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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT

November 20, 1967

Honorable Walter Rostow
Assistant to the President
The White House

HS
1-Plumley
2-Rit.

As this was part of an earlier task force effort, Mr. Rostow may not have seen it, but may find it of interest.

Richard J. Ward
Chief, Planning Division
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There is a later version which I have shown Mr. Rostow.
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UNITED STATES GOVERNMENT

Memorandum

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Mid-East
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TO : AA/NESA, Mr. Maurice J. Williams

DATE: July 7, 1967

FROM : NESA/PL, Richard J. Ward *Richard*

SUBJECT: Measures for Absorbing Arab Refugees

The attached paper deals with means for absorbing the Arab refugees in the Middle East. There is evidence to indicate that refugees were being absorbed prior to the recent conflict due partly to Jordan's annual GNP growth of 10 percent a year over the past decade. Resumption of that momentum, however attained, is, therefore, a crucial element in the continued absorption of labor in the area. To increase the absorption rate of labor in the area, the paper recommends other potential prospects. Absorption of the Gaza refugees would, however, probably require programs or arrangements outside of the Jordan-Israel context, possibly in the Euphrates regions in Syria and Iraq. Part C of the paper suggests an "Order of Priority" in which steps might be taken. This would reflect both the effectiveness as well as feasibility of undertaking various alternative measures, given the current situation in the area. This priority order is summarized as follows:

1. Resume prior economic activities in all sectors as soon as possible.
2. Resume and expand prior or existing development programs and projects of proven feasibility.
3. Open up the area to the full potential of tourism.
4. Open up the area to the full potential in trade.
5. Open up the area to the full potential in manpower mobility.
6. Examine potential regional programs and projects.
7. Explore broader long range potentials in and outside of the area.

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By *g/jsh*, NARA, Date 1-7-00



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Measures to Absorb Middle East Refugees

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 - 7. Explore Broader Range Potentials in and Outside of the Area

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Measures to Absorb Middle East Refugees

A. Refugees Absorbed Prior to the War

There is considerable evidence to indicate that the estimated 400,000 refugees on the West Bank and upwards of 200,000 on the East Bank were being absorbed into the Jordan economy prior to the recent war. Refugee camps were becoming established communities or suburbs with improving utilities, sewage systems, private shops and better housing. What in essence was making this possible was the fact that Jordan's GNP had been growing at 9 or 10 percent a year for a decade, thus constantly opening up opportunities for absorbing the refugees in the normal work force. This rate of growth probably meant that the area as it was structured was operating at least close to absorptive capacity. Therefore, the best method for continued absorption of refugees is to return as many as possible of the 100,000-125,000 who recently fled to the West from the East Bank and to reestablish and hopefully to expand the growth in the level of economic activity -- to continue pressing the absorptive capacity of the area's resources and productive facilities. Over time, this is the best and perhaps the only way to absorb labor in the area itself. At present, the level of economic activity in the East and West Banks of Jordan has been seriously curtailed, though not as seriously in agricultural pursuit as in trade, manufacturing and banking. Table 1 below shows the industrial and commercial origin of the GNP in Jordan between 1959 and 1965. It is noteworthy that wholesale and retail trade constitute almost as large a proportion of GNP as does agriculture, and government and defense is a close third. To continue the pace of growth prior to the recent war, the activity, patterns and elements of growth in the large sectors as well as in others will have to be resumed or substituted for and expanded.

1. Resumption of Previous Absorption Rate - To resume the previous impressive growth pattern in Jordan assumes that all of the production, trade, banking and development activities previously underway, which contributed to Jordan's 10 percent per year growth, would have to regain in some way the momentum lost due to the war. This in itself is a considerable assumption given the loss of the West Bank to Jordan and attendant uncertainties. The degree of curtailment is reflected in certain indicators provided by the Mission concerning East Bank activity. Production of the refinery and cement factories is 25 percent of normal; activity at Aqaba Port is 15-20 percent of normal; business activity is about 15 percent of normal; tourism is nil; banking is limited; construction is drastically reduced; money and goods for East Bank interests are tied up on the West Bank. Obviously in this atmosphere, confidence is affected and decisions to resume investment and other activity are postponed. A consequence of these cutbacks is that many workers have

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been laid off, further exacerbating the problem of idle manpower, particularly on the East Bank. Not until all of these sectors, activities and attitudes have been resuscitated and revived will the level of economic activity of half of Jordan's economy be able to accommodate the old let alone the 100,000-125,000 new refugees.

As a beginning, individual development projects could be resumed on both Banks under special arrangements with the Jordan and Israeli Governments. In addition, Israel is already seeking to revive the West Bank and has taken steps to encourage resumption of activity. Reopening of trade between the East and West Bank will take time, which means that the previous level of trade activity will not be resumed until the East-West Bank pattern of trade resumes or Israel-West Bank trade substitutes for it.

Conclusion 1 - To resume the rate of absorption of refugees which was occurring before the war, the level of economic activity which prevailed then must be resumed, whether oriented Eastward or Westward. This means creating a climate for reactivating development projects, programs, East-West Bank trade, tourism and remittance returns as soon as feasible. An element in a solution in the area itself would include return to the West Bank of as many refugees who fled as possible.

2. Expansion of Absorption Rate - Beyond resumption of the pre-war absorption rate of refugees, efforts can be exerted to hasten the rate. The Jordan Seven Year Plan, 1964-1970, assumed that if all of its activities were carried out, unemployment would be virtually non-existent by 1970. The Plan would create 20,000-24,000 new jobs annually. The projection is based on the 1961 population census. The Plan estimated an "economically active" population of 390,000, of which only 27,300, or about 7 percent, were seeking work. However, another 68,000 men between the ages of 15 and 64 were "economically inactive" and not seeking work. These would presumably be refugees living in some of the camps who relied almost solely on UNRWA support. In view of the nearly one million refugees who came to Jordan after the 1948 war, these figures tend to support the contention that refugees were, in fact, being absorbed or amalgamated into the Jordan economy as a result of its high GNP growth over the last decade. Recent reports of the number of refugees who fled the West Bank indicated that the economically inactive among the refugees, who had nothing to lose by fleeing, probably is not much over 100,000. Of these, the 45,000-50,000 refugees who fled from Noblus, Hebron, Jerusalem and other more developed cities of the West Bank should be urged to return, where they have a better chance of being absorbed. The remaining 50,000-60,000 hard core unemployed will have to rely on a rise in economic activity to find employment.

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Conclusion 2 - To attack this hard core segment of economically inactive among the Arab refugees in Jordan, and speed up their absorption into normal economic pursuits, requires new economic breakthroughs in the area. The prior growth of Jordan has somehow to be duplicated or built into the new arrangements, and beyond this new dimensions must be opened up.

B. Measures for Expanding Refugee Absorption Rate

1. The Jordan Seven Year Plan Proposals - Jordan's Seven Year Plan, 1964-1970, assumes considerably stepped up investment activity in the following sectors: agriculture, water, tourism, mining, industrial development, transportation (airports, roads, Aqaba Port and railroads), communications, electricity, education, health, public construction and capital outlays for social welfare. The Plan includes about 235 specific proposals for action in the various major sectors of activity. These could be examined for feasibility. Some of the proposals are already being carried out, others may not be economically useful. A selection from the Plan proposals which might be explored for immediate implementation or furtherance is shown in Table 2.

While the Plan assumes that completion of all of the proposals in the Plan would have eliminated unemployment by 1970, some of the Plan assumptions may have been optimistic. Development loan support of \$280 million was assumed over the seven year period, along with an increase in capital formation in the private sector of 12 percent a year. Private and public capital investment together were to total about \$725 million for the period, about double the flow from the previous period. This, however, reflects a higher capital output ratio and a lower consumption growth than is needed to obtain the 7 percent GNP growth projected in the Plan. The chances are, therefore, that Jordan's growth would have continued at an impressive although somewhat reduced rate over the past (7 instead of 9 or 10 percent a year), and that rising volume of receipts from potash, phosphates, tourism, remittances and farm exports would have enabled the economy to make continued inroads on the refugee problem. A review of Seven Year Plan proposals shown in Table 2, and possibly others in the Plan, should be undertaken to seek means for gauging the absorptive capacity of the area for undertaking development projects. Under Israeli administration, it is possible that the absorptive capacity for new income generating projects and activity on the West Bank could expand over the capacity which prevailed before the war.

2. Other Potentials and New Dimensions in the Area Itself

a. Resumption and Expansion of Development Projects and Refugee Training - This is a feasible first step. Major East Bank development

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projects could gradually be resumed. The USAID Mission is working with the Jordan Development Board to develop a list of East Bank projects which could be resumed. These and West Bank projects which might be considered are shown in Table 3. Israel authorities are reported already seeking new projects on the West Bank in road and school construction. To the extent that old and previously planned projects can go forward and new projects developed, this would add still another new dimension in the level of economic activity and help increase the absorption of refugees. At the same time refugee vocational training should be resumed and expanded into new potential vocations.

b. Expanding Tourist Trade - No estimates exist as to how much employment is due to the tourist trade. The Seven Year Plan estimated that there were 320,000 tourists in 1963 who spent \$17 million. By 1966, total tourist receipts were over \$30 million, exceeding the expectations of the Seven Year Plan. The Plan projected tourist earnings of \$74 million by 1970. The potential in this area is very great and free movement between Israel, the West and East Banks could provide a dramatic increase in earnings in the area, with consequent employment effects throughout the West and East Bank areas. Joint and group or package bookings by Israel and Jordan tourist agents abroad and in Israel could make the Seven Year Plan figure a reality from tourism in the West and East Bank area, providing job opportunities for thousands. (Assuming a refugee per capita income of \$125 a year, increased tourist earnings of \$35 million could hypothetically support 280,000 additional refugees; a \$10 million increase, 80,000 additional refugees.)

c. Expanding Israel-West-East Bank Trade - Israel is already taking West Bank Jordan produce in tomatoes, watermelons, grapes, plums, figs and has indicated willingness to help the West Bank export surpluses of these goods as well as soap, olive oil, cigarettes and other small manufactures. As this trade is promoted and expanded, the capacity of the West Bank to absorb refugees will expand. If East Bank-West Bank trade is opened up, there may be opportunities for mutually advantageous trade between the areas. Israel could conceivably build storage facilities for taking Jordan wheat in surplus years. Other products which could possibly enter the trade channels between Israel-East-West Bank are shown illustratively in Table 4. The West and East Banks would benefit from exposure to Israel's average per capita income of \$1200 as compared to its own per capita of \$250. Opening of the area to free trade could include access to Israeli markets, access to Israeli ports for export and import, duty free transit facilities, readily accessible permits for West or East Bank Arabs to work in Israel, a mutually acceptable exchange rate between the Israeli pound and Jordan dinar reflective of basic economic values. Maintenance of the par value for the dinar would probably help. An Arab-Israeli Committee could be established to initiate these processes.

