

MEMORANDUM

NATIONAL SECURITY COUNCIL

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NSC review completed.

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August 14, 1972

MEMORANDUM FOR: DR. KISSINGER

FROM: HAROLD H. SAUNDERS

SUBJECT: Javits' Conversations in Israel in the Perspective of a Jordan-Israel Settlement

Senator Javits' notes on his conversations with Prime Minister Meir, Foreign Minister Eban and others [Tab A] prompt me to round up for you what Javits has been doing with the Carnegie Endowment with regard to a refugee settlement in the Middle East. [redacted]

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[redacted] gives you some insight into the serious irritation in Jordan over the way this project has been handled. A brief acknowledgement to Javits is at Tab C.

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The background of this situation is as follows: You will recall that Joe Johnson back in the early 1960s did a major study of the Palestine refugee problem for the UN. Then, after the 1967 war when he was president of the Carnegie Endowment, Carnegie commissioned two studies of the post-war refugee situation. Both of these were supervised under a group called the Middle East Commission by a Yugoslav named Velebit, who is a former international civil servant, and Dick Gilbert of the Harvard Advisory Group. One study covered the West Bank and Gaza; it was done by the Institute of Applied Social Research, a private research group in Israel. The second study of East Bank Jordan was done by the Institute of Economic Studies in Belgrade. The objective of both studies was to provide a 10-year plan for development on both sides of the Jordan River which could provide the context for permanent refugee resettlement. Both of these studies have been completed and are this week being considered by the executive committee of the Carnegie Endowment. These are the studies which Javits presented in Israel and which his executive assistant, Pete Lakeland, was sent to Amman to discuss with Crown Prince Hassan.

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You will know from your own sources that the Israelis do not completely trust Javits. The memorandum at Tab B indicates that Crown Prince Hassan feels that the Middle East Commission did their study in Jordan under false colors. Hassan in a note to Prince Saddrudin says that he suspects foul motives and "feels rather sore about it." In any case, he feels that Jordan's own development plan which is now being completed should be the basis for discussion.

However, Hassan did not tell Lakeland of his feelings and simply said that he would see Javits when he comes to Washington toward the end of September for the IMF/World Bank annual meetings. The main point to be made about all of this is that, whether or not the Carnegie work proves to be the staff work on which others later build, the overall concept of moving ahead with permanent refugee settlement would be a central feature in a Jordan-Israel accommodation with or without a formal peace agreement. As you know, both in the secret Israel-Jordan exchanges and in Jordanian minds there is the possibility of moving ahead with de facto arrangements in parallel on the West Bank and the East Bank to move toward a settlement even if there is no political agreement now. Prince Hassan emphasized to Lakeland that the economic development affecting Palestinians did not have to wait for a formal peace settlement.

You will recall that Prince Hassan has asked to see you when he comes here in September, and you have agreed. He has been given responsibility by King Hussein for working out Jordan's 3-year economic development plan. He says that the Jordan Valley portion of that plan could provide for 136,000 refugees. He will be talking to McNamara about World Bank support for the overall Jordan plan. If Senator Javits does go through with his plan to introduce legislation in support of such development effort in the Middle East, Prince Hassan probably will want to try to persuade him to direct his support at the Jordanian plan rather than at the Carnegie plan.

Against this background, then, you can read the reports of Senator Javits' conversations in Israel.

Javits begins by explaining three points he made:

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--Javits relayed to these officials his reasons for believing that King Hussein is ready to be the first Arab state to enter into a peace agreement with Israel. He told them that as far as boundaries were concerned these were negotiable provided a major population of the West Bank would return to Jordanian sovereignty within the context of Hussein's plan for an autonomous state on the West Bank. Javits said that Hussein had to have a capital for the newly autonomous West Bank state which could "lean upon or be contiguous" to Jerusalem. He felt it should be possible within the concept of a greater Jerusalem to include recognition of the right to a West Bank capital.

--Javits also talked about the future of the North Atlantic Alliance and its meaning for Israel in terms of the US defense posture in the Mediterranean. He suggested that if President Nixon were re-elected there would be a 4-year turn-around for Israel before it was likely that the US position in Europe would undergo any major change. After that there was a real possibility of the US "leaning away" from Europe, so the coming four-year period would likely be the optimum time for Israel to conclude a peace with the Arab states.

