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1 Previous general conversations with the British on the Middle East had taken place in April 1944, when Wallace Murray, the then Director of the Office of Near Eastern and African Affairs, held discussions with officials of the British Foreign Office. For documentation on these conversations, see Foreign Relations, 1944, vol. iii, p. 2 and pp. 28 ff.; and ibid., vol. iv, pp. 6, 7.
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Chronological Summary of Correspondence and Exchanges of Views Leading up to the Discussions with the British on the Middle East, with Texts of More Important Documents Attached as Annexes

In a note dated July 30 (Annex 1) the British Chargé d'Affaires in Washington informed the Department that his Government had decided that they must, on financial and manpower grounds, withdraw British troops from Greece and reduce those in Italy to 5,000. After consultation with the War and Navy Departments, this Department instructed Ambassador Douglas (Annexes 2 and 3) to make strong representations to Mr. Bevin that British troops be retained (a) in Greece until after final consideration of the Greek case by the Security Council and the General Assembly, and following that, after realistic appraisal and full and frank exchange of views by the US and UK Governments, and (b) in Italy until a study had been made of the status of our respective forces by the military authorities of both countries. For Ambassador Douglas' guidance in discussing this matter with Mr. Bevin, we pointed out that while we were aware of the critical nature of the British financial position, we did not feel that the full story had been conveyed to us, and we feared that we were being faced with the first of a series of actions stemming from new policies unknown to us. The British, we felt, must be made to understand that if these actions presaged a basic revision of British foreign policy involving a progressive withdrawal from previous commitments and previously held positions as a result of internal political pressures and not economic necessity alone, the United States must be told now of such probable course.

In a telegram dated August 3 (Annex 4), Ambassador Douglas reported that Mr. Bevin, in reply to our representations, had said that the reduction in British overseas forces had not yet been definitely fixed, that such reduction did not imply any change whatsoever in British foreign policy, and that if a change were at any time contemplated we would be given ample notice and full opportunity for consultation. Ambassador Douglas added that on the basis of conversa-

1 Ante, p. 268.
2 Lewis W. Douglas, Ambassador in the United Kingdom.
3 See Secretary of State Marshall's telegram to Ernest Bevin, British Secretary of State for Foreign Affairs, and telegram 3304 to London, both dated August 1, pp. 273, 274.
4 No. 4214, p. 277.
tions with members of the Labor, Liberal and Conservative Parties, he (Ambassador Douglas) felt that the proposed reduction in a British overseas force was “in response to a widely held view in Britain, quite irrespective of party affiliations”. The reductions which Mr. Bevin has in mind, however, are substantially less than those advocated by the left wing back benchers.

In a Parliamentary Debate on August 6, Prime Minister Attlee stated “I must emphasize that despite this acceleration in the rate of withdrawal from overseas stations, and although certain calculated risks are being taken, there is no change in our foreign policy or in the defense policy which underlies our foreign policy”.

On August 7 (Annex 5), Ambassador Douglas was requested to inform Mr. Bevin of the grave apprehension of American officials in Greece and Italy over the proposed withdrawal of British troops. With respect to Greece, we reiterated our view that British troops should not be withdrawn until after final consideration of the Greek case by the Security Council and the General Assembly, and pointed out that at that time the matter could be reexamined in the light of circumstances then existing and a decision taken in full awareness of the future course of US and UK action regarding the Greek situation. Mr. Bevin replied that he understood our position as well as the serious consequences which might follow, and gave assurances that no action was contemplated in the near future with respect to either Greece or Italy.

On August 22 [20], the British Embassy transmitted to the Department a personal message (Annex 6) for the Secretary from Mr. Bevin stating that while he was suggesting to the British Chiefs of Staff that they discuss the matter with the US Chiefs of Staff, he and his colleagues, after most careful and anxious thought, had decided that on every ground it was essential that the withdrawal of British troops from Greece be completed during the Autumn and from Italy by December 31. He added that what was most necessary was to stabilize the situation in Greece through prompt increases in the effective strength of the Greek army as desired by the Greek Government and considered by the British military as “justified and desirable to enable the Greek armed forces to continue to conduct effective operations against the bandits”.

The Secretary, commenting to the Department from Petropolis (Annex 7) on Mr. Bevin’s message, stated that he did not accept either

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5 In telegram 3396, p. 287.
6 See p. 301.
7 In telegram 74, August 25, p. 313. The Secretary of State was then attending the Inter-American Conference for the Maintenance of Continental Peace and Security, which met near Petropolis, Brazil, from August 15 to September 2, 1947.
the premises or the categorical position taken by Mr. Bevin; that he could not reconcile Mr. Bevin’s stated essentiality of British withdrawals by Autumn with the drastically changed conditions that have occurred since March, and that he felt Mr. Bevin must realize that the problem is much larger than the mere offset of British withdrawals by an increase in the Greek army as Mr. Bevin suggested. With respect to Italy, the Secretary stated his concern rested with the maintenance of at least a status quo in that area. The Secretary concluded with “they are far too casual or free-handed in passing the buck of the international dilemma to the United States with little or no consideration for the harmful results”.

On August 27, the Department transmitted to the Secretaries of War and Navy the text of Mr. Bevin’s message and the gist of the Secretary’s comments with the request that the matter be referred to the US Joint Chiefs of Staff for study of the military implications of a British withdrawal from Greece and for consultation with the British Chiefs of Staff with a view to formulating positive military recommendations to both governments. It was further suggested that the possibility be explored of removing British forces of an even larger number than contemplated from areas where the withdrawal would have less significant consequences.

On August 29, the representatives of the British Chiefs of Staff submitted for discussion in the Combined Chiefs of Staff a paper which indicated that they were not in a position to recommend postponement on the decision of the British Government to withdraw troops from Greece by October 31. As a means of offsetting the political effect of such withdrawal, they suggested augmentation of the Greek Army and Air Force.

On August 30 (Annex 8), we informed Ambassador Douglas that the British Embassy had inquired whether it would be agreeable to our military authorities for the British members of the Combined Chiefs of Staff to discuss with them the contents of Mr. Bevin’s note. We had replied that we had asked our Joint Chiefs to study the matter and possibly discuss it with the British military authorities, but that we did not accept either the premises or the categorical position on deadlines taken by Mr. Bevin. On September 1, Ambassador Douglas telegraphed (Annex 9) that he had informed Mr. Bevin of our views and that Mr. Bevin had enumerated three considerations which made his government most anxious to proceed with the removal of British
troops: (a) he (Mr. Bevin) had told Mr. Byrnes over a year ago, and Mr. Marshall at Moscow, that he could not keep troops in Greece interminably; (b) he was under great political pressure at home to withdraw the troops; and (c) his government did not know our policy toward the Middle East, for example, the disposition of Cyrenaica. Ambassador Douglas’ telegram concludes the following with “He (Mr. Bevin) put forward as a purely personal suggestion the following: That we jointly review the whole position in the Middle East, including Cyrenaica, Egypt, Palestine, Iraq and Persia for the purpose of arriving at a gentlemen’s understanding in regard to a common policy and joint responsibility throughout the area, with Britain acting as the front and ourselves supplying the moral support. He said he may put this to his Cabinet, but inferred that he would like to have our views to the above personal suggestion before doing so . . . .”

In a letter dated September 5 (Annex 10), signed jointly by the Secretaries of War and Navy, the Department was informed that while the Joint Chiefs appreciated that the British troops in Greece were not able nor intended to withstand armed attack, their presence was symbolical of the determination of Great Britain and the western democracies to insure the continued independence of the Greek State. They therefore had a marked influence on the Greek internal situation, and their withdrawal would constitute grave danger, through augmented guerrilla attacks, of Greece coming under Communist control, thus placing the USSR in a position to interdict shipping through the Mediterranean and to outflank Turkey to the west, north and east. The relationship to western democracies of Italy and Iran would be lessened and access by the US and UK to the petroleum products of the Middle East, which are essential to their economic welfare and military potential, would be jeopardized. The letter continues by stating that the US Joint Chiefs of Staff have not concurred in the proposals of the British Chiefs of Staff with respect to the timing of the withdrawal of British forces, and points out that the US Joint Chiefs feel that such a withdrawal would surely result in a marked deterioration of our overall strategic position in the Mediterranean and might well provoke a critical situation in Greece itself.

At this point in our negotiations with the British, the question of the withdrawal of British troops from Italy ceased to have importance in view of the decision of the USSR to deposit ratification of the Italian Peace Treaty, thus, in effect, providing for the withdrawal of both British and US troops before the end of the year.

12 Omission appears in the original.
13 Ante, p. 327.
On September 8, the Department telegraphed Ambassador Douglas (Annex 11) the substance of the joint letter from the Secretaries of War and Navy as a basis of further discussion with Mr. Bevin. The Ambassador was asked to inform Mr. Bevin, in reply to the latter’s inquiry of September 1 concerning our policy with respect to the British position in the Middle East, that the “... fundamental cornerstone of our thinking is the maintenance of Britain’s position to the greatest possible extent. The US counts heavily upon continued close British-American cooperation in the Middle East. How this can best be maintained requires extremely careful consideration in the light of developments in the Middle East as a whole, taking into account the popular sentiment in the countries of the area and the external pressures and influences which may be brought to bear upon them”. The Ambassador was also asked to inform Mr. Bevin that the Secretary fully agreed with Mr. Bevin’s suggestion for a joint review by the US and UK of the whole position in the Middle East, with “a view to arriving at an understanding in regard to a common policy”, and that we were prepared to begin as soon as possible conversations which we felt should be divided into two steps: “First, on a military planning level to be arranged through the Chiefs of Staff and to take place in Washington, and, second, on a top political level at a place to be mutually agreed upon”. Pending these talks, we would of course hope that the British Government would postpone any steps looking toward the withdrawal of troops from Greece.

On September 9, Mr. Bevin outlined to Ambassador Douglas and Mr. Henderson his views on a number of Near Eastern problems. Mr. Henderson’s memorandum (Annex 12) written after the conversation, but in the first person, as if Mr. Bevin were speaking, contains the following pertinent statements:

[Here follow the second paragraph under “Greece”; the last two sentences under “American-British Discussion with Regard to the Problems of the Near East”; paragraphs two (except for the first three sentences) and three under “Egypt”; the last sentence under “Cyrenaica”; the first two sentences under “Transjordan”; and the last paragraph under “Iraq”, all included in Annex 1 to this document.]

On September 12 the Department telegraphed Ambassador Douglas (Annex 13) the information contained in a letter dated September 11 from the Secretary of War for use in further conversations with Mr. Bevin. The principle points brought out were (1) that it would present for us a serious question, vis-à-vis Congress, if we

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14 No. 3888, p. 330.
15 Omission appears in the source text.
16 Printed as Annex 1, infra.
17 No. 3970, not printed, but see footnote 1, p. 336.
were forced to replace British troops with our own, and (2) the breaking of a common front in Greece through the withdrawal of British forces would undoubtedly cause a wave of resentment in this country against the British, which could have most serious effect in other areas where we have joint interests and could prejudice US support for continued aid under the Marshall Plan.

On September 12 the British Ambassador called on the Secretary and said that Mr. Bevin was anxious to have the talks take place in London. The Secretary replied that for a variety of reasons this was not desirable, one of which being that there would be little likelihood of publicity if the talks took place in Washington by members of the British Military Staff Mission and their opposite numbers in the US Joint Chiefs of Staff. The Ambassador concurred in the idea.\(^{18}\)

In a telegram dated September 12\(^{19}\) (Annex 14), Ambassador Douglas reported Mr. Bevin as saying that he would like to withdraw one battalion of not over 800 men from Greece, leaving the remainder there until at least December 15. He felt that such a withdrawal would satisfy his own political situation and serve as a precedent for the withdrawal of Soviet troops from Bulgaria. He added entirely personally that events between now and December 15 would in his opinion justify keeping troops in Greece longer. In a telegram dated September 13 to Ambassador Douglas\(^{20}\) (Annex 15), we agreed reluctantly to the withdrawal of one battalion provided (a) we were given definite assurances there would be no further reductions at least until December 15, and (b) the withdrawal was accomplished quietly without publicity in Greece and in a manner which would not create the impression that this was a start of a larger withdrawal movement.

In a note dated September 16 (Annex 16), Lord Inverchapel informed Mr. Lovett that "Mr. Bevin asks me to explain to you that he is doubtful of the desirability of starting these discussions on a purely military footing since our object is to coordinate policy over the whole area, taking into consideration political and economic implications as well as military. He thinks, therefore, that valuable time

\(^{18}\)The memorandum of this conversation by the Director of the Office of European Affairs (Hickerson) set forth also Secretary Marshall's view that the talks should be separated into two phases, the first to "be an exchange of views at the military planning level on the strategic situation in the area." The second phase should "be on a high political level," to "be arranged after the military talks have taken place since they will have to be based on [fa] considerable part on the military talks. The time and place of the high level political talks should be agreed upon later." The Secretary of State suggested the possibility of starting the political talks in New York should Mr. Bevin attend the forthcoming meeting of the General Assembly. Should Mr. Bevin not attend the meeting, then the political talks might be started after the military talks had made some progress (890.20/9-1247).

\(^{19}\)No. 4952, p. 337.

\(^{20}\)No. 3988, not printed, but see footnote 1, p. 337.
would be lost and nothing much gained by purely military preliminary talks. He suggests that the first stage should be discussions between our political and military experts, who would prepare recommendations for submission to Mr. Marshall and himself. Mr. Bevin will not be going to New York for the General Assembly of the United Nations and his first opportunity of seeing Mr. Marshall will therefore be at the Meeting of the Council of Foreign Ministers in London. As you know, it is now tentatively proposed that this meeting should begin on the 25th November. Mr. Bevin proposes that I should lead the British side in the initial informal talks and that I should be assisted by a senior officer of the Foreign Office and representatives of the British Chiefs of Staff. His Majesty's Government in the United Kingdom expect to be ready to begin the conversations early in October."  

