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# NATIONAL SECURITY COUNCIL

UNITED STATES OBJECTIVES AND POLICIES WITH RESPECT TO  
THE NEAR EAST



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by D. Regep, Mrs. Snapp

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## NOTE BY THE EXECUTIVE SECRETARY

to the

NATIONAL SECURITY COUNCIL

on

UNITED STATES OBJECTIVES AND POLICIES WITH RESPECT TO  
THE NEAR EAST

- References:
- A. NSC 155/1
  - B. Memo for NSC from Executive Secretary, same subject, dated July 6, 1954
  - C. Memo for All Holders of July 6 Memo, dated July 12, 1954
  - D. NSC Action No. 1184
  - E. NSC 5402 and 5409
  - F. NIE 30-54

The National Security Council, the Secretary of the Treasury, and the Director, Bureau of the Budget, at the 207th Council meeting on July 22, 1954, adopted the amendments to the statement of policy on the subject in NSC 155/1 and the statement of policy supplementary to NSC 155/1 transmitted by the reference memorandum of July 6, subject to the changes therein which are set forth in NSC Action No. 1184.

The President has this date approved the amendments to NSC 155/1 and the supplementary statement of policy referred to above, as amended and adopted by the Council and enclosed herewith; directs its implementation by all appropriate executive departments and agencies of the U. S. Government; and designates the Operations Coordinating Board as the coordinating agency. Also enclosed for Council information are the Financial Appendix previously circulated by the reference memorandum of July 12 and the NSC staff study originally contained in NSC 155/1, incorporating the amendments therein which were transmitted by the reference memorandum of July 6.

Accordingly, NSC 155/1 is hereby superseded.

JAMES S. LAY, Jr.  
Executive Secretary

cc: The Secretary of the Treasury  
The Director, Bureau of the Budget  
The Chairman, Joint Chiefs of Staff  
The Director of Central Intelligence

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UNITED STATES OBJECTIVES AND POLICIES WITH RESPECT TO THE NEAR EAST



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STATEMENT OF POLICY

by the

NATIONAL SECURITY COUNCIL

on

UNITED STATES OBJECTIVES AND POLICIES WITH RESPECT TO  
THE NEAR EAST\*



GENERAL CONSIDERATIONS

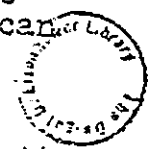
1. The Near East is of great strategic, political and economic importance to the free world. The area contains the greatest petroleum resources in the world; essential locations for strategic military bases in any world conflict against Communism; the Suez Canal; and natural defensive barriers. It also contains Holy Places of the Christian, Jewish, and Moslem worlds, and thereby exerts religious and cultural influences affecting people everywhere. The security interests of the United States would be critically endangered if the Near East should fall under Soviet influence or control.

2. Current conditions and trends in the Near East are inimical to Western interests. During recent years the prestige and position of the West have declined. The nations of the Near East are determined to assert their independence and are suspicious of outside interest in their affairs. In particular, the influence of the United Kingdom has been weakened, with distrust and hatred replacing the former colonial subservience. France is also disliked and distrusted because of her refusal to free Morocco and Tunisia and because of her former role as a mandate power in Syria and Lebanon. Some of the distrust of the United Kingdom and France has devolved upon the United States, as an ally of both. Even more important, the Arab nations are incensed by what they

\*Includes Egypt, Yemen, Jordan, Saudi Arabia, Lebanon, Syria, Iraq, Israel, Anglo-Egyptian Sudan, the Arabian Peninsula Sheikdoms. Iran, the subject of a separate policy statement (NSC 5402), is not included. This paper takes into account the importance of Turkey and Pakistan to the Near East, particularly as regards defense of the area, but does not attempt full coverage of U. S. policies toward Turkey and Pakistan, which are included in other NSC reports (NSC 5402, NSC 109; and NSC 5409).

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believe to be our pro-Israel policy. In addition, acute political and economic instability; military weakness; widespread unrest; Arab-Israel tensions; the UK controversies with Egypt, Iran and Saudi Arabia; the French North African problem; and the Soviet activity are also unfavorable to the West.



3. In the Near East the current danger to the security of the free world arises not so much from the threat of direct Soviet military attack as from a continuation of the present unfavorable trends. Unless these trends are reversed, the Near East may well be lost to the West within the next few years.

4. Efforts to prevent the loss of the Near East will require increasing responsibility, initiative, and leadership by the United States in the area. Even though British and French influence in the Near East has declined, the UK retains substantial interests, experience, and security positions, so that the United States will need to act in concert with the United Kingdom to the greatest extent practicable, while reserving the right to act with others (e.g., France and Turkey) or alone. It is important to the settlement of outstanding political disputes that the United States convince the Arab states that it is capable of acting independently of other Western states and of Israel.

5. The rate of economic growth and distribution of its benefits are among the important factors affecting internal stability, popular and leadership attitudes toward the Free World and Communism, and the maintenance of governments free of Communist control or influence. It is in U. S. interests to help guide the social and economic pressures for revolutionary change into channels leading to healthy economic growth while maintaining and improving political stability.

6. a. An increase in military training and strength in the Near East would help to induce internal stability and political orientation towards the West, and may instill in the local peoples confidence in their ability to help protect themselves.

b. The best prospect for creating an indigenous regional defense arrangement in the Near East lies in the concept of the "northern tier", which would include Turkey, Pakistan, Iran and Iraq. The Turkish-Pakistan

Pact is the first step in this direction.\* Greater strength may be obtained in the initial stages by limiting the defense arrangements to the four states named. The concept has aroused resentment on the part of certain Arab states, especially Egypt and Saudi Arabia, but may provoke a desirable pull away from the negative Arab League.

c. The immediate effects of a regional defense arrangement may be expected to be primarily political and psychological rather than military. Such a grouping should strengthen Western-oriented elements and tend to bring about greater awareness of the Soviet threat and greater willingness to cooperate both regionally and with the West. However, it would not, in itself, materially affect the internal weaknesses which have thus far undermined Near East strength and stability.

d. Militarily, a regional defense arrangement together with U. S. military aid programs, may permit the eventual significant reduction of the requirement for outside ground forces. However, achievement of even this limited goal would be a long and costly operation, and effective Near East defense will continue to depend for the foreseeable future on substantial Western force contributions.

\* The key security provisions of the Pact are:

Article 2. "The contracting parties will consult on international matters of mutual interest and, taking into account international requirements and conditions, cooperate between themselves to the maximum extent."

Article 4. "The consultation and cooperation between the contracting parties in the field of defense shall cover the following points:

- A. Exchange of information for the purpose of deriving benefit jointly from technical experience and progress.
- B. Endeavors to meet, as far as possible, the requirements of the parties in the production of arms and ammunition.
- C. Studies and determination of the ways and extent of cooperation which might be effected between them in accordance with Article 51 of the Charter of the United Nations, should an unprovoked attack occur against them from outside."

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e. The indigenous nature of the organization is an essential feature. The creation of strength and self-reliance, regardless of whether any formal link to the West is established at this time, will be an important impediment to Soviet cold-war activities, including subversion. Until progress can be made in settling present disputes between the British, French and Arabs and until Arab resentment toward the West arising from the creation of Israel can be reduced, there is little possibility of including both the Arab states and the West (except Turkey) in a formal defense organization.

f. Adherence of Iraq and Iran will require an improvement in the political climate in these states. In addition, the support of the British will be an important factor in determining the success of the "northern tier" concept. Efforts should be made to overcome the doubts now held by the UK, particularly regarding the inclusion of Iran.

g. U. S. military equipment available to strengthen the area should be channeled primarily to the "northern tier" states, and when appropriate to Egypt, which offer the best prospect of creating real strength. A large flaccid grouping, each member of which receives a nominal amount of military aid, will provide neither military strength nor political attraction.

h. Military aid plans must take into account the economic capabilities of the states receiving such aid. A rapid military build-up, even in selected countries, might have damaging economic and political effects.

i. Inclusion of Israel at this time would result in Arab refusal to cooperate. Moreover, U. S. arming of the Arabs and efforts toward a regional grouping would continue to arouse sharp Israel opposition and increase Arab-Israel tensions. Because of the present preponderance of Israel's military strength, arms aid to the Arab states would not materially change the power relationship for a considerable period, but adequate safeguards are desirable to prevent misuse in the future and justified concern by Israel. If these dangers can be met, successful development of the security arrangements should in the long run exert a helpful effect on the Arab-Israel problem.

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OBJECTIVES

7. Availability to the United States and its allies of the resources, the strategic positions, and the passage rights of the area, and the denial of such resources and strategic positions to the Soviet bloc.

8. Stable, viable, friendly governments in the area, capable of withstanding communist-inspired subversion from within, and willing to resist communist aggression.

9. Settlement of major issues between the Arab states and Israel as a foundation for establishing peace and order in the area.

10. Reversal of the anti-American trends of Arab opinion.

11. Prevention of the extension of Soviet influence in the area.

12. Wider recognition in the free world of the legitimate aspirations of the countries in the area to be recognized as, and have the status of, sovereign states; and wider recognition by such countries of their responsibility toward the area and toward the free world generally.

