

CONFIDENTIAL

Wednesday, 8th June, 1953, 17:00 hrs.

At the Foreign Ministry.

Mr. Sharrett, Dr. L. Kohn, Mr. Shiloah, Mr. Bendor
Mr. Stevenson, Prof. Johnson, Mr. Russell.

After the photographs had been taken, there was an exchange of remarks on the armistice in Korea and the reasons for the South Korean refusal to accept the armistice. Mr. Stevenson thought this was an attempt to obtain commitments from the U.S.

Turning to local matters, the Foreign Minister said that he understood that the question of the Arab refugees occupied the thoughts of Mr. Stevenson as it did our thoughts too. This problem was the main stumbling block in the way of restoring peace in the area. Its solution should be the subject of inter-State cooperation. We were prepared to shoulder our share of the responsibility. We had declared as much, time after time, but no opportunity had been given to us to turn our declaration into action.

Our original policy had been that we were prepared to discuss the question of the Arab refugees as part of the negotiations for a peace settlement. Later, in view of the seriousness of the problem and being anxious to remove this stumbling block, we agreed to take it up as an issue of prime urgency ahead of the peace settlement and outside its context. In such a case the discussion would have been not with the Arab States but with the U.N. and any money for compensation would have been paid into an International Fund for the integration of the refugees in the Arab States. It had been no easy task to persuade our public to agree to this change of policy.

But we had not been called upon to implement this offer. The F.C.C. had not thought the time ripe. Instead, it dealt for the time being with the blocked accounts, which we agreed to unfreeze gradually and of which we were now in the process of releasing one million pounds in sterling. We were doing this though it meant financing in hard currency self-proclaimed enemies and we were actually doing it out of deference to the wishes of the U.S.A. which had urged upon us to make this gesture. Actually it meant our giving away cards without any compensatory advantage.

Reverting to the question of the refugees and the payment of compensation, the Foreign Minister said that we were now seriously considering whether we ought not to revert to the original idea of making a settlement of the refugee problem dependent upon and forming part of a peace settlement. Our experience with the release of the blocked accounts, which contrary to the expectation of the U.S. produced no relaxation of the tension, had shown the futility of making such one-sided gestures.

Mr. Stevenson said that in releasing the blocked accounts, Israel was only giving the Arabs back their own money.

The Foreign Minister replied that this wasn't as simple as that. These Arabs were now in enemy countries, i.e. in countries which continued to regard themselves as being at war with Israel and were actually doing their best to strangle Israel economically. The depositors would get their money back in local currency but the governments would help themselves to the dollars and sterling. It was a most paradoxical performance - our strengthening the hard currency resources of countries which were causing us considerable hard currency losses by boycott and blockade. Moreover, we too had citizens who had blocked accounts in Arab countries, e.g. the Jews who had fled from Iraq. We might have insisted on a reciprocal release of their deposits. We had not done so, but agreed to carry through a unilateral release.

Mr. Stevenson suggested that the Arab States would gladly let Israel have the refugees back and so the money could be paid in Israel.
prefer not to mix the issues but

The Foreign Minister said that he would deal with the problem of the return of refugees separately and on its own merits. Actually, the two categories of people were not the same. Some wanted their money back but did not want to return, while others wanted to return but had no deposits to claim. But this was all beside the issue. What he wanted to emphasize was that we had made a gesture with no beneficial result and, therefore, we were seriously considering a reversion to our original stand with regard to the connection between the solution of the problem of the refugees and a peace settlement.

We envisaged the solution of the refugee problem as a large-scale resettlement in Arab territories.

It was not generally realised that even repatriation meant resettlement because the refugees could not return each to his own former home or field. Return meant resettlement in Israel with all the concomitant difficulties.

Dr. L. Kohn: It would mean building up an entirely new Arab economy.

The Foreign Minister continued that it would mean saddling the Government, weighed down with problems of the integration of Jewish immigrants, with the task of integrating Arab newcomers into the economy of the country. This would be a formidable task.

Our own population grumbled at the present difficulties. Their grumbling put ~~the~~ to shame the outcry against Moses of old. But the complaints of the newcomers would be even more vociferous and there would be no end to recriminations and discontent - charges of discrimination, of excessive hardship, of inadequate provision and so on.