On the economic side of the problem, Ambassador Douglas telegraphed the Department (see Part A-3) the Foreign Office's intention to include "the improvement of standards of living in the Middle East as a preventive measure against Communism", among the subjects to be discussed. It thus became clear that the Foreign Office contemplated including in the scope of the discussions a broad consideration of economic development matters in the Middle East, and Anglo-American collaboration on them, this was the subject of a memorandum given to the Secretary of State by Mr. Bevin in Moscow last March, and of several informal conversations between British Foreign Office and other interested British officials and our London Embassy. The Department replied to Ambassador Douglas on September 26 that it was our intention to take the occasion of the discussions to indicate a favorable general response to Mr. Bevin's memorandum and to sug-

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21 The initial part of Lord Inverchapel's note G.214/47 to Mr. Lovett read as follows: "Mr. Bevin asks me to thank you for the reply, which has now been delivered to him by the United States Ambassador in London, to his proposal for an informal review by our two Governments of our policy in the Near and Middle East. Mr. Bevin welcomes your general agreement with his proposal.

"I understand, however, that the State Department suggested that these conversations should begin as soon as possible and should be in two stages: first, military discussions to take place in Washington, and second, high-level political discussions at a place to be commonly agreed."

The concluding two paragraphs stated: "I should be grateful if you could let me know whether Mr. Bevin's proposals are acceptable to the United States Government.

"Mr. Bevin wishes me to say that he is sure that the State Department will agree that the utmost secrecy should be observed regarding these proposed discussions." (T11.90/3-1647)

22 No. 5003, September 16; printed as Annex 2, p. 502.

23 The reference is to the "Chronology of Developments Stemming from Mr. Bevin's Memorandum Regarding Raising the Standards of Living in the Middle East", p. 505.

24 Undated memorandum transmitted to the Secretary of State by Mr. Bevin on March 20; printed as Annex 3, p. 503.

25 In telegram 4169, not printed.
gest that the matter be made the subject of further exploratory discussion in order that the British ideas might be more definitely determined and the possibilities of useful action ascertained.

On September 17 [16] Ambassador Douglas reported that the Acting Head of the Eastern Department of the Foreign Office had recommended early preparations and exchange of agenda for the talks. Among items on the British list were Palestine, a British base in Cyrenaica, Anglo-Egyptian disputes, and improvement of Middle East living standards as preventive measures against Communism. The British felt that the US would probably wish to talk about Greater Syria among other matters.

In a letter dated September 22,27 Lord Inverchapel informed Mr. Lovett that his Government hoped to be able to commence the conversations about October 11. The Department replied orally to the Embassy that this date was satisfactory.

On September 24 (Annex 17 27), Mr. Lovett replied to Lord Inverchapel's letter of September 16 stating: "In general we are prepared to accept Mr. Bevin's suggestion of having the initial talks cover both the political and military fields. We feel sure that these talks can be arranged in such a manner that tentative exchanges of political views could take place almost simultaneously with discussions among the military in order that there may evolve a synchronization of ideas. Following these exchanges it would be extremely helpful if the recommendations resulting from these discussions could later be reviewed by Mr. Marshall and Mr. Bevin."

On September 29 the British Embassy left with the Department informally a paraphrase of a telegram 27 (Annex 18) from the Foreign Office covering the following points:

(1) "They (the Foreign Office) do not envisage the military talks as detailed staff conversations leading to a plan for the defence of the Middle East, and would like to make this quite clear. Their idea is to work out a common line of action in the political and economic field, based on an agreed appreciation of the strategical position. For this reason they consider that the military experts' assessment of the strategic factors should be brought to bear on each political problem, but they are quite prepared to leave the details of the manner in which this should be achieved to be settled when the talks begin", and (2): "Their idea is that in the West the talks should include the former Italian colonies in North Africa, but not Italy and not Greece and Turkey, on the last two of which separate discussions have been undertaken. In the East they consider that the discussions should cover countries up to and including Afghanistan, but not India or Pakistan."

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26 In telegram 5006, p. 502.
27 Not printed.
The British Embassy was told informally on October 2 that the Department’s initial reaction to the Foreign Office’s latest message was (1) that we were not prepared to agree to the latest British proposal which subjugated the military talks to the political-economic talks, as we felt that the two aspects of the problem should at least be on a par, and (2) that we could not agree to the omission of Greece and Turkey which necessarily played such a vital part in Mediterranean and Near Eastern planning.

On October 6 the British Embassy informally notified the Department (Annex 19), that the Foreign Office now concurred in our views that the military talks should be considered as of equal importance with the political and economic. The Foreign Office had also stated that it had not intended that Greece and Turkey should be rigidly excluded from the conversations since it agreed that any strategic review would naturally include those countries.

In a telegram dated October 8, the Embassy in London stated that Michael Wright, Superintending Under-Secretary of the Foreign Office, and Mr. Greenhill of the Middle East Secretariat, were leaving for Washington on October 11, and were being proceeded by General Hollis, Brigadier Mallaby, and Air Vice Marshal Foster.

On October 9, the Department tentatively agreed with the British Embassy, subject to Mr. Lovett’s concurrence, that the talks should commence on October 14.

[Annex 1]

741.90/9-947

Memorandum of Conversation, by the Director of the Office of Near Eastern and African Affairs (Henderson)

TOP SECRET

LONDON, September 9, 1947.

Participants: Mr. Bevin, Prime [Foreign] Minister.
Mr. Lewis Douglas, American Ambassador to Great Britain.
Mr. Loy W. Henderson, Director, NEA, Department of State.

On the afternoon of September 9, Ambassador Douglas and I had a somewhat extended conversation with Mr. Bevin primarily on the subject of the proposed withdrawal of British troops from Greece. During our talk, Mr. Bevin referred to the proposed discussions be-

28 Memorandum of conversation by the Chief of the Division of South Asian Affairs (Hare), not printed.
29 No. 5428, not printed.
tween the American and British Governments on the strategic situation of the whole Near East and set forth what appeared to be a number of somewhat tentative ideas with regard to the future British policies and principles in the Near East.

I shall endeavor to outline some of the ideas advanced by Mr. Bevin. Although I am unable to record Mr. Bevin's exact words, I believe that the following represents with fair accuracy his ideas and his manner of expressing them. The first person is used as though Mr. Bevin were speaking:

**Greece**

I want to make it absolutely clear that it is impossible for me to reverse the decision of the British Government to withdraw all British troops from Greece in the near future. If the impression should be created that I have reversed such a decision, I could not continue as Foreign Minister for twenty-four hours. I am under pressure from all sides to get our troops outside of Greece. It would be just as difficult for the British Government to continue to maintain troops in Greece as it would be for the American Government to send troops to Greece. I informed Mr. Byrnes in the latter part of 1946 of our decision to withdraw British troops from Greece, and I made it clear again last spring that withdrawal would be effected in the near future. In fact, we had expected to have all British troops out of Greece two months ago.

I can, however, understand the desire of the United States Government that these troops remain for a limited time, and I shall do my best to persuade the Defense Committee to agree to leave our troops in Greece until the conclusion of the General Assembly and to agree that no definite announcement would be made in the near future regarding the withdrawal of our troops.

I am quite agreeable to discussing this matter personally with Mr. Marshall in case I should find it possible to come to Washington in the autumn, but it should be understood that I am not promising to reconsider the matter in case I do discuss it with him.

We have no intention at least at present to withdraw the British military mission from Greece.

**AMERICAN-BRITISH DISCUSSION WITH REGARD TO THE PROBLEMS OF THE NEAR EAST**

I agree with the suggestion of the American Government that it might be advisable for our discussions with regard to the problems of the Near East to begin in Washington at the military level and for these discussions to be reviewed later at a high political level. It might
be possible in case I should come to Washington in the autumn for me to participate in some of the discussions at a high political level. It is not my intention to attend the General Assembly, although I have been named as head of the British Delegation. I am faced with so many problems at the present time that I do not wish to become bogged down in the debates at the General Assembly. I might be able, however, to come to Washington for a short time in order to discuss the proposals emanating from the Paris Conference, and my presence in Washington would give me an opportunity to go into matters relating to the Near East as well as other problems of mutual concern. Our future policies with regard to the Near East are at present being reviewed by the Defense Committee, and I am planning to lay certain concrete suggestions before that Committee within the next three days. I personally am convinced that it is in our mutual interests and in the interest of world security that the Governments of Great Britain and the United States should clearly understand each other’s views with regard to the future of the Near East and that they should, if possible, find grounds for a mutual understanding. I shall tell you frankly that although I am often told that the American Government desires to cooperate with us in the Near East, I find, unfortunately, that sometimes your Government adds to our difficulties.

**PALESTINE**

In this regard, I wish particularly to refer to Palestine. During the past year there has been considerable bloodshed and loss of property as well as British prestige in Palestine, I consider that the United States has a share of responsibility for our troubles. Again and again when I have been endeavoring to make progress in the solution of the delicate Palestine problem, your Government has thrown us off balance by making public statements regarding the necessity of the admission of 100,000 Jews or regarding other aspects of the problem which have had a destructive effect on our negotiations. Furthermore, it is no secret that the terrorists in Palestine have received the bulk of their financial and moral support from the United States; most of the ships which have endeavored to smuggle illegal immigrants into Palestine have been purchased, outfitted and financed in the United States; organizations based in the United States have carried on extensive publicity campaigns with the purpose of encouraging the Palestinian terrorists and the smugglers of illegal immigrants and of discrediting the attempts of the British Government to maintain law and order. The American Government has to an extent subsidized these activities by exempting from income tax donations to organizations so engaged. For a period of nearly two years, the British Gov-
ernment, without success, has been trying in a friendly way to prevail upon the American Government to take steps to prevent American encouragement of terrorists and illegal activities in Palestine.

The Special Committee of the General Assembly has now made its report to the General Assembly, and I note that the majority report recommends that the British Government undertake the implementation of its suggestions under the auspices of the United Nations. Can you imagine what chance I have of prevailing upon the British Government at a time when Great Britain is already facing so many grave internal and international problems to undertake a task of this kind? It is not our intention just now to make any statement regarding our attitude towards either the majority or the minority report of this Special Committee. We plan to wait until we see what the attitude of the General Assembly is. In case the General Assembly should adopt the majority report and ask us to implement it, we shall then answer to that request.

EGYPt

I am very much disturbed at the attitude shown in the Security Council by countries friendly to us during the discussion of the Egyptian complaint. The issue seems to me to be clear. Will the Security Council respect the sanctity of treaties or will it not? We have made concession after concession to the Egyptians and instead of appreciating our conciliatory attitude, they have used every generous gesture on our part in order to extract more. It seems to me that the members of the Security Council, in their anxiety to save Egypt's face and spare Egyptian feelings, are encouraging not only the Egyptians but other nations to attempt to use the Security Council for the purpose of evading treaty obligations. I am particularly stubborn about one thing: that is, I do not wish in any circumstances the Egyptian case to be left on the agenda of the Security Council. If it does remain on that agenda, there will be an inescapable inference that Great Britain has acted, so far as the Egyptians are concerned, in a manner which justifies some kind of Security Council intervention. Furthermore, I wish to make it clear that we shall not move our troops out of the Suez in order to persuade the Egyptians to resume negotiations with us. We doubt that further negotiations with the present Egyptian Government would serve any useful purpose. The Egyptian Government is a minority Government and would not dare, in the face of the majority opposition, to enter into an agreement with us of a character which would be acceptable.

I made certain extremely generous offers to the Egyptians with respect to the Sudan. Those offers have been withdrawn, and we shall not make them again. The Egyptians have therefore by their own
actions lost what they might have had in the Sudan. We consider the Sudan as potentially one of the most important British bases in the whole Middle East and Africa. If we are to remain in the Near East, we must have free use of the Sudan. It is not only vital from the point of view of communications, but also from that of supplies. If we have the Sudan, we shall have means of preventing Egypt, in case a world conflict should arise, from giving assistance to the enemy. The Egyptians are now aware of this fact and, therefore, their interest in the Sudan has been stimulated.

We are again laying plans to revive the Lake Tana project, which would increase greatly the agricultural resources of the Sudan. We have already taken the matter up informally with the Ethiopian Government, which appears to be willing to cooperate with us. We hope also to have the cooperation of various American engineering firms. In case this project is carried out successfully, the Sudan might eventually become a prosperous, self-supporting country.

We feel it is necessary, if we leave Suez, that there should be a mutual defense treaty between Egypt and Great Britain. In spite of the explanations which we have received from your Government with respect to Mr. Johnson’s recent statement before the Security Council, we are convinced that the Egyptians will endeavor to interpret that speech as an indication that the United States does not believe that the conclusion of such a treaty would be advisable. We hope, therefore, that the United States Government will find a suitable occasion in the not distant future to make a public statement showing that in its opinion the conclusion of a British-Egyptian mutual defense treaty would be in the interests of world security.

**Cyrenaica**

In case we withdraw from Suez, we must have some base to fall back upon. We consider Cyrenaica as that base. If we decide to remain in the Near East, we hope that we can be assured of American support in retaining Cyrenaica as a base. It is likely that the Council of Foreign Ministers will be unable to reach an agreement with regard to the future of Cyrenaica. The question of Cyrenaica will therefore probably come before the General Assembly in the latter part of 1948. It is possible that the General Assembly will not be able to make a decision with regard to its disposal. In such an event, we would, therefore, be left in occupation. Since we bore the brunt of the fighting to obtain control of Cyrenaica, we believe that we should be permitted to

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30 For the text of the pertinent part of Ambassador Johnson’s statement before the Security Council on August 28 and the “Explanations” furnished to the British, see telegram 8390, August 30, to London, p. 808.
stay there. If we should decide to remain as a force in the Near East, we must have Cyrenaica.

**Transjordan**

In addition to Cyrenaica, we feel that it is important for us to strengthen our bases in Transjordan. We hope that the United States will support us in this respect. Our treaty with the Government of Transjordan gave us the right to maintain forces in that country. Some time ago we abandoned any idea of bases in Palestine. Nevertheless, if we are to use Transjordan effectively, we must have means of obtaining access to that country across Palestine.

**Iraq**

As you are aware, we have a mutual defense treaty with Iraq which gives us the right to use certain Iraqi airfields and to maintain certain troops at those fields. For some time we have been engaged in negotiations with the Government of Iraq with the purpose of amending that treaty in a manner which would be more acceptable to Iraq, as well as to the other Arab countries. We have made excellent progress in these negotiations in view of the friendly attitude of the Government of Iraq, and we hope to conclude them in the near future. The little sheikhdom of Kuwait is closely connected with these negotiations. As you know, Kuwait is at present something of a British protectorate. We are hoping that our arrangements with the Iraqis will provide that we can continue to make use of Iraqi air bases, particularly those at Habaniha and Basra. In return, we may permit the Iraqis to share with us the use of a great base in Kuwait. Kuwait is within a reasonable flying distance of our oil fields in Kirkuk and is less than a flying hour from Abadan, Basra and Bahrein. We would like to create in Kuwait one of our strongest military bases of the Near East.

