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#2 report Downgrade to Secret NLS 86-273	<i>more info released 4-1-93 NLS 91-163</i> summary notes of 544th NSC Meeting Secret <i>sanitized</i> 10/24/80 4 p same sanitization 11-30-88 NLS 86-273	OPEN NLT 78-200 02/01/65	5-3-99 A
#3 cable	#213 from Saigon secret	4 p 02/01/65	A
#4 cable	to AmEmbassy Saigon from McGeorge Bundy Top secret <i>sanitized</i> 5-19-86 4 p	02/01/65	A
#5 memo	for the President from Dean Rusk Secret <i>Exempt NLS 86-274</i> <i>Exemption upheld per NLS 86-274 appeal</i>	OPEN NLT 98-200 5-3-99 6 p 02/01/65	A

FILE LOCATION

NATIONAL SECURITY FILE, National Security Council File
NSC Meetings, Vol. 3 Tab 26, 2/1/65, Vietnam, Jordan Arms

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ATTENDANCE LIST FOR THE 544th NSC MEETING
FEBRUARY 1, 1965, AT 6:30 PM IN THE CABINET ROOM
OF THE WHITE HOUSE

The President of the United States, Presiding

The Vice President

CIA

John A. McCone, Director

DEFENSE

Cyrus Vance, Acting Secretary

John McNaughton, Assistant Secretary (ISA)

Peter Salbert

JCS

General Earle G. Wheeler, USA, Chairman

General Andrew J. Goodpaster, Assistant to the Chairman

STATE

George Ball, Acting Secretary

William Bundy, Assistant Secretary for Far Eastern Affairs

Phillips Talbot, Assistant Secretary for Near Eastern and South Asian
Affairs (item 2)

TREASURY

Douglas Dillon, Secretary

USIA

Carl Rowan, Director

WHITE HOUSE

General Clifton

Jack Valenti

Bill Moyers

Horace Busby

Robert Komer (item 2)

Douglass Cater

McGeorge Bundy

Bromley Smith

Chester L. Cooper

Mike Feldman (item 2)

Marvin Watson

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E.O. 12958, Sec. 3.6

~~TOP SECRET/SENSITIVE~~
FOR THE PRESIDENT ONLY

NLJ 98-200
By is, NARA Date 5-3-99

SUMMARY NOTES OF 544th NSC MEETING
February 1, 1965

Vietnam - Arms Sales to Jordan

The President: McGeorge Bundy is going to Saigon to talk to our people there and report back to me.

McGeorge Bundy: The trip will be as low-key as possible. It will be similar to the regular visits by General Taylor to Washington. The discussions will be on familiar subjects. (Listed in the attached telegram.)

Ambassador Taylor has been generous in welcoming me, thus preventing any speculation about the future of the Ambassador. Every effort will be made to avoid undermining the confidence which exists between the President and Ambassador Taylor. No great new decisions are expected to result.

Under Secretary Ball Reviewed the problem of military assistance to Jordan. The Arab States are jointly trying to purchase arms abroad. Kuwait is funding the purchases. The United Arab Command has set force goals for Jordan. These include M-48 tanks and supersonic aircraft. Jordan, as a member of the Arab club, must purchase additional equipment somewhere--if not from us, then from the USSR. The supersonic jets Jordan wants to buy are not defensive weapons--therefor it is difficult for us to provide them.

There is no good solution to this problem and there are disadvantages from every course of action. If we say no to the supersonics, Jordan will ask Soviet aid. If we say yes, Israel will demand supersonics. Thus, no matter what we do, we will be contributing to the arms race in the Middle East which we have been trying to damp down. If necessary and as a last resort, we will have to give the supersonics, but we should first try to get Jordan to buy them from a European supplier. The decision in the Jordan case is a major one involving all the Middle East.

Acting Defense Secretary Vance: The Jordan request is indeed thorny. The Jordanians ask for M-48A3 tanks because the Israelis are getting them. They ask for F104Gs, an up-to-date jet, rather than the F-104C or the F-104D which are antiquated planes.

