

*For review
mid East*

~~Secret~~

5/18

*cy #2 sent to
President
mid East*



BOARD OF
NATIONAL ESTIMATES



SPECIAL MEMORANDUM

EO 13526
3.3(b)(1)>25Yrs
EO 13526
3.3(b)(6)>25Yrs
EO 13526
3.5(c)

The New Situation in the Persian Gulf

~~Secret~~

1 February 1968
No. 3-68

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SANITIZED
E.O. 13526, Sec. 3.5
NLJ/RAC 15-40
By *ch* NARA, Date 3-10-15

One page sanitized in its entirety

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

1 February 1968

SPECIAL MEMORANDUM NO. 3-68

SUBJECT: The New Situation in the Persian Gulf*

NOTE

The British have announced that they will withdraw all their military forces from the Persian Gulf by late 1971. They may pull out before this. In any case, this memorandum deals only with the period prior to their departure.

* This memorandum was prepared by the Office of National Estimates. It was discussed with representatives of the Office of Current Intelligence and of the Clandestine Services, who are in general agreement with its judgments.

GROUP 1
Excluded from automatic
downgrading and
declassification

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SUMMARY

A. Even if the British keep their military forces in the Gulf through 1971, their influence as protector and peacekeeper will decline in the interim, perhaps fairly sharply. Hence, stability in the area will become more tenuous.

B. This outlook is already creating apprehensions on the part of conservative governments in the area and will probably result in efforts to contrive some kind of regional security arrangements -- led by Iran and Saudi Arabia. Both of these states will press for US support in their endeavors. We are skeptical of their ability to cooperate effectively -- either with each other or jointly with local rulers along the Gulf.

C. Nevertheless, for the next couple of years the chances are against major or prolonged disorders. This is not so much because of inherent local strengths as because of the limited capabilities of those who would foment unrest. Bahrain is probably the most vulnerable of the Gulf states to anti-regime sentiments and Arab nationalist subversion.

D. A number of contingencies could change this picture. For example, the death of Faisal would be likely to weaken the stabilizing influence of Saudi Arabia, to which some of the lesser sheikhdoms look for support. Or if Nasser no longer needed to rely on Saudi or Kuwaiti subsidies, he would almost certainly become more active in the Gulf. Emergence of a radical regime in Bahrain, Kuwait, or some other Gulf state would increase pressures against the others.

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INTRODUCTION

1. The UK's announcement that all its forces* will leave the Persian Gulf by 1971 has created a new situation, especially in the lower Gulf where there are a number of small, weak, and backward states. The traditional ruling families of this region are already exploring the possibilities either of uniting with their neighbors in some sort of federation, or of gaining the protection of either Saudi Arabia or Iran. Any such arrangements will almost certainly be challenged by revolutionary, nationalist Arab forces, drawing inspiration and assistance from their fellows elsewhere in the Arab world. In this contest the conservative powers will seek support from the US, and their opponents will look to the USSR.

* The UK maintains some 6,000 troops and small air and naval units in the Gulf. It subsidizes and provides the officers for the Trucial Oman Scouts, the police force for the Trucial Sheikdoms. British officers direct Muscat's mercenary army, and are seconded to the military and security services of all the small southern Gulf states. The future status of the various British advisors and seconded officers is still uncertain. For years, British influence in Kuwait has been slight. In Iran, Iraq, and Saudi Arabia, it has been minimal.

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REVOLUTIONARY FORCES IN THE GULF

2. Revolutionary forces in the Arab world see the UK's announcement as a golden opportunity. They probably view the recent victory of the Arab Nationalists Movement (ANM) in Aden as a prelude to operations in the Persian Gulf. Nasser, the Syrian Baathists, and the Beirut based ANM already have some assets in the Gulf. In addition to organized Baathi and ANM groups, there are many Egyptians, Syrians, and Palestinians, most of whom hold Arab nationalist sentiments, working in Kuwait as technicians, teachers, and bureaucrats. A fair number also work in Saudi Arabia and the smaller Gulf states. Many Yemenis, some of whom might be responsive to direction by the leftist South Yemen and Yemen Republican governments, work in unskilled jobs in the area.

3. Conditions in the Gulf are not as favorable for these revolutionary forces as they were in South Arabia, however. Saudi Arabia, Kuwait, and Iran have established, wealthy governments capable of both buying off and suppressing revolutionary opposition. Internal security in the smaller states is not, as it was in Aden, dependent on British troops but on local police and armed levies, trained and officered by the British. Though

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their capabilities have not been tested by major civil strife, these security forces have generally proved able to maintain order. We cannot be sure how severely their competence or willingness will be affected by the British decision to withdraw their own troops.

4. The UAR and Syria sponsor various political action programs in the Gulf, although problems of distance and access make support of terrorists and insurgents more difficult than it was in South Arabia. Moreover, in the short term at least, Nasser will be inhibited from sponsoring subversion and disruption by the fact that Kuwait and Saudi Arabia supply eighty percent of the \$250 million annual subsidy on which the UAR economy currently depends. Nasser would probably not risk a cutoff of these funds.

5. Iraq is the only revolutionary and nationalistic Arab state that can provide a base for active subversion in the Gulf. In the past, though it has given some sporadic aid and training to dissidents in the area, the Baghdad regime has been primarily concerned with domestic affairs. Were major revolutionary movements to appear in the Gulf as the time of British departure

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neared, however, the Iraqis might begin to give them substantial assistance. The emergence of a new and more activist regime in Baghdad would probably lead to much greater intervention in the area. But even the Iraqis would not find it easy to mount sustained operations into many of the areas the British are leaving.

6. Our knowledge of the size, strength, and capabilities of the various revolutionary or anti-regime groups is limited. Disaffection with the traditional ruling families exists in most states in the Gulf, and sporadic episodes of unrest have occurred in several. Such outbursts are likely to increase as various elements seek to improve their position against the day of the British departure. On balance, however, we believe that these regimes will not be seriously threatened by revolutionary forces for at least the next year or two.

7. In Kuwait, there is some disaffection with the repressive policies of the present ruler, and the ANM has a sizeable membership there. Nevertheless, the Kuwaiti security services can probably put down any serious disturbances in the next few years. The same is true in Saudi Arabia's oil producing Eastern Province,

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where effective repressive measures have contained -- and probably will continue to contain -- sporadic outbursts of labor unrest.

8. In Muscat, a small-scale rebellion of tribesmen in the Dhofar area has been going on for several years. It has been fitfully supported by the Saudis as well as by Iraq and Egypt, and will probably get some support from the new leftist regime in neighboring South Yemen. Nevertheless, it has no connotations of social revolution and is unlikely to spread outside the Sultanate.

9. Violence, terrorism, and even attempted insurrection may occur on the island of Bahrain, however. It is unique among Gulf states in having a substantial number of educated unemployed who chafe at political and social repression. The ANM and the local Communist influenced NLF have some strength; they have successfully mounted major riots and demonstrations in the past.

and has relied heavily on the British to maintain order. The recent British announcement will probably not lead to an early outbreak of terrorist and insurrectionary activity. But as the actual departure date approaches, the odds favoring such developments will increase. Some incidents will probably occur within the

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3.3(b)(6)

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year, and the success or failure of the security forces in coping with the first ones will do much to speed or slow the pace of such activity on Bahrain, and possibly elsewhere.

10. There are a number of contingencies which could change the picture in the Gulf. The death of Faisal, for example, would probably weaken the Saudi government, and the Eastern Province would become more vulnerable to subversion. A successful nationalist coup and the emergence of an activist, nationalist government in Kuwait or one of the smaller states would also greatly increase tensions in the area and perhaps lead to a series of further uprisings. The end of Nasser's heavy dependence on Saudi and Kuwaiti subsidies would almost certainly increase the UAR's subversive efforts in the Gulf.

THE CONSERVATIVE GULF POWERS

11. The larger conservative Gulf states, particularly Iran, will seek to assume a more dominant role in the Gulf. The Shah wishes to inherit as much of the British mantle of protector of the weak and conservative states as he can. He believes his country's size, importance, and military strength

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(its armed forces are larger than those of all Gulf powers combined) will enable it to do so. This desire is reinforced by his deep-seated fear of revolutionary Arab nationalism. Most of Iran's oil comes from the province of Khuzistan, which has a large Arab population, and which has long been claimed by Arab nationalist groups. The Shah sees Nasser as the principal leader of these hostile forces and believes that control of Persian Gulf oil is Nasser's ultimate objective.

12. Saudi Arabia and Kuwait, though hostile to Nasser and to revolution, are wary of Iran. Their wariness is reinforced by sectarian and linguistic differences, and by Iran's long-standing claim to the island of Bahrain. They resent Teheran's support of and sale of oil to Israel, its support of the rebellious Kurds in Iraq, and its alleged suppression of the Khuzistan Arabs. They also fear Iran's size, power, and ambitions. Negotiations for a demarcation of the three countries' oil rights in the Gulf itself have gone on for several years without agreement. Only the appearance of effective revolutionary forces in the Persian Gulf would lead them to greater cooperation with Iran. Even so, they are unlikely to agree to the formal defense arrangement the Shah desires.

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13. Almost all Arabs, including the Saudis, will particularly resist the idea of Iran playing an important role in Arab affairs. In any case, it is questionable whether either the Saudis or the Iranians could bring to bear the kind of force which would be directly relevant and effective against the threats which are in time likely to materialize in the Gulf. Their most effective contribution may be to deter or counter interference by other outside powers on behalf of the radicals.

14. The Saudis have less ambitious hopes for their future role in the Gulf. They do not wish to dominate their neighbors so much as to ensure that those neighboring states remain under the rule of friendly conservative leaders. But even this modest aim will hold difficulties; Saudi Arabia is already on poor terms with Abu Dhabi and Muscat, the two largest states in the lower Gulf, as a result of a long dispute over ownership of the Buraimi oasis area. This animosity will inhibit area-wide cooperation and coordination of effort between Jidda and all the UK protectorates. But Faisal is likely to extend offers of protection and subsidy to the other small states if they request it, and if suitable arrangements can be worked out.

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15. The smaller Gulf states will seek to retain as much autonomy as they can without gravely risking their security. Muscat and Abu Dhabi may emerge as independent oil rich states, and like Kuwait, buy off their potential enemies. The smaller states will generally look to the rich Gulf powers for subsidies and protection, while resisting interference in their internal affairs. Though the UK is likely to attempt to federate these lesser entities, their rulers will prefer a separate existence under the protection of a stronger power, most likely Saudi Arabia, rather than union with each other.

THE GREAT POWERS AND THE GULF

16. Some Persian Gulf states will hope to find a substitute for British support. They will ask the US for political support, military assistance, and probably an expanded naval presence in the Gulf. Their principal argument will be the need to prevent Nasser and other revolutionaries -- whom they consider to be under strong Russian and Communist influence, if not absolute control -- from taking power and controlling the Gulf's oil resources.

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17. Direct Russian assets in the Gulf itself consist of an embassy in Kuwait, a consulate in Basra, and a small number of Communist adherents in several states. The Soviets are, of course, working hard to improve their diplomatic position and their clandestine capabilities. But there are limits on the Soviet's room for maneuver. They have good and profitable relations with Iran which would be jeopardized by too active and conspicuous an involvement in the Gulf. Thus, a less conspicuous role is more likely to appeal to the Soviets. Long range Soviet interest in the Gulf is probably as great as in the rest of the Arab world, and they will be alert to opportunities created by the British withdrawal and dissatisfaction with traditional regimes.

18. It is too early to tell if the precipitate British withdrawal announcement, which was preceded by strong assurances of determination to remain much longer, will have serious economic repercussions on the UK itself. Britain's military forces were symbols of security to the Kuwaitis and other weak but wealthy Gulf powers. These states have kept their substantial financial reserves in British banks. Heavy withdrawals of these currencies, brought on by pique at London's alleged betrayal, could inflict

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serious further damage on the British economy. Such a move might be encouraged by the French, who are already moving to enhance their influence in the Arab world and in the Gulf itself.

19. Western petroleum interests will probably be little affected for at least the next several years. If Bahrain or any other state in the area became racked by violence and terrorism, oil operations there might be curtailed or suspended, at least for a time. Were a nationalist, anti-Western group to seize power, it could make oil company operations more difficult and expensive. But even an aggressively radical state would probably recognize the value of Western participation in the marketing of oil. The oil companies will almost certainly continue to operate profitably at least as long as the British remain, and probably for long after they depart.

FOR THE BOARD OF NATIONAL ESTIMATES:



ABBOT SMITH
Chairman

3.5(c)

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4/6/68

19

✓ Hal -

Is anything more
to be done re attached -
or can this just be filed?

Lois:

→ UN

No. File. The instruction to Thompson was
incorporated in a broader cable, and the cable to Arab
capitals went out on WWR's OK. Hal

Tally ^{measure} ^{Distance}
 = 4.5 m
 = 2.5 m
 12
 19a
 WHITE HOUSE ^{celebration}

19a

Wednesday, January 17, 1968

SUBJECT: Mid-East Arms Limitation Approaches

The Secretary raised this with Dobrynin before he returned to Moscow. Now, to make sure everyone understands this is a serious effort, he recommends two more steps:

2. **Instruct our ambassadors in Arab capitals to make clear our restraint and to let Arab leaders know that further decisions will depend on what they and the Soviets do.** (Tab B). State would follow this up with specially tailored stronger approaches in Cairo and one or two other key capitals, perhaps urging them to talk with the USSR.

While I realize this describes to a pretty broad audience the simpler elements of your decision, I think this is necessary if we're going to put real substance in a major pitch for limitation. I recommend you approve the attached.

Wolff Rostow

~~SECRET-EXDIS~~

DECLASSIFIED
E.O. 12958 Sec. 3.5
NIIJ-69801
By sp/jsh, NARA, Date 1-7-00

~~SECRET~~

19-b



Exdis

SUGGESTED MESSAGE TO MOSCOW

When he saw Dobrynin January 9, Secretary referred to communicate following Eshkol's meeting with President and said that decision on further arms supply to Israel would depend in large measure on Soviet willingness restrict traffic to Arab states. We had given some thought to following up Secretary's remarks with more formal approach to Soviets but would prefer give Dobrynin opportunity sound out leadership before doing so. Matter is of some urgency and President, of course, is deeply concerned at effect continued arms traffic may have on Middle East situation.

We are continuing delivery of planes under our 1966 agreement (48 Skyhawks) and are extending agreement to provide limited number additional Skyhawks (about 30). We are deferring decision on Phantoms, thereby giving restrained and measured response to Israeli request for aircraft to replace wartime losses and counter Arab buildup. As joint statement made clear, what we do will depend above all on question whether our restraint is matched by corresponding restraint on part of Soviets.