It is possible that because of the feud between the Royal House of Saudi Arabia and that of Iraq, Ibn Saud will not relish the presence of Iraqis in Kuwait. Nevertheless, with American support, we might be able to smooth his feelings on the subject, particularly since it would be to his advantage to have a formidable military barrier between Saudi Arabia and Russia.

We are hoping, once our treaty relations with Iraq are adjusted to the mutual satisfaction of both of us, to proceed with the development of the Tigris and Euphrates River Basins on a scale that will open great quantities of fertile land, now desert, to farming. The development of these two great rivers would permit Iraq to support two or three times its present population and should make Iraq one of the richest countries of the Near and Middle East. Various British engi-
neering firms have been studying ways and means of developing these rivers, and we hope the United States will cooperate with us in carrying out a scheme which, if successfully completed, would strengthen the prestige of both our countries in the Middle East.

IRAN

I know that we do not see completely eye-to-eye with regard to the Soviet oil concessions in Iran. Personally, I would be relieved if the Iranians would grant some kind of an oil concession to the Russians. If they refuse categorically to do so, not even leaving the door open for further negotiations, the Russians will be furious. They will, of course, charge that the British and Americans are responsible for Iranian stubbornness, and charges of this kind will increase our tension with the Soviet Union and render my internal position here more difficult. I do not intend, however, to push the Iranians on this subject.

LOY W. H[ENDERSON]

[Annex 2]

741.90/9-1647 : Telegram
The Chargé in the United Kingdom (Hawkins) to the Secretary of State

TOP SECRET

LONDON, September 16, 1947—6 p. m.

5006. 1. It is apparent from recent talks with top officials in Eastern and Egyptian Departments Foreign Office (Embassy's 4965, September 15) that these officials attach utmost importance to high level US-British discussions regarding political and strategic aspects of Middle East. Garran, acting head Eastern Department, who is coordinating preparations for these talks, advised Embassy September 15 that Foreign Office suggestions regarding these discussions were approved by Bevin September 13 and were sent to British Embassy, Washington, for communication to Department by British Ambassador.

2. Garran summarized these suggestions by saying that if US and British military should undertake talks without high level political advisers on hand, military would very soon be stymied by problems unsolvable without political advice. If step one were solely military it would probably result in series of questions for high level political discussion rather than in practical strategic answers. Consequently, British Government is suggesting via British Embassy, Washington,

a1 Not printed.
that an important British general and possibly Michael Wright, Assistant Under Secretary of State, Foreign Office, should arrive Washington about October 10 with a view to participating in talks between US military representative or representatives and a counterpart of Michael Wright. It is Foreign Office thought that political advisers would meet with military and that from their discussions would come series of recommendations agreed at official level which would be reviewed by Secretary and Bevin separately and which would be basis for agreement between Secretary and Bevin when these two meet.

3. Garran said that Foreign Office has recommended early preparation and exchange of agenda for talks so that both sides will have time to prepare necessary data. He thought that among items which British would put on their list were Palestine, British base in Cyrenaica, Anglo-Egyptian dispute and improvement of Middle East living standards as preventive measure against Communism. Garran said that US would probably wish to talk about Greater Syria among other matters.

4. Garran expressed belief that exchange of views on these problems is long overdue and hope that if US Government agrees British suggestions regarding form of talks policies formulated ad referendum at official level would be endorsed by US Government and British Cabinet.

HAWKINS

[Annex 3]

890.50/4-2347

The British Secretary of State for Foreign Affairs (Bevin) to the Secretary of State

CONFIDENTIAL

MEMORANDUM

The United States Government are aware of the great importance which His Majesty’s Government attach to the social and economic

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32 For documentation on this subject, see pp. 738 ff.
33 Transmitted with a memorandum of March 20, 1947, which stated: “When we met on the 18th March I promised to let you have a memorandum on Social and Economic Development in the Middle East.
“I now enclose this memorandum with a special annex describing the work of the Haig Irrigation Commission in Iraq. I hope you will be able to find time to give it your attention.”

The original copy of Mr. Bevin’s memorandum to the Secretary of State has not been found in Department of State files. The copy used here was sent by the Department to the Ambassador in Egypt in Instruction 1877, April 23, 1947.

Messrs. Marshall and Bevin were at Moscow participating in the Fourth Session of the Council of Foreign Ministers which met there from March 10 to April 24, 1947.

393-774-72—33
development of the Middle East, the raising of the general standard of living, and the improvement of methods and conditions of agricultural and industrial production. It is understood that the United States Government share these views.

The present economic situation in many of the Middle Eastern countries is certainly not healthy. Countries like Egypt, Iraq, and the Levant States are at present living to a large extent on the profits which they made during the war from the presence of Allied forces. Huge fortunes have been made and the gap between rich and poor has been increased while inflation has made the lot of the poorer people more difficult. In Egypt the situation has been aggravated by the pressure of increasing population. The result is a state of growing hardship and discontent. If, however, the various governments can be induced to carry out an honest policy of social and economic development resulting in a general increase in the economic prosperity of the peoples of the Middle East, this should contribute considerably to the internal stability and security of the area and reduce the danger of revolutionary developments and of Communist penetration.

One way in which His Majesty’s Government have attempted to assist the governments of Middle Eastern countries, and stimulate them to work out schemes of economic development, has been through the establishment of the British Middle East Office in Cairo with its Staff of agricultural, labour, health and statistical advisers whose services are at the disposal of any of the Middle Eastern countries who wish to consult them.

Many other opportunities are arising, and will continue to arise for assisting and advising the Middle Eastern countries in the execution of their economic development plans. The United States Government may be interested to know of the plans now being made for the development of irrigation in Iraq. The Iraqi Government recently asked Mr. Haigh, a British irrigation expert, to form an Irrigation Development Commission to report on the whole question of the proper use of the waters of the Tigris and Euphrates and their tributaries in Iraq. The Commission has much work to do before it can produce its final recommendations, but its preliminary investigation shows the far-reaching possibilities for Iraq of a comprehensive scheme of irrigation and flood control. These possibilities are dealt with in greater detail in the attached note.²⁴

There is of course much more to be done in Iraq, apart from the work of Mr. Haigh’s Commission. In other Middle Eastern countries, too, United States and British enterprises are assisting their development programmes. In Syria a British firm of consulting engineers

²⁴ Undated paper entitled “Development of Irrigation In Iraq”, not printed.
(Alexander Gibb and Partners) have, at the Syrian Government's request, recently undertaken a survey of the country and presented an interim report, containing recommendations for the economic development of that country. The same firm have been invited to undertake a similar survey in Lebanon. His Majesty's Government have been interested to see that in Persia and Afghanistan the United States firm of Morrison-Knudsen are similarly engaged on a technical survey on behalf of the Persian and Afghan Governments while American interests are financing important development undertakings in Saudi Arabia as well.

All the development programmes of the various countries will call for extensive outside assistance, and His Majesty's Government hope that they will be able, with the goodwill of the Middle Eastern countries, to make an important contribution to this end. Doubtless also United States activities in the area will be maintained and developed, in which case there will be considerable scope for Anglo-American coordination and cooperation in this important area. The plans of the Middle East Governments will of course require to be financed, and Middle Eastern countries are likely to be hampered by shortage of foreign exchange (although in some cases their increasing oil royalties should ease the position). It is hoped that it may be possible for substantial assistance to be afforded in suitable cases by the International Bank.  

ERNEST BEVIN

35 The editor is unable to find in Department of State files a copy of Secretary Marshall's reply to Mr. Bevin's memorandum. Airgram A-901, September 25, 1947, to London, contains information that the Secretary's acknowledgment, sent on March 27, stated that the memorandum was being forwarded to the Department of State for study (890.50/3-1047). In a note of July 3, the Secretary of State informed the British Ambassador that the memorandum was "receiving the careful attention of officials of the Department of State and that a further communication will be addressed to the Ambassador at such time as it is possible to complete the Department's study thereof." (890.50/3-2047).

NBA Files: Lot 55-D38

Memorandum Prepared in the Department of State

TOP SECRET

[WASHINGTON, undated.]

CHRONOLOGY OF DEVELOPMENTS STEMMING FROM MR. BEVIN'S MEMORANDUM REGARDING RAISING THE STANDARDS OF LIVING IN THE MIDDLE EAST

By Top Secret telegram No. 5006 1 (Annex 20) the Embassy, London reported the Foreign Office's intention to include "the improve-

ment of standards of living in the Middle East as a preventive measure against Communism", among the subjects to be discussed. This clearly had reference to a broad review of economic questions, including projects for economic development in the Middle East, and procedures for Anglo-American collaboration. A memorandum given to the Secretary of State by Mr. Bevin in Moscow last March, and several informal conversations between British Foreign Office and other interested British officials and our London Embassy during subsequent months, serve to indicate the scope and character of British views on the subject.

Mr. Bevin's memorandum (Annex 21) refers to the British Government's interest in improvement of economic conditions, agricultural methods, industrial production, and the general standard of living in the Middle East. Such improvement is favored as a contribution to internal stability and security of the area, and to reduce the danger of revolutionary development and of Communist penetration. The British Government therefore wishes to assist the Governments of Middle Eastern countries and stimulate them to work out schemes of economic development. The British Middle East Office in Cairo provides a staff of agricultural, labor, health and statistical advisers who are at the disposal of any of the Middle Eastern countries who wish to consult them. Several development proposals in the Middle East are mentioned, including particularly a comprehensive scheme of irrigation and flood control for Iraq. The far-reaching possibilities of this scheme are outlined in a note attached to Mr. Bevin's memorandum. The British Government hopes to be able, with the good will of the Middle Eastern countries, to make an important contribution toward the extensive outside assistance which these development programs of the various countries will require. Mr. Bevin assumes that the United States shares the British views as to the importance of social and economic development in the Middle East and the raising of the general standard of living. He expects that United States activities in the area will also be maintained and developed, and believes this will provide considerable scope for Anglo-American coordination and co-

3 Loy W. Henderson, Director of the Office of Near Eastern and African Affairs, had discussed the subject with John Balfour, the British Minister, on August 6, 1946, and several weeks before. Mr. Henderson's memorandum of the August 6 conversation notes that the British Foreign Office had proposed to induce creation by the Arab League of an organization for developing economic, social, and cultural activities and to encourage establishment of specialized regional agencies, with the British Middle East Office to offer them advice and personnel. Mr. Henderson's immediate reaction had been "that conferences held under the auspices of the Arab League, the British Middle East Office, or similar organizations, would not be of much assistance in solving the difficult problem of Near East social and economic reform ... a more dynamic approach was necessary." (890.50/5-346)

4 See p. 503.
operation in this important area. He expresses the hope that substantial assistance may be afforded in meeting financing requirements in suitable cases through the International Bank.

Substantially the same views have been developed in greater detail by officials of the Foreign Office and Middle East Secretariat in informal discussions with United States Embassy officers. The necessity for broad and balanced approach has been emphasized, including the necessity of dealing with problems of public health, surface drainage, agricultural methods and communications. Attention to these problems is necessary to assure that the beneficial effects of large and expensive irrigation projects do achieve their potential beneficial effects for the local population.

Methods of Anglo-American cooperation in the matter have also been discussed. Thus, according to airgram A-1458 (Annex 22) of June 27, 1947* from the Embassy, London, Mr. D. A. Greenhill of the Middle East Secretariat informed an Embassy officer that his office had been hard at work for some weeks drawing up an over-all British economic policy statement for the Middle East. He said this included a section recommending that there should be increased Anglo-American cooperation in connection with economic and cultural developments in the area. This section had been endorsed by the Interdepartmental Middle East Committee, for which the entire policy statement was being prepared, and the Middle East Committee had directed that a Working Party be set up under Mr. Greenhill’s chairmanship to study the possibilities of improved Anglo-American cooperation in this field.

By airgram A-1704 (Annex 23) of August 5, 1947, the Embassy, London reported a further conversation on the subject with Mr. Greenhill on July 29. Two schools of thought have been expressed in the meetings of Mr. Greenhill’s Working Party. “One felt that it was essential that there be a formal American-British organization which would divide responsibility for the problems of the area between the two countries, thus avoiding conflicts and preventing duplication. The proponents of this view were largely British officials who had served in the Near East.” The other, “which is in the ascendant,” was in line with a previous expression of Mr. Greenhill’s personal views (reported in London, Embassy airgram A-1458 of June 27 above-mentioned) to the effect that “in his opinion the fullest exchange of data in Washington and London on an informal basis might be of far more value than the establishment of a formal Anglo-American Committee, either in the Middle East or elsewhere to deal with economic and cultural problems”. In the July 29 conversation (reported in London Embassy

*Not printed.
airgram A-1704 of August 5 above-mentioned) Mr. Greenhill said "that he himself was coming around more and more to think that American-British cooperation in the area depends 'more on a state of mind than anything else'. He thought that if both Governments were able to inculcate the proper state of mind, most problems could be worked out on the spot."

On August 29, as reported in London Embassy telegram 4757 of September 2\(^5\) (Annex 24), Mr. Greenhill advised that the report of his Working Party had now been approved by the Middle East Informal Committee. This report, he said, recommended informal rather than formal organized cooperation. Mr. Greenhill mentioned a circular instruction\(^6\) (Annex 25) despatched by the Foreign Office to all of its Middle East Missions in or around May 1944, instructing them to cooperate fully with United States Missions. He said that the Foreign Office was now considering the despatch of a further circular instruction to all its Middle East Missions reminding them of this earlier instruction. Asked whether there were any specific instances making such reminder necessary, he said there had been one or two instances in which the Foreign Office felt their people had been "unnecessarily secretive" with our people. He said the Foreign Office intended to send its circular reminder anyhow, but that it had occurred to them that the United States Government might wish to do the same thing.