General Wheeler: The United Arab Command already has superjets. If we add 20 supersonic planes to the Jordan force, the Arab-Israeli balance will not be upset. Libya and Saudi Arabia already have supersonics. The addition of these planes to the Jordanian force is not of great importance.

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CIA Director McCone: Jordan will get supersonics either from us, from the Europeans or from the Soviets. The price of our not supplying them is too high to pay.

McGeorge Bundy: Either way the request is dealt with will end up being disagreeable for us. We should avoid giving Jordan supersonics if possible because the resulting Israeli pressure on us will be very great. However, we must make some arms deal with Jordan and do so before they decide to go to the Russians. We could agree not to give them supersonics now but review the decision again if they insist.

Assistant Secretary Talbot: Our reply to Jordanian King Hussein has already been delayed. I will be leaving Wednesday from Washington and be talking with Hussein in Amman on Saturday.

McGeorge Bundy: We have already informed Israel of the Jordanian request and we will discuss with them the decision we reach.

Secretary Dillon: We should not feel badly about an arms race in the Middle East because it is going on and we cannot control it.

Acting Secretary Ball: Secretary Rusk shares all our concerns about this request but he believes we should play out the negotiations until it is certain there is no alternative and then decide to give the supersonics. Assistant Secretary Talbot should press as hard as possible for some other solution but at the end of the road, he should refer back to Washington and at that time we would decide to go ahead.

If we agreed to give the supersonics, deliveries could be scheduled for 1968-1970. The planes would thus be under our control for a period. The Jordanians would be dependent on us for replacements and spares.

If the Jordanians do go to the Soviets and obtain supersonics, then the Israelis will be surrounded by countries having Soviet-supplied aircraft. The addition of a Soviet presence in Jordan would be serious, especially during difficulties which may arise from the diversion by Jordan of water flowing to Israel.

Acting Secretary Vance: Secretary McNamara's view is that we should provide A-3 planes, 20 supersonics--104C and 104D--if the Jordanians cannot buy their planes in Western Europe.

The President: There is no problem in providing Jordan with the tanks they request. They should be told to buy their supersonic planes in Europe. If they do not wish to do so, then Mr. Talbot should cable us to this effect and await our reply. He should stay in Amman if it appears that the King is about to break off negotiations with us.

Acting Secretary Ball: The King can't resist the domestic pressure he is getting. There have been attempts on his life. Recently he moved toward closer relations with the Arab states in order to gain personal security and security for his country. He could not break with Nasser even if he wanted to. If he does not break with us, how can he get the armaments the other Arab states are demanding he obtain?

Mr. Feldman: Jordan gets budgetary support of \$46,000,000 annually from the United States. The purchase of arms by Jordan is considered a grant in aid by some people. This is not so but many will see our sale of arms to Jordan as giving a belligerent neighbor arms to attack Israel.

Every effort should be made to persuade Jordan to buy planes from France. We should also put pressure on Nasser to stop pushing King Hussein so hard. We should threaten to withdraw our budgetary support of Jordan. This would have the effect of raising the cost of the planes to Jordan. No decision should be made until we have carried out these proposed actions.

Robert Komer: We should try out the hard line on Hussein, not mentioning the supersonic planes in the beginning. Then if he insists, we should fall back and regroup, thus giving us more time before a final decision has to be made. King Hussein is not going to jump the reservation at once. In trying to save Hussein we may kill him. If we sell the planes to Hussein, then we will have to provide them to Israel. If this happens, Nasser could say that Hussein was a bad Arab. We should take this in two bites and only sell the planes if the Soviets make a firm offer to do so.

McGeorge Bundy: If we warn Hussein that U.S. budgetary support may be in doubt if he makes a deal with the Russians, the King would not be in a great hurry to make a Soviet deal.

Acting Secretary Ball: It is not necessary to reach a final decision tonight. When Assistant Secretary Talbot reports back on his talk with King Hussein, we will know much more and can then decide what to do.

