

UNITED NATIONS CONCILIATION COMMISSION FOR PALESTINE

RESTRICTED
NC/23
20 August 1949
ORIGINAL: ENGLISH

19 DEC 1950

Memorandum dated 31 July 1949 submitted
to the Conciliation Commission
by Mr. E.N. Koussa, of Haifa and entitled:

"MEMORANDUM ON THE ARAB-ISRAELI DISPUTE"

It is futile, at the present stage, to enquire into the underlying causes of the calamity that befell Palestine, to attempt to find out the persons responsible for it, and to define the extent of their responsibility. Accusations and recriminations will serve no useful purpose, and are likely to deepen the chasm between the Arab States and to embitter their strained relations. It is, therefore, advisable to disregard these matters, and to consider the problem from other aspects with a view to alleviating the painful consequences of the disaster, and to laying down a new plan for the attainment of the goal which the Arabs have failed to realize militarily. This study necessitates an adequate knowledge of the economic and political conditions now prevailing in Israel. Any measures taken in disregard of these conditions, or, with an erroneous estimation of their importance, relevance and effect is doomed to failure and disappointment.

2. The prevailing conditions in Israel either affect the Arab refugees directly, or, bear upon the general policy which the Arab States desire to adopt towards Israel. The conditions directly affecting the refugees relate to their properties, movable and immovable, and to the possibility of their being able to live in peace and prosperity under the aegis of a Jewish Government. These are important factors for the determination of the question whether the refugees should return home to Israel, or be resettled in the Arab countries. The movable properties of the Arabs have disappeared in toto, and nothing of them remains. The Jewish army requisitioned the goods required for military purposes. The Controller of Absentees' Properties sold the unrequisitioned merchandise to the merchants, and the furniture and household effects to the Jewish immigrants at cheap prices. A part of the furniture was, however, damaged or burnt by the Jews by way of revenge.

In the villages the Jews took all agricultural implements, cattle and animals. They removed the electric motors and pumps from the wells, and left nothing of the household effects worth mentioning. If the refugees return home, none of them (except those who had a relative to safeguard his belongings) will find a mat to sleep on, a spoon to eat with, or a cup to drink from. The fate of the immovable properties varies according to the place of situation. In Haifa, the authorities have demolished a large part of the buildings in utter disregard of the provisions of the law in vogue in Israel, and in direct violation of the stipulations of Article 8 of the second chapter of the United Nations's Resolution of the 29th November, 1948. The Controller has let to the immigrants and to the Arab residents a part of the dwelling houses and business premises, and Army and Government offices are accommodated in another part. The conditions in other towns are different. The dwelling houses and business premises that have been destroyed are few, but the Controller has let all the buildings to the immigrants and to the Arab residents. In the villages the situation assumes a deplorable aspect. A significant number of villages were revengefully razed down, and others were partly destroyed. These and the villages that were left intact are inhabited by Jewish immigrants with the exception of the villages where the inhabitants were not compelled to vacate for the purpose of settling therein immigrants. It follows that the refugees will not find on their return home any place to live in. It is true that the Emergency Regulations enacted by the State of Israel relating to the properties of absentee owners do not afford the present tenants any protection. Nevertheless, it is natural that the courts would be reluctant to evict the present tenants unless the Government first provides for them alternative accommodation, notwithstanding any treaty obligation requiring the restoration of the properties to the Arab owners without any encumbrance whatever.

