

abroad. This would require U.S. leadership. Mr. Gardiner pointed out that compensation claims did not match refugee needs in any great degree. Some of the largest claims lay with individuals who were already provided for. At the other end of the scale, there were thousands of needy refugees who had established no claims for compensation whatsoever. Mr. Labouisse thought that reactivation of the moribund PCC was called for.

The Secretary inquired as to whether Mr. Labouisse thought many of the Arab leaders were not keeping the problem alive as a political weapon against Israel and against the West. Mr. Labouisse thought this was true but that responsible Arab leaders, looking ahead, would agree privately that a great majority of the refugee population must find its future in Syria or Iraq.

The Secretary asked what would be the effect if relief were to cease. Mr. Labouisse felt that any such action could have only disastrous consequences and make for grave difficulties between the United States and the Arab world.

The Secretary indicated that the Palestine problem was one which he intended to give especially thorough study during the next two or three months, and that the Department would welcome Mr. Labouisse's views at any time.

In conclusion, the Secretary expressed his thanks and appreciation of the efforts made by UNRWA and Mr. Labouisse who had taken on such a thankless task and who deserved all the encouragement that could be given.

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Memorandum by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) to the Secretary of State

TOP SECRET

WASHINGTON, December 9, 1954.

Subject: Study of Arab-Israel Settlement

Attached is a study, for use at the ¹ meeting with you on December 10, setting forth our preliminary views on how a final Arab-Israel settlement might be approached. We are preparing staff papers on specific aspects of the problem such as a security undertaking, frontier rectifications, Jerusalem, repatriation and resettle-

¹ At this point in the source text, an unknown hand inserted the following: "4:30".