

ment. Israel ability to pay compensation will, of course, depend to considerable extent on relaxation of blockade.

With respect to boundaries, result present discussion between Syria and Israel will indicate whether there is reasonable hope settlement this type of problem.

DAVIS

No. 578

262.84A41/2-2853: Telegram

*The Secretary of State to the Embassy in Israel*¹

CONFIDENTIAL
PRIORITY

WASHINGTON, February 28, 1953—3:52 p. m.

806. Kollek Secretary General Prime Minister's Office yesterday informed Dept Israel Govt had definitely established as national policy payment of compensation to Arab refugees. Dept inquired whether Israel Govt had considered desirability making public announcement this policy at present time in view imminence German ratification German-Israel Restitution Agreement. Kollek appeared attracted by idea and stated he would recommend such action to Israel Govt.

Unless you perceive objections Dept suggests you also bring this suggestion to attention Israel Govt and point out that announcement if made now might possibly assist in forestalling Arab boycott Federal Republic particularly if it indicated Israel Govt already actively studying compensation problem. In any case Dept believes announcement should have beneficial effect, even though initial Arab press reactions may voice suspicion announcement intended merely influence Bundestag vote. However Bundestag ratification appears likely in any case and delay of announcement until after ratification may mean loss of opportunity influence Arab consultations re boycott Federal Republic.

Comments Embassy Cairo requested.²

DULLES

¹ Repeated priority to Cairo and by pouch to the other Arab capitals, Bonn, London, Paris, and Ankara.

² Ambassador Caffery replied on Mar. 1 that the "first question Arabs will ask is 'how much' ". Caffery observed that if the suggested statement outlined in the Department's telegram reflected the decision of the Israeli Government to pay substantial compensation, the effect on Arab opinion would be beneficial. However, if compensation was to be of a token variety or merely consist of the release of the blocked Arab sterling balance, it would have little effect. (Telegram 1964 from Cairo, Mar. 1, 3 p. m.; 262.84A41/3-153)

For the reply of the Embassy in Israel, see telegram 1405 from Tel Aviv, Document 581.