GENERAL COURSES OF ACTION



13. The United States should:

a. Assume an increased share of responsibility toward the area, acting in concert with the United Kingdom to the greatest extent practicable, but reserving the right to act with others or alone.

b. Capitalize on such elements of strength as remain to the British in the area by such support of United Kingdom positions as may be consistent with U. S. principles and policy objectives.

c. Win the Arab states to a belief that we sympathize with their legitimate aspirations and respect their interests.

d. Increase its efforts to achieve a settlement of the political differences among the states of the area, and between them and the Western nations.

e. Seek to guide the revolutionary and nationalistic pressures throughout the area into orderly channels not antagonistic to the West, rather than attempt merely to preserve the status quo.



f. Stimulate measures of self-help, encourage the expansion of private investment, and provide somewhat increased economic and technical assistance.

g. Render limited military assistance.

h. Encourage the development of indigenous regional defense arrangements which will increase the stability and strengthen the security of the area. Be prepared eventually to participate in such arrangements, when the political climate in the area makes this practicable.



i. Support leadership groups which offer the best prospect of orderly progress towards free world objectives. Seek to increase the participation of intellectuals in Western-oriented activities.

j. Make clear to the nations in the area the basically hostile intentions of the Soviet regime.

k. Strengthen cultural, educational and information programs.

SPECIFIC COURSES OF ACTION

14. a. Saudi Arabia. The United States should strengthen its special position with respect to Saudi Arabia to an extent compatible with general U. S. policies in the area.

b. The United States should take all appropriate measures to bring about the cancellation of the agreement between the Saudi Arabian Government and Onassis for the transport of Saudi Arabian-produced oil and, in any case, to make the agreement ineffective.

15. Arab-Israel Tension\*

16. Egypt. The United States should:

a. In concert with the United Kingdom and Egypt, seek an early negotiated settlement of the Suez Canal base and related defense questions. Such a settlement should provide for withdrawal of British forces, but

\*A detailed, supplementary statement of policy on the Arab-Israel problem is attached.

under conditions to insure the continued maintenance of the base and its availability to the Western Powers in the event of hostilities or grave threat thereof.

b. Take such steps, and secure the necessary commitments, as to best insure that the Suez Canal remains open to international trade.

c. As progress in reaching an Anglo-Egyptian settlement warrants, extend economic and military assistance to Egypt.



17. Area Defense. The U. S. should:

a. Develop secretly plans for the defense of the area with the UK, Turkey, and such others as may be desirable.

b. Conduct secret military-political conversations in the near future with the UK regarding development of the "northern tier" concept as an indigenous movement, not linked formally at this time with the Western Powers or with Western defense organizations except through the participation of Turkey.

c. Encourage when appropriate the adherence of Iraq and Iran to the Turkish-Pakistan Pact, avoiding pressure but endeavoring to create political conditions which will make adherence possible and attractive.

d. Associate Egypt with the defense arrangements should she so request, and make clear to her that the "northern tier" concept does not derogate from the importance the U. S. attaches to strengthening Egypt. Neither encourage nor discourage other Arab states from asking to participate in regional security arrangements. In order to avoid creating harmful friction, treat sympathetically any overtures made, but bear in mind the importance of maintaining the indigenous nature of the organization and the desirability of concentrating available U. S. military assistance. Pending the settlement of Arab-Israel tensions, refrain from supporting requests from Israel to join such defense arrangements.

e. Continue military aid to the states forming the "northern tier" (Turkey, Pakistan, Iran and Iraq) and undertake military assistance to Egypt when developments regarding the Suez Base warrant it. Render mili-

tary assistance at an appropriate later date to other Arab states depending on (1) their willingness to contribute to regional defense arrangements; (2) the effectiveness of such assistance in creating political and military strength; (3) the status of the Arab-Israel conflict. In addition, military assistance may be provided where it may be necessary to further specific U. S. security interests such as transit and base rights. Control the scope, character and phasing of military assistance to minimize the possibility of its use for aggressive purposes; and furnish military aid only after receiving appropriate guarantees against its use for aggression. Consider the politico-economic situation in plans for military build-up which might require appropriate measures to prevent damaging political and economic effects.

f. When politically feasible, seek to obtain transit and base rights where required within the area, and, upon the threat of and during general hostilities, the right to operate forces in the territories of the various nations of the area.

g. If formal U. S. commitments with respect to the regional defense arrangements, or association of the arrangements with other defense organizations of the Western Powers, should appear desirable, appropriate proposals should be submitted for Council consideration.

18. Economic Aid. The United States should:

a. Give somewhat increased economic aid so as to provide a base for necessary economic development, encourage the concept of self-help and mutual cooperation, and contribute to the settlement of disputes in the area. Maintain flexibility in the use of available funds on a regional basis so as to take advantage of changing developments in an unstable area.

b. Encourage Near Eastern governments to recognize that the bulk of the capital required for their economic development can best be supplied by private enterprise and public banking facilities, and that their own self-interest requires the creation of a climate which will attract private investment.

c. Continue to provide limited financial assistance towards the settlement of the Arab refugee problem.

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d. Continue limited technical assistance with emphasis on increased food production, and better health, education, communications, and transportation. Encourage private foundations and industry to provide technical assistance for the same purposes.

e. Encourage the wise use by each country of its oil royalties to promote a more stable and viable economy. In this regard, consideration should be given to the establishment of an area-wide development fund, in which the West would participate, and through which states having no oil resources might benefit from those who have.

f. Progressively reduce the amount of economic aid furnished to Israel, so as to bring it in to impartial relationship to aid to others in the area.



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SUPPLEMENTARY STATEMENT OF POLICY  
ON THE ARAB-ISRAEL PROBLEM



GENERAL CONSIDERATIONS

1. During the past year tensions have increased between the Arab states and Israel, and the Soviet Union has stepped up its activities in the Near East. The point has been reached where new means should be sought to alleviate the situation, not only because of the seriousness of the Arab-Israel problem per se, but in order to preclude the danger of the loss of the Near East by the West.

2. A definitive peace between the Arab states and Israel should continue to be the ultimate objective of the U.S., but it is unrealistic to hope for a permanent settlement in the early future because of presently irreconcilable basic attitudes. The U.S. approach should be gradual and practical.

\* 3. On the Arab side, small-scale infiltration persists on the part of individuals and small groups acting on their own responsibility. There is no evidence of organized military activity by the Arab states acting in concert or by any individual Arab state. On the other hand, the Israel Government, concerned at the failure of its efforts to secure peace on the basis of the status quo, appears to be following a deliberate policy of reprisals based on the theory that matters will have to be made worse before they become better. Divided counsels exist within Israel over how far the risk of open warfare should be carried, and danger exists that Israel's present tactics will lead to open fighting either by accident or through deliberate resort to preventive war.

4. Each side is fearful that the other possesses aggressive intentions. The Arabs doubt that the U.S., UK and France will act to restrain Israel and read with foreboding of Israel efforts to stimulate immigration. Israel is alarmed at the recent steps indicative of the U.S.'s impartial attitude, which Israel interprets as a change from traditional U.S. friendship. Her concern is intensified by the U.S. program of arms aid to the Arabs, which she fears may diminish her present military superiority, and encourage an eventual Arab attack.

5. Reduction of border tensions and effective assurances to both sides against aggression are prerequisites to progress towards a peaceful settlement. These tasks are beyond

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the capacity of the parties acting by themselves. Despite continued U.S. support, the UN alone also appears incapable of coping with the problem in view of its loss of prestige in the area and in the face of current Soviet obstructionism. Therefore, the U.S. Government, in association with other powers, is impelled to assume responsibility in developing solutions and ensuring their implementation. The measures taken should be commensurate in scope and firmness with the seriousness of the problem, and should serve: (1) to deter Israel from embarking upon aggression as a preventive measure while she has military superiority; (2) to allay the fears of Israel with respect to the possibility of Arab aggression following a program of arms aid to the Arab countries; (3) to deter the Arab countries from giving serious consideration to aggressive actions against Israel following the receipt of arms. Much of the effectiveness of these measures as a deterrent depends on the extent to which the U.S. is prepared to declare itself openly.



6. To accomplish its objective of bringing the Near East behind the Iron Curtain the USSR is striving to create chaos and to nullify the influence of the Western Powers. Recently concluded trade agreements, industrial fairs, public announcements, and, particularly, actions in the UN, reflect the increased USSR attention to the area. Continuation of the present trend toward consistent and open championship of the Arabs would give the USSR an effective and inexpensive means of improving its position in the area. Should a further deterioration of the security situation occur, the resulting unrest would provide the USSR with manifold opportunities for improving its position. Should Israeli aggression occur and the Western Powers fail to restore the situation, a decisive movement of the area away from the West and possibly into the Soviet sphere of influence must be anticipated.

7. Collaboration with the UK in developing and implementing area policies is important. Although UK influence has declined, Britain retains substantial interests and assets. Of particular significance is the Anglo-Jordanian Defense Treaty, under which Britain has informed Israel she will act in case of any Israel attack on Jordan. While France may be expected to provide little effective help, her association in the Tripartite Declaration of May 1950 suggests assigning here a nominal role if possible without impairing the measures we regard as necessary. Turkey, a member of the Palestine Conciliation Commission, might play a useful role but here effectiveness would be counter-balanced in part by Arab suspicions of Turkish aspirations in the Near East.

8. Progress on the Arab-Israel problem would affect significantly the willingness of states in the area to participate in indigenous collective security arrangements for

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defense against Soviet aggression. Concomitant development of security arrangements should ultimately serve to place the Arab-Israel question in its proper perspective and diminish the predominant preoccupation of the Arab states with Israel.

