hold 6 percent of the total land area and constitute 30 percent of the population.

Mr. Buxton: This sentence, "Jewish lands supported fewer

families in proportion to the acreage," that is in direct contradiction to your conclusion, is it?

A. Yes. We shall maintain our conclusions if we are asked.

Mr. Crick: Mr. Hoofien, I think that from the language of this memorandum and from the terms of your own statement you would agree with me that any attempt to assess economic absorptive capacity over a period of 10 years is a highly conjectural economic exercise?

A. Yes.

Q. Would it be true, do you think, to say that one could produce an equally convincing memorandum to establish the reasonability of settling, let us say, 5 million people in the United States or Canada in the next 10 years?

A. Yes, I would.

Q. So that there is nothing special about the position of Palestine that makes this argument sound, whereas it would be unsound in the case, let us say, of Canada or the United States?

A. Certainly so. The whole reason why this memorandum has been produced is that other people have thought differently and thought that they could produce a sound argument to the effect that Palestine has a very limited and small economic absorptive capacity. If the whole question had been left open by everybody we could have left it open, but this is a defense, if I might put it that way, against those who found that there is soundness in the argument that there is no absorptive capacity.

Q. Now I want to say that I have spared my colleagues a very severe strain this afternoon, because I was proposing to ask you some questions on the subject of which you have in effect dealt, particularly because I was disappointed to find in this memorandum no reference either to the important question of financing the expansion or to the question of the probable effects upon the balance of payments. I would very much like to read over the transcript of your remarks, and if you would be good enough to send us anything fuller, if you have compressed your remarks in order to gain time. But there are one or two things I want to ask about, nevertheless, and I hope you will agree with me in regretting that in modern usage the word "economics" has come to attain greater frequency in preference to the old term which I regard as much more realistic, namely, "political economy."

I make that little observation because it sets the term of what I want to ask you. The balance of payments in past years, that

is, in pre-war years, was affected very largely by the huge inflow, so huge as to make Palestine unique, of foreign capital which might be called free capital in the sense that it involved no subsequent remittances across the exchanges, in interest and amortization. Is that true?

A. Yes, it is true.

Q. Under what conditions could you imagine them continuing that indefinitely in the future?

A. To the extent of the inflow that would come from Jews abroad I think that on the whole the better part of the yield of that capital investment would be reinvested in the country. To the extent that it comes out of local savings you are not even asking the question, I assume. To the extent that it comes from non-Jewish investors and that it comes from a loan of some sort that they have been reverting to, it is entirely admitted that we would get into the position of every other country that has been developed from abroad, that in our balance of payments we would have to take into account payments to go abroad on account of capital borrowed and invested here. That is perfectly clear. With the progress of our own prosperity we would certainly try to repatriate like all countries in a similar situation have gradually tried to do.

Q. Would you suppose that the size of that inflow would be to any extent governed by alternative decisions as to Palestine's political future?

A. I think as far as the Jews are concerned I take it that only a solution generally favourable to the will of the Jewish people would induce them not to introduce money. As far as capital generally is concerned, I am ready to admit that political tranquility of any sort, the belief in political tranquility in case the verdict does not go on the whole as we expected, the political tranquility of any sort is what it asks for.

Q. Now on the question of finance, there was something I wanted to ask you to this effect, and I ask it because of certain observations made in the book that you quoted so frequently by Robert Nathan. Would you say that the development of Palestine is hampered in any way by the fact that the Palestine pound is tied to the pound sterling?

A. That is a very broad question. I think I ought to speak of the past and of the future. As to the past, may I for once quote myself. In a reply which I gave to Mr. Nathan I said, "The

sterling pound is a commodious mansion in which for 25 years we have found ourselves perfectly comfortable." It has been a great advantage for this country in terms of the 20's and 30's not to stand alone in its monetary matters and to have its country linked up for better or worse with sterling. As to the future, there is no aspiration that I know of in this country on the part of the responsible people to consider at this moment any change in the present position.

Q. Then you do not feel, I take it, that the development is hampered at all by the absence of a central bank in Palestine?

A. I have no such feeling.

Q. Do you feel that it is hampered in any way by the separation between Jewish and Arab resources in Palestine?

A. I do not believe that that is the case.

Q. Now I want, if I may, to move away from this strenuous programme and to talk about very much more immediate and realistic problems, namely, the possibilities, if we may set this down as our assumption, the possible results of the immigration of 100,000 people into Palestine, let us say, during the next 12 months. You would, I suppose, agree in the first place that the age composition of that 100,000 would be very different from the age composition of the normal inflow of immigrants before the war?

A. I am not very sure of that, sir. To some extent you are taking me out of my province, inasmuch as I do not know much about that element, which is weighted. But from what I have heard the difference, if it does exist, is a favourable one inasmuch as youthful elements seem to prevail more than they did in the immigrations, say, of the years 1933 and 1934 when so many German and Polish refugees arrived.

Q. So that that would assist you in overcoming any doubt you might feel about the difficulty of absorbing them into employment, having regard to your problem of reconversion?

A. Yes, Sir.

Q. I gather from your answers to Sir Frederick that reconversion had caused no difficulty.

A. That is so, sir. I mentioned, I believe, in my reply to Sir John Singleton that something like 50,000 people had been employed in war work. In industry at least the same number of people are being employed at present and not in war work.

Q. Would it be true to say that the number of jobs has not diminished, or would it be truer to say that the total amount of work available has been spread?

A. I do not follow your meaning.

Q. What I mean is this: Supposing that the total volume of work to be done diminishes, there are two ways in which you can handle the problem. You can lay off a number of workers or you can make all the workers work less hours.

A. Oh no, we have not arrived at that at all.

Q. I see. So that the total volume of work now being done is no less than it was at the end of the war activity?

A. Certainly.

Q. You would agree, no doubt, that costs here are high both in relation to the Arab industries in Palestine. Would they be, sir?

A. Yes, Sir.

Q. And to industries outside Palestine, for example, Egypt?

A. I will have to correct myself. Are you asking me whether our costs in industry are high in relation to the costs in Arab industry? If that was the intention I have no reason to admit that. I rather thought that your intention was to ask whether in Arab industry, too, costs are high. We have on the whole produced every products in competition with such Arab industry as there is.