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d. Developing New Settlement Areas - It is possible that new settlement areas could be opened up more rapidly than in the past, even though new and improved irrigation projects were being developed as part of Jordan's continuing development program. A preliminary survey of new possibilities resulting from accelerated projects in the Jordan Valley, underground water projects in the desert, and projects in the Ghor Safi area south of the Dead Sea (Table 5), indicates some of the potential, but these are not particularly manpower absorbing. The costs and manpower absorptive potential of these projects as shown in the table is not impressive. In sum, at a cost of over \$200 million, only about 15,000 refugees could be accommodated in the areas serviced by these projects.

This, however, does not reflect other potential economic benefits resulting from these projects in increasing exportables, satisfying more of Jordan's own food requirements, thus saving on foreign exchange now used to import food, and in the higher incomes which would result for those who do benefit from these projects. The overall direct and multiplier economic effects could be substantial, thereby creating jobs in distribution, marketing and commerce. The chances of soliciting this amount of support, however, and especially for some projects not likely to be completed for years, would not be good.

e. Israeli Help with West-East Bank Industrial Development and Technical Assistance - Jordan's Seven Year Plan proposed further funding of Jordan's Industrial Development Fund and establishing an Industrial Development Bank. The Fund would require \$16 million over the period 1964-1970, the Bank about \$10 million. Half the loans that the Industrial Fund has provided since its inception in 1957 has helped finance hotels and other tourist-related projects. Most of the loans were under \$10,000 and half of them have been under \$3,000. The Bank in contrast to the Fund will be a private institution, the purpose of which would be to support establishment of new enterprises, encourage small-scale industry and handicrafts and promote private ownership of Jordan industry through increased acceptance of stock ownership. The bottlenecks in the past have been finding competent management and organizing suitable investment possibilities to assure success. Israel could assist this process on the West Bank through funding of suitable investment and providing the technical assistance, marketing and financial advice to promote expansion of West and ultimately East Bank commerce, manufacturing and small industry. The productive capacity of the East Ghor project, for example, is far from tapped. Opening of Israeli markets and inviting their know-how could make this installation more efficient. Israel would not want to finance enterprises competitive to her own, but there are undoubtedly areas in food (grains, vegetables, fruit) processing or canning, olive oil manufacture, packaging or marketing of food-stuffs, improved handling, grading and marketing of goat and lamb products,

more efficient beverage, cigarette and other small-scale industries. Table 6 lists types of industries in Jordan and value added derived therefrom. About 50 percent of these are estimated to be on the West Bank. Should East-West Bank and Israeli trade and contact be opened up, Israeli markets would favorably benefit some of them and Israeli technical assistance and advice could improve the efficiency and competitiveness of others.

f. Other Potential Regional Programs - In addition to a common promotion of tourism, other regional projects could help raise the level of activity. These include telecommunications and electricity grids, interconnecting highways, reconstruction and expansion of old railway lines, development of small airports and small passenger aircraft travel over the whole area to facilitate commercial and tourist connections. This could enhance sales, markets, financial transactions, and help prolong tourist visits. More rapid internal service could also encourage travel to the East and West Bank of Jordanians working abroad and of other Arabs with commercial interests in the area.

3. Absorption of Refugees Outside of East-West Bank

a. Natural Outflow - As a result of recent upheavals in the East and West Banks of the Jordan, there will undoubtedly be some outflow of refugees or citizens from the region to more stable and opportunistic centers such as Beirut, Damascus, Baghdad, Cairo, and so forth. There is no way to predict how many persons would migrate to these areas. They are more likely to be the better trained refugees than the uneducated poor who have remained close to the camps. Thus, some brain drain could be involved, but remittance flows could rise as a consequence and some release of pressures would probably be the result.

b. Settlement in New Euphrates River Irrigation Projects - The World Bank* estimates that construction of Keban Dam in Turkey, the Haditha Dam in Iraq and suitable complementary works to irrigate surrounding territories in Turkey, Syria and Iraq could bring a total of 5,125,000 additional acres into cultivation. About 2.7 million acres would be in Turkey, 904,000 acres would be in Syria and 1.5 million acres would be in Iraq. Thus, in Syria and Iraq, 2.3 million acres of new acreage could conceivably be opened up for Arab refugee settlement. Assuming 10 acres per farm and 5 persons per farm (typical in Jordan), these new lands could support 230,000 farms and over one million persons. One hundred thousand refugees would represent only 10 percent of the number of persons these lands could support. This could be particularly important for absorbing the Gaza refugees, numbering about 300,000. There are undoubtedly many

* IBRD, Report on International Water Problems, December 1965.

technical problems to be examined here, but the very substantial potential involved makes this a plausible alternative from an economic standpoint.

C. The Order of Priority

The most feasible and effective order of priority in the above catalogue of steps to take in absorbing Arab refugees would likely be as follows:

1. Seek to Resume Prior Economic Activities as Soon as Possible - This would include all sector activity (Table 1) and all trade channels or substitute trade channels. It would also assume a restored confidence in monetary and exchange values and banking transactions. These could be arranged even though the West Bank remains an occupied area provided suitable practices and guarantees are promulgated.
2. Resume and Expand Prior or Existing Development Programs and Projects of Proven Feasibility - As a first step, programs and projects which had already been underway or had gone through feasibility studies and had been approved but not implemented could be gotten underway.
3. Open Up Area to Full Potential of Tourism - This could become the most dynamic factor in the revival and increase in the rate of absorption of the unemployed. It implies free movement across the Israeli-West Bank-East Bank borders and suitable and improved exchange and other arrangements for tourist accommodation and travel throughout the area.
4. Open Up Area to Full Potential of Trade - This calls for free trade between Israel, the West and East Banks, with port access to both West and East Bank goods, with institutional and other arrangements to start and facilitate this process.
5. Open Up Area to Full Potential of Manpower Mobility - This may take more time, but a freer movement and interchange of labor between Israel, the West and East Banks could be beneficial. The process has already begun to some extent in Jerusalem and on the West Bank generally, with Israeli officials and technicians working with Arab officials, businessmen and farmers to facilitate the resumption and improvement of economic activity.
6. Examine Potential Regional Programs and Projects - These could, as discussed previously, include joint tourism, telecommunications, transport, marketing, technical assistance and other arrangements and activities.
7. Explore Broader Long Range Potentials in and Outside of the Area - This could include a master water program, including desalinization, a common market for all of the Middle East, settlement in the Euphrates Basin, use of Arab oil revenues to accomplish more development, less commitment of local resources to the military, and other potentials.

TABLE 1

Industrial Origin of Gross National Product
(\$ Millions)

	<u>1959</u>	<u>Percent of Total</u>	<u>1965</u>	<u>Percent of Total</u>	<u>Percent Growth Per Year 1959-1965</u>
1. Agriculture	42.2	15.2	95.5	18.8	14.6
Crops and Forestry	28.3	10.2	64.5	12.7	14.7
Livestock	13.9	5.0	31.0	6.1	14.4
2. Manufacturing, Mining	17.4	6.3	45.4	9.0	17.2
3. Construction	13.0	4.7	22.0	4.4	9.0
4. Electricity and Water Supply	1.8	.6	4.7	.9	17.3
5. Transport	30.0	10.8	35.3	7.0	2.7
6. Wholesale, Retail Trade	50.4	18.2	88.0	17.4	9.7
7. Banking	2.2	.8	5.9	1.2	18.0
8. Ownership of Dwellings	17.6	6.3	29.9	5.9	9.0
9. Public Administration and Defense	41.9	15.1	59.9	11.9	6.1
10. Services	21.8	7.9	35.9	7.1	8.5
Indirect Taxes	23.4	8.4	46.6	9.2	12.1
Net Foreign Income	15.7	5.7	36.2	7.2	15.0
	<u>277.4</u>	<u>100.0</u>	<u>505.3</u>	<u>100.0</u>	<u>10.0</u>

SOURCE: Derived from GOJ, Department of Statistics, The National Accounts, 1959-1965.

TABLE 2

Proposals in Jordan's Seven Year Plan
(East and West Banks)

Agriculture

1. Increased research on tomatoes and other vegetables in order to promote increased yields.
2. Plant protection research.
3. Expansion of research on wheat and barley in order to promote increased yields.
4. Initiation of five year program of research on dry land farming with emphasis on machine use and soil and water conservation.
5. Initiation of research on the production and curing of Virginia tobacco.
6. Expansion of soil testing service to farmers as part of an extensive program to encourage use of fertilizers.
7. Initiation of research on range land and forage crops.
8. Expanded research on the suitability of various livestock breeds under East Ghor conditions.
9. Expansion of research concerning sheep and goats in upland areas.
10. Initiation of research on inland fish production at Wadi Yabes, with extension to other suitable sites.
11. Initiating special studies on Organic Chemistry.
12. Research on Oil Seed Crops.
13. Creation of Farm Economics Section in the Department of Research in order to undertake farm management and related studies.
14. Constitution of the Department of Research as a separate Department attached to the Ministry of Agriculture, with its own budget and a salary schedule sufficiently high to attract and retain qualified research workers.
15. Upgrading of qualifications of staff in Agricultural Extension and Technical Services Department by foreign and in-service training programs.
16. Expansion of Agricultural Extension Services.