If you have opportunity (e. g., Spaso lunch), would appreciate your recalling to Dobrynin Secretary's approach, stressing to him President's concern and indicating it would be helpful to have early indication his Government's reaction. You may draw on foregoing as appropriate in talking with Dobrynin.

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DECLASSIFIED
E.O. 12858 Sec. 8.5
NLI-S 98001
By cg/jsh, NARA, Date 1-7-00

19-c

~~CONFIDENTIAL EXDIS~~

SUGGESTED MESSAGE TO ARAB CAPITALS



1. According NYTimes January 13, (a) President Johnson promised Prime Minister Eshkol QTE more American Skyhawk A-4 fighter-bombers to help Israel maintain her military superiority over the Arab states UNQTE, (b) details not yet worked out but additional planes would probably number about twenty, (c) no commitment made on Israeli request for fifty F-4 Phantoms, QTE most advanced operational plane in American arsenal UNQTE, for which Israel pressing and (d) possibility of further agreements not ruled out, depending on scale of Soviet arms shipments to Arabs.

2. Drawing upon following points, action addressees may in their discretion approach host governments at appropriately high level in effort to place in perspective this and other recent publicity about US position on aircraft for Israel generated by Eshkol visit and, where applicable, lay groundwork for serious effort achieve arms limitation.

A. Joint statement issued following Eshkol visit notes that we are keeping Israel's military defense capability under review.

B. Meanwhile, we are continuing delivery of Skyhawks under our 1966 agreement with Israel and, in light of deliveries to other states in area since June war, have agreed to extension of 1966 agreement in order to provide Israel limited number of additional planes of same type. We have therefore given restrained, partial and measured response to Israeli request for aircraft to replace wartime losses and counter build up.

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DECLASSIFIED
E.O. 12958 Sec. 3.5
NLJ-S 83001
By 69/jed, NARA, Date 1-7-00

elsewhere in area.

C. It is our earnest hope that, by not introducing new-type (Phantom) aircraft into area at this time, we have contributed to dampening of arms race and to prospects for just and peaceful settlement. Whether arms supply situation remains stabilized will depend above all on whether our restraint is matched by corresponding restraint on part of Soviets and those countries which receive arms from them. We hope Soviets can be brought to understand full weight and significance of this fact. Whether situation remains stabilized will also depend on whether there is movement toward peaceful settlement as envisaged in November 22 Security Council resolution and Jarring Mission, or retrogression toward view that countries of area must prepare for another military round.

D. In talks with Eshkol, while putting aside for time being question of significant new arms supply to Israel, we emphasized need to explore, flexibly and imaginatively, all paths to peace. Joint statement at conclusion visit expressed Israeli as well as USG support for Nov. 22 Security Council Resolution and Jarring Mission. We shall continue use our influence with Israel to give top priority to search for peace. We count on Arab Governments similarly to make constructive use of present opportunity to help Jarring Mission develop momentum toward peaceful settlement.

EEA915
00 WTE10
DE WTE 162

FROM WALT ROSTOW
TO THE PRESIDENT
CITE CAP80143

md East
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Received: Washington CommCen
4:53 AM Saturday 6 Jan 68

Received: ~~MBMLBJ~~ Ranch CommCen
7:10 AM Saturday 6 Jan 68

DECLASSIFIED

Authority RAC-NLJ DD1-104-1-7

By is NARA, Date 10-5-01

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FOR THE PRESIDENT FROM WALT ROSTOW

ALTHOUGH IT DOES NOT DESERVE EXCESSIVE WEIGHT, THIS CIA REPORT
DESERVES READING.

1. THE SOVIET DIPLOMAT MADE THE FOLLOWING COMMENTS ON AMERICAN
POLICY IN THE MID EAST:

A. THE JOHNSON ADMINISTRATION IS NOT LIKELY TO CHANGE
ITS PASSIVE APPROACH TO THE CURRENT MID-EAST SITUATION
IN THE NEAR FUTURE. THIS WORKS TO THE SOVIET ADVANTAGE
IN THAT BY THE TIME THE AMERICANS DO DECIDE TO MODIFY
THIS ESSENTIALLY "MONITORING" POSTURE TO THE EXTENT OF
POSITIVE MANEUVERS TO REGAIN INFLUENCE IN THE ARAB WORLD
IT WILL BE "TOO LATE." THE SOVIET CLARIFIED THIS BY
STATING THAT THE SOVIETS ARE RAPIDLY SOLIDIFYING THEIR
INFLUENCE IN THE MIDDLE LEVELS OF THE EGYPTIAN GOVERNMENT,
THAT THE SYRIANS ARE "ALMOST EMBARRASSINGLY FRIENDLY"
AND THAT ONLY ALGERIA IS CAUSING PROBLEMS BY CRITICIZING
THE SOVIETS FOR NOT BEING TOUGH ENOUGH ON THE SUBJECT OF
ISRAEL. (SOURCE COMMENT: THE SUBJECT OF THE SOVIET
BLOC DECLARATION ON ISRAEL IN WARSAW ON 22 DECEMBER WAS
NOT BROUGHT UP DURING THE CONVERSATION.)

B. THE SOVIET DIPLOMAT CLAIMS THAT THE SOVIETS ARE AWARE
OF THE DIFFICULTIES OF DEALING WITH PRESIDENT NASIR,
AND HIS SEIZURE OF SHARM AL SHAYKH WITHOUT PRIOR INTIMATION
TO THE SOVIETS STILL RANKLES. THEY REGARD HIM AS QUITE
CAPABLE OF SHIFTING HIS GROUND IF HE THINKS HE CAN GAIN
BY SO DOING. THEY DO NOT REGARD HIM AS "PRO COMMUNIST"
IN ANY SENSE AND REALIZE THAT THE COMMUNIST INFLUENCE
IN EGYPT HAS DECREASED EVEN AS SOVIET INFLUENCE HAS RISEN.
THE SOVIETS MAKE A CONSCIOUS POLICY OF BEING NON POLITICAL
IN THIS CONTEXT AND HAVE ABANDONED FOR THE SHORT RUN AT
LEAST ANY IDEAS THEY MIGHT ONCE HAVE HAD OF BUILDING AN
EGYPTIAN COMMUNIST PARTY WITH ANY WEIGHT. THERE IS NO
SOVIET SUPPORT IN EGYPT, COVERT OR OVERT, FOR EGYPTIAN
COMMUNISTS.

2. THE SOVIET SAID THAT THE SOVIETS ARE ATTEMPTING TO ASSIST
THE EAST GERMANS TO ESTABLISH THEMSELVES IN THE ARAB WORLD BY
REFERRING THE EGYPTIANS TO THE EAST GERMAN REPRESENTATION IN
CAIRO ON ANY TIMES OF ECONOMIC ASSISTANCE WHERE THE SOVIETS
FEEL THERE IS A REMOTE CHANCE OF THE EGYPTIANS AND EAST GERMANS
COMING TO ANY AGREEMENT. THE LONG RANGE OBJECTIVE HERE IS TO
PREEMPT THE WEST GERMAN ECONOMIC POSITION PLUS ADDING
WHATEVER PRESTIGE THE SOVIETS CAN TO THE EAST GERMAN REGIME'S
IMAGE IN EUROPE AS WELL AS THE ARAB WORLD.

3. THE JOHNSON ADMINISTRATION IS MISTAKEN, IN THE SOVIET
DIPLOMAT'S VIEW, IF IT HOPES FOR A SOVIET-AMERICAN DETENTE IN
1968 WHICH MIGHT INCREASE PRESIDENT JOHNSON'S CHANCES FOR
REELECTION. THE SOVIETS ARE HOPING FOR THE ELECTION OF EITHER
GOVERNOR NELSON ROCKEFELLER OR SENATOR ROBERT KENNEDY, WITH
EITHER OF WHOM THEY FEEL THEY CAN WORK.

*what Soviet man
what country*

DTG:061053Z JAN 68

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Middle East

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sent Rusk
via wire
CAP 671244

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12/29/67

FOR THE PRESIDENT FROM WALT ROSTOW - *Eyes ONLY*

Lacking his secretary, who alone has security clearance in his office, Bob Anderson expressed the following views on the Middle East, which he asked me to make available to you.

1. It is his quite objective judgment that we are on the way to losing the Middle East rapidly. In a matter of months there will be a military confrontation in which the Soviet Union will be prepared not only to arm the Arabs, but directly to engage, perhaps via technicians, if not more openly. They will use the same techniques as we have used in Vietnam and a similar rationale; namely, that they have a right to help their friends deny others acquisition of their territory. The Israelis have no more right to impose their government on the West Bank of Jordan than the North Vietnamese have a right to impose their government on the South. They will accuse the Israelis of aggression; and, as we know, the concept of aggression can be defined in ways that suit the interests of the party making the definition.

2. Bob said that he is wholly aware of our legitimate sense that the Arab leaders have proved themselves unreliable. They have created by their own statements and actions a monster in their public opinion which makes it impossible for them to negotiate directly with Israel. They are widely divided among themselves except on the issue of Israel.

3. Specifically, Bob believes it is unwise for us -- and unwise for the Israelis -- to increase Israeli arms in order to balance Arab arms acquired

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Authority FRJ 564-68 vol. 20, #28

by jc NARA ID: 11-16-04

12/29/67

from the Soviet Union. He believes it would be a disaster if we made a dramatic announcement when Eshkol is here of increased arms for the Israelis. It would be tantamount to a U.S. commitment to engage the Russians directly in the Middle East.

4. Positively, he believes we must now make a move towards the Arab moderates. We must indicate that our concept of territorial integrity applies not only to Israel, but to the Arabs. We must pick up Nasser's offer to re-establish relations promptly and not insist on our concept of apologies. The Russians are unpopular throughout the Arab world. There are moderates who want peace. They will accept any amount of U. S. commitment to the integrity of Israel and its borders. They will accept the President's five points of June 19. But if we appear to throw our weight fully behind Israel and ignore their overtures to us, they will turn, whatever the cost, to the Russians.

5. We must understand, Bob says, that in the Arabs we are dealing with a different breed of cat than any others in the world. To them, face is more important than substance. It means more to them than to the Israelis or to us. Moreover, he believes that if we help them save face, we have the possibility, if we act fast, of getting a livable settlement for Israel which would block Soviet influence out of the Middle East. He underlined that we must move fast. He concluded that we are on the edge of a war in the Middle East, at least as serious for us as Vietnam, unless we balance our

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12/29/67

accounts with the moderate Arabs and avoid, on the occasion of the Eshkol visit, any dramatic move in the arms field with Israel which would polarize the Arab world again and lay the basis for their turning once and for all to Moscow.

WWR comment:

1. I believe Bob's comment that we are heading toward a new military confrontation assumes that there is no progress toward Israeli withdrawal and a peace settlement. Ambassador Jarring is now on his second round of talks, and you will be discussing with Eshkol the importance of Israel's doing everything possible to encourage the Arabs to negotiate rather than fight. We don't know what this will bring, but we've told the Arabs we'd put our weight behind Jarring.

2. While we're all wary and unsure of Soviet intent, I'm less certain than Bob that the Soviets are ready for the kind of involvement he predicts. We've seen them shy away from it several times this year.

3. I agree that there should be no dramatic announcement of an arms deal in connection with the Eshkol visit. But I do believe we have a clear interest in Israel's being able to defend itself.

4. We have the following in the works for the Arabs:

--I am sending you separately a proposed reply to Nasser. It's restrained but positive. Maintaining a relationship with Cairo is central to competing with the USSR in the area.

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12/29/67

--You are aware of the arms discussions with Hussein;

--Gene Black is going to Kuwait, Saudi Arabia, Jordan and the UAR in January and can do some handholding for us. Luke Battle is also considering a trip *To the area.*

if we wish.

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December 14, 1967

MEMORANDUM FOR WWR

SUBJECT: President's Response on Middle East Arms

The attached came down from the President after you had left this morning, so I relayed his instructions to Luke who had to testify before the Symington subcommittee this afternoon. Luke and I agreed that he could certainly explain the situation as we see it and the problems we face, just so long as he did not indicate the timing of any decision on the Jordanian and Israeli arms requests. I told him exactly what you had done with Farbstein's group yesterday and told him that you got your guidance from the President and that he should feel comfortable saying about what you did.

You will also note that the President basically wants to hold the major decisions for discussion with Secretaries Rusk, McNamara and Katzenbach. Until that discussion has taken place, I would disregard his check authorizing us to delay decision but assure the Israelis our delay won't delay delivery. Since that is an alternative to going ahead with 27 additional Skyhawks now, I don't think the President could have intended to make this decision prior to the discussion he also requested. I think his check reflects a simple desire that the Israelis be reassured. That should not be done until we are sure there is something we have to reassure them about.

This leaves the question of how to arrange the talk that he has asked for with Rusk, McNamara and Katzenbach. There are three possibilities:

--This could be a top agenda item on the next Tuesday lunch meeting. But that would not involve Nick Katzenbach who has been the senior desk officer on this complex problem and who has also seen this recommendation through the IRG and SIG structure.

--If we are trying to bless the IRG/SIG system, we might want to find some way to include Nick in the White House discussion of one of its major products. Therefore, you might want to consider an NSC meeting on the whole Middle East arms problem with special focus on Jordan and Israel. The one problem with this is that it may not be possible for the President to discuss as frankly as he needs to the problem of handling domestic Jewish reaction to these decisions.

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DECLASSIFIED
E.O. 12958 Sec. 3.5
NLJ-S 93001
By g/jsh, NARA, Date 1-7-00

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--If either the Tuesday lunch or an NSC meeting seems impractical in this case, you could just arrange a special meeting of interested parties with the President including such others as Harry McPherson.

I don't mean to make a big deal out of this. However, I know the President is interested in making the SIG work and ~~it~~ ^{there} is still a largely unestablished relationship between the products of the SIG and the NSC, which I know Brom is interested in. Therefore, when you have had a chance to think this over, you might want to discuss it with him before deciding how to handle this.



Harold H. Saunders

cc: Bromley Smith

~~SECRET~~

Mid East

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For release, Dec. 13th
upon delivery

Q5

STATEMENT BY
SENATOR ERNEST GRUENING
ON ACCEPTING THE HADASSAH MYRTLE WREATH AWARD

December 13, 1967

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A PLAN FOR PEACE IN THE MIDDLE EAST

For nearly 20 years, in one area on earth, there has been no peace.
That area is the Middle East.

