



UNITED NATIONS CONCILIATION COMMISSION FOR PALESTINE

Summary Record of the 306th Meeting (Closed)
Held at Headquarters, New York,
on Wednesday, 2 September 1953, at 11:30 a.m.

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PRESENT:

Chairman:	Mr. BARCO	(United States of America)
Members:	Mr. ORDONNEAU	(France)
	Mr. DERINSU	(Turkey)
Secretariat:	Mr. CHAI	(Acting Principal Secretary)
	Mr. GAILLARD	
	Mr. LADAS	

1. ADOPTION OF THE AGENDA

The agenda was adopted.

2. REPORT BY MR. JOHN P. GAILLARD ON THE QUESTION OF BLOCKED ARAB ACCOUNTS

Mr. GAILLARD (Secretariat) wished first of all to comment on the attitudes he encountered on the part of Israeli and Jordan authorities towards the problems he had discussed with them. Mr. Cidor of the Israel Foreign Office had suggested that since the Israeli gesture in releasing £1,000,000 had not brought about the results anticipated, it was doubtful that any further gesture in the form of additional instalments could be expected. Regarding the release and transfer of the safety deposits he had indicated that although his Government was prepared to honour the agreement, the difficulties surrounding its implementation seemed all but insurmountable. The Jordan authorities, while interested and receptive, were always eager to push beyond the peripheral matters of blocked accounts and safe deposits to the larger issues of Arab property, compensation and repatriation.

Reviewing the latest figures in the release operation, Mr. Gaillard said that some 3,200 applications had been received, some 300 of which had reached Jerusalem only in the last week in September. Assuming that out of 6,246 absentee accounts some 5,600 were eligible for payment, that meant that approximately 60 per cent of all eligible account holders had applied. Some 2,400 had not applied, of which some 2,000 involved accounts of less than £50.

Of the applications received, about 1,590 had, by late September, been approved by the banks and cleared by the Custodian. Total payments upon them would exceed £400,000. By the end of September over £150,000 had actually been paid out.

Mr. Gaillard added that the total sum payable on the estimated number of applications to be approved would approximate £750,000, or three-quarters of the amount made available by Israel for the first instalment. It appeared that only some fifteen to twenty per cent of accounts of £50 or less will have been applied for, in contrast

to some seventy per cent of the larger accounts.

As regards rejections, by the Custodian and the Joint Control Office, of applications already processed, they appeared to be unexceptionable. In all likely cases, the Joint Control Office had endeavoured to verify such temporarily rejected applications. By 15 September only 44 applications had been rejected outright by the Custodian, the large majority of which involved applications from persons not resident in Israel on 29 November 1947, or accounts of non-absentees which were not vested in the Custodian and with which he was therefore not competent to deal.

Mr. Gaillard went on to outline some of the factors which had contributed to the failure of the scheme to achieve the results which the Commission had hoped for. Among these were the ten per cent compulsory loan and transfer of balances over £500 to the Custodian. The wording of the original application form and, finally, the official opposition of Jordan resulted in the suspension of the scheme in April. Those early suspicions had never been wholly eradicated, in spite of official approval given to the new application forms. Opposition on legal grounds has persisted, based primarily on the argument that by filing an application on the forms specified, an account holder could be said to have recognized the right of the Government of Israel to block his account and to release it at its discretion. It was, therefore, feared that the applicant would be stopped from filing suit against the bank of deposit for any unreleased balances. Mr. Gaillard added that during the past year several suits had been filed in Jordan by account holders against Barclays and the Ottoman Banks, which had had what was believed to be a considerable effect in deterring large account holders from filing applications. Mr. Gaillard's opinion was that political objections to the scheme had not had any considerable effect on the filing of applications.

With regard to the strikingly low number of applicants among small account holders, Mr. Gaillard thought that various explanations could be advanced: ignorance of the scheme, illiteracy, lack of adequate publicity and explanations on the part of the officials involved, as well as suspicions engendered by official opposition, rumours of deductions to be made from balances and fears on the part of the applicant of endangering his position on the UNWRA relief rolls.