17. Establishment of an Information Section at the Agricultural Extension and Technical Services Department.
18. Continuation of Rural Development project in East Ghor area.
19. Promotion of land development in East Ghor through a special section of the Department of Agricultural Extension and promoted by an incentive payment program.
20. Continuation and expansion of existing extension activities, with special emphasis on farm management and soil analysis.
21. Initiate a program whereby the eight nurseries operated by the Horticulture Section begin to specialize in the production of one or two kinds of seedlings.
22. Development of Al Faisal nursery to produce grafted vines in considerable numbers.
23. Encouragement to private nurseries by Horticulture Section and Agricultural Credit Corporation through technical advice and credit.
24. Co-operative fruit-tree planting project.
25. Soil conservation and olive tree planting project.
26. Vine and fruit-tree rejuvenation project.
27. Establishing a nursery at Tafileh.
28. Expansion of the production of certified seeds of certain varieties of cereals, vegetables and forage crops.
29. Production of foundation seeds of certain varieties of vegetables and forage crops.
30. Initiation by Animal Husbandry Section and Department of Agricultural Extension of a program to promote greater meat production in the Ghor area.
31. Participation by Animal Husbandry Section in a program of land development in desert areas to increase meat production.
32. Promotion of a program designed to increase poultry meat production by 200 percent by providing technical advice and credit to three commercial hatcheries and to broiler-raising farms.
33. Promotion of increased egg production by providing advice and credit to a number of commercial egg producers and by providing day-old chicks of improved strains to village producers.

34. Up-grading of Shami and Baladi cattle by careful selection for milk producing characteristics.
35. Initiation of a program of tuberculosis eradication in milk cattle.
36. Initiation of a program to eradicate contagious abortion disease in cattle.
37. Construction of a veterinary hospital, and ten veterinary clinics during the first 4 years of the Plan.
38. Establishment of an animal health institute.
39. Expansion of the present animal quarantine centers.
40. Acquisition of medium size cutters for fishing in the Red Sea.
41. Improvement in handling and marketing of fish by improved refrigeration facilities.
42. Agreements should be sought for fishing rights in the Red Sea territorial waters of several other countries. Revision "Fishing Regulations Law".
43. Improvement of techniques and methods of collecting statistical data. Study of the requirements of wood and wood production including match, plywood and paper industries.
44. Afforestation of a total of 245,000 dunums over the seven year period of the Plan.
45. Protection, maintenance, and improvement of existing forests.
46. Initiation of a program of soil and water conservation in the watershed areas dominating the East Ghor Canal.
47. Improvement of range management, especially by control of grazing.
48. Initiation of market and marketing research with participation of UN experts.
49. Introduction of regulations and standards for sale of agricultural products.
50. Initiation of an information service on local prices.
51. Initiation of an information service for external markets and analyze data on prices and volumes of farm products in nearby export markets.

52. Initiation of a program for education and demonstration activities in the field of marketing of fruits and vegetables.
53. Improvement of marketing system by studying the possibilities of establishing one or more organizations to be responsible for the marketing of agricultural products.
54. Processing of agricultural products.
55. Construction of cold storage facilities for storing surplus agricultural products.

Water

(See Water Development Proposals in Table 3)

Tourism

1. Strengthen the Tourism Authority by extra staff, staff training and better equipment in order to enable it to carry out its responsibilities effectively.
2. Strengthen the Department of Antiquities by extra staff, training and better equipment.
3. Effective promotion of tourism if maximum results presented in this plan are to be achieved.
4. Provision of additional hotel facilities.
5. Creation of a Hotel Operators' Association to up-grade hotel facilities and services.
6. Establishment as soon as possible of a hotel training and guide and tourist police schools.
7. Formation of Tourist Transportation Corporation to provide a better system of transportation and guiding.
8. Arrangements for Special Festivals, Programs and Activities to persuade tourists to stay longer, or tempt them to come in off-seasons.
9. Improvement of Municipal areas.
10. Establishment of National Parks.
11. Restoration and preservation of Holy Places and Archaeological sites.
12. Provision of rest houses and toilet facilities.

13. Establishment of four new museums in Jerash, Kerak, Hebron and Nablus.
14. Construction of markers for historical, biblical and archaeological sites.

Mining

1. Ghor-Safi Road.
2. Follow-through on potash development.
3. Investigate copper deposits.
4. Seek means to expand phosphate markets.

Transportation

A. Civil Aviation

1. Extension of Amman and Jerusalem airports and examination of need to improve Aqaba airport.
2. Recruitment of additional staff and foreign training for staff of Civil Aviation Department.
3. Provision of an Area Control Center, a Remote Receiver Station, and additional fire-fighting equipment.
4. Internal re-organization of the Civil Aviation Department.
5. Study of potential improvements in passenger and baggage handling techniques.
6. Revision of legislation governing civil aviation.

B. Meteorological Services

7. Recruitment of additional staff and foreign training for staff of Meteorological Department.
8. Provision of additional technical equipment to the Meteorological Department.
9. Provision of new buildings for the Meteorological Department.
10. Legislation to create an independent Meteorological Department.

C. Roads

11. Provision of funds for new roads and improvement of existing roads.

12. Provision of increased recurrent funds for maintenance of existing roads.
13. Recruitment of additional staff and foreign training for staff of Ministry of Public Works.
14. Implementation of recommendations of organization study of the Ministry of Public Works.
15. Revision of legislation governing responsibility for roads.

D. Aqaba Port

16. Extension of port facilities at Aqaba.
17. Improvements in port organization.
18. Recruitment of additional staff to Aqaba Port Authority.
19. Revision of legislation governing Aqaba Port Authority.

E. Railways

20. Extension of railway to Aqaba.
21. Rehabilitation of Hijaz Railway.
22. Coordination of Amman/Aqaba line with Hijaz Railway following its reconstruction.
23. Improvements of the present railway network.

Electricity

1. Central generation and the construction of a national grid.
2. Complete integration of the electricity industry under a Public Authority accountable to Government.
3. Expansion of the Electricity Division of the Ministry of National Economy to enable it to carry out its responsibilities.

Education

1. Increases in enrollment in the elementary and preparatory schools so that 85 percent of all children 6-14 years of age will be in schools in 1970. This will require more than 5,000 new teachers, more than 6,000 new rooms and large expenditures on furniture and equipment over the life of the Plan.

2. Certification of elementary and preparatory school teachers through certification centers, in-services summer courses, evening certification classes, and independent study will be expanded.
3. New certification standards and a program to implement the standards for secondary school teachers using scholarships, correspondence and summer courses.
4. A certification program for teachers in the teachers colleges will be established.
5. Certification standards for professional employees in the Ministry and the districts will be established.
6. A school-site purchase program and a pilot school construction project will be inaugurated.
7. The Ministry will consolidate the present six teachers colleges into four and develop a plan for their regular expansion.
8. Hussein Agricultural College will expand enrollment and inaugurate a two year program for preparing men science teachers for the preparatory schools.
9. Facilities for preparing women science teachers for the preparatory schools should be ready in Ramallah.
10. A special Education Liaison Committee should be appointed as soon as possible to work with other Arab universities and other universities in the region so that credits of the teachers' colleges are transferable elsewhere.
11. A special professional salary allowance for teachers in the teachers' colleges should be inaugurated immediately.
12. The administrative reorganization of the Ministry should be completed as soon as possible.
13. The final report of the Higher Commission for Curricula and Textbooks should be expedited.
14. A program for leasing schools built to Ministry specifications by private capital should be developed.
15. Building a boarding section for the Jerusalem Industrial School and completion of the Nablus Secondary Industrial School.
16. Diversification of secondary education such as to expand secondary industrial, agricultural, and commercial education and at the same time improve the quality of academic secondary education.

17. An integrated school health program supervised by a medical doctor in the Ministry and operated by trained visiting nurses in the districts will be inaugurated.
18. A program of pilot projects in art, music, theatre, and physical education should be planned.
19. The initiation of a program for adult education to meet the Kingdom's adult illiteracy problems will be expanded in cooperation with the Ministry of Social Affairs and Labor.
20. Clear title to the 600 dunums campus of the University should be established immediately. Plans should be made and options acquired to expand the size of the campus up to another 600 dunums.
21. Specific agreement should be reached immediately between the Government of Jordan and the University concerning the Government financial contribution as stated in the University Charter. Until such agreement is reached, the Government of Jordan should continue to support the University at the level established during the first year of operations.
22. The President of the University of Jordan should be appointed as soon as possible.
23. A planning committee appointed and headed by the President should develop a Master Educational and Architectural Plan for the University.
24. A faculty of Commerce and Economics should be established unless such a decision is found to be counter to the long run Master Plan.
25. A Faculty of Science should be established if proper program and facilities can be made available by that time and provided such a decision is not counter to the long run Master Plan.
26. An Office of Buildings and Grounds to supervise the planning, construction and maintenance of the physical facilities of the University should be established.
27. A Master degree program in education to help prepare teachers for the Kingdom's secondary schools should be established.

Health

1. Construction of additional Government hospitals to increase number of beds by 895.
2. Expansion in number and programs of health centers.

3. Expansion of health schools, including the Professional Nursing School, Midwifery School, Sanitary Sub-inspectors School, and initiation of a Practical Nursing School and a Health Workers School.
4. Expansion of Tuberculosis control program.
5. Establishment of Quarantine Stations.
6. Malaria Eradication.
7. Increasing personnel of the Ministry of Health.
8. Study of the organization and management of the Ministry of Health.

Financial Institutions

1. Activating the full program of the Central Bank so that it will carry out all of the responsibilities associated with central banking, including closer surveillance of commercial banks and the establishment and enforcement of a cash-reserve requirement.
2. An increase in credit facilities by the commercial banks to accommodate industrial and agricultural development loans.
3. Establishment of an Industrial Development Bank.
4. Establishment of local governments development fund.
5. Establishment of Postal Savings Institutions.
6. Development of a capital market by the establishment of a securities exchange.
7. Regulation of insurance companies by passage of law already prepared and submitted to the Council of Ministers.

