

simple refunding without basic fiscal reforms wld not only fail to solve problem but wld constitute real danger for future. Mentioning that work of IG in effecting reforms in fiscal procedure is being followed with great interest, added that our specialists in such matters wld appreciate info re IG's plans for meeting sit if there is delay in receiving Ger reparation payments and/or any shortfall in other sources of fon exchange income.

DAVIS

No. 533

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*The Ambassador in Israel (Davis) to the Department of State*¹

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994. Embtel 902² and Damascus Embtel 411 to Dept.³ FonMin Sharett confirmed to me today Israel interest in continuing conversations with Syria. He stated "matter by no means dormant" but on contrary subj active consideration. He reminded me that there had been important change in high level milit command namely appointment Makleff to succeed Yadin as Chief of Staff but stated he understood new milit auths now ready with recommendations which he expects to receive Cabinet consideration within next few days. He stated also that IG wld not have postponed resumption of conversations to await outcome of GA action on eight-power res if long delay wld have been involved, but since only few days' delay in question he had thought it advisable await outcome before arranging definite date for continuation talks with Syria.

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¹ Repeated to New York, Damascus, Beirut, Amman, Baghdad, Cairo, London, and Paris; sent by pouch to Ankara, Jidda, and Jerusalem.

² Document 528.

³ Document 529.