--Javits was also explaining the reports of Carnegie's Middle East Commission on economic development as it relates to refugee resettlement on the West Bank and in the Jordan Valley. He explained plans for some sort of international colloquium or "Pugwash" type discussion among Arab scholars, Israeli scholars and scholars of other countries.

--Prime Minister Meir, in discussing a settlement with Jordan, said that under no circumstances would Israel give up the Gaza Strip to Jordanian administration, but a port could be arranged for Jordan. She was interested in the fact that Jordan is willing to be the first Arab state to make peace with Israel and that Javits felt King Hussein could make an agreement stick. She seemed unwilling to discuss any arrangement for Jerusalem which would make any part of it -- even some new suburbs -- the capital for an autonomous West Bank state, although something could be worked out for Jordanian jurisdiction over the holy places as long as it did not compromise Israel's sovereignty over the entire settled city of

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Jerusalem as we know it now. Mrs. Meir expressed interest in the economic reports that the Senator showed her, particularly in the possibility of international discussion of economic development for the resettlement of Palestinian Arabs.

--Foreign Minister Eban felt that Jordanian jurisdiction in the holy places of Jerusalem could probably be worked out with King Hussein as the representative for the Muslim world, but he felt that any broader role in Jerusalem would be "very difficult."

--Finance Minister Sapir, discussing the Carnegie study, said that offhand the cost of the ten-year program -- estimated at \$1.6 billion ranging from \$50 million the first year to over \$300 million in the tenth year -- seemed too high.

--Minister of Transportation and Communication Peres took a view on peace with Jordan markedly different from the others. He felt this would not be good for Israel or for King Hussein. He felt that it would result in Israel's having to undertake an extensive defense commitment to King Hussein. This would generate antagonism from the other Arab states with a distinct possibility of war on his borders. He felt that continuation of the present situation would be best for both sides.

--Mr. Zanbarg, President and Chairman and President of the Bank of Israel suggested the idea that perhaps \$1 billion owing to the Arabs as compensation for confiscated Arab lands and properties could be deposited as capital in a development company with securities being issued to the Arab claimant. This could be used as rollover capital for the development of the West Bank and the Gaza Strip and might be in terms of 25-year or 35-year securities bearing a rate of interest. Javits commented that this sounded like a most interesting proposal, though it did not take account of the counter-claims which Israel could assert for property of immigrants to Israel forfeited in Middle Eastern Arab countries. Mr. Zanbarg also agreed that even though a political settlement might be deferred a great deal could be done along the lines of such a plan in the interim.

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--Deputy Prime Minister Allon agreed that development on the West Bank and the Gaza Strip could proceed as Javits outlined with coordination supplied by some outside, hopefully non-governmental agency. Javits suggests that perhaps the Carnegie Endowment's Middle East Commission could transform itself into such an agency. Allon believed it essential to proceed with an economic development plan even before a political settlement. Allon agrees that Jordan could well be the first to reach a settlement and that King Hussein can deliver on whatever agreement he makes.

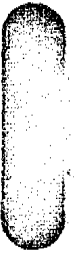
Javits concludes by noting two general observations: (1) There is a very much greater sense of security and confidence in Israel as a result of the Nixon Administration's support. (2) Javits found confirmation for the theory that if Israel has the necessary arms and US support, its government will be more relaxed and more amenable to working out some kind of peace arrangement.

Comment

It appears as if Hussein and perhaps the Israelis as well would like to minimize Javits' role. However, the direction he is going could actually be used quite effectively both by Israel and by Hussein in providing the underpinnings for cooperation with or without a political agreement. While we do not necessarily want to stake any hopes on the Carnegie plan for its own sake, we do have an interest in the concept it reflects. We also want to handle Javits carefully because if anything like this were to materialize, we could use his leadership in the Senate.

Recommendation: That you sign the brief note to Javits at Tab C.

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A

JACOB K. JAVITS
NEW YORK

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United States Senate

WASHINGTON, D.C. 20510

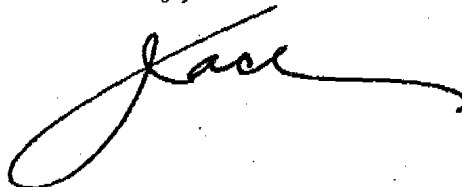
August 4, 1972

Dear Henry:

I thought you might be interested in the enclosed notes of my conversations with the leading members of the Israeli cabinet during my July 5-7 trip to Israel. I would welcome any comments you might have.