(Administrative, institutional and numerous social welfare capital projects have been omitted from these listings.)

TABLE 3

U. S. Programs and Projects in Jordan

Programs and Projects on Both ^{Banks} Ends

	<u>FY 1966</u>	<u>FY 1967</u>	<u>FY 1968 Proposed</u>
<u>Grant</u>			
Tourism Development Program - (Jericho, Sebastia and Quran are sites on the West Bank; Amman, Jerash and Petra are sites on the East Bank)	164	650	485
Agriculture Extension	76	2	--
Agriculture Research and Development	36	--	--
Human Resources Development	226	--	--
Public Safety	157	310	360
Malaria Eradication	297	348	45
Engineering Services to the Natural Resources Authority	359	295	173
<u>Feasibility Studies</u>			
Kolgen Study on Power	32	--	--
Telecommunications	6	--	--
Battle Aviation Study	40	40	--
<u>Loans</u>			
Telecommunications (Authorized 5/25/66)	6, 300	--	--
Pending: North Jordan Thermal Power			15, 500
Pending: Equipment for Natural Resources Authority			2, 500
<u>East Bank - Programs and Projects</u>			
<u>Grant</u>			
East Ghor Rural Development	278	165	145
East Ghor Irrigation	260	--	--
Dept. of Agricultural Planning	--	--	--

East Bank - Programs and Projects (Cont'd)

Wheat Research and Production <u>a/</u>	--	--	127
Cooperative Societies	13	--	--
Public Administration <u>a/</u>	548	471	586
Feasibility Studies <u>b/</u> (FY 1968 - Zerka and transporation study)	38	210	642

Loans

Pending: Jordan Potash Co. -- -- 15,500

Damiya Junction/North Shoona -
Authorized FY 1965 (6/29/65)-
\$1,640,000

West Bank Programs and Projects

Grant

Arab Development Society (Ass't to a School for Orphan Boys)	75	50	25
Bir Zeit (English Language Training)	23	12	--
Feasibility Study of Jerusalem Airport	50 (or less)	--	--
Hablus Girls School - Impact Project Science Teaching Commodity	4.5	--	--

Loan

Bethlehem-Jerusalem Road (Auth. 6/66)	1600		
Jerusalem Airport (Auth. 11/66)		1800	

(In addition to the above, the GOJ could be urged to obtain financing for the Ghor-Safi Road, expansion of phosphate markets, railroad interconnections, other tourist or farm related roads or improvements)

a/ Do have some effect on West Bank

b/ At the time of the FY 1968 Congressional Presentation was prepared, we planned to do the Zerka Feasibility Study in FY 1968. Since that time we decided to fund the study in FY 1967. Thus the actual FY 1967 obligations will be somewhat higher, and FY 1968 somewhat less.

~~CONFIDENTIAL~~

TABLE 4

A. Selected Israel Imports from Third Countries (Available from Jordan)*

	<u>1965</u> <u>(\$000)</u>
Wheat	13,984
Tobacco	4,067
Wool	3,102
String Beans	1,058
Cigarettes	777
Skins of Goat, Sheep	394
Chick Peas	317
Wheat Flour	278
Lentils	157
Figs	116
Olive Products	75

B. Selected Jordan Imports from Third Countries (Available from Israel)

	<u>1965</u> <u>(\$000)</u>
Fabrics (woven of wool or fine hair)	2,146
Electrical Apparatus	1,460
Yarns (man made, sheep fibers)	1,389
Garments of all kinds	1,112
Tools	500
Watches	347
Razor Blades	311
Jewelry	280
Pens, Pencils	182

* NESAP/Planning is developing more detail on Jordan/Israel trade flows, in the event of a settlement which could open the area to freer trade.

~~CONFIDENTIAL~~

TABLE 5

Possible Settlement Areas in Jordan

The following are the areas of Jordan where water might become available and thus increase the possibility of settlement to refugees or other settlers:

A. Jordan Valley

1. Mukheiba Dam - Construction will cost \$22,000,000 which added to canal, lateral, and leveling costs could amount to \$45,000,000. Not before 1970 with few new settlers, but major increases in food production.

2. Maqarin Dam - Construction will cost \$70,000,000 which added to canal, lateral and leveling cost could amount to \$85,000,000. Not before 1975 with only about 200 farms for settling about 1,000 persons. Would provide major increase in food supply.

3. Zarka River - Dam construction will cost \$20,000,000 which added to canal, lateral and leveling costs could amount to \$40,000,000. Not before 1973 with few new settlers.

4. Wadi Walla - Dam and conduit construction might cost \$10,000,000 which added to canal, lateral and leveling costs could amount to \$11,000,000. Not before 1975 with about 150 farms for settlement of 750 persons. Economic feasibility questionable.

5. Underground Water - Miscellaneous wells can be drilled on both the east and west sides of the river; it is estimated that wells could be drilled to irrigate some 15,000 dunums. Including laterals and leveling the cost would be about \$2,600,000. Again there is limited room for new settlers.

B. Underground Water - Desert

1. Wadi Dhuliel - At least 1250 acres can be developed for a cost of \$1,000,000 and will settle about 500 people. It could be accomplished in two years.

2. Jafr Area - This is being developed but an additional 6000 acres should be available allowing for some 2500 people. The cost would be approximately \$4,000,000 and could start right away and be accomplished in two years.

3. Hasa-Jafr Basin - About 12,000 acres can be developed at a cost of \$9,000,000 and will settle about 4800 people. It could be accomplished in three years.

4. Shobak-Maan Area - About 5,000 acres could be developed at a cost of \$3,600,000 and will settle some 2,000 people. It could be developed in three years.

5. Sandstone Project - Some 7,500 acres can be developed at a cost of \$4,600,000 and will settle some 3,000 people. This can be accomplished in three years.

C. Ghor Safr Area

This is a combination of groundwater and surface water from Wadi Hasa. About 2500 acres can be developed at a cost of \$1,000,000 for groundwater. This could be accomplished in two years. The development of the surface water would require about four years at a cost of \$1,500,000. Some 1,000 people can be accommodated.

Thus it is estimated that the total of about 15,000 persons that can be accommodated on 38,000 acres. The attached list summarizes the possible settlers and timing involved.

TABLE 6

Jordan Industries, 1965

<u>Type of Industry</u>	<u>Total No. of Estab-lishments</u>	<u>No. of Workers</u>	<u>Wages & Salaries (JD 000)</u>	<u>Value of Production (JD 000)</u>	<u>Value Added (JD 000)</u>
1. Mining and quarrying	208	3962	1258	3423	2492
a) Phosphates	1	1021	291	1594	1057
b) Stone crushing	207	2941	362	899	726
c) Quarrying	-	-	605	930	710
2. Food manufacturing	1736	7687	627	8969	2173
a) Grain mills	368	1110	138	2304	355
b) Bakeries products	803	2701	234	2061	669
c) Confectionery	112	761	83	1042	266
d) Vegetable oil	1	129	41	1150	280
e) Olive oil	294	2033	24	128	78
f) Canneries	3	81	17	148	45
g) Other	155	872	90	2136	478
3. Beverages	19	388	68	539	250
4. Tobacco	5	886	251	2573	799
5. Textiles	101	1992	290	1897	604
6. Clothing	778	2817	259	1753	794
7. Foot wear	742	1901	175	1355	583
8. Wood and cork	39	185	18	123	104
9. Furniture and fixtures	1005	3742	356	2348	1074
10. Paper and products	14	261	28	280	80
11. Printing and publishing	72	1163	191	661	340
12. Leather and products	45	313	69	665	184
13. Rubber and products	60	152	7	53	39
14. Chemical products	48	1043	146	1690	684
15. Petroleum refinery	1	775	379	4639	1976

<u>Type of Industry</u>	<u>Total No. of Estab- lishments</u>	<u>No. of Workers</u>	<u>Wages & Salaries</u> (JD 000)	<u>Value of Production</u> (JD 000)	<u>Value Added</u> (JD 000)
16. Non-metallic mineral	194	2204	422	3175	1901
a) Cement	1	510	189	2098	1369
b) Tiles	155	1187	178	713	352
c) Other	38	507	54	363	181
17. Basic metal products	1050	4194	409	2266	1117
18. Non-electrical machinery	4	67	8	38	17
19. Electrical machinery	207	733	70	561	219
20. Transport equipment	290	1630	154	746	501
21. Miscellaneous	220	999	81	602	283
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	6838	37094	5266	38356	16214

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Mid East

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OUTGOING TELEGRAM Department of State

INDICATE: [] COLLECT
[] CHARGE TO

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Info: STATE 5731 CIRCULAR

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NATWS
SUBJECT: U.S. Position on a Near East Settlement

Department wishes to maintain a dialogue on Near East crisis with host governments of addressees to promote understanding U.S. objectives and enlist support for steps necessary for settlement. The following points should be drawn upon as appropriate in discussions or incorporated in follow-up aide memoires with host government officials and opinion makers.

1. The U.S. position on the Near East crisis was outlined in the President's statement of June 19 and, we believe, provides the basis for a just and equitable settlement between the Arab states and Israel. In that speech, the President clearly called for the withdrawal of Israeli forces as essential element NE settlement. We believe the continued presence of Israeli troops on the territory of neighboring states is an unnatural situation. To create the conditions which will assure earliest withdrawal, all parties must take action to guarantee the future security and integrity of all the states involved. Otherwise another war would be probable.

be ~~avoidable~~

Drafted by: M:EV Rostow/rg:lab 7/11/67	Tel. Ex.: 5284	Telegraphic transmission and classification approved by: S - The Secretary
-------------------------------------------	-------------------	-------------------------------------------------------------------------------

AF - J. Wayne Fredericks
NEA - R. P. Davies

S/S - Mr. Walsh
White House - Mr. Wriggins

DECLASSIFIED
E.O. 13526, Sec. 2.5
DATE 1-7-00
BY GJS/MA/MS/DMS

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

2. In our view, the root of the problem is the claim of some states that a state of war continues with Israel and that they have right to the status of belligerents under international law with respect to Israel. The claim of belligerent rights works both ways. If Egypt claims belligerent rights, it can hardly deny belligerent rights to Israel. Egypt cannot claim the right to mass overwhelming military force on Israel's borders, issue threats of liquidation, and then deny Israel the right of counter-measures. In 1951, 1956, and in 1957 the Security Council declared that belligerent rights could not be asserted in the Near East. Surely, the time has now come to see if better ways to resolve differences can be found than those which have led to diversion of needed resources to sterile armaments, to nineteen years of fear and suspicion, and to needless death and destruction.