General Wheeler: It is not likely that France would sell Mirages to the Jordanians.

McGeorge Bundy: We could try to overcome French opposition to a sale to Jordan.

Vice President Humphrey: In the light of developments in the Congo and in Egypt, if Jordan breaks with us, there may be a very serious reaction on the Hill. The AID bill would be seriously affected. King Hussein is on the U. S. dole. If we sell him supersonic planes, we will have all hell to pay. The sale of modern tanks we could possibly get away with but the sale of supersonics would create an impossible situation.

The President: We all agree that Jordan will get the planes from the Russians if they do not get them from us.

USIA Director Rowan: Either way we move we face serious difficulties. In a showdown and as a last resort, we will have to go ahead with the sale of supersonics.

The President: Mr. Talbot, before the MIGs arrive in Jordan, please call us.

(A State Department paper discussing the Jordan arms request is attached.)

Bronley Smith

INCOMING TELEGRAM *Department of State*

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Acia

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Info

CONTROL: 213
RECEIVED: FEBRUARY 1, 6:40 AM
FROM: SAIGON
ACTION: SECSTATE 2365, IMMEDIATE
DATE: FEBRUARY 1, 6 PM

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FOR MCGEORGE BUNDY

MODIS - LOR

THIS CABLE PROPOSES AN OUTLINE PLAN FOR THREE DAYS OF HARD WORK HERE. I BELIEVE ALL YOUR DISCUSSION TOPICS ARE INCLUDED AND WE HAVE ADDED A LIMITED NUMBER OF OUR OWN. I HAVE INDICATED WHO I FEEL SHOULD BE PRESENT ON OUR SIDE LEAVING IT, OF COURSE, TO YOU TO CHOOSE YOUR REPRESENTATION. FOR EACH TOPIC, I SHALL HAVE A SPOKESMAN TO CONDUCT THE DISCUSSION AS A DIALOGUE RATHER THAN AS A BRIEFING.

I AM SURE THAT THE TIME SCHEDULE WILL HAVE TO BE ALTERED AS WE GO ALONG, PARTICULARLY AS IT AFFECTS MEETINGS WITH THE VIETNAMESE. IN OUR PRESENT UNCERTAINTY AS TO HOW THE GOVERNMENT WILL TURN OUT, WE CANNOT BE SURE WHOM TO LINE UP FOR YOUR MEETINGS.

DISCUSSION TOPIC I. PROGRESS OF STRUGGLE AGAINST VIET CONG.

PRESENT: TAYLOR, JOHNSON, WESTMORELAND, KILLE, DESILVA, MILLER ZORTHIAN

- A. VC CAPABILITIES, NOW AND FUTURE
- B. GVN CAPABILITIES, NOW AND FUTURE
- C. VN MORALE, CIVIL AND MILITARY
- D. EXISTING U.S./GVN EFFORTS
 - (1) MILITARY
 - (2) NON-MILITARY (TO INCLUDE STEPS FOR STRENGTHENING COUNTER-GUERRILLA ACTIVITIES AMONG RURAL POPULATION)
- E. SIZE AND SHAPE OF U.S. PRESENCE
- F. VALUE OF STRONGER, CLEAR U.S. POLICY STATEMENTS

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State letter 5-15-78

11-22-82

-2- 2365 February 1, 6 PM

RAPPORTEUR - MILLER

DISCUSSION TOPIC II. STABILITY OF GOVERNMENT

PRESENT: TAYLOR, JOHNSON, WESTMORELAND, KILLEN, MANFULL

- A. PROSPECTS
- B. BUDDHIST PROBLEM
- C. POSSIBLE DETACHMENT OF U.S. EFFORTS FROM POLITICAL PROBLEMS OF CENTRAL GOVERNMENT
- D. POSSIBLE U.S. ACTIONS IF INSTABILITY CONTINUES

RAPPORTEUR - MANFULL

DISCUSSION TOPIC III. EXTENSION OF WAR BEYOND SVN.