OBJECTIVES

(Supplementary to those in the basic paper)

9. a. To deter an armed attack by Israel or by the Arab states, and if an armed attack should occur attacking state to relinquish any territory seized.
- b. To reduce current Arab-Israel tensions and promote an eventual clear-cut peace between the Arab states and Israel.
- c. To alleviate the Arab refugee problem.

COURSES OF ACTION

10. a. In the event of major armed conflict between Israel and the Arab states, the U.S. should be prepared to take the following action against the state or states which are determined by a UN finding or, if necessary, by the U.S., to be responsible for the conflict or which refuse to withdraw their forces behind the Palestine Armistice line of 1950:
- \_\_\_\_\_
- \_\_\_\_\_

c. Take the following actions either before or concurrent with measures outlined in paragraph 10-a:

- (1) Urge other countries, as appropriate, to take action similar to that of the United States.
- (2) Make every effort to secure United Nations sanction and support for all such actions.



11. a. In collaboration with the United Kingdom, and to the extent desirable and feasible with France and Turkey, develop plans to support the measures in paragraph 10-a above.

b. Make the studies

above unilaterally. At such time later as it may be indicated, be prepared to collaborate in such planning with the United Kingdom and to the extent desirable with other nations.

12. At a time and in a way he deems most likely to be effective, the Secretary of State should inform Israel and the Arab states privately that the United States, in accordance with existing policy, will seek to prevent resort to armed aggression by either Israel or the Arab states and, if it should occur, will seek to stop it quickly.

13. As appropriate, enlist Congressional support for the measures in the above paragraphs.

14. Pursue actively, both directly and through the UN, measures to establish tranquillity along the Arab-Israeli armistice line, working in collaboration to the extent desirable and feasible with the UK and France.

15. Use U. S. influence to secure Arab-Israeli boundary settlements, which may include some concessions by Israel.

16. Cooperate in seeking a fair settlement of the status of Jerusalem and the Holy Places in Palestine, acceptable to the states directly involved and to most nations of the free world.

17. Maintain both the fact and appearance of impartial friendship with the Arab states and Israel, avoiding preferential treatment of any state and demonstrating equal interest in the well-being of each.

18. Seek by all appropriate means to secure an agreed and equitable division of the waters of the Jordan river system between Israel and the interested Arab states and the establishment of an international control authority. Take such steps as may be feasible to ensure that neither party prejudices the allocation of the available waters by an international control authority. Link the development of the Jordan Valley to Arab refugee resettlement to the maximum extent practicable.



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19. With respect to Israel:

b. While progressively reducing the amount of economic aid furnished to Israel, so as to bring it into impartial relationship to aid to others in the area, exert pressure on Israel to adopt the financial measures necessary for progressing as rapidly as possible toward a self-sustaining economy, and continue to assist Israel toward viability.

c. Continue to urge Israel to accept a limited number of Arab refugees and to work out promptly arrangements for the release of blocked Arab funds and for the payment of reasonable compensation to the Arab refugees at an appropriate time, preferably in connection with actual resettlement or repatriation.

20. With respect to the Arab states:

a. Attempt to move forward as rapidly as is practicable on the Arab refugee problem by such means as resettlement in the Arab states or outside the Near East. To the extent feasible, work through the UN Relief Works Agency.

b. Continue economic and technical aid in conformity with paras. 18-a, c, and d of the above general policy statement on the Near East, emphasizing projects facilitating the resettlement of Arab refugees.

c. Extend military aid in conformity with par. 17-e of the above general policy statement on the Near East. Inform the Arab states that the U.S. may state publicly that their assurances against aggression are applicable to all countries, including Israel.

d. Work for eventual elimination of the Arab economic boycott of Israel; resist Arab efforts to impose a secondary boycott on U.S. trade with Israel;

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continue support for the Security Council resolution calling for removal of Egyptian restrictions on Suez Canal traffic to Israel; help to restore normal commercial intercourse, and surface and air transportation between Israel and the Arab states.

e. Make clear to the Arabs that we cannot accept their negative attitude toward proposals involving recognition of the existence of Israel and their refusal to consider the possibility of an eventual settlement. While reminding the Arabs that peace is the ultimate objective, exercise caution lest stress on this goal prevent Arab acceptance of the necessary intermediate steps.

21. In addition to the foregoing, use political, economic, and psychological measures to bring about in the long run a progressive reduction in tension between the Arab states and Israel leading to conditions under which ultimate peace may be secured.



FINANCIAL APPENDIX-NEAR EAST

Cost estimates in the Financial Appendix indicate order of magnitude.

Approval of the policy statement does not indicate approval of cost estimates in the Financial Appendix.

Appropriations and expenditures to finance the policy will be subject to determination in the regular budgetary process.



SPECIAL NOTES

1. All estimates are subject to the assumptions, footnotes, and summary explanation shown below in this Financial Appendix.
2. In order to cover the lead time required in some programs, funds must be made available well in advance of expenditures.
3. Amounts programmed as funds available are subject to future Executive decisions to transfer funds from one program to another, and to Congressional decisions on current appropriation requests.

ESTIMATED COST OF THE PROPOSED POLICIES

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Table I-A. Expenditures by Program--FY 1962-FY 1967  
(Millions of Dollars)

(Because totals are sums of unrounded figures, they may vary slightly from the totals of rounded amounts)



	Actual		Estimated				Total
	1952	1953	1954	1955	1956	1957	
<u>Military Assistance (Total)<sup>a/</sup></u>	-0-	-0-	-0-	5.0	10.0	10.0	25.0
Egypt <sup>c/</sup> .....	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Iraq.....	-0-	-0-	-0-	5.0	10.0	10.0	25.0 <sup>b/</sup>
<u>Economic Assistance (Total)<sup>d/</sup></u>	64.3	58.9	47.0	75.3	30.0	97.0	299.8
Egypt.....	-0-	-0-	-0-	10.0	25.0	40.0	75.0
Israel.....	53.5	58.9	47.0	46.8	30.0	25.0	148.3
Jordan.....	1.3	-0-	-0-	9.0	10.0	12.0	31.0
Lebanon.....	-0-	-0-	-0-	5.0	6.0	10.0	23.0
Syria.....	-0-	-0-	-0-	5.0	7.0	10.0	22.0
<u>Technical Assistance (Total)</u>	1.1	3.2	12.2	19.0	13.9	13.9	59.0
Egypt.....	0.1	0.3	3.0	6.5	3.5	7.0	23.0
Iraq.....	0.1	0.7	2.5	2.5	2.4	2.4	9.3
Israel.....	0.1	0.6	0.8	2.0	2.2	2.0	7.0
Jordan.....	0.2	1.3	2.3	3.5	3.0	3.0	12.3
Lebanon.....	0.5	2.1	2.1	3.0	3.0	2.7	10.3
Saudi Arabia.....	0.1	0.7	1.0	1.5	1.8	1.3	6.1
<u>Information Activities (Total)</u>	1.9	2.6	1.7	1.9	2.2	2.6	3.4
Egypt.....	0.6	1.0	0.7	0.9	1.0	1.2	3.7
Iraq.....	0.2	0.4	0.3	0.3	0.3	0.4	1.2
Israel.....	0.4	0.4	0.2	0.2	0.2	0.2	0.7
Jordan.....	*	0.1	0.1	0.1	0.1	0.1	0.5
Lebanon.....	0.3	0.4	0.2	0.2	0.3	0.3	1.0
Saudi Arabia.....	0.1	*	-0-	-0-	0.1	0.1	0.1
Sudan.....	-0-	-0-	-0-	*	*	*	0.1
Syria.....	0.3	0.3	0.2	0.3	0.3	0.3	1.1
Yemen (Aden).....	*	*	-0-	-0-	-0-	-0-	-0-
<u>Educational Exchange (Total)</u>	1.0	1.1	0.9	0.8	1.2	1.5	4.6
Egypt.....	0.5	0.5	0.5	0.4	0.4	0.6	1.9
Iraq.....	0.2	0.2	0.2	0.2	0.3	0.3	1.1
Israel.....	0.1	0.1	0.1	*	0.2	0.2	0.6
Jordan.....	*	*	*	*	0.1	0.1	0.2
Lebanon.....	*	*	*	*	*	0.1	0.2
Saudi Arabia.....	*	*	-0-	-0-	*	*	*
Sudan.....	-0-	*	*	*	0.1	0.1	0.2
Syria.....	0.1	0.1	0.1	0.1	0.1	0.2	0.4
Yemen.....	-0-	-0-	-0-	-0-	*	*	*
<u>Palestine Refugees (Total)</u>	30.0	36.0	15.0	25.0	43.0	41.0	124.0
Relief.....	18.0	16.0	15.0	15.0	13.0	11.0	54.0 <sup>e/</sup>
Reintegration.....	12.0	20.0	-0-	10.0	30.0	30.0	70.0 <sup>b/</sup>
<b>TOTAL</b>	<b>98.3</b>	<b>104.8</b>	<b>76.3</b>	<b>127.5</b>	<b>155.3</b>	<b>171.1</b>	<b>530.3</b>

\* Less than \$50,000

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Table I-3 Expenditures by Country—FY 1952-FY 1957  
(Millions of Dollars)

(Because totals are sums of unrounded figures, they may vary slightly from the totals of rounded amounts)



