

~~TOP SECRET~~

NSC Registry (Permanent File) 7

COPY NO. 43

NATIONAL SECURITY COUNCIL

PROGRESS REPORT

by

THE UNDER SECRETARY OF STATE

on the implementation of

UNITED STATES POLICY TOWARD ISRAEL AND THE ARAB STATES
(NSC 47/2)

January 26, 1951

DECLASSIFIED

Authority NSCCase F87-126
NNFS Case MR 87-32
By MMJ NARA, Date 10/9/87

~~TOP SECRET~~

DEPARTMENT OF STATE
Washington

January 26, 1951

MEMORANDUM FOR MR. JAMES S. LAY, JR.
EXECUTIVE SECRETARY, NATIONAL SECURITY COUNCILSUBJECT: Third Progress Report on NSC 47/2:
"United States Policy Toward Israel
and the Arab States."

NSC 47/2 was approved as Governmental policy on October 23, 1949. It is requested that this Progress Report as of December 26, 1950, be circulated to the members of the Council for their information.

1. Israel-Arab Attitude Toward the United States:

The outlook for maintaining the good-will and Western orientation of the peoples of the Near East improved during the period under review in both Israel and the Arab states. The severe anti-American campaign in the latter countries, especially virulent in Syria and Egypt, ceased almost entirely. While considerable bitterness toward the US remains in the Arab states as a result of the Palestine hostilities, the formerly active expression of it subsided late in the summer. This resulted in part from initial UN successes in Korea, and from Arab absorption with problems unrelated to Palestine. There was a growing Arab realization of the seriousness of the international situation. United States efforts to convince the Arabs of its impartiality as between them and Israel were also partly responsible.

The Government of Israel has shown an increasing willingness to depart from its policy of "non-identification" with East or West and to support the West. Indications of this tendency have been Israel's support for the UN Korean effort, anti-Communist speeches by Government officials, and confidential offers of mutual assistance arrangements with the United States. In this Israel has probably been prompted primarily by great economic need, which only the United States can fill, by the decline of the pro-Soviet opposition within the country, by the continued refusal of the USSR to permit Russian Jews to emigrate to Israel, and by the realization that in the event of a major war Israel would be completely cut off from the Western sources of supply upon which it so greatly depends.

2. US-UK-French Cooperation:

United States-United Kingdom cooperation in matters relating to the Near East has continued. Discussions have been carried on in Washington by British and American military officials regarding,

DECLASSIFIED

Authority NSC Case 687-126
NNFS CASE MR 87-32
By MAMJ NARA, Date 10/7/87

among other things, Near Eastern defense. Assistant Secretary McGhee held conversations in London with British officials on a wide range of subjects concerning the Near East. In the area, American and British representatives have on several occasions concerted their approaches to the local governments and continue their routine consultations on all matters of interest.

Discussions of Near Eastern problems have also been held with the French Government, and cooperation with that Government in such matters as exchange of information on arms shipments continues.

3. Arab Refugees:

The situation of the Arab refugees has not moved significantly toward a permanent solution. Since the United Nations Relief and Works Agency did not receive the full financial support of UN members, its efforts were perforce confined chiefly to relief measures and to very limited works projects. The Agency therefore recommended to the fifth session of the General Assembly that an additional fund be established, for use only for projects involving permanent reintegration of the refugees. A resolution to this effect was adopted on December 2, 1950. By their public acceptance of this resolution, and by private statements, Arab representatives have indicated that they regard resettlement of most of the refugees in Arab territory as inevitable. The US Government is prepared to ask Congress for a contribution of sixty percent, or \$30 million of the \$50 million authorized under the resolution.

4. Arab-Israel Relations:

Meanwhile, Israel-Arab relations have been strained by a series of border incidents, some of which have been brought before the UN Security Council. A resolution was adopted by the Security Council on November 17, 1950, which expressed the hope that the Mixed Armistice Commissions would be able to resolve such problems, and recommended that the parties refer their disputes to the Mixed Armistice Commissions. Discussion of the Arab item on repatriation of Palestine refugees and the conclusions of the Palestine Conciliation Commission report in the Ad Hoc Committee of the General Assembly provoked considerable Arab Jewish bitterness. A joint resolution was finally passed by the General Assembly on December 14, which urges the parties to seek agreement by negotiations either with the PCC or directly and establishes an office under the PCC to deal with the problems of refugee compensation, repatriation and resettlement. This resolution may represent the beginning of an improvement in Arab-Israel relations, since it is the first resolution recommending negotiations that has been supported by the Arab states. All of the Arab states voted in its favor, with the exception of Iraq, which, with Israel, abstained.