PRESENT: TAYLOR, JOHNSON, WESTMORELAND, ADAMS

- A. REPRISAL PLANNING AND RELATION TO PHASE II
 - B. EFFECTIVENESS OF ATTACK OF INFILTRATION TRAGETS IN LAOS
 - C. DESOTO PATROLS AND 34-A COVERT AIR ATTACKS
 - D. A TRANSITION PHASE PRIOR TO PHASE II INVOLVING SHALLOW AIR PENETRATIO OF DRV
 - E. WAYS AND MEANS FOR INITIATING PHASE II
 - F. NECESSAR PRELIMINARIES TO PHASE II
- POLITICAL
MILITARY

RAPPORTEUR - MAJOR GENERAL ADAMS, J-5

DISCUSSION TOPIC IV. OTHER POSSIBLE NEW COURSES OF ACTION

PRESENT: TAYLOR, JOHNSON, WESTMORELAND, KILLEN, MILLER

- A. REFUSE TO SUPPORT A KHANH-CONTROLLED GOVERNMENT. INSIST ON THE BEST POSSIBLE LINE-UP.
- B. RECOGNIZE AND ADAPT U.S. AID TO DUALITY IN GOVERNMENT, DEALING DIRECTLY WITH ARMED FORCES ON PACIFICATION MATTERS.
- C. REDUCE ADVISORY EFFORT TO POLICY GUIDANCE. DISENGAGE AND LET GVN STAND ALONE

RAPPORTEUR - MILLER

DISCUSSION TOPIC V. EVACUATION OF DEPENDENTS

PRESENT: TAYLOR, JOHNSON, HERFURT

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RAPPORTEUR -HERFURT

DISCUSSION TOPIC VI. THIRD COUNTRY PROGRAMS

PRESENT: TAYLOR, JOHNSON, WESTMORELAND, KILLEN, FLOTT

RAPPORTEUR - FLOTT

DISCUSSION TOPIC VII. SHAPE OF U.S. NEGOTIATING POSITION

PRESENT: TAYLOR, JOHNSON

DISCUSSION TOPIC VIII. CONTINGENCY PLANNING AGAINST UNPLEASANT
POLITICAL OR MILITARY DEVELOPMENTS.

PRESENT: TAYLOR, JOHNSON, WESTMORELAND, MANFULL

- A. INTRODUCTION OF A NEUTRALIST GOVERNMENT
- B. ANARCHIC SITUATION RESULTING FROM PROGRESSIVE EROSION OF
AUTHORITY AND MORALE.
- C. MAJOR INCREASE OF COMMUNIST EFFORT IN SVN TO INCLUDE USE
OF UNITS OF PAVN.
- D. A MAJOR COMMUNIST INITIATIVE FOR A NEW GENEVA CONFERENCE
A "NEGOTIATED SOLUTION".
- E. A COUP MOUNTED BY CATHOLICS AND YOUNG COMBAT OFFICERS
SHOULD IT APPEAR THAT KHANH IS ATTEMPTING TO GAIN POWER OR
INSTALL AN ADMINISTRATION FULLY RESPNSIVE TO THE BUDDHISTS.

RAPPORTEUR - MANFULL

TIME SCHEDULE

THURSDAY

- 1. MEETING WITH TAYLOR AND JOHNSON AT AMBASSADOR'S OFFICE
- 2. MEETING WITH U.S. MISSION COUNCIL
DISCUSSION TOPIC I.
- 3. DISCUSSION TOPIC II.
- 4. LUNCHEON AT AMBASSADOR'S RESIDENCE
DISCUSSION TOPIC V.
- 5. VISIT MACV. DISCUSSION TOPIC III.
- 6. WORKING RECEPTION AT TAYLOR'S RESIDENCE
U.S. MISSION
DIPLOMATIC CORPS