3. The general conditions in Israel are not encouraging and do not impart a feeling of happiness and security. I am confident that they will not develop in the future to the interest of the Arab residents. Promises are innumerable, and florid talk is freely indulged in, but the fulfilment of the promises and the keeping of the talk never materialize. The Jews appear to apply to the Arab residents the hard lessons which they acquired from the hardships and persecutions through which they had been during the last 2000 years. Government departments put obstacles in their path, ignore their interests, and hinder their work. Official correspondence is sent to them in Hebrew, and difficulties

are planted in the way of their livelihood. No Arab can find any work, if any exists, unless he joins the Histadrut, thereby becoming a tool serving the interests of the Labour Party now in power. Even then work of a casual nature is allotted to him. Not less than 80% of the Arabs are unemployed. Preference of employment is invariably given to Jews, and no Jew will employ an Arab except in the most exceptional circumstances. Sanitary and educational services in the villages are almost non-existent, and the Government does not manifest any earnest desire to take any effective measures to improve the economic and social conditions of the Arab peasants. The Arabs living in the towns reside in certain specified quarters, and are not allowed to live elsewhere. They carry special passes to roam about, renewable from time to time. Any Arab resident holding an immovable property in joint ownership with an absentee co-owner is prohibited from dealing with his share thereof whether the property is a building or vacant land. A number of these residents still suffer from the arbitrary conduct of the Government preventing them from enjoying their proprietary rights for no reason other than they had left the town or village in which they habitually resided (e.g. an Arab habitually residing at Haifa, who moved to Nazareth, Acre, or Shefa-Amr in consequence of the disturbances cannot deal with his property situated in Israel or in Israel occupied territory). The Jewish Agency in particular, and the Jews in general, stirred up the whole world whenever the Mandatory Government ventured to prevent the reunion of a split Jewish family. And now the Israeli Government consisting of the leading personalities of the then Jewish Agency does not only prohibit the complete reunion of split Arab families, but has also arrested students returning home during school vacation, committed those under the age of 16 years to trial, and imprisoned those above that age with a view to deporting them to the place from whence they came. A fine of twenty Israeli pounds was inflicted upon each of the juveniles because they came to rejoin their parents who are lawful residents of Israel, or of Israel occupied territory. This is not all. The Government objects to the reunion of children above the age of 15 years with their parents lawfully residing in Israel or in Israel occupied territory notwithstanding the fact that they are students and are dependent on their parents for their subsistence. It is alleged that these measures are necessitated by the state of war existing between Israel and the Arab States, and that they will

be abolished as soon as this state has come to an end. The allegation constitutes, however, an excuse more objectionable than the act itself. For how can this silent war require the prohibition of such an Arab from dealing with his property, or from living in his own residence to accommodate therein a Jewish family? And how can this war, immersed as it is, in a deep tranquil dormancy justify the apprehension, prosecution, detention and deportation of students returning to live with their parents who are lawful residents of Israel or of Israel occupied territory, during the school vacation? Indeed, it is difficult to understand the mentality of the Jews. Any act that may cause them harm is an unpardonable offence, but if that same act, serving their purpose, inflicts upon others hardship, it becomes a benevolent deed. I have written to the Government to ease its attitude, inviting its attention to the news published in the local press that the Egyptian Government has returned to the Jewish owners the business premises which were placed under control upon the outbreak of hostilities, and suggesting that this friendly act should be reciprocated by the restoration of Arab properties to their Arab owners residing in Israel or in Israel occupied territory, and by the removal of some of the restrictions under which they now live. I have also approached some of the members of the Knesset with a view to convincing the Government of the desirability of changing its attitude towards the Arab residents. My efforts have proved futile, and the Government is incessant in its harmful policy.

4. There is no doubt that the Jewish political parties disagree on certain internal matters, and entertain divergent views regarding the foreign policy of the country. They are, however, agreed on the policy which Israel should adopt toward the Arabs. This attitude is neither comforting nor encouraging, and makes it difficult, if not impossible, for the Arabs to enjoy in Israel a political and social life compatible with their traditions, customs and interests. It is a matter of deep regret that the character of the Arab masses is such as to assist the Government in its arbitrary and oppressive measures. Anonymous reports and secret information arrive at Government Offices daily. It is not difficult for the Government to find among this class of people, which is, unfortunately, very large, persons willing to burden their conscience by intriguing against their Arab compatriots in consideration of a few pounds payable by the Jewish Intelligence.