Q. In the course of your memorandum certain inadversions were cast upon the administration for failure to operate a tariff policy which was designed to develop Palestine industry. Now, having gone to the high level of cost in Palestine industry, would you suggest that higher protection will be needed immediately following the war than was imposed before the war?

A. I will not of necessity say higher protection, but I may have to say a more systematic and logical form of protection, studying more the needs of each particular industry and going more into the direction of freeing raw materials and giving sensible protection to its products.

Q. Now on that question of cost, I think it true to say that the cost of living in Palestine has multiplied by about $2\frac{1}{2}$ since the war.

A. Yes.

Q. In Great Britain the cost of living has multiplied by about $1\frac{1}{3}$, the official index. It therefore follows by simple arithmetic that the purchasing power of the Palestine pound now can

be little more than one-half of the purchasing power of the pound sterling in Great Britain.

A. If you believe that the two cost-of-living indices are entirely comparable, surely, Mr. Crick, I need not labour the point of how much depends on the way in which the cost-of-living index is composed.

Q. But you will agree, I suppose, that the Palestine pound is greatly over-valued when it is valued in the exchange market apparently with the pound sterling.

A. Quite so.

Q. Do you really feel, and I take it you do, that the structure of prices and costs in Palestine is so elastic that it can be contracted to the extent necessary to establish equilibrium at parity of the pound sterling?

A. I have something to say with which you may differ, but I discussed it in England when I was there last year. I live in the expectation that to some extent the level of the pound sterling in England will come to meet us. And I also believe that to a considerable extent we shall come down here in the way which has been explained in the memorandum. What exactly will remain, the discrepancy between the buying power of the one and of the other after normal conditions of transport and supply will have been reestablished, I do not venture to say, but I have always, when these discussions of the relation between the one and the other were started, suggested, in this case with the greatest possible respect, they are slightly premature, that we have to see where we shall both land in another year or so.

Q. Mr. Hoofien, you and I are both modest students of economics. Can you cite any example of a relatively advanced country undertaking such drastic contraction of the price and cost structure as you are contemplating without entailing widespread unemployment and bankruptcy?

A. It goes to the heart of the problem which the memorandum has attempted to deal with. I do not think that this country is going to undertake anything at all of this kind. What I think is that certain things will happen in this country, which is a different thing, and while deflation, with the awful name it has acquired in the 20's, meant to some extent an unofficial attempt at getting the economy away from an equilibrium which it had in its own way established, I believe that our deflation will be of

a different nature. I believe it will mean getting us back to equilibrium.

Q. However optimistic you may be about that, does it not hold true that if your price level falls by 50 percent, by that very fact the real burden of all debts and debt charges is increased by one-third?

A. That is so, but if you look at the banking statistics you will see how small debts altogether are, comparatively. All these debts, virtually all, are very quickly changing, moving, and your remark will apply only to long-term debts undertaken during the period of inflation, and that is so, that is undeniable, of course, but it will relate to a small part of the economy and the advantages of deflation will far out-balance the undisputable drawback to those who during inflation time undertook long-term indebtedness.

Q. Then you don't see any necessity to seeking an alternative to deflation?

A. I do not see any necessity at this moment. I may tell you so, that it is a subject very much discussed in this country, this question of an alternative, and to that more than anything else applies what I said before, let us first see where such deflation is. I repeat, not what we shall bring about, but what will happen to us, where that leads us, and let us then see whether there remains any room for any further alternatives.

Q. May we leave that topic and just have a word or two about taxation. Would you suggest that taxation at its present level and at its present form in Palestine is a heavy burden on industrial enterprise or not?

A. Whether heavy or not, it is a burden which it has shown itself able to bear.

Q. So that you wouldn't expect that burden, assuming it remains as it is at the present, to stultify economic expansion in the future?

A. No sir.

Q. That is all I have to ask you. Thank you.

Mr. Crossman: I should like to ask one question, and it is on the side of the political economy, unlike the economic side. I would like to ask it in a series of questions. I would like you to imagine that everything was granted, that you were starting on your large-scale plane. Shall we say your first 100,000 was going in the first 12 or 14 months, that you people were making

every possible effort to remain on good terms with the Arabs during that period and that nothing improper was being done which would irritate them, and then imagine about the second or third year you failed to meet all the difficulties that Mr. Crick put to you which are, by the way, not concerned with immigration, but concerned with the deflation problem. And supposing an economic crisis did in fact hit this country in about the second or third year of your great immigration programme. Do you not foresee an acute economic crisis in which immigration is blamed, owing to the difficulties which were discussed? Do you not see a situation developing very like civil war as a result of the Arab who says, "I told you so, when these immigrants come in they produce reduction of my savings." Do you see the question?

A. I see the question, and I hope you will see the reply. If that happens we must be realistic. That, of course, would mean a setback. That, of course, would influence the Jewish Agency to say, "Look here, we must now go slow." That is quite clear. It need not be the disaster that you mentioned, which I am prepared to grant. Hypothetically you could point out a disaster which would not be a general one. It would on the whole be a disaster for the Jewish population, if it is to be called a disaster, which is your terminology, not mine. There would be every reason for the Arab population which had resisted that to say, "I told you so." Naturally. But there would be no reason for them to get into any particular excitement and despair, because while on the one hand I do not deny a certain integration of the two economies, and while to some extent everything that happens in one part of the country is bound to have its repercussions in the other, still on the whole—we are not yet, and I say it in great sadness, we are not yet grown together to that extent that the repercussion within the Arab economy would be remotely comparable with that within the Jewish economy.

Q. I want to ask an additional question, growing out of my ignorance. I had imagined in the mid-thirties three things coincided, a sharp increase of immigration, an economic crisis caused by the Italian difficulties with regard to Abyssinia, and there came the Arab unrest. Weren't they in some way connected?

A. The connection is difficult as it concerns the second factor, because it hardly existed.

Q. The financial crisis?

A. Yes. Only a banker can remember some statistics about it, and even then they were slight. Apart from that you will hardly find anybody in this country who has ever heard of an economic crisis owing to the Abyssinia difficulties.