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FRIDAY

1. DISCUSSION TOPIC IV AND VIII.
2. CALLS ON SUU, OANH, KHANH, VIEN AT INTERVALS DURING DAY
3. LUNCHEON AT AMBASSADOR JOHNSON'S RESIDENCE. DISCUSSION TOPIC VI.
4. DISCUSSION TOPIC VII WITH JOHNSON
5. WORKING RECEPTION BY GENERAL WESTMORELAND
U.S. MISSION
SELECTED VIETNAMESE MILITARY LEADERS

SATURDAY

1. MEETINGS WITH RELIGIOUS LEADERS.
2. WORKING RECEPTION BY AMBASSADOR JOHNSON
U.S. MISSION
VIETNAMESE POLITICAL LEADERS
PROPOSED BILLETING FOR PRINCIPALS OF YOUR PARTY FOLLOW:
BUNDY WITH TAYLOR
UNGER WITH JOHNSON
MCNAUGHTON WITH WESTMORELAND
COOPER WITH DESILVA

WILL YOUR COLLEAGUES STAY-ON YOUR SCHEDULE OR DO THEY WISH ANYTHING SPECIAL PREPARED? IF YOU COULD ADD A FOURTH DAY, WE COULD GET YOU INTO THE FIELD AND GIVE YOU SOME FEEL OF THE WORK IN THE PROVINCES. I DO NOT SEE HOW WE COULD SQUEEZE A FIELD TRIP INTO A THREE-DAY PROGRAM. TENNIS, GOLF AND SWIMMING WILL BE AVAILABLE IN THE GAPS IN THE WORKING SCHEDULE.

PLEASE REACT IF THE FOREGOING SCHEDULE IS NOT TO YOUR SATISFACTION.

CFN 1. A. VC B. GVN C. VN D. US/GVN (1) (2) E. F. II. A. B. C. D. III. SVN A. II B. C. 34-A D. II E. II F. II J-5 IV A.B. C. V. VI. VII. VIII. A. B. C. SVN PAVN D. E. COUP 1. 2. I 3. II 4. V 5. MACV III 6. I. IV VIII 2. 3. 4. VII 5. 1. 2.

TAYLOR

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NLS 85-77	
By <u>OKH</u>	WARS, Date <u>5-19-86</u>

2/1/65

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TO: AmEmbassy Saigon

EXCLUSIVE FOR AMBASSADOR TAYLOR FROM McGEORGE BUNDY

LOR

President with
Your 2365 reviewed by ~~visiting team and by President~~. We recognize the hazards in striving for too much precision in the agenda and in over-organizing the visit. Thus, the following comments are suggestive and illustrative of our interests rather than hard and fast requirements.

In general, I am primarily interested in coming away with a sense of what kind of pressures you and your senior subordinates feel can be effectively applied to the VC and Hanoi. In this connection, I want to get your views without any constraints you may feel are imposed by existing policy or moods anywhere. For this reason, I am anxious that our discussions will be informal, uninhibited and as leisurely as we can realistically make them.

Specifically, with respect to Topic I, I wonder whether we can postpone "E" and "F" until we talk about Topic III. It may well be, in fact, that we will want to save a definitive discussion of our future military and political policy and posture until we have disposed of most, if not all, of the other topics.

Re Topic II, while the subject and the sub-topics all seem worthwhile, I hope that the discussion will be focussed on what to me seems a basic question: Do we in fact need a stable government in order to proceed

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aggressively and effectively with pacification? Or to put it another way, how can we step up our pacification effort on the assumption that there will not be a stable government?

Re Topic III, I would like to pose for inclusion here (perhaps as part of ~~III-A~~ ^{and State member} the pre-emptive positioning of US forces along the DMZ or elsewhere as appropriate.) ^{as part of a Phase II action} (The Australians have expressed keen interest in this and we would like to get your views.) I am especially interested in your views re "III-F Political" and hope that we will leave ample time to discuss this.

As far as Topic IV is concerned, I wonder whether it is necessary to discuss this as a separate item. If a Khanh-controlled government has some staying power and is reasonably effective, I think we're probably stuck with it. If it does not, we run into some of the nasties in your Topic VIII and can face up to the problems at that point.