Mr. Gaillard then stressed the importance of ensuring that successive instalments in completion of the release operation be made available with no break in time sequence. Such continuity would seem to be a *sine qua non* in so far as the success of the scheme and the Commission's prestige were concerned, and would be particularly important in view of the assurances given by Israel on the question of balances of over £500 transferred to the Custodian. The best solution would be to liquidate all retaining accounts in one further instalment. Such a procedure would have the advantages of encouraging non-applicants to file, eliminating many technical difficulties encountered by the banks and the Custodian and furthering the practical and psychological purposes of the scheme.

Mr. Gaillard concluded by outlining certain detailed technical questions which should be taken into consideration in negotiations for a second or third instalment. The CHAIRMAN thanked Mr. Gaillard for his illuminating and extremely helpful presentation and looked forward to the circulation of his full written report as well as a report on the question of the safe deposits. He regretted that owing to the pressure of time and a heavy agenda Mr. Gaillard's oral report on the latter subject could not be heard at the present meeting.

It was *decided* to wait for Mr. Gaillard's written reports before putting specific questions to him.*

3. SECOND INSTALMENT

The CHAIRMAN recalled that at the previous meeting the members had decided to seek the advice of their Governments regarding the best method of approaching the Government of Israel on the next phase of the release operation. Speaking as the representative of the United States he was now able to state that his Government was fully prepared to support action in the matter immediately and was of the opinion that it was highly desirable to avoid any lapse in the scheme. Of the two alternative approaches discussed at the previous meeting, the United States Government felt that the first, namely, total liquidation of all remaining accounts in one further instalment, was preferable and believed that it should be explored with the Government of Israel at the earliest opportunity.

Mr. ORDONNEAU (France) and Mr. DERINSU (Turkey) agreed in principle with this course of action.

The CHAIRMAN observed that many of the points raised by Mr. Gaillard could be used to support such an approach. He drew attention to the draft statement — to be read by the Chairman — which was before the Commission and thought that some of Mr. Gaillard's conclusions could be incorporated in it.

It was *agreed* that the members would inform the Acting Principal Secretary of any changes they might wish to make in the draft, and that a meeting with Ambassador Eban would, if possible, be arranged for Monday or Tuesday of the following week.

4. PLAN OF WORK OF THE COMMISSION

The plan of work was *accepted* with one minor change suggested by the CHAIRMAN, namely, to delete the footnote.

5. [LETTER DATED 9 OCTOBER](#) FROM THE PERMANENT REPRESENTATIVE OF ISRAEL

It was decided to study further the [letter of 9 October](#) in the light of an explanatory note which had been prepared by the Secretariat and to decide at a later meeting what action should be taken and how the whole problem should be reported on in the [Commission's report to the Secretary-General](#).

6. [THIRTEENTH PROGRESS REPORT](#)

It was *decided* to complete and submit the [Progress Report](#) if possible prior to the debate in the *Ad Hoc* Political Committee on the UNWRA item.

7. OTHER BUSINESS

The ACTING PRINCIPAL SECRETARY sought the view of the Commission as to the desirability of asking Mr. Serup, of the United Nations Legal Department, who was at present in Jerusalem, to act as liaison officer for the Commission and supply it with information.

The CHAIRMAN thought that in any future phase of the release operation it would certainly be useful to receive information from the area, but considered that liaison activity might lead to harmful confusion. He suggested that the Commission consider the matter and discuss it at a later meeting.

It was so agreed.

The Commission *decided* to send letters to certain officials of Barclays and the Ottoman Banks to express its appreciation of their co-operation, and assistance during the first phase of the release operation.

Endnote

* NOTE: The full text of Mr. Gaillard's report is appended to the present summary record.

The meeting rose at 11.15 a.m.

