

Others present at interview were Kollek, Avriël and Gass. Emb comment follows.

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The Ambassador in Israel (Davis) to the Department of State

SECRET PRIORITY

TEL AVIV, July 27, 1952—4 p. m.

148. For Byroade. Mytel 147,¹ re interview BG. Altho PriMin cordial in his reception our comment, it is too soon judge whether he and colleagues really fully appreciate gravity econ situation, or whether BG yet realizes full implications his assurances in terms domestic polit disadvantage. Most optimistic assumption is that we shld be prepared for intensified pressure release funds unconditionally to meet emergency. This seemingly borne out by fact that shortly after our mtg Emb was informed Eban had telephoned PriMin US Govt ready make available 20 million next week from grant aid funds provided Mikesell report so recommends.

Because of importance attached to Mikesell visit and report, believe must be joined on question present emergency aid. If pressures result in unconditional release funds, chances of effective coop and reforms will be prejudiced for long time to come.

Recalling our conversation while you were here, I believe time has come to enlist coop Amer, Jewish leaders to forestall harmful effect of pressure tactics on high level which may achieve immed short-run objective to detriment our fon policies as well as best interests Israel itself. Certainly it wld be unfortunate have present crisis assume old familiar pattern of State Dept versus lobby. Emb has knowledge that many thoughtful leaders both here and in US are deeply concerned over deterioration situation and wld be ready cooperate in constructive plan sound reforms. Several have expressed conviction however no such reform feasible or likely without friendly but firm US leadership.

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¹ *Supra.*