There was another practical problem - the assumption of responsibility for the security of these returning Arabs. Immigrants who had come into Israel during the last few years had found a certain Arab population which they more or less took for granted. Those of the immigrants - about a quarter

of a million in number - who had fled from Arab countries, because life there had been intolerable, did so because they wanted to get away from the Arabs. They had the worst recollections of their past life. They assumed that they were coming to a Jewish country to lead a Jewish life. It would be revolting to them to see large numbers of Arabs - in their eyes, new Arabs, for it would be little use teaching them history - brought in by their own government to live in their midst. Many of them were excitable people, and a most serious security problem would arise. He did not think that any government in the world would be ready to accept responsibility for the preservation of law and order in such a situation.

But the problem of security went much further. We were surrounded by hostile Arab States, and even if peace were established we would have constantly to be on guard. The return of numbers of Arabs would be a most serious threat to our security from within.

All these were practical difficulties of a most telling character, yet they did not touch the core of the problem. The most serious objection to repatriation was that not only was it not a solution, but it actually prevented the achievement of a solution. Mr. Dulles had said that most of the Arabs should be resettled in the Arab States and some in Israel. These two statements looked on the face of it as complementary to one another. In fact they were mutually contradictory. Repatriation would be the solution if total repatriation were possible and then there would be no need to talk of partial repatriation. But nobody in his senses believed that there could be wholesale repatriation. Once it was agreed that in any case most refugees would have to be resettled elsewhere, then to continue talking of partial repatriation meant simply to defeat the solution altogether. The point was that it was essential to create in the refugees a psychological disposition to seek resettlement in other countries. They had to be brought to stop looking backward to Israel and to realize that their future lay in the Arab countries. It was absolutely necessary to foster this psychological readiness to accept resettlement because the refugees could not be forced to resettle or, for that matter, to adopt any gainful occupation. They would do that only if they became convinced that their future lay in that direction and that apart from that there was no hope.

But as long as the slogan of repatriation was continually used - repatriation even for "some" only - the mood of the refugees as a whole was bound to be against resettlement. Such talk was keeping up the vain hope that Israel would eventually be compelled to readmit very large numbers, if not the whole lot. And even if only "some" were to be admitted, each refugee hoped that he might be among those fortunate few and feared that by showing willingness to be resettled he would be risking the loss of that precious chance. The result was bound to be the complete paralysis of any process of adaptation to the only constructive and feasible solution, namely, settlement in the Arab States. The only realistic approach was to have sufficient courage to tell the refugees that their only hope lay in resettlement in the Arab States

and to that end they should devote all their energies. They simply had to forget about Israel as a place to which they might return. Once that backdoor was definitely closed they would start looking forward, and then things would start moving.

The Foreign Minister went on to say that when we spoke of no repatriation we did not mean that no single Arab would be allowed back into Israel. What we did mean was that there could be no repatriation as a solution of the refugee problem. Actually Arabs were returning to Israel the whole time through the scheme for the re-uniting of families. This scheme could be made more liberal in various ways. In addition, during the period immediately after the end of hostilities, before conditions became crystallised, between 25-35,000 Arabs had come back to Israel.

Mr. Stevenson asked whether they had returned since the end of the war.

The Foreign Minister explained that after the war the population was in a state of flux and before things had become solidified administratively, thousands of Arabs were allowed back, or having come back, were allowed to stay in the country. These included some tribes in the South and villagers in the North.

The Foreign Minister pointed to another aspect of the problem. Usually in talking about the Arab refugees people assumed that they were all peasants and that the problem of their integration was a problem of agricultural settlement. Actually, only about half of the refugees had been farmers or peasant proprietors; therefore the actual problem of resettlement was less formidable than appeared at first sight.

The Foreign Minister recalled the settlement of Armenian refugees from Turkey in Syria after the First World War and he pointed to the remarkable progress made by them, mostly through their own efforts. The striking development of Aleppo in the inter-war period was a case in point and served as an example of what could be done. He then drew attention to the exodus of Jews from Iraq; 120,000 had come to settle in Israel, almost all of them town people. They had left their businesses, houses and other property. They must have left a void in the economic life of Iraq. If the Iraq Government had had a constructive policy for the integration of Arab refugees, it could have filled this void with them. Iraq generally was capable of absorbing large numbers. It was short neither of land nor of water nor of money - only of men. There were some Iraqis who realized that the country could not achieve real prosperity or security without substantial increase in population and indeed there was a time when leading Iraqis tried to encourage immigration from Egypt. Iraq was getting a large dollar income as an unearned increment from oil royalties and concession fees - 65 million dollars in 1952 alone, and the amount was rising from year to year. What were they doing with all this money?

