



DEPARTMENT OF STATE

Washington, D.C. 20520

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~~CONFIDENTIAL~~

May 18, 1967

MEMORANDUM FOR MR. WALT W. ROSTOW
THE WHITE HOUSE

Subject: Farewell Call by Dr. Mostafa Kamel,
Ambassador of the United Arab
Republic, Monday, May 22 at 3:00 p.m.

You have agreed to see the UAR Ambassador,
Dr. Mostafa Kamel, on Monday, May 22, 1967 at
3:00 p.m. The call will be a farewell courtesy
call before Ambassador Kamel's departure for his
new post in Brussels.

Enclosed are suggested talking points as well
as a biographic sketch of Ambassador Kamel.

Mr. Donald C. Bergus, Country Director for the
United Arab Republic in the Department of State,
will accompany the Ambassador.

for Roger Morris
Benjamin H. Read
Executive Secretary

Enclosures:

1. Suggested Talking Points.
2. Biographic Sketch of
Ambassador Kamel.

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 91-422
By lig NARA. Date 7-30-92

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GROUP 3

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MOSTAFA KAMEL
AMBASSADOR TO THE UNITED STATES
from THE UNITED ARAB REPUBLIC

Background: About 58 years old

Home: Cairo where he was long a professor of
Constitutional Law at the University of Cairo

Born: October 17, 1908

Family History: The Ambassador is said to have been
married and divorced. The marriage is said to
have occurred in Baghdad in the early 1940's
while he was a lecturer at Baghdad University.
He does not speak of it himself.

The Ambassador has two sisters, one of whom
is now in Washington married to an official of
the UAR Purchasing Bureau.

Education: Graduate of the Faculty of Law at Cairo
University in 1935. In 1939, he took a Doctorate
of Law with honors at Cairo University.

Experience: From 1935 until he joined the Foreign Ministry
in 1955, the Ambassador was a Professor at the University
of Cairo (except for his lecture periods at the Univer-
sity of Baghdad in 1941-42 and 1944-47). In 1955, he
served as a member of Egypt's delegation to the Bandung
Conference and later that year was named Ambassador to
India. In 1958, he was appointed Ambassador to the
United States.

Ambassador Kamel is a highly articulate, professional
diplomat who has earned the respect of his colleagues
for energy, judgment, reliability, and professional
competence.

Publication Awards: Not known. He is believed to have written articles on legal questions.

Languages: Speaks Arabic as well as excellent English and French

Family Data: Ambassador Kamel is single

Contact Data:

Chancery: 2310 Decatur Place N.W., Washington, D.C.
232-5400

Residence: 2301 Massachusetts Avenue, N.W.
232-6020

Interests: Enjoys literature, the theater, music, but is particularly devoted to fostering US-UAR cooperation, an effort that takes most of his time and energy.

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SUGGESTED TALKING POINTS

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NJ 91-422
By , NARA, Date 7-30-92

Ambassador Kamel may bring up the following points:

1. He will refer to the current tense situation in the Near East, the risk of renewed Arab/Israel hostilities, and the increase in Soviet influence. He will dwell on the point that all this could have been avoided if the US had maintained good relations with Egypt. He will expand his thesis that without material economic aid from the U.S., Nasser and those around him are unable to resist pressures to work ever more closely with the Soviets.

2. He will doubtless urge consideration of his "action program" which he has been expounding in Washington for the past eleven months. This action program contains such elements as:
 - a) "putting the Israel situation into the icebox"
 - b) mediating or "freezing" the Yemen dispute
 - c) encouraging the British to resume diplomatic relations with the UAR with a view to a peaceful resolution of the South Arabian problem.
 - d) US "good offices" with the IMF and the World Bank with a view to their increased participation in the UAR's economic development program.
 - e) a roll-over of outstanding CCC credits to the UAR
 - f) ultimate resumption of US concessional wheat assistance to Egypt.

3. Ambassador Kamel will doubtless state that his transfer from Washington represents a major defeat for pro-Western influences around Nasser.

Suggested Replies to Ambassador Kamel:

1. It is with genuine regret that we bid farewell to Ambassador Kamel after nine years of extremely distinguished service in this country. We have long admired his superb skill as a professional diplomatist. Moreover, we are fully aware of and appreciate his personal

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-2-

conviction that the best interests of his country lie in the maintenance of good relations with the United States. We recall many situations where both his skill and his convictions have been effective and constructive.

2. For nearly 15 years the United States has consistently sought to find an effective basis for the establishment of sound and lasting relations with Egypt. This has been a major goal of four successive American administrations and is above the passing circumstances of our domestic concerns or partisan politics. We have consistently recognized the importance of Egypt in the Near Eastern area.

3. Unfortunately, this goal of a sound relationship has escaped us thus far. In fact in the light of present events, we sometimes wonder whether the UAR shares our objective of fostering conditions of peace and stability in the area. At times there seems to be a regrettable pre-occupation with tension for tension's sake.

4. We would have no quarrel with Egyptian policies aiming at genuine non-alignment and a desire to remain aloof from conflicts among major powers. Nor are we without understanding and sympathy for the aspirations for dignity and unity of the Arab people generally. We recognize that throughout modern history many Arabs have from time to time looked to Egypt for inspiration and guidance. We cannot, however, agree that any single nation in the Near East has a mandate to organize the entire area, by whatever measures, into a mirror image of itself.

5. This may be a time for both the United States and the United Arab Republic to consider some of the basics in the relationship between the two countries.

6. The U.S. has no desire to hamper or impede the UAR's official and economic development. The contrary is the case. We wish the UAR well in its efforts to obtain support and assistance from interested international agencies. Significant government-to-government economic aid arrangements between the UAR and the US do not seem very practicable under present conditions. In retrospect, it may well be that previous bilateral assistance programs have created almost as many problems in our relations as they have resolved. We have noted recent expressions of interest on the part of UAR officials in attracting American private investment to Egypt. We believe that by providing a suitable atmosphere for such investment the UAR could strengthen its economic base.

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MEMORANDUM FOR MARVIN WATSON

May 11, 1967

I would endorse Jim Symington's recommendation that UAR Ambassador Kamel be scheduled for a short farewell call on the President.

I know there are pitfalls. Kamel will want to deliver his usual lecture on US forbearance in US-UAR relations. The last time he saw the President he talked too long when the President was anxious to get off on other business, so the President himself may not be too eager to see him.

We will try to keep this to a courtesy call. He has an appointment with me on 22 May and I will try to make it clear that that is the place for substantive talk, but it may be hard to contain him.

However, this is mostly a matter of being decent to a man who has always dealt decently with us, despite the often infuriating policy of his government. Kamel has spent nine years here and has been unquestionably one of the better Arab Ambassadors. His heart is in the right place, and he has done his best to keep US-UAR relations on an even keel. Although he has not always been listened to in Cairo, it is hard to fault any Ambassador for that. I'm sure he leaves with a heavy heart since he probably feels he's being pulled out because he failed to persuade us to continue food aid.

Even though relations with the UAR are tense at the moment because of the harassment of our people in Yemen, I think it is worthwhile for us to keep sending any signals we can to show that we are not anxious for an open break.

May 24, 1:30 P.M.

W. W. Rostow

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E.O. 12356, Sec. 3.4
NIJ 91-421
By sig, NARA, Date 1-12-93

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*notified 5/15 12:00 by Barbara Young
notified Saunders
Louise H.*

87a

TO: WALT ROSTOW

FR: MARVIN WATSON

For your recommendation.

5/10/67

5/10/67
Had,
Kamel is scheduled to see
Mr Rostow at 3 pm, Monday,
May 22, 1967. WN

MEMORANDUM

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THE WHITE HOUSE

WASHINGTON

~~SECRET~~

88
May 10, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Our Latest Brush with Nasser

Nasser's Foreign Minister promises that our two AID men in Yemen will be out of jail by 15 May. We've evacuated all but a skeleton crew there. If we get these two out safely, our main loss will be some CIA material the Egyptians filched from one of the safes left behind when our people were dragged off.

We don't think Nasser staged the incident in Yemen to get us out. However, once Egyptian mishandling on the scene created an opening, Cairo gave vent to its emotions and played it out for its full propaganda and intelligence advantage. Their readiness to see us humiliated and their duplicity illustrate the bitterness they feel toward us, while their willingness to set limits against harm to our people suggests they want to stop short of an open break.

Nasser summed up the reason for this bitterness in his 2 May speech: ". . . you do not consider us your friends." To him, our cutting back food aid is the final evidence that we are working against him and want to see him crushed under his economic burdens. But above all, he sees CIA's hand behind everything that goes wrong for him. In his final talk with Luke Battle, he admitted he is a "suspicious man," but he also claims he has evidence that CIA is working to topple him. It was natural for him to see a sinister hand behind AID's roadbuilding work in southern Yemen where Egyptians are training the "liberation army" for South Arabia.

We've held our tempers so far, but getting our men out of jail may take the lid off strong pent-up desire to wash our hands of Nasser. The Egyptians have maddeningly violated every code of diplomatic practice--despite Secretary Rusk's strong statement on the "rights of legation"--and they've used more poison gas in Yemen. Yet on the constructive side, they have reached agreement with the IMF, entertained American businessmen, are negotiating with another American oil company and are trying to avoid defaulting on debt repayments to us. While the temptation to break will be greater than ever, cooler heads will probably prevail. With the South Arabian problem reaching center stage, we'll badly need someone on the scene in Cairo.

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Authority FRUS 64-68, vol. 18, #417
By jc NARA, Date 9-23-02

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W. Carl Rostow



DEPARTMENT OF STATE
WASHINGTON

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May 4, 1967

1530
1-*Reminders*
2-*Rec.* 88a

MEMORANDUM FOR MR. WALT W. ROSTOW
THE WHITE HOUSE

Subject: Nasser's May 2 Speech

Enclosed is a brief summary and analysis of the May 2 speech of UAR President Gamal Abdel Nasser. The topical references include a brief statement about the present crisis in US-Yemeni relations, South Arabia and the continuing mutual hostility between Egypt on the one hand and Saudi Arabia and Jordan on the other.

While none of the themes of the speech are new, they have been sharpened and built around the central motif that imperialism is determined to humiliate and drag down Egypt and its people. The United States is the leader of the world imperialist forces. Nasser quotes a remark he allegedly made to former Assistant Secretary Hare in 1966: "... you do not consider us your friends."

John G. Walsh

Benjamin H. Read
Executive Secretary

Enclosure:

Nasser's May Day Speech

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E.O. 12356, Sec. 3.4
NJ 91-422
By sig NARA. Date 7-30-92

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NASSER'S MAY DAY SPEECH

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E.O. 12356, Sec. 3.4

NLJ 91-422

By mg NARA, Date 7-30-92

Since the Egyptian spring holiday fell on May 1 this year, Nasser's traditional May Day speech was postponed until the evening of May 2. The two-hour discourse identified the Arab revolution with the struggle of workers throughout the world against exploitation and predicted the final triumph of the revolutionary struggle. Over half of the speech was devoted to inter-Arab affairs and the role of imperialism in opposing the Arab revolution.

U.S. the Leader of Counter-Revolution

Nasser warned that the Revolution would be faced with counter-revolution until complete socialism is achieved and that the change from the stage of "exploiting capital" and feudalism to socialism would take a long time. In the meantime, there will always be feudalists and opportunists and these will be used and supported by imperialism. He identified the U.S. as the leader of the imperialist camp. Britain is allied with the U.S. The Shah of Iran, Kings Faysal and Husayn, and Bourguiba are only "tools in the hands of the United States." Nasser said that in the early days of the Egyptian revolution, Egypt had thought the U.S. was "on the side of the liberation of the world" and that it "would back peoples and justice and would implement the Atlantic Charter." But now it has become obvious that "the U.S. wants to dominate the world. ----It has also become obvious that the U.S. leads the counter-revolution in the world." As evidence of U.S. malevolence against the UAR, he referred to the Odell case and said that he had tapes of statements by CIA agents who hoped that First Vice President Amir would die during his appendectomy. Nasser said the U.S. Ambassador utters friendly words while CIA peddles hatred."

U.S. Plan

Nasser said that the U.S. plan against the UAR was based on two points: (1) economic pressure and (2) psychological pressure and propaganda. He said that economic pressure against the UAR would not work and warned that the UAR would not pay back the loans of any country which attempts to use economic pressure. He reiterated that the UAR maintains an independent policy and that it was the UAR's rejection of U.S. demands that brought suspension of economic assistance. It was to maintain UAR independence that the UAR withdrew its request for further food assistance in March. Nasser said that, in any event, U.S. food assistance was not really aid. The UAR had paid for it in Egyptian currency, which the U.S. had in turn used to cover the expenses of the Embassy, buy houses, and construct buildings and to sell to American tourists.

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As examples of psychological pressure and propaganda which the U.S. directs against the UAR, Nasser cited Saudi and Jordanian radio broadcasts. He said that King Husayn and the Jordanian radio worked for CIA. At the same time Nasser's "rebuttal" of Jordanian charges that the UAR had not helped Syria during the Israel-Syrian air battle of April 7 was defensive and unpersuasive.

Yemen and South Arabia

Nasser said that there was no fighting in Yemen. He said that the UAR would remain in Yemen "until the British-American-Saudi danger is completely removed." He reiterated his threat to bomb Najran and Jizan in Saudi Arabia if these towns are used as bases for infiltration into Yemen. In passing, he praised the Yemen Arab Republic for its stand in the present US-Yemeni crisis. He said the U.S. "gave economic aid to Yemen, but this did not include firing on an ammunition dump with bazookas. Police dogs followed the tracks and the Americans were arrested. A crisis then broke out between the U.S. and Yemen. Yemen was threatened but the Yemeni Government took an honorable stand."

As for South Arabia, Nasser declared that he would "support the nationalist forces in the Occupied South with all our capabilities," and he urged the nationalist factions in the South Arabia to unite against imperialism. He even urged the Federal Government to resign and join the anti-imperialist struggle. As for the reports that the UAR was preparing to intervene militarily in South Arabia, Nasser said: "I proclaim before the whole world that we will not move our army to the south."

Other Areas

Nasser gave almost no attention to other areas of the world. He did not talk about Vietnam. He did ridicule the U.S. for believing that the UAR was assisting revolutionaries in Latin America.

Nasser Under Political Pressure

Nasser's speech did not reflect as much economic despair as previous speeches. He seems to feel that, with the discovery of oil, the UAR will get over the economic hump.

His speech did seem to reflect the political pressure which he apparently feels. He appears genuinely convinced that the United States has turned its back on the UAR and has lined up with his enemies. While Nasser has criticized the U.S. before in his speeches, this appears to be the first time he has accused the U.S. of being the leader of counter-revolution in the world. He seemed to be addressing his remarks to those Egyptians who are concerned about the deterioration of US-UAR relations and the economic crisis resulting from the suspension of U.S. aid.

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He also seemed to be trying to explain why Cairo's version of the Arab revolution seems to have been halted on all fronts. The struggle is a difficult one because the counter-revolutionaries are headed by the U.S. However, he predicted that, in the end, the revolutionaries would win out.

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DEPARTMENT OF STATE
WASHINGTON

May 9, 1967

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MEMORANDUM FOR MR. WALT ROSTOW
THE WHITE HOUSE

Subject: Request of UAR Ambassador Kamel to Make a Farewell
Call on You

yes

Ambassador Kamel has requested an appointment sometime before the end of May to make a farewell call on you. He leaves Washington in early June for his new assignment as UAR Ambassador to Belgium. He has been the Ambassador from the United Arab Republic to the United States for nine years, and as a result of this long tenure, he now ranks third in terms of seniority in the diplomatic corps. He is also dean of the African diplomatic corps and dean of the Arab diplomatic corps here. Ambassador Kamel has sincerely and constantly strived, often in highly adverse circumstances, to promote good relations between the UAR and the U.S. His transfer just 18 months before his retirement may well represent the price for his efforts.

It would be very useful in demonstrating to the UAR our continuing desire to improve relations if you would receive Ambassador Kamel. We believe it would also demonstrate our appreciation for his personal efforts to this end.

