

RESTRICTED
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ORIGINAL: ENGLISH

BLOCKED PALESTINE ASSETS

(Working paper* prepared by the Secretariat)

The two following items are circulated for the information of the Commission:

£1.5million Release for Jewish Settlement

Tel Aviv, Saturday - Britain will release £1.5million of the Zionist funds assembled during the year ending September 30, 1949, towards the settlement of new immigrants here, it was revealed in a letter from Sir Alexander Helm to Mr. Horowitz.

This doubles the sum released in previous years. (Palestine Post, 3 July 1949)

Israel carries Palestine debt

Sir Stafford Cripps, Chancellor of the Exchequer, questioned in the House of Commons on 5.7.49, declined to give the amount of Israel's sterling balances. He could not disclose figures of the sterling balances of individual countries, he told Ivor Thomas (Conservative). The main origin of Israel's balances, the Chancellor added, was in British military expenditures in Palestine arising out of the 1939-45 war.

Mr. Thomas asked: "Is it not rather strange that this debt should have been accumulated before we even recognized Israel de jure? Is there not a similar accumulation on the part of the Arab part of Palestine?"

Sir Stafford replied: "The accumulation was of course by the original Palestine Government. As the successor State, the present country of Israel steps into the shoes of the debt!". (The Jewish Agency's digest, 15 July 1949).