REPORT OF THE COMMISSION'S LIAISON REPRESENTATIVE ON THE STATUS OF THE SCHEME FOR THE RELEASE OF THE "BLOCKED ACCOUNTS" OF ARAB REFUGEES

Chairman:

Throughout my seven weeks tour of duty on behalf of the Commission I received cordial reception and every reasonable assistance from Government officials concerned as well as from personnel of UNRWA and the Truce Supervision Organization. In accordance with my instructions, I emphasized, in particular to representatives of the Israel and Jordan Governments, the technical nature of my mission of serving and reporting on developments in connexion with the release of the blocked accounts and in exploring the problems connected with implementation of an agreement for the release and transfer of blocked safe deposits. Whenever informed journalists raised questions regarding further instalments or when safe deposits might be released, I urged minimum comment so that false hopes would not be engendered and the objectives of the Commission and of the Government of Israel in the interests of the refugees not become further entangled with political arguments. There was very slight comment in the Israel press on the Palestine Reconciliation Commission, considerably more in the Arab press. Aside from the actual articles on the progress of the operation, the Arab editorial comment was generally unfavourable to the Commission which was charged with partiality for a Zionist cause.

Mr. Cidor, who succeeded Mr. Kidron as Director of the Division of International Organizations in the Israel Foreign Office, was thoroughly co-operative, in particular in treating my visits to the Foreign Office as technical ones in continuation of my predecessor's, Mr. Reedman, mission. Regarding the problems discussed, however, Mr. Cidor's reaction was somewhat cool. In the matter of the blocked accounts, he volunteered the remark that since the Israel gesture of releasing £1,000,000 had not brought the results anticipated, no further gesture in the form of further instalments could well be anticipated. The necessity of a *quid pro quo* was emphasized in an apparently inspired article in the semi-official *Jerusalem Post* which announced my arrival. In the matter of the transfer and release of the safe deposits, he conveyed the position that, while of course his Government intended to honour the agreement, so many difficulties would be found, upon careful examination, to surround its

implementation that it might not be found worth while.

Jordan officials were interested and receptive but always wished to push beyond the matters of blocked accounts and safe deposits to such key issues as the Arab properties in Israel, compensation and repatriation. The impression conveyed was that they viewed the Commission and its liaison representative as being on probation. They wanted to know whether the Commission intended action on the crucial issues.

The co-operation of the bank officers in charge of the Joint Control Office was all that could possibly have been desired. Mr. McLaren of the Ottoman Bank and Mr. Briant of Barclays Bank were chiefly involved. The amount of work that the Commission's scheme has involved for these men and for representatives of UNRWA and for personnel of the Truce Supervision Organization astonished me. In the circumstances, I took every opportunity of expressing appreciation on the Commission's behalf of work that was being done in its interests.

During my stay made every effort to observe current relations existing between Israel and the Arab States as well as to carry out my specific tasks. In the course of a tour of refugee camps in Jordan and a two-day trip through Central and Northern Israel, as well as in conversations with bank officials and lawyers, editors and journalists, officials and private individuals, prominent and of the simplest origins, so much relevant background information became available that I was soon confirmed in the conviction of my predecessor: that the first-hand impressions of a liaison representative, acting, so to speak, as the Commission's eyes and ears, could make a useful contribution to the Commission's work. With all the goodwill in the world, the normal non-political functions of UNRWA and Truce Supervision officers do not allow them to perform such specialized political work, even if the time and opportunities were available to them.

My interim memorandum on blocked accounts dated 18 September, which I understand has been circulated, was prepared after consultation with Mr. McLaren of the Joint Control Office just before his return to London for reassignment. Its facts have proved accurate in almost all respects so that I shall now only review the major phases of the operation to date and summarize my opinions on the matter of further instalments.

Some 3,200 applications have been received, some 300 of them reaching Jerusalem only in the last week in September. The exact number of eligible applicants under the Commission plan is unknown because the only available listings are of absentees as defined by the Absentees Property Act of 1950. The total of such absentees does not coincide with the number of eligible applicants under the Commission's project. If we assume that there were some 5,600 eligibles out of 6,246 absentees' accounts, for the reason set down in my memorandum, it follows that some 60 per cent of the eligibles have applied. Some 2,400 have not, of which some 2,000 involve accounts of less than £250.