John P. Walsh
Benjamin H. Read
Executive Secretary

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E.O. 12356, Sec. 3.4
NIJ 91-422
by lig NARA. Date 7-30-92

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DEPARTMENT OF STATE
FOR THE PRESS

APRIL 14, 1967

No. 87

RICHARD H. NOLTE SWORN IN
AS UNITED STATES AMBASSADOR
TO THE UNITED ARAB REPUBLIC

Richard Henry Nolte, of Connecticut, was sworn in today as United States Ambassador to the United Arab Republic. He succeeds Lucius D. Battle, who is now Assistant Secretary of State for Near Eastern and South Asian Affairs.

Born in Duluth, Minnesota, on December 27, 1920, Mr. Nolte received the B.A. degree at Yale University (1942) and M.A. in 1947. He also attended Oxford University (Rhodes Scholar), B.A. degree with Class 1 honors in Oriental studies (Arabic language, history and literature, Turkish and Muslim law) in 1950. He served as a Naval aviator in World War II.

From 1947 through 1954, Mr. Nolte was a Fellow at the Institute of Current World Affairs; during 1954-58, he was an Associate for the Middle East, American Universities Field Staff; and in 1958-59, he was Assistant Director, Humanities, The Rockefeller Foundation.

Mr. Nolte has been, from 1959 to the present, both Executive Director, Institute of Current World Affairs, and Executive Secretary, Alicia Patterson Fund Fellowship program. He is a member of the Council on Foreign Relations, Phi Beta Kappa, Middle East Institute, Yale Club; Governor of the Arctic Institute of North America, and Director of Middle East Studies Association. In addition, he is the author of articles on the Middle East to a variety of publications.

Ambassador Nolte is married to the former Jeanne McQuarrie, and they have four sons: Charles, Jameson, Douglas and Roger.

* * *



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DEPARTMENT OF STATE
WASHINGTON

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April 12, 1967

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UAR 91

MEMORANDUM FOR MR. WALT ROSTOW
THE WHITE HOUSE

Subject: Nasser's Comments to American Businessmen,
March 28, 1967.

The group of American Businessmen invited to Cairo by UAR First Vice President and Field Marshal Hakim Amer was received by President Nasser on March 28, 1967. The following is based on a telephone conversation with Mr. Ernest Henderson of Sheraton Hotels. We have requested several other of the American participants to give us their impressions of the trip and will enlarge on this report as additional information is forthcoming.

President Nasser met with the group on March 28. Present were Amer and leading members of the UAR Government. The group was received at the President's private residence. Both the signed photograph of President Johnson and the picture of President and Mrs. Johnson at the White House with Nasser's daughter and her husband were prominently displayed.

The meeting lasted two and one-half hours, and while "no punches were pulled" neither were any tempers lost. Salient points that emerged in the discussion were:

Vietnam. Nasser said he still believed it necessary for the U.S. to stop bombing North Vietnam. He had, however, kept communications open with North Vietnam and the Viet Cong in the hope of serving peace. He had written to Ho Chi Minh stating that Hanoi could not win a military victory and should agree to a compromise solution. Ho Chi Minh had disagreed, stating that the U.S. would eventually be forced out.

IMF. The Bankers present in the group spoke rather frankly to Nasser about the loss of confidence in the UAR economy which would take place unless the UAR came

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E.O. 12356, Sec. 3.4
NJ 91-422
By King NARA Date 7-30-92

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to terms with the IMF. Nasser replied that undeveloped countries such as the UAR had a right to expect the IMF to renew its "loans". The IMF was presently attaching "strings" to a possible renewal.

Private Investment. Nasser repeated his usual statements that the GUAR preferred public investment in most of its economic development program. Foreign private investment was welcomed in areas where UAR know-how was lacking, e.g. petro-chemical industry and pharmaceuticals. Nasser said the American oil companies prospecting in Egypt were doing well and he looked forward to future developments.

Expropriation. Nasser was a bit flustered about this one. He said that deals made by his regime had been lived up to. He admitted that the nationalization of Shell in 1964 had been an exception. He defended nationalization of foreign enterprises which had "exploited" Egypt prior to 1952.

PL 480. The reporting is rather vague on this point but Nasser may have said that past PL 480 wheat sales to the UAR for local currency had an inflationary effect in that the same money was spent twice: once when the UAR bought the wheat, and again when the USG lent the money back for economic development.

Comment: The meeting seems to have gone well. Among the UAR motives in extending this invitation was a desire to put their case directly to what they think is the real power group in this country, as well as to attract private investment on UAR terms. For the present it appears that what took place was a successful but rather marginal public relations exercise.

John P. Walsh
Benjamin H. Read
Executive Secretary

~~CONFIDENTIAL~~

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April 8, 1967

MEMORANDUM FOR

THE SECRETARY OF STATE

The President concurs with your opinion and has requested that you inform the United Arab Republic that the appointment of Ahmed Hassan El-Fikki as Ambassador Extraordinary and Plenipotentiary of the United Arab Republic would be agreeable to the Government of the United States.

Walt W. Rostow

cc: Protocol
CF w/cy of Incoming
✓Country File w/Incoming

WWR:scg

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DEPARTMENT OF STATE
WASHINGTON

~~SECRET ENCLOSURE~~

April 7, 1967

Dear Mr. President:

The Department has received a communication from the Embassy of the United Arab Republic in Washington asking if this Government agrees to the appointment of Ahmed Hassan El-Fikki as Ambassador Extraordinary and Plenipotentiary of the United Arab Republic to the United States. A biographic sketch of Mr. El-Fikki is enclosed.

I believe that the appointment of Mr. El-Fikki as Ambassador of the United Arab Republic at Washington would be satisfactory and, if you concur in this opinion, I shall be pleased to inform the Government of the United Arab Republic of your approval.

Faithfully yours,

Acting Secretary

Enclosure:

Biographic Sketch.

The President,

The White House.

~~SECRET ENCLOSURE~~

92-16

~~SECRET~~

AHMED HASSAN EL-FIKKI

UNITED ARAB REPUBLIC

Ahmed Hassan El-Fikki, a soldier turned diplomat, has served as Under Secretary of State for Foreign Affairs since April 1965. Fikki, who was a lieutenant general at the time he joined the Ministry of Foreign Affairs in 1954, has served as UAR Ambassador to Libya, India and Canada. Within the past year he has been concerned with the possible mediation of the Viet-Nam war.

Fikki was born in 1911. He has had both military and legal training. According to one report, Fikki was President 'Abd al-Nasir's instructor at the Royal Military Academy, and at one time he reportedly served in the Judge Advocate General's Office in the Egyptian Army. He was appointed military attaché in Rome in the early 1950's, and in 1954, after resigning from the military, he was appointed Ambassador to Libya. During his tenure in Tripoli, Fikki embarked on a vigorous campaign to restore Egypt's position of influence in Libya. Fikki remained in Libya until 1959, at which time he was appointed Ambassador to India. According to the Indian press, Fikki was very effective as UAR Ambassador; he was given substantial credit for improving Indo-UAR relations. In about March 1964, Fikki was named Ambassador to Canada, a post he held until about March 1965.

In 1966 Fikki traveled extensively in behalf of the UAR Government. He came to the United States in February as a member of President of the National Assembly Anwar Sadat's delegation. In April he was in Czechoslovakia to negotiate an agreement providing for mutual exchange of scientific personnel and

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E.O. 12958, Sec. 3.5
State Dept. Guidelines

By jc, NARA, Date 9-23-02

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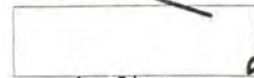
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information and cultural events between the two countries. In June he planned a visit to Yugoslavia, the USSR, Communist China and North Viet-Nam. However, the Far East trip was canceled reportedly because the North Vietnamese Government did not want any visitors whose presence might suggest it was willing to negotiate the war. In July Fikki met with a representative from West Germany in a futile attempt to resume diplomatic relations. In November he visited Turkey.

Ahmed El-Fikki has been described as a quiet and efficient diplomat. He is said to be shy of publicity, reserved and most amiable. Fikki is a former tennis champion and one-time "first-rate" boxer. He enjoys adventure films and detective stories. Fikki is married and has one son and one daughter.

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DIRECTORATE OF
INTELLIGENCE

Growing Dissatisfaction in Egypt

Special Report
WEEKLY REVIEW

~~Secret~~

NO 1

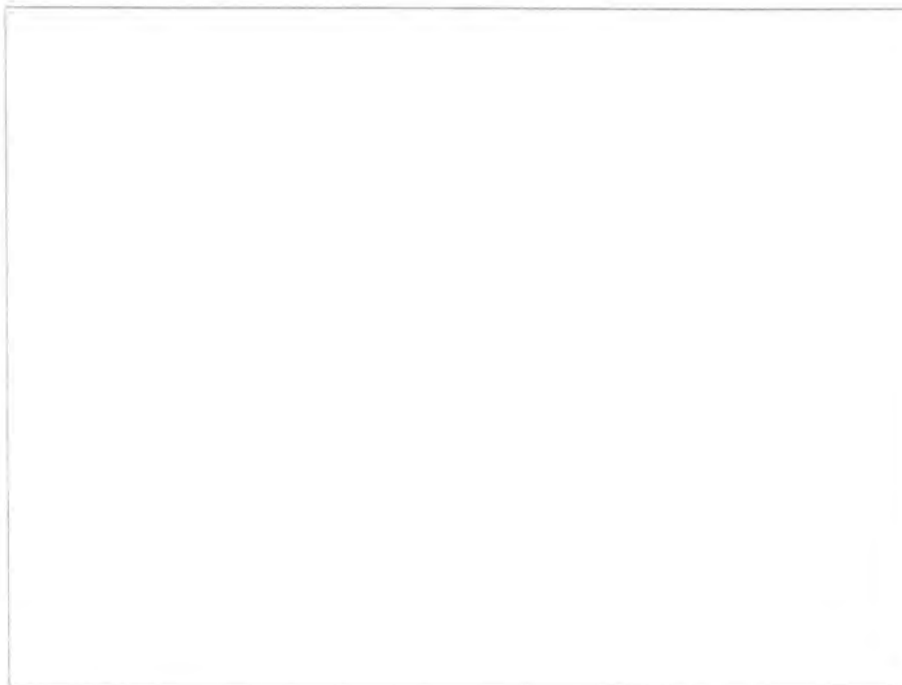
10 March 1967



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E.O. 13292, Sec. 3.5
NLJ 06-63
By isl, NARA, Date 10-3-08

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Special Reports are supplements to the Current Intelligence Weeklies issued by the Office of Current Intelligence. The Special Reports are published separately to permit more comprehensive treatment of a subject. They are prepared by the Office of Current Intelligence, the Office of Research and Reports, or the Directorate of Science and Technology. Special Reports are coordinated as appropriate among the Directorates of CIA but, except for the normal substantive exchange with other agencies at the working level, have not been coordinated outside CIA unless specifically indicated.



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GROWING DISSATISFACTION IN EGYPT

Reports from Egypt during the past year indicate that dissatisfaction is increasing among various segments of the Egyptian population. This is especially so among the middle class and intellectuals, elements whose allegiance and support are necessary for the realization of the Nasir regime's revolutionary goals. Although the mood of disaffection appears to be fairly widespread and detracts considerably from the already tarnished luster of Egypt's revolutionary hopes, it remains diffused and at present does not represent a threat to the regime. The majority of the malcontents are not dissatisfied enough to attempt any action to change the political situation, and Nasir's extensive and competent security forces keep a watchful eye on possible troublemakers.

The Background

The overthrow of the monarchy in July 1952 was greeted by the Egyptian people with much rejoicing and expectations of immediate changes which would greatly improve living conditions. The first flush of revolutionary enthusiasm was soon dimmed, however, with the realization that Egypt's enormous social and economic problems required drastic methods for their solution. When no improvements were immediately forthcoming, and when these harsher techniques were applied and began to impinge more upon the broader aspirations and interests of the middle and upper classes, their disenchantment with the Nasir regime began to grow. In the last two or three years, this feeling has become more pronounced, and apparently continues to spread.

To combat this malaise, and to engender a new political and social awareness in the apathetic public Nasir has tried a number of political instruments. The latest of these is the Arab Socialist Union (ASU), established in 1962. Its final form is still evolving and at present it does not command a strong or enthusiastic mass base. Basically the ASU is set up in an elaborate pyramidal structure, supposedly embracing all elements of the population. It is supposed to explain government policies to the masses, sample public opinion, bring promising leaders to the fore, and fight apathy and deviation from the Nasir line. Until the ASU develops into an effective organ, however, Nasir is relying on his large security forces--including a modern police force of over 100,000--to control the populace and check any dissident elements.

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The Disenchanted:
Case Histories

[redacted] provide glimpses into some aspects of the inner life of Egypt, and point up some of the alienating factors at work today.

There is, for example, the head of one of Egypt's state-run factories. Notified that he had been dismissed from his post because he was not in sympathy with the ASU, he chose to fight the move. He managed to get access to an ASU security file on him, which revealed that his telephone had been tapped and that long-time members of his household staff had been reporting on him. Even though he was eventually reinstated, the experience has left him bitter, unhappy, and distrustful of the regime.

A Coptic professor of geology at Cairo University is another among the disenchanted. During a discussion with a US Embassy official he complained in despair of the lack of direction of the government and of the rumored arrests of journalists and ASU youth leaders. Many people he knows, he said, like himself "just don't give a damn anymore." He claimed that his students will not study, rarely come to class, and generally make little effort to learn. His complaints also covered governmental inefficiency, the confused state of educational planning, and the deteriorating economic situation. Currently he is trying to arrange a year of research and study abroad, to

get away from the stifling atmosphere of Egypt.

Another disaffected individual is a deputy editor of the influential Cairo newspaper Al-Ahram. He is currently planning to emigrate to Canada or the US, whichever visa comes first. In a discussion with a US Embassy official, he listed reasons for his decision to leave Egypt. There is a growing vulgarization of Egyptian intellectual and political life, he said, and corruption, both material and intellectual, is increasing. People are losing their last ounce of pride and self-respect and will do anything to keep their jobs or qualify for advancement. There is a total disregard for the basic principles for governing Egypt which have been embodied in Nasir's policy declarations, and this has led to a lack of direction and purpose in the country. A new class of bureaucratic opportunists is emerging, but, according to the editor, Nasir is so far removed from reality he does not grasp the size and depth of the "process of decay."

Causes of Unrest

Except for occasional shortages, lower class wants are still met and so long as they are, no serious complaints are anticipated at this level. Government subsidies on particularly scarce consumer items help provide equitable distribution at low prices.

The middle and upper class elements, however, are more directly affected by restrictions on the import of luxury and semi-luxury goods. As a person moves up the economic scale, his definition of what is needed for the good life expands to include many items that are either scarce or unavailable. When a store receives a shipment of such items as plastic sandals, fluorescent bulbs, nylons, or perfume, lines begin to form almost immediately, and the merchandise is soon gone, causing no small amount of bitterness among those who arrive too late. This sort of austerity is unlikely to ease over the next few years, and indeed will probably worsen as more sources of foreign credit dry up. It is not eased by the salary scales of many professionals. Most instructors, for example, must hold down two or more jobs just to support their families.

There are other roots of disaffection more serious than the material shortages, however. Many persons in the middle class, the professions, and intellectual groups find the regime's socialist policies increasingly stifling. Recently, the ASU introduced two compulsory courses into university curriculums: one on "Socialism" and the other on the "Glorious Revolution." This has disturbed many faculty members, who resent this government encroachment and see it as another step toward doctrinaire socialism.

The regime's full employment policies--resulting in overstaff-

ing and make-work positions--have led to frustration and discouragement on the part of those whose skills are actually in short supply, while bureaucratic stagnation smothers initiative. For example, well-qualified experts can be found wasting their time doing menial chores in already overstaffed laboratories or offices; a Western-trained engineer is teaching bricklaying in Alexandria; 38 recent university graduates, with BS Degrees in Agricultural Extension, were still looking for jobs four months after graduation. This has led many, especially those acquainted with Western efficiency, to think of emigration. In 1966, 170 professionals migrated to Canada. While the figure is not numerically impressive, these people are often among the best in their fields, making this for Egypt a serious and alarming "brain drain."

Egypt currently has over 200,000 students in colleges and higher institutions at home, and over 5,000 abroad, 1,200 of them in the US. Most of the latter seem well aware of the conditions they will face when they finish their studies and return to Egypt. Many are concerned about their opportunities there, and a number think seriously of staying in the Western countries where better paying jobs are available. Egyptian students at one large US university met recently to discuss the problem, going so far as to draft and send a letter to Nasir which expressed concern about their opportunities in

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Egypt. Nasir is aware of this attitude among students abroad. In August 1966 he held a meeting of student delegates which primarily included Egyptian students abroad. He attempted to reconcile them to life in Egypt by instilling in them some of his revolutionary fervor.

