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his material	contains information affecting the National Defense of the United States within the meaning of the Espionage Laws, Title 18, 794, the transmisson or revelation of which in any manner to an unauthorized person is prohibited by law.	
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	THIS IS AN INFORMATION REPORT, NOT FINALLY EVALUATED INTELLIGENCE.	.5 (c)
E		3.4(b)(1)
COUNTRY	ISRAEL/ARAB STATES 14 23 39 Z	
OOI	1.5	(a)
SUBJECT	VIEWS ON 3.4	(b)(1)
	THE REFUGEE PROBLEM	
	FIELD NO.	
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SOURCE	1.5(c) 3.4(t)	•
	1. THERE IS EVERY REASON TO BE VERY OPTIMISTIC ON THE QUESTION OF THE	Š
	ARAB REFUGEES, WITH THE REFUGEE PROBLEM BEING SOLVED ONCE AND FOR ALL AND	
	ARAB REFUGEES, WITH THE REFORMS THOUGHT THE ARAB. TERAFIJ AFFAIRS. BEYOND THE	s,
	THIS POLITICAL CANCER BEING REMOVED FROM ARAB-ISRAELI AFFAIRS. BEYOND THI	NITY
	THE SUCCESSFUL HANDLING OF "CAPTIVE" POPULATIONS PROVIDES A UNIQUE OPPORTU	OE.
	TO PROVE TO THE ARAB NATIONS, ACROSS BORDERS AND CEASE-FIRE LINES, THAT TO	1.5(c)
	TERANTIS ARE NOT JUST FIGHTERS BUT ALSO BUILDERS.	1/-//
	MANY ARABS IN NABLUS, TULKAREM, AND THE OLD	CITY
	AND ARE WILLING TO COOPERATE WITH TH	E
	ARE FED UP WITH THE HASHEMITE REGIME AND ARE WILLING TO COOPERATE WITH TH	TLL
	ISRAELIS, PROVIDED THEY CAN BE GIVEN SOME HOPE THAT ANY ACCOMPLISHMENTS V	
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NOT BE DESTROYED OR THAT, AFTER COOPERATION, THEY WILL NOT BE HANDED OVER TO ARAB EXTREMISTS, AS HAPPENED AFTER THE SINAI CAMPAIGN IN 1956.

- 2. A "NEW EPOCH" IS DAWNING. JORDAN'S KING BUSAYN DOES NOT MERIT RESPECT, AND IT IS DOUBTFUL WHETHER ECYPTIAN PRESIDENT NASIR WILL SURVIVE THE
 NEXT SIX MONTHS. THE SOVIETS WILL ATTEMPT TO SCARE THE ISRAELIS, BUT THEY
 CANNOT EFFECTIVELY ACT AGAINST THEM. THE GOVERNMENT OF ISRAEL (GOI) NEEDS
 ONLY CALL THEIR BLUFF, STAND FIRM, AND KEEP ITS NERVE. THEREAFTER, NEW
 ARAB REGIMES MUST APPEAR WHICH CAN APPROACH PROBLEMS REALISTICALLY. THEY
 MUST OF NECESSITY TURN TO THE WEST AND MAKE PEACE WITH ISRAEL.
 - 3. IT IS NOW FAR TOO EARLY TO DISCUSS "ANNEXATION, AUTONOMOUS REGIONS, ETC." HOWEVER, THE ISRAELIS ARE EMOTIONAL TO THE POINT OF BEING IRRATIONAL (MESHUGA) OVER THE OLD CITY, SO ITS ABSORPTION PROBABLY CANNOT BE REVERSED. FOR THE PRESENT, SOMETHING MUST "BE LEFT TO GOD ALMIGRTY (SLOHIM)".