Q. So that there were only two points, immigration and Arab unrest?

A. Yes, Sir.

Q. Thank you very much.

Mr. Manningham-Buller: I want to ask you a few questions in regard to answers you made to Mr. Buxton. You said that the Jews only own 6 per cent of the land in Palestine. In making that calculation do you take into account all that vast triangle of the Negeb?

A. No sir, the reference is to the cultivable land.

Q. And nothing else?

A. No sir.

Q. What do you include within your definition of cultivable land?

A. It is a fluid definition. It is such land as with the methods which are at the moment being applied is liable of being cultivated.

Mr. Manningham-Buller: I wasn't trying to use it as a definition; I was trying to find out what was meant by that statement. Can you tell me where you draw the line on that for cultivable land? How far South do you go, for instance?

A. If it refers, sir, to the question of Negeb, all I can say is within the Negeb, we hope that a very large proportion of cultivable land will be found, but it is impossible at this moment to define it.

Q. But in making your calculation of six per cent, you include all land you deem to be cultivable, that's right, isn't it?

A. Yes.

Q. How do you define cultivable?

A. I would define it as land which, with any method of cultivation that we at present can devise, can be brought under cultivation. May I also correct a previous answer which I gave when I was speaking of six per cent. At that time I was speaking of the whole country, including that well-known Negeb. When it is the country without the Negeb, it is something like ten to twelve per cent.

Q. So that your first answer, when you say it was six per cent of the cultivable land, is only correct on the assumption that you regard the whole of the Negeb as capable of cultivation, is that right?

A. That is so.

Q. So does it amount to this: I want to get it quite clear in my own mind. On that six per cent basis, you are including really all the land of Palestine and considering all the land of Palestine cultivable?

A. That would follow.

Q. You said to Mr. Buxton that there were, I think, more Jews to the acre than Arabs to the acre. Do you remember saying that?

A. Yes.

Q. Isn't that a very hard comparison to make? For instance, down south around Beersheba, doesn't it require much more land to support a family under present methods of agriculture than it does up North?

A. Of course, it is quite correct that it is easier to have a dense population on good land than on bad land.

Q. Taking into account as best you can the comparative fertilities of the soil, is it still true to say that there are more Jews per acre than there are Arabs?

A. That, I think could be said, but I wish to say one thing, sir. You are taking me slightly out of my province by going more and more into statistical details in these land matters, and if I may take note of your questions and answer them in writing, I think it will be more satisfactory for you because I shall be much more able to see to it that the answers are correct.

Q. I am quite content with that. You will appreciate that the questions I put to you on this matter arise out of the answers you gave to Mr. Buxton.

A. No doubt, sir.

Q. May I ask you one other question on your paper. You say on Page 6:

"The Jewish Agency sees no reason to doubt that unless some unexpected adverse circumstances intervene within a period of ten years, a million Jewish immigrants can be rooted in the soil of Palestine."

In making that estimate, what do you assume to be the natural increase within those ten years of the Arab and the Jewish population of Palestine?

A. The contention implied in the assumption of $1\frac{1}{2}$ per cent natural increase of Jews — that, of necessity, is implied. But about the Arab natural increase, I don't quite follow that.

Q. When you say immigration of a million Jews, you haven't taken into account for the purposes of this paper the natural increase of the Arab population in Palestine today?

A. No, sir, because I did not speak of the Arab population.

Q. I only wanted you to make it clear in my own mind. Thank you.

Mr. Phillips: With regard to the development of the Jewish settlements, I assume they are not now self-supporting. They are expanding and must of necessity expand enormously if they are to take care of the suggested extensive immigration. Could you give me any figure as to the amount of funds which are now being spent by the Jewish Agency in support of the settlements and whether the Agency is in a position to meet the costs of rapid expansion in the event of increasing immigration? I am not sure your memorandum contains that figure. I was interested to know how expensive these settlements are at the present time, in view of future expansion.

A. I am very glad you are asking me the question because it gives me an opportunity of destroying an opinion which is too much prevalent that these settlers are sort of pensionaries of the Jewish Agency and are living on its bounty. They are not. They are all of them self-supporting. The older settlements are fully equipped. The younger settlements are not yet fully equipped and receive nothing in support of their living but do receive additional capital equipment which they have to repay with both principal and interest. The general idea that these people are being supported is altogether, let me say with the greatest respect, a wrong one. I shall produce a memorandum on that.

Judge Hutcheson: I think at this time it would be convenient for us to take a recess for 15 minutes, but I would like to ask those who are in the audience to please try and come in ahead of the 15 minutes so that when we come back, we can really begin.

(A 15-minute recess was taken).

STATEMENT OF MR. HOROWITZ

Director of the Economic Department of the Jewish Agency.

Judge Hutcheson: The next witness is Mr. Horowitz. I am told by him that he thinks he can within an hour, that is by about five

o'clock, demonstrate what he wants to demonstrate, and as he wants to show us some maps and point out various things on them he wishes to stand at this side of the table to present his case instead of sitting in the witness chair. That is all right, Mr. Horowitz.

A. (*Mr. Horowitz*): Thank you, Sir. With your permission I should like, first of all, to analyse the trends of economic development of Palestine and to establish four facts. First, that the absorption of the increase of population of Palestine, which was quite considerable, was successful. Secondly, that the economic structure so established is sound. Thirdly, that this process of absorption was an addition to the existing population in the economic sense of the word. Fourthly, that there are possibilities and potentialities for the continuation of that process.

As to the first point, of course, in addition to the separate criteria, as above, in connection with the life of Palestine, we have some scientific and statistical criteria as to whether the absorption was successful or not. There are three such criteria. The first is whether production kept pace with increase of population; that means whether production per head was at the end of the period at least the same as it was at the beginning of the period; whether it increased or decreased. The second is whether consumption kept pace and corresponded to the increased population: the same criterion, whether the consumption per head increased, decreased, or remained the same. The third refers to wealth, to assets; whether they decreased or increased; whether they kept pace with the increase of population. That third point is of great importance because we could have an increased consumption by eating up part of the capital invested in the country. So the question of the capital assets per head of the population at the end of the period of absorption is the turning point. Now here we have the periods, 1922, 1937/38, and we try to measure the absorption by all the three criteria. That is the period of absorption excluding the war period, which presents special war problems. This diagram shows us first the development of productive wealth, the production per head of the population. I would like to emphasise that point, which is here indicated in these columns; 1922, 1928/30 and 1937/38. There is a steady continuous increase of production per head of population.