Of these 3,200 applications, some 1,590 had by late September been verified by the banks and cleared by the Custodian. Total payments upon them will exceed £400,000 — at the rate of £50 per month on individual accounts. By the end of September over £150,000 had been paid out to applicants.

If the remaining applications now being processed follow the pattern of the first three-fifths, it is anticipated that the total sums payable on the estimated number of applications to be approved, namely 2,650, will approximate £750,000, or three-quarters of the one million pounds sterling made available by Israel for the first instalment. Any disappointment at the failure to use up the whole million pounds may be tempered by the realization that the total fund could only have been used up had the scheme met with total success.

The table in section 7 of my memorandum shows the number and distribution of accounts for which applications had been approved on 15 September. No later figures are available. The low percentage of applications from account holders of less than £50 surprised all concerned: the bank representatives, the Israel officials and myself. You will recall that the Commission and the representative of Israel agreed that the first instalment should be designed to assure relief to the neediest refugees first.

If one assumes that the same ratios will apply to the remaining applications under the first instalment, it appears that only 15-20 per cent of the small accounts will have been applied for in contrast to some 70 per cent of the larger accounts. Breaking the accounts into only three groups — up to £50, from £50 to £499 and over £500 — has the possible defect of concealing the fact that very few of the largest account holders may have applied, that is, those with balances of thousands of pounds. The Custodian did not supply figures permitting the breakdown of the 683 absentees accounts of £1,000, nor were the banks in a Position to do.

Provided due allowance is made for the period between early April and mid-June when the operation was in suspension and channels of communication were blocked, the processing of the applications by both the banks and the Custodian seemed to me to have progressed steadily and at good rate of speed. Both offices had very competent managers. To date, both the Custodian and the Joint Control Office appear to have co-operated fully and with goodwill and to have interpreted the UNCCP-Israel agreement liberally in an effort to ensure the success of the scheme. Mr. Cidor assured me that this was the case and the joint Control Office representatives were in agreement. While some of the original instructions to the banks and the Arab countries and the UNRWA refugee camps, such as the one stating that applicants must present their savings account books to secure payment, appeared over strict in the light of the refugees' capabilities; such technical reasons have not, in fact, blocked approval of applications by either the banks or the Custodian. In view of the political purpose behind the project and the many technical difficulties involved, it is a happy circumstance that such an attitude has prevailed.

Sections 4 and 5 of my memorandum indicate the status of the applications on 15 September. It is hoped that all but a: hard core of the 3,200 will have been processed by the end of November. While this may appear to you, as it did to me at first, an unconscionably long time, it does not, on reflection, strike me as unreasonable. For instance, the initial checking of applications by the Joint Control Office through the bank branches in Israel is only the beginning. The effort to secure clarification from applicants in Arab countries in the case of apparently faulty applications is the real time consumer in view of the lack of postal communications. In the case of the Custodian, it is not as if all refugees were eligible. A check must be made to ensure that the application falls within the terms of the agreement. This frequently involves an exchange of communications with the Joint Control Office and further information from the applicants.

The actual rejections by the Custodian and the Joint Control Office of applications already processed appear unexceptionable. Details may be found in Section 5A of my memorandum. The major causes for rejections by the Control Office were faulty signatures on applications, either unidentifiable or at variance with the official account signatures, or applications for accounts not traceable in the name of the applicant. In all likely cases, the Control Office has initiated inquiries in an effort to verify initially rejected applications. These inquiries are apt to take a long time. In the case of the Custodian, there had been only 44 outright rejections by 15 September. Almost half of these involved applications from persons not resident in Israel on 29 November 1947 and therefore not eligible under the first instalment plan. In section 5 of my memorandum are listed certain so-called "hard cases" on which the Custodian intended to defer action until the simple cases had been disposed of. They are borderline cases posing certain questions of principle. In the presence of Mr. Cidor and the Joint Control Office representative, Mr. Givoni of the Custodian's Office expressed the view that a way to make payments in those cases might be found in accordance with the policy of the Israel Foreign Office to interpret the agreement liberally. The Custodian's procedure seemed reasonable. In the circumstances, neither the Control Office nor I felt it wise to press at that time for even more liberal treatment.

