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MAP

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The Council of Foreign Ministers, deadlocked over Berlin, is about to discuss the German peace treaty, a possible springboard for a new Soviet propaganda demarche. In the Kashmir case, both India and Pakistan have rejected UN truce proposals. Meanwhile, the Palestine peace talks at Lausanne are at a virtual standstill, with both sides unwilling to yield an inch.

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A European concern over MAP. There are increasing signs of concern in Europe over the fate of the US Military Aid Program (MAP). Leaders in Belgium, France and Norway have already expressed fears that failure of the Congress to enact MAP during this session would dishearten anti-Communist elements by creating confusion and uncertainty concerning the firmness of US policies. Both Prime Minister Queuille and Foreign Minister Schuman have indicated strong French concern over US legislative delays with respect to the Atlantic Pact and MAP. Moreover, the Brussels Pact powers believe that it would be useless to carry out planned increases in their armament programs without the essential prerequisite of MAP. According to Prime Minister Spaak, these powers have been gearing their preparedness plans to forthcoming US military aid and, in the absence of MAP, Belgium, for example, could not be expected to vote increased military credits since their value, without US support, would be so small as to be militarily insignificant.

The current procrastination of some signatories in ratifying the Atlantic Pact in part reflects the suspicion which still lingers in European minds about the complete sincerity of US determination to defend Europe with more than words. Since Congressional failure to approve MAP legislation would be widely interpreted abroad as a clear indication of US unwillingness to put teeth in the Atlantic Pact, such action would seriously undermine the increased sense of security presently prevailing in Western Europe as a result of ERP and the signing of the Atlantic Pact.

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CFM possibilities. As the CFM discussions shifted to the Berlin problem, there was still no evidence of any more conciliatory Soviet attitude toward the West. However, while the USSR has so far insisted on an ironclad rule of unanimity with respect to quadripartite control of Berlin just as in the case of Germany as a whole, it is more likely to agree to some relaxation of the rule in the comparatively small problem of city government. Settlement of the Berlin question is more closely connected with an effective lifting of the counter-blockade and the trade problem than with political unification of Germany. Inasmuch as the USSR is primarily interested in restoring the flow of manufactured products from Western Germany to its zone and Eastern Europe, there will be substantial practical pressures to offer concessions which could lead to the unification of Berlin.

A further Berlin difficulty to be bridged is the matter of popular elections. The West favors representation by political parties only. The USSR favors concurrent representation of all types of Communist front organizations such as labor unions, youth groups and cultural groups to compensate for the weakness of its political appeal to the Germans. If by any chance there should be ultimate success in agreeing on arrangements for Berlin, the city might become a test tube where four power cooperation might be experimented with on a smaller scale than in Germany as an entirety.

As the CFM turns to the German peace treaty, its third agenda item, this may provide the platform for the long-bruited Soviet proposals for an early peace settlement and the withdrawal of occupation troops, foreshadowed in the Warsaw Communique. Mr. Vishinsky could argue that the complete failure to reach four-power agreement on German occupation, including Berlin, indicates the irreconcilability of East-West views and that as a result it might be better to liquidate the occupation and terminate the division of Germany by an early peace settlement and the withdrawal of occupation troops. Although the USSR might have no intention of seeking any agreement, which could be easily avoided by making proposals unacceptable to the West, it might, highly conscious of its failure to capture the propaganda initiative at the CFM to date, seek to capitalize on the propaganda impact of such a stand. The Soviet Union might thus hope to: (1) emerge from the Conference as the apostle of a re-united free Germany; (2) avoid the onus for a breakdown of the CFM; and (3) perhaps divide the Western Powers, since such proposals would be highly unacceptable to France.

Palestine arbitration doubtful. Any suggestion of arbitration to accelerate conclusion of the Palestinian armistices is unlikely to be acceptable to Israel. The State Department is weighing a proposal that the Security Council recommend that Syria and Israel accept Mediator Bunche as an arbitrator with power to fix the controversial armistice lines. Israel is aware that, despite any reservation to the contrary, armistice lines are likely to be permanent. It is therefore unlikely that the Israelis are in the mood to arbitrate what they feel is a valid claim. Moreover, current dissension among the Arab states tends to encourage continued Israeli truculence here as elsewhere.

The Department is also pondering a suggestion that the Palestine Conciliation Commission (PCC) call on both Jordan and Israel to accept a PCC appointee as Chairman of their Special Committee with power of arbitration to settle the various open questions in the Jordan-Israel armistice. Again Israel, which looks none too kindly on the PCC, would probably prefer to deal directly with Jordan. The latter, on the other hand, would doubtless welcome such assistance (under proper conditions) from an outside source to counterbalance its unequal bargaining position vis-a-vis Israel.