	Actual		Estimated				Total
	1952	1953	1954	1955	1956	1957	1954-57
<u>Egypt (Total)</u>	<u>1.3</u>	<u>2.4</u>	<u>4.2</u>	<u>7.7</u>	<u>32.9</u>	<u>48.8</u>	<u>103.6</u>
Military Assistance g/.....	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Economic Assistance .....	-0-	-0-	-0-	10.0	25.0	40.0	75.0
Technical Assistance .....	0.1	0.8	3.0	6.5	6.5	7.0	23.0
Information Activities ...	0.6	1.0	0.7	0.9	1.0	1.2	3.7
Educational Exchange .....	0.5	0.6	0.5	0.4	0.4	0.6	1.9
<u>Iraq (Total)</u>	<u>0.6</u>	<u>1.3</u>	<u>3.0</u>	<u>8.0</u>	<u>13.0</u>	<u>13.1</u>	<u>37.1</u>
Military Assistance .....	-0-	-0-	-0-	5.0	10.0	10.0	25.0
Technical Assistance .....	0.1	0.7	2.5	2.5	2.4	2.4	9.3
Information Activities ...	0.2	0.4	0.3	0.3	0.3	0.4	1.2
Educational Exchange .....	0.2	0.2	0.2	0.2	0.3	0.3	1.1
<u>Israel (Total)</u>	<u>64.0</u>	<u>59.9</u>	<u>48.0</u>	<u>49.0</u>	<u>32.6</u>	<u>27.4</u>	<u>157.0</u>
Economic Assistance .....	53.5	50.7	47.0	40.0	30.0	25.0	140.0
Technical Assistance .....	0.1	0.6	0.8	2.0	2.2	2.0	7.0
Information Activities ...	0.4	0.4	0.2	0.2	0.2	0.2	0.7
Educational Exchange .....	0.1	0.1	0.1	*	0.2	0.2	0.6
<u>Jordan (Total)</u>	<u>1.5</u>	<u>1.4</u>	<u>2.9</u>	<u>12.6</u>	<u>13.2</u>	<u>15.2</u>	<u>43.9</u>
Economic Assistance .....	1.3	-0-	-0-	9.0	10.0	12.0	31.0
Technical Assistance .....	0.2	1.3	2.8	3.5	3.0	3.0	12.3
Information Activities ...	*	0.1	0.1	0.1	0.1	0.1	0.5
Educational Exchange .....	*	*	*	*	0.1	0.1	0.2
<u>Lebanon (Total)</u>	<u>0.8</u>	<u>2.5</u>	<u>2.4</u>	<u>8.3</u>	<u>11.3</u>	<u>13.0</u>	<u>35.0</u>
Economic Assistance .....	-0-	-0-	-0-	5.0	6.0	10.0	23.0
Technical Assistance .....	0.5	2.1	2.1	3.0	3.0	2.7	10.8
Information Activities ...	0.3	0.4	0.2	0.2	0.3	0.3	1.0
Educational Exchange .....	*	*	*	*	*	0.1	0.2
<u>Saudi Arabia (Total) d/</u>	<u>0.2</u>	<u>0.8</u>	<u>1.0</u>	<u>1.5</u>	<u>1.9</u>	<u>1.9</u>	<u>6.3</u>
Technical Assistance .....	0.1	0.7	1.0	1.5	1.8	1.8	6.1
Information Activities ...	0.1	*	-0-	-0-	0.1	0.1	0.1
Educational Exchange .....	*	*	-0-	-0-	*	*	*
<u>Sudan (Total)</u>	<u>-0-</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>0.1</u>	<u>0.2</u>	<u>0.3</u>
Information Activities ...	-0-	-0-	-0-	*	*	*	0.1
Educational Exchange .....	-0-	*	*	*	0.1	0.1	0.2
<u>Syria (Total)</u>	<u>0.4</u>	<u>0.5</u>	<u>0.3</u>	<u>5.3</u>	<u>7.4</u>	<u>10.5</u>	<u>23.5</u>
Economic Assistance .....	-0-	-0-	-0-	5.0	7.0	10.0	22.0
Information Activities ...	0.3	0.3	0.2	0.3	0.3	0.3	1.1
Educational Exchange .....	0.1	0.1	0.1	0.1	0.1	0.2	0.4
<u>Yemen (Total)</u>	<u>*</u>	<u>*</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Information Activities ...	*	*	-0-	-0-	*	*	*
Educational Exchange .....	-0-	-0-	-0-	-0-	*	*	*
<u>Palestine Refugees (Total)</u>	<u>30.0</u>	<u>36.0</u>	<u>15.0</u>	<u>25.0</u>	<u>43.0</u>	<u>41.0</u>	<u>124.0</u>
<b>TOTAL</b>	<b>98.8</b>	<b>104.8</b>	<b>76.8</b>	<b>127.4</b>	<b>155.4</b>	<b>171.1</b>	<b>530.7</b>

\* Less than \$50,000

Footnotes to Tables I-A and I-B



- a/ Value of materiel shipments, plus expenditures for training, packing, handling and crating, and transportation.
- b/ \$8 million of the estimated total program of \$33 million will be expended in FY 1958.
- c/ \$20.0 million set aside for military aid to Egypt, but not programmed.
- d/ No estimates of economic assistance are included for Saudi Arabia due to the highly uncertain situation with respect to the possibilities of U. S. assistance to that country.
- e/ \$140 million is the estimated total U. S. contribution. The estimated contributions of \$102 million through FY 1957 would leave \$38 million to be contributed in FYs 1958-59. (See summary explanation below.)

TABLE II. AVAILABILITY OF FUNDS IN RELATION TO EXPENDITURES

(Millions of Dollars)

	<u>Economic Assistance</u>	<u>Technical Assistance</u>	<u>Palestine Refugees</u>
UNEXPENDED CARRYOVER into FY 1954	11.3	25.4	44
Plus: FY 1954 Funds	<u>66.5</u>	<u>13.2</u>	<u>0</u>
Equals: Total Available for Expenditures FY '54	77.8	38.6	44
Less: Estimated Expendi- tures FY '54	<u>47.0</u>	<u>12.2</u>	<u>15</u> (actual)
Equals. Unexpended Carryover into FY '55	30.8	26.4	29
Plus: FY 1955 Funds	<u>85.0</u>	<u>14.4</u>	<u>0</u>
Equals: Total Available for Expenditures	115.8	40.8	29
Less: Estimated Expendi- tures FY 1955	<u>75.8</u>	<u>19.0</u>	<u>25</u>
Equals: Unexpended Carryover into FY 1956	40.0	21.8	4



Programs Listed in Tables I-A and I-B

Summary Explanation

MILITARY ASSISTANCE

1. Turkey, Iran and Pakistan are covered in other NSC statements of policy (NSC 109, 5402 and 5409, respectively). The only two Near East countries for which military assistance programs are presently contemplated are Iraq and Egypt.

2. Iraq - (a) It is presently planned to provide end-item assistance on a screened deficiency basis for two existing Army divisions and supporting forces, plus training assistance. The program is still in a very early stage of development, but on the basis of a preliminary statement of requirements, it is estimated that the Iraq program will cost about \$33 million. Deliveries are expected to extend over a four-year period, FY 1955 through 1958.

(b) \$10.9 million of FY 1954 and prior year funds have been allocated for this program to provide for the first priority requirements of the Iraqi Army. An additional \$10 million will be required in FY 1956 and the balance of \$12.1 million in FY 1957 for the second and third priority requirements to complete the equipping of the two divisions and their supporting units.

(c) Since the Iraqi Armed Forces are presently equipped with \_\_\_\_\_ much of the supplies and equipment to be furnished by the planned U.S. military assistance program will be procured from \_\_\_\_\_ sources through OSP.

3. Egypt - \$20 million of FY 1954 and prior year funds have been set aside for military assistance to Egypt. Requirements of the Egyptian Armed Forces have not as yet been surveyed. Until the political situation has been resolved, it is not deemed feasible to dispatch a survey team to that country. In the absence of even a tentative program, it is impossible to arrive at any meaningful estimates of annual expenditures.

ECONOMIC ASSISTANCE

Egypt. To enable Egypt more rapidly to expand her agricultural economy, to industrialize further, and to provide access to both foreign and domestic markets of her agricultural and mineral products, United States



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assistance has been planned in the field of irrigation, railroad rehabilitation and highway development. The program has not yet been established because of unsettled political conditions and the lack of a solution to the Suez Canal situation.



Israel. Israel has been able, through sale of its own goods and services, to pay for only one-sixth of its necessary imports. Payment for the other five-sixths has been financed by loans, grants, liquidation of foreign holdings, and private capital imports. U.S. Government financial participation during the past five years has been primarily in the form of Export-Import loans (\$135 million) and grant assistance. In FY 1953 one-third of Israel's total imports were provided by the United States program; in FY 1954 about 20%; and in FY 1955 about 14% would be met. One-third of the Israeli government's development budget is financed from the counterpart fund arising from grant programs. Releases have been channelled into the expansion of irrigated areas, the extension of agriculture, construction of housing for refugees, improvement of transport, loans for industry, schools and health centers. United States assistance in FY 1955 will be provided to a very large extent, perhaps 50%, in the form of surplus agricultural commodities.