In that part of the world, at least 10 nations, with a combined population of over 90 million people, occupying an area of about 4 million square miles, have declared and continued a state of war, and have, for two decades, posed a constant military threat to one little nation containing 2 million people, confined to an area of less than 8000 square miles.

That little country is Israel.

The nations which have declared unremitting war against it include Egypt, Syria, Lebanon, Iraq, Saudi Arabia, Jordan, Libya, Algeria, Morocco, Sudan and several lesser principalities and sheikdoms such as Kuwait.

These belligerents have publicly, loudly and repeatedly declared their purpose to wipe Israel off the face of the earth and to exterminate its people.

Events in the Middle East in the past 20 years have shown clearly that these bellicose Arab nations are not uttering empty threats but purpose to back their hostile words with equally hostile deeds.

First, was the constant harassment of Israel's borders by its neighbors with, not only the pillage of Israeli lands and killings

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of Israeli farmers, but also the constant fear with which the Israelis living on the border were forced to contend as they went about their daily tasks.

Immediately after the armistice of 1949 - which specifically prohibited all warlike or hostile actions between the parties, Egypt and its Arab allies began an unrelenting and constantly intensified blockade against Israel.

After his seizure of the Suez Canal in 1956, Egypt, under the leadership of dictator Gamal Abdel Nasser, denied the transit through the canal not only of Israeli ships but also of all other ships of whatever nation carrying goods either to or from Israel.

At the same time, Nasser gave the Soviet Union what it had for centuries eagerly sought - a foothold in the Middle East and the ultimate possibility of securing a warm weather port. With the Massive infusion of Soviet Weapons into Egypt, the latter became increasingly dependent upon the Soviet Union for the maintenance and supply of these weapons.

In a report I made to the Senate Committee on Government Operations in 1963, after a study trip to the Middle East, I stated:

"Today, militarily, Egypt is completely dependent on Soviet bloc countries. Colonel Nasser has maneuvered himself into the position of being completely dependent on Communist Russia for a continued flow of arms and parts... Syria and Iraq are in the same position."

The tragic events of the past six months have proved the validity of that assessment.

Never before have so many nations declared perpetual war against one. This is a condition which is unique and unprecedented in history.

Never before have the odds in favor of these hostile nations against their one intended victim been so great.

For let there be no mistake. The June Six Day War - however well Israel acquitted itself - has not lessened the danger of further Arab aggression. Already President Nasser's vituperative threats against the existence of Israel have resumed. Already the flow of Soviet arms into the Arab nations has resumed. Neither the Arab nations nor their supporter, Soviet Russia, have learned the lesson of 1967 any more than they learned the lesson of 1956.

All during these last 20 years - existing as it has under the unceasing threats and active hostility of neighbors on all its borders - the State of Israel not only has survived as a nation, but has set an example of freedom and democracy which likewise is unique among the seventy-odd nations that have been born and have achieved independence in the wake of the great anti-colonial revolt which followed World War II.

While many of these newly emerged nations are scarcely viable, with many in the grip of dictatorships, Israel alone has stood out like a shining beacon as a vibrant example of liberty, democracy, and of economic and social progress.

It alone in the Middle East represents an oasis of enlightenment in a desert of backwardness and barbarism.

Among the Arab States, it is the only exemplification of that basic principle so much cherished by the United States and by other free countries, the principle of government by consent of the governed. Indeed, it can truly be said that Israel was created and developed in the image of the United States, with its respect for individual rights and freedoms.

When I made my trip to the Middle East for the Senate Committee on Government Operations several years ago, to study the workings of our foreign aid program, that fact was clearly confirmed. I found there validation of an analysis of foreign aid made some six years ago in the quarterly magazine "Foreign Affairs" by John Kenneth Galbraith. Galbraith, as is well known, is a distinguished economist, one of the foremost in the world, Professor of Economics at Harvard University, author of several important books in his field and was, some years ago, United States Ambassador to India. In his article - which was an argument in support of the foreign aid program of the United States - Mr. Galbraith outlined four conditions which he considered basic to the success of our foreign economic aid program in any given country.

First, the recipient country should have a high degree of literacy and should be governed by a knowledgeable group of public officials - an elite, if you will - who know how to receive the sums of money and fulfill the obligations which the acceptance of foreign aid should entail.

Second, this governing group, or elite, would have to be honest, so that the economic aid given would not be stolen or otherwise misapplied. Unfortunately, this has not always been the case with some of the countries receiving United States economic aid.

Third, in addition to being competent and honest, the governing group would have to have a sense of social consciousness so that the funds received as part of the foreign aid program would not go to the privileged few - to the oligarchs - as has happened in various other recipient countries, but would be distributed equitably through all the layers of society.

Fourth, and finally, the recipient country would have to have a sense of destiny, a sense of direction, a declared purpose and goal.

Galbraith concluded that, of the many countries which had been the recipients of United States foreign economic aid, only one fulfilled all four of these qualifications.

That country was Israel.

These facts entitle Israel to special consideration from those countries - like our own - which profess to wish the establishment of freedom and democracy wherever possible all over the world.

It is especially remarkable that Israel has achieved this unique eminence in spite of the unceasing harassment of its unrelenting enemies. Let it be noted, also, that Israel - because of these enemies - has had to expend substantial sums on arms and weapons in preparing for its own defense - sums which it could much more usefully have expended on its own economic and social development.

Despite these handicaps, Israel has established a viable economy and a socially enlightened state. But it has done more than that. Israel has, during all these years, thrown open its doors to the harassed, persecuted and unwanted Jews from all over the world who wished to leave the countries of their disadvantage to find refuge and hope for a new life in the one country which has welcomed them.

In and of itself, this mission of mercy which Israel is performing - a major achievement unprecedented in history save only, perhaps, in the United States - would justify the establishment and permanence of Israel and its defense by free nations everywhere.

In addition to this constant and continuing boycott, border warfare, and harassment, Israel, in its short recent lifetime has been subjected to three major wars.

First, there was the war in the late forties when Israel's borders were supposedly established. They were, even then, very inadequate for its needs and were intended only to mark the cease-fire line.

Second, there was the war in the middle fifties when Israel, together with Britain and France, also our traditional allies at the time, moved militarily to counter Nasser's aggressive and illegal seizure of the Suez Canal. It should ever be a cause of regret that it was the United States, under the mistaken policies of John Foster Dulles, which moved against these three free nations, took the side of Nasser, went to the United Nations, and demanded sanctions against these countries. The United States thus supported the illegal and ruthless actions of Egypt's dictator and indeed placed itself in bed with Soviet Russia.

In the following years, the United States's mistaken policy continued to supply economic support to Egypt's Gamal Abdel Nasser, despite the fact that his every policy and action were contrary to the United States's professed objectives and purposes.

During those years, he was receiving arms from Russia.

During those years, he had invited and given hospitality to ex-Nazi scientists who, having escaped their just fate in a post-Nazi Germany, were invited by Nasser to come to Egypt to help him build sophisticated weapons whose only purpose was for Nasser's use in destroying Israel.

During those years, Nasser carried on an undeclared war in Yemen at a cost estimated by our military men of one-half million dollars a day, diverting for that purpose the funds given him by the United States for the economic development of his country to benefit Egypt's wretchedly poor.

During those years, he showed his allegiance to the Communists by giving aid and comfort to the Communists in the Congo.

During those years, he attempted to pour oil on the brush fire in Cyprus in order to intensify the struggle there between the Greeks and the Turks.

During those years, his troops shot down an unarmed United States plane, killing two of its fliers.

During those years, he countenanced the burning of the John F. Kennedy library in Cairo.

During those years, he encouraged his neighbors in Libya to request the United States to abandon its important Wheelus Air Force base.

As a result of those actions, some of us in the Senate sought repeatedly to change the United States's policy of aid to Nasser. At that time we were repeatedly told by officials of our State Department that Nasser was making threats against Israel only for home consumption, that he really did not mean it, and that if Nasser fell, he would be replaced by someone much worse. We did not accept these attempted disculpations of Nasser by our State Department and continued to press for a more realistic policy.

The events in early June 1967 should have done much to belie the words that Nasser's threats were empty ones and that he really did not intend to move militarily against Israel.

In the Senate, finally, we succeeded in inserting in the foreign aid bill an amendment which would deny economic aid to Nasser. Unfortunately, in order to have this amendment adopted, we had to agree to the insertion of a qualifying clause to the effect that this aid would be withheld unless the President found that it was in the national interest to continue such aid.

For some mysterious reason, that loophole was always utilized and United States economic aid to Nasser's Egypt continued.

The loophole was utilized until last year when Nasser exceeded his previous acts of malfeasance by diverting some of the grain he had received

from the United States to some of the Iron Curtain countries. Then an aroused Congress was able to cut off aid to Nasser, and to insert and secure the enactment of the amendment without the qualifying, indeed the nullifying, clause for which I and some of my colleagues in the Senate and House had worked.

When, after his June 1967 fiasco, Nasser, and some of his Arab allies, broke diplomatic relations with the United States, we in the Congress were further able to secure the adoption of an amendment forbidding aid to any country which had broken relations with the United States and that, even if there were a resumption of relations, aid could not be resumed without a new negotiation of aid agreements.

It is to be hoped that this aid to Nasser will cease until such time as there is a complete cessation of his oft-proclaimed policies of aggression.

That aggression was escalated to all-out armed attack against Israel last June.

The Arab attack was preceded by the closing of the Straits of Tiran at the entrance of the Gulf of Aqaba. This would have meant the strangulation of Israel. It was accompanied by the mobilization of the armed forces of Egypt, Syria and Jordan with the support of the other Arab States. Its purpose was to carry out the repeatedly declared purpose to destroy Israel once and forever and to drive its inhabitants into the sea.

The little King of Jordan had for years been receiving massive aid from the United States. Indeed, a large part of his budget has been paid by United States taxpayers on the mistaken assumption - or hope - that his attitude was a little less rabid than the violently expressed intentions of the other Arab States. Thus Jordan was created, conceived of and supported by the United States as a kind of buffer state against Arab aggression.

But just as the State Department was woefully mistaken in under-

estimating the intentions of Nasser, so was it mistaken also in underestimating those of King Hussein of Jordan.

When Nasser proceeded to close the Straits of Tiran and to mobilize against Israel, King Hussein rushed to embrace him and to join his cause.

Israel had clearly warned King Hussein that if he did not mobilize, if he did not prepare to attack, he had no need to fear Israeli troops.

But Hussein, at that crucial moment, showed his true colors. He mobilized his troops and issued secret orders - which his troop commanders neglected to destroy - that every man, woman and child in Israel in the areas which the Jordanian troops conquered were to be put to the sword.

On March 26, 1957, Secretary of State John Foster Dulles had stated that an arbitrary request for the withdrawal of United Nations forces in the Middle East could not unilaterally be made in Egypt. Despite that statement, Nasser asked for the withdrawal of United Nations forces and the United Nations complied.

After this happened and in the midst of a growing crisis in the Middle East, the United States conveniently forgot Mr. Dulles's statement and fumbled and bumbled trying to find some kind of a solution which would bring about a halt to the aggression.

Fortunately, the Israelis, unassisted, won one of the most brilliant victories in the annals of military history. In so acting, Israel saved the United States from profound embarrassment. Had the Arabs won, there would have been a ghastly slaughter of Israeli men, women and children which the United States would no doubt have deplored - and would have joined in the adoption of posthumous condemnatory resolutions in the United Nations against the Arab nations.

As a result of this overwhelming victory, it was to be expected that the Arab States would have learned their lesson.

One would have thought that after the debacle the Arab States suffered in June 1967 they would have been willing to forego their 19-year war against Israel, recognizing not only Israel's right to exist and, indeed, instead of continuing to hate Israel and to plot its destruction, they would emulate Israel by concentrating on educating their people, sanitizing them, ridding them of disease, irrigating their arid lands, building up a more viable economy and encouraging social progress.

But they have done nothing of the kind.

They have continued in their belligerence and have refused to face up to realities.

Not only have the Russians poured arms back into these Arab countries to take the place of the armaments lost in battle to the Israelis, but the Arabs have made it clear that they intend to resume their aggression at the first available opportunity.

A basic question now confronts the United States and the rest of the Free World.

Shall the events of the last 19 years in the Middle East be repeated again and again?

Shall perpetual war be a chronic condition there?

Or, can realistic steps now be taken to establish peace in that important area?

It is crystal clear that there is no intent or purpose on the part of the Arab nations, or on the part of the Soviet nation, to achieve this objective.

The only hope lies with the United States.

As I have said, Israel, supremely, and almost alone of the nations of the earth, embraces the principles and concepts in which the United States professes belief. Therefore, Israel is vital to the interests of the United States, for it serves as an example to other nations of what

the United States professes to seek throughout the world.

Parenthetically, I may say at this point that at the present time the United States is deeply engaged in a war in Southeast Asia. I wholly disapprove of the United States's military engagement in that war, but that is not pertinent to this discussion. What is pertinent is that the United States is allegedly in Southeast Asia with its vast military might to establish there the freedom and democracy of the people of South Vietnam - a people who have never enjoyed it and who have not shown clearly that they want it.

On the other hand, in Israel, we have a living example of a nation that has lived up to all these high purposes and ideals.

What can be a sounder policy for the United States to pursue - if we are true to our professions - than to help Israel maintain its democracy and its survival?

How shall this be done?

I propose a three-pronged policy for the United States to pursue to bring about peace in the Middle East, not only in its own best interests but in the interest of peace throughout the world.

First, the United States should propose entering into a mutual security treaty with Israel. This is a policy which the United States pursues in other parts of the world, where United States interests are not nearly as crucial as they are in the Middle East

Thus the United States has mutual security treaties with Nationalist China, Korea and the Philippines. It is not intended, of course, by any such mutual defense treaty to commit the United States to the sending of troops to the Middle East. I would oppose that. The United States should taper off its role as global policeman and of sending our young men far afield to fight and die when the United States security is not threatened and alternative non-military solutions are available. Moreover, as

Israel made abundantly clear during the 1967 crisis, Israel wants no United States troops there. It proved in June 1967 that given the wherewithal to fight, Israeli troops are well able to give a very good accounting for themselves on the field of battle. The United States should supply whatever arms are necessary.

A mutual security pact between the United States and Israel would be an effective deterrent to Arab aggression and it would by implication place over that country the effective defense umbrella of the United States Sixth Fleet - which would really not need to go into action. Its presence, backed by a treaty, would suffice.