The circular instructions referred to were sent by the Foreign Office at the same time that the Department of State sent circular instructions to the United States Missions in the Middle East, in May 1944,\(^6\) calling for close cooperation with British Missions in the area. These parallel instructions were the result of conversations held with British Foreign Office and other British officials by Mr. Wallace Murray, then Director of the Office of Near Eastern Affairs, who accompanied the Under Secretary of State on the occasion of Mr. Stettinius' visit to London in the spring of 1944. In the course of these conversations questions of mutual interest to the United States and Great Britain through the Near and Middle East from Egypt to Afghanistan were informally reviewed. Cordial agreement was reached to the effect that there was no conflict between British and American interests in the area, and that a spirit of cooperation based on mutual frankness and good will should govern the conduct of Anglo-American relations throughout the area. It was further agreed that instructions should be sent to the United States and British Missions in the area with a view to the establishment of "machinery" in the Near and Middle East for the joint examination and immediate disposal of rumors, com-

\(^1\) Not printed.
plaints and grievances, which if left unsettled might subsequently be ventilated publicly, with effects harmful to both sides. The telegrams by which the Department's circular instructions were conveyed and correspondence with the British Embassy in Washington outlining the instructions despatched by the Foreign Office, are reproduced in Annex 26.¹

On August 29, 1947, in the course of his conversations with an officer of the United States Embassy (as reported in Embassy telegram 4757 of September 2 above-mentioned), Mr. Greenhill intimated a desire for an early reply to the memorandum from Mr. Bevin to the Secretary of State, of March 1947. He said that until such reply was received by the Foreign Office, little action could be taken on his Working Party Report, approved by the Middle East Interdepartmental Committee, recommending that informal cooperation between United States and British Missions in the area should be stimulated. By telegram No. 5014 of September 16 ³ (Annex 27), the United States Embassy, London reported further inquiries from Officers of the Eastern and Egyptian Departments of the Foreign Office as to when this reply might be expected. The British officials reiterated the view that the general economic problem in the Middle East is of growing importance.

Some explanation of this urgency of mind is indicated in airgram A-1990 ⁴ (Annex 28) of September 26, 1947 from the Embassy London, which reports Mr. Greenhill as indicating that economic betterment in the Middle East is visualized "as a two-fold race against time": the first "to immunize the Middle East from Communist doctrine by alleviating the economic and social disabilities which offer such a fertile ground for the spread of Communism", and the second, a race against population increase, particularly in Egypt. Progress on the Lake Tana Dam project is termed urgent, as a means to provide enough additional irrigated land to cope with an Egyptian population expected to reach 26 millions in 1980.

Mr. Greenhill is further reported to have referred to the difficulty of obtaining firm commitments from the British Treasury and Board of Trade "as to what the British Government is prepared to spend on the well-being of the Middle East". Owing to the economic crisis in Britain, it appears doubtful whether the British Government could do much more than give advice to Arab states when they asked for it, and some assistance in the recruitment of British experts and teachers to be hired by the individual Arab states, through the British Middle East Office in Cairo and the British Middle East Secretariat in Lon-

¹ Not printed.
London. "It is beginning to look", the United States Embassy representative was informed "as though only the United States Government can give practical help to the Middle East. We certainly hope that you will".

Meanwhile a preliminary reply to Mr. Bevin's memorandum (which had been previously acknowledged by a note to the British Embassy dated July 3, 1947) had been prepared in the Department. This proposed reply indicated concurrence in the views expressed by Mr. Bevin as to the importance of improving economic conditions in the Middle East and expressed concurrence in the desirability of taking the fullest advantage of all appropriate opportunities for useful Anglo-American cooperation. It indicated a desire for free and fully cooperative relationships between British and American Missions in the Middle East, and expressed the intention to consider what further steps might be taken by the Department for that purpose. It suggested as the best immediate approach to the subject that the Embassy convey this favorable general reaction to the interested British officials and propose further informal discussions to develop more specifically just what they have in mind.

The proposed reply further referred to the importance of avoiding not only in fact, but also in appearance, the creation of any impression that the British and United States Governments had private arrangements for the division of countries or areas of the Middle East into spheres of economic influence, or for Anglo-American cooperation which in effect would establish a practical monopoly for dealing with the peoples of the Middle East, thus depriving them of their freedom of choice. Reference was also made to the importance of encouraging local and regional initiative.

In view however of the reference in the Foreign Office's Top Secret telegram No. 5006 of September 16 to the improvement of Middle East living standards as a subject for discussion in the proposed conversations, action on this proposed reply was suspended. Instead, the Embassy, London was advised of our intention to take the occasion of the discussions to indicate a favorable general response to Mr. Bevin's memorandum and to suggest that the matter be made the subject of further exploratory discussion in order that the British ideas might be more definitely determined and the possibilities of useful action ascertained.

* See footnote 35, p. 505.
* In telegram 4169, September 26, 5 p.m., to London, not printed.
THE BRITISH AND AMERICAN POSITIONS

[Here follow a table of contents and a summary.]

1. BRITISH POSITION

a. Background:

Traditional British policy in the Middle East, regardless of the party in power in the United Kingdom, has centered around the hard core of Empire defense, with emphasis on communications. Subsequently, oil became an additional and related vital interest. Commercial advantage was not overlooked, but defense was the prime factor in basic policy decisions. Following the dismemberment of the Turkish Empire as the result of its participation in World War I on the side of the Central Powers, the policy which the British pursued in maintaining these vital interests was to deal individually with the countries of the area by asserting special political relationships (mandates, protectorates, treaties of mutual assistance, etc.) backed by the threat of the use of military force by small but effective garrisons maintained at bases selected for their strategic importance.

During the period between the two World Wars, it was possible to implement this policy with a fair degree of success owing to the lack of any strong external pressures and to the relative quiescence of nationalism in the area. It was also used with a considerable degree of effectiveness during World War II, but severe external pressures exerted on the area during that period, coupled with a recrudescence of Arab nationalism and the emergence of a strong Russia on Britain's communications flank, convinced a number of British officials that this policy, always highly unpopular with the Middle Eastern peoples, had outlived its usefulness and they began casting about for a new policy designed to meet these new developments, while at the same time assuring Britain's strategic position.

The formula found to meet these requirements was inspired by the war-time experience of the Middle East Supply Center and the office of the British Minister of State in Cairo and took the form of dealing with the states of the area regionally rather than individually and of substituting cooperation, particularly of an economic nature, for the assertion of special rights under threat of the use of force. In short, the idea was to present Britain in the role of a benevolent and welcome senior partner in developing the Middle East in order to prevent further degeneration into acute nationalism hostile to British influence.
Originally formulated in a memorandum by Minister of State Casey, dated August 1943, this plan was discussed in the conversations on the Middle East held by Mr. Wallace Murray, then Director of the Office of Near Eastern and African Affairs, with British officials in London in April 1944. At that time, agreement was reached on the desirability of an autonomous economic institution designed to serve the peoples of the Middle East and operated and supported by them, but it was decided that the nature of British and American participation was difficult to visualize and should be left for future consideration. There is no doubt, however, that British thinking on this subject always contemplated British participation regardless of such attitude as we might take.

Upon Mr. Bevin's becoming Foreign Secretary in 1945, the idea of a regional approach on an economic level to the Middle Eastern problem was one which seemed to have an immediate appeal and in a series of speeches in Parliament and elsewhere he extolled the merits of a new relationship between Britain and the Middle East in which "partnership" would be substituted for domination, the mutual defense needs of the Middle East countries and Britain assured, economic disparity between the extremely rich and extremely poor adjusted by raising the standard of living, British technical abilities placed at the service of Middle East development, extreme nationalism curbed, etc. In pursuance of this policy he had set up a Middle East Office in Cairo and a Middle East Secretariat in London as successors to the Middle East Supply Center in order to serve in an advisory capacity on economic, cultural, and social affairs.

b. Present Situation

The sanguine hopes which Mr. Bevin entertained for this new approach to the Middle Eastern problem have not been fulfilled. Severe economic dislocation and manpower shortages in the United Kingdom have made it difficult to provide the resources or technical assistance required to meet the development needs of the area. Furthermore, the Governments of the Near East have been suspicious of the Middle East Office and have in general boycotted it. The Palestine situation has envenomed political relations with the Arab states. The strategic aspect of the problem has been rendered difficult by the failure of the Arab states to recognize the mutual aspect of the defense problem. Soviet pressures have been intensified. Furthermore, the situation has been further and seriously complicated by the attitude of the left-wing group in the British Labour Party whose insistence on the withdrawal of British troops from Greece has been interpreted by some as possibly going so far as to look to a general abandoning of British responsibilities in the Middle East and leaving the United States holding the bag.
In any event, there is no doubt that for the first time in Britain’s long association with the Middle East, political decisions affecting that area are now being taken with an eye to the internal political situation in the United Kingdom rather than solely in the national interest.

Given this background, it is not difficult to see the motive behind Mr. Bevin’s approach to the Secretary at Moscow in March or the reason for his emphasis on the political and economic aspects of the forthcoming conversations. The fact would seem to be that the British realize their inability to implement their political and economic policy in the Middle East without American help but they hope that such cooperation on our part will not preclude their retention of a certain special position in the area. The question is whether the British would be prepared, in consideration for such assistance, to maintain primary military responsibility for the area and whether the type of political and economic cooperation which they desire would fall within our current capabilities and policies.

2. AMERICAN POSITION

a. Background:

Contrasted with traditional British policy in the Middle East, American policy was concerned in the past with little more than extending protection to American philanthropic and missionary activities and the assurance of the equality of opportunity for a nominal exchange of goods. World War II brought us into the area militarily, although almost exclusively in the role of supplier of the needs of the British and Russian forces, and also as participants in the Middle East Supply Center.

Our present thinking regarding the Middle East, however, goes far beyond such limited objectives. We now take full cognizance of the tremendous value of this area as a highway by sea, land and air between the East and the West; of its possession of great mineral wealth; of its potentially rich agricultural resources. We also realize the serious consequences which would result if the rising nationalism of the peoples of the Middle East should harden in a mould of hostility to the West. Our main objective is therefore to prevent great power ambitions and rivalries and local discontents and jealousies from developing into open conflict which might eventually lead to a third World War. It is our policy to take whatever measures may be proper to promote directly and indirectly the political and economic development of the peoples of the Middle East and to support in that area the principles of the United Nations. In the implementation of such a policy the implications of recently and clearly demonstrated Soviet expansionist aspirations in the Middle East obviously need no elaboration.
b. Present Situation

The essential fact is that because of clear Soviet aspirations in the Middle East which, if fulfilled, would have a disastrous effect not only on American interests in the area but on our general position vis-à-vis the Soviet Union, it is essential that Soviet expansion in that area be contained. Given our heavy commitments elsewhere and Britain’s already established position in the area, it is our strong feeling that the British should continue to maintain primary responsibility for military security in that area. In taking that position, we recognize the legitimate right of the British to inquire regarding our general intentions in the Middle East and we have already given them assurance that the cornerstone of our thinking is to maintain the British position in the Middle East area to the greatest possible extent. In giving this assurance, however, we pointed out that the means by which such a British position might be maintained would require very careful consideration in the light of developments in the Middle East as a whole, taking into account popular sentiment in the countries of the area and external pressures and influences which might be brought to bear upon them. It is to these considerations that the forthcoming conversations will be directed.

c. Suggested General Lines of American Approach

1) Military

The general line of our policy in this respect has been postulated in the preceding section. Specific questions which will presumably arise in this connection will be the retention of British troops in Greece and the retention of present, or obtaining of alternate, bases, particularly as regards Suez. On the first of these subjects, we have already acquainted the British fully with our views and we shall doubtless wish to maintain that position very strongly in our conversations. Regarding the subject of bases, this subject is treated specifically in a following section, but, generally speaking, it is believed our present thinking regarding the subject as a whole should be satisfactory to the British. Details of military cooperation in their more technical and specific phases will, of course, be discussed by our respective military experts and do not fall within the scope of this paper.

2) Political

Considered separate from military and economic matters, collaboration between the British and ourselves on the political level in respect of the Middle East is by way of being an accomplished fact and presents no serious complications in its general aspects. Certain forms of special British political privilege in the area, which formerly caused minor friction in our relations, have been adjusted and the war-time custom of free and frank exchange of views at both high
and technical levels has been maintained. There is indication that the British may suggest formalizing this cooperation in much the same way that they did during the Murray conversations in 1944, which resulted in the sending by them and by us of circulars to the field and in that event we would presumably lend a sympathetic ear. From our point of view, however, no particular need for such action is perceived.

Regarding specific cases, there are certain problems which will require serious discussion. Palestine will doubtless be the most difficult and the political aspects of our respective policies toward Iran and Greece may need clearing up. On the other hand, our differences in views regarding the question of British relations with Egypt and the disposition of the Italian colonies would appear to be narrowing. These points and other specific political questions are taken up separately in Section C.¹

Generally speaking, it is expected that political questions per se will not loom as large in the forthcoming discussions as will, on the one hand, the political implications of our efforts to assure continued British military responsibility in the Middle East and, on the other hand, such arguments as the British may advance in order to obtain our economic support in the area, not only in substance but in a form designed to assure a special British position.

In any event, care should be taken to avoid becoming involved in any agreements with the British of the "sphere of influence" or "regional approach" variety. The first would not only be unacceptable in substance but would necessitate a degree of secrecy which could never be maintained. The second, as conceived by the British in the Middle East, becomes not so much a regional scheme in the sense that it implies joint effort in seeking a common objective, but rather a form of intermediate control which would have the effect of limiting direct action by the countries of the area in a manner hitherto unacceptable to them.

3) *Politico-Economic*

Economic considerations have been introduced by British initiative. The Foreign Office has suggested that the raising of living standards of the peoples of the Middle East be discussed. In the circumstances the subject is for us primarily politico-economic in character.

Without doubt our economic interests stand to gain from appropriate and satisfactory measures of Anglo-American collaboration in the area. There are also individual economic matters of specific character with respect to which British cooperation would be helpful to us. There is however no major question affecting our economic interests

¹The reference is to the section on "Specific Current Questions", infra.
in the area, of such critical urgency that we must seek its inclusion in these discussions.

The politico-economic question raised is the following: What action lies open to us in the economic field by which we can meet the British position, in order to induce or enable the British to meet our position in the political and strategic field?

Until the British position and desires with regard to economic questions are more specifically elaborated by them, we can only infer their nature. The analysis of the British position in preceding paragraphs supplies this inference. The British, it would appear, realize their inability to implement their economic policy in the Middle East without American help. They hope however that our cooperation will not preclude their retention of a certain special position in the area. Their desire to include discussion of Middle Eastern living standards, taken in the light of the views expressed on this subject by Mr. Bevin and by Foreign Office representatives, appears fully to support this inference.

