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GENERAL

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1. British Cabinet possibly split over economic situation--US Embassy London expresses the view that the failure of Chancellor Cripps to enunciate a definitive policy concerning the British economic situation during his 6 July statement to Parliament may reflect disagreement within the Cabinet over what measures to take. The Embassy comments that it is not in keeping with the Cripps tradition to delay formulation of a comprehensive program for coping with an economic emergency. The Embassy believes that Cripps' emphasis upon the necessity for seeking some long-term solution to the dollar problem was motivated by a desire to thrash out fundamental problems with the US and Canada. The Embassy also interprets this emphasis as an indication of the great importance the British Government places upon the forthcoming comprehensive talks with the US.

25X1

2. British agree to support Austrian regiment plan--US Representative Reber in London has been informed that Foreign Secretary Bevin has agreed to authorize the British High Commissioner in Vienna to participate with the US and French Commissioners in carrying out the joint plan for equipping an Austrian gendarmerie regiment for the western zones.

25X1

3. US counters Israeli views on Palestine--The Department of State has informed US Embassy Tel Aviv regarding views recently expressed by Israeli officials that the US: (a) also desires stability in the Near East but cannot agree that this can be achieved on Israeli premises regarding territory and refugees; (b) does not believe that the Arab states are

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preparing to resume the conflict in Palestine; (c) has pointed out on numerous occasions the steps Israel might take to facilitate the establishment of peace in the Near East; (d) cannot agree that the repatriation of a substantial number of Arab refugees would accomplish "nothing"; and (e) rejects the apparent Israeli implication that the solution of the refugee problem is the responsibility of the US.

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