Before the formation of the State of Israel I firmly believed that it would be possible for Arabs and Jews to live together peacefully and happily in a Jewish state. The experience I have had since the constitution of this state has made me change that belief. The present regime, the feeling of hatred permeating the majority of the Jewish inhabitants, and the evil intentions of the ruling circle indicate the inevitability of separating the Arabs and Jews.

5. The economic conditions of the country tend toward deterioration rather than toward improvement. There is an apparent stagnation in commercial activities, a visible stillness in individual undertakings, and a clear reluctance on the part of foreign bodies, Jewish and gentile, to invest any appreciable capital in Israel. The number of unemployed is gradually augmenting, and demonstrations for "bread and work" are of frequent occurrence. The majority of the immigrants belong to the poor and middle classes. They engage in sundry small traders' shops, avoid farming and settling in Jewish colonies and agricultural units. The cost of living is exorbitant in spite of the "austerity" scheme introduced by Government about two months ago. The scheme has not hitherto caused any appreciable drop in the cost. The slight price reduction since obtaining does not affect the total necessary expenses of a person. In all probability the reduction is due to the abundant supply of summer vegetables and to the absence of essential commodities. I believe the prices will go up again as soon as the summer crops come to an end. Palestine imported the greatest part of its foodstuff. The world market, including those of the contiguous territories, were available because of its sound economic position depending upon the sterling and the international confidence in British financial stability. These guarantees have ceased to operate. Israel has not yet built up a sound and stable finance to impart sufficient confidence to the foreign powers trading with it. Moreover, the sweeping wave of pecuniary contributions by the world Jewry in general, and by the American Jews in particular, in aid of the Zionist cause seems to be in the process of subsidence, as evidenced by the failure of the "United Jewish Appeal" to score the top-mark of 250 (two hundred fifty) million dollars. The promoters succeeded in raising less than the moiety of the sum in spite of the strenuous efforts, the indefatigable activities, the

wide propaganda , and the fervent appeals of the Jewish political and religious leaders that Israel is in urgent need of the whole amount to keep the doors open for immigration and to settle and absorb the new immigrants.

Another symptom of the economic deterioration is the slackness of immovable property dealings on account of the excessive taxes the Government intends to levy, and of the high rates actually collected by municipalities. The price of these properties has come down considerably, and it is now difficult to find a purchaser. The income tax and custom duties are also excessive. In Haifa the municipal rates are 40% of the rental value of the dwelling house or business premises together with an emergency tax varying from 3 - 15 Israeli Pounds in respect of dwelling houses according to the number of rooms and of the persons therein living, and from 20% to 50% of the business tax in respect of business premises. The municipal rate and emergency tax are paid by the tenant. The landlord pays an additional 12% of the total rental value of the property. The Government has placed before the Knesset a law authorising the levy of (a) a tax on immovable property amounting to 15% of the total rental value in respect of buildings, and 35% of the estimated rental value of vacant land situated within municipal boundaries: the estimated rental value being equal to 6% of the marketable value of the land, (b) a transfer tax payable by the owner varying from 10% to 50% of the difference between the cost of the property and the price at which it is sold having regard to the date on which the owner acquired it, and (c) a succession duty varying from 5% to 50% of the value of the estate having regard to the degree of relationship between the heirs and the de cujus.

6. I believe that the cost of living will considerably increase because the expenses of the government machinery and of the armed forces are tremendous. The expenditure cannot be reduced so long as the Arab States assume a dormant hostile attitude, and refuse to conclude a general peace settlement ensuring for Israel the right of free trading with the Arab countries. It is essential to bear in mind that Jewish industrial enterprises are invariably based upon the assumption that the Arab markets will be available for the sale and consumption of the products. Although these undertakings are numerous, none has yet been put into execution because of the ambiguity shrouding the general

conditions in the Middle East, and the attitude of the Arab Governments towards Israel.