Second, in the face of the determination of the Soviet Union to continue to supply arms to the Arab nations in ever increasing amounts, the United States should offer to give whatever arms are needed to Israel to even its military defensive strength. Surely if the United States can give arms to Jordan - which has proved decisively in June that it would use those arms to carry on aggression, it can do no less than to give arms to Israel for its defense - at least until the Soviet Union desists in its present policy of engaging in an arms race in the Middle East on the side of the Arab nations, to the great disadvantage of Israel, which is so clearly aligned on the side of the West.

Such a policy of giving arms to Israel is especially needed at this time in view of the changed attitude of France, which now refuses to supply arms to Israel, and has lifted the embargo on supplying arms to Arab countries.

Third, it is also important that the United States buttress Israel's determination not to give up any territory occupied by it in the Six Day War unless and until, at the very least, the Arab nations declare unmistakably that they are no longer at war with Israel and are willing to negotiate directly with Israel to arrive at binding agreements designed

to ensure lasting peace in the Middle East. Unless such assurances are unmistakably binding it could be the height of folly for Israel to give up the new post 1967 war boundaries which are essential to its defense. The older boundaries made Arab aggression all too easy. When that day comes - that the Arab nations irrevocably abjure war against Israel - the United States should be prepared to assist economically all the nations in that area which sincerely desire to build up their own economies and to better the economic and social lot of their own peoples.

It is high time that the nations in the Middle East heeded the Biblical admonition that nations "shall beat their swords into plowshares, and their spears into pruning hooks."

So is the injunction that "nation shall not lift up sword against nation, neither shall they learn war any more."

In its own enlightened self-interest - and not because it favors one nation in the Middle East as opposed to another - the United States should strive with dedication and realistically to bring peace to that sorely troubled area of the world, and publicly to declare and adopt a policy that will ensure that the outstanding exemplar of freedom and democracy among the newborn nations shall not perish from the earth.

That policy - sincerely proclaimed and effectively implemented - will bring peace to the Middle East.

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December 12, 1967

MEMORANDUM FOR WALT ROSTOW

SUBJECT: Economic Elements of a Middle East Peace Settlement

I. There is no need for you to read the attached AID draft paper in response to our NSC meeting. But AID thoughts are moving in an interesting direction, and I thought you would be interested in the main conclusions so far.

A. While water development is getting the most public attention, the real potential for economic development and refugee absorption lies in the fields of tourism and overseas employment.

1. AID estimates (the World Bank tentatively agrees) that even bringing possible additional acreage under cultivation in Jordan would only absorb about 100,000 more people by 1975. Because of general food needs and Jordan's need to exploit all possible resources, AID recommends developing additional acreage wherever possible. But its point is that we shouldn't count on this as the main hope for refugee resettlement at least in Jordan. Incidentally, AID sees ground-water development as the most feasible area for investment now rather than large dams or desalting.

2. AID sees greater return from remittance-oriented programs. Before the war, substantial numbers of Jordanian refugees were finding employment in the rapidly growing economies of Kuwait, Saudi Arabia and Libya. Their remittances contributed the largest single block of foreign exchange earnings to the Jordanian balance of payments, nearly double the earnings from tourism. This suggests that substantial investment in vocational training might have a much greater impact on the backlog of refugees than equal investment in water development. In addition, a fast-growing Jordanian economy could absorb some of these people right at home.

3. Tourism is the other main area for promising investment. Assuming a settlement including agreement on sharing tourism earnings, AID estimates that revenues to both Israel and Jordan could more than double by 1975. With an open border policy, Jordan would gain even more, though it's difficult to estimate exactly how much.

B. AID also notes that the establishment of a Middle East Development Bank managed by competent Arabs could help channel resources from Arab and other interested parties to the area's development. They hold up the vision of a dynamic program for Middle East Accelerated Development (MEAD).

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NLJ-S 93001
By g/jsh, NARA, Date 1-7-00

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II. Joe Wheeler and I had lunch yesterday at the World Bank with their Middle East task force. Michael Lejeune, the head of the new Middle East Department, is just completing a swing around the area to tell Arab governments that the new department is studying the potential for regional development and to ask for whatever data they may have. The Bank has divided its work into three studies: land and water use, tourism and industrial development. It is working in widening concentric circles starting with Israel and Jordan and moving both south and east into the Sinai and Iraq.

It still projects a fairly leisurely pace, shooting for completed studies within twelve months. I urged that they get in touch with the UN and Ambassador Jarring and tried to convince them of the importance of making even their preliminary conclusions available to him. They seem interested, but I think we need to help them follow up. Nat Davis is going to push this idea in New York.

III. Under Dave Bell's leadership and the academic supervision of Sidney Alexander, the RAND Corporation is doing five monographs on Middle East development. Two of these--on water and petroleum--are being done by Resources for the Future here in town.

Conclusion: The pace in some quarters is more stately than I'd like, but for the first time I begin to see the beginnings of a workable strategy. This, coupled with our refugee paper begins to make some sense. My job now is to get these think-pieces turned into operational programs.



Harold H. Saunders

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INFORMATION

THE WHITE HOUSE
WASHINGTON

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Wednesday, Dec. 6, 1967
11:30 a.m.

Mr. President:

At my request, our Hal Saunders did these two thoughtful memos on:

- the choice ahead in the Middle East;
- the meaning of Nasser's Nov. 23 speech.

My view is: the Arabs are still confused, humiliated, looking for revenge in part of their minds. But they have no long-term plan. Therefore, we must:

- struggle for an Arab-Israeli settlement;
- then follow through with policies to strengthen moderate Arabs so that, with the passage of time, the attractiveness of economic and social development gradually, slowly overtakes the passion for revenge.

W. R.

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DECLASSIFIED
E.O. 12958 Sec. 3.5
NLJ-5 93001
By g/jsh, NARA, Date 1-7-00

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December 5, 1967

MEMORANDUM FOR WALT ROSTOW

SUBJECT: The Choice Ahead in the Middle East


The analysis of Nasser's November 23 speech you asked for is attached. It leads to a basic question: How much should we involve ourselves in the process which the UN resolution has set in motion? We don't have to answer until after the Arab summit and Jarring's first rounds. But we may need an answer when Eshkol comes.

Reactions to Nasser's speech reveal two schools of thought:

1. One figures that a settlement is unlikely. It assumes that political forces in Israel one way or another will scuttle chances for a settlement. It also figures that the Arabs won't make the compromises that a real settlement would require. Since settlement looks all but impossible, we'd be foolish to invest heavily in trying to bring one about--especially in a US election year because at some point a fair settlement might require us to press Israel pretty hard. (The Israelis are, in effect, feeding this line of thought with their campaign to blacken Hussein's image and paint the bleakest picture of Nasser's intentions.)

2. The other figures that our only hope of salvaging most of our conflicting interests in the Mid-East is to make a real college try to build something solid on the President's June 19 position. They say it's one thing to be on our guard against the worst in both Arab and Israeli positions and to be realistic about chances for a peace settlement. But it's quite another to be so "realistic" (i. e. pessimistic) that we decide the job is impossible and fold our tents.

Our final position will include a little of both viewpoints. I lean toward making a serious effort for a peace settlement, and we have pledged ourselves to that course. Success would be a great achievement for the President and compensate for any painful moments. Even an honest failure would redound more to our credit than a half-hearted try which the Arabs could blame on election-year sensitivities. But a lot of people here and in the Arab world doubt we have the heart to try when it means leaning on Israel.


Harold H. Saunders

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E.O. 12958 Sec. 3.5
NLJ-5 07301
By g/jsh 1-7-00

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December 4, 1967

MEMORANDUM FOR WALT ROSTOW

SUBJECT: Nasser's November 23 Speech and the Mood of the Arabs

Ten days after Nasser's November 23 "State of the Union" speech, it's worth reflecting on where it leaves us.

Speech Consistent with Khartoum

The Israelis see the worst in it. Eshkol described it to Barbour as a "dagger in the back of the cause of peace" (and then went on to stress his need for more aircraft). Foreign Ministry officials--some more relaxed than others--see it as bearing out their interpretation of the Khartoum meeting that Nasser's ultimate aim is war.

Politically conscious Arabs from New York to Saudi Arabia interpret it as a "moderate" speech consistent with Nasser's effort since Khartoum to keep the initiative away from extremists. They all say it "didn't slam any doors." A few lump his harsher statements with Israel's as a prelude to bargaining.

Everyone (including Federenko) agrees that Nasser soured the atmosphere, but Arabs and Israelis alike agree that the speech did not depart from Nasser's position at Khartoum as he has interpreted that position to both King Hussein and Robert Anderson.

This is borne out by two subsequent official UAR clarifications which slightly soften the initial hard impact of the speech in our press:

--The official text of the passage on "never" allowing Israel to pass through the Canal indicates that the following qualifying sentences were lost in applause: "Passage through the Canal is an indivisible part of the original Palestine question. It is not part of the problem of eliminating the effects of the aggression." In the official text, the word "never" becomes "will not." Whatever Nasser actually said, official UAR policy still links the Canal to a refugee settlement.

--Nasser's official spokesman on November 26 qualified Nasser's statement that there could be no "peace" with Israel by saying he had not rejected a peaceful settlement but only a "peace treaty." The Israelis put no stock in this distinction, but the Egyptians have carefully maintained it since Khartoum and seem to think it increases their flexibility in arriving at a settlement.

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Khartoum Position: A Two-phase Strategy?

The main argument over Nasser's position, then, boils down to interpretation of the position he took at Khartoum, not of the 23 November speech.

The Israelis say their reports on Khartoum show a two-phase strategy: Nasser's long-run objective remains the destruction of Israel. Their short-run aim is to get Israel out of occupied territories. They can't push Israel out by force, so they're ready to make marginal political concessions to get their land back. At the same time, military preparations continue for a future second stage--war against Israel. They quote Hussein at Khartoum: "Once the Israelis withdraw, we will return to our previous ways."

We agree that Nasser at Khartoum took to the political track because he has neither the military nor the economic power to get the conquered lands back by force. But our transcript of the Khartoum conference reveals no consciously conceived two-phase plan. In fact, the radical leader of the Palestine Liberation Organization tried to force the leaders there to focus on solution of the overall Palestine problem, and they literally shouted him down. They insisted that the only subject they were discussing was how to get the Israelis out. They talked about rebuilding military strength, but mainly so they don't have to negotiate flat on their backs and in order to use force eventually if political means fail.

The truth about Khartoum, I think, is that Nasser hasn't really thought beyond Israeli withdrawal one way or another. There was almost no talk at Khartoum about the "lasting peace" we talk about. And the Israelis are probably right in fearing that leopards don't change their spots. But for the moment, we don't think they're talking about a second phase, if any.

The same, incidentally, is true of the Israelis. Yaacov Herzog, Eshkol's Chef de Cabinet, told me two weeks ago that Israeli leaders are deeply divided over whether they should risk a political settlement, if the right terms can be negotiated, or sit tight on their expanded boundaries and rely for survival on the added military security they provide. He says he won't know for sure what Israeli strategy is until the Cabinet votes on a specific proposal (though he thinks "peace" will win).

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Operational Significance

There may be small comfort in saying that Nasser for the moment is so preoccupied with Israeli withdrawal that he's not focusing right now on longer range objectives. But there are two important operational points here:


1. No one should trust Nasser. He broke his word to us last May. He's trying to recoup his losses at the lowest cost. His main objective is to be Mr. Big in the Arab world, and anti-Zionism will continue to be his one reliable rallying cry. He honestly believes we're to knock him off and would happily see us cut down to size-- even though he knows he needs our power in the area to push Israel back and to hold the USSR at bay and preserve his freedom.

2. But no one should assume that Nasser is so irrevocably committed to a two-phase strategy that no reasonable deal is possible.

a. Some Israelis would like an excuse for not having to face up to the tough decisions they'd have to make to achieve a real settlement.

b. Some Americans assume that, since the odds seem against a settlement, we shouldn't invest too much more in pressing the parties--especially Israel in an election year--toward a settlement. They believe realism suggests we wash our hands of the whole process as much as possible now that the UN representative has the ball.

The danger in working exclusively from this assumption is that we would give up an honest effort to build something on the President's June 19 foundation. It's one thing to be on our guard against the worst in both the Arabs and the Israelis and to assess our chances realistically. It's another to decide that we should fold our tents with all the consequences for our interests in the Middle East.


Harold H. Saunders

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THE WHITE HOUSE
WASHINGTON

JB

November 29, 1967

FOR: BEN READ
FROM: DICK MOOSE

Attached is the approved
statement commending NEED,
Inc., which will be released
this afternoon.

SENT

5:15 PM

5:00 PM

29 NOV

TJD

SUGGESTED STATEMENT

Late last summer, following the tragic six day war in the Middle East, a group of distinguished Americans, acting on their own impulse, formed an organization to aid its victims.

Their objective was as simple as it was selfless--to help the men, women and children blamelessly uprooted by violence. Their compassion and concern were a brilliant example of the American humanitarian tradition.

The organization they founded--called NEED--has collected over 8 million dollars. Much of that has already been used to provide emergency supplies--food, clothing, and temporary shelter--to Arab refugees. More is going to help establish schools and other institutions of rehabilitation.

The President wants to compliment the magnificent efforts of NEED's founders as well as of the many hundreds of private organizations and individual citizens who have shared in this outpouring of human concern.

The work NEED is doing not only supplements the substantial official aid the American people are giving to Arab refugees through United States contributions to UNRWA. It also illustrates to what a high degree American aid is a genuine expression of the goodwill of Americans toward the Arab people.

THE WHITE HOUSE
WASHINGTON

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LIMITED OFFICIAL USE

Tuesday, November 28, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Statement Commending NEED, Inc.

Nick Katzenbach recommends that you authorize the attached as a statement for George Christian to make commending the good work that NEED (Near East Emergency Donations) has done on behalf of the Arab refugees. You'll recall that this is a private group organized last summer and chaired by James Linen, President of Time, Inc. with President Eisenhower as honorary chairman. The Executive Committee includes Gene Black and David Rockefeller, among many others.

They've done a truly impressive job. So far they have collected about \$8.5 million. They are shooting for \$10 million and will go out of business when they've hit that target. Although the group was created initially to provide emergency assistance, it has tried to use as much of its money as possible to set up permanent educational and rehabilitation projects. An example of the group's favorable impact was a very warm statement by King Hussein when the group turned over its first \$1 million check.

The purpose of a statement from here would be to call attention in the Arab world to the exceptional work that this group of private Americans has done for the Arabs. We hope this might help undercut the popular impression in Arab countries that we've cast our lot entirely with the Israelis. The hard bargaining over the UN resolution further entrenched that impression, and this might throw a little counter on the Arab side of the scale.