The President has expressed particular interest in Topic V (Evacuation) and in your 2369 on this subject. The President will come to a definite decision of this question upon our return.

Re Topic VI, I think that one or two of my colleagues can deal with many of the aspects and problems of third country aid prior to our discussion and consequently we probably will be able to dispose of the subject in very short order. In essence, I want to acquire a feel as to whether, all things considered, the overall benefits are worth the local costs,

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and how much
and whether we should continue to solicit more help or quit, while we are still ahead.]

Re Topic VIII, two nitpicks: I wonder if we should put much effort in "D"; rather, I think we should give a bit of thought to the contingency of a fast deterioration involving a US withdrawal and/or a GVN-DRV negotiated settlement.

Aside from the specific points for discussion, a few other matters are worth noting:

(1) Included in our party will be General Goodpaster who is coming at the express wish of the President to ensure full military liaison on forward planning for any wider action.

(2) I am a bit worried about the three "receptions." Can we eliminate the one for the Diplomatic Corps? I do want to meet the GVN politicians and generals, however.

(3) I plan to take your advice and stay one extra day for the purpose of getting out into the country. I assume that Sunday will be the best day for this.

(4) I will make a bland arrival statement and have a press backgrounder on departure. *and forward* (We will prepare the arrival statement here based on your suggestions). Beyond this, we plan to keep our press contacts at a minimum. *and forward* Announcement of the visit will be made by WH this afternoon.

(5) Please discourage GVN from arranging "spontaneous" arrival and departure demonstrations.

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(6) We have postponed De Soto operation until after Tet. It is
new scheduled for ⁷6 February.

(7) I have not worked out a definite order of march for my colleagues.
We will have a better idea upon our arrival, but in any case will play it
fairly loose. We may find it worthwhile for some of my group to have
separate discussions with other members of the Mission.

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(page 4 of 4 pages)

THE SECRETARY OF STATE
WASHINGTON

ORIGINAL

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February 1, 1965.

MEMORANDUM FOR THE PRESIDENT

Subject: Jordan Arms Request - Impact on
Near East Policy

THE ISSUES

Pressures, applied through the Unified Arab Command (UAC), for an arms buildup in Jordan as part of a larger Arab effort to attain military parity with Israel pose potential threats to very important American interests. At issue are:

1) How to meet King Hussein's arms requests, levied by the UAC, without abandoning our traditional policy of restraint on arms sales in the Near East, which has so far served us well by preventing a polarization of the Arab-Israel dispute along Cold War lines; and

2) How to obtain Israel's acquiescence in the sale of U.S. arms to Jordan.

The enclosed paper sets forth The Problem, as we see it, proposes A Strategy For The Years Ahead, discusses The Situation in some detail, describes The Stakes at issue, sets out pertinent Policy Considerations and makes Recommendations.

Henry Kissinger
for Dean Rusk

Enclosure

Group 3
Downgraded at 12-year intervals;
not automatically declassified.

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E.O. 12958, Sec. 3.6

NLI 98-200

By *is*, NARA Date *5-3-99*

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THE PROBLEM

During 1964 we have been trying to maintain an even keel in our Near East relations in the backwash of Arab reaction to Israel's completion of its Jordan River diversion project. The Arabs have equated the diversion with the establishment of the State of Israel in Arab territory and Nasser has used their emotional reaction to forge a solidarity, the duration of which will be central to our problems in the area in the years ahead. How the West meets the force of Arab Nationalist solidarity can be a factor in whether it is consolidated or diffused. How the United States meets its challenges will in part determine whether the trend will be to a polarization that would identify us wholly with Israel and unite the Arabs in alliance with the Soviets and Chicoms against us.

A STRATEGY FOR THE YEARS AHEAD

We need to engage in a series of complex operations to reduce the threat to our major interests and avert the danger of polarization in the area by:

(a) Using our diplomatic, political, economic and military power to maintain the best possible bilateral relations with all area states and to avoid a confrontation with "radical" Arab states so long as they avoid damaging our major interests.