7. It seems to me that the future attitude of the Arab States toward Israel depends on one substantial issue, to wit, whether they desire to accord Israel an express de jure recognition, to establish friendly relations therewith, to forget past events, and to strengthen and fortify its existence, or, whether they intend to destroy it and cleanse the humiliation and disgrace inflicted upon the Arab world at large. If they have in view the first object they must insist upon the return of the refugees to their homes, upon the restoration of their properties, movable and immovable, and upon the payment of compensation for the properties that were destroyed, requisitioned or damaged. A general peace treaty should be concluded settling all matters in dispute, restoring mutual confidence and establishing friendly relations and bon voisinage. If, on the other hand, the Arab States desire to work for the attainment of the goal which they failed to achieve militarily, they should discard the question of the return of the refugees to Israel, demand the payment to them of reasonable compensation in respect of their properties. Their return in such circumstances will not serve any useful purpose; and will be inimical to their own interests because they will be bound to sell their properties at the cheapest price and depart from Israel voluntarily, and not compulsorily. I am unable to appreciate, if such be the design of the Arab States, the wisdom of their persistence that the refugees should be allowed to return to Israel. No reasonable explanation is forthcoming save, perhaps, the common place talk that they wish to have a potential fifth column in Israel to collaborate for the liberation of the country. This explanation, if true, is absurd because it is not based on sound ground, and does not appear to take into consideration the severe measures of suppression which Israel may lawfully take against arming of Arabs, the formation of seditious societies, and against acts of destruction and treachery. It further seems to ignore that dissension among the file and ranks of the Arab residents of Israel will be, in itself, a sufficient safeguard against any secret activities aiming at the disturbance of the peace of the country and the overthrow of the regime. The presence of Arabs in Israel may thus become a potential factor against the realization of the Arab goal, and may frustrate their military plans.

8. The advantages of concluding an overall peace treaty are manifold of which the following are noteworthy:-

- (a) The elimination of hostile feelings and the establishment of friendly relations. It is detrimental to the interests of Jews and Arabs alike to leave the hearts imbued with hatred and with a longing for retaliation.
- (b) The expenditure of the enormous amounts earmarked for military purposes in enterprises that will bring prosperity and happiness to the respective countries.
- (c) The facilitation of commercial transactions, and mutual contribution toward the execution of useful undertakings of development and improvement.
- (d) The co-operation of Arabs and Jews for the betterment of the political, economic, and social conditions of the Middle East, and the maintenance of peace and security therein.

On the other hand, the advantages of the refugees not returning to Israel and resettling in the Arab countries are obvious and need no elucidation. Suffice it to mention the following:-

- (a) The possibility of the complete political and economic boycott of Israel.

Boycott is at present the only effective measure which the Arab States can wield against Israel, and the damaging consequences of which Israel dreads. It will frustrate the greatest part of Israel's industrial undertakings and economic enterprises thereby making work scarce, increasing the number of unemployed and causing a financial crisis that will be difficult to overcome, especially if the boycott is accompanied by other effective measures such as the discontinuance of the flow of the Iraqi oil to Haifa, the control and utilization for irrigation purposes of all waters flowing into Israel from Lebanon, Syria and Transjordan. The boycott cannot be effectively enforced if any Arabs remained in Israel because they will be instrumental in the smuggling of Jewish goods and products into the Arab countries. The boycott thus becomes pointless, and the Arab States will find themselves compelled to relax the restrictions. Israel will score another victory.

- (b) The payment to the aggrieved persons of reasonable compensation in respect of their properties determinable by special commissions of independent experts or assessors.