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British "Peace Congress" to be limited to Anglo-Soviet relations. Unlike its predecessors in New York and Paris, the Communist-front London Peace Congress of 12 June will have a predominantly national character and will be attended by only a few international visitors. This conference, nominally sponsored by Dean Hewlett Johnson's British-Soviet Society, was actually initiated by the Permanent Committee of the World Peace Congress, which includes the prominent leftwing British physicist, Professor J. D. Bernal. The relatively innocuous aims which the Congress will endorse -- the promotion of "peaceful Anglo-Soviet relations" and "improvement of Anglo-Soviet trade" -- probably reflect the desire of its sponsors to avoid any out-of-line utterances which might interfere with Soviet objectives at the CFM. This platform may also represent an effort to modulate the blatantly anti-Western propaganda which alienated US public opinion during the New York Peace Conference. Such considerations, however, are unlikely to have more than a temporary effect and may be quickly discarded once the outcome of the CFM is determined.

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Satellites attack West German participation in ILO conference. The right of West German "observers" to attend the International Labor Organization conference opening this week at Geneva is being

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vigorously contested by Poland and Czechoslovakia. The Satellites contend that the German question is still under consideration by the CFM and that the ILO should keep out of political problems. The Polish delegate, in opposing a seat for the West Germans, flatly refused an offer to extend a separate invitation to East German labor. This opposition, which will probably be extended to the Japanese delegation, reflects not only Satellite hostility to recognition of the former enemy states but also realization that such German and Japanese representation will: (1) strengthen non-Communist labor in these areas; (2) prevent representation of all German labor by a Communist-dominated group; and (3) effectively counter the claim of the World Federation of Trade Unions to speak for labor in both countries.

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Movement for Libyan unity underway. The projected trip to Cyrenaica of a Tripolitanian delegation including the Mufti, now the chief local leader, and Mahamoud Muntasser, the only Tripolitanian acceptable to the Emir al Senussi, is further evidence of the trend toward a united independent Libya. The delegation reportedly plans to ask the Emir to assume responsibility for Tripolitania on the same basis as Cyrenaica with a federal union of the two. The Emir is likely to favor acceding in some form to their demand, which the British administration in Cyrenaica reportedly believes is the only possible solution. Unification will hinge, however, not only on a bargain acceptable to both the Emir and the Tripolitanians but on whether the UK, which has opposed British trusteeship for all Libya because of the economic burden involved, approves. The UK is concerned over the Italian and French reaction to what will be interpreted by them as a further British move to bring Tripolitania, as well as Cyrenaica, permanently under the UK wing. The British may seek to forestall the unification movement by concessions to the Tripolitanians, particularly some expansion of the present "care and maintenance" policy in order to avoid further antagonizing their French and Italian allies. Another complicating factor will be the role of Beshir Saadawi, previously the most prominent Tripolitanian leader but now ill in Cairo, who is completely unacceptable to the Emir. Should Saadawi return, perhaps at British instance, and resume his former role, unity may be further delayed.

IOG NOTES

Atlantic Pact ratifications. Of the twelve signatories of the Atlantic Pact, three (Belgium, Canada and the UK) have already ratified and five (the Netherlands, Luxembourg, Norway, Denmark

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and Portugal) are in the process with ratification expected shortly. France has held back in order to avoid acrimonious debate during the meeting of the Council of Foreign Ministers. Italy will probably ratify during the next few weeks and Iceland's ratification awaits only that of the US.

Bunche opposes arms shipments to Arabs. Un Mediator Bunche, replying to British and French inquiries, has taken the position that he cannot acquiesce in the sale of arms to the Arab states so long as the truce resolution stands. However, in the case of Arab states which have already concluded armistices, Bunche believes that the matter of arms shipments is up to the SC rather than himself. Bunche favors the SC lifting the embargo as soon as a Syrian armistice is concluded.

Soviet brands Olympics as "propaganda." The Olympic games have been "unmasked" as a bourgeois propaganda money-making stunt by the Moscow weekly, SOVIET SPORT. The recent Olympic Committee award of the 1956 games to Melbourne, despite bids by Buenos Aires and five American cities, is interpreted as evidence of "growing dissatisfaction with American dictation."

The US is also accused of heavy-handed efforts to eliminate from the Olympics such events as rowing, gymnastics and football in which it is not proficient. G/IO predicts that it will be only a short time before the USSR, having already claimed the invention of the airplane, light bulb and mechanical toilet, will reveal that an obscure Ukrainian invented baseball ten years before Abner Doubleday was born.

"Tea for Two." Drew Pearson has recently attributed the lifting of the Berlin blockade largely to the fact that Mrs. Gromyko and Mrs. Austin met cordially for tea. Mr. Pearson evidently feels that the tea caddy may now take its place with the Friendship Train as an instrument of international good will.

