

## UNITED NATIONS PALESTINE COMMISSION

## SUMMARY RECORD OF THE SEVENTY-SECOND MEETING

Lake Success, New York

Monday, 3 May 1948, at 3.00 p.m.

## Present:

Chairman:	Mr. LISICKY	(Czechoslovakia)
Members:	Mr. Medina	(Bolivia)
	Mr. Federspiel	(Denmark)
	Mr. Morgan	(Panama)
	Mr. Monzon (observer for Mr. Francisco)	(Philippines)
Secretariat:	Mr. Reedman	(Senior Economic Adviser)

CONSULTATION WITH MR. HOOFIEN, REPRESENTATIVE OF THE JEWISH AGENCY FOR  
PALESTINE, CONCERNING STERLING BALANCES

The CHAIRMAN welcomed Mr. Hoofien and asked for his views with regard to the Secretariat working paper (Informal Paper W/17) dealing with estimated sums to be released from sterling balances after 15 May. In particular, he requested Mr. Hoofien's views with regard to the maximum and minimum figures contained in the document.

Mr. HOOFIEN (Jewish Agency) explained that the results of his own calculation differed so little from the estimated minimum and "normal" sterling requirements contained in the Secretariat paper that he was prepared to agree with them. There was some difference with regard to maximum requirements but he did not think that this figure was of great importance.

Although the conclusions were very similar, the methods used by the Secretariat had differed from his own. The Secretariat had concerned itself with global figures. It had endeavoured to estimate the funds which would be available as the result of military and dollar expenditures during the period 15 May - 1 October and on the basis of these estimates had calculated the volume of sterling funds which would be required to correct the import-export deficit. For his part Mr. Hoofien had estimated the actual import requirements during the period under discussion and had then calculated the resources which would be available to purchase them. The requirements from the sterling balances would thus be equal to the deficit. In fact the two

approaches were fundamentally the same and, as could be seen from the results, the differences cancelled out. However, the question of approach was not entirely one of academic interest because if negotiations were to be carried on on the basis of these estimates, it would probably be easier to criticize his own calculations than the global figure of the Secretariat. But he could not say which method was to be preferred until he had discussed the matter further with the Secretariat. If the discussion did not result in agreement, Mr. Hoofien suggested it would be for the Commission to decide which method of presentation was preferable.

Mr. Hoofien noted that the sums released from sterling balances during the period 22 February to 15 May had been decided by the United Kingdom authorities without consultation with the Commission. Since, after the cessation of the Mandate on 15 May, Palestine would no longer be a member of the sterling area and the only authority in Palestine would be the Commission itself, he did not think that the sums to be released during the period 15 May to 1 October should be determined unilaterally by the United Kingdom authorities but by negotiations between the United Kingdom and the Commission.

The CHAIRMAN thought that the difference in approach described by Mr. Hoofien might prove of great interest and the Commission would have to decide which approach was likely to be more acceptable to the British authorities. He suggested that Mr. Hoofien prepare a working paper giving his own statistical approach which could then be compared with the Secretariat paper and it might prove possible to merge the two.

Mr. HOOFIEN (Jewish Agency) pointed out that he had already submitted a paper dealing with the period 15 May to 1 October.

Mr. REEDMAN (Senior Economic Adviser) said that the Secretariat had examined Mr. Hoofien's working paper and did not think that the difference in approach was as significant as Mr. Hoofien thought. The latter's paper was based on an estimate of the basic import requirements essential to life in Palestine. Mr. Reedman thought that such an approach would have a particular appeal for commodity experts, whereas the Secretariat method would be more readily acceptable to statisticians interested in global figures as was the British Treasury. In fact, the difference in approach was not very significant since the Secretariat took as its basis the flow of commodities into Palestine during preceding periods, which had been considerably restricted by the United Kingdom authorities so that the latter would probably recognize them as reasonable basic requirements. That was why the two basic figures were so very similar. However, the two approaches might well differ as to the impression they created.

Mr. HOOFIEN (Jewish Agency) explained that the Secretariat approach was open to the criticism that there was no justification for stating that the

/money

money requirements would be the same as in the past, whereas his own approach was open to argument as to whether the commodities he included were really essential. Thus there was a greater field for criticism of his own calculations but he thought it would be possible to meet all such criticisms.

He suggested that it was not impossible to present the conclusions with two alternative methods of approach.

The CHAIRMAN thought that that might be the best procedure. Mr. Hoofien's calculations could be used in support of the Secretariat figures.

He pointed out that during the period 22 February to 15 May the United Kingdom authorities had actually released more than the 7 million pounds sterling referred to. In particular, they had released funds for the purpose of importing food and also some 2 million pounds sterling to cover outstanding credits up to 22 May.

#### DISCUSSION CONCERNING POSTAL COMMUNICATIONS

Mr. FEDERSPIEL (Denmark) introduced Mr. GRAETZ, President of the Haifa Chamber of Shipping. He explained that this was a bi-partisan body which had already for some time been receiving shipping mail and handing it over to the postal authorities. He suggested that the Haifa Chamber of Shipping might be requested to continue this service and that the Haifa authorities might be so informed. He did not think that the International Red Cross would wish to undertake such responsibilities but they might possibly be prepared to give assistance.

