making payment of compensation. Doubts possibility formulating
one in existing state Israel finances.

I said purpose to give as much time as possible for IG to frame
position. Said he wld discuss matter further.

RUSSELL

No. 524

The Acting Secretary of State to the Embassy in Israel [1]

CONFIDENTIAL   WASHINGTON, November 25, 1952—1:26 p. m.
PRIORITY

538. Deptel 517 [2] and Embtel 836. [3] Fol is summary Byroade-
Eban mtg NY Nov 21.

Byroade stated Dept noted trend on part responsible Arab lead-
ers towards more realistic practical approach to Palestine problem.
Pointed out refugee resettlement progress in Syria and Jordan and
private admission Arab leaders that large scale repatriation impos-
sible. Though US cld not take initiative proclaiming latter doc-
trine, it wld be helpful if other countries sharing this belief were to
take lead in expressing their views. Emphasized inter-relationship
refugee problem—repatriation—compensation. Stated wld be help-
ful if IG wld consider possibility limited repatriation, e.g. admitting
50,000 to 100,000 Arab farmers who cld contribute Israel economy.
More especially, it was his opinion time had come for Israel, having
accepted principle compensation, elaborate ways means achieving
this and announce its plans. Perhaps IG cld place small percentage
annual fon exchange budget in special fund pay compensation or
service loan used such purpose. Move this nature very likely
produce favorable Arab response and might begin movement
toward peaceful settlement. Hopeful that such step by IG wld lead
relaxation economic blockade, such as Israel's use Suez Canal for
oil shipments with consequent reduced transportation expenses.
Such advantages wld probably go far offset cost compensation. Indi-
cated awareness Israel's econ financial difficulties but felt time had
come when Israel must indicate desire and intention take steps re-
solve impasse with Arabs.

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[1] Repeated by pouch to London, Paris, Ankara, Amman, Beirut, Baghdad, Cairo,
Damascus, and Jidda.
[2] Document 522.
[3] *Supra.*