With best regards,

Sincerely,



Dr. Henry Kissinger
The White House
Washington, D.C.

Enclosure

REPORTING ON A SERIES OF CONVERSATIONS IN ISRAEL JULY 5-7, 1972

Foreign Minister Abba Eban with Mr. M. Gazit, Director General; Mr. E. Evron, Assistant Director General; Mr. M. Sasson, Assistant Director General; Mr. E. Benzur, Political Secretary to the Minister.

I laid before them the information which I had respecting the fact that I had excellent reason to believe that King Hussein's Jordan was ready to be the first of the Arab States to enter into a peace agreement with Israel if this could be arranged. He felt very deeply that if he did enter such an agreement that he could deliver on it at this time and make it stand up with the Jordanian people. He felt that as far as boundaries were concerned these were negotiable provided that it was understood that the major population of the West Bank would return to the sovereignty of the Crown; this within the context of his own plan for an autonomous state on the West Bank.

He ruled out any questions of Golan Heights or other problems affecting the Syrians as not being of concern to him. He also ruled out any problems about the Port of Elat or of the Dead Sea and felt that as to the Gaza Strip, if Israel wanted it-- he had no claim to it-- but that if Israel wished to turn it over to him for administration that he would accept and would need arrangements for a corridor. Mr. Eban made it clear that under no circumstances would Israel turn the Gaza Strip over to Jordan.

King Hussein, I said, I felt, would like to have some port arrangement with Israel and Mr. Eban indicated that the ports of Gaza or Ashdod could be made available; and I pointed out that this would require a treaty or an agreement for access.

As to the Holy Places, Mr. Eban felt that jurisdiction for the purpose of maintaining them in the interest of the Moslem world could probably be worked out with King Hussein as the representative of the

Moslem world.

The real sticking point came in the case of Jerusalem. There I pointed out that the King felt, in my judgment, that he had to have a capital for the newly autonomous West Bank State which could lean upon "or be contiguous" to Jerusalem. I mentioned that I had been asked what is Jerusalem? What are its metes and bounds and that nobody knew what they were. It therefore should be possible within the concept of a greater Jerusalem to include a recognition of the right to a capital for an autonomous West Bank State. It was felt by Mr. Eban that this was a very difficult problem.

I made it clear that I was no middleman or peacemaker, but that with the consent of the U.S. Government I was conveying information as to what I had learned about what might be done in the direction of Jordan and that if there was any reaction to this information which would call upon me to do anything about it, that I should be so requested; and if agreeable to the U.S. Government that I would then proceed.

We also discussed my findings in Europe on the U.S. and NATO (see report on conversations with Prime Minister hereafter).

Mr. Eban said that he hoped that I would detail the whole situation to Prime Minister Meir whom I was to see the next day.

Prime Minister Meir (with Mr. Denitz and Mr. Avron)

I repeated in exact detail the facts as I had given them to Foreign Minister Eban. Mrs. Meir followed the whole statement in great detail. She confirmed that under no circumstances would Israel give up the Gaza Strip to Jordan in any such arrangement as I mentioned. She agreed that a port for Jordan could be arranged. She found it extremely interesting that Jordan was willing to be the first Arab State to make peace with Israel and also the

feeling that the King felt that if he made an agreement he could make it stick as far as his country was concerned. She found the discussion about Jerusalem very hard to comprehend. Though I believe that she understood me very clearly, she reiterated the fact that Jerusalem was Jerusalem and that she could not see any way in which some additional capital for the autonomous West Bank State could be located there. (I have the distinct impression that her companions understood it perfectly and that so did she, but that the difficulty which she said she had in comprehension was just her way of not having to wrestle with the problem then and there.)

As to the Holy Places, she too expressed the feeling that something there could be worked out in terms of jurisdiction so long as it did not compromise Israel's sovereignty over the entire settled city of Jerusalem as we know it now.