Hard evidence of unrest resulting from Nasir's adventures in Yemen is more difficult to come by, but the cost of the war has contributed to Egypt's economic woes, and thus to the shortages and the austerity. Although no reliable figures on Egyptian losses in Yemen are available, many Egyptian families presumably have experienced personal tragedy through the casualties suffered in that war. The morale of the armed forces has probably also suffered somewhat from the stalemate there, and from the reluctance of most lower class Egyptians to leave their homeland. The extent of any unrest in the army is not known, but Nasir has been careful to give his troops preferential treatment while at the same time keeping a close watch on them for signs of disloyalty.

The "antifeudalist" campaign, which involves both property sequestrations and arrests, has been sporadically enforced since 1961 and adds to the unrest. This campaign is apparently designed to wipe out remaining elements of the country's conservative bourgeoisie, to sound the note of limited class warfare, and to mobilize support for the regime among the Egyptian masses.

The revival of this campaign in recent months has contributed to uneasiness and fear among some intellectuals as well as among those property owners more directly affected.

[redacted] a number of army officers were transferred as a result of the campaign, while [redacted] the resignation of a major general after "antifeudalist" measures were taken against him and his family. The harsh techniques used, as well as the actual sequestrations, have reportedly generated considerable apprehension. It would not be surprising to find among the large number of senior government officials and military officers who come originally from the so-called "feudal classes" many who are out of sympathy with this campaign or who harbor feelings of bitterness.

Because of the strong conservative Islamic element in Egypt, elements of the Muslim Brotherhood (Ikhwan) who have survived the numerous purges over the years represent further bastions of discontent. Although the program of this group calls for some measure of social, economic, and political reform, its espousal of traditional Islamic concepts as the basis for a modern state conflicts with Nasir's more revolutionary goals. He therefore looks upon this group as perhaps the major internal threat to his regime, and is continually on the alert for signs of Ikhwan plotting. The extent of Nasir's concern is reflected in the violence of his reaction to

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Saudi Arabian attempts to form an Islamic Alliance of conservative Muslim states--those states which Nasir believes finance Ikhwan activities in Egypt.

The threat posed by the Ikhwan does not appear to be great at present, but it does represent a potential rallying point for Nasir's conservative opposition. During the summer of 1965, the accused rounded up during a crackdown on alleged Ikhwan conspirators included a number of Western-trained professionals, doctors, and engineers. This was rather surprising since such individuals would not appear to be especially attuned to Muslim traditionalism.

Although Nasir has sporadically suppressed local Communists, they do not appear to represent any notable body of discontent within Egypt today. Their ideology has little appeal for the average Egyptian, and the groups which do exist, numbering 400 to 600, appear to be split over basic issues. Prominent leftists of ability are being used by Nasir in some government positions, however, particularly in the press. Nasir apparently feels he can utilize their talents here while keeping an eye on them.

Minority groups in Egypt are not a formidable source of opposition to the present regime and Christians, chiefly Coptic

Orthodox, make up only about seven percent of the population. Coming generally from the upper middle class, they live among the Muslim majority in conditions of overt and hidden discrimination and are more likely than the Muslims to harbor grievances against the regime and to see emigration as the solution.

Some of the malaise among Egyptians can also be attributed simply to weariness. The regime has been in power for 13 years, and is beginning to creak somewhat under the pressure of the rapid pace of changes effected during that period.

Outlook

The Nasirist policies in effect since the late 1950s, aimed at transforming the essentially traditional Egyptian society into one oriented toward radical change and modernization, were bound to meet with some opposition. The pains involved in this transformation are not likely to diminish in the next few years, and some degree of dissatisfaction and unrest among various segments of the Egyptian population almost certainly will grow. Until the disaffected find some focus or rallying point, or some charismatic leader, however, they are not likely to constitute a serious threat to the existence of the Nasir regime.

NATIONAL SECURITY COUNCIL

March 8, 1967

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Note for Mr. Rostow:


Subject: Food for the UAR

Walt -

Don Bergus just called to tell me that Hickenlooper has written to the Secretary that he is now opposed to food for the UAR because of Nasser's speech of a week ago.

Don thinks he is taking this position because some friends of the Saudis have gotten to him.

The Secretary is thanking him for his letter and indicating that the matter is still under discussion.


Howard Wriggins

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

95
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~~CONFIDENTIAL~~

February 28, 1967

TO: W. W. Rostow
FROM: Howard Wriggins
SUBJECT: UAR Economic Strategy

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 91-421
By sig, NARA, Date 1-12-93

The attached telegram (Cairo 4857) is worth a few moments. It is a wrap-up on Egypt's economic strategy over the next five years, resulting from conversations Hal Saunders and others have recently had in Cairo. The main points were:

1. The UAR planners are aware that Egypt has seriously over-extended itself and is cutting back its investment by almost 1/3. They expect that fairly prompt pay off in some aspects of agriculture will maintain their growth rate despite this cutback.
2. The planners hope that investment will be financed increasingly through domestic savings.
3. They are arguing over whether agriculture has high enough priority.
4. Relations of industrial enterprises with government are under review to improve incentives and public sector personnel changes have been sweeping.
5. They are pushing hard to improve agriculture.
6. They admit the next two to three years will be particularly difficult, but they expect to increase exports or substitute for imports with oil -- which should come in substantially in the next two years -- semi-fabricated products and fertilizer. They are seeking to cut back internal demand and limit credit expansion.
7. They feel they have gone a long way toward bringing expenditures under control.
8. It is in the context of this 2-3 year tight period and the steps they feel they have already taken toward fiscal responsibility which have

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- 2 -

made our dallying over wheat particularly disturbing. Rightly or wrongly, they feel they will be well away after this 2-3 year tight period.

9. The Embassy concludes that the pressures created by our holding back have forced this generally fruitful review of economic policy. They believe "question now facing USG is whether it wishes to identify itself positively with current efforts of UAR to regularize its economic affairs and establish an orderly economic development effort. At the moment the area of identification that would be most meaningful here are concessional wheat sales and debt rescheduling." They recommend "timely, prudent and carefully measured help in these areas of next 2-3 years is perhaps best available way to protect future American interests" in Egypt. Our continuing inability to help at this critical stage is hardly calculated to foster U.S. private investment or facilitate its protection.

Att: Cairo 4857

INCOMING TELEGRAM *Department of State*

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E.O. 12356, Sec. 3.4

SS

FM AMEMBASSY CAIRO

NJ 91-422

GPM

TO SECSTATE WASHDC

By rig NARA. Date 7-30-92

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~~CONFIDENTIAL~~ CAIRO 4857

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NEA

REF: CAIRO 4622

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USIA

1. SAUNDERS AND JONES FOUND CONSIDERABLE FERMENT AND SOUL-SEARCHING ON ECON SIDE DURING THEIR TALKS LAST WEEK WITH MINECON ZAKI AND MINTREASURY DEIF. EGYPTIANS APPARENTLY SEE NEXT TWO OR THREE YEARS CRITICAL ONES IN WORKING OUT OF PRESENT OVER-EXTENDED POSITION. DETAILS OF A 3-YEAR "PLAN OF ACHIEVEMENT" TO COVER THIS PERIOD APPARENTLY BEING DEVELOPED NOW AND TO BE COMPLETED BY END MARCH.

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2. ZAKI INDICATED ANNUAL GROWTH OF AROUND 6 1/2 PERCENT PLANNED FOR THIS PERIOD AND ANNUAL INVESTMENT LEVEL OF LE 350 MILLION. TODAY'S AL AHRAM HOWEVER ANNOUNCES "COMPROMISE" FIGURE OF LE400 MILLION BETWEEN "CONTRACTIVE" PROPONENTS OF LE350 MILLION AND "EXPANSIONIST" PROPONENTS OF 459 MILLION. THIS LE400 MILLION IS ALMOST ONE-THIRD LESS THAN ANNUAL LEVEL

RSR

PAGE 2 RUEIVCR 4857B ~~CONFIDENTIAL~~
ENVISAGED IN 7-YEAR PLAN WHICH CURRENT 3-YEAR PLAN REPLACED. PAY-OFF FROM EARLIER INVESTMENTS PARTICULARLY IN AGRICULTURE, EXPECTED TO HELP MAINTAIN GROWTH RATE IN FACE OF CUTBACK IN INVESTMENT LEVEL.

3. INVESTMENT TO BE FINANCED THROUGH INCREASED DOMESTIC SAVINGS AND DRAW-DOWN OF EXISTING UNUTILIZED LINES OF CREDIT ABROAD. THESE UNUTILIZED FOREIGN CREDITS NOW LARGELY WITH EASTERN EUROPEAN COUNTRIES. ZAKI SAID IMPORTED RESOURCES SHOULD ACCOUNT FOR LESS THAN 20 PERCENT OF TOTAL INVESTMENT GOING AHEAD. WE HAVE HAD A HIGHER ESTIMATE FROM OTHER RELIABLE EGYPTIAN SOURCES. THIS FIGURE WAS OVER 25 PERCENT DURING RECENTLY CONCLUDED FIRST 5-YEAR PLAN.

4. REMARKS OF BOTH ZAKI AND DEIF INDICATED CONTENT OF INVESTMENT PROGRAM STILL UNDER ACTIVE REVIEW. BALANCE

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-2-Cairo 4857, February 27

BETWEEN ALLOCATIONS TO INDUSTRY AND AGRICULTURE NOT CLEAR AND APPARENTLY STILL FLUID. INDICATIONS ARE HOWEVER THAT INDUSTRY STILL ENJOYING A HIGHER PRIORITY.

5. WITHIN INDUSTRIAL INVESTMENT BALANCE BETWEEN SLOW AND FAST RETURN PROJECTS APPARENTLY SUBJECT OF LIVELY INTERNAL DEBATE. "SLOW RETURN" HELWAN STEEL COMPLEX STILL OCCUPIES CENTRAL

PAGE 3 RUEIVCR 4857B ~~CONFIDENTIAL~~
POSITION IN INDUSTRIAL PROGRAM. OTHER IMPORT SUBSTITUTION PROJECTS LIKE ALUMINUM, FERTILIZER AND CEMENT WILL ALSO ENJOY HIGH PRIORITY. RELATIONS OF INDUSTRIAL ENTERPRISES WITH GOVT APPARENTLY UNDER REVIEW IN ORDER PROVIDE MORE INCENTIVES IN DEVELOPMENT PROCESS. SWEEPING PERSONNEL CHANGES HAVE ALSO BEEN MADE IN PUBLIC SECTOR.

6. AGRICULTURAL INVESTMENT APPEARS TO RUN IN DIRECTION OF BOTH VERTICAL AND HORIZONTAL DEVELOPMENT. IMPORTANT AND QUICK-YIELDING COVERED DRAINAGE PROGRAM TO INCREASE PRODUCTIVITY BEING PUSHED HARD. WIDE-RANGING RECLAMATION PROJECTS GROWING OUT OF HIGH DAM DEVELOPMENT ALSO ENJOYING HIGH PRIORITY. STRATEGY OF CROP PATTERNS APPARENTLY UNDER ACTIVE DISCUSSION. I.E., BALANCE BETWEEN LESS ECONOMIC WHEAT FOR DOMESTIC CONSUMPTION AND MORE ECONOMIC OTHER CROPS THAT ARE FOREIGN EXCHANGE EARNERS. EXPECTED 3 PERCENT INCREASE IN AGRICULTURAL PRODUCTION GROWTH IS DISAPPOINTING TO UAR PLANNERS. THERE APPARENTLY ARE SOME HIGH-LEVEL DIFFERENCES ON WHETHER AGRICULTURE ENJOYS AN ADEQUATE PRIORITY.

7. ONCE THEY GET BY DIFFICULT 2 TO 3 YEARS AHEAD, GUAR

PAGE 4 RUEIVCR 4857B ~~CONFIDENTIAL~~
PLANNERS EXPECT EXPANDING EXPORTS AND/OR IMPORT SUBSTITUTIONS FROM OIL, AGRICULTURE AND INDUSTRY TO GET ECONOMY OUT OF WOODS AND HELP BUILD UP CONVERTIBLE CURRENCY RESERVES NOW LACKING. IMPORTANCE OF OIL, SEMI-FABRICATED PRODUCTS AND FERTILIZER MENTIONED IN PARTICULAR. MEANWHILE GREATER MEASURE OF INTERNAL STABILITY BEING SOUGHT THROUGH EFFORTS TO MODERATE INCREASE IN INTERNAL DEMAND, LIMIT CREDIT EXPANSION AND STRETCH OUT EXTERNAL DEBT MATURITIES.

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-3-Cairo 4857, February 27

EGYPTIANS CLEARLY FEEL THEY HAVE GONE LONG WAY TOWARDS BRINGING EXPENDITURES UNDER CONTROL. PRESENT RESCHEDULING AGREEMENTS OF WESTERN EUROPEAN SUPPLIER CREDITS SAID TO HAVE EASED EXTERNAL DEBT SERVICING BURDEN.

8. WHEN ZAKI ALLUDED TO IMPORTANCE OF US WHEAT TO SAUNDERS AND JONES HE WAS THINKING IN THIS BROADER 2 TO 3 YEAR CONTEXT. WHAT THEY NOW APPARENTLY WANT IN PARTICULAR FROM USG DURING THIS TOUGH PERIOD IS DEBT RESCHEDULING AND WHEAT ON CONCESSIONAL TERMS. THESE TWO THINGS CAN BE PARTICULARLY IMPORTANT DURING THIS TIGHT PERIOD. AFTER THAT RIGHTLY OR WRONGLY THEY SEEM TO THINK THEY CAN BE OFF ON THEIR OWN.

9. WHAT THEY APPARENTLY WANT FROM IMF IS A FRESH APPROACH

PAGE 5 RUEIVCR 4857B ~~CONFIDENTIAL~~
TO THEIR PROBLEMS. THEY BELIEVE FORTHCOMING GUNTHER MISSION WILL FIND THEY HAVE DONE A LOT TO HELP THEMSELVES. THEY ARE FULLY ALIVE TO IMPORTANT HELP IMF CAN GIVE THEM OVER THE NEXT 2 OR 3 YEARS THROUGH CONSTRUCTIVE SOLUTIONS TO REPURCHASE OBLIGATION, STANDBY AGREEMENT AND COMPENSATORY COTTON EXPORT FINANCING PROBLEMS. THEY HAVE BEEN CAREFUL NOT TO BURN THEIR BRIDGES BEHIND THEM IN THEIR YEAR-LONG IMPASSE WITH IMF.

10. FOREGOING SETS FORTH GENERAL STRATEGY AS WE PIECE IT TOGETHER THAT NOW APPEARS TO BE EVOLVING AMONG GUAR PLANNERS. THIS NEW STRATEGY CLEARLY GROWS OUT OF NECESSITY. IT LEAVES A RANGE OF QUESTIONS UNANSWERED AS TO WISDOM OF PRIORITIES, REALISM OF ANNUAL GROWTH AND EXPORT CURVE ESTIMATES AND ADEQUACY OF INTERNAL MEASURES WITH RESPECT TO INTERNAL DEMAND AND INCENTIVES. NONETHELESS THEY ARE NOT SITTING ON THEIR HANDS. THE MISTAKES THEY ARE MAKING ARE NOT UNCOMMON TO THOSE BEING MADE THROUGHOUT THE DEVELOPING WORLD. THERE IS MOVEMENT, DETERMINATION AND RESOURCEFULNESS HERE. MORE IMPORTANTLY THE HARD ECONOMIC CHOICES ARE NOT REACING THE HIGHEST LEVELS OF GOVT.