I am of the opinion that the return of the refugees to Israel will be of a temporary nature. They cannot live in Israel because

of the difficulties and handicaps referred to above. They will be compelled to liquidate their affairs and depart. The prices of immovable properties will be further lowered because the supply will be more than the demand, and the owners will leave Israel almost penniless after having paid the various excessive taxes and rates, and experienced grave difficulties and hardships in obtaining permission to take out their monies. On the other hand, if they remained where they are at present, their properties assessed in the manner described above, and compensation be paid to them in sterling or American dollar, their rights and interests will be better safeguarded. It goes without saying that the suggested assessment should be made on the basis of the prices availing in the early part of 1948, and not at the time of assessment, and be made in respect of each individual claim, and not on the basis of all Arab properties in block, and the compensation be paid to the claimed personally, and not the Arab Governments;

- (c) The exchange of the existing Arab residents of Israel for the Jews residing in the Arab countries, irrespective of their nationalities.

This measure will prove beneficial to the Arab countries because it will enable the Arab Governments to get rid of a foreign element which has nothing in common with the Arabs, and which controls a significant part of its economics. The Arab Governments will thereby put an end to the exploitation by this element of the Arab public, and to enforce the boycott effectively. They will be in a better position to devote their energies toward the social, economic and political development of their countries, the improvement of the conditions of the peasants and workmen, the abolition of serfdom, and the combat of poverty, illiteracy and sickness and the suppression of communistic propaganda and tendencies. I do not think that the foreign States can justifiably oppose such a measure, because it is the natural consequence of their sponsoring the partition scheme and the creation of a Jewish state in this Arab world. The properties of the Arabs and Jews will be liquidated in the manner described above. In any event, they should be allowed to take out their monies and furniture and household effects, and to liquidate their personal and financial affairs without any obstacle or difficulty.

9. The aforementioned facts make it clear that there are two ways open for the Arab States for the solution of the problem. The first is to conclude a general peace treaty with Israel

establishing friendly relations and throwing past events into oblivion, and the second entails the boycott of Israel, the exchange of population and strong competition in military preparedness. The selection of one of these two alternatives lies with the responsible Arab leaders who are, doubtless, conversant with the facts of the case and its political implications and complications. I trust that they will disregard the deceitful advice of the Imperialist powers, and will select a remedy that will lead to the restoration of the political position of their countries, their racial dignity and national glory. It is, however, essential that the Arab States should first settle all disputes between them, remove all feelings of distrust and dissatisfaction, unite their ranks, and refrain from negotiating with Israel separately. The armistice negotiations constituted a victory for Israel. This is evident from the following quotations, published in the Palestine Post, from the statement made by the Foreign Minister before the Knesset during the debate on the Syrian Armistice Treaty:-

"Reviewing the Syrian Treaty within the framework of the whole series of armistice agreements negotiated in the past six months, Mr. Sharett said when the Government had complied with the Security Council's order to open armistice negotiations they had assumed that the spirit of the negotiations would be to consolidate existing military positions. In the case of the Syrian treaty, however, the agreement provided for the Syrians to withdraw from Palestine, although it did not go as far as Israel would have wished."

"Mr. Sharett regarded the series of armistice culminated by to-day's as an achievement comparable with the military conquests. He said that previously the Israel Army had held its current line on the strength of relative military might which might or might not prove ephemeral, but by virtue of the series of treaties the Army's occupation was consolidated by bilateral agreements with the Arab States, all bearing the seal of approval of the United Nations."

These quotations show the grave error committed by the Arab States in separately negotiating the armistice agreements. The Arab Governments must now do everything within their power to frustrate the manoeuvres at Lausanne aiming at the annexation of parts of the Arab States of Palestine to Israel, by referring the dispute regarding the boundaries to the United Nations General Assembly at its forthcoming session. If the General Assembly will confirm the previous partition, or amend the boundaries thereof, the Arab refugees who previously resided

in the Arab part will be able to return home without any appreciable difficulty. The remaining refugees will be settled in conformity with the policy which the Arab States desire to adopt toward Israel. I went to the Arab Governments through the United Nations' Mediator three memoranda dated 24th June, 12th August, and 28th October, 1948, on the subject dealt with in this memorandum. The opinion therein expressed has been amply supported by subsequent events.