I also discussed with Mrs. Meir my experiences in Europe regarding the future of the North Atlantic Alliance and its meaning as far as Israel was concerned in terms of the defense posture of the United States in the Mediterranean. I suggested that if President Nixon were re-elected, in which I expressed great confidence, there would be a four-year turn around time for Israel before it was likely that the American position in Europe would undergo any major change. I had given the odds to Mr. Eban of 2-1 that by the end of the Nixon term such a change in U.S. policy in the nature of a "leaning away" from Europe was a possibility and I mentioned the same odds as an evaluation of its likelihood to Mrs. Meir and stated my conclusion that a four-year turn around period meant that this was likely to be the optimum time in which Israel could conclude a peace with the Arab states.

I suggested to her at the very end of our talk that I would also like to see Defense Minister Dayan about future arms needs and other questions and she said this was fine.

I also discussed with Mrs. Meir and showed her the report of the Israel Institute of Applied Research under Mr. Shye and brought her up to date on the activities of the Carnegie Endowment's Middle East Commission. I told her that I would talk to the various Ministers of her Cabinet and that we contemplated some kind of seminar colloquium or "Pugwash" type discussion between Israeli scholars, Arab scholars and scholars of other countries to give this report international exposure. Also, that it would be coupled with a report on the situation on the East Bank of Jordan which was in preparation by a Yugoslav research institute which we expected would be ready very shortly. She expressed very great interest in the possibility, said that this was an answer to a great need and agreed with me that an economic development plan for the areas heavily settled by Palestinian Arabs should be cranked into any settlement between Israel and Jordan, and said that it was excellent that I would discuss the question with her Ministers.

Mrs. Meir spoke at some length about her visit to Vienna from which she had just returned and discussion with other Socialist premiers. She spoke especially of the Premier of Norway and also referred to the Austrian Premier. She said that there was almost an attitude of despair about the attitude in their countries toward the United States and continued participation by the United States in the affairs of Europe. They felt that this was absolutely essential to the future security of Europe and its ability to avoid the tentacles of the Soviet Union and that the Socialist premiers face a very considerable opposition--or insensitivity--to this question in their countries.

At a dinner on the night of July 7, with friends of the Adars' at the Casbah Restaurant, including a number of newspaper commentators, I asked the question if there was any sentiment in Israel such as we saw developed in the United States respecting the Vietnam war, of getting out of the war with the Arabs; or the fact that some peace could be made if Israel were willing to yield a great deal with respect of it; and the general attitude of blaming the Government for continuance of the war situation. There was a very strong point of view expressed. They said this sentiment, if any existed at all, was very minor in Israel and that the country would as in 1967, respond promptly, energetically and unquestionably to any emergency. Therefore, that the Israeli Government retained its freedom of action and that there was overwhelming confidence in the country-- in excess of 80% for Mrs. Meir and Defense Minister Dayan.

Finance Minister Pinhas Sapir

After I recounted all of the same detail that I had gone into with Mrs. Meir, he confirmed that King Hussein could have a port and also named Gaza and Ashdot though he did not rule out another port if that proved to be more feasible in terms of its usage by Jordan to give it access to the sea. I discussed with him the study of the Institute of Applied Research. He said that off hand the cost of the ten year program (Capital cost estimated at \$1 billion 600 million dollars ranging from \$50 million the first year to over \$300 million in the tenth year) that these costs seemed to him out of line and too high, but that he would be very glad to receive a copy of the report and that he would look it all over very carefully.

Minister of Transportation and Communication Perez

Here I ran into a very interesting situation respecting a rather pronounced point of view on the possibility of peace with Jordan. Mr. Perez felt that this would not be good for Israel and would not be good for King Hussein. He felt that it would result in Israel having to undertake an extensive defense commitment to King Hussein for his kingdom and an antagonism greatly aggravated toward him by the other Arab States with a distinct possibility of war on his borders. Perez felt that if the King kept control of the situation and the cease-fire continued that the relationships between Israel and Jordan as they stood now were best for both sides.

As to an economic development plan for the West Bank and Gaza Strip, he too expressed very great interest in the study. I pointed out that one of the assumptions in the study was a condition of peace between Israel and Jordan and that on that basis extensive loans could be obtained including perhaps as much as \$500 million dollars from the World Bank which knew all about this work and expressed great interest in it. He said that as this was unlikely for the immediate future that he thought credit could be obtained by the municipalities in the affected areas on the ground that no matter who had the sovereignty, the municipalities would continue, and therefore, be excellent risks. He said that they were contracting credit even now, notwithstanding the unsettled status of the area in which they were located.