✓

Approve _____

Disapprove _____

W. Rostow

S. R. Christian 11/29

cc: George Christian

LIMITED OFFICIAL USE

THE UNDER SECRETARY OF STATE
WASHINGTON

26-c

November 15, 1967

LIMITED OFFICIAL USE

MEMORANDUM FOR THE PRESIDENT

Subject: Statement Commending NEED, Inc.

RECOMMENDATION:

That you authorize issuance of the attached Presidential statement (Tab A) commending the activities of NEED, Inc., on behalf of Arab refugees.

Approve _____ Disapprove _____

DISCUSSION:

Late last summer a distinguished group chaired by James Linen, President of Time, Inc., formed an organization called NEED (Near East Emergency Donations). President Eisenhower is Honorary Chairman; the executive committee includes Eugene Black and David Rockefeller. (A list of all NEED members is at Tab B.) As the name suggests, NEED was created to provide emergency assistance to Arab refugees-- particularly those dislocated by the June war.


The national fund campaign, drawing heavily on contributions from corporations and foundations, but also relying on private subscriptions, has collected about \$7.5 million. Some \$2.5 million has already been handed over to UNRWA. Subsequent NEED contributions will help set up educational and other permanent rehabilitation projects. The organization, which plans to go out of business in a few months, has a total target of \$10 million.

LIMITED OFFICIAL USE

-2-

Linen tells us that a Presidential statement commending NEED's work would give a great boost to the organization's final fund raising drive.

NEED has already made a substantial impact in Jordan and other Arab countries (King Hussein participated in the ceremonies marking the first transfer of money). Your endorsement would be appreciated in the Arab world, and would underline the fact that private sources--as well as the U.S. Government--are providing assistance to Palestinian refugees.



Nicholas deB. Katzenbach

Attachments:

- TAB A - Suggested Statement
- TAB B - List of NEED Members

RECEIVED
V'S OFFICE

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TAB A

SUGGESTED STATEMENT

Late last summer, following the tragic six day war in the Middle East, a group of distinguished Americans, acting on their own impulse, formed an organization to aid its victims.

Their objective was as simple as it was selfless--to help the men, women and children blamelessly uprooted by violence. Their compassion and concern were a brilliant example of the American humanitarian tradition.

The organization they founded--called NEED--has collected over 8 million dollars. Much of ^{that} ~~it~~ has already been used to provide emergency supplies--food, clothing, and temporary shelter--to Arab refugees. ^{More is going to} ~~Additional contributions will~~ help ~~to~~ establish schools and other ~~permanent~~ institutions of rehabilitation.

^{The President} ~~I~~ wants ~~today~~ to compliment the magnificent efforts of NEED's founders, ^{as well as} ~~I want, as well, to thank~~ the many hundreds of private organizations and individual citizens who have ^{shared in this outpouring of human concern,} ~~given such generous support.~~

The work NEED is doing not only supplements the substantial official aid the American people are giving to Arab refugees through United States contributions to UNRWA. It

also illustrates to what a high degree American aid is a genuine expression of the goodwill of Americans toward the Arab people.

September 11, 1967

NEED INC. (NEAR EAST EMERGENCY DONATIONS)

OFFICERS AND DIRECTORS

Honorary Chairman: Dwight D. Eisenhower

President and Chairman of the Board: James A. Linen
President
Time Inc.

Vice-Chairman of the Board: Franklin O. Canfield
Representative for North America
Banque de Paris et des Pays-Bas

Chairman of Executive Committee: Frank Pace, Jr.
President
International Executive Service Corps

Executive Committee: The Honorable Eugene R. Black

Edgar M. Bronfman
President
Joseph E. Seagram & Sons, Inc.

James A. Perkins
President
Cornell University

David Rockefeller
President
The Chase Manhattan Bank

Arthur K. Watson
Vice-Chairman
International Business Machines Corporation

Executive Vice President: Clayton Henry Brace
General Manager, KOGO, KOGO-TV
Time Inc.

PRESERVATION COPY

Board of Directors:

Eugene N. Beesley
President
Eli Lilly and Company

Robert S. Benjamin
Chairman of the Board
United Artists Corporation

Edward L. Bond, Jr.
President
Young & Rubicam, Inc.

Harllee Branch, Jr.
President
The Southern Company

Ernest D. Brockett
Chairman of the Board
Gulf Oil Corporation

Donald C. Burnham
President & Chief Executive Officer
Westinghouse Electric Corporation

Otis Chandler
Publisher
Los Angeles Times

Walker L. Cisler
Chairman of the Board
The Detroit Edison Company

General Lucius D. Clay
Partner
Lehman Brothers

Gardner Cowles
Chairman
Cowles Communications, Inc.

Joseph F. Cullman, 3rd
Chairman and Chief Executive Officer
Philip Morris, Inc.

Board of
Directors:
(cont.)

Arthur H. Dean
Partner
Sullivan & Cromwell

Bayard Dodge
President Emeritus
American University in Beirut

Harold S. Geneen
Chairman and President
International Telephone and Telegraph Corporation

Katharine Graham
President
The Washington Post Company

John D. Harper
President and Chief Executive Officer
Aluminum Company of America

William A. Hewitt
Chairman of the Board
Deere & Company

Gilbert W. Humphrey
Chairman of the Board
The Hanna Mining Company

John Kenneth Jamieson
President
Standard Oil Company - New Jersey

The Honorable Erik Jonsson
Mayor of Dallas

The Honorable Philip M. Klutznick
President
Klutznick Enterprises, Inc.

John L. Loeb
Senior Partner
Loeb, Rhoades & Company

John A. McCone
Chairman
Joshua Hendy Corporation

Board of
Directors:
(cont.)

Neil H. McElroy
Chairman
The Procter & Gamble Company

John J. McCloy
Partner
Milbank, Tweed, Hadley & McCloy

André Meyer
Senior Partner
Lazard Frères & Company

J. Irwin Miller
Chairman
Cummins Engine Company, Inc.

Franklin D. Murphy
Chancellor
University of California at Los Angeles

James F. Oates, Jr.
Chairman of the Board
Equitable Life Assurance Society of the U. S.

Richard S. Perkins
Chairman, Executive Committee
First National Bank

Rudolph A. Peterson
President
Bank of America

Nathan Pusey
President
Harvard University

The Honorable William W. Scranton

Robert G. Stone, Jr.
President
States Marine Lines

Julius A. Stratton
Chairman of the Board
The Ford Foundation

Board of
Directors:
(cont.)

Admiral Lewis L. Strauss

Charles C. Tillinghast, Jr.
President
Trans World Airlines, Inc.

Juan T. Trippe
Chairman of the Board
Pan American World Airways, Inc.

DeWitt Wallace
Co-Chairman
Reader's Digest

Lila Acheson Wallace
Co-Chairman
Reader's Digest

Rawleigh Warner, Jr.
President
Mobil Oil Corporation

John Hay Whitney
Chairman
Whitcom Inc.

Middle East

27

~~SECRET~~ READ BEFORE BURNS

November 22, 1967

WWR:

You asked me several days ago to take a hard look at the most suspicious interpretation of Arab and Soviet motives in the Middle East.

INR's study of Soviet involvement, which I sent you yesterday, is one contribution to that picture. The other side of it is analyzing the Arabs' motives. One key to Arab intentions is Hussein and the Hussein-Nasser relationship.

In the attached, I have set up an Israeli interpretation of Hussein--the sinister view--against that of the Americans who know him best. You might want to use this as a focus for your talk with Findley Burns today at 2:00 p.m.

The Israelis take a similarly conspiratorial view of Soviet intent, so it's worth thinking about what these interpretations tell us about the Israelis themselves. But I'll do that in a later memo. Right now, I want to put this before you to suggest a way of getting the most out of your talk with Burns.



Hal Saunders

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Authority NSA/CSSR-104-1-2
By JD, NARA, Date 9/27/11

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27a

~~CONFIDENTIAL~~

November 22, 1967

AN ISRAELI VIEW OF HUSSEIN

I. Hussein is not a moderate on Israel.

A. His actions in May and June proved where his real feelings lie. He has deceived both Americans and Israelis over the years into believing he would keep the Jordanian frontier quiet, as in 1956, if war came. In fact, he wants to see Israel destroyed and, in June, thought his chance had come. He did not have to sign the defense pact with Nasser, and even the Syrians did not go as far as Hussein on June 5.

B. His public statements even now are offensive and menacing, not conciliatory as we Americans like to read them. How can we consider him "moderate" when he says: There will always be "a place for Jews in the Arab world"--when they "renounce their present separatism and their unrealistic political position" (i. e. give up a separate state). "If for the time being and under the influence of Zionist leadership, [the Jews of Israel] want to insist on maintaining [an isolated] outpost [in the Arab world], they must then bear all the consequences resulting from this state." If Israel refuses to give up its Zionist character, "its life is likely to be as short, or shorter, than the Crusaders. . . ."

II. Hussein, despite his moderate talk in public, does not want a final settlement with Israel. His moderate talk is just an extension of the line taken at Khartoum--make whatever verbal concessions are necessary to get lost territories back but make no peace. He has repeatedly put off substantive contacts with the Israelis and allows terrorism to continue.

III. All this adds up to a picture of Hussein as the Great Deceiver and as accessory, witting or unwitting, in an Arab campaign behind a mask of moderation to trick the West into forcing Israel to withdraw from occupied territories. Before the war, Hussein had deceived the US (and even the Israelis) into believing that he would keep his front quiet if war came. Since the war, he has wooed US support for a settlement knowing full well that the Arabs wanted withdrawal, not settlement.

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Authority NET 101R-104-1-3
By SP, NARA, Date 9/27/11

~~CONFIDENTIAL~~

4467

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT 26

November 22, 1967

Honorable Walter W. Rostow
Assistant to the President
The White House

RE: Middle East Refugee Problem

For your information.

Richard
Richard J. Ward
Chief, Planning Division
Bureau for Near East and South Asia

RECEIVED
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1937 NOV 24 PM 4 45

UNITED STATES GOVERNMENT

Memorandum

~~SECRET~~

4462
1-Scanner
2-Ref

TO : Interdepartmental Regional Group for NESAs

DATE: November 21, 1967

FROM : AA/NESA, Joseph C. Wheeler *ju*

28a

SUBJECT: State Paper, "The Arab Refugees," November 16, 1967

We recommend that the following changes be incorporated in the subject draft. While the changes proposed may appear numerous, most of them follow from the proposed items in I below.

I. On page 2, insert before item number (1) the following four items:

1. Urge the cooperating parties to think in terms of a definite time schedule for transferring UNWRA functions, particularly in education and health, over to local governments, with relief functions following somewhat but not much later.
2. Consider annual accomplishment targets beginning as soon as possible to implement the phase-out process.
3. Agree in principle that donors will continue to contribute to a scheduled phase-out program over a prescribed time when it is expected the local countries will be able to carry the full burden, or when the refugees have found regular employment.
4. In addition to considering the problem in terms of a more definite schedule for the phasing out of UNWRA, the U.S. should request Ambassador Goldberg to broach the matter of a concrete phase-out plan with appropriate representatives of the governments involved in the current UN session of the General Assembly, or if this proves unworkable to consider placing the idea of a scheduled phase-out of UNWRA on the agenda for the next session.
5. Without waiting for a peace settlement, urge the Arab Governments to (a) proceed with plans, programs and commitment of their own resources to development projects now suitable for implementation, and (b) sort out what kinds of commitments other donors, including the U.S., would be prepared to make.

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E.O. 12958 Sec. 3.5
NLJ-S 90001
By *gjsk* NARA, Date 1-7-00



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- 2 -

II. Change the numbers of items 1 and 2 to 6 and 7.

Drop item 3 (which is replaced by proposed item 4).

Change the number 4 item in the State draft to number 8.

III. On page 4: Revise (3) to read as follows: "Encourage other interested states and international agencies rather than the U.S. to take the lead in fostering agreed solutions to the above steps, but be prepared to exert influence where it can be effective in promoting agreement."

IV. On page 5 replace item 2 with the following:

"2. However do not take issue publicly with Israel's attempts to make progress toward absorbing Arab refugees into the local economy in Gaza and the West Bank, unless Israel proceeds with substantial settlement of Jews in those areas."

V. After "shift" in line 5 of number 3 on page 5, omit rest of sentence and in its place put: "to local control of refugees according to procedure outlined in items 1, 2 and 3 under (I) above."

VI. Add to item 4, page 5, after "abroad":

"...by working out with local governments problems incident to transition (i.e., raising teacher's pay, retaining UNWRA technical help until no longer needed, etc.)"

VII. Item 5, page 6: In place of "provide funds" on second, third lines put: "add to Arab commitments." At end of this item add: "As part of this effort, appropriate developed countries should be urged to accept Arab workers (as distinct from families) on a contract basis. This would have multiple effects of providing employment, increasing remittance earnings, upgrading training, etc."

VIII. Page 7, add to item 4: "This should include approach to appropriate countries to consider taking in Arab workers on a contract basis as distinct from families as emigrants."

Add an item number 6 to include questions posed by Mr. Michelmore in his Report of September 1967 to UN General Assembly as follows:

6. (a) On whether UNWRA should maintain existing services during 1968 on same basis as before the recent war;

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~~SECRET~~

- 3 -

help new groups in need, expand and improve its existing education and training services and with what resources?

- (b) On method by which refugees could benefit from the property they left behind in 1948, which would reportedly yield an annual sum in excess of refugee needs and UNWRA's income.
- (c) On whether UNWRA budget should be transferred to the assessed budget of the UN to which all member states would contribute according to present scales of assessment.

IX. Page 9, add to the second sentence in item 3: "and it is conceivable that he would accept an arrangement which would not be a part of a general Arab settlement."

X. Page 13: To item 8 add this sentence: "Jordan should be approached as to its willingness to take over UNWRA functions, beginning with education and health functions, with an agreed schedule for eventual assumption of the relief burden. We would join with other UNWRA donors in assisting financially in the transitional phase of this process."

In item 10 delete all after "Arab refugees" and replace with: "either emigrant families or workers on a contract basis in the event refugees choose either to resettle or work outside the Middle East."

Drop item 11 as is and replace with the following:

"11. While the UN is a complex atmosphere for dealing with the role UNWRA, Ambassador Goldberg should consider discussing a scheduled phase-out plan for UNWRA with countries and agencies involved, with a view to placing this issue on the UN agenda either in the current session or in next year's session. These discussions will reflect the importance of UNWRA's role during a transitional period and assurances should be made to the Commissioner-General that UNWRA's functions will be supported throughout any forthcoming period of discussion, debate or transitional phase-out."