Mr. Justice Singleton: It is all taken at one price, is it?

A. The price fluctuations are eliminated by bringing it up to one price level. That is the usual mode of procedure, to eliminate

fluctuations by bringing all to the one price level. In that case we took it at 1928/30, and converted it for the other period, 1937/38. Of course, it could have been done at any other date to achieve the same result. It is done to eliminate fluctuations in prices. I took the physical volume of agricultural products and then estimated them not at the value at the period at which I give this volume, but at the price of 1937/38. Then I obtained one measure, with the elimination of all price fluctuations, giving the actual physical volume of production. Then we have the second criterion, consumption, indicated in blue columns for 1922, 1928/30 and 1937/38. As the population increased the consumption per head increased; that means that not only did consumption keep pace with the increasing population, but that the standard of life was simultaneously raised; with the very spectacular increase of the population we had an increase of the standard of life of the population. The third question which arises is whether the capital assets of the country were not eaten up in order to maintain that higher standard of life. Then we take capital assets per head. Of course this cannot be as comprehensive as production or consumption. We can take the most representative items — irrigated areas, citrus plantations, summer fruit plantations, industries, buildings, railways, roads — the most important items of capital assets, and we see the very spectacular increase of capital assets per head of the population, so that all the three criteria — the development of production, the development of consumption, and the development of capital assets — not only kept pace with the increase in population, but exceeded it very considerably. These are figures for the whole population.

On this chart we have actually the same process described or put down in another form: a curve showing the increase of the total population of Palestine, and then the two indications, consumption and production; green is production; pink is consumption. We see a steady increase of production, exceeding the increase in population. The result of that is the increased rate of production per head of the population, and an increasing rate of consumption, except for the war period, where we were compelled by war conditions, as were all other countries, to reduce our consumption per head of the population.

Q. I cannot see the figures upon that chart. Do you mind stating what the dates are at the bottom?

A. The dates are 1922 to 1943. Here we have the consump-

tion, which shows an increase, except for the drop in war-time, which, of course, comes from war-time conditions.

Mr. Manningham-Buller: Then there is a misprint in the book, which gives the last column as 1940.

A. That is right, it is 1943.

Judge Hutcheson: There is a difference in the colourings in the charts. One is blue and the other is pink.

A. Here we have the break-up; I shall come to that. It is citrus culture, mixed farming and industry. The production is represented by these smaller boxes within the green column. The break-up shows practically the same trend. We could not give here the capital assets, because it is statistically impossible to describe them in this form. Here we have a confirmation of our former statement, with the one exception of war-time, of course, where consumption had to be reduced.

Q. I am afraid I have not yet got what that shows, because it is too far away for my eyes to tell me what the things are. We have not yet had an opportunity of looking at the book, because we only had it in the middle of the afternoon. That is our trouble.

Sir Frederick Leggett: What do you include in this section called "Industry"?

A. Industrial output and manufactured products; those are primary.

Q. Not services, or anything of that sort?

A. No, those are secondary. Now we have another chart, where the question of the soundness of the economic structure is established. We have dealt with the successful absorption measured by production per head of the population; consumption measured per head of the population, and capital assets per head of the population, and we arrive at another question which has already been mentioned. This diagram shows the correlation between the trade deficit, Jewish capital and Jewish investments. This is a point which has already been mentioned today. I believe it is erroneous to say that the deficit in the trade balance is covered by capital imports. I would put it the other way round. Capital imports created a deficit in industry all through the war. It is obvious that if our economy is to be developed and expanded there must be an extensive import of capital goods, agricultural machinery, industry machinery, building materials, pipes for irrigation, etc. A developing economy starts first in producing consumer goods; it does not produce capital goods.

Capital goods must be in the first period limited. That is the source and the cause of the trade deficit. It is not that there is a trade deficit and the people produce than they consume and then cover it by capital imports. The capital imports are a source of development for the country as in every country. If we look at the history of Argentina, Australia, New Zealand; each of these countries had at the beginning an adverse balance, because capital had to be imported. They are repaying that capital in the course of their development. We know that is a very heavy burden on Australia and New Zealand. They have a problem of repaying the capital, the principal and the heavy interest charges which we do not have. We shall not have such a problem, at any rate to such an extent, because most of our capital was brought over with the immigrants or donated. Quite an insignificant proportion of our capital was borrowed capital, so our position will be very much easier than the position of these countries. We are not in the position of the United States of America, where for a long period of capital, which meant an adverse trade balance. This question may be answered on the basis of this diagram. First we see a complete correlation between the trade deficit, except for the war period which was exceptional, and Jewish investments and Jewish capital imports. If you look at page 212 of the Royal Commission's Report you will find a table which shows that the deficit is about equal to the investment, which means that the capital brought into the country is not used in order to support the existing population; this population is self-supporting. It is used in order to expand the economy of the country and create new potentialities, new facilities for additional absorption of increased population, and the result of it is what we have seen in the last two diagrams: an increased rate of production; an increased rate of consumption and increased capital assets. The mechanism works in the same way. Capital is brought into the country in the form of capital goods. Factories are established, citrus plantations are planted. Then we plant with that capital, which is represented in this case, say, with irrigation pipes, an orange grove, and we shall export oranges and get a return for it, and that covers a part of the trade deficit and reduces the trade deficit. If we bring in looms or spindles to establish a textile industry, we may either export textiles or produce a certain proportion to cover our own needs and so reduce the import of textiles. There is the correlation between the trade deficit,

Jewish capital and Jewish investments, which goes on until it bears fruit to such an extent that you get reduced imports or increased exports. A lag is produced which is called a trade deficit, which is almost covered by capital imports, which is a result of capital imports and of the development of the country.