3. The United States believes firmly that ~~this approach to the problem~~ ^{termination of the state of} belligerency coupled with ~~the~~ ^{the} withdrawals of troops from occupied areas is the only practical and realistic way to achieve that end and thus to initiate a constructive and agreed solution to other problems of peace in the area: justice for the refugees, ~~the~~ ^{the} status ~~of~~ ^{of} Jerusalem, unobstructed passage through international waterways, arms limitations, and peaceful progress for all the peoples of the area. In this way, and, in our opinion, only in this way, can the world achieve a condition in which independence, integrity, and security, which rightfully inhere in every nation in the area, can be fully respected and protected.

~~CONFIDENTIAL~~

4. We are deeply concerned for the full and direct protection of the interests of Islam and the other great religions in ~~XXXX~~ Jerusalem. We are pledged to firm action with all interested parties to make certain that the interests of Islam, Judaism, and Christianity are fully ~~XXXX~~ respected and protected. The public statements made in Washington reflect our determination.

5. Our delegation abstained in the vote on the Pakistani Resolution about the future of Jerusalem at the General Assembly last week for sound reasons. As Ambassador Goldberg said, the Pakistani Resolution assumed that Israel has annexed Jerusalem. The Resolution asked that the supposed annexation be rescinded. But the Government of Israel had announced that its arrangements for the administration of Jerusalem as a unified city were not an annexation. Jordanian officials and municipal councillors will participate in the administration of the city during the period of occupation. And Israel is consulting with religious ^{representatives and} ~~representatives and~~ others about possible plans through which the deep interests of Islam and Christendom in Jerusalem can be permanently protected. The Prime Minister of Israel has said that Israel has no need or interest in the ownership of Christian or Moslem Holy Places. It therefore seemed to us that the Pakistani Resolution was not directed to the situation on the ground. We tried to get agreement on amendments that would have made it possible for us to support the Resolution, but we failed.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

6. We are not wedded to any particular words or procedures in order to move toward achievement of a just and durable peace. The essential assurances can be given publicly or privately, through mediators, or through agreements. In the last analysis, a solution cannot be imposed from outside; The basic responsibility for ~~achieving~~ achieving peace lies with the governments and peoples of the area. We, with other members of the United Nations, stand ready to help in any way our friends in the Near East deem helpful.

7. The United States has sought and continues to seek the best possible relations with all the states of the Near East on bases of mutual respect and mutual interests. To the extent we had the capability we have extended our assistance over the years in ~~our~~ efforts to resolve disputes and prevent conflict. We have undertaken to seek to ^{protect} ~~maintain~~ the territorial integrity and political independence of all states in the area. Our influence has been exerted in behalf

~~CONFIDENTIAL~~

of many states in the Near East in recent years--of Egypt in 1956, of Lebanon in 1958, ~~1958~~, and of other states when subjected to pressures on the part of ^{their} ~~its~~ neighbors. We have sought through programs of economic assistance to help develop the well-being that gives substance and strength to independence.

8.

~~XX~~ The U.S. used every resource of diplomacy to prevent the outbreak of hostilities between Israel and her Arab neighbors in the present crisis. The closure of the Strait of Tiran, reversing international understandings through which Israel's agreement to withdraw troops from Sinai in 1957 was obtained, clearly was ~~is~~ the major factor in heightening the tensions which led to conflict.

9.

~~XX~~ It should be clear to all that the U.S. does not and cannot control the actions of any nation of the Middle East. If it had such control, hostilities would not have occurred. Not only did we exert our utmost efforts with all parties to avert hostilities, but also we had no prior knowledge they would occur. The calumnies alleging a U.S. role in the preparation or execution of these hostilities are totally and deliberately false, and are deeply resented by the people of the United States. These charges have caused damage to our friendly relations with some countries of the Near East, a fact we regret and deplore.

~~XXX~~ 10.

~~XX~~ In this bitter and tragic conflict, we have neither supported nor opposed any country. Our energies have been engaged in seeking to

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

the Secretary instructed you to seek to ensure that there be no misunderstandings between us, and that every issue requiring the consideration of both governments be fully and frankly discussed.

END

GP-3

RUSK

ACTION:	AMMAN	RAWALPINDI
	JIDDA	DJAKARTA
	KUWAIT	NEW DELHI
	BEIRUT	ANKARA
	RABAT	TOKYO
	TUNIS	BELGRADE
	TRIPOLI	MOSCOW
	TEL AVIV	SOFIA
	LONDON	ROME
	PARIS	MADRID
	WASH DC	BRUSSELS
	USUN	BONN
	TEHRAN	

~~CONFIDENTIAL~~

2666

~~CONFIDENTIAL~~
~~CLASSIFICATION~~
DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

1 - *Shunder*
2 - *Kit*
37a

*O.K. To go
with changes -
circulated to
W date 5:20 pm.*

July 11, 1967
Date

Mr. Walt W. Rostow
The White House

The enclosed is for White House
clearance prior to transmission.

Bran
Benjamin H. Read
Executive Secretary

Enclosure:

~~XXXXXXXXXX~~
Circular telegram

~~CONFIDENTIAL~~
~~CLASSIFICATION~~

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E.O. 12958 Sec. 3.5
NLI-S 0001
By *sg/jsh* NARA, Date: 1-7-00

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1967 JUL 12 AM 10 22

37-6

~~CONFIDENTIAL~~

Reply to Heron in
Telegram of mid-last week.

CIRCULAR

STATE

SUBJECT: U.S. Position on a Near East Settlement

Department wishes to maintain a dialogue on Near East crisis with host governments of addressees to promote understanding U.S. ~~major~~ objectives and enlist support for steps necessary for settlement. The following points should be drawn upon as appropriate in discussions or incorporated in follow-up aide memoires with host government officials and opinion makers.

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M:EV Rostow/rg:lab 7/11/67 5284

S - The Secretary

AF - J. Wayne Fredericks
NEA - R. P. Davies

S/S -
White House -

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E.O. 12958 Sec. 3.5
DATE 01/01

~~CONFIDENTIAL~~

By g/jsh Date 1-7-00

~~CONFIDENTIAL~~

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termination of the state of belligerency, coupled

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3

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~~CONFIDENTIAL~~

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~~CONFIDENTIAL~~

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END

GP-3

ACTION:	AMMAN	RAWALPINDI
	JIDDA	DJAKARTA
	KUWAIT	NEW DELHI
	BEIRUT	ANKARA
	RABAT	TOKYO
	TUNIS	BELGRADE
	TRIPOLI	MOSCOW
	TEL AVIV	SOFIA
	LONDON	ROME
	PARIS	MADRID
	NATUS	BRUSSELS
	USUN	SONN
	TEHRAN	

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THE WHITE HOUSE
WASHINGTON

July 11, 1968

*file date
8/28/67*

38

MEMO FOR RUTH BOOTH -

The attached are returned
to you for filing in the President's
files.



Harold H. Saunders

August 28, 1967
Monday - 2:00 p.m.

FOR WALT ROSTOW
FROM: Marvin Watson

38a

Will you talk to the President about the attached?

*done
9/18/67
wwr*

*Rec'd
8 25 67
11:50am*

THE FORD FOUNDATION
477 MADISON AVENUE
NEW YORK, NEW YORK 10022

*Special
Committee*

386

McGEORGE BUNDY
PRESIDENT

*To what?
Be noted with
the press release*

August 24, 1967

MEMORANDUM FOR THE PRESIDENT:

I have today sent the attached memorandum to the Secretary of State so as to keep clear the written record on the current administrative arrangements for Middle Eastern Affairs. I also expressed to the Secretary the sense of our conversation about the need to charge a single individual with immediate responsibility, under your direction, for the handling of coming negotiations with Israel. The Secretary appeared to agree with your preliminary view as I reported it, and I think he expects that you will confirm a definite arrangement when you and he have a chance to talk about it. I do think that this last circuit -- from you to him -- will need to be closed before there is a definite assignment.

I have also sent a copy of the attached memo to Walt Rostow and George Christian so that the White House staff record will be clear and so that George will be aware of these amended arrangements in responding to questions he may get.

McG. B.

McGeorge Bundy

[Handwritten mark]

THE FORD FOUNDATION
477 MADISON AVENUE
NEW YORK, NEW YORK 10022

38-c

McGEORGE BUNDY
PRESIDENT

August 24, 1967

MEMORANDUM FOR THE SECRETARY OF STATE:

In order to keep the written record straight, I send this memorandum to confirm the conversations which the President and you and I have had in the last few days. The understanding from these conversations is that while the Special Committee on Middle Eastern Affairs will remain available on your call or that of the President, my own appointment as its Executive Secretary should lapse, and such interdepartmental staff work as may be necessary will be done from here onward by such mechanisms as you may direct. On this basis it seems to me reasonable that Luke Battle's appointment as Deputy Executive Secretary should also lapse, although in other ways he will continue to be heavily engaged in these matters. In short, it is our conclusion that there should be no continuous staff role in the Special Committee so that it will not stand in the way of other administrative processes which the President or you may wish.

At the same time, the President and you have asked me to continue to be available for consultation on these matters when occasion arises, and I of course have agreed. My appointment as a Special Consultant to the President will therefore continue.

It remains only to reassert that it has been a pleasure to work again for the President and you in these last weeks. This assignment has reminded me again of the great debt we all owe you for the heavy burdens you are carrying.