(b) Encouraging social, economic and political reform and affording an alternative to Soviet economic support and military supply using, where necessary, highly selective military sales, to prevent a Soviet monopoly on arms supply to the Arabs.

(c) Persuading the Israelis that controlled Western sales to the Arabs, though painful for Israel to watch, will enhance the prospects of peace in the area.

(d) Renewing endeavors in the United Nations and directly with the parties to the dispute over Palestine to develop a trend toward eventual acceptance of Israel as a Near Eastern state.

Detailed recommendations appear below.

THE SITUATION

(a) Having sensibly eschewed war as an immediate riposte to the Israeli water works, the Arab states have for the time being come

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together to sponsor and finance (1) Arab diversion works in Syria and prospectively in Lebanon and Jordan to deny to Israel much of the flow from the sources of the Jordan River; (2) a Unified Arab Command, ostensibly to protect Arab soil from Israeli aggression (preemptive or punitive attacks) against Arab water works; (3) the Palestine Liberation Organization, to stir up Palestine refugee pressure to return to old homesteads now in Israel; and (4) unified Arab diplomatic and economic pressures against Israel, including the boycott of foreign firms doing business with Israel.

(b) The united Arab front against Israel has so far survived for 12 months and shows signs of continuing, because of fear of Israel and because currently high--and still growing--oil revenues permit relatively easy financing of Arab schemes mainly by such states as Kuwait (which sees such payments as a way of buying into the club of independent Arab states), Iraq, Saudi Arabia, Qatar, Libya, etc. How long this pattern of united action will remain dominant is a central question. Already there are signs that the usual divisions may re-emerge. Kuwait and some others have given indications of tiring of the heavy assessments, and some inter-Arab disputes (as in the Yemen) have reintensified.

(c) All our estimates continue to show Israel as maintaining its military superiority over the Arab states for the foreseeable future. Nonetheless, the arms race goes on. Israel is increasing its conventional weaponry, probably is getting French SSM's, and may be exploring nuclears. The U.A.R. is obtaining more and better Soviet conventional equipment and is experimenting (not so far very successfully) with home-made missiles. Iraq and Syria are getting Soviet-made conventional arms. Saudi Arabia, Lebanon, and particularly Jordan are requesting new U.S. weaponry, including supersonic fighters, to be paid for in the latter cases by UAC funds.

(d) Israel's security anxieties are increasing rapidly because of the threats inherent in a united Arab front, the growing military strength of Arab countries, Arab diversion works which in time could cut off important water supplies to Israel, and more activist postures by Syria and Jordan along Israel's borders and by political organizers among the Arab refugees. Israel has grown increasingly firm and even provocative in border patrolling, and the number of military incidents along its borders is rising. Responsible Israelis do not now rule out the possibility of preemptive or punitive strike against Arab targets.

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(e) The Soviet Union, apparently envisaging new opportunities in the strongly anti-Israeli stance of all Arabs and anti-"imperialist" stance of some Arabs, and possibly goaded by Chicom rivalry, is stepping up its activities in the Arab world. In the past year the U.A.R. has obtained new military hardware and a new pledge of \$280 million economic loans from the Soviet Union, promise of a \$60 million loan from Communist China, and a \$100 million loan from Kuwait. In contrast, the U.S. has offered no military assistance, made no economic development loan since 1963, maintained a small (\$2.3 million) technical assistance program, and remained committed to the third and final year of a 1962 PL-480 agreement.

(f) The U.A.R. is involved not only with other Arab states vis-a-vis Israel, but also directly in the Congo problem and certain other "liberation movement" situations. In most if not all of these, our objectives are in conflict. In other situations, however (e.g., the Chase Manhattan boycott, certain issues in the non-aligned conference, etc.), U.A.R. efforts have helped us against other radical states.