1.5(c) 3.4(b)(1)

4. DECISIONS GOVERNING GOI ACTIVITY IN NEW AREAS ARE MADE PRIMARILY BY
A SERIES OF COMMITTEES SITTING IN JERUSALEM REPRESENTING ALMOST EVERY SECTOR:
AGRICULTURE, WATER, BANKING, TRADE AND INDUSTRY, SECURITY, AND TRANSPORTATION,
AMONG OTHERS. REGULAR MEETINGS OF COMMITTEE CHAIRMEN FOR OVERALL POLICY ARE

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PRESIDED OVER BY RAAMAN WEITZ, FORMER MEMBER OF THE JEWISH AGENCY EXECUTIVE AND NOW, APPARENTLY, "COMMISSAR" FOR ORGANIZING NEW AREAS. ALL DECISIONS MUST BE VALIDATED BY GENERAL MOSHE DAYAN WHO, AS MINISTER OF DEFENSE, HAS OVERALL CONTROL THROUGH MILITARY GOVERNMENT MACHINERY AND ADMINISTRATION.

GENERAL DAYAN'S HUMANITY, HIS DESIRE TO BE REALLY CONSTRUCTIVE, HIS ORIGINALITY, AND HIS COURAGE TO FOLLOW THROUGH ON DECISIONS ARE VERY IMPRESSIVE.

WHILE IN THE PAST IT WAS DIFFICULT TO SEE EYE-TO-EYE WITH HIM, THERE IS REASON NOW TO BE IN FULL AGREEMENT WITH HIM.

- 5. THE MAIN PROBLEM AT THE MOMENT IS THAT OF ESTABLISHING BASIC INFORMATION ABOUT THE AREA AND ITS POPULATION. UNRWA FIGURES ARE BELIEVED TO HE UP TO 70 PERCENT IN ERROR IN CERTAIN PLACES BECAUSE OF THE PADDING OF THE ROLLS. THE ISRAELI DEFENSE FORCES (IDF) STATE THAT THE OVERALL UNRWA FIGURES ARE 20 PERCENT INFLATED. A CENSUS IS TO BE TAKEN NEXT WEEK WHICH WILL ESTABLISH THE NUMBERS AND ESSENTIAL ECONOMIC FACTS,
- 6. THE ISRAELIS ARE UNAWARE OF HOW MANY ARABS WILL RETURN FROM THE
 EAST BANK. MUCH WILL DEPEND ON ARAB REACTION TO THE SIGNING OF FORMS SWEARING TO ACCEPT ISRAELI ADMINISTRATION.

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- 7. ISRAEL NEEDS AND IS WILLING TO ACCEPT OUTSIDE AID. WHILE THE CARE ORGANIZATION IS HIGHLY REGARDED, UNRWA IS UNACCEPTABLE. UNRWA IS A SELF-SERVING GROUP WITH INTERESTS CENTERED ON PERPETUATING ITSELF AS AN ORGANIZATION ON BEHALF OF ITS TOP-HEAVY STRUCTURE. THE JOHNSTON WATER PLAN IS AN EXCELLENT STARTING POINT; HOPEFULLY, THE ENTIRE AREA WILL BE INTEGRATED WITH ISRAEL FOR PLANNING PURPOSES IN WATER AND AGRICULTURE.
- 8. NO SECURITY PROBLEMS FOR GOT ARE ENVISIONED WHICH CANNOT BE SUCCESSFULLY HANDLED. THE ARABS AND THE JEWS CAN LIVE TOGETHER. A NEW ARAB POPULATION WOULD BE SUPERIOR AS RAW MATERIAL TO TRANTAN AND TURKISH PEASANTS. HOWEVER, GOT MUST MOVE QUICKLY TO SOLVE THESE PEOPLE'S IMMEDIATE ECONOMIC AND EMPLOYMENT PROBLEMS AND PROVIDE THEM WITH ASSURANCES THAT GOT ADMINISTRATION WILL NOT ONLY WORK BUT WILL ALSO MEASURABLY IMPROVE THEIR STANDARD OF LIVING, THAT IT WILL ESTABLISH SECURITY FROM CONSTANT SABOTAGE AND RAIDS OF THE PAST 20 YEARS, AND THAT THERE WILL BE CONTINUED PROGRESS IN THE FUTURE.
- 9. A PLEBISCITE IS DEFINITELY IMPOSSIBLE, SINCE THERE IS NO CHANCE IN THE NEAR FUTURE OF CREATING AN ATMOSPHERE FOR FREE CHOICE IN ANY WESTERN SENSE.
 - REAL PROGRESS WILL HAVE HEEN MADE IN SIX MONTH'S TIME.
 - 11. DISSEM: CINCMEAFSA.

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