It would be possible to describe the situation in terms of a simple bargain. If for political and strategic reasons we want them to hold a position of strength in the Middle East, then they must have from us economic concessions with respect to the area which will make it worth their while to stay there. This however would be over-simplification. British economic interests in the area are so important as to make it inconceivable that they would voluntarily pull out completely. It is sufficient simply to mention the importance of their interests in petroleum development in Iran and the Arab States. These and other economic interests serve as anchors to hold them in the Middle East.

Nevertheless there is the essence of truth in the over-simplified statement. In view of their seriously weakened economic position, it will be necessary for us to make some sort of economic concession, and to meet their desires in some degree with respect to Anglo-American economic collaboration. This will be necessary in order to enable them to meet our desires in the political and strategic field. It will also possibly be necessary in order to dissuade them from considering alternative lines of policy such as collaboration with another major power which might be very disagreeable to us.

We have already given assurance that the cornerstone of our thinking is to maintain the British position in the Middle East to the greatest possible extent. Presumably this covers economic as well as political and strategic elements. In giving this assurance we have pointed out that very careful consideration would have to be given to the means by which the British position might be maintained. It therefore follows that the specific economic proposals they may be expected to bring forward will be subject to very careful study.
Until such proposals are made, and their specific character known, it is not possible to formulate a detailed position with respect to them. Sufficient is known and can be inferred as to their probable character, however, to permit a general line of approach to be formulated.

The general nature of the British views is indicated in Mr. Bevin's memorandum of March 1947. He expresses British interest in raising living standards in the Middle East as a contribution to political stability and security. He assumes we concur in its importance. He says that his Government hopes with the goodwill of the Middle Eastern peoples to assist them in achieving economic improvement, and he assumes that our activities in the area will likewise expand. He suggests that this will offer considerable opportunity for useful Anglo-American cooperation, and he points to the International Bank as a source for capital requirements.

Subsequent informal conversations between British and United States Embassy officials in London have elaborated the subject somewhat. In particular, they have raised the question of procedure for Anglo-American official cooperation. Two alternative procedures have been indicated, the one contemplating organized machinery for cooperation, the other full and frank but informal collaboration in Washington, London and elsewhere. The latter has apparently, for the time being at least, become the more approved choice. Finally, the rapidly increased pressure of Britain's economic difficulties over recent months has been reflected in the indication that Britain will be able to give very little financial help. "It is beginning to look", a British official stated, "as though only the United States Government can give practical help to the Middle East. We certainly hope that you will."

In short, it appears that the British Government wishes to see economic conditions improved in the Middle East and standards of living raised; it wishes to contribute thereto with the goodwill of the peoples of the area; it hopes we will also contribute and believes the major substantive contributions must come from us; it further hopes that our contribution will be rendered in a manner compatible with their own and in support of British policy and objectives in the area; it hopes for Anglo-American collaboration which will enable the British Government, in Mr. Bevin's words, to take a bold lead, and receive our moral and presumably more tangible support.

Certainly Mr. Bevin is correct in assuming our great interest in economic improvement and raising of living standards in the Middle East as a contribution to political stability and security. Presumably likewise we wish to contribute what we properly can for such purposes. A favorable attitude toward appropriate Anglo-American cooperation with respect to that area was agreed upon in principle in 1944; and our
general policy of support for the British position in the Middle East has already been expressed.

The question is therefore, along what lines can we render support to the British position? In what manner can we respond positively and favorably to such specific requests and proposals as the British may make? What action can we take in the economic field to support the British lead in the Middle East and thereby support our own political and strategic requirements? While we await the specific expression of the British ideas on the subject it is possible to clarify our position somewhat along two general lines.

The first is to consider the application of our general international economic policy to the situation. The second is to consider the specific means and procedures by which positive aid could be rendered to the Middle East in collaboration with the British Government.

The general principles of our economic policy need not be considered as limiting factors. The purpose of considering their application is rather to define the general manner and lines along which action might be taken. It is therefore necessary only to consider the basic principle which is that we favor the pursuit of economic objectives through policies of equality of opportunity and maximum freedom of competition, avoiding preferential, discriminatory, and monopolistic arrangements; and that we recognize the right of other peoples to their own freedom of choice and initiative in determining the manner in which they shall handle their internal problems in seeking to promote their own welfare.

It follows from the foregoing that:

1. Recognition and emphasis should be given to the importance of stimulating and promoting the initiative of the Middle Eastern Governments and peoples themselves in determining and carrying through the projects necessary to their welfare. The projects should be considered as theirs: Theirs being the choice as to what should be undertaken; and our part being to provide, if they desire, technical and other advice and counsel to promote the effective fulfillment of their desires, if we think them wise, and to provide such material assistance as we may be able and prepared to offer.

2. We could not enter into agreement with the British to divide the area into “spheres of influence”. We could not agree that they should concentrate their efforts upon assisting this country and we that country. Even if we were willing to contemplate such a policy it would not be practicable under our economic setup. We could not effectively and specifically direct private American enterprise exclusively in this or that country nor undertake to police that enterprise along such lines. On the other hand, we could direct our own official activities and seek to stimulate or restrain private American enterprise within the degree to which that enterprise is subject to our influence and control, along lines which avoid unnecessary conflict with British policies or interests. For that purpose of course such policies and interests must be clearly
and continuously known to us and be essentially agreeable to our views.

3. We could not agree to monopolistic or cartel arrangements under which, through some procedure of organized collaboration, British and American advice and assistance would be available to Middle Eastern countries only through a single organized channel. Our economic setup would make monopolistic procedure of this nature difficult to enforce, if at all practicable. A more serious objection lies in the fact that such action would deprive Middle Eastern countries of their freedom of choice between competing sources or markets. It would likely appear to them as an attempt to substitute collusive foreign domination for their own initiative and independence which it is our general purpose to support and stimulate. Consequently it is important that in pursuing possibilities of Anglo-American cooperation we avoid even the appearance of such action, such as would result from any organized form of official Anglo-American collaboration.

It is not believed that the foregoing will seriously circumscribe the extent to which we can take a positive and favorable position toward the proposals to be expected from the British. For the moment at least the school of thought in the British Foreign Office favoring informal procedures of frank interchange of views is reported to have won ascendancy over those who favor the principle of spheres of interest and of organized Anglo-American cooperation. Also, Mr. Bevin's memorandum lays stress on the consent of the Middle Eastern peoples themselves. He refers to the endeavors of the British Government "to assist Governments of Middle Eastern countries and stimulate them to work out schemes of economic development"; he speaks of opportunities "for assisting and advising the Middle Eastern countries in the execution of their economic development plans"; referring to extensive outside assistance required for their development programs; he says "His Majesty's Government hope that they will be able with the goodwill of the Middle Eastern countries to make an important contribution to this end".

It should therefore be possible to find ways and means of meeting anticipated British requests for collaboration and support along the following lines:

1. The British might be assured of our support and interest in furthering the essential objectives by rendering assistance in improving standards of living in the Middle East.

2. They might be assured of our willingness to maintain, on a continuing basis, informal exchange of views and information with them, to the end of promoting the maximum degree of consistency between British and American official action in the pursuit of mutually agreed purposes in the area.

3. They might be assured of our intent to reexamine the desirability of further circular instructions and other appropriate action designed
to promote and encourage close and frank collaboration between our Missions in the area.

4. They might be led to expect that insofar as we are informed of and agree with their purposes and policies and the motives underlying their actions in the area, we would seek to avoid on our part actions calculated or serving to undermine the British purposes and position, and we would seek to guide and restrain our private commercial interests to the same end.

5. If they indicate fear that our present economic strength relative to their own will enable our private interests to "capture the markets" to British disadvantage, and establish a preferred position through preclusive or monopolistic arrangements, we might point out: that adherence to the general principles of equality of access and maximum freedom of competition will serve as a protection to British as well as American and other commercial interests; and that as a matter of fact the extent to which American business can "invade the markets" of the Middle East is limited by the shortage of dollars and the causes of that shortage.

6. We might offer to undertake a joint review of the various institutions which may be useful in furthering our mutual economic purposes in the area; we might agree that when useful recourse may be available to international institutions with British and American membership, we should seek to use our joint influence toward the mutually agreed purposes.

7. We might accordingly agree to joint exploration of the usefulness and means of promoting successful recourse to the International Bank for development financing in the Middle East, and to the International Monetary Fund so far as this institution may be able to help alleviate present Middle Eastern exchange difficulties.

8. We might undertake to examine the possibility of recourse in appropriate specific instances to the United States Export-Import Bank for the purpose of financing Middle Eastern requirements for United States export products, and to support such recourse to the Bank in appropriate instances.

9. We might further suggest that joint exploration be made of the possibility of devising special arrangements to encourage the participation of private capital in Middle Eastern development. It may be that arrangements could be devised under which private capital could participate, together with private technical skill and management, in promoting economic development in Middle Eastern countries, the British and the United States contributing in accordance with their abilities.

It is not to be expected that in preliminary discussions definite conclusions can be reached or definite undertakings made with respect to specific projects. It should however be possible to develop a closer general acquaintance with each other’s point of view, to remove unnecessary grounds for misunderstanding or distrust, and to agree upon scope and methods of further exploration of such specific projects as may be of interest. Some of these are indicated in Part III [C 7]. The immediate general purpose can perhaps best be summed by the remark
made to a representative of the United States Embassy in London by an official of the Middle East Secretariat to the effect that American British cooperation in the area depends "more on a state of mind than anything else".

NEA Files: Lot 55-D36

Memorandum Prepared in the Department of State

TOP SECRET [WASHINGTON, undated.]

Specific Current Questions

[Here follow a table of contents and a note which states: "The material included in this section was prepared by officers dealing with these matters in the interested geographical divisions of the Department and is intended primarily to furnish factual background regarding specific current questions which might come up for discussion with the British. Unless otherwise indicated, the views expressed represent present thinking at the the operational level rather than agreed Departmental policy."]

1. MILITARY (NON-TECHNICAL) [QUESTIONS]

a. Bases:

1) Egypt:

For reasons of regional security and stability we desire British troops to remain in the general area. Since under conditions of modern warfare troops in the Suez Canal area can no longer be considered to constitute an adequate defense of the Canal, since their evacuation is ardently desired by the Egyptians and since their continued presence might prove to be a liability rather than an asset from the point of view of possible Russian aggression, we hope they can be removed elsewhere in the area at an early date. We could not consistently, however, press for an evacuation until another major base, such as Cyrenaica, is made available. The Egyptian base is now used as the chief supply center for British troops in Greece and Palestine. It would be wise, however, to have the troops in Egypt reduced to the numbers provided for in the 1936 Treaty. It is understood that this reduction has already begun.

Letters on the subject of British troop evacuation from Egypt and the possible use of Cyrenaica as a substitute base, were addressed by the Department of State to the Departments of the Army and Navy.

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1 For documentation on the interest of the United States in the negotiations between the United Kingdom and Egypt for revision of this treaty, see pp. 761 ff.
on September 18 (Enclosure # A 1\(^2\)). On September 26 the Secretary of the Navy expressed agreement that this subject should be discussed in the proposed talks with the British on over-all policy in the Middle East. In so doing, the Secretary pointed out that the Navy Department considered it of the utmost importance that the United States and other nations of the Western world should continue to have access to the resources of the Middle East and to have the use of sea communications through the Mediterranean. This made it essential that neither the Straits of Gibraltar or Suez should pass under the control of any power unfriendly to the United States and that forces friendly to the United States should be able effectively to control those two positions, which would be of vital importance even if sea communications through the Mediterranean were restricted. On September 29, the Secretary of the Army, with the concurrence of the Secretary of the Air Force, observed that Cyrenaica would probably be the best base to which British troops might be withdrawn in the event of their evacuation of Suez, but expressed the opinion that a final conclusion on this subject could not be reached without consideration of the over-all Mediterranean situation.\(^4\)

2) Cyrenaica:
See foregoing.

3) Transjordan:
There would appear to be no objection to the establishment of a British base in this area since Transjordan is in treaty relationship with Great Britain permitting the stationing of British troops in that country.

4) Kuwait:
The British have indicated to us tentative plans for the establishment of an important base in Kuwait, possibly in conjunction with Iraq, and seem to feel that such a project could be carried into effect without serious opposition on the part of Saudi Arabia, despite the strong feeling between the ruling house of that country and that of Iraq. On the assumption that a satisfactory arrangement of this potential difficulty can be made, there would seem to be no reason to object to establishment of a British base in Kuwait, particularly since that state is under British protection.

5) Iraq:
The British evidently hope that current Iraqi agitation for treaty revision which would carry with it the loss of British base rights in Iraq may be met by the proposed sharing of the proposed Kuwait base.

\(^2\) Not printed; but see footnote 2, p. 802.
\(^3\) This is a reference to the first of 20 annexes attached to this paper. References to the annexes 2 to 12 are in the margin of the record copy. The editor indicates their presence by bracketed notations in appropriate portions of the text.
\(^4\) Letters from the Secretary of the Navy and the Secretary of the Army, not printed.
Assuming that such an agreement could be amicably reached and appropriately covered by treaty arrangement, there would seem to be no reason for objection by the United States Government.

6) Palestine:
It is our understanding that the British do not contemplate retaining a military base in Palestine beyond the termination of their political responsibility.

7) Cyprus:
The value of Cyprus as a military, naval, and air base is a matter for military determination. From the political point of view the fact that the great majority of Cypriots are of the Greek race and apparently desire Cyprus to be united with Greece, is worthy of notice. It may be observed, however, that in areas such as this where the number of people affected is small and the strategic importance great, the latter consideration is often prevailing.

b. Military Missions and Military Assistance:

1) Egypt:
In August the Prime Minister of Egypt, without any reference to the 1936 Treaty, requested the Acting Secretary and the Secretary of the Army to send Military experts to Egypt to assist in strengthening the military establishment. He was informed that no commitments could be made at present owing to the lack of enabling legislation. The Acting Secretary advised against the employment by Egypt of reserve officers but suggested that the Prime Minister might consider the advisability of inviting civilian engineers to advise the Government of Egypt regarding the setting up of appropriate war industries in support of a military establishment.

2) Syria:
Some time ago the Department discussed with British Embassy officials a request of the Syrian Government for an American military mission to train the Syrian Army. The Syrian request was not complied with, in view of the opposition of the French Government and our desire not to offend it, also because of the absence of legislation which would permit the delegation of U.S. military personnel beyond the formal termination of the war.