11. IT IS PROBABLY FAIR TO SAY THAT US POSTURE ON WHEAT HAS BEEN MAJOR FACTOR IN THIS REEXAMINATION OF ECONOMIC

PAGE 6 RUEIVCR 4857B ~~CONFIDENTIAL~~
POLICIES. THUS THERE WAS CASE FOR THIS POSTURE. IT IS, HOWEVER,

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-4-Cairo 4857, February 27

X AN ESSENTIALLY NEGATIVE ONE AND ITS ADVERSE POLITICAL IMPACT IS NOW SNOWBALLING. WE BELIEVE QUESTION NOW FACING USG IS WHETHER IT WISHES TO IDENTIFY ITSELF POSITIVELY WITH CURRENT EFFORTS OF GUAR TO REGULARIZE ITS ECONOMIC AFFAIRS AND ESTABLISH AN ORDERLY ECONOMIC DEVELOPMENT EFFORT. AT THE MOMENT THE AREA OF IDENTIFICATION THAT WOULD BE MOST MEANINGFUL HERE ARE CONCESSIONAL WHEAT SALES AND DEBT RESCHEDULING

12. WE BELIEVE TIMELY, PRUDENT AND CAREFULLY MEASURED HELP IN THESE AREAS OVER NEXT 2 TR 3 YEARS IS PERHAPS BEST AVAILABLE WAY TO PROTECT FUTURE AMERICAN INTERESTS HERE BOTH IN TERMS OF INVESTMENT AND IN SHARING OF FUTURE IMPORT REQUIREMENTS OF AN EXPANDING GUAR ECONOMY. THERE IS AT PRESENT A DICHOTOMY BETWEEN PRESENT US POSTURE IN ECON FIELD, EXPANDING ROLE OF PRIVATE US OIL INVESTMENT HERE AND IMPORTANCE OIL REVENUES ARE EXPECTED TO PLAY IN FUTURE SHAPING OF EYPTIAN ECONOMY. US OIL INVESTMENT NOW EXCEEDS \$100 MILLION AND IS STEADILY INCREASING. PRESENT USG ECON POSTURE AS SEEN THROUGH EGYPTIAN EYES IS HARDLY CALCULATED TO EITHER FOSTER US PRIVATE INVESTMENT OR FACILITATE ITS PROTECTION. BATTLE
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~~CONFIDENTIAL~~

MEMORANDUM

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THE WHITE HOUSE

WASHINGTON

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Tuesday, Feb. 28, 1967
6:30 p. m.

MR. PRESIDENT:

Bob Anderson reported to me the results of his first three discussions on the Hill concerning food aid for the UAR.

1. Senator Dirksen said he would do what he could to help us. His judgment is that food aid for the UAR would not, repeat not, affect other legislation. His suggestion is that the President invite in a few key Congressional leaders; tell them what he is going to do and why in the national interest. The proposals should be for aid on a moderate "temperate" scale.
2. Senator Ellender, after listening to Bob, said that if aid could be put as an act of charity to hungry people -- and not for Nasser -- he would be "for it." The scale should be "reasonable": the case an act of charity.
3. Senator Hickenlooper. Bob had a one and one-half hour talk with him on this question. At the end, he put the matter on whether we should be feeding hungry Indians and Paks, who have a great capacity to make war on one another, and not feeding hungry Arabs. Hickenlooper finally agreed that, while he probably couldn't support the measure, he would be "gentle in his criticism and would not say much."

Bob will continue his rounds with the rest of the list Nick gave him.

Walt R.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

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~~CONFIDENTIAL~~

February 28, 1967

MEMORANDUM FOR MR. ROSTOW

SUBJECT: Discussion with ex-Governor Carl Sanders and B. H. Oehlert, Jr., Senior Vice President, Coca Cola, on February 22, 1967

On Feb 27 reported to Sanders + to Amb. Kameel that USG had sent telegram.

Sanders explained his proposed mission to Cairo. He wants to discuss with Nasser the advantages to the UAR of not implementing the boycott against Coca Cola.

He will point out that the only thing Coca Cola did in Israel was to agree to sell concentrate to a group of Israeli interests who will be investing their money in a bottling plant for distributing Coca Cola to the small Israeli market. Coca Cola came to this decision only after great pressure mounted by friends of Israel through Jewish grocery stores and soft drink distributors in the U. S.

In order to help meet UAR's interests, he will indicate that Coca Cola is prepared to build a concentrate mixing plant in the UAR which would then be the source of supply for the rest of the Arab world. In this way the UAR's balance of payments would be helped and Cairo would be acquiring some additional capital.

Since Coca Cola also owns Sunkist, in addition they would be prepared to provide technical assistance to any UAR interests desiring to build plants to process UAR citrus fruits, either for domestic consumption or export. They are not prepared to put capital into such an enterprise, since Egypt's citrus growing is too dispersed for economic operations. But they figure that nevertheless the UAR might be interested in citrus processing as a possible export item or as a come-on for modernizing the citrus industry.

I briefed him on the complexity of our relations with Cairo, recalled our own food supply problems, and indicated we were exploring on the Hill what steps we could take on behalf of the UAR without jeopardizing other aspects of our economic development and assistance programs elsewhere.

DECLASSIFIED

E.O. 12356, Sec. 3.4

NJ 91-421

By sig, NARA, Date 1-12-93

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~~CONFIDENTIAL~~

- 2 -

Later in the day Sanders called to tell me he had seen Ambassador Kamel, who is requesting Cairo by cable to arrange an appointment for Governor Sanders with Nasser.

On February 23rd I summarized this conversation for Rodger Davies, who will himself be telegraphing Ambassador Battle, suggesting that Sanders be given appropriate assistance.

Howard Wriggins

cc: Mr. B. Smith

"On Feb. 27 reported to
Sanders and to Amb. Kamel
the USG had sent telegram.

HW"

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r. Smith
(corrected copy)

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~~CONFIDENTIAL~~

February 28, 1967

MEMORANDUM FOR MR. ROSTOW

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B. H. Oehlert, Jr., Senior Vice President,
Coca Cola, on February 22, 1967

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cc: Mr. B. Smith

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DECLASSIFIED
 E.O. 12356, Sec. 3.4
 NJL 91-421

~~CONFIDENTIAL~~ By sig, NARA, Date 1-12-93 February 23, 1967

MEMORANDUM FOR MR. ROSTOW

SUBJECT: Discussion with ex-Governor Carl Saunders and
 B. H. Oehlert, Jr., Senior Vice President,
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- 2 -

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Howard Wiggins

cc: Mr. B. Smith

~~CONFIDENTIAL~~



EMBASSY
OF THE
UNITED STATES OF AMERICA

90

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Cairo, United Arab Republic

February 21, 1967

Mr. W. W. Rostow
The White House
Washington, D. C.

Dear Walt:

Thank you very much for your letter of February 4 which for some reason did not reach me until today. I know Hal Saunders and have a high regard for him. Therefore, I look forward to seeing him here and to working with him back in Washington. I must say I am sorry to see Howard Wiggins leave.

May I also say that I look forward very much to working with you again.

Best regards,

Sincerely,

A handwritten signature in blue ink that reads "Lucie".

Lucius D. Battle

~~SECRET~~

February 17, 1967

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MEMORANDUM FOR WWR

SUBJECT: The Politics of Conveying a UAR Food Answer

Ambassador Kamel invited me to tea yesterday afternoon because he knew I would soon be visiting Cairo and wanted to see if he could help.

In the course of our conversation, he got around to his usual practice of writing the other fellow's brief for him. He suggested that if and when we make a decision on food, the way to do it might be for the President to call him in and convey it to him in the appropriate political setting. He hoped the President might not only describe the problems he has had in reaching this decision but also picture the hopes for possible cooperation with the UAR.

This is obviously Kamel at work, anxious to be the main channel for this kind of business. I'm not arguing for doing the job this way-- assuming we'll someday have something to say. However, he does have a legitimate point in suggesting that, when we do convey this decision if there is one, we do it with a certain amount of political style. This could be as simple as asking Ambassador Battle, if he is still there, to pass the word directly to Nasser along with an appropriate word from the President. I'm not sure we can make it, but Battle is hoping for a tour d'horizon with Nasser before leaving Cairo. But I do think we ought to consider how we dress this.

Hal

Hal Saunders

DECLASSIFIED
E.O. 12356, Sec. 3.4
NIJ 91-421
By sig, NARA, Date 1-12-93

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

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SECRET

February 14, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Lunch Discussion of UAR

Secretary Katzenbach would like to discuss at lunch the UAR's April 1966 request for a new PL 480 agreement. This is the toughest--but the most important--decision facing us in the Middle East today. Many of us--and Nasser's vice president as well--feel we're rapidly sliding into a showdown. Nasser more and more sees us behind all his troubles in the Middle East. To us, the UAR looks increasingly incompatible in interests, outlook and temperament.

Although Egypt needs the food, the real question is whether we try to maintain a relationship with Nasser. Last summer, we extended \$70 million in CCC credit, but that's run out. The USSR tided Nasser over with 250,000 tons of grain--about five weeks' imports--and appears to have offered to help round up another 400,000. Even that will leave the UAR at least 600,000 tons short of its FY 1967 grain needs. But entirely apart from food needs, Nasser regards our decision as the main indication of whether or not we're out to get him. We have little else going for us, since our economic aid has shrunk to a little technical assistance and school feeding.

One key question is whether abandoning the field would result in unchallenged Soviet influence or whether Nasser's own interest in maintaining his independence would bring him back to the West. Many of our friends--some Israelis, British and Saudis--have urged us to stand aside and let the full weight of Nasser's economic problems hem him in. His foreign exchange is at rock-bottom, and he has even had to default his latest repayment to the IMF. Yet it was interesting to hear that Israeli Teddy Kollek during his last trip here told Averell Harriman that we should "keep our relations with Nasser open and not leave the field to the Soviets." He felt we had given Nasser too much in the past but hoped we wouldn't go to the other extreme now.

Since our effort over the past five years to get closer to Nasser has gained us little positive, it's tempting to try the tougher line. But we've received enough quiet signals from Nasser through Bob Anderson

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Authority FRUS-64-68, vol. 18, #390
By JC, NARA, Date 9-23-02

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- 2 -

and other private Americans to make us wonder whether he isn't already as close to the brink of complete dependence on Moscow as he can afford. Most recently Nasser's top military man has invited a group of top-level US business executives to visit the UAR this Easter. If he is trying to find a western anchor again, it's hard to cut him adrift completely.

Why should we care?

We're all reluctant to picture the consequences of a break with Nasser. Arguing that line rubs us all the wrong way because no one likes the idea of paying off a bully.

Nevertheless, there are few major situations affecting our interests in the Near East, where we don't bump in to Egyptian influence. Nasser could cut off important overflight rights -- as he has just done on our airlift to Jordan. He could turn the Arab boycott into an even more effective restraint on American trade. He can make plenty of trouble for friendly regimes -- and for us -- in Jordan, Saudi Arabia or Lebanon. He could cause trouble for our shipping in the Suez Canal, bring out the demonstrators against Wheelus Base, stir up more trouble for Israel via the Palestine Liberation Organization or even trigger the nationalization or harrassment of our oil companies.

More positively, Nasser is still the most powerful figure in the Middle East. At least out of respect for Israel's power, he has restrained wilder Arabs who have pushed for a disastrous Arab-Israeli showdown. Despite its mounting economic problems, the UAR has the trained manpower and the will to modernize that will make it the most advanced nation in the area. Two American companies have brought in promising oil finds, and the chances of the UAR becoming a substantial oil exporter look good. It's hard to argue that we should burn all our bridges with the capital of the Arab world.

Secretary Katzenbach has been considering four alternatives:

1. A \$68 million agreement through June including 250,000 tons of wheat, 500,000 tons of corn and/or milo and some vegetable oil, tobacco and tallow. Dollar repayment over 10 years, 2 year grace, US Treasury rates.

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- 3 -

2. A \$52 million deal with all the above except wheat. Same terms.

3. A \$25 million program with 250-300,000 tons of wheat and the remainder in other commodities. Dollar repayment over 15 years, no grace, Treasury rates.

4. A \$17 million program of 250,000 tons of wheat, just matching the recent Soviet deal. Dollar repayment over 10 years.

This spread of alternatives reflects the division of opinion. The first two are the choices posed by those concerned chiefly with the consequences for our Near East interests. The last two reflect concern with domestic reaction. AID and Doug MacArthur have predicted strong reaction on the Hill. We would also expect strong reaction from our friends in the area. But while I understand all the pressures for letting this decision ride, I have watched our relations with Nasser closely since 1961 and am reluctant to see us close this door. Our experience in Indonesia is strong argument for buying a little insurance against a better day.

This program is not all political. The UAR is a natural potential showplace to demonstrate what can be done in agricultural production and population control. Its problems are as acute as anywhere, and yet it has the homogeneous population, compact area and happy combination of water, soil and climate to get relatively quick results. The government is putting more into agricultural development, and so far in FY 1967, it has bought some 700,000 tons of grain here on CCC credit.

Time is running out. Ambassador Kamel has seen Secretary Rusk twice, and the Secretary has promised to get him an answer. This need not influence our decision, but in all fairness we ought to answer soon and not allow the decision to drift any longer. Our purpose at lunch is to get a sense of your priorities.

Walt Rostow

~~SECRET~~

→ Mr. Rostow

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February 3, 1967

~~CONFIDENTIAL~~

MEMORANDUM FOR JOHN WALSH

Joe Califano picked up the attached and thought the Department would be interested. I'm sure you will keep his confidence.

I gather Mr. Katzenbach is struggling with the UAR food problem now. Since this is just the latest in a series of such approaches, he would undoubtedly be interested. Rodger Davies has the background on the others.

These signals are perplexing, but they seem to add up now to a rather persuasive case that Nasser hasn't given up the US entirely.

Harold H. Saunders

cc: Rodger Davies
W.W. Rostow

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 91-421
By sig, NARA, Date 1-12-93

103a

THE WHITE HOUSE
WASHINGTON

February 3, 1967

FOR Walt Rostow

FROM Joe Califano 

The State Department might be interested
in this.

Attachment

PRESS DEPARTMENT
EMBASSY OF THE
UNITED ARAB REPUBLIC
2300 DECATUR PLACE
WASHINGTON, D. C. 20008

wk
JOE
FYI
ES

CBS

Columbia Broadcasting System, Inc.
51 West 52 Street
New York, New York 10019

103-b

January 19, 1967

Dr. Frank Stanton
President
Columbia Broadcasting System Corp.
51 West 52nd Street
New York, NY.

Accept	<input checked="" type="checkbox"/> Secret	<input checked="" type="checkbox"/> DW
Appropriate action		
Replied?		Status
File	Note & Return	
Phone		Comment
Reply sheet		123456
Supplied copy		File
To discuss		No file
Reconciliation		JSM
Copy to file		URGENT

Dear Dr. Stanton:

I have been directed to convey to you that Marshall Abdel Hakim Amer, Vice-President of the United Arab Republic and Deputy Commander-in-Chief of the United Arab Republic Armed Forces, would like to extend to you and Mrs. Stanton, a personal invitation to visit Egypt for four or five days during Easter week.

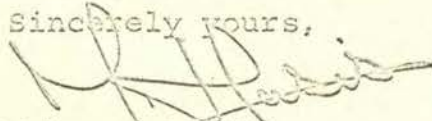
The purpose of this visit is to create an opportunity for an informal meeting between the leadership of our Government and distinguished American businessmen.

The visit will include sightseeing of ancient Egyptian monuments, a visit to the High Dam and an informal meeting with President Gamal Abdel Nasser.

Among those invited in a small group are: Mr. Roger Blough, Mr. Fred Borch, Mr. Henry Ford, II, Mr. Leonard F. McCullum, Mr. Rudolf Peterson, Mr. Tom Watson, and Mr. John D. Harper. The visit is scheduled to depart from New York on Trans World Airlines on Thursday, March 23, 1967.

I will be grateful to receive your reply to this letter, upon which the invitation from Marshall Amer and the program of the visit will be mailed to you.

Sincerely yours,


Mohamed Habib
Press Counselor

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Authority FRUS 64-68, vol. 18, # 381

By J NARA, Date 9-23-02

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*cy. sent State
1/18/67*

*file UAR
104*

January 17, 1967

MEMORANDUM OF CONVERSATION

SUBJECT: Lunch with Ambassador Kamel

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~~E.O. 12356, Sec. 3.4~~

~~NJ~~

~~By _____, NARA, Date _____~~

At a two-hour lunch this afternoon Ambassador Kamel went over much of the same ground as he has with Secretary Rusk and Mr. Walt Rostow. Much of what he said was a repeat of his familiar analysis of how important it is that the US maintain a position in Cairo over the next 3-4 years until oil revenues put the UAR on its own feet. Essentially, he made two points:

1. The importance of a US decision on food aid within the next ten days. He had obviously absorbed Mr. Rostow's Saturday admonition that it was time he stopped describing Cairo's acceptance of Soviet wheat as a threat to the US and started thinking of it as a threat to the UAR. He made very clear that, in painting the specter of Moscow's filling the Egyptian wheat gap, he was not threatening the US but simply stating a fact of life--that a sick man needs moral support from more than one quarter.