Jordan. The Jordan economic assistance program, which has been recently launched, is the first such program for the Arab States. Funds will be directed to general irrigation development, ground water development, water spreading, forestation, highways and vocational education. Jordan is presently not financially capable of making the investment necessary for these purposes since it is dependent on outside sources for its existence.

Lebanon. An initial program of economic assistance to Lebanon includes various projects in the fields of agricultural and river development. Agreement was reached with Lebanon on the program just prior to the close of FY 1954.

Syria. No programs of technical cooperation or development assistance have as yet been initiated by the United States in Syria. Both forms of assistance were authorized for FY 1954, but it has been impossible to negotiate the bilateral agreements which are a prerequisite to the furnishing of assistance in any form.

A proposed program, to be initiated when political circumstances permit, would channel United States aid

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into high priority projects for development of Syria's major port of Latakia, reclamation of the Ghab Valley and construction of the Jazirah road network, an essential first step to open up this important cotton and grain producing area and to support an increase in population. Ghab Valley reclamation is needed because winter floods cause the Orontes River to overflow and prevent productive use of this Valley's fertile land. Draining is under way. A system of canals and dams has been planned, and a United States contribution, linked to IBRD and Syrian government support, would ensure successful completion.



### INFORMATION ACTIVITIES

The present program involves supplying a wireless file to more than 270 newspapers and other periodicals; publishing and distributing local-language weeklies (more than 30,000 copies per issue); producing local-language radio programs or supplying VOA transcriptions; showing films to an average monthly audience of over 600,000; and operating 3 information centers with libraries.

USIA proposes to stress the following propaganda objectives in support of the Northern Tier concept in its output to Northern Tier countries:

1. Convince the leadership and informed public opinion that the Soviet Union is a constant military threat to the continued independence of their countries.
2. Strengthen the understanding of the Army leadership, and secondarily, the enlisted personnel towards the purpose of U.S. military aid as a factor in strengthening their national independence.
3. Strengthen understanding among the leadership and informed public opinion of the Northern Tier countries of the common political, strategic, ideological and economic ties that necessitate cooperating for their common defense.

Such an offensive will require, first, an expansion of USIS personnel and operating expenses in the nations of the Near East, Turkey, Iran and Pakistan of about 25% above presently anticipated FY 1955 operating levels, together with an equivalent increase in Washington backstopping personnel and expenses.

In addition to this over-all increase in operating levels, the Agency proposes the opening of 6 new bi-national centers in the countries concerned -- 2 in

Pakistan and one each in Egypt, Iran, Turkey, and Iraq. It proposes the opening of a number of new reading rooms in universities in the area, under color of sponsorship by American universities. It proposes a major effort to provide, in English and vernaculars, large numbers of textbooks on the social sciences and history for use in foreign schools and colleges. It will attempt further to influence their curricula in directions favorable to the United States, in order to counteract the Communist trend in many educational institutions in the area. It also proposes an all-out prosecution of the Nixon and doctrinal programs, the first to pour large numbers of pro-Western, anti-Communist books into the area, the second to influence the intelligentsia of the area.



The Agency further proposes to develop and increase radio programming through foreign stations, and to carry on a stepped-up program of applied research to improve the quality and substance of press and radio output. It also intends to expand materially the activities of the Near East Regional Supply Center, and to develop a large-scale, low-cost publications program.

It is anticipated that this increased USIS program would be paralleled by a material increase in the exchange of persons program, directed primarily to influencing the leadership of the countries concerned, and increased interagency activities, such as sponsorship of conferences in the area on the peaceful uses of atomic energy and the fostering of regional nuclear studies centers.

It is believed by the Agency that this psychological operation, given the funds and personnel to do the job, can produce the necessary will and determination on which to base a firm and powerful Middle East defense structure.

EDUCATIONAL EXCHANGE

	Actual		Estimated			
	1952	1953	1954	1955	1956	1957
GRANTS TO <u>Foreign Nationals (Total)</u>	<u>130</u>	<u>155</u>	<u>121</u>	<u>102</u>	<u>166</u>	<u>177</u>
Leaders and Specialists	41	35	32	30	58	73
Teachers and Lecturers	37	32	24	22	28	31
Students	46	68	51	50	80	73
Nationals in American-Sponsored Schools	6	20	14	0	0	0
GRANTS TO <u>Americans (Total)</u>	<u>50</u>	<u>61</u>	<u>48</u>	<u>37</u>	<u>55</u>	<u>61</u>
Leaders and Specialists	7	1	6	2	7	10
Teachers and Lecturers	30	37	31	28	40	42
Researchers	3	11	4	2	4	3
Students	20	12	7	5	4	6
Grand <u>TOTAL</u> of Grants	<u>190</u>	<u>216</u>	<u>169</u>	<u>139</u>	<u>221</u>	<u>238</u>



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PALESTINE REFUGEES

1. In 1952 the UN General Assembly adopted a reintegration program for Palestine refugees and created a fund of \$200 million for this purpose. Additional funds for maintaining the relief program of the UN Relief and Works Agency for Palestine Refugees (UNRWA) have been provided on an annual basis.



2. In making pledges to the UN program, the U.S. has indicated that its contributions would not exceed 70% of total government contributions. Assuming that the U.S. will eventually contribute 70% of the \$200 million to the reintegration program, our total contribution will amount to \$140 million. Thus far only \$32 million has been paid in by the U.S.

3. The U.S. attaches the utmost importance to resolving the Palestine refugee problem, which is one of the most serious sources of tension in the Near East. Through development programs such as the projected settlement of some 75,000 refugees in Sinai Peninsula on lands to be irrigated and the proposed development of the Jordan Valley which might provide a livelihood for some 150,000 refugees, a promising beginning has been made in dealing with this problem. It is in the U.S. interest to continue to give its fullest support to measures such as these designed to liquidate this source of tension.

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NSC STAFF STUDY

on

UNITED STATES OBJECTIVES AND POLICIES  
WITH RESPECT TO THE NEAR EAST\*



PROBLEM

1. To analyze the current situation in the Near East to determine the general course of action that will better safeguard Western interests in the area and identify these interests as the true interests of the peoples of the area.

ANALYSIS

Objectives

- 2. The objectives of the United States with respect to the Near East are:
  - a. Availability to the United States and its allies of the resources, the strategic positions, and the passage rights of the area, and the denial of such resources and strategic positions to the Soviet bloc.
  - b. Stable, viable, friendly governments in the area, capable of withstanding communist-inspired subversion from within, and willing to resist communist aggression.
  - c. Settlement of major issues between the Arab states and Israel as a foundation for establishing peace and order in the area.
  - d. Reversal of the anti-American trends of Arab opinion.
  - e. Prevention of the extension of Soviet influence in the area.
  - f. Wider recognition in the free world of the legitimate aspirations of the countries in the area to be recognized as, and have the status of, sovereign states; and wider recognition by such countries of their responsibility toward the area and toward the free world generally.

\* Includes Egypt, Yemen, Jordan, Saudi Arabia, Lebanon, Syria, Iraq, Israel, Anglo-Egyptian Sudan, the Arabian Peninsula Sheikdoms. Iran, the subject of a separate policy statement (NSC 5402), is not included. This paper takes into account the importance of Turkey and Pakistan to the Near East, particularly as regards defense of the area, but does not attempt full coverage of U. S. policies toward Turkey and Pakistan, which are included in other NSC reports (NSC 5402, NSC 109; and NSC 5409).

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### The Importance of the Area

3. The Near East is of great strategic, political, and economic importance to the free world. The area contains the greatest petroleum resources in the world; essential locations for strategic military bases in any world conflict against Communism; the Suez Canal; and natural defensive barriers. It also contains the Holy Places of the Christian, Jewish and Moslem worlds, and thereby exerts religious and cultural influences affecting people everywhere. The security interests of the United States would be critically endangered if the Near East should fall under Soviet influence or control. The strategic resources are of such importance to the free world that it is in the security interest of the United States to increase its efforts, in the light of its other commitments, to insure that these resources will be available, and will be used, for strengthening the free world.



### The Nature of the Problem

4. Current conditions and trends in the Near East are inimical to Western interests. During recent years the prestige and position of the West have declined. The nations of the Near East are determined to assert their independence and are suspicious of outside interest in their affairs. In particular, the influence of the United Kingdom has been weakened, with distrust and hatred replacing the former colonial subservience. France is also disliked and distrusted because of her refusal to free Morocco and Tunisia and because of her former role as a mandate power in Syria and Lebanon. Some of the distrust of the United Kingdom and France has devolved upon the United States, as an ally of both. Even more important, the Arab nations are incensed by what they believe to be our pro-Israel policy. In addition, acute political and economic instability; military weakness; widespread unrest; Arab-Israel tensions; the UK controversies with Egypt, Iran and Saudi Arabia; the French North African problem; and Soviet activity are also unfavorable to the West.

5. Unless the Soviet rulers have decided to initiate general war, there is little danger of direct Soviet attack upon the area, because it is likely that the Soviet rulers realize that aggressive action against the Middle East would provoke general war. Currently, the imminent threat to Western interests arises not so much from the threat of direct Soviet military attack as from acute instability, anti-Western nationalism and Arab-Israel antagonism which could lead to disorder and might eventually open the way for the extension of Soviet control and influence by means short of war. Such an extension of Soviet control would be an unacceptable shift in the world balance of power. Efforts to prevent or overcome instability in the area and to reduce anti-Western nationalism and Arab-Israel antagonism are therefore essential. To hold the area during a continuing cold war, it will be necessary for the United States to give increasing attention to the area.

