

## No. 446

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*Memorandum of Conversation, by the Officer in Charge of  
Palestine-Israel-Jordan Affairs (Waller)*

CONFIDENTIAL

[WASHINGTON,] June 18, 1952.

Subject: Request of Israel Foreign Minister Moshe Sharett for Assistance in Overcoming Israel's Financial Difficulties.

Participants: The Secretary

Mr. Moshe Sharett, Israel Foreign Minister

Abba Eban, Israel Ambassador

Mr. Waller—NE

The Israel Foreign Minister, Mr. Sharett, accompanied by the Israel Ambassador, Mr. Eban, called at their request on the Secretary at 12:15 today. After greeting the Secretary and a short exchange of pleasantries the Foreign Minister expressed, on behalf of his government, appreciation for the assistance given by the Secretary and the US Government toward a solution of Israel's compensation claim against Germany and in connection with Israel's financial emergency of late April and early May. He continued by stating that the purpose of his present visit was to inform the Secretary of Israel's present financial difficulties and to request assistance in solving them.

The Foreign Minister recited at some length the efforts of his government to build Israel into a democratic country patterned after the US and efforts to rehabilitate a population rescued from persecution in many parts of the world. He also mentioned Israel's desire to build up its industry, its agriculture, to develop its resources, to search for water, to explore areas heretofore considered waste land, and similar ventures which require time and money. It is Israel's intention, the Foreign Minister stated, to make the country self-supporting, and it is hoped to bring this about by a substantial increase in exports of finished products as a result of industrial expansion and to export raw materials either in a natural or processed state.

Mr. Sharett said that Israel must find a way to bridge the gap between her imports and exports or, in other words, between income and expenditures. He believed that a solution to the problem could now be foreseen, although it was a question of years rather than weeks or months. One aspect of the problem, however, appeared to be incapable of solution by Israel alone and it was in connection with this problem that he wished the assistance of the US Government. The problem is to find a way to refund Israel's