2. His three-part plan for progress in the Middle East which he had outlined to Secretary Rusk but not to Mr. Rostow:

--Keep the Israeli issue in the icebox.

--Achieve a modus vivendi among the Arab governments:

(a) Use the good offices of the US to further the Kuwaiti mediation of the Yemen dispute;

(b) Do what we can to help reestablish British relations with the UAR. He explained this second point as relevant to the first in that the British have substantial influence in Saudi Arabia and can do a lot to break down the animosity between Faisal and Nasser.

--Maintain a workable economic relationship with the UAR, including encouraging the IMF and IBRD to help. He described the importance of this in ways that do not sound like a threat but they come close. As he put it: Just as no government can expect to have good relations with any nation in the western hemisphere without the approval of the US, so is it true with the UAR in the Middle East.

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- 2 -

He raised again the proposal he had made to Mr. Rostow on Saturday of our sending to Cairo another mission like the Ed Mason enterprise several years ago. He felt that, if we agreed to a new round of food aid, he could sell this to Nasser. When he asked what I thought of the idea, I said I felt it could be useful if it connoted a willingness on the part of the UAR government to adopt more pragmatic economic policies and to consider the analysis of western economists.

In general response I told him I felt he was addressing two points not necessarily wholly related. First is the political element of our response to UAR food requests. Contrary to some impressions that might be logical in Cairo, our delay in deciding should not be read as political. Second, I felt that our delay had to be read in the context of our broader concern over the world food problem.

I explained how the US and the world are going through a transition in their thinking about agricultural development and food aid. Washington in particular in the last three months had been coming to grips with this new situation in a way that almost required delaying any decisions on food aid until we had sorted out our position on the worldwide problem. I realized the difficulty of convincing Cairo that preoccupation rather than premeditated neglect could be a reason for our delay, but I felt this was much closer to the truth and hoped he could convince his government.

When I turned the discussion to Syrian-Israeli relations, he had little to offer in the way of interpretation but did volunteer that he had cabled Nasser yesterday that the UAR should do what it could to restrain Syria. I told him we appreciated that because we were very much concerned that the Israelis might launch another strike if terrorist activity continued, and especially if it cost another Israeli life. He diverted the discussion to an exposition on how the UAR had been quite responsible on the Israeli issue. I agreed that it had been better than some of its neighbors and hoped that in this instance it could do all in its power to avert another blowup.

In parting, I left with him the two USDA paper-back books on the world food problem and outlined to him the new facts about the world food situation as we see it. He ended by reiterating his plea for a US decision "within 10 days".

He retained his composure throughout, but was more emphatic than I had ever seen him.

H.S.
Harold H. Saunders

~~SECRET~~

Hal Saunders
cc: Howard Wiggins
State Secretariat
Wm. Gaud

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1/17/64
"

105

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

File
UAR
105a

~~CONFIDENTIAL~~

Saturday, January 14, 1967
6:00 p. m.

MEMORANDUM OF CONVERSATION

Participants: Dr. Mostafa Kamel, UAR Ambassador
W. W. Rostow

The UAR Ambassador called on me, at his request, at 3:00 p. m.
January 14, 1967.

He spoke at his usual length; but the nut of his message was this:
A decision on U. S. food for the U. A. R. is urgent within the next ten
days. He says if we do not supply food on concessional terms:
(a) there is grave danger that the leftists and pro-Communists in Cairo
will gain decisively; (b) this will lead to a major crisis in the Middle
East as the Soviet Union exploits the situation; (c) Egyptians will
go hungry.

He cited a number of friendly gestures in recent weeks from Cairo.
As he did to Sec. Rusk, he proposed a package deal made up of:

- Keep the Arab-Israeli relation on ice;
- Encourage Kuwaiti mediation of the Yemeni crisis;
- U. S. food.

I emphasized that time was running out on the argument for aid in terms
of a shift to the Russians; and that Egyptians had to defend their inde-
pendence for its own sake. I underlined the critical nature of the food
situation and the inadequacies of the Egyptian agricultural performance.
He then suggested that we send a team of experts and U. S. businessmen
to visit the UAR to see what they are doing in this field.

I checked this conversation with Sec. Rusk, who reported that the only
item not familiar to him was the proposal of sending a team of American
experts and businessmen to Cairo.

W. W. Rostow

DECLASSIFIED
E.O. 12356, Sec. 3.4
NIJ 91-421
By ijg, NARA, Date 1-12-93 ~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

Intelligence

U.S. DEPARTMENT OF STATE
DIRECTOR OF INTELLIGENCE AND RESEARCH

RECEIVED
U.S.C.

Note - 828

106

DEC 30 9 12 AM '66

December 29, 1966

To : The Secretary
Through: S/S
From : INR - George C. Denney, Jr. *h.c.d.f.*

S

Subject: Nasser Attacks Regional Foes and Accuses US of Waging "War of Hunger"

Nasser Strongly Attacks Regional Enemies. Nasser's lengthy "Victory Day" speech at Port Said on December 23 (the full text of which has only now been received) contained no new departures in the UAR's foreign or domestic policies. A considerable portion was devoted to an attack on Nasser's "reactionary" Arab foes -- Faysal, Husayn, and Bourguiba -- whose downfall he predicted. His most menacing remarks were reserved for King Faysal and may presage a further increase in attempts to subvert the Saudi monarchy. Nasser denied that the UAR foments revolutions abroad, but the tone of his remarks left no doubt that he will continue to press his campaign against Arab "reactionaries" despite the military and economic burdens this might impose on the UAR.

Nasser Criticizes US for Suspending PL 480 Aid. Although Nasser's references to the US were generally not belligerent, he singled out the suspension of PL 480 wheat aid for some specific strong comments. He stressed that PL 480 wheat aid was a "trap" into which the UAR fell when it began to divert hard currency from the purchase of wheat to industrial and other projects. The US purpose, Nasser said, was to force the UAR to change its policies, after Secretary Dulles had earlier failed to bring this about through an economic blockade. He maintained that the UAR was left in a bad spot when it rejected US efforts to impose political conditions on continuation of the PL 480 program, but was rescued by prompt Soviet provision of

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E.O. 12356, Sec. 3.4

NJ 91-422

By WJ NARA, Date 7-30-92

~~CONFIDENTIAL~~

GROUP 3

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This report was produced by the Bureau of Intelligence and Research. Aside from normal substantive exchange with other agencies at the working level, it has not been coordinated elsewhere.

300,000 tons of wheat in response to his personal appeal. He termed US failure to renew the PL 480 program "an example of the war of hunger which we are now facing and which is not at all different from a shooting war." In general Nasser conveyed an impression of the UAR as still beleaguered by the same enemies who attacked it in 1956.

Main Purpose Probably Was to Shift Blame for Belt-Tightening. Despite Nasser's implication that suspension of PL 480 was an act of hostility similar to the 1956 Anglo-French-Israeli attack, the main purpose of his criticism appears to have been to shift the blame for further austerity measures the regime may have to take on to foreign shoulders -- but without foreclosing the possibility of resumption of US aid. Admitting that the UAR government had "miscalculated" when it assumed that PL 480 would continue indefinitely, Nasser noted that this year the UAR must save \$138 million in foreign exchange in order to buy wheat abroad. To do this, he explained, the Egyptian people must be ready to sacrifice and struggle to achieve economic self-sufficiency as they did to repel the tripartite attack of 1956.

No Confirmation of Relief from USSR. While critical of our aid policy, Nasser made only the one brief reference to Soviet aid although, with the suspension of PL 480, the Soviets are now the only major source of economic as well as military aid to the UAR. The speech provides no confirmation of a reputed Soviet offer to sell the UAR 200 - 250 thousand tons of wheat and to help finance the purchase of another 600,000 tons. This omission, and his failure to explain how the UAR intended to make up the 1967 wheat deficit, suggest that Nasser may be disappointed by the Soviet offer or that the terms of the deal are still under negotiation with Moscow. As in his November 24 speech to the National Assembly (see IN-740, November 28, 1966),

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- 3 -

Nasser stressed that the price of political independence is economic self-reliance and becoming accustomed to do without foreign aid. Nasser evidently considers that this applies to aid from the Soviet Bloc as well as from the US.

~~CONFIDENTIAL~~

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THE WHITE HOUSE
WASHINGTON

~~SECRET~~

December 2, 1966

WWR:

It would be extremely helpful if you could take a minute on the plane to discuss the UAR with Secretary Rusk.

The attached memo outlines our thoughts and describes two decisions we should not ~~let~~ drift until the Secretary returns.

However, the main proposition we'd like you to think about putting to him is the possibility of his stopping over in Cairo on the way to Paris. Our memo outlines the rationale. In short, we think this an important opportunity to get off to a new start with the UAR (though we'd have to square ourselves in Amman).

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E.O. 12356, Sec. 3.4
NJ 91-421
By sig, NARA, Date 1-12-93


Howard Wriggins

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~~SECRET~~

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJL 91-421
By WJG, NARA, Date 1-12-93

107a

MEMORANDUM FOR WWR

December 1, 1966

FROM: Wiggins - Saunders HS

SUBJECT: UAR Decisions Up in the Air

Before Secretary Rusk leaves for the Far East Sunday, we badly need to get him to focus on the UAR. Two decisions must be made:

1. The food recommendation has been hanging fire in State for three weeks simply because Ray Hare tried unsuccessfully to talk with the Secretary before he discussed it in the IRG. As you remember, the Egyptian economic delegation told you officially in September that the UAR would have to have our answer by the end of November in order to get grain elsewhere if necessary. This is such an important decision that we should not make it by default.

2. Budget Bureau now has the Presidential Determination necessary to continue our technical assistance program. The President agreed in June to continue this when he approved offering CCC credit sales for six months, but we can hardly ask him to sign a new Determination without having some notion of where we're going.

One way to handle this would be for the Secretary to stop in Cairo on the way to Paris. The main problem in our UAR relations is lack of confidence. Nasser believes we're out to get him, and the fact that our high level travellers bypass him just confirms his belief. The Egyptians still consider that postponement (for pressing US reasons) of the Secretary's scheduled visit last spring was a calculated slight, but the invitation has been repeated.

A visit would have several advantages. If we can't make a food decision now, he could explain why. He could also make plausible our line that, even though we have difficulties with further concessional food aid, we're not trying to bring Nasser down. At the least, it would give the Secretary a chance for a heart-to-heart talk with Nasser which could be a sound basis for the President's decision.

We are coming to believe that we've reached a "crossroads" in US-UAR relations -- though not necessarily the "crossroads" Kamel keeps talking about.

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The Kennedy experiment is over. We gambled that a three-year food deal, personal correspondence, and a certain amount of human respect for Nasser might moderate his revolutionary policies. We probably went too far too fast, but we have been frankly disappointed in results. He continued clandestine organization against the more moderate, oil-rich monarchies; he ventured into the Congo rebellion; more recently, his army has become increasingly Draconian in the Yemen; Radio Cairo continues to agitate Arab "nationalism"; his policy often parallels Moscow's.

Now that that experiment has run out of steam, and we have to decide among three possible courses:

--We can give up, drop food aid and try to live with a potentially more troublesome UAR.

--We can go on--if the President will approve--with an uncertain series of interim food agreements.

--We can seek some new base for our relationship, though less ambitious than our 1962 effort.

Our own inclination is to try the last, though we would settle for the second this time. We can't see that the first buys us anything and it could cost us a lot. Nasser could behave much worse and do much greater damage to our interests. On balance, within the Arab world he has been a restraining force vis-a-vis Israel. His present involvement in Syria is a force for restraint, not aggression. He has not precipitated attacks on Western oil interests or inhibited the movement of oil.

The Secretary's visit could be the first step in building something new. The main disadvantage to his going now without going to Amman would be our apparent support for Nasser at a time when Nasser's propaganda machine has King Hussein on the ropes. It would be ideal if the Secretary could go to Amman too though that may be impossible.

We think this idea is worth considering. But the main point is to find out how the Secretary plans to handle these UAR decisions. If we're going to let them drift till he comes back, we ought to be signalling the UAR that we're just being indecisive--not saying no.



17639

DEPARTMENT OF STATE
WASHINGTON

UAR 5075
1 Wiggins
2 Saunders
3 Ret 12/5 108

~~CONFIDENTIAL~~

November 27, 1966

MEMORANDUM FOR MR. WALT W. ROSTOW
THE WHITE HOUSE

Subject: President Nasser's Address to the
UAR National Assembly.

President Nasser of the United Arab Republic delivered a "state of the union" address on November 24 on the occasion of the opening of the fourth session of the National Assembly.

Enclosed is a copy of an Information Memorandum to the Secretary on the above subject.

TR Shaver
Benjamin H. Read
Executive Secretary

Enclosure:

Copy of Information Memorandum to the Secretary
re President Nasser's address to National Assembly.

~~CONFIDENTIAL~~

Group 3: Downgraded at 12 year intervals;
not automatically decontrolled.

DETERMINED TO BE AN
ADDITIONAL MARKING
13506,
SEC. 1.11
BY QUC 7-19-9

Received Postow's Office

MONDAY

NOV 28 AM 9:07 '66

to President Khrushchev, a address to history assembly
copy of Information Memorandum to the Secretary

Enclosure:

President Khrushchev
Secretary of State
[Handwritten signature]

Secretary on the above subject.
Enclosed is a copy of an Information Memorandum to the
of the opening of the 100th session of the history assembly.
a "state of the union" address on November 24 on the occasion
President Khrushchev of the United States Republic

the history assembly.
address: President Khrushchev, a address to the

THE WHITE HOUSE
MEMORANDUM FOR MR. AVRE M. POSTON

November 21, 1966

CONFIDENTIAL

WASHINGTON
DEPARTMENT OF STATE

13033



[Handwritten notes and signatures]

DEPARTMENT OF STATE
ASSISTANT SECRETARY

108a

~~CONFIDENTIAL~~

November 26, 1966

TO : The Secretary
THROUGH: S/S
FROM : NEA - William J. Handley
SUBJECT: Nasser's Address to the National Assembly.
INFORMATION MEMORANDUM

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 91-422
By *[Signature]* NARA, Date 7-30-92

UAR President Nasser delivered a "state of the union" address on November 24 on the occasion of the opening of the fourth session of the National Assembly. While there were significant references to a number of Arab and foreign affairs issues, emphasis was on internal, economic problems.

I. Assessment of the UAR's Economic Development.

Nasser's measured comments on the state of the Egyptian economy contrasted rather sharply with his gloomy pronouncements in the spring. He noted with satisfaction the success of the five-year development program (1960-1965). He acknowledged the high costs of development, but he noted that many of these were the natural consequences of development in raw-material-producing and exporting countries: the growth of external debt and the rise in the cost of living. In any event, the average price increases are less than the average rates of increase last year in most countries, and the large increase in employment brought about by the Government's policy of full employment has meant that every Egyptian has been brought into the mainstream of Egyptian social and economic life. Commenting on the large external debt, Nasser said that the UAR must become more self-reliant if it is to achieve economic freedom. This means that the Egyptian people must draw on their strength of character and tighten their belts today in order to bring about a more prosperous tomorrow. In addition, it means more family planning so as to relieve the growing population pressure on the UAR's resources.

II. Problems of the Developing Countries. Nasser made a number of references to the problems faced by raw-material-producing and exporting countries. He accused the advanced countries of holding down prices for raw materials and boosting the prices on manufactured goods sold abroad. He cited the drop in the world price of cotton and the rise in the price of textiles exported by the advanced countries. Such references appear to be a new feature in Nasser's

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public pronouncements and may reflect attitudes developed or confirmed at the Nasser-Tito-Gandhi talks in New Delhi in late October. He said he had raised this question at the international level with others who are also affected.