M. G. Bundy

McGeorge Bundy

THE FORD FOUNDATION

477 MADISON AVENUE
NEW YORK, NEW YORK 10022



38A

The Honorable Lyndon B. Johnson
President of the United States
The White House
Washington, D. C.

Att: Mrs. Juanita Roberts

2207

SECRET - EXDIS - cl.

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

June 8, 1967

FOR: Mr. McGeorge Bundy
The White House

FROM: Benjamin H. Read *BH Read*
Executive Secretary

As per our conversation. This paper will be revised further by Gene Rostow's group at its 5:00 p.m. meeting today.

SECRET - EXDIS Encl.

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1957 JUN 8 PM 6 07

June 8, 1967

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J. M. P. 30a

AN APPROACH TO POLITICAL SETTLEMENT IN THE NEAR EAST

I. Introduction: the Opportunity and the Obstacles.

The shock effect of the Israeli victories and the fluidity they have created may give us an opportunity for a new effort to produce a basic political settlement in the Near East which will be more durable and less subject to periodic upset by violence than has been the case in the last twenty years. Rapid progress toward such a settlement may prevent chaos in what could become a thoroughly disorganized region threatened by mass starvation and new conflict.

In seeking settlement, we need to keep always in mind the paramount elements of our own national interest. Our interests are best served by a stable and prospering Near East in which the U.S. maintains reasonably friendly relations with both Israel and the Arab states. Stability in turn requires a "live-and-let-live" approach to area problems, embodied in agreements based as far as possible on accepted legal and political principles rather than merely a shifting balance of power relationships. Stability also requires that the unavoidable rivalries of the major powers in the area be held within tolerable limits.

The stability from which we would benefit also offers

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By: JD, NARA, Date: 9/27/11

advantages to each side in the present conflict. Both sides would stand to gain from political arrangements firmly establishing borders and providing assurances of protection against aggression and violence, whether through armed force or terrorism. They would profit from economic arrangements embracing regional development schemes centered on the exploitation of petroleum and other natural resources, and the provision of water through desalting or other arrangements. And the Arab states could enhance the welfare of their populations by moderate political development.

By supporting measures which will propel the area in these directions, the U.S. may hope to rebuild its political position there and to preserve some continuing role in the development of petroleum and other resources. But this is not a foregone conclusion. A policy of leadership risks antagonizing some or all of those who are led.

The obstacles in the way of any comprehensive plan for a settlement are enormous. The bitterness, the exultation and the frustrations of war are bound to increase them.

On one side, we face an even more alienated Arab world in which, partly because of Soviet stimulation, we are regarded

as imperialistic arch-enemies. We serve as scapegoats for military or other adversity. Our economic holdings can be held as hostages, and our diplomatic relations are expendable. Because we have special ties with Israel, we inevitably suffer from the stubborn Arab refusal to recognize the existence of Israel or to maintain relations with it. Arab moderates must bow to this doctrinaire extremism. And it commands very wide support throughout the Asian-African "non-aligned" world and in the United Nations when Asian-African votes are counted.

On the other side, the Israeli attitude presents a further obstacle. Their victory secure, they will demand full political recognition through peace treaties including firm and expanded frontiers, and guarantees of security and maritime rights. They will be loath to trust or accept international supervisory organizations. They will be more convinced than ever that readiness to use force on their own is their best defense against Arab weight of numbers. And their leverage in U.S. domestic politics can limit our flexibility.

Great Power rivalries also tend to prevent comprehensive action. The Soviets have obviously decided that in the long

run they have most to gain by espousing the Arab cause and using the Arabs to displace US and UK influence in the area. Only the unpredictable risk of hostilities in which the insufficiencies of their Arab clients might put them at a disadvantage seems to give them pause. The French have retreated from earlier support for Israel to a middle position which they hope will safeguard their relations with the Arabs and give them an opportunity to serve as brokers between the Soviets and the West. UK interests are largely similar to those of the US, but the UK capacity for action is limited and diminishing.

We possess sizeable assets with which to cope with these adverse factors. We have power, wealth, responsibility and prestige. We can exploit our strength to encourage a settlement. But to do so we must avoid full commitment to either side or to any party. We must modulate carefully the pressures we seek to apply to Arabs or Israelis. Our influence is greatest if we serve as a balance, not a partisan.

II. The UN Role

The United Nations has been a central element in most of the political arrangements worked out to deal with Arab-Israeli problems over the last twenty years. It will undoubtedly

continue to play a considerable role in the future. It represents all parties; provides impartial mediators, observers and forces; and facilitates mutual accommodation and consensus. It can be a unique center for substantive negotiation.

Nevertheless, because the UN does not adequately reflect existing power relationships, and because it is increasingly swayed by Asian-African leaders responsive to the radical Arab point of view, it may in future be more useful as a forum for formalizing and overseeing agreements reached outside the UN than as an arena for hammering out settlements. Once a comprehensive program is developed for the Near East, we must consider carefully whether and to what extent its individual elements should be pursued through the Organization, and how it can be executed in other ways.

III. The Focus of UN Action Today

As the fighting is ended, the Security Council will move to deal with the problems which produced it. The major guidelines for the United States in this early phase of United Nations action should be as follows:

A. Assuming a cease-fire in which Israeli forces stand fast deep in Arab territories, the conditions for their withdrawal will assume capital importance. We can maximize our

influence by seeking, in and outside the UN, ^{To} ~~or~~ link withdrawal with agreement on key elements of a political settlement.

B. Having opposed territorial gains by force, we must continue to support the territorial integrity of all states in the area. This would not exclude limited and balanced changes designed to enhance security and to end conflicts over status which have led to violence.

C. Pending comprehensive peace settlements, and thereafter as long as they are needed, UN observers should function on both sides of all the Israeli borders, under an enlarged UN Truce Supervision Organization (UNTSO). General Armistice Agreements of the 1949 type are to be avoided if possible, since the Arab States have not considered that they put an end to belligerent rights. New truce machinery should preclude a repetition of this situation.

D. The UN Security Council should encourage negotiation of peace treaties between Israel and each of its neighbors. UN machinery should be used where appropriate to observe, supervise or guarantee compliance with treaty provisions. The Security Council might decide on certain principles or provisions to be incorporated in each treaty.

E. The UN should play a major part in insuring that the rights of all shipping in the Gulf of Aqaba

are safeguarded. The UAR and Israel should sign on to an agreement for demilitarization covering the whole of the Gulf of Aqaba and the Strait. No naval vessels should be permitted in these waters. There should be no military installations at Sharm el-Sheikh. If possible, the UN should negotiate a side agreement among the four riparian countries providing that no artillery emplacements should be erected within range of the Gulf or Strait. A UN observer post at Sharm el-Sheikh should be responsible for reporting on any interference with merchant shipping entering or leaving the Gulf and on any naval presence within the Gulf.

F. In preparing for peace treaties, we should support territorial adjustments along the following lines:

- (1) To end the inflammatory controversies over military and cultivation rights in the demilitarized zones on the Israel-Syrian border (and the Latrun salient) all or part of this territory should be ceded to Israel.
- (2) A border rectification should give Israel additional territory in Jerusalem (including access to the Wailing Wall); Mount Scopus should be wholly within Israeli territory.
- (3) Some eastward border adjustment to broaden the narrow waist of Israel for security reasons should be considered.

(4) Some cession of territory by Israel, as compensation, should be included.

G. The Arab states should be pressed to abandon their economic warfare against Israel. While their primary boycott of Israel may be unshakeable, their restrictions on those who do business with Israel and on shipments of oil to Israel have been self-defeating and should be eliminated.

H. If a general peace settlement were attained, the Security Council could then declare that the Suez Canal should be open to the ships of all states on equal terms, in accordance with the 1888 Convention and the Egyptian Declaration of 1957. At the instance of the Security Council a provision guaranteeing non-discriminatory treatment to Israeli ships and cargoes should be included in the UAR-Israel peace settlement.

IV. Toward a Definitive Peace

The ideal components of a lasting peace settlement between Israel and its neighbors should be:

- a peace treaty with each;
- the firmest possible guarantees of territorial integrity;
- a satisfactory settlement of the refugee problem;
- a large and imaginative regional economic development program;
- a regional arms limitation agreement.

Peace Treaties - The objective in negotiating such treaties is to replace the unstable armistice agreement system with solemn covenants fixing accepted state boundaries; to establish a legal state of peace between the parties; and to permit the development of diplomatic relations and normal international relationships between Israel and the surrounding Arab countries. In this way, it may be possible to obtain a lasting settlement rather than a pause between wars.

Separate peace treaty negotiations are preferable to a general conference or a comprehensive agreement sought in the UN. Treating with the Arab states en bloc fortifies the ascendancy of the more radical element; separate negotiation may increase the opportunity for a breakthrough.

The difficulties are formidable. No Arab state has been willing to recognize Israel, negotiate with it, trade with it, or cooperate with it. Opposition to Israel's existence is the only basis on which the Arabs have been able to attain unity. Even the act of negotiation would be regarded as treachery to the Arab cause -- the more so since peace settlements have been a standing Israeli objective. On the other hand, the Israelis are likely to make demands utterly unacceptable to the Arabs.

Nevertheless, this moment of Arab defeat may provide a unique opportunity to set a new pattern. Nasser will either vanish or be seriously deflated. Moderate Arab leaders formerly restive under Nasser's leadership may be susceptible to persuasion. They might agree to support an Arab ruler who dared to negotiate. Their hands would be strengthened if:

- the initial plea to negotiate came from the Security Council;
- the principal proponents (in the public eye) were not the US or the UK but a willing chosen instrument such as the President of the Security Council (Denmark in June), or the Latin American members of the Council (Brazil and Argentina);
- prior private discussions with the Soviets had led them to acquiesce in the procedure or at least not strenuously to oppose it.

Jordan today seems powerless and maybe on the verge of dissolution. It is conceivable that if Israel should seek to retain the territory west of the Jordan River, Iraq, Saudi Arabia and Syria would attempt to partition the remainder of the country. It would be advisable to persuade the Israelis that their long range interests would be better served by reconstituting Jordan and signing a compre-

hensive treaty of peace with it. This would permit Israel to escape regional isolation on at least one frontier. It would provide an opportunity for Israel to demonstrate its capacity to maintain friendly relations with an Arab state and to contribute economically to that state's development through cooperative measures.