Mr. Federspiel drew attention to a telegram which had been circulated from which it appeared that both Haifa and Tel-Aviv post offices were functioning. The fact that Lydda airport had closed down did not seem of great consequence since a Palestine travel agency had been organizing flights between Haifa and Tel-Aviv and Rome.

He suggested that the expenses of the service should be covered by local revenue and that the agreement with the Haifa Chamber of Shipping should be so drawn up that it would be possible for a more permanent system to be instituted at any time without delay. He also thought that it was improbable that the arrangement would be rejected by the Arabs since they would profit by this service.

Mr. GRAETZ (President, Haifa Chamber of Shipping) described the Haifa Chamber of Shipping which was entirely unpolitical and represented the interests of Jews, Arabs and British among others, and more than three hundred shipping companies. As an instance of its bi-partisan character he explained that the other members of the governing body were a Scot, a Jew and an Arab. The Chamber of Shipping had been recognized officially by the Palestine Government, and the United Kingdom authorities had already proposed that the Haifa Chamber of Shipping should take over the administration of the Port after 15 May.

/Mr. Graetz

Mr. Graetz described the method used in shipping mail. The mail was dispatched from the port of shipment by the postal authorities, the ships officers being required to sign way bills. At the port of destination the ship was met by the shipping agent who handed the mail over to the postal authorities and received the latter's signature on the way bill. Since the Chamber of Shipping would be in control of Haifa Port it would seem only natural to continue that procedure.

With regard to air services Mr. Graetz explained the procedure was practically the same. The airport of Tel-Aviv was not more than 600 metres from the port and the same was true in the case of Haifa.

The greatest difficulty that he envisaged lay in forwarding the mail to Jerusalem but that might be overcome by handing mail destined for Arab and Jewish districts to representatives of the respective communities. If necessary it might be possible to obtain the assistance of the International Red Cross.

He explained that outgoing mail would be treated in exactly the same manner.

In reply to a question from the Chairman, Mr. Graetz explained that the Chamber of Shipping had no political relations with either Arabs or Jews. However, on economic matters it was in direct communication with the Arab and Jewish Chambers of Commerce. Indeed members of the Chamber of Shipping were also members of the Arab Chamber of Commerce. He did not think that the Arabs would boycott the service since it was essential to their economic life.

He also described the locality of the offices of the Chamber of Shipping, which were about thirty yards from the entrance to the Haifa Port, and about 200 yards from the Post Office. If the Chamber took over the control of the Port it would naturally move into the Port area.

Finally he explained that the service would only require one or two agents. The Chamber of Shipping would be perfectly prepared to undertake the expense for the time being as a public service.

Mr. HOOFIEN (Jewish Agency) said that the situation had changed somewhat since he had raised the question on 12 April and had suggested that the International Red Cross might take charge of mail. Since that time a post-master general designate had been selected for the Jewish zone and a postal administration was already in operation. For his part, Mr. Hoofien would have preferred that the Jewish postal administration should represent the Commission, but difficulties arose since there was no similar body for the Arab area. If the Haifa Chamber of Shipping were appointed to represent the Commission, then it might be able to perform useful functions in forwarding mail to Arab areas. As to the Jewish area, it would be merely a case of handing the mail over to the Jewish authorities.

/However, in view

However, in view of the difficulties in communicating with Palestine it was impossible for him to state what steps had been taken recently. It was possible that special arrangements had been entered into by more than one country without waiting for an agreement with the Universal Postal Union. That would not reflect on the Commission's authority and, moreover, it would doubtless be possible to integrate the special arrangements with any general plan the Commission might decide upon.

Mr. FEDERSPIEL (Denmark) pointed out that there was a provision in the Charter of the Universal Postal Union against any local monopolies of mail services. That fully justified the Jewish authorities in entering into special arrangements. He thought that the proposal to utilize the services of the Chamber of Shipping was desirable since it did not raise any political questions.

Replying to a question from the Chairman, Mr. HOOFTEN (Jewish Agency) stated that, although the port of Haifa was better equipped, circumstances might make it necessary to utilize Tel-Aviv for the entry of mail. It was not possible at present to say where the central post office for the Jewish area would be situated.

Mr. GRAETZ pointed out that there was also a Jaffa-Tel Aviv Chamber of Shipping which functioned very much as did the Haifa body and of which he was Vice-President.

As regards the cost of the service he explained that the Chamber of Shipping was prepared to provide two or three agents. The question of finance was not one of very great importance at that time.

In reply to several questions, the CHAIRMAN explained that the Mandatory Power, which had international responsibility for Palestine mail, had notified the Universal Postal Union that it was unable to guarantee safe delivery. The Universal Postal Union had then advised other countries to suspend their services. Although no recent communication had been received from the Universal Postal Union, it had already stated that it would accept any independent body that had the authorization of the Commission.

It was agreed by the Commission that a short draft agreement should be prepared for signature at the next meeting. It was also suggested that Mr. Graetz should pay a visit on his return journey to the offices of the Universal Postal Union in Berne.

#### COMMUNICATIONS FROM THE UNITED KINGDOM DELEGATION

The Commission took note of communications from the United Kingdom delegation concerning food supplies for Palestine (informal paper UK/132), a forthcoming meeting of the Palestine Currency Board (informal paper UK/133) and a statement relating to sterling balances (informal paper UK/134). It was agreed that the last document was of considerable significance for the Commission's work.

The meeting rose at 5.55 p.m.

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