III. The UAR and Arab Affairs

Nasser rehearsed the reasons for the postponement of the Fourth Arab Summit Conference, which was scheduled to take place in Algiers last September. He blamed Saudi Arabia for the failure of summitry and accused King Faysal of working with imperialism and Zionism against the interests of the Arab people, of "plotting against the Yemeni revolution", and of trying to create a "false contradiction" between Islam and Arab Socialism. Nasser pointed to the recent joint defense pact between the UAR and Syria and said that despite Saudi intrigues, broad strides had been made toward the reunion of Arab revolutionary forces.

Nasser showed particular restraint in his comments on the November 13 Israeli raid on Jordan. He deplored Israel's action and regretted that the Jordanian frontier was not better defended, but he complimented the Jordanian forces for their valor. Nasser did not mention King Husayn.

IV. The UAR and the US

Nasser referred to the U.S. several times but without a great deal of thunder. He mentioned U.S. PL 480 assistance, saying that purchases of food stuffs for Egyptian currency over the past five years had saved the UAR about LE 60 million annually in foreign currency. He said that when the U.S. had suspended its assistance "for reasons known to you all", the UAR's duty was "to prove to those exerting pressure" that the UAR could depend on itself and pursue an independent policy.

In another part of his speech, Nasser referred to President Eisenhower, saying that he had admitted in his book that the "Islamic pact --- is merely a new alliance serving foreign interests seeking domination." Nasser also spoke of the Saudi army as being under complete Anglo-American supervision and command. A part of the Saudi army, under the command of an American military mission, has become "fully versed in plans to defend the Middle East, while

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another part under the command of a British military mission has become fully versed in plans to dominate the Arab South and the Arab Gulf."

At the close of his speech, Nasser commented on Vietnam. Although he did not mention the U.S. by name, he called for the cessation of the bombing of North Vietnam and the evacuation of foreign forces from Vietnam so that the Vietnamese could "determine their future as inspired by their national conscience."

V. Conclusion:

The speech was short by Nasser's standards and relatively unemotional. References to the U.S. were little different from references in other speeches this summer and their tone seemed to be more in the nature of a defense than an attack on the U.S. They were restrained relative to remarks on the U.S. made in 1965 and in the spring of 1966. While Nasser did not rule out Food for Freedom assistance, he did speak of it as something in the past and urged his people to be prepared for greater belt-tightening. We have no doubt that the UAR Embassy here will nevertheless continue to press us for wheat.

3913

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

November 1, 1966

See file
3 Ret'd 9/11/67
109

TO: Mr. Walt W. Rostow
The White House

FROM: *B. H. Read*
Benjamin H. Read
Executive Secretary

For your information and
files.

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
NOT NAT'L SECURITY
INFORMATION, E. O. 12356,
SEC. 1.1(a)

BY *Dut* ON *7-19-91*

Enclosure:

Memo to the Secretary from
NEA/Hare re Status of IMF-UAR
Stabilization Agreement Negotiations

CONFIDENTIAL/LIMDIS Enclosure

3913

DEPARTMENT OF STATE
ASSISTANT SECRETARY

16241

109a

~~CONFIDENTIAL/LIMDIS~~

October 31, 1966

TO : The Secretary

THROUGH: S/S

FROM : NEA - Raymond A. Hare

DECLASSIFIED

E.O. 12356, Sec. 3.4

NJ 91-422

By WJ NARA. Date 7-30-92

SUBJECT: Status of IMF-UAR Stabilization Agreement Negotiations.
INFORMATION MEMORANDUM

John Gunter, Chief of the Fund's Middle East Department, has just returned from discussions in Cairo with economic members of the new Egyptian cabinet. He provided the following information on the status of the stabilization agreement negotiations:

1. The Egyptians want to reach an agreement with the Fund. Nasser, who in fact has taken on the responsibilities of Prime Minister, apparently has accepted the concept of indirect devaluation via a foreign exchange transfer tax. The unresolved differences between the UAR and the Fund relate to the percentage and coverage of this tax. The prospect that a satisfactory agreement will be reached remains reasonably good. The timing is uncertain but could be anywhere between now and January.
2. Minister of Economy Zaki's offer of a 15 per cent transfer tax plus the retention of already existing 5 per cent transfer and 10 per cent statistical taxes is considered inadequate in amount and coverage by the Fund. The Fund is sticking with the offer that it made to ex-Deputy Prime Minister Kaissouni in September - i.e. a 35 per cent transfer tax plus retention of a 5 per cent statistical tax. This proposal, as far as the Fund is concerned, represents a considerable compromise from the 43½ per cent transfer tax it really thinks the Egyptian financial situation requires.
3. The Egyptians argue that the Fund's analysis of the Egyptian financial situation is out of date. They point to the substantial price increases that have already taken place and to the concerted efforts of the new cabinet to reduce budget expenditures. Zaki believes that these measures plus his 15 per cent transfer tax offer will be sufficient to stabilize the situation.
4. The Fund agrees that, if the Egyptians are really able to trim back development expenditures by £E 40 to 50 million (\$92 to \$115 million), with its attendant unemployment, as they claim they are going to do, this

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not automatically decontrolled.

will take the inflation out of the domestic economy. However, the Fund notes that the greatest imbalance is on the external side and more than budget cuts are required to attain equilibrium. There are two ways to attack this problem; allow deflation with its accompanying unemployment or dampen demand by reducing real income. The latter way is more politically palatable, and a transfer tax on the order of 43½ per cent would do the job. It would also provide revenue to the government which would reduce considerably the amount of expenditure cuts and unemployment required to bring the budget into line.

5. The Fund is now working on a written response to the Egyptians. It will either be a carefully worded argument why the Fund cannot accept their latest offer, keeping the door open for further negotiations, or a new counter-proposal. If it is the latter, it may contain a sweetener in terms of additional drawing rights above the \$70 million now available. In return the Egyptians would be expected to accept the Fund's judgment on the transfer tax percentage. At the moment this remains strictly Gunter's idea. It has not been checked out with the Fund management. It is based on recent Fund drawing rights decisions that have the effect of freeing an additional \$16 million for Egypt. Gunter said that the Fund's response would also take into account information on the Egyptian's current budget cutting exercise which he has been promised by Minister of Treasury Deif.

Gunter noted, as he has in the past, that a Fund-UAR stabilization agreement would not in itself solve the Egyptian financial problem. It would provide a limited amount of foreign exchange. But more important, it would provide the financial policy and program framework in which the Egyptians could seek to reschedule their own over burdensome foreign debt. The general Western position has been that rescheduling should be on a multilateral basis and in the context of a Fund stabilization agreement. The Fund could provide the focus for a multilateral rescheduling.

Gunter also made clear again, as he has often in the past, that the Fund's analysis of the Egyptian financial situation assumes that concessional food assistance, of the PL 480 type, will be available to the UAR.

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Our contacts indicate that the World Bank hopes to be helpful to the UAR and is assuming that a satisfactory stabilization agreement will be reached with the Fund.

Drafted by: *ant*
NEA/UAR:GMBennsky:cff
10/28/66

Clearances:
NEA/UAR - Mr. Bergus *JB*

cc. U - Mr. Katzenbach
M - Mr. Rostow
WH - Mr. Rostow
AID/NESA - Mr. Macomber

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Hamilton
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DEPARTMENT OF STATE
WASHINGTON

September 22, 1966

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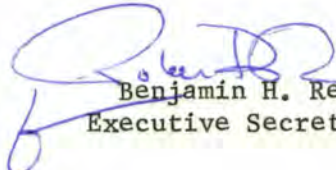
MEMORANDUM FOR MR. WALT W. ROSTOW
THE WHITE HOUSE

Subject: Request for Meeting with Egypt's Minister
of Treasury and Planning Economist

Dr. Nazih Ahmed Deif, Egypt's Minister of Treasury, will head his country's delegation to the Fund and Bank annual meetings here next week. He is the new Sulaiman cabinet's replacement for Deputy Prime Minister Kaissouni, who headed Egypt's delegation during the previous Sabri and Moheiddin cabinets. Dr. Deif is also considered to be Egypt's top planning economist.

His presence in Washington offers us a useful opportunity to reaffirm 1) our continued conviction of the necessity of Egypt's coming to terms with the IMF and 2) our views on US-Egyptian political and economic relations as expressed in the past by the President, the Secretary and Ambassador Battle to Egypt's Ambassador here and top Egyptian officials including President Nasser in Cairo. IMF stabilization discussions with Egypt have reached the stage where a reiteration of our viewpoint could be helpful.

It is recommended that you agree to receive Dr. Deif in the afternoon of September 27, 28 or 29.


Benjamin H. Read
Executive Secretary

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E.O. 12356, Sec. 3.4
NJ 91-422
by *King* NARA Date 7-30-92



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NO 1944/66

DATE 1 SEPTEMBER 1966

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~~*[Handwritten signature]*~~

✓ Hal
Have you a copy?
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ARAB - ISRAELI ARMS SURVEY

Yes, Thanks

Postler

1 SEPTEMBER 1966

CENTRAL INTELLIGENCE AGENCY



PREPARED IN COOPERATION WITH

INR (DEPARTMENT OF STATE) AND DIA (DEPARTMENT OF DEFENSE)

SANITIZED
E.O. 13526, Sec. 3.5
NLJ/RAC 11-61
By *isl* NARA, Date *2-9-12*

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ARAB-ISRAELI ARMS SURVEY
No. 1944/66
1 September 1966

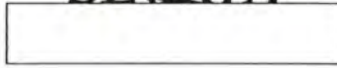
ARAB-ISRAELI ARMS SURVEY

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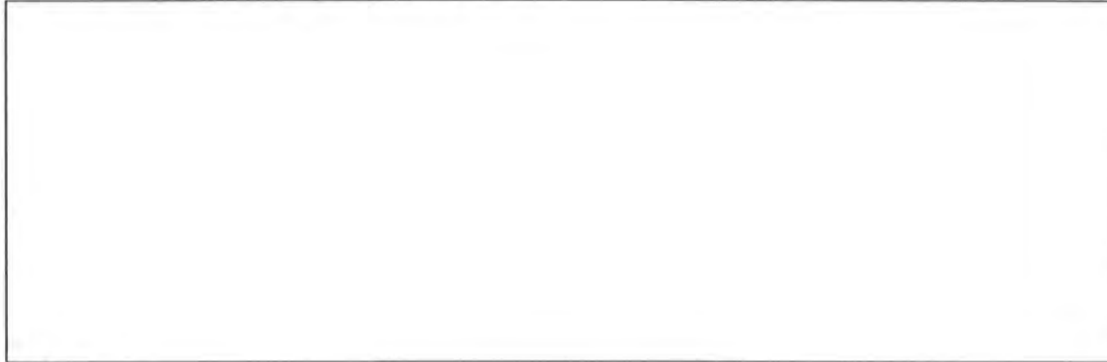
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ARAB-ISRAELI ARMS SURVEY
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Map



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ARAB-ISRAELI ARMS SURVEY
No. 1944/56
1 September 1955

ARAB-ISRAELI ARMS SURVEY

I. Introduction

A. This preliminary study presents quantitative and qualitative descriptions of armaments and military capabilities of the 13 Arab states and Israel. It examines five major categories of equipment--armor, artillery, aircraft, missiles and naval ships--as a basis for projecting the future requirements of these states and comparing their capabilities.

B. This study also attempts to measure with numerical relationships, the relative effectiveness of specific weapons in the hands of the forces considered and to evaluate the key factors of maintenance, logistics and training as they relate to overall item and force effectiveness. It is recognized that the ultimate determination of relative effectiveness for the same or comparable items of equipment in the hands of opposing forces lies in two areas not within the practicable province of this initial report. One is the complex area of war gaming which treats by tailored scenario a wide variety of situations which would determine the outcome of a conflict as well as force effectiveness in specific cases. The other is the more concrete but controversial technical evaluation--as opposed to description--of the relative effectiveness of Soviet vs Western and Western vs Western arms.

C. This paper consists, first, of a summary analysis of the main characteristics of real and potential antagonists in the Near East, including reflection of the patterns of Communist and Western military assistance. An assessment of the probable attitudes of arms suppliers, other than the US, during the period up to 1970 is appended. These texts serve to introduce the charts.

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ARAB-ISRAELI ARMS SURVEY
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D. Tables Ia, Ib, and Ic provide consolidated comparisons of the 1960, 1966, and projected 1970 inventories of the six major Arab States and Israel; it includes indications of the relative effectiveness of the individual and grouped forces. Tables II through VIII describe the 1960-1970 inventories of six major Arab States and Israel show how much of what type of equipment has been or is expected when and from where. Projected inventories include, as a guide to future strength ratios, estimates of when and why key items of equipment are expected to require replacement. The current inventories of the six major Arab States and Israel include an evaluation of the effectiveness of each item of equipment in the areas of maintenance, logistics, and training as well as an overall effectiveness factor. Table IX outlines the 1966 inventories of the remaining seven Arab States and the relative effectiveness of their forces.

II. Summary

A. Arab-Israeli Comparison

1. Israel retains qualitative superiority over any of the various combinations of Arab states with which it could be expected to come into direct conflict. In addition, Israel possesses the industrial capability to improve and alter armored vehicles and to rehabilitate aircraft. As shown in Table Ib, the six Arab states--UAR (Egypt), Syria, Iraq, Lebanon, Jordan and Saudi Arabia--which are most likely to come into direct major hostilities with Israel have a two-to-one numerical superiority in tanks, three-to-one in major naval units, two-to-one in fighter aircraft and ten-to-one in bombers.

2. In armor, the Arab numerical superiority is offset by Israel's maintenance and training excellence as well as by factors of distance. For example, it is doubtful that Iraqi tanks could be sent across the Syrian desert quickly enough to play a meaningful role in conflict with Israel. This applies equally to self-propelled weapons.

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3. Whatever the comparable technical qualities of the aircraft flown, the Israelis' better training, greater aggressiveness and superior maintenance give them a good chance of coping with the Arab threat. The Israelis' limitations include the small number of airfields and the short scramble time available to its aircraft because of the fact that all parts of Israel are within a few minutes' flying time of its neighbors.

4. The accelerating arms race is involving both the Arabs and Israel in advanced weapons development, particularly in the missile field. The Israelis probably will be able to deploy a French-built surface-to-surface missile with a range of about 270 nautical miles by 1967-1968; the UAR may be able to deploy a few considerably less sophisticated missiles of slightly less range by 1970. Neither Egypt nor Israel is likely to have nuclear weapons by 1970.

5. The Egyptian Navy presents the only significant sea threat to Israel, which has taken the calculated risk of not building up a comparable naval force. The Israelis believe that their air power can neutralize the sea threat.

6. During the period through 1970, it is unlikely that any major change in procurement patterns will occur. Israel will continue to look to Western sources. The danger of Jordanian and Lebanese acquisition of Soviet-built weapons seems to have been averted for this period. Both Syria and Egypt will continue to rely on the USSR for their equipment. Although Iraq will acquire major items from the USSR under its May 1966 arms agreement, it will probably continue to procure some items--artillery and possibly aircraft--from Western sources.

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B. Country Analyses

1. Israel

a. By 1970, Israel will have more than enough armor--1,255 tanks--to equip its 28 brigades, most of which are now at cadre strength. Most of the tanks are modern and the Israelis are expected to increase their range and to upgun them. The Israelis are rated excellent* in maintenance, logistics and training and can be expected to retain their high standards.

b. The Israelis are reducing their heretofore heterogeneous mix of artillery and increasing its mobility. They have used their M-4 tanks as the chassis for the 155mm self-propelled howitzers. They will require new mortars, but they have a native capability to produce a 160mm model. New anti-aircraft guns will have to be procured by 1970. The Israelis' proficiency in artillery is excellent, but their anti-aircraft performance is only rated good.

c. Israel's acquisition of the US A4 Skyhawk will enhance its air capabilities as will the expected delivery of additional French Mirage IIIs. Tel Aviv can be expected to renew its quest for aircraft if and when it estimates that Arab receipt of newer Soviet aircraft puts it at a disadvantage. Israeli airmanship in all fields is expected to remain excellent.

d. Israel's anticipated receipt of the French-made MD 620 surface-to-surface missile will put it ahead of the Arabs in the missile field, unless the Soviets agree to provide the latter with SSMs. At the present time the Israelis' proficiency in the Hawk surface-to-air system is rated only good.

* Discussion of the terms "excellent," "good," etc. appears in Section IV below.