That is the first test to which I would subject this problem of the soundness of the economic structure and its correlation. Exactly when the investments are highest, when the import of capital is highest, when the trade deficit is highest it shows you this simple fact, adduced from actual facts experience. Of course it is analogous in the East with that of other colonisation countries. If you look at any colonisation country you may find the same problem. You may ask, what about the future? It boils down to one point, that further expansion of economy is possible by import of capital and investment, and that it cannot be expected that such expansion would be carried into effect exclusively from internal sources, but at the same time the question of the self-support of the existing population does not arise at all if we follow this line.

As I mentioned, there is one difference between Palestine and the other countries, and that difference is that Palestine will not have, in a subsequent period, to repay to a great extent these investments, in that the capital imported, except during the war period, was capital brought in by immigrants or donations. Now we may ask another question about how the occupational distribution of the population was established. Here we have another diagram showing the population distribution of Jews in Palestine, Jews in the World, in the United States of America, Australia, Belgium, Switzerland, Great Britain and Canada. I shall start with the Jews in the world. We see the Jews in the world have about three per cent. of agriculturists, but that is certainly an inflated figure because it includes employers or owners of some agricultural estates; the percentage of real agricultural labourers probably is an infinitesimal figure. These are divided up and shown under primary, secondary and tertiary.

Mr. Justice Singleton: Primary means agriculture?

A. Primary means agriculture and fishing; secondary means manufacturing industries.

Sir Frederick Leggett: Where do you put mining?

A. Mining is a controversial point, but for myself I put it into the secondary class. It is put by some economists in the primary

class, but I prefer to put it into the secondary as is done by other economists. Tertiary is all services — transport, commerce, everything which does not produce goods comes into this class.

Mr. McDonald: Including the professions?

A. Including the professions, legal, medical, and so on; everything which does not come under real production comes in this class.

Q. Including the idle rich?

A. Everything which does not produce. The railways, transport of all kinds, all these things are tertiaries. So we have in the primary section, agriculture and fishing, and the figure for the Jewish population in the world is fictitiously stated as three per cent, but it is in fact much less. In Palestine the figure for 1939 was 19 per cent. I took the pre-war figure here, because the figures for the war period are not representative. We had to reduce our citrus plantations for the time being, because the fruit would not have been exported during the war, so the representative figures are those for the prewar period, for 1939.

Mr. Crum: These are all 1939 figures, are they?

A. Yes; that is mentioned on the second page of the book. This is 19 per cent. which compares with the figure for the United States of America, which also is exactly 19 per cent. Australia is 24 per cent., Belgium 17 per cent., Switzerland 21 per cent., Great Britain 6 per cent., and Canada 34 per cent. We are among the countries which have a very healthy population distribution, and a very healthy agriculture. That is the explanation of the occupational structure.

Judge Hutcheson: Would you tell us whether the fact that the Arabs are largely engaged in agriculture brings the problem of Palestine into different relief or focus from that of other countries where the whole population is taken into consideration, while here only the Jewish population is taken into consideration?

A. Yes. That reduces to a certain extent the agriculture in the Jewish community, because we consume some proportion of Arab agricultural products otherwise it would be higher, probably of an equal percentage to that of Australia or Canada. This is reduced to a certain extent by the very high proportion of agriculture carried on in the Arab settled community. At any rate, the structure established by Palestine Jews differs in a very extreme way from the structure of Jews abroad, who have 61 per cent. of the tertiary section; it is a very well-known fact that there is a

large proportion in commerce and in the learned professions, and so on, and only three per cent. in agriculture, and probably, as I said, that is a fictitious figure, and compares very well with the figures of a well-developed country with a very healthy economy.

Mr. Crum: Is there any reason why there should be such a large percentage of Jewish farmers in Canada?

A. These are not Jews; these are the populations of those countries — Canada, Switzerland, Great Britain, and so on.

Judge Hutcheson: This shows the contrast between Canada and the whole of the Jews?

A. Yes. Only the first two diagrams referred to Jews; the others refer to the total populations of those countries and not Jews alone. Here we have another chart showing immigration and unemployment, and here we see something that is quite paradoxical: the number of unemployed is lowest at the time of the highest immigration, and it is highest at the time of the lowest immigration. The figure for unemployed is in inverse ratio to the figure for immigration. That paradox can be very easily explained in economic terms. There was once an economic theory which assumed that the employment in each country was fixed and constant, and that every newcomer would be competing for this very limited employment, and thus immigration in a time of unemployment must be detrimental to the employment position. Now this theory is completely discounted by modern economists. If one looks at Hamilton's book, or that of Professor Heidelson — perhaps the most prominent British economists—both of them completely reject this theory.

Mr. Justice Singleton: Is the number of unemployed shown there? Does that refer to Jewish unemployment?

A. Jewish unemployment, yes.

Q. It does not affect the Arab question at all?

A. No, it does not affect it, but in this country we do not have any statistics of Arab employment.

Q. I only wondered which it was; it does not show it very clearly.

A. I shall deal with the problem of Arab unemployment afterwards. This theory is discounted because every newcomer to the country is not primarily a competitor for existing employment, but he is first of all a consumer. The pace of development depends mainly on marketing facilities, and every new consumer expands the market for industrial and agricultural production. Thus im-

migration in a period of crisis does not need at all to aggravate the period of crisis, but it may relieve or alleviate the situation because the additional consumption brings an expansion of production, so that unemployment decreases comparatively with immigration.

Mr. Manningham-Buller: Would it be possible to carry that graph back to the year 1926; I should like to see the figures for the year 1926 and onwards.

A. It would be very difficult because the figures or statistics which are reliable are only available for the thirties. For very few places have we statistics going back as far as 1920, but at any rate the structure of economy in the twenties in Palestine was a very primitive one, such a small section of the Jewish economy was existing at all that it would not be representative, but at any rate for statistical reasons we could not go as far back as that.

Q. Could you not go as far back as 1926, because I seem to remember there are figures of immigration and employment for Palestine during that period, and I would like to know, also, if you can give the level of unemployment during those four years.