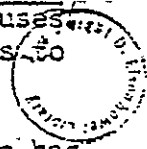
6. A reduction in present Arab-Israel tensions and a settlement of specific disputes involving Egypt, Iran, Saudi Arabia and the UK, as well as those involving the French and North Africa, is of key importance to our

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efforts in the region as a whole. Until real progress is made on these issues, and a corresponding decrease in the present anti-Western orientation of the Arab World has been effected, cooperation of the Arab states in any formal concept of area-wide Middle East Defense Organization (MEDO) seems unlikely.

7. The Arab states are in varying degrees experiencing deep and difficult changes as their relatively rigid social and economic institutions are compelled to adjust under the pressure of the forces released by the introduction of Western techniques and ideas, but without the stabilizing political and religious forces once dominant in the area. The impact of Western techniques and ideas has been most notable in its effect upon relations between political groups in most of these states. In the case of Israel, the attempt to build a modern state and to absorb a large and rapid immigration has created internal problems

Moreover, this immigration, even though reduced in recent months, arouses fears among the Arabs that Israel will be under irresistible pressures to expand.



8. At the apex of the political pyramid in the Arab states there has been a small ruling group. It is drawn largely from landowners and tribal leaders, admixed with a smaller and not entirely separate merchant and financial class. Its group interest is the preservation of the status quo. With the passage of time, however, this group--which has traditionally been split within itself by contests for power--has become less and less capable of effective leadership. The traditional ruling groups are under increasing challenge in most of these countries. During the past year the military elements in the various countries have either developed considerable influence or actually assumed power. By and large this has improved stability, at least temporarily, but the basic problems still remain.

9. Below the ruling group, as a distinctive political force, are the urban dwellers: disaffected intellectuals, barred from attaining status by economic considerations and by the political monopoly of the ruling groups; students, unhappy with their prospects and contemptuous of political leadership that does not build a strong and dynamic state; and the small merchants, the artisans, the lower and middle levels of the bureaucracy, and the urban wage-earners. The outstanding characteristic of this urban group is dissatisfaction with things as they are. The relatively rigid and semi-feudal organization of society does not provide opportunities for the more capable and educated members of this group commensurate with the values they place on their capacities. This creates disaffection within a group some elements of which are at least partially fitted for leadership. Since most other elements of the urban group are also in some degree maladjusted to the social scheme, the materials for pressure on the ruling group are readily at hand.

10. At the base of the political pyramid in these states is the peasantry which forms the great majority of the population and which is still a largely passive element in political life. Potentially, this submerged majority offers an opportunity for exploitation by some kind of political leadership.



11. In the changing relations between these groups--specifically between the ruling and the urban groups--there appear the chief manifestations of political disturbance in several of these countries. Most of that disturbance focuses on questions relating to the treatment of foreign interests. On these questions, many of the leaders of the urban political groups seek a radical solution: the total elimination of visible foreign power. The ruling group, for its part, often finds it desirable to travel some distance in the same direction, partly because of its own unwillingness or inability to challenge the urban groups directly on this issue. At the same time, because the ruling group is aware that its domestic position could be endangered if xenophobia got out of hand, it seeks with decreasing effectiveness to keep the situation in check at home; it desires compromises radical enough to appease the urban elements but short of the outright eviction of foreign interests.

12. In this internal social conflict, the urban middle group, although a minority in the total population, has the advantage of numbers and dynamism in the political field. Its leadership is riding the wave of popular sentiment, so far as popular sentiment finds expression in the Arab states. If, however, this leadership is catapulted into power, it must--aside from the elimination of foreign interests--begin largely without a doctrine or a positive political and economic program. It has fattened almost exclusively on its open hostility toward the Western powers and Israel. Since, however, the basic strength of the urban political leadership comes from its command over forces seeking change, the necessity for improvising a program of social and economic change cannot be avoided for long without the risk that another leadership, with a program, will come to the fore. Under some circumstances, this could be communist leadership.

13. Religion has important effects upon social, political and economic life in the area. This region is the heart of the greater Islamic world stretching from Morocco to the Philippines, embracing approximately 250 million Moslems. The region includes the holy land of three great religions. The reactions of the peoples in this area to United States policy will be reflected in the reactions of Jews and Moslems throughout the world. The three monotheistic religions in the area have in common a repugnance to the atheism of communist doctrine and this factor could become an important asset in promoting Western objectives in the area.

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#### The U. S. and U. K. Roles in the Area

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15. On the whole, it is in the United States security interest for the United Kingdom to continue to assume as much responsibility as is feasible under present conditions. The treaty relationships which the United Kingdom still retains with Jordan and Iraq are assets to the Western position in the Near East. Except for Turkey, moreover, the British now maintain, and would on a lesser scale subsequent to evacuation of the Suez area, the only effective forces for defense, and they have the tentative assurances from Australia, New Zealand and South Africa of some support in the area. Finally, there is also the relationship between the United Kingdom and Pakistan, India and Ceylon which is a source of potential strength in the Near East in time of grave danger. Therefore, although the trend is for United States influence to replace British influence in the area as a whole, British ability to aid in the preservation of Western security interests in the area should not be minimized.

16. The obstacles to the exercise of U. S. influence in the Near East in the cold war period and the nature of our relations with other interested states render it desirable for the United States to work closely with such states. Because of the previous experience and present position of the British in the area, and because of common interests in other parts of the world, the United States should have an especially close relationship with the British. The U. S. has already expressed, in the Tripartite Declaration of May 1950, its intention to cooperate with the British and the French in dealing with certain questions affecting the peace and stability of the Arab states and Israel. To the extent that the defense of Western interests in the cold war requires the use of military force by a Western power, it is clearly in the U. S. interest that the U. K. (or other allies) provide such force to the extent of their capability and acceptance in the area.

17. The decline of Western capabilities in the Near East is a complex phenomenon and does not appear to be primarily due to the inadequacy of military forces in the area. On the contrary, the British probably have sufficient military forces in the Near East to take any local military actions that might become necessary there during this period. Formerly, military measures in the Middle East could be taken under a set of rules almost totally inapplicable to the changed relationship between the European states and the states of the area and among the latter. The emergence of the various states comprising the Middle East as independent members of the world family of nations, and particularly the establishment of the United Nations as a world organization, has intensified nationalist aspirations in the area and makes obsolete many of the tactics formerly employed to protect Western interests there.

18. It is now clear beyond any doubt that the U. K. or the U. S., or both together, cannot maintain and defend Western interests in the Middle East in the 19th Century fashion. It is clear that the West must work toward the establishment of a new kind of relationship with the Middle Eastern states

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involving increased recognition of the aspirations of these countries as to their status within the community of nations. While Western power and prestige can continue to be an important factor in the maintenance of stability within the area, it is clear that Western attitudes must come more and more to be regarded by the states in the area as being in harmony with their basic interests if the West is to be effective.

If we are to reverse the trend in Near Eastern attitudes, we must assist in finding solutions to local problems in the area which involve its relations with the U. K. We must steadily be on guard, however, in the process not to so worsen our relations with the U. K. as to unduly weaken or dissolve the main strength of the free world toward Soviet Russia represented by the NATO alliance. Our efforts with the U. K. must be such as to avoid being placed in a position where we must choose between maintenance of the NATO alliance and action on our part to keep a large portion of the world that is still free from drifting into Soviet hands. The U. S. must seek to deal with specific problems in the Near East individually within this limited area of maneuver.

#### Egypt

19. Egypt is the most populous of the Arab states and exerts greater influence in the area than any other state. Prior to the coup d'etat of General Naguib the trend of events in Egypt was clearly deteriorating from the point of view of the West. General Naguib's government initially appeared to have halted this trend. Since, however, he is still faced with the same problems as his predecessors, he is now in a position of producing solutions to the problems or facing a decline of confidence among his people.

20. The problem of the future of the Anglo-Egyptian Sudan has been settled. There remains the implementation of the agreed solution which, unless tension can be relieved by solution of remaining problems, may prove difficult or impossible. The principal problem remaining in Anglo-Egyptian relations is that of the future of British forces in Egypt and the maintenance of the Suez Canal Base. An early solution of this problem is urgently needed to enable the West to get ahead with plans for the defense of the area. It is furthermore evident that the lack of a solution could result in hostilities between the Egyptian and U. K. forces. Given the present state of tension in the Near Eastern states, such hostilities could result in inflammation throughout the Arab states to the point where they would endeavor to exclude Western influence from all of their states. This might not only affect the availability

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of the resources of the area to the West and strategic operating rights and bases, but extend to expulsion of all Western influence. A solution to the problem will undoubtedly require concessions on the part of both Egypt and the U. K. We should support the position of the U. K. that adequate arrangement must be made for the effective use of the base for the defense of the area as a whole. On the other hand, we must realize that the continuation of British forces on Egyptian soil is a political impossibility and that solution of the problem will become more difficult as time progresses, since the Egyptian Government will be progressively more and more unable to make any agreement that would be acceptable to the West. It should further be noted that the Anglo-Egyptian treaty will expire, by its own terms, in 1956; after that the British will no longer have a legal basis for retaining any control of the base unless a new agreement is previously reached. The U. S. must use its influence to assist both parties in reaching a settlement at the earliest practicable date.