Once the process were started in this way, efforts could be made to begin negotiations with Lebanese leaders and moderate Arab leaders of more distant states such as Tunisia (Bourguiba has already hinted at the need for Arab-Israeli accommodation) and Morocco. Syria and the UAR might ultimately be induced to negotiate.

Territorial Guarantees - A new peace treaty structure should be fortified by the firmest possible international commitments to oppose its alteration by force.

On the UN side, the normal Charter protection in this regard should be strengthened by specific Security Council assurances of UN engagement if the territory of a treaty state were threatened or attacked. A Security Council declaration of this nature would put aside once and for all Arab claims that the status of Israeli territory beyond the limits of the 1947

partition plan was in doubt. It would also assuage Arab fears that an expansionist Israel might gradually absorb contiguous territory.

As a practical matter, a quadripartite guarantee of a new political settlement (US, UK, USSR and France) would be still more effective in consolidating a peace treaty settlement. It would also set the stage for at least limited cooperation rather than unrestricted competition between the US and USSR in the area. The prospects for such a guarantee are not bright, but private exploration of the possibilities would be worth while.

It should be noted that, unless the USSR agrees, neither Security Council action nor a quadripartite guarantee is possible. We might have to be satisfied with less formal or extensive guarantees through the UN or otherwise.

A Refugee Settlement - A key element of the political settlement would be a solution to the refugee problem. Such a settlement must include a token return of some thousands of Arab refugees -- suitably screened -- assuming any appreciable number actually wish to return; compensation in reasonable measure for other refugees, as a charge upon Israel but with substantial financial assistance from the US; and the encourage-

ment of re-settlement of refugees, with suitable financial rewards, in under-populated areas of the Arab world.

If Israel refuses to relinquish the west bank of the Jordan, something will have to be done regarding perhaps one million Arabs who will be under Israeli administration or alternatively forced out of the territory. This will increase still further the difficulty of finding a solution for the refugee problem.

The foregoing arrangements are distinct from the shorter term relief and relocation activities for prisoners and civilian populations which will confront us in the immediate future. We would expect these activities to be coordinated by a temporary UN organization stimulating and directing national efforts and utilizing various UN agencies.

Regional Economic Development - At the same time, international resources should be engaged in an area development scheme in the Near East on the same broad basis as that envisaged by the President in connection with Southeast Asia. While it is unlikely that Arab states would agree to cooperate with Israel in such a venture in the immediate future, our willingness to inaugurate it and to press forward with it should be on the table as an option which the Arab world may later wish to accept.

We can envisage a program of massive assistance to all states in the region through the IMF, the IBRD and a new international consortium of NATO and Scandinavian countries, as well as through the UN Development Program. The latter would provide a means for limited participation by the Soviet bloc.

Regional Arms Limitation - The time may now be propitious for a new effort to control arms shipments to the Near East. A first requirement would be quadripartite cooperation. Accordingly, we should initiate urgent private discussions with the Soviets, and subsequently the British and French, to explore the possibilities for a selective arms control arrangement. These talks could be a part of discussions looking toward quadripartite backing for a political settlement.

The purpose of the discussions should be to limit arms in the area as closely as possible to those needed for internal security and short-range defensive capabilities. A reasonable military balance between Israel and its potential antagonists would have to be preserved. Arms-supplying countries would be asked to do their utmost to prevent the states of the Near East from acquiring or producing nuclear weapons, intermediate range missiles, toxic gases, and other unconventional weapons. Inter-

national Atomic Energy Agency safeguards should be accepted for all nuclear facilities in the area.

As an ancillary measure, a restraint on inflammatory official propaganda should be sought in principle, with established channels for appeal to the UN in the event of abuse.

V. A Realistic Caveat

There should be no illusion about the difficulty of moving effectively toward comprehensive political settlements along the lines indicated in this paper. Nothing in twenty years of experience in the Near Eastern area encourages optimism in this regard. If the divisive forces of nationalism on both sides continue to hold sway, and if the US and USSR continue to be at odds in the area, it may well be that we shall in the end find ourselves constrained to make provisional settlements which are indefinitely prolonged. In this event, we may end with arrangements not greatly dissimilar from the general Armistice Agreements of 1949, administered under UN auspices as in the past.

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✓
FOR USE ON TUESDAY, OCTOBER 19

- -
John Hastings, Director

40

Ruddy

"Too many Americans -- and too many senators -- think foreign aid should go only to those countries that follow the American pattern," John S. Badeau, former ambassador to the United Arab Republic, said last night (Monday) in a Columbia University symposium in New Canaan, Connecticut.

"A major principle of United States policy in the Middle East," he said, "is that we will assist any government in economic and social advance, regardless of the economic or political system it uses."

"This is not clearly understood by the American people, who often feel that aid should be given only to those countries which follow the American pattern or respond immediately to American policies," said Dr. Badeau, who is director of the Middle East Institute at Columbia.

"Aid is made available to help social progress and to prevent social pressures from forcing the government into a dangerous over-dependence on the Soviets," he said.

"Neither the pattern of government nor United States policies are at stake. What lies in the balance is the ability of a government to remain stable in the face of popular pressure and to be given an

- more -

alternative to complete reliance on the Soviets for economic assistance," said Dr. Badeau.

Two other important principles of foreign policy in the Middle East, he said, are (1) that the United States will not become a partisan in internal quarrels there and (2) whenever a truly vital American interest is directly threatened, the United States will take strong action to protect it.

Dr. Badeau was the second speaker in a series of six meetings being held in New Canaan during a five-week period under the auspices of the New Canaan YMCA and the National Alumni Program of Columbia University. The speakers are among the country's foremost authorities on international affairs. Their overall topic is "Thrust, Counter-Thrust 1965 -- American Foreign Policy and the Communists."

Dr. Badeau described the current status of American policy in the Middle East as "tolerable," meaning "the best which can be done under the circumstances."

"The United States has been reasonably successful in playing its role in the Middle East," he said. "Although the Soviets have been in the area for 11 years, there is today no Middle Eastern state, with the exception of Israel, which permits a Communist party to exist and no Middle Eastern state has significantly lost its freedom of action or can be labeled a Soviet satellite.

"While the course of relations between the United States and some Middle Eastern states -- notably the more revolutionary ones - has not been tranquil, America wields significant influence today in the area and has succeeded in maintaining a reasonable use of its vital facilities."

Dr. Badeau was ambassador to the United Arab Republic from 1961 to 1964. He was president of the Near East Foundation from 1953 to 1961 and was a faculty member and later president of the American University in Cairo from 1936 to 1953.

The first lecture in the Columbia series was given a week ago by Philip E. Mosely, associate dean of Columbia's School of International Affairs and well-known authority on American foreign policy.

Future symposiums will be led by:

Adolf A. Berle, Jr., Professor Emeritus of Law, "The United States and Latin America," Monday, October 25.

Luther H. Evans, director of International and Legal Collections at Columbia, "Policy Formulation and the Flow of Information," Monday, November 1.

William T. R. Fox, director of the Institute of War and Peace Studies, "Structural Strains in the Alliance Systems," Monday, November 8.

On Tuesday, November 16, Professors Badeau, Berle, Fox and Mosely will join in a panel discussion on the topic, "American Foreign Policy and the Communists."

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Mid East
41

August 10, 1965

TO: Marvin Watson
FROM: Claude Desautels

The following Members of Congress have been invited and have accepted to attend a meeting with McGeorge Bundy et al at 5:00 P. M. on Wednesday, August 11. This will be an off-record meeting on Mid-East policy. All have been advised to enter the Southwest gate and proceed to the Second Floor Conference Room where the meeting will be held.

5:00

- Cong. Emanuel Celler, N. Y.
- Cong. Sidney Yates, Ill.
- Cong. Samuel Friedel, Md.
- Cong. Benjamin Rosenthal, N. Y.
- Cong. Jacob Gilbert, N. Y.
- Cong. Herbert Tenzer, N. Y.
- Cong. Leonard Farbstein, N. Y.
- Cong. Charles Joelson, N. J.
- Cong. Richard Ottinger, N. Y.
- Cong. Joseph Resnick, N. Y.
- Cong. James Scheuer, N. Y.

Invited but unable to attend are:

- Cong. Herman Toll, Pa. (ill)
- Cong. Lester Wolff, N. Y. (other commitments)

4/a

~~SECRET~~

August 10, 1965

Mac -

Here's a revised version of talking points for Congressional confab at 5:00 Wednesday.

A recap on those invited is:

- | | |
|--------------------------|--------------------------|
| Sidney R. Yates | Lester L. Wolff |
| Samuel Friedel | Herbert Tenzer |
| Seymour Halpern | Leonard <u>Farbstein</u> |
| Emanuel <u>Celler</u> | Charles S. Joelson |
| Abraham J. <u>Multer</u> | Richard Ottinger |
| Benjamin S. Rosenthal | Jacob H. Gilbert |
| James Scheuer | Joseph Y. Resnick |
| Herman Toll | |

*all have
Disautels take
& least-minute
reading on who's
actually likely
to show*

We hear Jimmy Roosevelt may let loose a big blast at our ME policy (especially Nasser) on the House floor Tuesday. If so, we may have to plead a defensive brief on this, but I'd hope you'd get off your positive pitch first.

The only matters to steer clear of are: (1) saying that Israel acquiesced in the Jordan arms deal--we promised we'd let them handle it; (2) letting out the new US/Israeli arms deal--we can't keep the Israelis quiet if we talk too much ourselves.

I'll remind Lee White and McPherson. Want to invite Moyers?

RWK
RWK

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By sj/sh, NARA, Date 1-7-00

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TALKING POINTS
BUNDY MEETING WITH SELECTED CONGRESSMEN

Yank to Jew. \$300,000 sum

Purpose--to reassure our Hill friends by appearing to lift the veil on our Israeli affairs on a confidential basis. We want to convince them that we really are going all out to support Israel so long as we can do it quietly

1. President wanted you to talk with this small group about our Israeli affairs, because of his own feeling that many friends of Israel were insufficiently aware of our real policies--and as a result tend to bring undue (and often counterproductive) pressure on the Administration when it seeks to defend US interests elsewhere in the Near East.

