January 21, 1948.

MEMORANDUM FROM MR. PAUL BAERWALD

The J.D.C. never had occasion — and it was not its purpose — to agitate for or advocate a Jewish State. The world has now decided on it. There are some of our Jewish friends who denounce the decision. This, I am sure, many of us consider a mistake. However, we are not called upon to take a stand on this question. We are concerned with the recognition of the fact that because of that feeling, as expressed by important members of the Jewish community, the success of the 1948 campaign will be more difficult to predict.

In view of this fact, it is necessary to husband our resources. We realize the difficulties of the Agency. We have our own difficulties. At the moment we are faced with a question of advancing money for Romania — which question comes to us for important reasons — but we are asked to make advances which have not been foreseen in our calculations. The Agency people ask for our financial help. We are not able to base our decisions on a full knowledge of the facts. We do not know on what basis they determine the priority of the financial demands made on the Agency for so many different purposes nor what plans they have to meet those demands. Personally I question that they want our help in their deliberations. I am not sure whether we should offer such help. However, they come to us because we are partners in a money-raising enterprise and it is not unnatural that they come to us, but we do have our own troubles. We have been asked to give careful consideration to their request. Not only are they fully entitled to make that request but I am sure we are all anxious to give it the best thought we can. In that connection the following occurs to me.

To the extent that most of our Jewish friends are interested in assisting the preparation for the State, why does the Agency only come to the J.D.C. The American Jewish Committee has continually expressed its deep interest in these Palestinian developments and no doubt its important voice has been helpful in many ways but today and for the next few months there is a definite acute practical cash problem, and if by any chance the American Jewish Committee has unappropriated funds at its disposal, why would it be out of place to come to it for some temporary assistance? The same remark may well be true of Hadassah, the Zionist Organization of America, the American Jewish Congress and a group of other organizations. There is also the question of the ICA; years ago they reserved a considerable amount of money for the Huleh Concession but after all money is needed now and the Agency might well be willing to undertake a promise of repayment on the part of the new State in due time. All these suggestions are based on the fact that other organizations should share in the responsibility of relieving an acute situation existing at the present time.

Shall we suggest that these questions be discussed or shall we compromise and strain ourselves to the utmost and give the Agency a moderate amount of money which possibly we can arrange to spare if we can all agree on such procedure, or if we cannot do that, shall we simply say "No" to the Agency and let things take their course and let them perhaps come to conclusions such as are indicated above? With regard to our own situation, we cannot forget that our banks here will be more involved this year than last; not only are the U.P.A. trying to get a large loan but the USNA is also, and of course, the bank examiners will be aware of all these loans.

It is because I think we owe it to ourselves to look at this question from the broadest possible viewpoint that I have dictated this memorandum.

Dictated but not read by Mr. Baerwald