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22. During the past few years the United States has developed closer relations with Saudi Arabia. The large-scale activities of American oil companies in the country and the position of the U. S. Air Force at Dhahran Field have been the important factors contributing to the development of this close relationship. It is in the U. S. interest that this relationship be strengthened wherever possible. At the present time a sharp issue exists between Saudi Arabia and the U. K. over border problems with the Persian Gulf principalities. Saudi Arabian officials believe that the U. S. should come to their support. If the U. S. does not take early action to resolve this impasse, U. S. relations with Saudi Arabia may greatly deteriorate and U. S. base and private oil rights could be annulled. Difficulties are also arising between Saudi Arabia and the American oil companies in their efforts to reach an operating agreement. The principal problem is oil pricing.

Arab-Israel Problems

23. Arab-Israel differences and the part played by the United States in the establishment and support of Israel contribute very substantially to (a) continued and increasing anti-American and anti-Western sentiment in the Arab world, (b) Western inability to create an atmosphere of confidence, (c) lack of progress in strengthening the defense of the Near East, and (d) delay in improving the fundamental economic and social conditions of the area. The Arab states continue to believe that U. S. policy in the Near East is partial to Israel. They believe that Israel harbors additional territorial ambitions and they fear continued immigration into Israel will stimulate the desire for more territory. A genuine conflict of interest does exist between the Arab states and Israel. If the United States is to be successful in removing Arab suspicions it will be necessary to make substantial efforts in the political, economic and psychological fields.

2a-  
fore undertaking any such steps or indeed before making any significant moves which affect the Arab-Israel problem, the Executive branch should be assured of substantial support from the Congress and American public.

24. Israel is unquestionably a vigorous and progressive body politic. Although small and surrounded by hostile neighbors, it looks to a combination of its own prodigious efforts and continued American aid to survive and develop strength. Israel is dependent on U. S. public and private aid and moves from month to month on the verge of financial default. Up to this time, Israel has preferred to consolidate everything it has gained through U. N. resolutions, American support, and force of arms.

Israel's attitude toward the Arab refugees is an example in point. It has taken few of them back, has made no provisions for compensation, and has no evident intention of giving up any territory which would support some of them. On the other hand, the Israelis are highly literate, industrious, and relatively free from the diseases which handicap other peoples of the area. In relation to their population, they are capable of contributing substantial and effective numbers to a fighting force.

25. Any effort to turn back the clock on the existence of Israel would be unrealistic, politically impracticable, and morally dubious.

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26. In order to progress towards a settlement of the principal problems in the Arab-Israel situation, the United States must be prepared to follow policies which do not temporize on the essential issues yet which provide a realistic basis for courses of action on the part of both sides. The principal problems which require an early solution are: (a) the future of the 850,000 Arab refugees; (b) the question of further Jewish immigration to Israel; (c) territorial settlement; (d) the future of the city of Jerusalem; (e) compensation and blocked accounts.

a. Arab Refugees. Until the problem of the Arab refugees is well on the way to settlement, efforts to resolve Arab-Israel differences will be sterile and progress in the area will be hampered. It would be desirable for the greater number of the refugees to be resettled in the neighboring Arab states. However, Israel should be prepared to take back some of the refugees. It is quite possible that from fifty to a hundred thousand refugees could be settled in Western Galilee (an area originally assigned to the Arab states by the 1947 Partition Plan but now under Israel control). The United States should be prepared to take some of the refugees and it is possible that homes could be found for them in other parts of the world. Private foundations should be called upon to assist in the relocation of the refugees.

b. ✓

c. Territorial Settlement. Experience of the past several years indicates it would be exceedingly difficult to obtain an over-all settlement at one time, particularly if such efforts are made public. At present, the United States faces an impasse. The Arab states wish to return to the Partition boundaries of November 1947, although the moderate leaders recognize that compromise will be necessary. Israel contends that the failure of the Arab states to accept partition in 1947 and the hostilities conducted by the Arab states in effect nullified the Partition boundaries. As a practical procedure, efforts should be made to secure piece-by-piece territorial adjustment. Israel should be prepared to give up some of the territory presently in its possession in return for being allowed to

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retain other territory which it has gained over and above that awarded in the Partition Plan. The territorial settlements should be arranged on a bilateral basis.

d. The Future of the City of Jerusalem. The future of the city of Jerusalem is an issue of symbolic importance as to Western intensions in the general Arab-Israel conflict. The Arab states see the gradual absorption of Jerusalem as the Israeli capital and feel that Western states will not have the determination to stop this process. It seems clear, however, that an international regime in Jerusalem of the type approved by the General Assembly could not be imposed without the use of force. On the other hand, internationalization of merely the Holy Places in Jerusalem, a suggested alternative, would probably be interpreted by the Arabs as the final sell-out of their interests. A solution must be found which involves over-all international control under the United Nations but which would allow, as a practical matter, continued political sovereignty by Jordan and Israel over their respective parts of the city. Arrangements must be developed to reestablish circulation of people and goods between the two parts of the city. The problem of Mt. Scopus must be resolved by negotiation.

e.

f. Diversion of River Jordan Waters. An expansion of agriculture by irrigating desert lands in the Jordan River basin provides the major present hope for resettlement of a substantial number of Arab refugees. Israel's development plans call for the diversion of nearly all the waters of the upper Jordan to Israel territory outside of the watershed. In execution of this plan, Israel commenced in September 1953 a canal at Ezzat Ya'qub in the Syrian-Israel demilitarized area. This work was temporarily suspended pending Security Council consideration of the matter. After the USSR vetoed a resolution supported by the U. S., U. K. and France, Israel made clear that it felt free to recommence the work on the project. Unilateral diversion by Israel probably would preclude Arab acceptance of the plan supported by the United States for an equitable division of the Jordan waters and for the supervision of flow within the basin by an impartial international authority in order to provide for the full utilization of the waters in the interest of all the inhabitants. Syria regards Israel's plans to divert Jordan waters at Ezzat Ya'qub as affecting her vital interest. Resumption of work at Ezzat Ya'qub is likely to provoke

a violent Syrian reaction, including possibly the use of Syrian troops. This in turn could well result in a large-scale Israel attack on Syria. Because of these potentially dangerous consequences, it is important that the U. S. take the firmest political and economic steps to prevent, or if necessary, stop, a unilateral resumption by Israel of work at Banat Ya'qub.



### Middle East Defense Arrangements and United States Military Aid

27. The U. S. looks forward to the eventual creation of a regional defense organization in the Middle East in which it would participate or with which it would be associated as being in its own security interests. Once such a regional defense organization comes into being, the U. S., should this be politically expedient at the time, would be prepared to be represented on such military boards or planning groups as might be established. In the interim period, the U. S. is ready to provide arms and training assistance to further the creation of such an indigenous organization and to develop regional defensive strength.

28. In general, the armed forces of the Arab states are far inferior to those of the Western powers. They are at the present time utterly inadequate to provide an effective counter to possible Soviet aggression. The Arab Legion in Jordan, \_\_\_\_\_ is superior to the forces of the other Arab states and demonstrates that with proper training and equipment relatively effective indigenous forces can be developed. Egypt, Iraq and recently Saudi Arabia have received some equipment and training from the \_\_\_\_\_ and the U. S. However, except for Jordan and Israel, by and large the military forces of all the states of the area are poorly trained and inadequately equipped. In spite of their weakness, these military forces have played a decisive role in maintaining internal stability and security in most of the Arab states in the post-war period. In general, military leadership of the Arab states is relatively progressive in outlook and seems disposed to cooperate with the West.

29. a. While retaining the hope for a regional defense organization linked to the West, it is recognized that there is at present no political base for such an organization. Genuine prospects exist, however, for the creation of an indigenous regional defense arrangement among the nations forming the so-called "northern tier", that is, Pakistan, Iran, Iraq and Turkey. The Turkish-Pakistan Pact is a first step in this direction. An organization of the type mentioned would substantially increase the ability of the area to resist Soviet attempts at subversion and the countries involved have the potential to permit the creation of defensive strength against overt Soviet attack. U. S. initiative should not be deterred by existing military weakness, reminiscent of that found in Turkey in 1946. The efforts of the U. S. should be directed at creating conditions which will make it politically possible and desirable for certain states to form such defense arrangements. The U. S. to the extent feasible should



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endeavor to work through Turkey and Pakistan and at least publicly should refer any inquiries regarding adherence to those two countries.

b. Originally, the regional defense arrangements should be limited to Turkey, Iran, Iraq and Pakistan. (This classification calls for special attention to the necessity to improve the situation in Iran, which is a subject of separate NSC consideration.) An effort to include all the Arab states at the outset would result in an amorphous grouping with slight prospects of developing quickly real strength or cohesion, thereby reducing its value to the West in both military and political terms. From the viewpoint of the Arab states one of the major inducements to joining is the prospect of receiving U. S. military assistance. Should they all be encouraged to participate, available equipment would be dispersed. However, should other Arab states express a desire to associate themselves, it would be difficult to discourage them without harmful political effects. Any inquiries would have to be considered sympathetically, but bearing in mind the desirability of concentrating arms assistance.

c. In determining to extend aid to Iran, Iraq, Pakistan and Turkey, the U. S. has chosen states which are most keenly aware of the threat of Soviet Russia and which are located geographically in the way of possible Soviet aggression. Although Iran, and so far Iraq, have not shown a willingness to participate in regional defense arrangements, the provision of military assistance is expected to exert a powerful stimulus in emboldening their governments to take steps in that direction unpalatable to powerful internal groups and to certain of their neighbors. In the case of Egypt a commitment has been made by the President, in order to facilitate a settlement of the Suez base problem, to extend economic and military assistance if an Anglo-Egyptian agreement is reached. The results of military assistance to the other Arab states in terms of increased regional security would not be as significant as in the case of Egypt and Iraq. Therefore, aid to them should be extended at a later date and conditioned upon their participation in regional defense arrangements and the status of the Israel-Arab problem. Any state receiving aid would be required to give adequate guarantees against the use of arms for aggressive purposes and should be informed that the U. S. must be in the position to state publicly that these guarantees apply equally to aggression against Israel. [All provisions in the aid agreements should be simple, direct and devoid of legalisms.]\* Until political conditions would make such a move acceptable, the U. S. should not request any formal links to the West or base or troop rights. However, when politically feasible, the U. S. should seek to obtain transit and base rights where required within the area, and, upon the threat of or during general hostilities, the right to operate forces in the territories of the various nations of the area. (In the case of Egypt, the U. S. may obtain availability rights at the Suez base in connection with an Anglo-Egyptian settlement.)