He said also that he realized that the massive implementation of an economic development plan could not take place in the present troubled conditions. They thought that the road could be begun if in parallel Israel

and Jordan pursued development plans and there was a common (though not a mutual) coordinating medium.

Mr. Zanbarg, President and Chairman of the Bank of Israel

He was very high on the idea of economic development for the West Bank and the Gaza Strip and liked especially the concept of an autonomous development authority upon which Palestinians as well as the Israel Government and other pertinent interests would be represented. In the discussion with him there arose the idea that perhaps \$1 billion dollars would be owed to the Arabs as compensation for the confiscated Arab lands and properties. This sum would be an important item in development financing, which could come from Israel. In that regard, he suggested a concept which would result in this billion being deposited as capital in the development company with securities being issued to the Arab claimants. It would be used as rollover capital for the development of the West Bank and the Gaza Strip, and might be, let us say, in terms of 25 or 35 year securities bearing a rate of interest. This sounded like a most interesting proposal though it did not take account of the counterclaims which Israel could assert for property of immigrants to Israel forfeited in Middle East countries. Zanbarg also agreed that even though a political settlement might be deferred that a great deal could be done along the lines of a plan such as we had discussed and was being proposed. He was the single most enthusiastic supporter of the idea that I encountered in government circles in Israel.

Deputy Prime Minister Allon

Here too the reception to the economic development idea was splendid. Mr. Allon felt that the economic development on the West Bank and the

both sides of the Jordan with a coordination supplied by some outside, hopefully, nongovernmental agency.

This introduced an idea which I had not entertained before of the Middle East Commission perhaps transforming itself into such an agency; and this is not inconsistent with carrying on seminars or other meetings to discuss both the Jewish and Arab plans themselves in order to give them an international audience. Mr. Allon believed it essential to proceed with an economic development plan even before there is a political settlement. He said this was urgently needed and that much progress could be made even in the absence of a political settlement.

On the matter of a political settlement between Israel and Jordan, he is personally of the view that it is quite in order for Jordan to be the first to settle, and believes that King Hussein can deliver. In this respect I have a direct confrontation between two points of view completely different in the Israel cabinet. One espoused by Minister Perez and the other espoused by Deputy Prime Minister Allon. I also discussed with him as I discussed with Mrs. Meir the implications to Israel's security of the future posture of the United States respecting European security and the United States' participation in NATO. Again, I found him more impressed than any of the other ministers. Though Mrs. Meir had listened to me with rapt attention, so that I know that she was impressed with what I told her about NATO; Allon, I believe, had the greatest appreciation of any of the cabinet ministers I saw of the four-year turn around period that I envisaged between 1972 and 1976 in which it would be most urgent and desirable for Israel to work out a peace.

General

Respecting general observations on the country, I found two major points. First, there is a very much greater sense of security in view of the solidity which is construed to represent the American alliance with President Nixon as it's underwriter.

Secondly, I found also confirmation of the theory which I had espoused that if Israel had the necessary arms and support from the United States, it's government would be more relaxed and much more amenable to working out some kind of peace arrangement.

Finally, my observation was that Israel, in a most interesting way, in a space of only seven months since I have been there before now, regarded itself as a small country; that the concept that everything in the world that was important was happening right there has been succeeded by some sense of proportion and perspective as to where Israel fitted into the world. This began a process which could properly be described as normalization for the country.

Also, I had the distinct impression that if their intelligence appraisal of Hussein was that they felt he could deliver on a deal that was made that they were beginning to think more in that direction and less in the direction of being able to work anything out with President Sadat, but rather having the feeling that it was the Sadat situation which was so heavily in the hands of the Soviet Union that a deal there would take a very considerable time, whereas the United States, in essence, was the most influential factor with both Jordan and Israel, and therefore, that a deal was much more possible in that area in the first instance. (This occurred before the announced ouster by Egypt of Soviet military "advisers")



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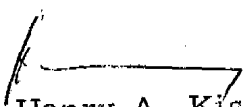
THE WHITE HOUSE
WASHINGTON

August 26, 1972

Dear Jack:

Thanks very much for sharing your notes on your trip to Israel. I will be interested in hearing your further thoughts as the Carnegie papers evolve.

Warm regards,



Henry A. Kissinger

The Honorable
Jacob Javits
United States Senate
Washington, D. C. 20510