A. There was some very considerable unemployment in about 1925/26, but, as I said, the structure of Jewish economy was mainly based on agriculture or building; there was hardly any industry, so that the figures for a period before 1930 would not be at all representative of the economy which we have since 1930.

Sir Frederick Leggett: The point of the highest Jewish capital import was also at that date?

A. Yes.

Q. Then do we understand that some people are not called unemployed, but they are people who are being kept for the time being by money which has been brought in until they can get into the employment field; that is to say, this unemployment figure requires a little explanation, does it not?

A. Yes, the situation was such in 1935, at the time of the peak of immigration, that then we had the lowest unemployment figure. We had an actual shortage of labour. Of course, there may have been cases where people into the country could not readjust themselves and could not become labourers. There are problems of vocational training, or of adaptation to new conditions. Such facts are well known, but they do not affect the all-round picture. There was a very definite shortage of labour, and we suffered very much from it, because it brought up the costs considerably,

particularly the cost of building. The cost of building, especially in 1935, was very inflated by a considerable shortage of labour. There was a limited labour force for which there was the competition of people who wanted to construct new buildings or establish new industries. Of course under such conditions of competition for a limited labour force we had an upward trend of building costs, and we had afterwards to make a reduction, while at the same time there may have been a number of people who could not adapt themselves. There is another very well known term in economics, which is the term "frictional employment". It is very frequently mentioned in England and in America. Frictional employment means even at the times of greatest prosperity and shortage of labour you have always in a modern economy a number of unemployed; there is a certain percentage, which is called frictional employment, which ranges between one and five per cent., which exists today even in the period of the greatest shortage of labour because some people pass from one job to another; there are geographical changes, there are differences in location, there is the re-adaptation problem of what are called the unemployables, so in a modern economy we have always some small percentage of unemployed, which is called frictional employment; friction means friction in the economic machinery, in the labour which is unemployed. What Sir Frederick refers to is frictional unemployment under particular conditions.

Q. Not quite. I was considering that this was the highest point of the pinnacle, where there was the highest number of immigrants, the highest point of importation of Jewish capital, where the immigrants actually in the unemployed field were not counted among the unemployed at that time.

A. I have already tried to show that the capital import was really invested and was used for the expansion of the economy, and that is the reason why there was a shortage of labour and wages went up. We are as a matter of fact, in a very similar situation now. There is the question of the high cost of building of houses, and the main reason for that in Palestine is shortage of labour. We reckon that in the cost of building something like 65 per cent. is attributable to labour, either on the building side or in the factories producing building materials. Thus the determining factor in the cost of building of houses is labour, and that can be confirmed by the economic position of the country. We have now

competitive bidding for building labour, with inflated wages, and that is the reason why the index of building costs is even higher than the cost-of-living index. The only remedy is an influx of new labour, which would reduce this competition for building labour. There is an inflation in all branches of the economy, but in building there is an additional increase caused by shortage of labour, which established a certain monopoly for building labour which allows building workers to get inflated wages out of all proportion to other branches of the economy, and the only remedy for that situation is an influx of new labour. That also has some connection with the whole problem of readjustment.

Judge Hutcheson: It is quite evident, I suggest, that you are not going to be able, in the time you have left this afternoon, to demonstrate each of these little maps which we have in the book, and I would suggest that without going over them page by page you would devote the remainder of your time to the most important diagrams, and we might refer any questions to you afterwards through our economic experts.

A. Yes, Sir. The diagrams I have dealt with are about half of those in this book. I wanted to refer to the problem of readjustment, because in the memorandum which was submitted to the Committee about two days ago there is shown an increase of man days work. We see that in January 1945, when the war economy was still at its full, the index was 214, that is taking 1938/39 at 100, which means more than twice the number of man days work in industry. Now in October 1945 that is 196. Really the readjustment was much more successful than we had expected. There were two reasons for that; first of all, the reason that our industry was not engaged so much in the production of armaments, but mainly in the production of consumer goods, and, of course, the technical readjustment under those conditions is much easier. The second reason is the world shortage of goods, so that these industries were not yet exposed to a competitive clash with imports, so that the situation is that as war orders dwindled into insignificance — there are almost no war orders in our industry now, at the same time there is no unemployment, which shows there has been a complete conversion of the industries which deal with the needs of the army in the Middle-East, and that those industries as reconverted are supplying the needs of the civil population. Of course I am aware that in some period we shall be exposed to this competitive clash with cheap imports, and that is the problem

of readjustment which was mentioned here, but I should like to explain the position by the physical law, the law of connected vessels. If one puts water into one vessel which is connected with another, the level of water in the two vessels, if they are connected by a pipe, must be the same in each. That is the position with regard to Palestine. our inflation is not a currency inflation, it is an inflation created by a tremendous influx of capital with a reduced quantity of goods; the competitive bidding by great purchasing power for a limited quantity of goods. The moment the situation becomes normal, the moment the United States of America and Great Britain are able to supply the goods for which Palestine industry and agriculture are crying out, the whole situation will change as regards capital goods. The question is only one of priority. If foodstuffs and capital goods come first we shall have a readjustment of industry and a readjustment of the whole economy of the country to the new situation, preceding a competitive clash with consumer goods. If the import of consumer goods precedes the import of capital goods and cheap foodstuffs we may have some crisis. That is the simple problem. It is here the problem of wages comes in. In 1942 the Palestine Government appointed a Commission, under the Chairmanship of Sir Douglas Harris, consisting of heads of the Government Departments, representatives of the Jewish Agency, representatives of the Manufacturers' Association, and of the General Federation of Jewish Labour. This Commission dealt with the problem of wages, and had to fix a policy for wages in war-time. We already knew at that time that the index of the cost-of-living was increasing by leaps and bounds; it must have increased in the whole of the Middle-East. If you have an influx of money throughout the whole of the Middle-East to something like £700 million during the war, attributable to the presence of the armed forces in the Middle-East and in Palestine, and at the same time we cut off all supplies, of course you have soaring prices, and the problem arises how should wages be adjusted. Then I had the privilege to be appointed Director of the Statistical Department, and the Government set us this question, and we submitted a report which suggested the linking up of wages with the cost-of-living index, as a concession to the Labour Federation, but the understanding was that the Labour Federation would at the same time concede that if the cost-of-living index declined wages would decline concurrently, and this suggestion was adopted and confirmed by all