\* Defense proposes deletion.

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30. An invitation to Israel to participate at this time in the regional defense organization would preclude cooperation by the Arab states. Also, extension of grant military assistance to Israel would largely nullify the effectiveness of military aid in inducing Arab cooperation. Considering the relative preponderance of Israel's military strength, the guarantees required from the Arab states, and the other steps planned with respect to the Arab-Israel problem, it is not believed that the arms provided the Arab states would constitute a military threat to Israel. The possibility that the arms program might in the future present a danger to Israel and the fears which will almost certainly be raised in Israel should be met by the measures mentioned in the NSC supplement on the Arab-Israel problem. Once relations between the Arab states and Israel are normalized, consideration should be given to associating Israel with the defense arrangements.

31. Since it is now difficult to foresee the time when a defensive arrangement of the Middle East states as a whole will be associated with Western powers, it is important that defense planning for the area proceed in its absence. In order to provide consideration now of action required in the event of an emergency, it is desirable that the stronger free world nations should examine the immediate problem. Accordingly, the United States should develop secretly plans for defense of the area with the United Kingdom, Turkey and such other states as may be desirable.

#### Social and Economic Problems



32. These problems are of concern to the United States primarily because of the political developments to which they may lead. There is growing danger that the process of internal political change going on in these countries may lead to disorder and to a situation in which regimes subject to the influence or control of the Soviet Union could come to power.

33. The task is therefore largely one of guiding this whole, almost inexorable process of change into channels offering the least threat to Western interests and the maximum assurance of independent regimes friendly to the West. The social and economic tools available to us should be used in ways that will reduce the explosive power of forces pressing for revolutionary change to the point where necessary changes are realized without an accompaniment of uncontrollable instability.

34. To this end, plans for United States governmental economic aid to the area embrace first a continuation of technical assistance projects at approximately current rates in order to strengthen local development programs of benefit to a broad cross-section of the population primarily in the basic fields of agriculture, public health and education. Second, they include maintenance of projected programs of relief and works for refugees designed to remove the danger existing in these large groups of unhappy people and enlist that reservoir of manpower in productive activity for the benefit of the area. Third, the plans involve the introduction of support for a limited number of capital

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development projects on a grant basis to provide for necessary economic development and to complement emergency aid programs for Israel and for Arab refugee resettlement. The sums made available for this third category, i.e., special economic aid, would be expended to assist Israel on the road toward viability and to increase the agricultural potential and transportation facilities for the other countries in the region. This would include the development and greater utilization of the water resources of the Nile, Euphrates, Jordan, Litani and other rivers in terms of water storage, power, irrigation and reclamation projects. It would entail road construction projects to transport materials, particularly agricultural commodities, and assist in the exploitation of the region's mineral resources.

35. It is believed timely to place greater emphasis on a regional approach to problems complicating United States relations with individual countries of the region. Therefore, future economic aid programs should be authorized and appropriated in a "single package" for countries of the Near East. We face problems in the region and the development of unforeseen situations which will require the utmost flexibility on the part of the Executive branch in its application of aid programs best calculated to forward our objectives and protect our interests. In order to meet specific situations of a political nature in the cold war and to be in a position to take prompt and vigorous advantage of opportunities for furthering peace between Israel and the Arab states and to cope with the numerous other complex situations in the region, the Executive branch will require broad discretionary authority in order to tailor types and amounts of aid to meet these situations. The Regional approach can also help to break down political and economic nationalism which currently is responsible for a costly boycott, as well as for discouraging investment and restricting intra-territorial trade. This concept is designed to ensure an aid program primarily based on straight economic considerations in the light of United States security interests without a special legislative mandate for any single state.

36. For the reasons indicated above, maintenance of United States interests in the area will probably require support of an economic nature for some time. In carrying out both urban and rural economic programs within the context of political objectives outlined above, it may be desirable to concentrate both on pilot projects of regional application and on immediate impact programs which demonstrate tangible progress to as many people and key groups as possible. At the same time, although programs may be abandoned at any point by the Executive or the Congress and although they will require compromises between long-term and short-term considerations, they should be undertaken in full recognition of the fact that only a modest beginning has been made to date and that the problem we face is a long-range one.

37. U. S. Government aid must be accompanied by the encouragement of Near Eastern Governments to recognize that the bulk of capital for their economic development must come from private enterprise and public banking facilities. U. S.-supported programs will reflect the objective of creating an investment climate for both foreign and local capital, especially the increasingly large

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oil revenues accruing in the region. One of the principal aspirations of the dynamic urban middle group is for industrial development. Industrial development, in order to be sound, must be based on carefully considered economic and engineering plans. Creation of an area-wide development fund may be one way to accomplish the dual objective of providing sound investment projects and channeling the energy of elements of the dynamic urban middle group. Leaders and intellectuals in that group could be drawn in to participation in the development of concrete economic and engineering plans for specific projects. Their examination of specific development problems could serve to temper exaggerated notions of the economic advantages of blind nationalism. Since a program of this sort takes time to get underway, in the first year, administrative funds only might be needed. As concrete plans and programs are developed, investment funds would be required to implement on a selected basis sound high-priority projects. These investment funds could be obtained through a variety of sources including (1) contributions of oil royalties, (2) limited grant aid, and (3) domestic and foreign investment, both public and private.

38. The greatest economic need of these countries is for agricultural and rural development, but their aspirations, and in particular the aspirations of the urban groups which supply the leaders, are for industrial development, despite the scarcity of skills and resources necessary to make such development economic except in the very long run. Political considerations may, therefore, have some influence on the economic grounds for justification.

39. Provision for agricultural development is economically sound and may be considered politically far-sighted in this area today, for the peasantry is less immune than it was in the past to the suggestion that its lot might be greatly improved by a basic reorganization of society including its antiquated and highly restrictive systems of land tenure. If the needs of the peasantry are not given sufficient account by the urban leaders of the new political movements, violent peasant disorder may result with a consequent loss of government control over parts of the countryside which would then offer a firm rural base, as in China, for a militant communist movement. It is desirable, therefore, to try to forestall such possible developments by programs designed to improve the lot of the peasants.

40. Such programs should not, however, exclude the possible provision of funds for more politically urgent if less economically sound programs directed at the rising political forces in the cities. They should be designed to improve employment opportunities and to provide for improved communications both because the fertilization of other types of development and investment depends on adequate transportation and because the means of communication presently available are insufficient to defense of the area.

41. The psychological impact of such projects should also be considered. In so far as possible, the projects should be of a character which will develop pride of country and strengthen the interests of these movements in political stability. The effect on the Army, both from an economic and psychological standpoint, should also be considered.

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42. In undertaking social and economic actions in the area, the United States should keep the British and, as necessary and desirable, other allied governments informed and should seek to reach agreement with these governments on the aims which the aid programs should be designed to accomplish. This is necessary to make the most effective use of their capabilities in the area and to avoid working at cross-purposes with them.

43. In providing military aid it will be necessary to continue measures to prevent an arms race between the Arab states and Israel. We should explore ways and means of developing consultation and collaboration on social and economic problems among the states associated in any area defense system, including Israel wherever possible, in order to promote cooperation on non-military enterprises of benefit to the region as a whole.

Psychological Programs



44. Positive psychological and political programs (including special political programs) carefully adapted to the attitudes and conditions in the area, should be designed to:

a. Explain American policies toward the area in terms calculated to create understanding of our sincere interest in its welfare and viable independence and respect for our honesty, integrity, impartiality and fixity of purpose.

b. Maximize the impact of our diplomatic, military, economic aid and technical assistance programs both in reversing present anti-Western trends in popular attitudes and in encouraging local efforts at self-help and regional cooperation.

c. Support or develop leadership groups offering the best prospect of orderly progress in internal social and economic reform and development and a pro-Western orientation in foreign relations.

d. Convince local leaders and peoples that the age of Western imperialism is over; and that Western positions are being willingly readjusted in an enlightened manner and with full respect for the national independence and sovereign equality of the Near Eastern states as rapidly as the interests of security allow.

e. Eliminate neutralist tendencies by exposing the realities of Soviet life and the basically hostile intentions of the USSR toward the area, and by identifying Soviet Communism as today's only imperialism and communist atheism as the common enemy of all religions.