2. No one who has an insider's view of the many aspects of our Israeli relations could contest the proposition that the US is 100% behind the security and wellbeing of Israel. We are Israel's chief supporters, bankers, direct and indirect arms purveyors, and ultimate guarantors. This has been US policy since 1947, but has reached a new level since 1961. Might add that the President is satisfied (as was JFK before him) that GOI actually regards us as their best friends.

3. First, the US has provided Israel with over \$1.1 billion in public grants, loans, and credits on concessionary terms (in addition to what is privately provided by US friends of Israel):

A. AID grants and loans through FY 65 have totalled over \$500 million, plus \$220 million in EXIM loans. On the PL 480 side we've provided \$325 million in foodstuffs. All this has helped Israel achieve probably the highest sustained growth rate in the world (10-11% per annum for the last twelve years). The Israelis expect this growth to continue at least at 9% annually. Their foreign exchange reserves are up from around \$280 m. at the end of 1961 to over \$600 m. now. It is a real success story.

B. Our economic aid for the past few years has far exceeded that which can be justified under AID economic criteria. Dave Bell points out that Israel cannot qualify for his loans. (For example, Israeli per capita GNP of \$1,111 is well over twice that in Lebanon and Greece where we have ended AID lending.) Similarly Israel ought to be buying surplus foods for dollars under Title IV. Nonetheless, we have continued certain aid, in recognition of Israel's special circumstances, including its security needs. (This has required special Presidential decisions overriding justifiable AID positions.)

*Hawkins
Tambor
million
credit. 107m
3% 37m grant
since 1947-6*

*400,000,000
best currency
Title I*

4. Second, while we can never say so publicly, our aid to certain Arab states is also designed to maintain a pattern of stability in the Arab world which serves Israel's security interests.

A. The most obvious case is US subsidies to keep Jordan independent and viable (over \$500 million to date, including PL 480). We have little other interest in Jordan. In effect we're trying to forestall a hostile Nasser-dominated Arab ring around Israel, but if we said so we'd defeat our own purpose by arousing Jordan's Palestinian population against Hussein.

Johnson

B. We've also aided Israel by helping to support over a million Arab refugees. This has cost us \$340 million plus to date (fortunately over half in surplus food). We've also supported the truce supervisory machinery which keeps refugee and other trouble-making bands on Israel's borders from fomenting the number of incidents which could escalate into a full-scale showdown.

*Hussein
Faisal
Ibn
Hafiz
Helou
Salleh*

C. Without going into detail, our aid to other Arab countries is given with a distinct eye to stability on the Arab-Israeli front. It serves Israeli interests if we keep the Soviets and Chicoms from attaining undue influence. Bear in mind that Moscow and Peiping are violently pro-Arab, and use the Arab/Israeli issue for their own purposes. It doesn't help Israel if we drive Nasser or Aref wholly into Communist arms.

Jrag

✓ 5. Third, we have made quite sure that Israel could meet its minimum military aid requirements, either here or from other Western sources. Our JCS regularly review the situation and still estimate that Israel can defeat any likely Arab combination, now or in the next few years. Bob Komer tells me the Israelis believe the same thing.

A. So long as Israel can meet its arms needs from France, the UK (or for a time Germany), we've sought to avoid becoming major direct suppliers in order to: (1) fend off Arab pressures; (2) forestall excessive Arab requests; (3) avoid driving the Arabs to Moscow and Peiping for even more. This policy makes sense, and in fact has given Israel better arms cheaper than it could get them from us.

B. But in those cases where Israel could not meet legitimate defensive needs elsewhere, we've helped quietly and directly. The 1962 sale of 5 HAWK batteries is a case in point. Also, most people don't know that we've provided 106mm. recoilless rifles, armored half tracks, extensive

electronic equipment, C-97s, and other items. We've trained over 300 Israeli military here. Lastly, it's an open secret (though we'd like to keep it that way) that we played a major role in the Bonn/Israel arms deal.

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250 Bat.
Continued

C. If you can keep it strictly in this room, we are currently planning other major moves to meet certain Israeli security needs, particularly since the last part of the Bonn deal fell through. The Israelis are hard bargainers, who keep asking for a lot more than we think they need, but we expect to reach a good meeting of minds. I don't want to say any more about this, and urge you not to ask questions, because the simple fact of the matter is that the more quiet these matters can be kept the more we can do.

v

D. Why all the secrecy? Because it gives us the flexibility to do things for Israel without arousing the Arabs, and generating pressure on our oil and bases. Remember that some of these bases (Wheelus, Aden) are useful for protecting Israel too. Nor do we want to give the Soviets and Chinese a free ride with the Arabs.

6. Fourth, we do a great deal to enhance Israel's technological edge over the Arabs --which is in many respects its secret weapon. We gave a nuclear research reactor and provide almost \$3 million annually in scientific research grants. Last but not least, we are cooperating actively on a nuclear desalting program, which over 10 years time could show the way to solving permanently Israel's acute water problem.

7. Fifth, and highly important, is our quiet assurance that we'll help Israel maintain access to its share of the Jordan waters. Congressmen may hear from their Israeli friends that we're shortchanging them on this. Fact is we've held comprehensive technical talks with Israelis about progress of Arab diversion works. We do differ with Israelis over how to handle Arabs, but we don't differ in our determination to help preserve Israel's access to the water.

8. Finally, aside from what we do to strengthen Israel's own security posture, let's remember that there is a firm US determination to prevent Israel from being destroyed. We state this publicly only in an even-handed fashion (i. e. JFK's 8 May 1963 declaration that we'd resist aggression from any quarter) but the Arabs get the point. President Johnson reiterated this assurance to Eshkol during 1964 visit. You can take it from us that one of the chief deterrents to any second round against Israel is the firm Arab belief that the USG would intervene.

high level forms of coop.

9. To sum up, we're engaged in a very complex and far-reaching series of helpful enterprises with Israel, which add up to perhaps as close a total relationship as we have with any country but the UK. All we ask in return is that:

A. This relationship be handled with due discretion --what the Arabs and others don't know they can't raise hell about.

B. The Israelis not always overplay their own weaknesses and act as they're about to go under, in an effort to get support from friendly US groups.

(1) Their campaign about UAR missiles, which has now slacked off is a good case in point.

(2) Israelis told us UK tanks were no good (Eshkol told LBJ he wouldn't touch them with a 10 ft. pole), then turned around and bought 250 once they got German deal arranged through us.

(3) Israel has consistently run too scared about Arab unity despite our advice to wait and see. Last February we had strong disagreement on the UAC and Jordan diversion--now Arabs are again in disarray and Israelis are much more relaxed.

C. Israel pay some heed to its best friend and supporter on issues where we legitimately differ on how best to meet a common objective.

(1) We strongly oppose premature retaliatory raids, which tend to unify the Arabs rather than the reverse. If we are in effect Israel's ultimate guarantors we're entitled to have a voice in how we get committed.

(2) A school of thought in Israel argues for going nuclear as a deterrent to the Arabs. Israel has the capability too. This is one issue on which the President has no give--for Israel to go nuclear would create the gravest crisis in US/Israeli relations. We're sure all Congressmen feel the same way.

9. Conclusion. We hope that this frank and confidential rundown will put in better perspective our real relations with Israel. The President thought you were entitled to know, and was confident that you would keep it quiet.

think.
JCS
summit ahead
visit to the Fleet
CCC credit
P-48?

He wants you to be aware that it is not simply a matter of the US always resisting Israeli requests and having to be dragged to the altar by mobilizing pressures; it is rather a matter of our being prepared to do whatever we agree is needed; so long as (a) it can be done in a way compatible with other US interests; and (b) Israel in turn is prepared to take into account our views wherever US interests are involved.

The USG believes that Israel is here to stay. It is way ahead of the Arabs and will stay there--with our quiet support. The Israelis often seem more nervous than we are--which is understandable. There are also legitimate differences of view and plenty of haggling. But at the bottom the Israelis know we are with them (so do the Arabs) and this is what counts.

June 24, 1965

Mid East

42

Mr. Desautels:

Mr. Bundy would appreciate your inviting the following list to a private, off the record, discussion on Middle Eastern policy and related problems -- with Mr. Bundy, Robert Komer, Lee White and Harry MacPherson -- on Tuesday at 5 PM (June 29) in your conference room. (He said for your to feel free to attend also, if you would like.)

Sidney R. Yates
Samuel Friedel
Seymour Halpern
Emanuel Celler (who knows about it)
Abraham J. Multer
Benjamin S. Rosenthal
James Scheuer
Lester L. Wolff
Herbert Tenzer
Leonard Farbstein
Charles S. Joelson
Richard L. Ottinger
Joseph Y. Resnick
Jacob H. Gilbert
Herman Toll

Alice Boyce

42a
THE WHITE HOUSE
WASHINGTON

June 29 5:00 p. m. meeting

Sidney R. Yates (Ill.)
Samuel Friedel (Md.)
Seymour Halpern (NY)
Emanuel Celler (NY)
Abraham J. Multer (NY)
Benjamin S. Rosenthal (NY)
James Scheuer (NY)
Lester L. Wolff (NY)
Herbert Tenzer (NY)
Leonard Farbstein (NY)
Charles S. Joelson (NJ)
Richard L. Ottinger (NY)
Joseph Y. Resnick (NY)
Jacob H. Gilbert (NY)
Herman Toll (Pa.)

42b
THE WHITE HOUSE
WASHINGTON

June 23

Alice

In conversation with Congressman Celler last night Mr. Bundy said he would like to meet with Jewish members of the House. Mr. Cellers suggests, if possible, Tuesday, 29 June at 5. Further, Mr. Cellers' office will give us the names because he wants the invitations to come from Mr. Bundy's office.

Miss White 180x3531