Then there were the Arab principalities, e.g. Kuwait, which had received a hundred and thirty-nine million dollars in 1952 from oil for a population

similar in size to the Arab community^{Israel} - about 170,000. They had already built all the schools and hospitals they could use and even erected costly plants for the desalting of sea water. Yet the gold was still pouring in and they were simply getting choked with it. They were turning millions into foreign securities which were serving no useful purpose for the country or the region. The same was true of Saudi Arabia, which was drawing increasingly large amounts from oil concessions and where the concentration of the money in the hands of the few was having detrimental sociological effects: the newly enriched were buying up land and employing the beduin as hired labourers; instead of helping to create a class of peasant proprietors the new wealth was producing a class conflict and sowing seeds of future communism. He said that he had an idea to offer to Mr. Stevenson which he might take up and launch into circulation. It was that the Arab countries with a large dollar surplus should grant an inter-State loan to Syria, Egypt and Jordan for purposes of development and the integration of Arab refugees. Naguib was reported to be toying with the idea of starting big irrigation and development projects in the Sinai and Western desert - he could very well do with the superfluous millions of dollars of Kuwait, Bahrain, Katar and Saudi Arabia.

Mr. Stevenson said that he had heard that idea mentioned before. As far as he knew the Arabs were not advanced in matters of cooperation.

The Foreign Minister went on to say that the Arabs generally were trying to have it both ways. They complained that Israel was not paying compensation while at the same time they were doing everything possible to weaken Israel's economy in a way that would make the payment of compensation impossible. A good example of this was the violent campaign they had conducted against German reparations to Israel. The Germans had turned to Israel for advice as to how to counter the Arab arguments, and Israel suggested to them to tell the Arabs that they are either fools or knaves: if they were genuine in claiming compensation from Israel for Arab lands then they should understand that Israel would better be able to pay it if she received reparations, which would strengthen her economy; ^{otherwise} it would become clear that their interest in compensation was mere pretence.

He went on to explain that it would go against the grain of our people to admit any direct connection between the German reparations to Israel and the payment of compensation to the Arabs. That would be implying that we had done to the Arabs something comparable to what the Germans had done to the Jews of Europe. We did nothing to the Arabs. It was they who had attempted to do to us here what Hitler had done in Europe - but they failed.

We intended using German reparations for basic economic development - to provide permanent economic security for the Jewish people in this country of refuge - and that would be appropriate revenge on Hitler. But reparations, when they started coming, would strengthen our economy and make us better able to meet our various financial commitments, including the payment of compensation. So in a practical sense there was a nexus between the two.

Mr. Stevenson asked what the amount of compensation would come to.

The Foreign Minister replied that he could not mention any definite figure. At any rate it would involve tens of millions of dollars. It depended on the amount of land involved and how it was evaluated. What had to be borne in mind was that the land had not been acquired through normal business processes but as the result of a bloody aggressive war which had caused us much loss of life and destruction of property.

Mr. Stevenson asked what our casualties had been in the war.

The Foreign Minister replied that they included about 5,000 killed.

Mr. Stevenson inquired whether we knew what the Arab casualties had been, to which no reply could be given.

Mr. Stevenson asked what the position was with regard to boundaries.

The Foreign Minister said that we had taken away no territory from any Arab State. During the war we had penetrated deeply into the Lebanon in the North and into the Sinai Peninsula, which was Egypt, in the South. We had evacuated these areas unilaterally. Two of the Arab States (Egypt and Jordan) had helped themselves to parts of what was formerly Palestine. We were ready to let that go. We made no claims to any territory held by any Arab State.

The Arab claim to parts of our territory in accordance with the 1947 Partition Plan was preposterous. If that plan had been implemented peaceably, that might have been the pattern of our life now. Invidious and distasteful as that plan was - giving us but 55% of the area of Palestine and an Arab population of 45% - we were ready to accept it. But the Arab States and the Arabs of Palestine rejected the plan and entrusted their destiny to the fortunes of war. They could not now go back and invoke a settlement which they themselves had attacked. They could not have it both ways.

As part of their war plan, the Arab leaders told the Arabs of Israel to leave the country. They assured them that they would return after victory to enjoy the spoils. We had repeatedly appealed to the Arabs not to leave, but to no effect.