XI. Page 16: In line 4 of item 16: Add after "resettlement" the following: "or as workers." In the last line after "resettle" add: "or find jobs abroad for."

XII. Page 18, line 12: Add after "resettling" the following: "families or find work for."

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- 4 -

XIII. Page 19, item 21 should be replaced by the following revised item 21:

"21. Under a comprehensive solution of the refugee problem UNWRA would continue during any agreed upon schedule for phasing out its functions to be the international agency responsible for the welfare of refugees, until such time as refugee groups become the responsibility and are supported by local governments. Carrying out a comprehensive solution involving transition from refugee status to that of gainfully employed citizens will require, as in the past, more funds than UNWRA can provide. It will require a resumption of the substantial volume of aid from the numerous bilateral, international and agency sources which, excepting UNWRA, provided over \$50 million a year to Jordan alone in recent past years, plus funds for new projects and areas of development which must be sought, and for supporting movement and resettlement of refugees. We should expect Arab countries with ample resources to commit their funds to these development purposes. The renewed efforts might be channeled through a consortium arrangement (see paragraphs 22 and 23 below), in addition to the concerned governments of the Middle East. As the emphasis shifted from relief and maintenance to resettlement, UNWRA's functions would decline, while those of the governments and international agencies responsible for resettlement would continue so long as the resettlement process went on. There would remain for some time a hard core number of unemployed, possibly up to 200,000, which would have to be cared for by outside help or local governments."

XIV. Page 22: In item 24, after "emigrate" in third line put: "or work."

XV. Page 23, first line: After "funds" put: "work".

Instead of sentence beginning "There need be..." put: "The phase-out for UNWRA should be sensitive to all the environmental factors involved as an expression of the continuing UN concern and as an agent for (a) providing a means for continuing contributions from states throughout any phase-out period, (b) serving as a useful intermediary between the outside powers and local states (especially Israel), and (c) continuing through an appropriate transition period the expertise and functions it has effectively contributed in the past and which are not available in local states."

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- 5 -

Keep the remaining portion of item 25 beginning with "But", line 6 from the bottom of page 23.

XVI. Page 24: After "done" on line 4 add: "during the scheduled phase-out period."

XVII. Page 26, item 29: In place of the first sentence of this item put:

"The U.S. should urge the Arab Governments concerned, especially Jordan, and with the support of affluent Arab oil states, to begin now to use their substantial resources for feasible development projects. The U.S. should then be prepared to support new economic initiatives to help Jordan provide an environment conducive to turning more refugees into self-supporting citizens."

Principle Donors to UNWRA*
(Pledges in \$ Millions)

	<u>12 Months to December 31, 1966</u>	<u>% of Total 1966</u>	<u>Estimate of 12 Months to Dec 31, 1967</u>		<u>Total 1967</u>	<u>% of Total 1967</u>	<u>Total Since 1/5/50</u>	<u>% of Total Since 1/5/50</u>
			Normal	Special				
<u>Country Pledges</u>								
United States	22.6	64.6	22.2	2.0	24.2	61.0	411.2	70.0
United Kingdom	5.0	14.3	4.5	.5	5.0	12.6	100.5	17.0
Sweden	2.4	6.9	2.1	-	2.1	5.3	6.6	1.1
Canada	1.1	3.1	1.4	1.1	2.5	6.3	21.0	3.6
Saudi Arabia	.6	1.7	.3	-	.3	0.8	2.8	0.5
W. Germany	.5	1.4	.8	-	.8	2.0	4.4	0.7
Switzerland	.3	0.9	.1	-	.1	0.3	1.4	0.2
All Other Government Pledges	<u>2.5</u>	<u>7.1</u>	<u>2.6</u>	<u>2.1</u>	<u>4.7</u>	<u>11.8</u>	<u>43.1</u>	<u>7.3</u>
Total Government Pledges	35.0	100.0	34.0	5.7	39.7	100.0	591.0	100.0
<u>Other Contributions</u>								
UNESCO	.3		.3	-	.3		2.9	
WHO	.05		.06		.06		.7	
Sundry Donors	.5		.6	.7	1.3		7.9	
Exchange Adjustments, etc	<u>.5</u>		<u>1.3</u>	<u>-</u>	<u>1.3</u>		<u>10.8</u>	
Grand Total	36.35	-	36.26	6.4	42.66	-	613.3	-

SOURCE: Report of Commissioner General to General Assembly, September, 1967, pp 78-82

NESA/PL:RJW:mlr
November 21, 1967

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Monday, October 30, 1967, 5:15 P.M.

MEMORANDUM FOR THE PRESIDENT

We have been unsuccessful in tracking down the source of the report by George Sherman in last Tuesday's Washington Star that we had decided to sell arms to Israel and the moderate Arabs.

There is considerable evidence that the story leaked from the Hill. Assistant Secretary Battle briefed some members of the House Foreign Affairs Committee one week before the story appeared in print. Battle's briefing included a reference to an agonizing dilemma. These words appeared in Sherman's story. In addition, Sherman told State Department news spokesman McCloskey that he knew Battle had briefed several members of Congress.

The fact that Sherman's story was incorrect as to any U.S. arms sales to Jordan, is further evidence that the source heard the generalized briefing by Battle rather than the specific briefings which were given later to certain Senators.

W. Rostow
W. Rostow

THE WHITE HOUSE
WASHINGTON

Wm
30

~~SECRET~~

October 16, 1967

WWR

Attached are the two papers which I understand the President approved at your meeting Friday morning.

One is the letter Secretary McNamara has already sent to Foreign Minister Eban.

The other is the more detailed listing of equipment we will release in raising the arms freeze. While I understand the President has approved in principle going ahead along these lines, only you will know how much detail he is aware of.

I pass these on to you primarily as a record of the Friday decisions. If there is any limitation on interpreting these documents as fully approved, I should know it. State today is mapping out its Congressional consultations on the basis of this document.

Hal

Hal Saunders

~~SECRET~~

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E.O. 12958 Sec. 1.5
NLJ-S 50001
By *sp* NARA, Date *1-7-00*

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DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT
October 14, 1967

Mr. Hal Saunders
The White House

Hal,

I am attaching a copy of
the Military Exceptions paper
and the McNamara letter to
Eban.

John P. Walsh
John P. Walsh
Deputy
Executive Secretary

Attachments:

As stated.

~~SECRET~~/SENSITIVE ATTACHMENTS

RECEIVED
IN THE OFFICE

1967 OCT 14 PM 1 01

31
THE WHITE HOUSE
WASHINGTON

~~SECRET~~

October 12, 1967

WWF

Please read this before
your breakfast tomorrow.

Hal
HHS

~~SECRET~~

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E.O. 12958 Sec. 3.5

NLJ-S 58001

By *g/jsh*, NARA, Date 1-7-00

Mid East
31a

~~SECRET~~

October 12, 1967

MEMORANDUM FOR WALT ROSTOW

SUBJECT: Our Mid-East Peace Formula

For the sake of discussion, I'd like to argue for a moment that our Mid-East peace equation--withdrawal for ending belligerency--may have its wires crossed.

Before the war, it was accurate to say that the nub of an Arab-Israeli settlement was Arab recognition of Israel's right to exist in return for Israeli recognition that the refugees had a right to a fair deal--compensation and even some repatriation if they wanted it.

There is still evidence that this is the real bargain. Faisal put a refugee settlement at the top of his list--but for the unique Jerusalem issue. Nasser's equation is Suez--his ace--in return for a refugee settlement.

All the Arabs are concerned about lost territory and demand Israeli withdrawal. But--apart from Jerusalem--only for Hussein is territory the top issue.

This suggests that our formula--if we are shooting for a settlement and not another truce--should not be withdrawal in return for ending belligerency, with refugees and waterways to be settled later. Maybe the equation should be ending belligerency in return for a fair refugee settlement with Suez (which would follow from the end of belligerency) and withdrawal as the first affirmative acts in carrying out the general agreement.

One could argue back that the war has changed the name of the game. Israel's conquest has given it leverage it didn't have before. Territory has moved to top spot.

That may be true momentarily because the Arabs themselves--in the shock of defeat--raised such a hue and cry about withdrawal. But maybe we're coming out of the July miasma and beginning to see the main contours of the landscape again. Equating withdrawal with the end of belligerency ignores what Ambassador Goldberg and the Arabs are now implicitly pointing out to all of us--that Suez and the end of belligerency are really part of the same move but so is the refugee issue.

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E.O. 12958 Sec. 3.5
NWJ-S 53261
By 3/13/01 NAHA, Date 1-7-00


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- 2 -

At first blush, this point may seem academic. We've talked so much about linking withdrawal and the end of belligerency that we may be stuck with it. Moreover, the cost of ditching the formulation in the US-Soviet draft resolution may be too great. But it does lead to two operational points:

1. We may be killing the US-Soviet draft ourselves by not recognizing soon enough the seemingly ridiculous point that there isn't enough in it for the Arabs. We're asking them to give up their greatest lever in return, not for their main long-run objective, but to straighten out the short-term mess of Israeli occupation. It may be that, in the negotiating days ahead, we should now balance the books by elevating a refugee settlement to the big leagues. In terms of the US-USSR draft, we've already moved Suez from paragraph 3 (longer-term issues) to paragraph 2 (the short-term deal). Maybe we now need to equate Israel's commitment to refugee settlement and the end of belligerency as the two governing principles and withdrawal and Suez as the affirmative acts indicating good faith in moving toward a settlement.

2. At the very least, when Abba Eban comes to Washington we ought to hit him with both barrels on a permanent refugee settlement.


Harold H. Saunders

~~SECRET~~

THE WHITE HOUSE
WASHINGTON~~SECRET/NODIS~~

October 12, 1967

MEMORANDUM FOR MR. ROSTOW

SUBJECT: The Middle East Resolution

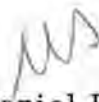
Hal Saunders has shown me the drafts he is working on in connection with the Mid East.

My principal comment is that we should think many times before moving from Goldberg's hard line to any "half way position". Such a shift would almost certainly involve backing away from Israeli passage through Suez. It would almost surely mean an immediate confronting of the question of withdrawal to the June 4 boundaries -- including Jerusalem.

I question whether we are prepared to impose that kind of settlement on the Israelis. The domestic political problem does not need elaboration. We must also bear in mind that there is a real identification in the American public mind of ourselves with the Israelis on the one hand and the Arab cause with the Soviets on the other. A settlement which put us in the position of forcing the Israelis back to the June 4 lines would, I think, almost inevitably have the political impact of a back-down to the Soviets.

I doubt if it would turn around the Arabs. In fact, it might bring the Arabs closer to the Soviet Union -- as the powerful instrument through which their situation was reversed.

In short, the Goldberg hard line may represent a kind of fig leaf, protecting us from going naked into a situation of great peril to our interest. I cannot help but think that we should continue to play it cool, even though we thereby run the undeniable risk of renewed conflict and the ugliest sort of Soviet pressure.


Nathaniel Davis

cc: Mr. Saunders

~~SECRET/NODIS~~

DECLASSIFIED
E.O. 12958 Sec. 3.5
NLJ-S 98001
By gjsb NARA, Date 1-7-00

VIA JDX
THE WHITE HOUSE
WASHINGTON

October 13, 1967

TO: S/S, Mrs. Davis

FROM: Bromley Smith **S**

Will this serve the purpose or do
you want a memorandum from me?

Sent 13 Oct 67 at 7:00 P.M.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

5 med. R. f.
10/10/67 336a
Notified S/S
Harry Elder
of approval
ndr
10/11/67
saunders
offer
notified
ndr

~~CONFIDENTIAL~~

Tuesday, October 10, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Contribution to the International Red Cross for Middle East

Back in June you established a \$5 million reserve fund for emergency aid in the Middle East. We required that each disbursement be approved by you because Mac Bundy felt strongly that we should maintain a tight control over donations to refugee relief lest the bureaucracy further entrench UNRWA rather than trying to bring the old refugee dole to an end and to get the refugees permanently settled. This Red Cross program is strictly an emergency relief operation so doesn't really fall in that category, though the money comes from the same fund.

In June we donated \$2 million for UNRWA and \$100,000 for the International Red Cross. Now Secretary Rusk recommends an additional \$200,000 for the Red Cross. This is justifiable both in terms of the need and in terms of other contributions. The cost of the Middle East operation through the end of November is estimated at \$718,000. To date, other governments have contributed \$348,000. This contribution would bring our total to \$300,000.

An additional reason for doing this right now is that the Red Cross is moving slowly to carry out its arrangements for getting the mercenaries out of the Congo because it is short of money. Putting this contribution into its account now will help relieve its operating deficit and may make it feel more able to move ahead quickly in the Congo.

I recommend you approve.

W. W. RostowApprove ✓

See me _____

P.S. On his own authority - because of extreme
urgency - Sec. Rusk released \$60,000.

DECLASSIFIED
 E.O. 12958 Sec. 3.5
 NLJ-S 98001 -
 By g/jsh, NARA, Date 1-7-00

~~CONFIDENTIAL~~*Wall*

THE SECRETARY OF STATE
WASHINGTON

3850

33-6

October 9, 1967

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

Subject: Further Contribution of \$200,000 to the
International Committee of the Red Cross
for Middle East Emergency Assistance

Recommendation:

That you approve a further contribution of \$200,000
from your Middle East emergency assistance reserve to
the ICRC.

Approve _____ Disapprove _____

Discussion:

On June 27 you established a reserve fund of \$5,000,000
from AID's contingency fund for emergency assistance in the
Middle East. You have so far used that fund to provide
\$2,000,000 for UNRWA, and \$100,000 for the International
Commission of the Red Cross in support of its activities on
behalf of "all victims of the conflict" in the Middle East.

During the last two months the ICRC has repeatedly
told us that its need for funds remains urgent. The group
has not only been deeply engaged in fulfilling its traditional
responsibilities in the wake of the Middle East war but, in
addition, has increased its activities in Yemen at our urging
and is being particularly helpful in the Congo.

The expense of the ICRC's Middle East operation from
the end of the hostilities through November are estimated
at \$718,000.

To date the Swiss Government has contributed \$175,000
in cash and air services, France has contributed \$50,000 in
air services, other governments have contributed \$92,600,

~~CONFIDENTIAL~~

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E.O. 12958 Sec. 3.3
NLJ-S 00001
By ra/jsh, NARA, Date 1-7-00

~~CONFIDENTIAL~~

-2-

and we have contributed \$100,000. An additional \$300,000 is needed to fund the operation.