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5 See footnote 2, p. 806.
4 For documentation on the refusal by the United States in 1946 to comply with a Syrian request for a military mission, see Foreign Relations, 1946, vol. vii, pp. 782 ff. Telegram 161, May 8, 1947, from Damascus, suggested the Department give further consideration to Syrian requests for a military mission. In reply, in telegram 111, May 10, the Department stated that while it “would be willing to reconsider question military mission to Syria in light of factors outlined Legtel 161, existing legislation affecting despatch such missions could not appropriately be used. Permanent enabling legislation has been recommended to Congress but early passage not assured. Pending Congressional action Dept not in position to give further consideration to matter [and] consequently Syrian Govt should not be encouraged to renew request.” (890D.20 Mission/5–847)
3) Saudi Arabia:
There are approximately 75 United States Army officers and men at Dhahran today maintaining and operating the airport and carrying on a program to teach the Saudi Arabians to take over this field. King Ibn Saud is anxious that his people learn how to operate airports and, because of the backwardness of the Saudi Arabians in such matters, it is likely that this mission will have to stay in Saudi Arabia for a good many years to come.

BOAC is now flying into Dhahran and has requested servicing in the form of lodging, meals, and maintenance and service of planes. The British have been told that the United States Army is not in position to provide these services, but that the British can continue to use the airport if they provide the services themselves. Air France and KLM have similarly been advised. It is clear that the Saudi Arabian Government must take steps to organize these services, in order that the Dhahran Airport may be used to the fullest.

A small British military mission is stationed at Taif, Saudi Arabia, and is giving infantry training.

4) Iran:
The only military missions in Iran are the two from the United States—one to the Iranian Army and one to the Iranian Gendarmerie, both of which, if present negotiations are satisfactorily concluded, might be effective until 1949. The U.S. has approved an FLC credit of twenty million dollars [25,000,000] to Iran for the purpose of buying surplus combat and other supplies for the Iranian Army and Gendarmerie. Implementation of that credit is subject to the approval of the Iranian Parliament in the near future. Continuance of the U.S. military missions is contingent upon (1) passage of the Military Missions Bill by the U.S. Congress, and (2) willingness of the Iranian Government to recognize the usefulness of those missions by accepting their recommendations. Extension of the contemplated military material assistance to Iran now depends upon action by the Iranian Parliament. A favorable vote would be expected under normal circumstances, but there is a possibility of rejection in present circumstances as a gesture of propitiation to the Russians in the event that the Soviet oil agreement is not approved.

While the British have no special military missions in Iran, certain British air officers do train the Iranian Air Force in the use of British planes which at present constitute the entire complement of Iranian Army aircraft. A problem has arisen concerning the relative functions of the British aviation instructors and the U.S. aviation advisers attached to the mission to the Iranian Army. It is suggested that, in

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*For information on the granting of this credit, see bracketed note, p. 916.*
view of the over-all responsibilities of the U.S. Military Mission concerning organization and administration of the Iranian Army, the British Government direct their aviation instructors to coordinate their training with American direction of Iranian Army administration. The question of the training of Iranian pilots in the use of such American planes as may be acquired has also arisen, and consideration is now being given the relative merits of training in the United States and providing facilities for training in Iran on a continuing basis.

5) Turkey:

Under authority of the Greek-Turkish Aid Bill of May 22, 1947,* the United States is furnishing Turkey military and naval equipment to the value of approximately $100,000,000. Virtually all of this will be provided as a gift. The Turkish Government has just made an informal request for an additional $100,000,000, primarily to cover anticipated military expenditures in the year 1948. We have little information as to the basis of this request and are doubtful of its justification. However, there is no doubt that the proper equipment and organization of the Turkish armed forces on a modern basis would require at least another $400,000,000, as reported by the American Survey Mission which visited Turkey in the first part of the past summer.

A U.S. Army–Navy–Air group will shortly go to Turkey to instruct the Turks in the use of the new equipment being furnished.

There is a small number of British Army, Navy and Air personnel in Turkey to give instruction in certain specialized fields.

(See * page 7a). [Here follows page 7a: "The Turkish Government has requested our estimate of the international situation, with special reference to the Soviet Union and Turkey, to assist it in deciding whether or not to release one of the three classes now mobilized in the Turkish Army. Release of a class without replacement would reduce the size of the Army from about 485,000 men to about 380,000 men. It would effect a substantial saving in the national budget and would also release much needed manpower for productive work, but the Turks are hesitant because they fear it would encourage the Russians to put pressure on them and might discourage the Greeks and other peoples now being subjected to Soviet pressure.

We propose to inform the Turks that we do not consider war imminent and do not believe that the reduction in Turkish forces would materially affect the Soviet course of action towards Turkey. We intend to suggest, however, that the reduction be handled in such a way as to give the impression that it is merely a reorganization of the Turkish

* For documentation on the Greek-Turkish aid program, see pp. 1 ff.
armed forces and to demonstrate that there is no change in Turkish foreign policy or Turkish determination to resist any attack.

The Turks have made the same request of the British Government which has, independently, arrived at substantially the same views as our own. The British, however, intend to present their views to the Turks in the form of direct advice whereas we plan merely to give our estimate as a matter of information with the specific reservation that the Turks must make their own decision. The Department of the Army is in accord with our position."

6) Greece:

Of the total $300,000,000 allotted to Greece under the Greek-Turkish Aid program, $158,000,000 has been earmarked for military expenditures. Some 25,000 tons of all types of military goods have arrived in Greece and an additional 30,000 tons are either en route or being loaded in U.S. ports. As some Greek Army equipment, particularly ordnance, is largely British, U.K. material continues to be sent to Greece. Since May 22, 1947 this material from the U.K. has been paid for by the U.S. U.S. Army and Navy officers are furnishing advice to the Greek Army on logistical questions. Consideration is being given to the possibility of Americans furnishing operational advice to the Greek Army. A decision in this matter awaits General Chamberlin's recommendations.

The British Military Mission has been operating since November 1944 for the purpose of training and organizing the Greek Army. The expenses of the Mission are borne entirely by the British and Mr. Bevin has given his assurance that the Mission will remain until its task is finished. The Chief of the Military Mission, General Rawlins, is a member in an advisory capacity of the Greek Supreme Military Council. We feel that this Mission is performing a very useful work in spite of the fact that, according to an unofficial advice, we believe its strength has diminished considerably from the original figure of approximately a thousand men and officers, and in spite of the fact that British prestige and authority have been considerably eclipsed by the inauguration of the U.S. Aid Program. We think it important that the Greek Army not be subjected to further changes in organization and system and that therefore the British be encouraged to continue.

An agreement regularizing these relationships is currently under consideration in Athens and the British have requested our views on a proposed joint directive to serve as guidance in the drafting of this agreement. The American Embassy in Athens and AMAG consider

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30 Maj. Gen. Stephen J. Chamberlin, Director of Intelligence, General Staff, United States Army; for his report of October 20 on the Greek situation, see p. 375.
present informal arrangements adequate and believe that the proposed agreement and directive imply wider U.S. responsibilities than we are now prepared to accept. No final decision will be taken by the United States on this matter or other Greek matters of a military nature until General Chamberlin's recommendations have been received.

7) Ethiopia:

The only formal military mission functioning in Ethiopia at the present time is the British military mission, which is training the Imperial Army. At the beginning of August, there were indications that the mission might be materially reduced in size, in connection with overall British plans to reduce British forces in the Middle East. However, the decision to reduce the size of the mission has now been indefinitely postponed, probably because of the uneasy situation among the tribesmen in the South of Ethiopia, against whom the Imperial Army is now engaged in operations.

Although they are not members of military missions in the proper sense of the term, a number of Swedes have been employed by the Ethiopian Government to train the Imperial Guard and the Imperial Air Force. In addition, British officers have been retained to train the Ethiopian police.

The United States Government has not furnished any arms or munitions to Ethiopia since the cessation of lend-lease. However, several indications have been received from the Ethiopian Government of a desire to obtain such equipment in the United States, including an inquiry regarding full equipment for a motorized division, which was summarily dropped when an estimate of cost was furnished. Recently, a list of equipment which the Ethiopian Government desired to secure for the purpose of maintaining internal law and order was submitted to the Department, and the purchase was approved by the Arms Policy Committee on a non-priority basis.

Following this Government's approval of the sale of these arms and munitions to Ethiopia, it was reported by Ethiopian sources that the Soviet Government had offered to make a gift of certain quantities of arms, munitions and other material of war, including heavy equipment, to the Ethiopian Government. The Department is now studying the possibility of indicating to the Ethiopian Government that any sale of U.S. arms to it would be conditional on the refusal of the Soviet offer.

c. Arms Policy:

Because of the special circumstances arising out of the British position in the Middle East and unsettled political conditions, with particular reference to Palestine and the Saudi-Hashemite feud, it has been the general policy of the United States to refrain from authorizing
the export of arms to countries in the Middle East beyond such material as might properly be required for the preservation of internal security. The only exceptions to this have been countries under threat of Soviet or Soviet-inspired aggression. It is suggested that this policy should be reviewed in the light of such recommendations as may be made regarding the over-all strategic requirements of the area.

d. Central African Road:

The uncertainties of the British position in the Eastern Mediterranean have led the British to cast about for alternate sites for military bases in the Middle East. Some twelve months ago, reports were received in the Department that Kenya Colony was among possible locations which were being considered. While it is believed that from a strategic point of view Kenya is too far from the Mediterranean and the Suez Canal Zone to be a satisfactory operational base, it has many advantages as a supporting base. Kenya is a Crown Colony and is, therefore, reasonably secure from political complications such as nationalist disturbances. For this reason, it would be fairly safe for the British Government to base future long-range plans on the use of Kenya Colony. Kenya has areas of undeveloped land, with a variety of terrain types, which would be ideal for training and maneuvers. Also, the climate is very satisfactory. Mombasa, which was used to a limited extent as a naval base during the last war, has a good harbor which could be expanded. Its greatest drawback is, perhaps, communications. If the Mediterranean route could not be kept open, in the event of another war, it would be necessary to supply a base in Kenya largely by sea around the Cape of Good Hope. The British Government, however, is giving consideration to plans for creating road, rail, air, and communication links across Central Africa from Nigeria, on the West Coast to Kenya on the East Coast. The present status of these plans is not known. British troops and material, however, have recently been moved to Kenya from India. Conversations are reported to have been held between British and French representatives to discuss proposals for connecting Kenya Colony by air lines, railroads, and highways with the British and French territories on the West Coast of Africa. One possible route would be from Lagos, in Nigeria, across the French Cameroons, French Equatorial Africa, the Anglo-Egyptian Sudan, and Uganda, to Mombasa, in Kenya Colony. If French cooperation is obtained, the route might be extended to Dakar, in French

\[1\] In telegram 230, October 17, the Department instructed Damascus to inform the Syrian Government that the United States was not in a position to supply Syria with military equipment for an army of 25,000 men because of current requirements by the Department of the Army. The Department added: "For your confidential info in addition foregoing limitations there are obvious reasons arising from Palestine situation which preclude our lending assistance this character Syria at this time." (890D.24/9-1847)
West Africa, where it is believed that France is planning to enlarge its air and naval facilities.

2. POLITICAL QUESTIONS

[Here follows a table of contents.]

a. Problems Involving a Threat to the Peace

1) Greece:

The threat to the peace arising out of the assistance being given Greek rebels by Albania, Bulgaria, and Yugoslavia is obvious. The gravest danger here is that a so-called “Free Greek Government” may be established on a sufficient scale to permit the three northern countries, and possibly the Soviet Union and its other satellites, to recognize it and support it in a full-scale civil war. If the United Nations is unable to prevent this, the result could easily be something much more serious even than the Spanish Civil War of 1936–1939. The attached letters, dated July 11, 1947 [Annex A2] and July 12, 1947, [Annex A3] addressed to the Chief of the American Mission for Aid to Greece, indicate the nature and scope of the assistance which we are currently rendering in order to maintain the independence and integrity of Greece.

2) Turkey:

In Turkey there is a real, but temporarily quiescent, threat to the peace arising out of the efforts of the Soviet Union to obtain a dominant position in the Straits and to annex portions of eastern Turkey. The last Soviet move in this direction was made in the late Summer of 1946, but it may be expected that further efforts will be made whenever the USSR considers the moment propitious.

3) Iran:

Iran is under recurrent Soviet pressure which may at any moment develop into a threat to the peace of utmost gravity. At the moment, this pressure is directed toward obtaining ratification of an agreement whereby the USSR would in effect obtain an oil concession covering the greater part of the Iranian provinces adjacent to the Soviet Union. The Russian Ambassador in Tehran has threatened that if this agreement is rejected by the Iranian Parliament, the USSR will consider Iran as a “blood enemy”. Soviet action to implement this threat may include the fomentation of guerrilla activities directed against the Iranian Government along the lines of the Greek rebel operations.

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12 For the formation of the “First Provisional Democratic Government of Free Greece,” see telegram 2224, December 24, 1947, from Athens, p. 462.
13 Anto, p. 219.
14 Anto, p. 226.
15 For documentation on this subject, see pp. 890 ff.
Dissatisfied tribes and other minorities would probably be utilized. A coup d'état against the ruling dynasty is not altogether improbable.

The Joint Chiefs of Staff consider that Iran is an area of major strategic interest to the United States and that this interest would be adversely affected by Soviet domination of any part or all of Iran. [Annex A4] (Questions Projected by the Department, Sep. 26, 1943 15 and Joint Chiefs of Staff Answers dated Oct. 12, 1946 16). The Department feels that the granting of any kind of oil concession to the Soviet Union would seriously endanger the future independence and integrity of Iran. [Annex A5] (Deptel 487 to Tehran, August 18, 1947 17). Should Soviet interference in the internal affairs of Iran lead the Iranian Government to reactivate its case before the Council, the Department is prepared to continue its future support of Iranian independence. [Annex A6] (Deptel 434 to Tehran July 29, 1947 18).

4) Afghanistan:

A lesser development which might prove to be a threat to the peace is the current dispute between Iran and Afghanistan over the waters of the Helmand River.18a The Iranians claim that the Afghans are diverting water from the River, thus leaving the farms of one section of eastern Iran without the necessary water for irrigation. Although this dispute should be susceptible of adjustment, the excitable attitude adopted by the Iranian Government might make it more serious than the facts and issues would warrant.

We were recently informed that the Iranian Government had instructed its Delegation to bring this matter before the United Nations. Our influence has been used with apparent success to dissuade the Iranians from this action and we recently instructed our missions at Tehran and Kabul to suggest that this matter be referred to their representatives in Washington for informal discussion with a view to evolving constructive recommendations for a reasonable settlement. We offered to be of any possible assistance in furthering such a solution.

