the financing of low-cost housing.

Our projection of Palestinian housing needs for the next decade is based on an average of two persons per room. Given existing income differences, this average means that perhaps one-third of the population would still have less than one room for each three persons. On this basis, total capital requirements for housing would be £P 198 million on our lower immigration limit and £P 265 million on our higher limit. On a similarly modest basis, non-residential construction (excluding the requirements included above for irrigation, power, farms, and factories) would cost between £P 85 million and £P 127 million.

A construction program of this magnitude involves grave dangers for the sustained progress of Jewish economic development in Palestine. With the continued separation of the Arab and Jewish labor forces, total construction (including housing, irrigation, power, farms, factories, etc.) would demand 14 to 18 percent of all Jewish man-hours of labor during the next decade. (This ratio compares with 10.6 percent of the total Arab and Jewish labor force employed in all construction in the war-boom year 1942 and with 4.6 percent of the U. S. labor force so employed in the peacetime peak construction year 1926.) Much of the best Jewish labor and management would inevitably be drawn away from the more permanent economic activities that must sustain employment after immigration tapers off.

Partial alleviation of this temporary pressure can be found in the employment of Arab labor, at standard Jewish wage rates, on Jewish construction. Other alleviation must come from the deferment of all but the most vital construction -- when construction demands create difficulties for manufactures, agriculture and basic services. It will be most difficult, however, for a development authority to defer construction. The temptations of temporary absorption of a large number of immigrants into a construction boom will be almost irresistible,