

In light of foregoing, the problem before Department would seem to lie in choosing between: (1) Permitting unilateral development of Jordan Valley waters by both sides, with possibility of curtailing Yarmuk project for reasons already mentioned and with result that fewer refugees would be settled in Jordan Valley than anticipated, or (2) exerting financial or other pressure on Israel not to divert Upper Jordan waters in order to permit full consummation of Yarmuk project and to permit settlement of full complement of refugees in area. If there is greater urgency to the problem of settling refugees and ameliorating refugee problem than there is to settling Israelis in the Negeb, or elsewhere in Israel, then alternative (2) would seem like the logical choice. If this is not case and concomitantly, we wish to run the risk of further antagonizing Jordan and Syria (and possibly the Arab world) in permitting Israel to divert Upper Jordan, then alternative (1) is preferable. Engineers and legal observers all seem of opinion that from any water rights point of view, Jordan should be entitled to some of the waters of Jordan River.

If Department not persuaded to Embassy's view of situation, Embassy suggests Department take action along line advocated in paragraph 6 reftel. Turning matter over to UN has advantage of providing opportunity to test Embassy, Amman's thesis while at the same time removing in some measure, responsibility from Department of having made what may be most unacceptable recommendation.

Embassy agrees UNRWA not proper level for overture. Embassy does not clearly understand what Department means by "Arabs are prepared in advance by groundwork of factual knowledge" in penultimate paragraph. Who is supposed to do the preparing? Presumably, not US diplomatic missions in area because then we acquire the onus we are trying to avoid. UNRWA officials might do it at country director level.

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*Memorandum of Conversation, by the Politico-Economic Adviser in the Bureau of Near Eastern, South Asian, and African Affairs (Gardiner)*

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