Afghanistan has also become involved in certain difficulty with Pakistan over the future status of the Pathan population in the Northwest Frontier area. The Afghans have maintained that they have no aspirations for hegemony over these people but maintain that they should be given a free choice regarding their future status. We have indicated to both sides our hope that this matter can be settled in a spirit of good neighborliness.

16 Incorporated in the State–War–Navy Coordinating Committee's memorandum to Major General Hilldring, ibid., p. 529.
17 Ibid., p. 834.
18 Post, p. 824.
18a See program note, p. 760.
5) Palestine:
Palestine also presents a grave security problem as the trend develops toward extremism on both the Arab and Jewish sides. This matter is discussed further under a following heading.

6) French North Africa:
French North Africa is important to the security of the US primarily because of its strategic geographical position, flanking US routes to Eastern Mediterranean oil as well as Great Britain’s Mediterranean lifeline. A North Africa friendly to the United States and the Western Powers would, in the event of military action in the Middle East, contribute greatly to the security of the militarily important eastern Mediterranean area.

The security of the area is at the present time maintained by France. France’s position there, however, is not firm. The aspirations of the Nationalists for independence and the machinations of the Communists, combined with the inability of France to conceive and implement a policy designed to solve the major political problems there, cast considerable doubt on the security of French North Africa in the future. If France herself comes under Communist control, it is highly probable that French North Africa will also. If the countries of French North Africa gain independence abruptly, there is grave danger that they would soon come under at least indirect Communist control, unless the US intervened directly and drastically to prevent it.

The only apparent solution to the problem is for the Government of a non-Communist France to come to an agreement on a modus vivendi between the peoples of France and North Africa. Without doubt this agreement will have to be based on a realistic appreciation of the fact that, in the not too distant future, the countries of North Africa will be largely independent.

Comment:
A review of all of these matters with the British would be advisable in order to make certain that our efforts are properly concerted in preventing these difficulties from becoming more serious. Thought should also be given to action which would be taken in the event that any of these problems should get out of hand.

b. The Communist Problem:
[Here follows a discussion of the Communist problem in Greece, Turkey, Iran, Syria and Lebanon, Iraq, Egypt, Saudi Arabia, Palestine, Ethiopia, and French North Africa, concluding with the comment that “This general subject should be discussed with the British with a view to exchanging factual information both now and in the

For documentation on the participation by the United States in the Arab-Zionist controversy concerning the future status of Palestine, see pp. 999 ff.
future and also to recommending appropriate action. In such discussion, particular emphasis should be laid on the possibility of establishing closer and more effective contact with organized labor in the countries of the Middle East through the appointment of experienced labor attachés, having especial regard for the selection of the right kind of American and British representatives to undertake this important work."

c. Internal Political Situations:

While it is our normal inclination to avoid becoming involved in the internal affairs of other countries, experience has shown that in certain situations such circumspection may be to the detriment of ourselves and our friends. The following developments are reviewed in this light and some at least will presumably come up for discussion with the British.

Greece:

The inability of Greek political leaders to establish a stable and efficient government in Greece has greatly retarded the economic, social and political rehabilitation of the country. In consequence, it has opened the way to the Communists and their affiliated organizations in their determined attempt to destroy internal order and take control. Fortunately, the latest change in Cabinet has brought into office a moderate Prime Minister who shows evidence of intending to combine justice and moderation with firmness. If the present coalition can endure, there is good reason to hope for a substantial improvement, but it rests on shaky foundations and will require the most careful watching.

Our policy has been to work steadily for a broad cabinet including as many as possible of the parties represented in the Parliament, but excluding both the Communists and their sympathizers on the one hand and the small group of violently reactionary rightists on the other. We have, however, generally avoided making specific suggestions to the Greeks regarding personalities or groups to be included or excluded. We propose to continue on this line, emphasizing the need for national unity and the submergence of individual political ambitions and party rivalries. (Deptel 69 to Athens, January 21, 1947. [Annex A7]) ²⁰

Turkey:

Political conditions in Turkey are stable and marked by a definite trend toward more complete democracy. It appears unlikely that any special action by the U.S. or Britain will be called for in this sphere.

²⁰ Ante, p. 9.
Iran:

Iranian politics operate on the principle of leadership as opposed to party programs. The present Prime Minister, Qavam es-Sultaneh, is the dominant political leader of Iran, controlling approximately three-fourths of the Parliamentary representation. That control is based upon Qavam's power during the recent elections, at which time he headed the only organized political party in Iran and supervised the election of his hand-picked candidates, plus the fact that his program of economic and social reform has certain appeal to the independent political elements within Iran.

The Shah, by virtue of the prestige of his position and his leadership of the Iranian Army, controls the political disposition of a sizeable segment of the population as represented by approximately one-fourth of the Majlis members. Out of concern for his personal position as well as the uncertainties in Qavam's attitude toward the Soviet Union in the past, the Shah has a personalanimosity toward any strong civilian authority, particularly when such authority elicits the support of powerful, dissident tribal leaders.

While all political elements are generally opposed to Soviet influence within Iran, particularly since the passing of the Tudeh Party from power, Iranian politicos tend to retain their traditional policy of playing a balance of power game between the two foreign powers currently most interested in Iran. In the view of this Government, the U.S. does not propose to succeed to the British role of dominance in the South, in balance to Soviet influence in Northern Iran, and takes every opportunity to encourage independent Iranian action in the interest of the country. We have recently made known our attitude toward the desirability of re-styling internal political defenses within Iran [Annex A8] (Deptel 584 to Tehran, September 26, 1947.21)

Arabian Peninsula:

The United States has not in the past, is not now, and is not likely in the foreseeable future to take part in internal politics in the countries of the Arabian Peninsula. It is expected that Prince Saud will succeed his father peacefully in Saudi Arabia, and that Prince Ahmed will succeed the Imam in Yemen. Even if these transitions should not take place peacefully, the United States would be reluctant to interfere except in extreme circumstances.

Ethiopia:

In view of the geographical location of Ethiopia vis-à-vis Aden, the strategically important Red Sea area and contiguous British territories, it is in the interest of both the British and American Governments that the Government of Ethiopia should be sufficiently strong to

21 Post, p. 960.
enable it to maintain internal law and order. At the present time, the authority of the government diminishes the further the distance from the capital. Some of the more remote districts are semiautonomous feudal units, with local chieftains either in open or tacit defiance of the authority of the central government. It is obvious that such a situation makes the task of the central government difficult and creates a potentially dangerous situation in a vital area. [Annex A9 22] Although the present Government has made important strides in unifying the country, there is still much room for improvement. The U.S. and U.K. should be prepared to render all appropriate assistance to the Emperor in his efforts to centralize the administration of the country and to institute programs of reform and development which would have the effect of increasing the prestige and authority of the Crown.

Afghanistan:

The situation in Afghanistan is somewhat analogous to that of Ethiopia in that it has a narrowly based central government under constant pressure from tribal elements. The internal situation there at present however does not appear to be a cause of especial concern.

Other Middle Eastern Countries:

The internal situations in Egypt, Iraq, Syria, and Lebanon do not call for comment at present.

French North Africa:

The political situation in French North Africa, 23 although not yet desperate, is serious; and if it continues to deteriorate at the same pace as during the last twelve to fifteen months, there is a definite possibility that what is now a political problem will turn into a danger to peace.

The Nationalist movement in North Africa is gaining in strength and determination. In general, the North African Nationalists are demanding independence from France. Their aspirations are receiving encouragement from the Arab League, which has, however, restricted its activities so far to moral support. The Communist Parties of Morocco, Tunisia, and Algeria have been employing their propaganda apparatus and other techniques in support of the Nationalists' demands, although presently advocating "autonomy within the French Union." Whether the Communists will favor complete independence from France, autonomy within the French Union, or complete union between the "progressive" elements in both France and North Africa will depend upon the internal political situation in France, the current degree of power of the French Communist Party, and, of course, overriding orders from Moscow which sometimes demand a policy in the dependent areas not designed to further the best interests of the Com-

22 Undated memorandum entitled "The Ethiopian Situation," not printed.
23 For documentation on this subject, see pp. 669 ff.
munist party in the mother country. So far the Moroccan and Tunisian Nationalist parties have refused to associate themselves with the Communists despite the entreaties and tactics of the latter.

France does not seem to have evolved a long-range colonial policy designed successfully to meet the changed political situation in her Empire. If such a policy exists, its implementation is being alarmingly delayed. The French have been inconsistent and misdirected in their use both of force and concessions vis-à-vis their dependent peoples, and, as a result of all of these factors, France would appear to be in a very poor position to solve the political problems facing her in North Africa without some assistance.

The State Department has now undertaken a plan of action which it is felt may be of considerable assistance in improving the internal situation in French North Africa. [Annex A10] Politically, this plan envisages a high-level, confidential, and oral approach to the French Government with a view to urging the French to offer to the peoples of Morocco and Tunisia constructive, concrete, and long-range proposals guaranteeing gradual but sure evolution toward something comparable to dominion status. The French will be assured that if they take such steps we will be willing to support their program vis-à-vis the Arabs. If our proposition is accepted and acted upon in a manner satisfactory to us, we can then approach the Moslems of North Africa and point out how such an evolution under the aegis of a benevolent France is to their advantage. In view of the fundamental differences in the political, economic and racial problems of Algeria, we may have to support the Algerian Statute, which has recently been voted by the French Assembly, until such time as it has had a chance to prove itself; but at the same time we can urge the French to expedite further social and educational programs throughout Algeria.

d. Special British Treaty Relationships:

Kuwait, Bahrein, ... and the Sheikhdoms of the Trucial Coast have chosen to place the conduct of their foreign relations in the hands of the British, and are known as British protected States. Political and economic changes in the Persian Gulf over the last fifteen years have made this situation obsolete. In view of the fact that the British are pulling out of India while at the same time American interests are predominant in Saudi Arabia and Bahrein, and rapidly growing in importance in Kuwait, it is reasonable for us to inquire of the steps the British are planning to take to recognize the new situation in the Persian Gulf, as well as in south Arabia.

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Iraq:
It would be to the interest of all concerned to abrogate the Anglo-Iraqi exchange of notes of June 30, 1939, which binds the Iraqi Government to engage only British subjects when in need of the services of foreign officials except for posts for which suitable British subjects are not available.

Egypt:
The military clauses in the 1936 Treaty regarding missions, training of Egyptians abroad and purchases of supplies are a limiting factor in the development of any military cooperation along these lines which we might wish to extend to Egypt. We regard the clauses as binding on Egypt until revised or abrogated and although we do not, of course, look on them as legally binding on us, it is our policy, as a matter of courtesy to the UK, to refrain from supporting Egyptian violations of them by acceding to Egypt’s requests inconsistent with them without UK concurrence. As in the case of the waiver of the British diplomatic precedence clause, prior to the raising of our Legation to an Embassy, the British would undoubtedly not insist on a strict observance of these military clauses if the Egyptian case is disposed of in the Security Council. It should be noted that the proposed draft revision of the Treaty (Bevin–Sidky) omits these clauses as well as those providing for a perpetual military alliance even after 1956.

Furthermore, until the 1936 Treaty is revised, and in the event of a war between the US and a third power in which the UK might be neutral, it might be very difficult for us to arrange to establish bases in Egypt. It should be recalled that our military operations in Egypt during the last war were made possible by the British under the provisions of the Treaty of Alliance with Egypt. Article 5 of the 1936 Treaty reads as follows: “Each of the high contracting parties undertakes not to adopt in relation to foreign countries an attitude which is inconsistent with the Alliance, nor to include political treaties inconsistent with the provisions of the present treaty.”

Attention is also called to para. 11 of the Annex to Article 8 which provides as follows: “Unless the two Governments agree to the contrary, the Egyptian Government will prohibit the passage of aircraft over the territories situated on either side of the Suez Canal and within 20 kilometres of it, except for the purpose of passage from east to west or vice versa by means of a corridor 10 kilometres wide at Kantara. This prohibition will not, however, apply to the forces of the High Contracting Parties or to genuinely Egyptian air organizations or to air organizations genuinely belonging to any part of the British Com-

\[\text{For documentation on this subject, see Foreign Relations, 1946, vol. vii, pp. 78 ff.}\]
monwealth of Nations operating under the authority of the Egyptian Government."

e. British Middle East Office:

The British Middle East Office, an outgrowth of the Middle East Supply Center in which the U.S. participated during the war, now makes available economic experts to Middle Eastern countries desiring them and performs various coordinating functions. Apparently little use has been made of the services of this institution.

We do not believe that passive assistance of this character to the Middle Eastern countries will adequately meet their needs. Moreover, the B.M.E.O. inherits, to some extent, the unpopularity in the Middle East of the old MESC. In our view, the lethargy of the governments of this area necessitates a more active form of assistance than that envisaged by the B.M.E.O. For this reason, and because an overtly coordinated proffer of Anglo-American assistance of this type would be looked upon with suspicion by Middle Eastern governments, we do not favor U.S. participation in this organization.

f. Cultural and Informational Activity:

Although this subject does not fall within the specified scope of the conversations, it is suggested that mention of it might properly be made as one of the instruments at our disposition of which full advantage should be taken in seeking to obtain common objectives. Unfortunately there has sometimes been a tendency for American and British cultural and informational agencies to be more competitive than cooperative. While a certain amount of healthy rivalry may not be amiss, and while complete identity of approach would doubtless be tactically unwise, it is believed that closer behind-the-scenes consultation and planning would be beneficial.

g. The Turkish Straits:

[Here follows one paragraph reviewing Soviet pressure on Turkey in connection with the Straits in 1946.]

Since last fall the question of the Straits has remained dormant, but there is no reason to believe that the USSR has relinquished its determination to obtain a share in the control of the Straits. It is our belief that the Russians are interested in this not so much because of the importance of the Straits themselves, since it would be possible for the Soviets to close the Straits by the use of aircraft based in their own territory or on that of Bulgaria or Rumania, but because a foothold in the Straits region would open the way for the USSR to achieve

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26 For documentation on the termination of the Middle East Supply Center, see Foreign Relations, 1945, vol. viii, pp. 85 ff.
complete domination of Turkey and subsequently of the rest of the Near East.