Impasse on new Intra-European Payments Agreement. The key negotiations between the OEEC countries over the principles governing division of conditional ECA aid for 1949-50 and the revision of the 1948 Payments Agreement remain stalemated. The US wishes to provide for partial transferability of indirect aid drawing rights, thus allowing ERP debtor countries to choose their own markets, and some convertibility of drawing rights into dollars, both of which measures are designed to lower export prices and to stimulate competitive intra-European trade. Convertibility would be accomplished by creation of a dollar pool from which nations could secure conversion of drawing rights into dollars for purchase in the US if European prices are too high. These proposals are opposed chiefly by the British who fear a diminution in their dollar aid.

This problem is the most critical one now facing the Marshall Plan countries since, with production generally back to prewar levels and the first phase of recovery virtually complete, the key problem is now revival of European trade. Continuation of the present rigidly bilateral trade pattern is hampering the restoration of European trade essential to further recovery and the shaking down of the European price structure essential to increased dollar exports to reduce the deficit with the US. While recognizing the desirability of freer multilateral trade, however, many ERP countries, particularly Britain, contend it is too early for the US proposals and favor instead some lifting of quantitative trade restrictions as a first step. Nevertheless, US pressure is likely to force at least some measure of greater trade flexibility and competition this year.

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RESETTLEMENT ONLY SOLUTION TO ARAB REFUGEE PROBLEM

The attitude of both Israel and the Arab states offers little hope for any short-term solution to the problem of nearly a million Palestine Arab refugees, a major obstacle to political and economic stability in the Near East. Israel, conscious of the necessity of providing for Jewish immigrants, is unlikely, in the absence of the strongest outside pressure, to repatriate more than 50,000-100,000 or to provide any substantial compensation for the remainder. In view of the Israeli attitude, resettlement is the only feasible solution for the vast bulk of the refugees. Resettlement, however, is beyond the present individual or collective capacity of the Arab states, while some of them, like Lebanon and Egypt, are in any case loath to assume such a burden. Consequently any resettlement program will be dependent upon substantial outside aid. Under these circumstances, a comprehensive, permanent solution is a long-term problem -- at least a decade off -- and will require major assistance from UN members, particularly the US. Meanwhile, during the interim period before long-range resettlement and development programs can be completed, the refugee question will be a perennial source of friction between Israel and the Arab states.

In May, 1948 there were roughly 1,200,000 Arabs in Palestine, the great majority of whom are now refugees with the remainder almost as badly off. Syria has 85,000 refugees; Transjordan, 99,000; Lebanon, 131,000; Iraq, 5,000; and about 630,000 are in those portions of Palestine assigned to the Arabs by the UN Partition Resolution of 29 November 1947. Most are women, children or aged and infirm -- in other words, not pioneer material. Most claim they want to return to their former homes in Palestine, even under Jewish rule. Only one-third or one-fourth are sheltered even in tents. Their presence imposes an unbearable strain upon the already ailing economy of the Arab states, which can contribute to their resettlement little but space.

The refugee problem has two aspects: (1) the short-term problem of temporary relief until the refugees can be either repatriated or resettled (the money provided for this purpose will be exhausted before the end of 1949); and (2) long-range projects for permanent repatriation or resettlement. For any reasonably early solution to be reached, Israel would have to accept several hundred thousand refugees immediately. This is highly unlikely, however. Apart from Israeli reluctance on security grounds to repatriate any substantial number of Arabs, the current influx of Jewish immigrants (over 15,000 a month) has already overtaxed the Israeli economy and is likely to preempt much of the land and houses which could otherwise be assigned to Arab refugees. While

Israel recognizes its obligation to provide compensation for property actually confiscated from Arab refugees, the measure of such compensation is likely to be rather grudging. Only through the strongest US and UN pressure can the Israelis be prevailed upon to make any significant contribution to the solution of this problem.

Consequently, the bulk of the refugees will have to be resettled in the Arab states. While Syria and Jordan have offered to accept at once 250,000 and 150,000 refugees respectively (provided outside financial aid is given), these figures are excessively optimistic by at least one-third. The Arab states as a whole are incapable of absorbing some 900,000 refugees without substantial aid from the US, the UK and various UN agencies. The Arab lands, without development of their natural resources, are utterly inadequate to sustain a large number of refugees. Any substantial resettlement will therefore require extensive financial and technical aid from outside sources by way of long-term projects such as a Jordan Valley "IWA", Point IV schemes to increase the amount of arable land in the Tigris-Euphrates Valley, further development of oil deposits and various irrigation proposals. A minimum of ten years would be needed to complete such programs and even then only Jordan, Syria and Iraq among the Arab states would have the capacity to receive any substantial number of refugees.