One interesting group of applications which has been approved, although technically ineligible under the agreement, are so-called "fringe cases". These involve applicants, formerly resident in the Old City of Jerusalem and in villages on the Jordan side of the armistice lines, who kept their bank accounts in what is now Israel territory.

Both these "hard cases" and "fringe cases" emphasize the necessarily restrictive aspects of the agreement for the first instalment in view of the limited sum available. In the case of further instalments there will be need to investigate how to provide, in accordance with the broad terms of the Commission's agreement set forth in its [Twelfth Progress Report](#), for owners of accounts not eligible under the plan for the first instalment.

A number of factors have contributed to the failure of the blocked accounts release scheme to achieve in its first instalment the full results hoped for by the Commission. It is difficult to weigh their relative importance, but all, I believe, deserve consideration in any planning for further instalments. In the first place, prior to the implementation of the UNCCP-Israel Agreement, which began in March, bank statements showing their balances had reached some of the refugee account holders. These showed, *inter alia*, the 10 per cent compulsory loan deduction by Israel and transfer of balances over £500 to the Custodian. Consequent suspicion was not removed by the wording of the original application form and was of course strengthened by the official opposition of Jordan which resulted in the scheme's suspension in early April throughout the area. Those suspicions including the political argument, that the application entailed some form of recognition of the State of Israel, started the scheme off on the wrong foot and were never wholly eradicated, in spite of the official approval given to the new application form negotiated by Mr. Reedman with the parties concerned and the official resumption of the operation in late June.

Secondly, opposition on legal grounds persisted in spite of the new forms. It is argued that, by filing an application on the forms specified, an account holder can be said to have recognized the right of the Government of Israel to block his account and to release it at its discretion. It is feared that the banks could accordingly successfully maintain that in the courts such an applicant was stopped from filing suit against them for any unreleased balances.

Such a legal complication was not envisaged, I believe, during the original London negotiations over the terms of a release. Its importance stems from the filing during the past year of numerous legal suits in Jordan by account holders against the depositor banks, Barclays and the Ottoman Banks, for their blocked balances. Judgment in the first such case heard was handed down in June in Jerusalem. The plaintiff won. The bank's appeal from the judgment is scheduled to be heard on 17

October. Although the plaintiff in this particular case was apparently not an eligible applicant within the terms of the UNCCP-Israel agreement, it is expected in refugee circles that the judgment will be upheld on appeal and establish the principle that Barclays and the Ottoman Baths must pay the refugees their balances. The importance of this test case and the dilemma in which the expected result will place the banks is obvious. They have already been the subject of considerable adverse press comment in the Arab press. The fact that the Arab Bank, Ltd., is reported to have actually paid off all accounts held in the names of refugees in branches located in what is now Israel territory, without of course receiving any funds from Israel, has a bearing upon this complex situation.

The effect of these legal suits in deterring large account holders from filing applications is debatable. News articles by persons indirectly interested in discrediting and obstructing the scheme as a whole may have served to exaggerate its importance, although certain lawyers to whom I have spoken, as well as bank managers in Israel, Jordan and Lebanon, considered the effect considerable. Chiefly affected are accounts over £500, particularly those of the largest account holders who were in general persons of influence and political prominence. There had been general resentment at the stipulated £50 a month per account rate of payment and the maximum figure of £500 releasable under the first instalment because of the understandable desire for full repayment and the feeling that small instalments would be used for consumption and would allow little productive investment. This slow rate of settlement may have been the more important reason for non-application by the larger holders. They could by and large afford to await more favourable terms and not risk compromising their legal rights.

A third reason for not filing — extremist political objections — is not, on balance, considered to have been very influential. In spite of the considerable furor in the press on the subject, one Jordan lawyer stated to me that the fact of the matter was that in money matters politics did not count.