In view of the importance of this operation to us, I believe a further contribution of \$200,000 from the AID contingency fund bringing the total U.S. contribution to \$300,000, 40% of the estimated total cost, is reasonable and fully consistent with our interests.

The ICRC will make every effort to secure the additional \$100,000 needed from other sources.



Dean Rusk

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

33-c

Mr. Goldstein~~CONFIDENTIAL~~

Tuesday, October 10, 1967

S

MEMORANDUM FOR THE PRESIDENT

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I recommend you approve.

W. Rostow

Approve _____

See me _____

P.S. On his own authority - because of extreme urgency - Sec. Rusk released \$60,000.

~~CONFIDENTIAL~~*Walt*

DECLASSIFIED
E.O. 12958 Sec. 3.5
NLJ-S 98001
By *g/jsh* NARA, Date *1-7-00*

THE SECRETARY OF STATE
WASHINGTON

3850

33-d

October 9, 1967

~~CONFIDENTIAL~~

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DECLASSIFIED
E.O. 12958 Sec. 3.5
NLJ-6 03501
By: g/jsh, NARA, Date 1-7-00

~~CONFIDENTIAL~~

-2-

and we have contributed \$100,000. An additional \$300,000 is needed to fund the operation.

In view of the importance of this operation to us, I believe a further contribution of \$200,000 from the AID contingency fund bringing the total U.S. contribution to \$300,000, 40% of the estimated total cost, is reasonable and fully consistent with our interests.

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Dean Rusk

Dean Ru

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sup [unclear] file~~CONFIDENTIAL~~

Tuesday, October 10, 1967

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I recommend you approve.

W. W. Rostow

Approve ✓See me

P.S. On his own authority - because of extreme urgency - Sec. Rusk released \$60,000

~~CONFIDENTIAL~~*/S. Walt*

DECLASSIFIED
E.O. 12858 Sec. 3.5
NLJ-S 62001
By *cy/jsh* NARA, Date *1-7-00*

THE SECRETARY OF STATE
WASHINGTON

October 9, 1967

~~CONFIDENTIAL~~

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E.O. 12958 Sec. 3.6
NLJ-S 92001
By gjj/sh NARA, Date 1-7-00

~~CONFIDENTIAL~~

-2-

and we have contributed \$100,000. An additional \$300,000 is needed to fund the operation.

In view of the importance of this operation to us, I believe a further contribution of \$200,000 from the AID contingency fund bringing the total U.S. contribution to \$300,000, 40% of the estimated total cost, is reasonable and fully consistent with our interests.

The ICRC will make every effort to secure the additional \$100,000 needed from other sources.



Dean Rusk

~~CONFIDENTIAL~~

~~SECRET~~

September 29, 1967

MEMORANDUM FOR WWR

THROUGH: BKS

The attached revised Julius Holmes statement of the Soviet threat in the Mid-East is some improvement. It gets more relevant as you get to the later pages.

However, I still have trouble with his ~~growing~~ statement of the Mid-East's military significance to the West.

For one thing, he casts the problem in terms of absolute Soviet control. It seems to me he'd be on much more realistic ground if he talked in terms of the threat to the kinds of gray-area activities we're likely to be conducting.

For another, he seems to assume that a Soviet objective is any kind of war would be to win military control of the Mid-East. I'm no expert in Soviet military strategy, but I shouldn't think the USSR would waste resources on the Mid-East in a general conflict. Nor does it appear ready to risk the general conflict that a bid for all-out control might provoke.

Therefore, although this is an improved description of the USSR's disturbingly improved capability it doesn't really come to terms with the contingencies in which that capability might be used.

Hal
Hal Saunders

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DECLASSIFIED
E.O. 13526, Sec. 3.5
DATE 03-09-2011
By sp/jsh, NARA, Date 1-7-00



DEPARTMENT OF STATE

Washington, D.C. 20520

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~~SECRET~~

September 22, 1967

TO : WH - Mr. Walt Rostow

FROM: EUR - Ambassador J. C. Holmes

Dear Walt:

I was very impressed by your remarks with regard to the Soviet military threat in the Mediterranean made at the SYG meeting on September 14. In consequence, I have had prepared a separate paper dealing with this military threat believing that it might prove to be useful in separate consideration of this matter, possibly in the Military Committee of NATO. I have endeavored to comply with your suggestion that the definition of the threat should be made sharper.

Many thanks for your help.

Attachment: SSDSG Draft of 9/20/67.

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E.O. 12958 590.3.5
NLJ-S 00001
By g/jsh, NARA, Date 1-7-00

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TOLSON'S OFFICE

1967 SEP 25 AM 11 03

NEAR EAST, NORTH AFRICA AND THE HORN OF AFRICA

Background Military Considerations

I. Purpose

The purpose of this paper is to present certain background considerations pertaining to the military significance of the Near East, North Africa and the Horn of Africa in terms of both Western and Communist military interests.

II. Military Significance of the Area to the West

The North African Littoral, the Levant and the Northern Tier can be treated as a cohesive whole because of its major importance to the security of Europe. Individual states in the grouping do not have equal significance to European security or equal regional military importance. Nonetheless, the security of each nation facing upon the Mediterranean, plus Iran, is interdependent with and plays some important role in the defense of Europe against a Soviet threat. This importance prevails under conditions either of general war or of those short of general war, including regional conflict. It derives primarily from the control which can be exerted from almost any part-- and particularly from North Africa--over the Mediterranean and the Mediterranean-Red Sea route. Several factors are of paramount importance:

--The Mediterranean remains vital to the internal communications of NATO.

--Soviet control of the territory linking the Caucasus and North Africa or severance of the Suez-Red Sea artery would interfere with rapid deployment and support of military forces between the North Atlantic/Mediterranean and Indian Ocean areas and interdict direct communications between Europe and the countries of East Africa and Asia.

--The loss of the Dardenelles could free Soviet Black Sea naval elements which could assist in contesting Western control of the Mediterranean.

This can happen--
as we see now--
without Soviet
control.

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--In dire circumstances, North Africa has additional military importance to the West as a contingency dispersal position for European forces although such value is attenuated by the probability that use of most of the available facilities could be obtained only by seizure. Excluding the UAR and Algeria there are thirteen jet-capable and eighteen other airfields in the area. Eight jet fields and thirty-nine others are located in the UAR and Algeria. The French-held naval base at Mers-el-Kebir is among the finest in the world. Other developed infrastructure of military value also exists.

--North Africa and Turkey provide valuable staging and aircraft entry routes into the Sub-Sahara and the Arabian Peninsula.

The military significance of the Arabian Peninsula is a function of its status as one of the principal suppliers of POL to the West European war machine. Some additional significance can be accorded to the Peninsula because it faces upon maritime routes of the Red and Arabian Seas.

The Horn of Africa has military significance because it shares dominance of one of the entrances into the Red Sea. Further, it is a useful military entry point from the northeast into Africa. It might also provide a base for action against the increasingly important jumbo tanker route from the Persian Gulf to the West. (35% of Near East oil traffic is now carried in tankers whose size prohibits transit of the Suez Canal.)

III. Military Significance of the Area to the USSR

The Soviet Union's broad military interest in the area in time of war includes the ability to: safeguard its borders; interdict and then control the strategic Mediterranean and Suez arteries, control the oil sources of the Persian Gulf; and exploit the entry into Africa provided by the UAR, Somalia and Algeria. The Soviet policy of attempting to exclude and where possible to supplant Western influence might bring about Soviet involvement in a limited war conflict. A far more likely contingency may arise in which the Soviets seek to give support to their clients despite some fairly high level of risk.

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The peacetime Soviet pattern of military, economic and political behavior in the area has important characteristics which tend to further its military interests as well as its larger purposes. This pattern suggests that they seek to:

--Develop military influence in regions which constitute territorial approaches to the Soviet Union.

--Provide military support to clients for possible military action against Western interests and against regimes unfriendly to the Soviet Union.

--Establish client relations with states which control access to strategic lines of air and surface communications, which have strategic resources, or which cooperate in military matters with the West.

--Assist local countries in the development of forward facilities with potential military strategic value for possible subsequent use by the USSR.

--Posture Soviet military forces to menace the Western lines of communication.

Soviet instrumentalities which further its military objectives are military and economic aid, military presence, and the various degrees of political backing that are at the disposal of a great power. Instruments under development include a strategic mobile air and amphibious assault capability.

Major stumbling blocks in the achievement of these military objectives are the geographical location of Greece, Turkey and Iran and their Western orientation. Therefore, the West cannot foreclose the possibility that the USSR might accept a limited war employing military power as a last resort for breaching the Northern Tier, estimating that allied strategic nuclear power would not be employed to defend the area.

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IV. The External Military Threat

yes | The Communist world represents the primary external threat to Western interests in the area under study. Soviet attention is clearly centered on the elimination of Western positions and influence throughout the region. Militarily, this attention focuses on the degradation of Western military forces, bases, cooperative arrangements and rights of access, with first priority of interest directed towards the Northern Tier. Similarly, the Chinese Communists pose a threat, albeit a much more limited one, which is parallel in objective to that of the Soviet Union but which is constrained in application by relative Chinese weakness and remoteness and the rift within the Communist world. The pattern of Soviet activities in the area has produced a situation wherein the USSR and its colleagues in the Warsaw Pact represent a significant military presence in key countries through their role as arms suppliers and the military training and support activities associated with arms supply. A significant question is what this military presence may hold for the future in relation to Western military interests.

Much has been made in the past of the fact that there is no solid evidence that the USSR has attempted to gain permanent military base rights in the Near East-North Africa-Horn of Africa area. It is probable that this point has been given undue emphasis in relation to the conclusions that could be inferred from it. The USSR has had little need for its own military bases in the area. The limited Soviet naval forces deployed into the area have been served by replenishment at anchorage and the occasional use of facilities provided by their military clients.* The requisition of formal bases or the

*An example of the Soviet tactic of operating through a military client occurred during the recent Arab-Israeli conflict wherein the USSR transferred arms from one client, Algeria, to meet urgent requirements of another client, the UAR. The Soviet policy of massive arms supply to Algeria at a rate faster than the equipment could be absorbed thus paid dividends to the extent that it created a prestockage source for rapid deployment. Although there is nothing to indicate that prestockage in this instance was a planned Soviet objective, the availability of a surplus of arms within the area proved to be a distinct advantage to the Soviets in redeploying arms between their clients.

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intensive use of indigenous facilities under such circumstances would have been counter-protective to the degree that it raised questions of "Soviet imperialism" and made the motivation underlying Soviet military assistance suspect in recipient countries. Since the June 5 Arab-Israeli conflict, the enlarged Soviet naval force has made more extensive use of the ports in the UAR, Syria and Algeria.

Over the longer term, as the USSR develops an improved capability to deploy, support and sustain the full spectrum of military forces, the need for greater use of indigenous ports, airfields, and accompanying access/staging and overflight rights will grow. It is unlikely that the USSR will, even then, seek facilities under the Soviet flag and administration, but will instead press to fill its needs without attracting the stigma of colonialism.

The inability to deploy significant military forces beyond the Northern Tier has represented a major constraint on Soviet military capabilities and the support they provide in furthering political objectives. Currently, Soviet military forces do not possess strategic mobility comparable in any sense to that of the West. Except for those countries adjacent to the USSR and the East European satellites, the maintenance of substantial deployed forces would depend upon uncontested overflight and access rights and free and unchallenged movement by sea. Their available assets provide only a limited ability to deliver and sustain combat forces within North Africa, the Horn of Africa and the Arabian Peninsula.

In terms of future capabilities, there are strong indications that the USSR has recognized the relative weakness of its strategic mobility posture. This weakness was brought home at the time of the Cuban missile crisis and, more recently, during the Israel-Arab war.

Indications which point to an increased appreciation of this weakness include actions taken to develop amphibious forces with advanced design landing craft, increased air and sealift capacity, and increased naval capabilities. The amphibious force has been augmented by the activation of naval

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infantry units. A portion of this force appeared for the first time in the Mediterranean during the recent Israel-Arab conflict and is now continuing as an integral part of the Soviet Mediterranean fleet.

The Soviet merchant fleet is becoming increasingly significant in its potential capability to sustain military forces. Since World War II it has increased threefold in carrying capacity. The goal of the Soviet's 1966-1970 plan is again to increase the fleet by 50 percent, to a total of 14 million DWT. This goal is expected to be met without difficulty. This merchant fleet, seventh largest in the world, now plays a major role in Soviet political and economic strategy. The development, modernization and operation of the fleet is proceeding according to a fixed plan which gives due regard for the military as well as the economic advantages to be derived.

During recent years, there has been increased activity on the part of Soviet hydrographic vessels in the Mediterranean and Indian Ocean. Similarly, Soviet signal intelligence trawlers, an integral part of the Soviet naval operation in the Mediterranean, have intensified their efforts. In addition the Soviet fishing fleet provides an auxilliary intelligence collection capability. Thus, in varying degrees, all elements of this maritime force provide support for Soviet naval activities.

Soviet forces deployed within and adjacent to the Mediterranean possess a growing capability to support their ultimate purposes: (1) neutralize the U.S. carrier attack forces; (2) interdict NATO lines of communication; (3) counter the Polaris submarine threat; (4) maintain a ready capability to employ military forces for contingency operations in the Middle East. The emphasis on a Mediterranean capability is recent and the force has grown dramatically. Intermittent deployments of major Soviet surface units and submarines were initiated in 1964. The frequency and number of these units doubled in 1965 and were further increased in 1966. During the Israeli-Arab war the Soviet Mediterranean force was increased to triple the size of the force existing in 1966, including a substantial increase in submarines, both conventional and nuclear. The rotating of units from the Baltic indicates the

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Soviet intention to maintain at least this higher level of capability. The pattern of growth suggests that the size and general effectiveness of this naval presence will continue to increase. It underlines the importance the Soviets place on their military strategic posture in this area.