5. Jerusalem:

The fifth session of the General Assembly was unable to reach agreement on any resolution for the Jerusalem area. Thus, the respective parts of the City continue in the de facto control of Israel and Jordan. In view of the failure of the Assembly to take definitive action, the likelihood of the establishment by the UN of a regime involving territorial internationalization has receded further. However, the UN will probably consider the problem again next year. Its failure to act this year does not materially affect the situation in the Near East.

6. Point IV Aid:

An important step has been taken toward raising the economic level in the Near East countries. Funds have been appropriated for Point IV technical assistance, and the necessary administrative organization is being established. Point IV agreements are in various stages of negotiation between the countries of the Near East and the US.

7. Israeli Economic Situation:

In Israel, meanwhile, the economic situation has steadily worsened. The continued high rate of immigration, coupled with declining gift funds from abroad and a consequent shortage of foreign exchange, has occasioned further austerity measures within the country. There is also a shortage of investment capital, which is particularly serious in view of Israel's expectation to absorb its increasing population through industrialization. As a result goods are in short supply, making for high prices, and the growing labor force cannot be fully employed.

Besides the imposition of domestic economic controls, the Government has sought to encourage investment by foreign capital through the creation of favorable terms for it, and has initiated an intensive drive for funds in the United States and Israel. It hopes to raise one billion dollars in the United States by various means, including US Government grants, and an additional five hundred million, chiefly in Israel.

So long as immigration continues at its present rate (approximately 12,000 monthly), and the Arab economic blockade is maintained, it is evident that Israel will depend for its financial support largely upon United States Jewry. Decreasing returns from the annual drives of the United Jewish Appeal would seem to indicate that there will be considerable difficulty in reaching the present goal. As a result, it is likely that living standards will have to be sharply reduced in Israel and immigration will, in one way or another, have to be cut back, if only because of lack of funds to finance it.

8. Instability in the Arab States:

All of the Arab states with the exception of Saudi Arabia and Yemen contain significant elements of unrest and instability. Until recently an exception could have been made of Jordan, but with the annexation of Arab Palestine, elements have been introduced into the country which may well cause increasing instability.

During recent months there have been marked evidences of unrest in Egypt. This has been due to the strong and bitter conflict between the Government party and the opposition parties, the failure of the Government to carry out its election promises, and growing dissatisfaction with the King himself, and in particular with his personal advisers. While the King and the Government made certain concessions in order to placate the dissatisfied elements, currents of unrest continue to exist. In addition public feeling against the continued presence of the British in the Suez Canal Zone has run high and there were a number of disturbances during November. The Government is making particular efforts to maintain public order while discussions between the British and the Egyptians continue on the revision of the Anglo-Egyptian Treaty of 1936. It should be noted that failure of these discussions would probably lead to widespread civil disorder.

Fundamentally Iraq and Lebanon are unstable in the sense that popular unrest is widespread and deeply rooted. In both countries dissatisfaction with the government is rife; in Lebanon chiefly because of the flagrant corruption of officials, in Iraq because of generally reactionary policies of the Government and Palace and the impression that the UK is in real control. In both, however, the governments have been successful in preventing effective organized opposition through bribery, political patronage, and other political maneuvers including outright suppression at times.

In Syria instability has been more overt than in other Arab states, but has been confined mainly to the Army and top political leaders without severe repercussions among the populace. Actually the population of Syria is relatively advanced and stable in comparison with other NE countries. Intrigue among army officers and political leaders has led to several military coups in the last eighteen months, but it appears now that Syria has a government soundly based constitutionally and controlled by the most progressive and popular group in the country. The army is willing to restrain itself somewhat from intervention in affairs of state, except where matters apparently affect its vital interests. The Prime Minister, Nazim Qudsi, is an able and constructive leader who seems to enjoy the army's confidence. However, there is evidence of considerable intrigue in Syria, fomented in part by other Arab states, and further violent changes of government are an omnipresent possibility.

9. Evaluation

Developments affecting the implementation of NSC 47/2 have been about equally balanced between the favorable and the unfavorable, while over-all progress in achieving the objectives of this policy has been disappointingly slow. While the policies recommended in NSC 47/2 are generally still applicable, it is believed that changed world conditions possibly warrant a reconsideration and redraft of the paper. The Department is giving the matter careful and continuous consideration.

/s/ James E. Webb

DECLASSIFIED
Authority NSC Case F87-126
MNFJ Case MR87-92
By MMJ NARA, Date 10/9/87