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ARAB-ISRAELI ARMS SURVEY
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2. UAR (Egypt) []

a. Egypt will continue to have the largest and best equipped forces in the Arab world with the USSR as its supplier. Western armor is expected to be largely phased out by 1970. By that time, more modern Soviet tanks, including the T-54, T-55 and possibly newer models, will have replaced the T-34s first acquired in 1955. Egyptian logistic, maintenance and training proficiency is below that of the Israelis but is still rated good.

b. The Egyptians have a wide variety of Soviet artillery, some of which will require replacement by 1970. Their proficiency is rated good to excellent in artillery.

c. The Egyptian Air Force has steadily improved since it began to receive Soviet aircraft in the mid-1950s. The Soviets have replaced the obsolescent MIG-15 (FAGOT) and MIG-17 (FRESCO) jet fighters with MIG-21 (FISHBED) aircraft and Egypt is soon to obtain SU-7 (FITTER) tactical fighters which will increase its ground support capability. Pilot proficiency and maintenance capabilities in the air force have increased considerably during the last few years and are steadily improving. The overall effectiveness rating shown on Table III reflects inadequate training and maintenance on recently acquired, more sophisticated aircraft and weapons. The air force has achieved a high serviceability rate in Yemen despite a considerable logistic problem, primitive working conditions, and long communication lines. Most of the air and ground crews have had at least one tour of duty in Yemen.

d. The Egyptians have had problems with their native production of surface-to-surface missiles and are not expected to have many operational by 1970.

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e. The Soviets are replacing naval vessels, and the Egyptian Navy, in spite of its relatively poor proficiency, will continue to be the largest Arab naval force with clear numerical superiority over the Israelis. Capabilities of the navy have improved; however, the "SKORYY" class destroyers and most of the "W" class submarines are old and spares for these ships are difficult to acquire. Until these ships are replaced the navy will continue to have a limited effectiveness.

3. Syria []

a. As a whole, the Syrian forces have only a fair to good effective factor. They may receive new materiel from the USSR but their capabilities are not expected to improve materially not only because of poor standards in training, logistics and maintenance but also because of the preoccupation of their officers with political affairs.

b. Their overall effectiveness in artillery is rated only fair. Because of the favorable terrain, however, the Syrians have the tactical advantage along the Israeli frontier and have inflicted damage to border settlements from emplaced artillery positions.

c. Losses suffered in engagements with the Israelis during the summer of 1966, reflect the poor capabilities of the Syrian air force.

d. Although the Syrian navy may acquire additional Komar guided missile patrol boats, its capabilities are poor and it does not pose a serious threat.

4. Iraq []

a. Combat experience in the Kurdish conflict has not materially improved the capabilities of the Iraqi Armed Forces. Their overall effectiveness is considered no better than good, and, as previously noted, the geographical separation of Iraq from Israel would preclude Iraq from providing little more than token support to the other Arab states.

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b. Iraq has both Soviet and British tanks; of the latter only the Centurions are expected to remain in inventory by 1970. The 105 T-55 medium tanks recently ordered from the USSR are expected to replace obsolescent tanks.

c. Artillery is of Soviet, US and UK manufacture. It is probable that the Iraqis will acquire most of their artillery from the Soviets in the future, but some heavier pieces may be sought from Western sources.

d. The May 1966 arms agreement provides for a sizable increase in the air force by 1970. It calls for delivery of 17 more MIG-21 FL all-weather fighters and 34 SU-7s by 1969. The receipt of these aircraft will considerably improve the capability of the air force although it will encounter difficult training, morale and maintenance problems.

e. The delivery of eight minesweepers, one subchaser and eight guided missile patrol boats which is to begin in 1967 and to be completed by 1970, will in effect create a new Iraqi naval force in the Persian Gulf. The receipt of these ships will cause concern among Iraq's neighbors in the Gulf. Iran in particular will increase its already extensive efforts to obtain naval as well as air equipment.

5. Jordan

a. Jordan has the best trained Arab force. The receipt of modern US tanks will increase the size and materially improve the quality of the armored force. New artillery has been acquired from the West.

b. At the present time, the air force has well-trained pilots and with the receipt of US F-104 fighters it will become an effective though small force. With a total of three fighter squadrons, it will be able to perform ground-support missions.

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6. Saudi Arabia

a. Saudi Arabia is in the process of establishing professional, career forces but will continue to encounter serious organizational and training problems. Its traditional tribal armies remain an effective internal force.

b. The small armored force is to receive light and medium tanks from the US by 1970. Should the government decide further to increase this force, it will seek equipment from other Western sources. Whatever the size of the force, its training, maintenance and logistic standards will remain poor.

c. Saudi Arabia probably will try to procure heavier artillery than it now has, but considerable time would be required to develop proficiency.

d. The US-UK aid defense package of 1965 provides for the upgrading of the air force, but the Saudis will have to depend on foreign assistance in all fields--operations, training, maintenance and logistics--for some time to come. This also applies to surface-to-air missiles.

e. Saudi Arabia is planning to establish a naval force in the Persian Gulf. This force probably will have only a limited coastal defense capability.

7. Lebanon

a. The small but well-trained Lebanese forces will improve considerably with the anticipated delivery of new tanks, artillery and aircraft.

b. By 1970, the armored force will have more light tanks, presumably US M-41s, and still have operable British tanks. Although the Communist countries apparently are willing to provide materiel, Lebanon prefers Western equipment.

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c. Artillery holdings will be increased by delivery of US and Swiss guns. The Lebanese effectiveness factor in both the armored and artillery fields is variable.

d. Proficiency in the Hawker Hunter is good but the small air force has only a limited capability, which will improve somewhat with the expected receipt of a squadron of French Mirage IIIs by 1969.

e. Lebanon is negotiating for US Hawk surface-to-air missiles. If supplied, they would not become operational before 1970.

8. Other Arab States

a. Detailed information on the other seven members of the Arab League--Algeria, Morocco, Tunisia, Libya, Sudan, Kuwait and Yemen--has not been provided since they would probably be only indirectly involved in an Arab-Israeli conflict. They have been involved in local disputes, such as the latent Algerian-Moroccan feud, and would be unlikely to send major forces to an Israeli front.

b. Algeria has the largest forces of the seven countries considered and the Soviet Union appears willing to continue to be its supplier. Yemen also has Communist equipment but its forces are ineffective and will require considerable training and support from foreign sources. The other five countries all depend primarily on Western sources and there is little likelihood that this situation will change in the foreseeable future.

III. Likely actions of arms suppliers (other than the US) to the Near East in the next five years.

A. Communist Positions

1. The USSR is likely to remain the principal arms supplier to Egypt, Syria, and Iraq. The Soviets probably believe that their military aid program has brought them major benefits--some political leverage, considerable prestige, and a visible weakening of Western influence and presence throughout

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the area. So long as Nasir remains in power and attempts to eliminate the special Western position in the area, the Soviets are unlikely to discontinue their program of build-up and maintenance of Egypt's military forces. Rather, they are likely to continue to provide Cairo with substantial quantities of equipment, including planes, tanks, SAMs, and submarines. On the other hand, we do not believe that the USSR will reverse its long standing policy of refusing to provide either nuclear weapons or strategic missile systems.

2. The Soviets will also probably provide arms to other Arab regimes which they consider friendly. However, the flow of arms to such countries as Syria and Iraq is likely to be affected by the degree to which their policies are acceptable to the USSR. In the past the Soviets have used slowdowns or cutoffs in deliveries and delays in negotiating supplementary agreements to express displeasure at policies of which they disapproved, and they would probably do so again. Moreover, the Soviets will probably offer, from time to time, to supply arms to Western-oriented and newly independent Arab regimes, both to gain an entree now largely denied them, and to weaken the Western position in those states. Large-scale Soviet military aid to very conservative Arab monarchies such as Jordan or Saudi Arabia will remain unlikely, however. Arab states such as Jordan, Kuwait, and Saudi Arabia are unlikely to accept arms from the USSR as long as they remain oriented toward the West and can get them from that quarter.

3. Communist China is unlikely to become a significant military supplier in the Near East in this period. It will probably provide token amounts of arms aid and training to such entities as the Palestine Liberation Army. However, severe inhibitions including requirements in Vietnam and Southeast Asia, prior commitments of considerable military aid to Pakistan, and domestic shortages of most advanced military equipment will serve to keep China from becoming a major arms supplier in the area.

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B. Western Positions

1. Unlike the leaders of the Fourth Republic, President De Gaulle does not publicly emphasize French backing and support of Israel. However, he has not abandoned France's policy of liberally supplying the Israeli armed forces. Nor is he likely to do so; rather, France probably will continue to be Israel's principal source of military equipment. In particular, France will continue to sell Israel short-range missiles, supersonic aircraft, and other types of highly sophisticated military hardware.

2. However, there are limits beyond which France is not likely to go. We do not believe that France will provide Israel with nuclear weapons. Though French sales of arms and aircraft to Israel will be considerable, they are unlikely so to satisfy Tel Aviv as to lead it to seek no further arms from any other source. There appears little likelihood of France becoming a significant supplier of arms to any of the Arab states, but there may be some token sales.

3. The UK is likely to continue to be a significant supplier of arms to those Arab countries, e.g. Saudi Arabia, Jordan, and Libya, with which it has close ties. It is also likely to sell spare parts, maintenance and some new equipment to such countries as Iraq which were formerly supplied completely by the UK. London is also likely to sell some equipment to the Israelis. In all the above cases, the UK will probably coordinate its arms supply policies closely with the US.

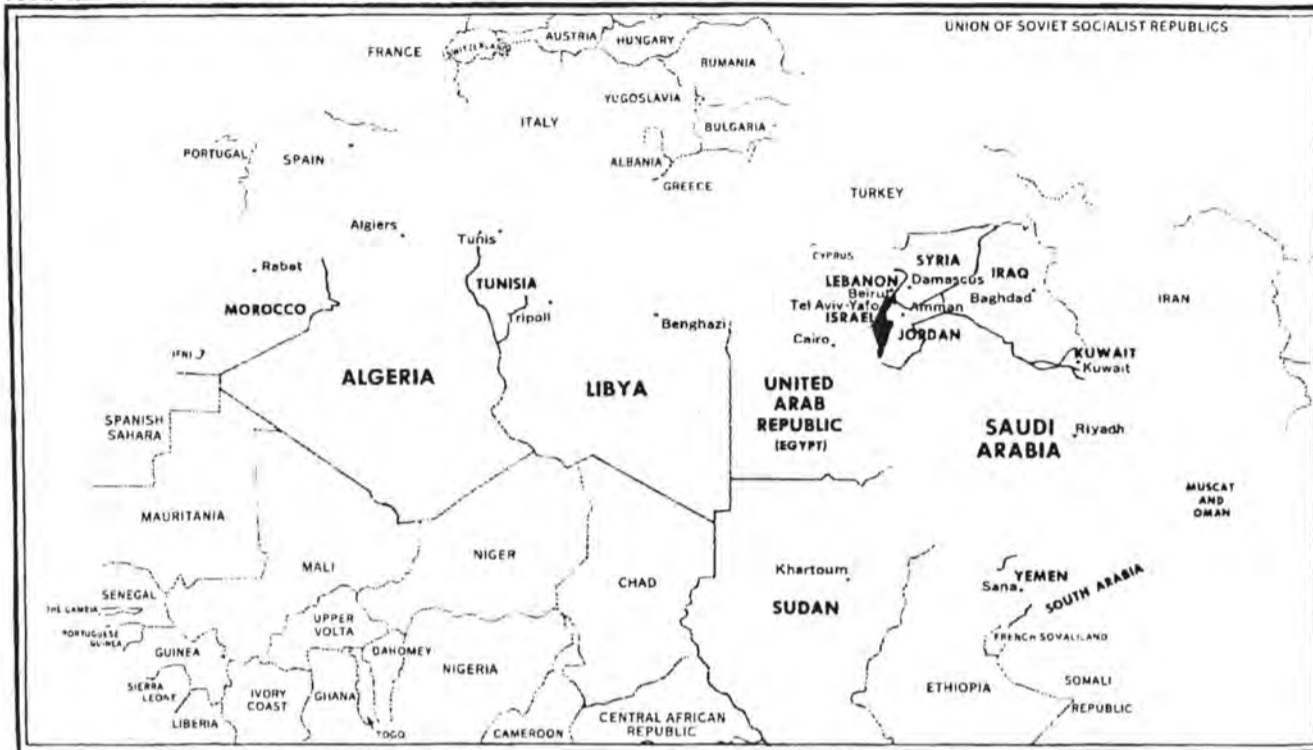
4. Other Western countries are not expected to become major suppliers during the period of this study.

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UNDER SECTIONS 3.3(b)(1) AND 6.2(c) OF E.O. 12958.**

ISRAEL AND THE ARAB STATES



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DEPARTMENT OF STATE
WASHINGTON

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MEMORANDUM FOR MR. WALT W. ROSTOW
THE WHITE HOUSE

Subject: Nasser's July 22 Speech

Today's newspaper accounts of Nasser's July 22 speech are based on hasty and not too accurate translations. The attached memorandum contains authentic translations of, and brief comment on, the two passages most likely to create difficulties in US-UAR relations: U.S. PL 480 wheat sales and Viet-Nam.

Larry C. Williamson

for

Benjamin H. Read
Executive Secretary

Enclosures:

Memorandum

Excerpts from President
Nasser's Speech

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 91-422
by lip NARA, Date 7-30-92

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

113a

MEMORANDUM

Subject: Nasser's July 22 Speech

Embassy Cairo states that Nasser's speech was a "low-keyed fireside talk, most of it on internal affairs. Heat was stifling, applause was only sporadic and general atmosphere was soporific."

On PL 480 wheat Nasser is fairly factual about how the program operated in the past and how there is at present no operative agreement between the two countries. He attributes to "newspapers and new agencies" statements that the United States is displeased with the UAR not because of bilateral problems but over differences of opinion re Israel nuclear activities, Saudi Arabia, and China. He indicates that the UAR will have to find foreign exchange to cover its food requirements in the future and that Egypt will never sell its freedom for food.

Taking as a point of departure a generalized statement regarding national liberation movements, and nonalignment, Nasser sees our military action in North Viet-Nam as a deterrent to a peaceful solution of the problem.

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E.O. 12356, Sec. 3.4

NJ 91-422

By sig, NARA, Date 7-30-92

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IN THE FIRST PLAN, WE WERE OBTAINING WHEAT FOR EGYPTIAN CURRENCY AS A RESULT OF AN AGREEMENT WITH THE UNITED STATES. EVERY YEAR, WE RECEIVED NEARLY 100 MILLION DOLLARS. WE SIGNED AN AGREEMENT, IMPORTED WHEAT, AND WE PAID THE PRICE IN EGYPTIAN POUNDS. THE U.S. EMBASSY TOOK ONE FOURTH OF THE PRICE AND WE TOOK THE THREE QUARTERS OURSELVES AS ANOTHER LOAN AND USED IT FOR PUBLIC SERVICES.

NOW, THERE IS NO AGREEMENT WITH THE UNITED STATES--THE AGREEMENT EXPIRED AT THE END OF LAST MONTH AND NO NEW AGREEMENT HAS BEEN ENTERED INTO. LAST YEAR, THERE WAS AN AGREEMENT FOR SIX MONTHS AND THERE WERE SIX MONTHS WITHOUT AN AGREEMENT. THEREFORE, WE MUST PREPARE OURSELVES TO PURCHASE WHEAT FROM ABROAD FOR HARD CURRENCY. WE NEED WHEAT TO THE EXTENT OF MORE THAN 100 MILLION DOLLARS. THIS WHEAT WHICH WE IMPORTED FOR LOCAL CURRENCY, WE ARE SUPPOSED TO IMPORT FOR HARD CURRENCY. NATURALLY, THIS IS A THING WE MUST DO.

