

# MISSING PAGE

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GENERAL

1. Reported shift in Dutch policy on Indonesia--The Netherlands Foreign Office has informed US Ambassador Baruch that as a result of the resignation of the Minister for Overseas Territories, Dutch policy toward Indonesia will probably develop along the lines laid down by the Security Council resolution, particularly with respect to both liberation of Republican officials and participation by the UN Commission in the negotiations for the establishment of a federal Indonesian government. Dutch Foreign Minister Stikker subsequently told Baruch that he will accept the resignation of the Dutch High Commissioner for Indonesia if the Commissioner refuses to release the captured Republican leaders. According to Baruch, Stikker believes that if his ideas prevail and Republican demands "do not prove too drastic and unreasonable," the Netherlands can transfer sovereignty to a federal Indonesian government by 1 July.

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2. US plan for Berlin currency--The Department of State has informed US Embassy London that unless the USSR accepts a satisfactory solution of the Berlin currency problem before 10 March, the US and the UK will have to introduce the western mark in Berlin by that date, regardless of whether the French participate. The Department is requesting that General Clay, in concert with the UK Military Governor, inform the French Military Governor of this plan.

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EUROPE

3. GREECE: US again opposes Greek Army increase--The Department of State has instructed US Ambassador Grady to inform the Greek Government of the Department's opinion that any increase in the Greek Army, such as that recently proposed by Commander-in-Chief Papagos, would: (a) be

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unwarranted military; (b) impose an intolerable burden on the Greek economy; and (c) involve expenditures of money and materiel by the US which would be incompatible with a balanced program of foreign military aid. Grady is also to declare that a deplorable impression has been created both by reports that the Greek Government is calling up conscripts without reference either to the authorized ceiling or to availability of funds and by the peremptory manner in which Papagos has implied that the acceptance of his present post was conditional on implementation of the proposed increase.

#### NEAR EAST-AFRICA

4. PALESTINE: US-UK statement urged--US Ambassador Griffiths in Cairo transmits his opinion (in which Mark Ethridge concurs) that no final settlement in Palestine can be reached prior to high-level agreement between the US and UK regarding: (a) Jewish-Arab borders; (b) rehabilitation of refugees; and (c) internationalization of Jerusalem. According to Griffiths, the Egyptians, who realize other Arab states except Transjordan have little further interest in the problem, want to be "coerced" into a solution. Griffiths, therefore, feels that a strong public statement made jointly by the US and UK would go far toward promoting a settlement. He adds, however, that such a statement would have to be backed by the strongest representations to both Egypt and Israel at the highest US and UK levels.

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Israelis reported adamant at Rhodes--According to US Consulate General Jerusalem, UN Acting Mediator Bunche has informed Mark Ethridge that the Israeli delegation at Rhodes continues to be completely adamant on all important points. According to Bunche, the Egyptians assert they will make no more concessions until the Israelis "throw in some."

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