It was true that there had been some excesses at the time when authority had not yet been established because the British had left the country without handing over the Government, as they had done, for example, in Burma. As a result, it took some time for the newly established authorities to get matters under complete control. Meanwhile various irregular organisations had been at work.

(When the Foreign Minister mentioned incidentally that that very morning the Government had been discussing a terrorist organisation that had been discovered, Mr. Stevenson said that Glubb had told him of that organisation four days before. The Foreign Minister replied that Glubb was probably

referring to remnants of Jewish terrorism generally, which was his favourite theme; he could not possibly know what came to light here as a result of a police scoop only yesterday).

Returning to the flight of the Arabs, the Foreign Minister recalled how an Iraqi commander had prevented the Mayors of Tel Aviv and Jaffa from signing a truce declaring that he did not care what happened to Jaffa as long as he captured Tel Aviv.

Dr. Kohn recalled that at the first sign of trouble, all the upper strata of Arab society had fled from the country with the result that the Arab population had been left leaderless and fell prey to the herd instinct. Panic-stricken, they were encouraged by the radio broadcasts from the neighbouring countries to leave Israel. They were afraid that the Jews might do to them what they had been planning to do to the Jews, so they fled.

The Foreign Minister said that theoretically speaking the Jews might have been faced with the same temptation - had there been Jewish countries around. In actual fact the Jews of Israel had nowhere to flee to. They had no alternative but to stand and fight and this they did.

Dr. Kohn further recalled that according to the Partition Plan, a certain number of Jews were to have been left in the Arab State. At the present time not a single Jew remained in the part of Palestine annexed by Jordan. All Jewish settlements in that area had been wiped out.

The Foreign Minister pointed to Abu Ghosh and Fureidis as examples of villages whose populations, though surrounded by Jews, had not fled and whose land and property had not been touched. These villages had remained intact and their people had continued their peaceful existence unharmed.

Mr. Stevenson asked the Foreign Minister if he could tell him anything about the divided villages, i.e. those villages in which the houses are on one side of the border and the fields on the other.

The Foreign Minister said that such situations were inevitable in any drawing up of frontiers. They had arisen, for example, between Palestine and the Lebanon, or Palestine and Syria, when the frontiers between the British and the French mandated territories were demarcated after World War I. Under normal conditions, frontier passes were issued and the farmers concerned allowed to cross the border to their fields, or border adjustments were made. If Jordan was ready to sit down to a peace settlement, we would be ready for mutual adjustments.

Dr. Kohn mentioned the agreement reached about a year ago on exchanges of land in the Latrun area from which the Jordan Government withdrew at the last moment.

The Foreign Minister added that the Arabs were full of complaints yet unwilling to negotiate a peace settlement which would do away with complaints.

Mr. Stevenson asked about boundaries in general.

The Foreign Minister replied that we were ready to accept the present boundaries. As far as Lebanon was concerned, there was no problem. Neither Israel nor the other side was claiming any territory; at least he hoped the other side didn't. There was a narrow strip under dispute with Syria. We were ready to negotiate a settlement. On this secret talks had been going on for some time but every now and then there was a hitch. At a certain recent stage agreement seemed to be in sight but now there was again a lull in the negotiations. Egypt had no title to the Gaza strip, but we were prepared not to raise that problem and would not set evacuation as a condition of a peace settlement. On the other hand, the Egyptians insisted on a passage to Jordan. This was not a real interest - military, commercial or territorial - but only a psychological one. There had never been any intercourse between Egypt and Jordan in that corner of the Negev. Nor had there ever been any regular traffic at all along that road, except perhaps for smugglers. It was only since Israel had started developing the port of Eilat and the Negev that the Egyptians began to cast envious eyes on that area.

Mr. Bendor pointed out that the Egyptians demand was an "improvement" on the Partition Plan of 1947 to which the Arab States were claiming we should return. Even by that plan the whole of the Negev was in Israel.

The Foreign Minister said that we had made innumerable overtures to Egypt, many of them in secret and directly, without intermediaries. Supposing the Egyptians said that they were ready to negotiate an over-all settlement but were determined to raise this question at peace negotiations, we would not recoil but would be prepared to look for something workable, not a territorial concession but some passage or right of way. If Egypt wanted more than that then Israel would have to say no. It was out of the question that they should give up their foothold on the Red Sea, which was to them ^{as} a most important opening to the eastern seas and an alternative to the Suez Canal, or suffer that area to be cut off from the main part of their ^{our} territory by a broad belt.