A fourth reason is the long delay which has usually occurred between the filing of applications and the receipt of payment orders. However explicable in terms of the complexity of the operation, such delay has caused expressions of resentment, especially in Lebanon and Syria, clearly lessened refugee faith in the operation and deterred some doubtful Thomases from filing. The delay was caused chiefly by the April-June suspension of the scheme and the slowness of transmission channels between the point of application in the Arab States and the Joint Control Office in Jerusalem, Israel.

Finally, there is the question of what caused the strikingly low number of applications among the small holders. Various explanations have been suggested. Ignorance, illiteracy and the failure of fully adequate publicity and explanations from responsible UNRWA camp officers and bank officials to reach refugees in their widely scattered locations; often outside refugee camps and towns; appear to have combined with suspicions engendered by official opposition, rumours of deductions to be made from balances and possible fears of endangering the applicant's position on the UNRWA relief rolls. In addition there are those cases of the very small accounts for which the applicant could not be bothered to apply. The factors of ignorance and lack of publicity seemed apparent on two occasions when Arabs to whom I was giving a lift proved to be small account holders who claimed never to have heard of the scheme. Such a conclusion contrasts with the view generally expressed soon after my arrival that all account holders were aware of the scheme and that consequently no further extension of the application deadline need be considered.

In addition, there is the factor of oriental lethargy; which was advanced in conversation but which it was impossible for me to gauge.

The estimated number and percentage of applications from refugees for the first instalment — some sixty per cent — may appear rather low. It scarcely meets the Commission's hopes. However, the bald statistics give an unduly pessimistic picture, when account is taken of how they are weighted by the total of over two thousand non-applicant small accounts valued at only some £50,000. Leaving them aside and considering the difficulties created by the temporary suspension of the operation and its very unique nature, the results appear as reasonably successful.

Applications continued to be submitted in a fairly steady flow from all areas up to the final deadline date of 31 August. That fact affords hope that in the case of further instalments the number of applicants might increase considerably, particularly as non-applicants learn that payments are actually being received by their fellow refugees. A belief that all eligible applicants had not been informed of the scheme led London offices of both Barclays Bank and the Ottoman Bank to state somewhat [Missed]redly in a letter dated 16 September that they would be pleased to see the deadline extended for such further periods as might be necessary to provide the capability of the maximum number of "absentees" making applications. Last [Missed]day in London I commented that any such extension appeared impractical at this [Missed]in view of the Commission's interest in considering immediately the matter of further instalments and the fact that an extension could interfere with an early [Missed]che.

The number and value of accounts not applied for will not be available until [MISSED]ssing of the thirty-two hundred applications for the first instalment has completed. If the Commission wishes such details it would be appropriate to [MISSED]et them now. If it proves true that the largest account holders have noted [MISSED]ed, the balances not yet applied for may well amount to more than one half of total value of the blocked accounts, i.e. £3,200,000. In that case residual [MISSED]ces on accounts applied for under the first instalment would amount to less £1,000,000.

The approaching termination of the operation for the first instalment produced questions during my stay on how the Commission intended to assure completion [MISSED] agreement with Israel for the release of all accounts belonging to former residents of Palestine. Confidence in the Commission would be nurtured by ensuring that successive instalments be made available with no break in time sequence. Such continuity would seem a *sine qua non* so far as the success of the scheme and the image of the Commission are concerned. It is particularly important in view of the assurances given by Israel on the question of balances over £500 transferred to the Custodian, by reason of the importance attached to that question by the Arab Governments and the account holders themselves.