the parties participating in that Commission — the Government, the employers, labour, and the Jewish Agency. That was used as the basis for a second Commission appointed by the Government, which confirmed, with some slight modifications, this agreement, so that any increase of imports of cheap foodstuffs or any increase of supplies would have immediately the effect of reducing nominal wages without reducing the real wages, and, ipso facto, reducing the real costs. That is the situation as it is. The Labour Federation never objected to that condition. It is obvious that they had no reason to object, because if the index of the cost-of-living declines the decline of nominal wages does not mean any loss in real wages. That is the situation, and thus any normalisation of foreign trade will immediately have the result of decreasing nominal wages without decreasing real wages and helping the readjustment of the whole position. Of course there is an additional problem also connected with imports and recent productivity. Productivity has two main component factors. One is skilled workers and the other is capital equipment. Now our industry accumulated very large balances of liquid money, they is very little indebtedness, and as the ratio of labour to equipment advances the bank deposits will immediately show there is accumulated a tremendous credit balance. This will serve to purchase machinery in the United Kingdom and the United States of America in order to re-equip the industry, and re-equipment with the best capital equipment per head must automatically increase productivity. That is the second factor which will bear on this problem of readjustment. Further, if we have large-scale immigration the very fact of expansion of the market makes it possible to effect the economies of a large-scale production and increased productivity, and what is important is not the nominal wage per day of the worker but the wage per unit of product and increasing productivity means a reduction of the wages bill without effecting any reduction of real wages; in other words immigration to a great extent creates employment.

Now how did that process affect the Arab population in this country? If we take one very important criterion, that is life expectancy of the Moslem population, if we take the proportion of Jews to the whole population of the country, which is indicated on this diagram by a black curve starting *here* and going up, the life expectancy of the Moslem population being shown in a series of blocks, the obvious correlation between these two indications

is quite unequivocal, it does not need explanation except that I would like to mention that the increase in life expectancy is more pronounced in the Moslem population than the increase in the Jewish in proportion to the total population.

Mr. Justice Singleton: I do not follow the diagram of figures. I wish you would give the date? For instance if you could say for 1940, for instance, what the Arab figures were and what the Jewish figures were for that date.

A. For the life expectancy I took only the figure of Moslems. They reached 48 years for every Moslem born in this country, in comparison with 1925, when the life expectancy for the Moslems was 37 years.

Q. What is the black line?

A. The black line shows the increase in the whole population of Palestine, and the increase of the proportion of Jews in that population.

Q. It has no relation to the Arab population?

A. No, there is a relation, but not a statistical relation, but the larger is the proportion of Jews to the total population the higher is the life expectancy of the Arabs.

Q. What is the black line?

A. The proportion of the Jewish population to the total population of Palestine.

Mr. Buxton: If I may interrupt a moment, in spite of the increase in the percentage of Jewish population, the numerical superiority of the Arabs today is as great as ever in its history?

A. Yes. The point is I show here the percentage of Jewish population to the total population—which is indicated by this black curve, which rises from something like 10 per cent. in 1922 to something like 30 per cent. Now compare the expectancy of life of the Moslem population, which increased from 37 years to 48 years for each Moslem born in this country. The casual connection I shall explain after we have seen some other indications of the same character. At the moment I only wanted to establish the fact that the Moslem life expectancy increased continuously all the time concurrently with an increase in the Jewish population to the total population; to show that these two developments were concurrent and simultaneous. Their causal connection I shall deal with after we have seen some more diagrams.

Mr. Manningham-Buller: Does that assume that the Palestine Government have anything to do with it?

A. It does not, and that I shall explain in dealing with the problem of causal connection.

Mr. Crossman: This is the question of mere concurrence?

A. Concurrence and correlation of the two factors. Whether it is causal or not I shall have to establish, and that I am going to do after I have shown some other diagrams pointing out the same indications or trends.

Then this diagram shows the expectation of life at birth of the Moslems of Palestine in comparison with those of Egypt and Iraq: 48 years in Palestine; 33 years in Egypt; 27 years in Iraq; 28 years in India, and so on. It is interesting to note that the Moslems of Palestine compare well with the Moslems in any other country. The black lines are Moslems in Palestine; the green lines are Moslems in Egypt and Iraq. Of course there are no others except Moslems in those countries, or, at any rate, they are of such a small percentage that they do not affect the picture, so that the comparison between the Moslems in Egypt, Iraq and Palestine shows the picture of the life expectancy of the Arab populations in those three countries.

Q. What about the other countries?

A. These are European countries. The only place where we have split them up is Palestine. All others cover the whole population.

Mr. Crum: So that in Egypt and Iraq you are covering the Jews as well?

A. Yes, but they are such a small proportion that it does not affect the position, but in Palestine it does. What I wanted to show was the Moslems in Palestine have a higher expectancy of life at birth than the inhabitants of Egypt or Iraq which are so much composed of Moslems that the comparison is quite fair.

Now we shall have some five or six indications pointing in the same direction, and I shall try to summarise them and explain the causal connection between these two factors. It seems probable that there is a causal connection if you have five or six indications all in the same direction, but I shall not confine myself to assuming that because there are five or six indications in the same direction there must be a causal connection. I shall try to establish why there is a causal connection between these phenomena.

Here we have again the proportion of Jews to the total population increasing, as shown by these blue lines. Here we have the

Moslem infant mortality decreasing constantly in the same period. We have here an inverse ratio between an increase of the proportion of Jewish population to the whole population of Palestine, and a decline in infant mortality among the Moslems, which is again an indication in the same direction. As a matter of fact the decline of infant mortality is considerable all over the world, and is one of the best indications of world prosperity and development and progress of any population. It goes so far that in England the recent studies of infant mortality in various districts and regions are made on the basis of Moslem infant mortality. I would refer you to a very famous book by Titmus with an introduction by Lord Horder which is the most prominent study of that problem, and it shows how exactly infant mortality corresponds with the economic conditions of the various regions and districts of England, which is lowest in the most prosperous districts and highest in the poorer districts; it is the direct result of economic conditions, so that it is impossible that infant mortality should decline concurrently with a decline of economic conditions; it is absolutely absurd and impossible. For the time being I establish only the coincidence of the two factors, so that we have a decline of infant mortality in the Moslem population simultaneously with a steady increase of the proportion of Jews into Palestine.