(g) By cutting off PL-480 commodities from the U.A.R., the U.S. could hurt Nasser but probably not topple him (and, in any case, no visible prospective successor looks better). It would also set in train an Aswan-like reaction by Nasser leading to such punitive actions as cancellation of our MATs and commercial airline rights, inspection of vessels transiting the Suez for radioactive hazards, stepped-up pressure against the Wheelus base agreement, removal of UNEF from Egyptian soil with the consequent threat to the Israeli port of Eilat and of a direct Israeli-U.A.R. military confrontation, further stirring up of other Arab states against Israel, etc.

(h) Many of our friends and most of our opponents would like to force the U.S. into actions that would tend to polarize the Near East. So would some Americans.

THE STAKES

Our major interests in the Near East are:

(a) The maintenance of peace, to preserve the freedom and integrity of Israel and the other states in the region. (cf: JFK statement 5/8/63)

(b) Ready access to and transit through the area by air, sea or land.

(c) Continued availability of oil and its economic movement to Europe.

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(d) Denial of any part of the area to Communist-state control.

(e) Economic growth and political stabilization to increase the prospects of independence and stability.

The defense of these major interests (particularly the first four) is our central concern.

POLICY CONSIDERATIONS

I believe the following are pertinent:

(a) Over the past years, none of our major interests have been damaged. We have dealt with lesser problems within the framework of our flexible bilateral relations with all states in the area. We must continue this.

(b) We cannot permit any state to challenge a basic interest without opposing it vigorously. If we cannot with dignity avoid a confrontation with the U.A.R., it has the power in the area to attack our special positions and to mobilize most if not all other Arabs into an anti-Israel front, thus effecting polarization since the Soviets would exploit the opportunity to give all-out support to the Arabs against Israel, "the beachhead of western imperialism in the Arab East." Saudi Arabia might be in a position to maintain useful relations with us, but Jordan probably would have to follow the Arab Nationalist line or the regime would succumb to internal and external pressures that could be mounted from Cairo.

(c) Assuming, however, that we can maintain tolerable relations with Cairo, there is the possibility of continuing the strengthening of the regimes and capabilities of Jordan, Saudi Arabia, and Lebanon. In addition, we could and should continue to compete with the Soviets in the U.A.R, Syria, and Iraq by offering alternatives to full dependence on the Soviets. This would involve continued "Food for Peace" programs and a willingness, in the case of Jordan, Lebanon and Saudi Arabia, to sell military equipment up to the minimum levels being insisted upon and financed by the UAC.

(d) Although Israel may in fact understand that U.S. military deliveries to Arab states participating in the UAC buildup is the least disadvantageous of alternatives at hand, vigorous high-level efforts will be required to persuade Israel's friends in this country that such a course (1) gives us a restraining hand on the amounts and types of equipment made available to these states; (2) prevents the

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introduction of Soviet equipment and Soviet or Syrian/Egyptian/Iraq trainers and technicians along the long frontier with Jordan; (3) loosens the "radical" Arabs' otherwise total grip on the UAC, thus strengthening and speeding the prospects of a splintering of the support for the UAC.

Continuing strong high-level efforts will be required to resist pressures for compensating U.S. sales to Israel which would polarize the Near East to both Israel's and our disadvantage.

RECOMMENDATIONS

A. That we actively and aggressively seek to resolve policy differences with the U.A.R. while carrying forward on our present PL-480 commitments and holding out the carrot of a new agreement for a further period. Should we be able to arrive at an acceptable political compromise on the Congo, limited economic development lending would be considered.

B. That we proceed to discussions of the Jordanian military shopping list along the general lines of a 5-year, \$55 million ground equipment program and a major effort to persuade Hussain to purchase the supersonic aircraft he insists he needs from some Western European supplier -- with the fallback that we will consider the sale and delivery of one squadron of U.S. planes as early as 1968 (after pilot training and construction of airfield for jets) as a last resort to prevent his taking MIGs.

C. That we inform Israel of the move we intend to make and seek to abort its strong adverse reaction with the argumentation developed above.

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