The number of non-applicants for the first instalment who may apply in the [Missed] will depend considerably on whether the difficulties encountered regarding [Missed]ations for the first instalment persist or whether a further instalment can be arranged, as to surmount them. A second instalment similar to the first would [Missed]r meet the needs of the present situation nor would it ensure the liquidation [Missed] blocked accounts. It appears impractical to make any estimate without knowing what type of further instalment the Commission and the Government of Israel may agree upon. The success of the whole operation would be enhanced, it seems, by broadening it. For instance, an agreement with broader categories of eligible applicants and a payment rate more attractive to large account holders. If it were possible to liquidate all the remaining accounts with one further instalment, the scheme would seem to have the maximum chance of liquidating the problem and thus promoting the practical and psychological purposes of the project. I was assured by a prominent lawyer that the non-applicant large account-holders would fall in with any scheme providing for payment in one further instalment. Such a scheme would not adversely affect the effort to afford justice to the small depositors who have already had and would continue to have their opportunity. It would also help promote the purpose of reconciliation, the world being what it is, by satisfying the rich and influential. Liquidation in one more effort would have the enormous advantage of simplicity and economy of time and effort, for both the banks, the Custodian, the Commission and of course the account holders themselves.

It would also eliminate petty bickering and irritating "fringe" cases, compromising the project's purposes.

Any effort to broaden the scheme in the interests of the overall objectives requires, nevertheless, balancing the better overall results from such an operation against the possibility of greater reluctance on the part of Israel to allocate foreign exchange even for the liquidation of residual balances on accounts supplied for under the first instalment.

Negotiations for a further or a concluding instalment will involve consideration of:

- (1) the residual balances of applicants for the first instalment;
- (2) provision for application by non-applicants for the first instalment, in particular the needy refugees of whom not more than twenty per cent have applied;
- (3) broadening the definition of eligible refugee applicants employed for the first instalment;
- (4) extending the categories of eligible applicants by affirming the principle of unconditional release, i.e. the idea that while individual accounts were to be dealt with first, the accounts of commercial firms, partnerships, trust accounts, charitable accounts, etc. would be dealt with later;
- (5) an increase in the rate of payment and in the maximum sum payable in one instalment to any account holder;
- (6) use of the unexpended balance from the first £1,000,000, possibly to make further payments on residual balances of applicants under the first instalment;
- (7) an attempt at securing more than tacit co-operation from the governments of Arab States;
- (8) consideration of whether to request inclusion in the scheme of the Arab Bank's blocked account of £582,931 which was on deposit with Barclays at its Allenby Square branch in Jerusalem (New City) and which represents, in effect, refugee account-holders' money;
- (9) improvement of the mechanics of the operation, including more publicity and the possible addition of another correspondent bank to cover the Persian Gulf and Saudi Arabian areas;
- (10) maintenance of a Commission representative in Jerusalem to keep in constant touch with the whole operation and with the various authorities involved in order to deal with questions as they arise, questions which could not easily be settled by other people. In the event that he was unable to solve problems, he would keep the Commission informed;
- (11) the question of financing the instalment through an advance in sterling from the banks chiefly involved. Confidentially, in separate private conversations, the managers of both Barclays Bank and the Ottoman Bank indicated their interest in such a solution of the problem, provided that they could get adequate guarantees. Their remarks suggested the interest of the British Foreign Office in such a solution. On that occasion I informed them that any initiative in the matter of further

instalments or in such an advance would be taken up only at the highest level by the Commission itself.

If I may be permitted, in conclusion, a final non-technical observation, I would observe, that even if arrangements can be made for a final settlement, no spectacular reaction can be expected. I would call to your attention the almost total difference in outlook between the Israelis and the Arabs which was impressed on me in the course of conversation with officials and private individuals on both sides. To Israel the agreement for release of blocked accounts and safe deposits represents a gesture of goodwill which it was not incumbent on them to make. To the Arab owners the blocked accounts and the blocked safe deposits represent property of which they have been unjustly deprived.

In their view, restoration is only an act of simple honesty for which no special sign of appreciation can or should be expected. They see no basic difficulty when they compare the large foreign exchange funds received by Israel each year with the relatively small total of the blocked accounts. Such opposite attitudes automatically pose the question of whether in the present tense situation in the area it is practical for the Commission to press a long-term view that full release and transfer of both accounts and safe deposits would be a wise step forward, if only a small one, towards establishing a climate of opinion in the area which would enable Israelis to live peacefully with their Arab neighbors.

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