Now here I am approaching the same test which I mentioned for England, regional statistics for infant mortality, again Moslem infant mortality, and I will try to bring it into correlation with the proportion of the Jewish population to the total population. The highest proposition of Jews is in the Jaffa district; the second best is Haifa. The figures, of course, cannot be absolute for every district, but the worst figures we have are for Ramal, which is 171 per thousand, where there are no Jews at all. These two extremes are very indicative.

Here I would like to show a different diagram connected to some extent with this problem. It shows the decrease of incidence of malaria in various districts among the Jews. I would like to emphasise that. Why do I bring these statistics in? First I would like to make one remark, that in some areas we see the decline is much steadier than in others. The reason is, we referred to figures for 1937/41, with the drainage of swamps, which has the greatest effect on the reduction of the incidence of malaria, so that now the rate is so small that the decrease must also be small. If I may be permitted, I would here refer to my personal experience. I spent

my first seven years in this country in a collective settlement as an agricultural worker, and I was engaged in the twenties in draining swamps in the Huleh area, and I remember when we started that work we had in our camp something like 90 per cent. of incidence of malaria, but when we finished our job, when the drainage was completed, we had next to nothing. Now as the drainage of swamps is the main factor it is obvious that it cannot immobilise only the community in the area, it is carried to the adjacent districts by the anopheles, the malaria carrier, and that must affect the Arab population in those adjoining districts. Now, I am approaching the problem in its causal connection for which I do not need any diagram. First I would say it is quite impossible to assume that interspatial and intertemporal comparisons have not any one connection. Interspatially you get a comparison between this country and other countries which have a similar structure, such as Iraq, Syria, Egypt, and so on. It is impossible that an intertemporal comparison from 1922 to 1939 should all tend in the same direction with an increasing share of the Jewish population to the total population, and that the indications of prosperity used during the war should fallaciously assume a rising prosperity of the whole population. These comparisons are in themselves conclusive. The analysis of this economic process will show us that that is true. If in a country of the size and population of Palestine something like £100 million is invested within a period of 25 years, it is inconceivable, even if one would like to do it, to prevent a percolation of capital from one sector of the country to another. It is quite inconceivable. Any economist will establish the fact, *prima facie*, that such a process is impossible, particularly if it is connected with the purchase of land at extraordinary prices; if it is connected with an industrialisation and tremendous increase of the urban population, which provides the local population, the Arab population, which is mainly agricultural, with a market for their agricultural produce. We know that the main problem of the farmer is to get a profitable market for his agricultural produce. Now, he was suddenly provided for, in contradistinction to other countries, by an extensive market, because obviously Jewish colonisation could not keep pace with the increase of population. To that extent there was a time lag. We had to establish the soil, reclaim the land, and so on, which certainly some of the members of the Committee have seen. Thus the Arab population were provided with a market, and that is the

reason for the increase of prosperity. The third point is Government activity. I would not like in any way to reflect on the activities of the Government at this point. There was an extension of services, health and educational services, and so on, but I would only like to mention unemployment. There a decrease of unemployment was made possible by increasing the revenue, by the fact that one-third of the population, which is the Jewish population, provides 65 per cent. of the revenue of the country. That means without detracting in any way from the goodwill of the Government and its various activities, this is all due to the revenue provided by the Jewish population, so that if we could go further, we have helped the Arab population considerably by the fact that a whole series of building materials are produced almost exclusively by Arabs. If one goes to Tel-Aviv one sees a series of mills and grinding stones worked entirely by Arab labour, and a large proportion of their products are used by the Jews for their building construction. There is more direct employment of Arabs in Jewish colonies. There is an increased amount of labour on public works; thanks to increased revenue there is a tremendous importation of goods to deal with these things. I will confine myself to these few indications, as the matter is dealt with in a masterly way on pages 128 and 129 of the Report of the Royal Commission, the Peel Report, which summarises all these facts. This is a continuous process, which is also quoted in the memorandum of the Jewish Agency. At any rate, as far as facts are concerned, one can obtain many facts from the Report of the Royal Commission, which are given there very accurately, and which establishes the facts beyond any doubt.

Judge Hutcheson: It is now five o'clock, and I think you have done very well, Mr. Horowitz, to cover as much ground as you have in the time at your disposal. I should like to say that if any member of the Committee, after reading this memorandum, wants further information he can get it from you either orally or in writing, and if the Committee want you to come back after we have dealt with all the other people we have to see that can be arranged also. At present we cannot go any further, and we have already another schedule of hearings arranged for tomorrow morning.

A. I would like to say that I am through about half of my statement.

Mr. Justice Singleton: What I wish to make clear from my point of view, and from the point of view of all the members of the Committee, is that it is quite impossible for them to look at this document which is supplied right in the middle of the afternoon; it would take some time to study it. We have got our hearings fixed for the next day or to, and it seems to me we shall have to go into this at some later date.

A. I am at your service, Sir.

Q. Thank you very much. There is one thing I would like you to do, if you would. I should be very grateful if I might mention it now. You were kind enough to take Judge Hutcheson and myself round the settlement at the top of the Dead Sea on Saturday last. I should like to have, rather more from a personal point of view than any other, the sort of figure that that place cost, the capital expenditure. I should be very interested to see the figures, if you have them.

A. I should be very glad to let you have copies of the accounts.

Q. You need not trouble to make copies, but perhaps you would let me have those at some time?

A. Certainly .

Mr. Justice Singleton: Thank you very much.

Judge Hutcheson: Thank you, Mr. Horowitz, for your interesting evidence.

(The witness withdrew).

(The Committee adjourned).

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