AS WE HAVE SEEN, IT WAS WRITTEN IN NEWSPAPERS AND STATED BY NEWS AGENCIES THAT WE WERE MISBEHAVING, AND FOR THIS REASON THE UNITED STATES WOULD NOT GIVE US WHEAT UNTIL WE BEHAVE OURSELVES. THEY ARE ANGRY BECAUSE OF ISSUES WHICH ARE NOT BETWEEN US AND THEM, BUT BECAUSE WE SPOKE ABOUT ISRAEL AND ITS ATOMIC REACTOR, SAUDI ARABIA, AND ABOUT CHINA ACCORDING TO OUR FEELINGS AND BELIEFS. OUR VIEWS ON THESE MATTERS CONFLICT WITH THOSE OF THE UNITED STATES. TWO DAYS AGO, THE U.S. CONGRESS DECIDED NOT TO EXTEND FOREIGN AID TO US UNLESS THERE ARE U.S. NATIONAL INTERESTS WHICH NECESSITATE GIVING US AID. WHAT DOES THIS MEAN? THAT WE MUST IMPLEMENT OUR PLAN ON THE BASIS OF RELYING ON OURSELVES. OF COURSE, THOSE 50 MILLION DOLLARS MEAN THAT I SHALL BUY WHEAT FOR 50 MILLION DOLLARS AND THAT I SHALL DEDUCT THE 50 MILLION DOLLARS FROM ALLOCATIONS FOR OTHER THINGS. BUT IF WE DID NOT PURSUE THIS COURSE AND IF WE DID NOT ARRANGE OUR AFFAIRS, THIS WOULD MEAN THAT WE ARE PREPARED TO SUBMIT AND SURRENDER. WE ARE NOT PREPARED TO SUBMIT OR TO GIVE IN, WE SHALL SPEAK OUR VIEWS FRANKLY AND WE SHALL PRESERVE OUR FREEDOM WITH BLOOD. WE SHALL NOT SELL THE FREEDOM WHICH WE BOUGHT WITH BLOOD FOR WHEAT, RICE, CORN, OR ANYTHING ELSE. (APPLAUSE AND CHEERS).

AS REGARDS THE WHOLE WORLD, WE ARE SEEKING TO ESTABLISH GOOD RELATIONS WITH THE ENTIRE WORLD. WE ARE CONCERNED WITH THE NATIONAL LIBERATION MOVEMENT IN ASIA, AFRICA, AND LATIN AMERICA. WE ARE ALSO CONCERNED WITH NONALINEMENT AND WITH OUR ENDEAVOR TO REAFFIRM ITS CONCEPT. NONALINEMENT IS THE INDEPENDENT STAND TOWARD ANY QUESTION AND IS FREE OF ANY PREVIOUS COMMITMENT SAVE THE COMMITMENTS OF PRINCIPLES ALONE.

WE ALL FEEL NOW THAT THE SITUATION IS DETERIORATING AND THAT THE MOST SERIOUS FACTOR FOR THE DETERIORATION OF THE SITUATION IS WHAT IS HAPPENING IN VIETNAM. NATURALLY, THE AMERICAN AGGRESSION AGAINST NORTH VIETNAM GREATLY AFFECTS THE POSSIBILITY FOR A PEACEFUL SOLUTION OF THE PROBLEM. WE WORK FOR PEACE AND WE CANNOT BUT CONDEMN THE POLICY OF FORCE AND AGGRESSION. THE PEOPLES CANNOT DETERMINE THEIR FUTURE UNDER THE FIRE OF BOMBS, NOR CAN THEY BUILD THEIR LIVES AMID THE RUINS OF WAR. THE PEOPLES EVERYWHERE WANT PEACE, BUT PEACE SHOULD BE BASED ONLY ON RIGHT AND JUSTICE. OUR PEOPLE--THE ARAB PEOPLE--REALIZE MORE THAN OTHERS THE REQUISITES FOR CONSTRUCTION, THE FOREMOST OF WHICH IS PEACE. OUR PEOPLE REALIZE MORE THAN OTHERS THAT WITHOUT PRINCIPLES THERE CAN BE NO PEACE.

~~SECRET~~

OK ul

File
S/S informed
by phone
April 6, 1967

114

BKS

April 7

Saunders' op. informed
4/7/67

WWR:

Secretary Rusk specifically asked that the attached cables be cleared with you.

They put Ray Hare in business to try his hand at mediating the Saudi-UAR dispute over Yemen.

Both Faisal and Nasser have accepted Hare's mediation. Faisal threw out some tentative conditions, but the idea is to use the terms of reference to negotiate them out.

As far as we know, the Secretary simply wants you to know that we're formally launching this operation. No one expects you to dig into the details (look OK to us). He mentioned our mediation earlier to the President and did not ask for his clearance *on these.*

I'm glad to see us make this try, though I think the odds are against success. We have to keep trying to keep peace among the Arabs because a fight would either draw us in or force us to renege on our commitments. This may give them a face-saving way to back off from a confrontation, which they do seem to want to avoid. We're not excited about Hare since he's pretty passive, but the UAR picked him and he's persona grata in Riyadh.

Recommend you clear. *a call to S/S will do the trick unless you have questions.*

Hal

Hal Saunders

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 91-421
By sig, NARA, Date 1-12-93

~~SECRET~~

~~SECRET-EXDIS~~
~~CLASSIFICATION~~
DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

1135

1-Wright
2-Ril.

114a

April 6, 1967

Date

Mr. Walt W. Rostow
The White House

The enclosed is for White House
clearance prior to transmission.

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
NOT MAT'L SECURITY
INFORMATION, E. O. 12356,
SEC. 1.1(e)

John P. Walsh
Benjamin H. Read
Executive Secretary

BY DW ON 7-19-91

Enclosure:

Telegram to Amembassies JIDDA
and CAIRO re Yemen Mediation

~~SECRET-EXDIS~~
~~CLASSIFICATION~~

2

CAIRO AND JEDDA

~~SECRET~~2. UAR Undertakings:

- to cooperate with the Special Representative in carrying out the USG undertakings noted above.
- during the conciliation period, to refrain from aggressive acts or hostile propaganda against Saudi Arabia ^{or Saudi Arabian forces} /which would prejudice the conciliation effort.

3. SAG Undertakings:

- to cooperate with the Special Representative in carrying out USG undertakings noted above.
- during the conciliation period, to refrain from aggressive acts or hostile propaganda against the UAR ^{or UAR forces} /which would prejudice the conciliation effort.

UNQUOTE

GP-1.

END.

~~SECRET-EXDIS~~
~~CLASSIFICATION~~
DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

1136

1 - Wiggins
2 - Ritt

114-c

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
NOT NAT'L SECURITY
INFORMATION, E. O. 12356,
SEC. 1.1(d)

April 6, 1967

Date

BY DW ON 7-19-91

Mr. Walt W. Rostow
The White House

The enclosed is for White House
clearance prior to transmission.

John F. Walsh
Benjamin H. Read
Executive Secretary

Enclosure:

Telegram to Amembassy JIDDA
ref Jidda's 4008

SECRET-EXDIS
CLASSIFICATION

114-d

~~SECRET - EXDIS~~

Ambassy JIDDA

INFO : Ambassy CAIRO

STATE

EXDIS

Jidda 4008

DECLASSIFIED

E.O. 12356, Sec. 3.4

NLJ 91-422

By lig NARA. Date 7-30-92

1. Dept appreciates your extensive efforts April 1 induce Faisal accept concept new USG conciliation effort on intractable Yemen problem. We concur Faisal's agreement in principle is encouraging despite his "qualifications". However, if Faisal not only unwilling commit SAG to restraining royalists while conciliation under way, but in fact prepared furnish arms "if royalists ask us", his attitude on this particular issue seems more obdurate than heretofore. We would hope induce him modify this stipulation as exercise proceeds. Pharaon's comments para 2 Jidda 4099 may indicate more forthcoming attitude.
2. Re other "qualifications", Faisal can hardly expect result our efforts to be removal of last vestige of UAR influence from Yemen. Egyptians clearly significant power in region and will continue enjoy influence in Yemen, once normal conditions return, as they do in other Arab states. In our view, basic aim should be to bring about the departure of Egyptian troops, after which Yemen political situation can be left to find its own level.
3. As to special USG aid to UAR, this clearly goes beyond type of undertaking

NEA/ARP:WDBrewer:bnk:4/4/67

5565

S - The Secretary
~~SECRET - EXDIS~~NEA/UAR - Mr. Bergus
Ambassador Hare
S/SNEA - Ambassador Battle
White House - Mr. Rostow~~SECRET~~

2

JIDDA

~~SECRET~~

"

Saudis have right to expect. As you correctly pointed out to Faisal, question further PL 480 food aid is not current matter US/UAR relations. Believe we can finesse this one without too much trouble view general state US-UAR relations.

4. While Faisal, and no doubt Nasser as well, continue have reservations about new USG role, their limited agreement in principle to a new effort on our part, and on Ambassador Hare as individual to undertake it, represent forward steps. Next move should be prompt presentation proposed Terms of Reference (see separate telegram) in both capitals to seek agreed basis on which Ambassador Hare can proceed. You should accordingly see Faisal again to present Terms of Reference together with following ~~suggested~~ talking points:

a. Department appreciates Faisal's willingness in principle cooperate in new USG effort to reduce current tensions between Saudi Arabia and UAR and seek means settling Yemen problem. As next step, we seeking agreement from both UAR and SAG simultaneously to Terms of Reference which will define Ambassador Hare's role and prevent difficulties and misunderstandings arising in course his duties.

b. While ~~we~~ we recognize considerations prompting Faisal's "qualifications", we certain King recognizes both countries will have to cooperate with conciliation effort if it is to have chance of success. To this end, we believe both sides should accept proposition that aggressive acts against each other be suspended ~~during/period~~ ~~and that provocative propaganda activities must be terminated~~ ~~conciliation~~ In case of UAR this would include renewed bombings and support for harassment actions inside Saudi Arabia. Saudis, on their part, should agree suspend further support

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Corrections made on original green MUST be made on this and other flimsy work copies before delivery to Telecommunications Operations Division

~~SECRET~~

Provocative propaganda similarly must be toned down. to royalists other than food. /If King's acceptance new USG conciliation were to be followed by Saudi encouragement to royalists, as Faisal's remarks seem to imply, our effort would appear pointless. We cannot vouch for Nasser's genuine interest in reaching settlement, but we are convinced that he is prepared to keep troops in Yemen as long as necessary. In this situation, any new royalist fighting seems to us more likely to bring retaliation on Saudi Arabia than it would be to speed Egyptian departure. Moreover, Terms of Reference do not require parties assume undertakings other than those already incumbent upon them in various multilateral arrangements such as UN and Arab League charters.

c. We understand His Majesty's comments re special USG aid to UAR were not meant to imply he placing conditions on our bilateral relations with another government. Presumably USG help to UAR would play role in eventual Yemen settlement. However, Faisal can be assured USG has no intention undertaking any special programs with UAR that would prejudice conciliation effort.

d. Once Saudi Arabia and UAR have accepted Terms of Reference for USG conciliation, Ambassador Hare is prepared visit both countries promptly to begin his consultations.

5. FYI. Re Jidda 4079 and Cairo 5937, we recognize Faisal's stipulations probably include both getting UAR troops out and getting rid of Sallal. In our view, departure Egyptian troops should be overriding objective. As this appears more attainable, we hope Faisal may attach less importance to change in YARG regime. Re para 4 Jidda 4072, we believe specific suggestions would be useful

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JIDDA

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points for Ambassador Hare raise at early stage which he could do under general Terms of Reference to "seek to reduce current tensions". Our intention at this point is to maintain as much flexibility as possible and secure agreement to general points within which attempt can first be made reduce current SAG-UAR tensions and later work up specifics Yemen settlement if progress warrants.

END FYI.

GP-1.

END.

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~~CLASSIFICATION~~
DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

1137

1-Wiggins
2-Hit

114-2

April 6, 1967

Date

Mr. Walt W. Rostow
The White House

The enclosed is for White House
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DETERMINED TO BE AN
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NOT NAT'L SECURITY
INFORMATION, E. O. 12356,
SEC. 1.1(a)

John P. Walsh
Benjamin H. Read
Executive Secretary

BY DUB ON 7-19-91

Enclosure:

Telegram to Amembassy CAIRO

~~SECRET-EXDIS~~
~~CLASSIFICATION~~

~~SECRET~~

Ambassy CAIRO

INFO Ambassy JIDDA

STATE

EXDIS

DECLASSIFIED

E.O. 12356, Sec. 3.4

NJ 91-422By ijg NARA. Date 8-5-92

1. By separate telegram we are sending to Cairo and Jidda draft terms of reference for delivery to and consideration by both parties. While we would, of course, prefer their delivery directly to President Nasser, to parallel Ambassador Eilts' demarche to King Faisal, we fully understand nature of protocol obstacles to a meeting between Charge' and President. For this reason we suggest draft terms of reference be presented to GUAR through usual channels, ie, Fikki at Foreign Office and el-Khouli at Presidency. Charge' might in his discretion wish mention to el-Fikki that draft being presented Faisal personally by Ambassador Eilts and that Charge' is at Nasser's disposition if latter desires parallel gesture.

2. In presenting this draft you should point out that Dept has sought to keep terms of reference as brief and flexible as possible. We ~~xxx~~ have borne in mind comments made by el-Khouli (Cairo's 5823) in this connection. Stipulations of terms of reference establish what we believe is bare minimum of requirements from all parties concerned to create necessary atmosphere for progress on substantive issues. We believe conciliation effort foredoomed

NEA/UAR:DCBergus/cis:4/5/67

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~~XXXXXXXXXXXXXXXXXXXX~~
The Secretary

NEA - Ambassador Battle
NEA/ARP - Mr. Brewer
Ambassador Hare
S/S -

The White House - Mr. Rostow

~~SECRET~~

Ambassy CAIRO

~~SECRET/EXDIS~~

unless both sides accept proposition that aggressive acts against each other be suspended during conciliation period and that provocative propaganda similarly must be toned down. In case of ~~Saudi~~ ^{Saudis} this would include further support to royalists other than food. UAR, on its part, should agree avoid renewed bombings and support for harassment actions inside Saudi Arabia. It will be noted that no party is expected to assume undertakings other than those already incumbent upon them in various multilateral arrangements such as UN and Arab League charters.

3. We believe that in interest of all concerned that interested parties get to work on substantive issues involved as quickly and as effectively as possible. Response of both UAR and SAG to our original suggestion has encouraged us to hope that both governments are genuinely interested in reversing present downward trend in their relations. We would like to get down to work as ~~quickly~~ ^{quickly} as possible and Ambassador Hare is prepared to visit the area as soon as terms of reference can be agreed upon among all three parties. We ~~wish~~ that the GUAR keep these considerations in mind as it considers draft terms of reference.

GP-1

END

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~~SECRET-EXDIS~~ ATTACHMENT
~~CLASSIFICATION~~
DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

1138

1-Wiggins
2-R...
114-g

April 6, 1967

Date

Mr. Walt W. Rostow
The White House

The enclosed is for White House
clearance prior to transmission.

DETERMINED TO BE AN
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INFORMATION, E. O. 12958
SEC. 1.1(a)

John P. Walsh
Benjamin H. Read
Executive Secretary

BY DeH ON 7-19-91

Enclosure:

Telegram to KUWAIT and SANAA

SECRET-EXDIS
CLASSIFICATION

114-h

~~SECRET~~ - EXDIS

DECLASSIFIED
E.O. 12958, Sec. 3.5
State Dept. Guidelines
By jc, NARA, Date 9-23-02

Ambassy KUWAIT
Ambassy SAHAA

INFO: Ambassy JIDDA
Ambassy CAIRO
Ambassy LONDON

STATE

EXDIS

1. For your background info only, Nassar and Faical have now privately agreed in principle to new USG conciliation effort on Yemen problem. Ambassador Hare is agreeable to both as USG Special Representative. We are now seeking UAR and SAG agreement to general Terms of Reference which would permit him proceed.
2. Until results current approaches in Cairo and Jidda are known, it uncertain how exercise may evolve. We have very much in mind need to take account Kuwaiti mediation efforts to date. Ambassador Hare will no doubt wish take advantage Kuwait experience in course his consultations in field if parties agree to his role on the terms proposed.
3. View detailed and complex nature current exchanges, they are being limited to Cairo and Jidda at this stage. Dept has clearly before it interests action addressees and will inform you promptly results current exchanges.

GP-1.

END.

NEA/ARP:WDBrewer:bnk:4/4/67

5565

S. The Secretary
~~XXXXXXXXXXXXXXXXXXXX~~

NEA/UAR - Mr. Bergus
Ambassador Hare
S/S -

NEA - Ambassador Battle
White House - Mr. Rostow
~~SECRET~~