For many years the USSR has trained and equipped sizeable airborne forces. The organization responsible for movement of Soviet forces is the Military Transport Aviation (VTA), which is capable of conducting long-range support missions on a small scale or short-range airborne assault operations of a force larger than division size. This airlift is essentially composed of medium turboprop transports, which are generally limited to the movement of personnel and small packages. The Soviet civil air fleet, Aeroflot, with 2,100 aircraft, is designed to carry personnel and to serve as the VTA auxiliary. One-fourth of these aircraft could be readily released for airborne operations. Airborne assault or aerial supply operations launched by VTA from East Germany and the Balkans could reach most of the Middle East. VTA's capability includes a total single lift of 48,000 troops for a distance of 1,400 nautical miles--the approximate distance from Budapest or Belgrade to Cairo. Integration of the AN-22, initially displayed at the 1965 Paris Air Show, will greatly enhance the Soviet airlift. This aircraft, second only to the U.S. C-5A in size, can carry a maximum payload of 176,000 pounds to a range of 2,800 nautical miles. It is estimated that this transport will become operational in 1967 or 1968, and that VTA will possess enough of these aircraft by mid-1971 to give the Soviets a long distance airlift capacity of 10,000 lightly equipped troops. VTA will reportedly receive 60 of these aircraft during the next five years. An indication of the utility of airlift to the Soviets was the speed and magnitude of their arms resupply to the Arabs which began during the Arab-Israeli war of June, 1967.

The Soviet Union and its Warsaw Pact allies have historically maintained a heavy weight of modern military capability deployed along their borders fronting on the Mediterranean basin states, including Iran. This

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military capability was, in effect, excluded from significant deployment into the area by the position and strength of the Western allies and the Soviet lack of strategic mobile forces. It is now apparent that the Soviets have determined to increase both the strength of their naval forces deployed in the Mediterranean, and their ability to project the air-ground components of strategic mobility. Success in achieving both these objectives would greatly enhance the ability of Soviet arms to support Soviet policy in either peace or war.

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Mr. Boston
~~Secret~~

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MEMORANDUM

Special Assessments on the Middle East Situation

MAIN ISSUES IN A MIDDLE EAST SETTLEMENT

DECLASSIFIED
Authority RAC-NLJ 001-104-1-12
By jis NARA, Date 10-5-01

~~Secret~~

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13 July 1967
No. 1367/67

WARNING

This document contains information affecting the national defense of the United States, within the meaning of Title 18, sections 793 and 794, of the US Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law.

GROUP 1 EXCLUDED FROM AUTOMATIC DOWNGRADING AND DECLASSIFICATION

~~SECRET~~

CENTRAL INTELLIGENCE AGENCY
13 July 1967

Main Issues in a Middle East Settlement

Note

This paper assumes that Arab-Israeli hostilities will not be resumed, at least at any early date. It explores the main issues facing Israel and the Arabs in the post-hostilities phase. It is intended to describe briefly the respective points of view of the adversaries, the considerations which affect their attitudes, and to assess the likelihood of resolving particular issues and the terms on which this might be done; in short, to suggest where there might be some room for compromise, and where not.

I. General Considerations

1. The outlook for settlement between Arabs and Israelis is dim indeed. Their respective positions on almost all questions are poles apart and emotions are running high. Arab policy toward Israel remains adamantly hostile. For many years, no Arab leader--except Bourguiba, who scarcely counts in this context--has considered it politically possible to contemplate the recognition of Israel. The Arab leaders are fully aware of magnitude of their defeat, but they do not draw the conclusion that they must acknowledge it. Hence, anything in the nature of peace negotiations is highly unlikely. The Arabs may feel compelled to sign some form of armistice agreements, but they may for a long time resist even this step if--as is likely--the price is significant concessions to Israel. But the shock of their swift and overwhelming defeat has, for the moment, probably prevented them from making decisions on all but immediate matters, and they are reduced to hoping that international pressures will somehow force the Israelis to withdraw from occupied territory.

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2. As for the Israelis, promptly after their dramatic victory, they began talking about direct negotiations leading to Arab recognition of Israel and an overall settlement. Israel's great objectives are to break the pattern of the last two decades, to gain Arab recognition of its right to exist, and assurances against further terrorism and other harassment. There are clearly divided counsels within Israel on the strategy and tactics of achieving these goals. The hardliners, represented by Dayan, have the advantage of being identified by many Israelis as the architects of Israel's victory, and their positions have strong domestic appeal because they emphasize what Israel wants and feels it has won, with little regard to what might have to be conceded in the face of international pressures or opinion. Even if Dayan is forced out of the cabinet, Israel will probably remain largely impervious to external pressures to withdraw from occupied areas for months to come, unless there is unexpectedly quick progress toward a settlement tolerable to Israel. The short-term costs of holding captured territories are not high, around \$10 million monthly, and are more than compensated by an extraordinary influx of hard currency since early June.

3. In the longer run, however, Israel faces a painful dilemma. The Israelis may hope that the Arabs (and the Soviets) will draw the "correct" conclusion from the recent war, and that a new order will emerge in the area which will involve acceptance of the Israeli state and assurances for its security. But so far there are few indications that any such new order is emerging, and unless it does, Israel must sooner or later face the problem of how to assure its security. Eventually, Israel is probably prepared to trade much of its captured territory in return for security arrangements. Experience does not incline the Israelis to put faith in guarantees by the great powers and certainly not in the effectiveness of UN arrangements. And while the Arabs may reluctantly enter into some more formal armistice arrangements, the chances remain slight that any significant Arab leader will undertake to associate himself with the kind of binding agreements that Israel wants and feels it must have.

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4. Soviet actions will probably help to confirm the Arabs in this attitude. Nothing in the events of last month is likely to have altered the USSR's conviction that Soviet interests in the area are best served by an alignment with radical Arab forces. There have been Arab defeats and Soviet miscalculations, and the principal instruments of Soviet policy--diplomatic, economic, and military--have either been damaged or at least had their efficacy called into question. But the Soviets have maintained their strong presence in the area. They are currently engaged in a noisy campaign to convince both the Arabs and the world at large that their ability and determination to maintain this presence has not been undermined by the outcome of the recent war and that among the great powers the USSR represents the only hope for the Arabs.

5. It is true that the USSR is the only major power the radical Arab states--Egypt, Syria, and Algiers--can depend on for meaningful support. It is no less true, however, that Moscow's policies in the Middle East can only be served by the maintenance of ties with these states. For their own purposes, the Soviets and the Arabs thus need each other. In practical terms, this probably means that, within certain limits, the Soviets will in the main have to go along with Arab policies. While they would probably encourage an Arab disposition to compromise on issues such as Israeli passage of the Strait of Tiran, the Soviets would probably support Arab refusal to compromise, on most issues. For their part, the Arab states will simply have to recognize the limits on Soviet support, viz. the USSR's determination to avoid direct involvement in active hostilities or to risk seriously a confrontation with the US.

6. No matter what the Israelis offer by way of a new order in Palestine or movement on the refugee question, the Arabs will press for a return to something as close to the status quo ante as they can get. In the process, there will be intense maneuvering, not only between Arabs and Israelis, but also among the Arab states. Husayn and Nasir have neither the same interests at stake nor the same attitudes, and the Syrians are something else again.

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In addition, there will be considerable controversy and haggling between the regional adversaries and the great powers. The overall outcome is obscure, but it is possible to isolate and analyze contrasting positions on certain of the main specific issues, and to suggest where chances of accommodation now appear best, and where they do not. The following paragraphs are not an exhaustive analysis, and it should be noted that, except in a few obvious cases, they do not explore the relationship between specific issues, i.e., how bargaining over one question might affect any negotiations over another.

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II. JERUSALEM

A. Israel's Position

Israel is moving rapidly to absorb Arab Jerusalem into its own city administration. It is asserting sovereignty over the entire city. It is prepared to concede some form of international supervision of the Christian and Muslim holy places.

B. Jordan's Position

Jordan wants the Old City returned to its control. Failing this, it could acquiesce in an internationalization of the Old City, but to surrender Jerusalem to Israeli control permanently would be politically difficult, and perhaps disastrous for Husayn.

C. Chance of Compromise

There is some slight room for compromise here. Israel is certain to reject the return of the Old City to Jordanian control, because this could deny its citizens access to the Jewish holy places. There is at most a less than even chance that Israel could be forced to relinquish the Old City to some form of international control, but it would require formidable international pressures and be a long slow battle.

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III. WEST BANK OF JORDAN

A. Israel's Position

Though Israel will insist on some relatively minor border gains, it will almost certainly decide that it cannot absorb the entire West Bank with its 850,000 Arab inhabitants. Hence, Israel probably will push for some special arrangement for this area, possibly in the form of an autonomous state linked to Israel. Israel would probably demand demilitarization of any areas of the West Bank left under Jordanian control.

B. Jordan's Position

Jordan will undoubtedly demand return of the entire West Bank, which it probably believes necessary if Jordan is ever to become economically self-sufficient. Husayn fears that the loss of West Jordan would mean loss of his throne, too.

C. Chance of Compromise

Jordan probably would be willing to accept some border rectification, e.g. surrendering a part of the Latrun Salient. Husayn probably also would agree to arms limitation for areas of the West Bank under his control, especially if Egypt and Syria were doing the same on their borders. Such concessions would probably satisfy Israel's minimum demands in this area. Jordan would be likely to agree to an autonomous status for the West Bank only if Cairo were to agree to a comparable status for Gaza.

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IV. THE GAZA STRIP

A. Israel's Position

Israel will resist return to Egyptian control of the Gaza Strip with its 400,000 Arabs. Israel would like to retain Gaza, if the bulk of its Arab population went elsewhere. It might offer generous terms to the local Arabs in return for their acquiescence in resettlement. Failing that, Israel might turn to some type of autonomous status, like that discussed for the West Bank, for this area, which has never been formally incorporated into Egypt.

B. Egypt's Position

Aside from a general demand to return to pre-hostilities armistice lines, Egypt has given no indication of what it might consider a suitable disposition of the Gaza Strip. Cairo would like to regain control of it, and in any case, to have a large voice in the Gaza through puppets in the various Palestine refugee organizations.

C. Chance of Compromise

It is conceivable, though hardly likely, that Egypt would agree to a UN administration of Gaza. Ultimate Egyptian policy on this issue is hard to estimate; it may depend largely on the type of government Cairo has in the next few months.

Israel, under strong outside pressure, might agree to accept international administration of the area, though not on behalf of Cairo.

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V. ACCESS TO EILAT THROUGH THE STRAIT OF TIRAN

A. Israel's Position

Israel will insist on freedom of passage through the Strait of Tiran guaranteed either by its own physical control of at least one shore of the Strait or by an international guarantee of compelling force, i.e. one which included the US and the USSR and which specifically excluded Egyptian military domination of the Strait.

B. Egypt's Position

The Egyptians will advance the claim to control of the Strait, but without great determination. The Egyptians are aware that the USSR will not support restrictions on passage. Even during the fighting, Egypt appeared willing to concede free passage in exchange for Israeli withdrawal.

C. Chance of Compromise

The chances here look reasonably good. Israel will insist on holding the Strait by force at least until the UAR agrees to free passage. The USSR is likely to urge the UAR to give in on this point. Cairo will thus probably accede to some formula which permits Israeli access, but legally recognizes the Strait as Egyptian territorial water.

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VI. THE SUEZ CANAL

A. Israel's Position

1. Reopening the Canal

Israel is aware that continued closure of the canal hurts Egypt's economy and is willing to put economic pressure on Egypt by keeping forces along the canal, while asserting that it would do nothing to impede navigation.

2. Israeli Transit

Israel will try to link freedom of navigation through the canal with freedom of navigation through the Strait of Tiran. Canal transit rights, however, are mainly a matter of face for the Israelis, and they will probably use the issue of canal transit as a bargaining counter. Most Israeli trade goes from its Mediterranean ports to Europe. Trade between Israel and the Far East can be handled at least as cheaply and just as readily through the Port of Eilat.

B. Egypt's Position

Egypt refuses to undertake work to clear the canal as long as Israeli troops are along its eastern edge.

Egypt will be adamant against granting Israel the right of transit.

C. Chance of Compromise

Egypt probably won't open the canal at all until Israeli troops are withdrawn at least some distance from it.

The two parties probably won't come to grips with this issue. Nasir would find it almost impossible to agree to Israeli passage. The Israelis probably recognize this situation and in the final analysis may not push this issue strongly. Compromise is possible only in the unlikely eventuality of an agreement covering several international waterways.

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VII. SINAI

A. Israel's Position

The Israelis will hold Sinai as a bargaining position but they do not want it and in the end will consent to return almost all of it to Egyptian rule. The Israelis will probably ask for it to be demilitarized, possibly under international inspection. The Israelis may exploit oil produced from Egyptian fields as an inducement to bring the UAR to settlement.

B. Egypt's Position

Egypt will demand unconditional return of the Sinai.

C. Chance of Compromise

Nasir probably would agree to informal demilitarization, but would be likely to refuse any formal commitment on this score. Israel would be content with a demilitarized zone along its border, say 20 to 50 miles wide.

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VIII. THE SYRIAN HIGHLANDS

A. Israel's Position

Israel is likely to insist on retaining the area it conquered on the last day of the fighting until it gets an ironclad guarantee that Syrian military forces will not return to the heights from which they can harass settlements in the Jordan valley. Such a guarantee would probably have to involve a third party, because Israel is not likely to trust any given Syrian regime's promise, knowing the usual short lifespan of governments in Damascus.

B. Syria's Position

Syria will demand that Israel evacuate the entire territory. The present fanatic leadership in Syria is unlikely to agree to any form of demilitarization of this area.

C. Chance of Compromise

Chances of compromise here are very low indeed. The Syrians are capable of letting the present situation continue rather than concede anything to the Israelis on this point. Hence, odds favor Israeli occupation for an extended period.

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IX. THE REFUGEES

(Although not a product of the late war, the status and future of some 1,300,000 Arab refugees from the 1948-49 fighting are certain to be considered in the efforts to settle Arab-Israeli problems.)

A. Israeli Position

Israel opposes return of refugees in more than small numbers, lest the ethnic balance of the state be adversely affected. Israel has floated the idea of an autonomous Arab state (the West Bank, and perhaps Gaza) which would provide place for many refugees to resettle and call home. Israel would be ready to cooperate in a scheme whereby each refugee would be given a one-time choice between repatriation and resettlement outside of Israel with compensation, as long as the process assured that the vast majority accepted the latter.

B. Arab Position

The Arabs insist that the refugees be permitted to exercise the right to choose between returning to their homes or getting compensation for land and property if they do not. Arab leaders will be reluctant to accede to a scheme which in practice permitted, say, only 10-15 percent of the refugees actually to return. A Palestine state, if established at Arab, rather than Israeli, initiative would have some support.

C. Chance of Compromise

Israeli occupation of the West Bank and Gaza may permit some progress in getting a number of refugees out of the camps. Moreover, the experience of living under Israeli control may convince others that repatriation is not an attractive option. However, the obstacles in the way of an overall resolution of the refugee problem are enormous and are probably insuperable.

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