17th October, 1923.

Dear Colonel Lehman:-

On my return from America I found awaiting me a copy of the correspondence which Mr. Rutenberg had with yourself and Mr. Flexner regarding the participation in his scheme by the J.D.C. I am very sorry indeed that I knew nothing of this correspondence when in New York so that I had no opportunity of discussing it either with yourself, Mr. Flexner or Mr. Untermyer. I also regret, that owing to my short stay, I had no opportunity of meeting you which I should very much like to have done as I was greatly interested in hearing from Mr. Untermyer and Mr. L. Marshall about the proposed Investment Trust in Palestine in which you are all interested, and which seems to me to be an excellent idea.

Regarding the Rutenberg Scheme, I would like to make the following general observations: The Scheme has been reported upon by experts in three countries and I think you have had a copy of the report made for this country for the Economic Board. I have no doubt that from a technical point of view it is a simple proposition, in fact, easier than most hydro-electric schemes. As regards the question of its financial return, the reports I think all agree and anyone who has gone into the question can come to the same conclusion that while there is every reason to suppose that with the development of the country the scheme ought to become a dividend paying one, it is very difficult to say what period will elapse before the larger scheme will be able to find enough consumers to make it a paying proposition. Personally I have very little doubt that this end will be reached - possibly sooner than may be expected. I think the general experience is that cheap power has a way of creating demand more quickly than is generally assumed and in spite of many difficulties I personally feel that Palestine will continue to go ahead - I hope with increasing velocity. It always appears to me that anyone putting money into this scheme must expect to wait for a time for a return.

Now with regard to the participation of the J.D.C. and American Jewry generally, I took some trouble, both in public utterances and in private conversations, to point out what did not seem to me to be altogether appreciated, namely the fact that the numbers and wealth of American Jewry are not merely out of all proportion to British Jewry, but at the present time, to European Jewry, and that obviously until the economic conditions of Europe are very much improved the burden will fall upon American Jewry even in a greater proportion still. I believe the relative number of the Jews in the United States and Great Britain is about eleven to one and as regards wealth I can only say that a man who is considered very rich in Europe feels himself a perfect pauper when he comes to your side. I mention this fact because I notice in the correspondence that the condition was laid down by the J. D& C.
that if it contributed $200,000 the Economic Board should also contribute a substantial sum. As regards the Economic Board, I must, in the first place, point out that it is not an investing corporation and in fact is debarred by its statutes from making any profits whatever. It is a purely advisory and consultative body. The Palestine Corporation Ltd., which has been formed as an Investment Trust, similar to your idea, has, up to the present, only issued £100,000 worth of shares which have been put up by a few of us and which money has all been practically allocated and used in establishing and assisting various industries and firms in Palestine. It has not at present any free balances available and cannot invest further sums until its capital is increased, a favorable opportunity for which increase it is awaiting.

I dare say that individual members of the Economic Board may be disposed to take an interest in the scheme as they have already done in various other undertakings in Palestine. But I cannot give any pledge on this point at the moment although I shall probably take an interest in the scheme myself.

I would, however, point out that European Jewry has already found £150,000 whilst the I.C.A. contribution being the subscription, as you probably know, of one gentleman who does not wish his name to appear in the scheme, amounts to £100,000. As I have previously pointed out you really ought to compare the American contributions to any scheme in Palestine not with the contributions of England, which after all is only the size of a small American State, but with that of Europe. On that showing the proposed contribution of the J.D.C., some £40,000 is really very small. If it were multiplied by ten it would represent a more equitable proportion. I hope you will not mind my candidly saying that personally I feel rather that in the upbuilding of Palestine those who are interested in the work should really measure the merits of the different schemes and endeavor to contribute sufficient, so far as possible, to enable the scheme to be carried out. Endeavors to divide into some kind of proportion the contributions to various schemes between American and English Jewry seem to me impracticable and scarcely likely to lead to business results. The Palestine Corporation, for instance, has many schemes presented to it, some of which it can handle itself and in some of which it could very well cooperate with such an Investment Trust as you have in contemplation. I am quite sure that such working together might prove both fruitful and lead to a saving of overhead charges, but it could only really be done, to my mind, by each party putting in what it can afford without regard to any particular ratio between one country's contribution and another's. After all, a scheme requires a certain amount of capital to make it possible. Until this is obtained it is better not to proceed with it and because one set of people cannot find the amount of capital necessary there is no point in other people putting up an amount inadequate to make the scheme a practical success.

I have been in hopes, so far as Rutenberg's scheme is concerned, that a really big investment would come from your side if you and your associates judged the scheme to be financially sound. If Rutenberg succeeds in raising £50,000 from his Egyptian friends this would leave a sum of £300,000 to be found. Provided you are satisfied that such an amount is sufficient to carry through the scheme I should
think that there would be no great difficulty in finding the larger part of this money on your side.

With renewed regrets that I had no opportunity of discussing the situation with you during my recent visit, I remain

Yours very sincerely,

(SGD) ALFRED MOND