Mr. Stevenson asked about the Jordan border.

The Foreign Minister replied that every sane person, by merely glancing at a map, would say that the river Jordan is the natural boundary between Israel and Jordan. Yet we were not claiming that; that was our concession. We were prepared to accept the present boundary, impossible as it might seem from the standpoint of defence.

Mr. Stevenson asked how much territory had been added to Israel according to the Partition Plan as the result of the war.

The Foreign Minister replied that the area of Israel had increased from 55% of Mandatory Palestine to 80%. Both Jordan and Israel had gained territory as a result of the war. Only a war could alter the present position which itself was the result of a war.

Mr. Stevenson asked about the internationalisation of Jerusalem which had been envisaged by the Partition Plan.

The Foreign Minister replied that the internationalisation of Jerusalem had been part of a comprehensive conception making Jerusalem the joint center of two states linked up in an Economic Union, which was to operate certain essential services in both and yield revenue for the support of Jerusalem. This entire arrangement should have come into being as the result of the peaceful implementation of the Partition Plan, which presupposed the willing cooperation of all concerned. But this comprehensive plan had collapsed under the impact of the Arab war of aggression. It could not now be revived.

Mr. Stevenson asked if Israel was ready to see Jerusalem remain divided.

The Foreign Minister said that we were prepared to accept that and to agree to an international supervision of the Holy Places.

Mr. Stevenson inquired what the Arab position was.

The Foreign Minister replied that the Arab States, apart from Jordan, used the Jerusalem issue as a battering ram against Israel. Jordan, having an actual interest in Jerusalem, was against internationalisation. They had not openly agreed even to an international supervision of the Holy Places, but he felt that under pressure they would accept such a solution.

Mr. Stevenson said that he had got the impression that while the Government of Jordan was not eager for internationalisation, the people in the Old City would like it.

The Foreign Minister replied that what the inhabitants of the Old City wanted was to be supported by international charity. There were only two solutions to the problem of Jerusalem. One was to leave it alone and work for peace between Israel and Jordan, relying on it to ensure freedom of access to the Holy Places on both sides. The other solution was an international supervision of the Holy Places which would not, however, meet all issues because there were things which only peace between Israel and Jordan could settle. The supervising body should have no executive authority, only the right to draw the attention of either Government to any grievances or failures and to report to the U.N. in the event of a default. No civilised government with an ear to international reactions would risk being indicted before the tribunal of world opinion of a default in such delicate business as the preservation of Holy Places. But it was by no means clear whether this course would command the necessary majority.

The Vatican took up a curious attitude. Their policy was full internationalisation. They regarded the resolution providing for internationalisation, which was adopted in 1949, as constituting a pledge by the U.N. in their favour. They were not eager to risk compromising that resolution even if at present unworkable. They thought they could bide their time and feared that it would be to their disadvantage to accept mere supervision as a full satisfaction of their claim.

Mr. Stevenson asked how peace was to be achieved.

Dr. Kohn said by direct negotiations.

Mr. Stevenson remarked that we had got nowhere in five years.

The Foreign Minister interjected that five years were not a long time as compared with the epoch making change that had come about.

Dr. Kohn said that the only precedent that we had for direct talks, namely the armistice negotiations, was a successful one.

The Foreign Minister added that we could see little virtue in mediation by a third party except to bring about peace negotiations.

Mr. Stevenson asked whether peace would mean the opening of the pipeline from Iraq to Haifa and giving Jordan a corridor to the sea.

The Foreign Minister said that what we were prepared to give Jordan was not a corridor but free port facilities and assured transit. Iraq could have that, too.

Mr. Stevenson asked if there had been any discussions with Iraq with a view to opening the pipeline.

The Foreign Minister said there had been indirect attempts to induce Iraq to be reasonable but these remained fruitless.

Mr. Stevenson asked in what way the boycott was disadvantageous to Israel.

The Foreign Minister replied that it was more disadvantageous to the Arab States as we used to buy from them more than we used to sell. We now bought from other markets. There was also the loss in tourist traffic, from which all countries in the region suffered. In addition, there were the benefits that could accrue from regional water development and the setting up of an inter-state water authority for the coordinated exploitation of the Jordan, the Yarmuk and the Litani. Our chief loss account was due to the closing of the Suez Canal to oil transport.

As the hour was getting very late, the discussion ended here.