

S/AE The Farley

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IPB/CR/IR by W. YDANE Date 8/25/00

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December 28, 1960

TO: NEA - Mr. Jones
THROUGH: S/S
FROM: M - Mr. Marchant

SPECIAL ASSISTANT
TO THE SECRETARY
S/AE
DEC 28 1960

Reuter
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There was considerable discussion of the Israeli nuclear reactor at OCB lunch today. John McCone was not present, but Allen Dulles emphatically voiced his view that the Israeli Government had by no manner of means yet come clean with us. There was also some annoyance expressed at the affirmative action last week of the DLF Board in approving the Israeli loan notwithstanding the unanimous view expressed at the previous OCB meeting that action on this should be delayed. On the latter point I explained that there were mechanical reasons justifying proceeding but that I had instructed that all aware of the action should be cautioned against any communication of it to the Israeli and that any public announcement of the DLF action was to be withheld pending further instructions.

Gordon Gray emphasized that the President still expected us to follow-up, but not necessarily publicly, with the Israeli in an effort to secure their agreement to submit the operations of the reactor to the standard IAEA safeguards. I said that, in light of the large amount of uncalculated newspaper publicity and the violence of Arab reaction, the Department was not anxious publicly to prolong the discussion of the reactor in the press. I said, therefore, our further efforts in line with the President's wishes could be expected to be conducted quietly through diplomatic channels.

I would appreciate it if you would bring me up to date on what has been done in this connection and what is further planned.

I would also appreciate it if you would let me know the status of the Treasury Department's examination of the tax deductibility of certain classes of contributions to Israel made in this country.

cc: S/AE - Mr. Farley

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E.O. 13526, Sec. 3.3
AW 2787
By TB/DAL NARA, Date 11/30/11

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