It would be desirable to confirm our assumption that the British attitude toward the Straits question remains substantially the same as our own.

h. The Palestine Question:

Current Aspects:

As stated by the US representative in the special committee of the UNGA on October 11, we consider that “in the final analysis the problem of making any solution work rests with the people of Palestine.” In the absence of agreement upon a basis for settlement by the parties primarily at interest, we consider that the GA has an important role to play in recommending a solution which “should not only be just, but also workable and of a nature to command the approval of world opinion.”

It is presumed that the UK is in substantial accord with our attitude, as expressed above.

More specifically, we have stated that we support “the basic principles of the unanimous recommendations (of UNSCOP) and the majority plan which provides for partition and immigration,” but we consider that certain amendments and modifications should be made in the plan in order to give effect to the principles on which it is based.

The problem of implementation is obviously one which will have to be carefully considered by the GA.

Presumably the UK will not feel called upon to express its views on the majority plan or any other plan until it receives the recommendations of the GA.

As further stated by the US representative on October 11, “responsibility for the government of Palestine now rests with the Mandatory Power”. It is difficult to see how the UK could divest itself of responsibility for governing Palestine until arrangements of some kind are made to relieve UK of its existing responsibility.

[Here follows a discussion of the general aspects of the Palestine question.]

i. The Arab League:

Basically, we regard the Arab League as a sound conception, although we do not regard it as having any official status and deal with it through its individual members rather than as an institution qualified to represent the states adhering to it. It satisfies the natural and legitimate desire of the Arab states for an organization which will develop and give practical expression to their common views and needs, and which can perform a useful service in settling some problems arising between the various Arab states themselves.
[Here follow three paragraphs stating that the United States had supported the latter aspect of the League's activities, pointing out the undoubted tendency by the Secretary General of the League to utilize his position to support Egyptian aspirations by speaking in the name of the League, and indicating the Department's feeling that the Arab League should concentrate further on economic matters.]

In brief, we feel that the Arab League serves a useful function, and that, in such ways as are open to us, we should encourage its development along constructive lines.

We shall undoubtedly wish to discuss with the British the role which the League might play in any coordinated Anglo-American policy toward the Middle East.

j. Transjordan:

King Abdullah has made it plain that he greatly desires US recognition of the independence of Transjordan. We have refrained from recognizing the independence of Transjordan in view of the great pressure which was brought to bear upon the Department to make energetic representations to the British Government in regard to the latter's recognition of Transjordan as an independent state. It was felt that recognition of Transjordan by the US would result in such violent criticism of the Department that its work on the main Palestine issue would be seriously impaired.

We have consistently supported Transjordan's application for membership in UN. When that is accomplished, recognition of Transjordan by the US would be logical and more easily justifiable. If the admission of Transjordan to UN should be long delayed, we could probably proceed to recognition whenever a Palestine settlement is reached which is of a nature to make it clear that the Zionists cannot hope to realize their aspirations in Transjordan.

k. Greater Syria:

The Greater Syria issue appears to be satisfactorily composed for the present, through British action in exercising a restraining influence on King Abdullah of Transjordan. We believe the British statement declaring British neutrality in this matter was helpful, even if it did not completely satisfy the countries opposed to Abdullah's plans.

In response to an appeal from King Ibn Saud, we set forth our attitude on this question in the manner shown in the appended telegram. [Annex A11]

In a fundamental sense, we are not opposed to the amalgamation of some of the small Near Eastern States, so long as this is accomplished

\[28\] For documentation on this subject, see Foreign Relations, 1946, vol. vii, pp. 794 ff.

\[29\] No. 203, July 26, to Jidda, p. 752.
in accordance with UN principals. Amalgamation would have obvious economic advantages. On the other hand, it would subject Lebanon and Saudi Arabia to severe political strains.

1. The Egyptian Question:

The outstanding event in Egypt’s foreign affairs has been its appeal to the Security Council regarding the revision of the 1936 Anglo-Egyptian Treaty of Alliance and the status of the Sudan. Protracted negotiations between the two countries broke down over the question of the future status of the Anglo-Egyptian Sudan. The British were willing to acknowledge Egypt’s titular sovereignty over the Sudan but insisted that the status quo be maintained until the Sudanese were sufficiently advanced to opt for their own political status. The Egyptians expressed willingness to work toward granting the Sudanese autonomy but would not agree to their ultimate right to vote for complete independence with consequent separation from Egypt.

The Egyptian Prime Minister asked the Security Council to direct immediate evacuation of all British forces from Egypt and the Sudan and to direct termination of the administrative regime in the Sudan which Egyptians maintain is used to encourage a separatist movement. He maintained that the question of the administration and future status of the Sudan is a matter for the people of the Nile Valley to decide.

The British representative in his first statement asserted that the Egyptian Government had shown no grounds for Security Council action since there was no danger to international peace and security and because the matters of which Egypt complained were covered in valid treaties still in force. He emphasized that the above-mentioned British attitude toward the future of the Sudanese would not be abandoned. In later statements he denied that the present British policy in Egypt and the Sudan was a continuation of nineteenth century imperialism, pointing out the great progress made in the Sudan under the condominium and insisting that the small Egyptian participation was not so much the result of British pressure but rather to Egypt’s failure to supply adequate personnel at appropriate administrative levels. He pointed out that during the negotiations for the revision of the 1936 Treaty, agreement had been reached on the date of withdrawal of British troops from Egypt, and he referred to British willingness to resume negotiations.

The U.S. supported a resolution proposed by Brazil recommending that the parties resume direct negotiations, and that in the event of

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50 The Prime Minister’s letter was addressed to the Secretary-General of the United Nations on July 8; see Editorial Note, p. 780.
failure they select any other peaceful means of their own choice to settle the dispute; also, that the Security Council be informed of the progress of such efforts.

Resolutions recommending resumption of negotiations were also introduced by the Colombian and Chinese representatives but these, like the Brazilian resolution, failed to pass and there is at present a complete deadlock, although the Security Council remains seized of the dispute. The Russian and Polish representatives have abstained and will continue to abstain from voting on any resolution which does not clearly direct the immediate evacuation of British troops from Egypt. They reserve their opinions on the Sudan issue. The Egyptians and their chief supporters will be dissatisfied with any resolution which does not express or imply confidence that the British will announce their intention to evacuate troops at an early date prior to a resumption of negotiations for a settlement of other matters in dispute in connection with the treaty revision. Four or five of the representatives, including the U.S., believe that the Egyptians have not sufficiently proved that the dispute is a threat to international peace and security and that, therefore, Article 37 of the Charter should not be invoked. They have avoided a discussion of the substantive merits of the case. Although technically the case might have been thrown out on the grounds of "no jurisdiction" it was permitted to be placed on the agenda and thoroughly discussed in an endeavor to help the parties reach a fair solution. The British oppose any resolution which implies censure or criticism of them for considering the treaty valid until revised, abrogated or terminated, and although willing to have the question of the treaty's validity referred to the ICJ (a proposal violently opposed by the Egyptians) and to resume negotiations, the British object to having one of the matters under dispute (evacuation) mentioned even in the preamble of a resolution without a balancing clause alluding to the existence of a valid treaty and to the other items in dispute, all of which, the British consider, should be negotiated simultaneously. Both parties have expressed a desire that the matter before the Security Council remain "status in quo" until possibly the end of the current General Assembly session. Although we are interested in increasing the prestige of the Security Council and would be willing to propose a resolution at an appropriate time if we thought it could receive the necessary 7 affirmative votes (which is extremely doubtful) for the present we are not planning to take any initiative in the matter.

Very little discussion took place in the Security Council on the Sudan issue which was the chief obstacle in the 1946 negotiations for treaty revision. According to the draft revision agreement was reached on the date of withdrawal of British troops (September 1, 1949) and
on the establishment of a Joint Board of Defense. Articles 2 and 3 read as follows:

[Here follow the texts of Articles 2 and 3 and of the draft Sudan Protocol.]

The Egyptians' interpretation is that although they are willing to assist the Sudanese in obtaining autonomy, they cannot agree, as mentioned above, to permit the Sudanese to opt for their future political status which might result in complete independence and consequent secession from Egypt. In fact, the extreme Egyptian thesis is that both the 1899 Condominium agreement and the 1936 Treaty are no longer valid, that the Sudan is an integral part of Egypt and that only the inhabitants "of the Nile Valley" should have any say as to its political status. They want the present administration of the Condominium abolished.

Irrespective of the extremely involved history of the Sudan, both prior to and after 1899; in spite of frequent allegations of the British as to the early maladministration of the Sudan by the Egyptians; in spite of Egyptian accusations of maladministration by the British under the Condominium; and notwithstanding inaccurate statements by the Egyptians that the Sudanese and Egyptians are one and the same, racially and culturally, and that virtually all Sudanese wish to remain under the Egyptian Crown, we support the British thesis that the future welfare of the Sudanese is of primary consideration and that at some time in the future, they should have the right to opt for their political status. Although we recognize the validity of the Condominium Agreement, reaffirmed and extended in the 1936 Treaty, we sympathize with Egyptian desires for a larger participation in the administration of the Condominium and for normal cultural and economic cooperation. We feel, however, that much study should be given to the best methods of implementing such increased participation in order not to disrupt the efforts of the present administration to develop a responsible group of Sudanese civil servants and institutions of local self-government.

Egypt's desire for protection of its southern boundary and its fears resulting from British preponderance in the Sudan are legitimate and should be given adequate recognition in any settlement of the whole problem. Egypt's vital interest in the control of the waters of the Nile, accurately described by the Egyptians as their "life blood," is fully recognized. This question is a comprehensive one and although of primary interest to Egypt and the Sudan, it also concerns Ethiopia, Eritrea, Uganda, Tanganyika, Kenya, and the Belgian Congo.

[Here follow two paragraphs on the Anglo-Egyptian dispute over the Sudan, setting forth the view that it was "obvious that any future
of the Sudan should necessarily provide for protection to Egypt of its water supply."]

The Sudan problem is extremely complicated. The juridical situation has been aptly termed "a nightmare." Many pertinent and essential facts regarding existing conditions, known probably only by the present administrators, have not been taken into consideration in top-level discussions of the problem. The main difficulty arises from the lack of ability to assess the preparedness of the Sudanese for independence or even for self-government. The 2,500,000 inhabitants of the Southern Sudan are chiefly pagan negroids, immeasurably less civilized than the Northern Sudanese. Very small numbers even in the Northern Sudan are as yet capable of grasping the elementary principles necessary for responsible government.

From the strategic angle, this question has not been raised in the past in such a way as to require the formulation of our views. We know, however, that Mr. Bevin's present thinking is along the line of insisting strongly on an important British base in the Sudan, and it is expected that this question will come up in the course of the discussions with the British, who presumably will have given it careful thought. If so, it is suggested that we should reserve our position until we have had the opportunity of hearing such plans as the British have evolved.

m. Disposition of the Italian Colonies:

The problem is to determine what final disposal of Italy's former territorial possessions in Africa, namely, Libya (comprising Tripolitania and Cyrenaica), Eritrea, and Italian Somaliland, would be in the joint interests of the U.S. and U.K. in view of the present situation in the Mediterranean.

Article 23 of the Italian Peace Treaty states that the Governments of the U.K., U.S., U.S.S.R., and France shall jointly determine the final disposal of the former Italian Colonies within one year from the coming into force of the Peace Treaty (i.e., by September 15, 1948) in the manner laid down in Annex XI of the Treaty. The Deputies of the Foreign Ministers are meeting in London at present to discuss procedural matters in connection with the implementation of Article 23 and Annex XI of the Treaty, including the instructions to be given to the commission of investigation to be sent to the colonies, and to decide on the future program generally.

At the meetings of the Foreign Ministers in 1945 and 1946, the U.S. advocated the principle of collective trusteeship as the best method of developing these territories toward self-government. In the present international situation, however, and particularly in view of the situa-
tion in the Mediterranean area, NEA thinking with respect to each of these is as follows:

1) Libya: That Libya should be placed under the international trusteeship system, with the Government of the United Kingdom as the administering authority, under terms of trusteeship which would provide for the people of Libya to become self-governing at the expiration of a period of ten years from the date of the establishment of such trusteeship, at which time Tripolitania and Cyrenaica would be permitted individually to elect whether they desire to (a) become separate independent states, (b) remain united as an independent Libya, or (c) become federated with other states or territories.

2) Eritrea: That Eritrea should be ceded in full sovereignty to Ethiopia, except for the area in the northwestern part of Eritrea inhabited by Moslem-Sudanese, which should be incorporated into the Anglo-Egyptian Sudan.

3) Italian Somaliland: That Italian Somaliland, together with British Somaliland, should be placed under the international trusteeship system, with the Government of the United Kingdom as the administering authority, under terms of trusteeship which would provide for eventual self-government but which would not fix the period of time within which the area would become self-governing.

Discussion of this problem is contained in the appended memoranda, dated July 8, 1947, and October 1, 1947. [Annexes A11a and A12]

EUR concurs with NEA in so far as a British trusteeship for Cyrenaica is concerned, but reserves its position with respect to the disposition of the other Italian colonies.

[Here follows section entitled “British and American Payments to the Iranian State Railways”.

3. POLITICO-ECONOMIC QUESTIONS

[Here follows a table of contents.]

Improvement of Living Standards in the Middle East Through Development of Resources and Industrialization

Living standards of the masses in the Middle East are generally very low. The aftermath of war-time activity in the area has caused increased discontent and unrest. The economic stimulation resulting from the purchases by large Allied forces during the war has ceased. Profits made during that period are in many cases frozen in inconvertible sterling. The gap between rich and poor has been increased. In some parts of the area, notably in Egypt, the situation is being aggravated by the pressure of increasing population upon limited resources of cultivable land.

It is anticipated that these memoranda will be published in volume III.
Such conditions are due to a complex of causes. These are not all, nor immediately, remediable. Nevertheless a general increase in the economic prosperity of the peoples of the Middle East, as broadly distributed as possible through the masses of the population, is most desirable if not essential. It is needed as a basis for internal stability and security of the area, and to reduce the danger of revolutionary developments and communist penetration.

Two general lines of endeavor are indicated. Since the Middle East is largely agricultural, expansion of the area of cultivable land and improvement in its utilization afford the most likely avenues of economic development. Geographical factors make such developments possible.

At the same time development on certain appropriate lines of industrialization is desirable, including development of manufacturing and transport facilities. Increasing pressure of population, resulting from high birth rate, and augmented, as health standards improve, by low death rates, point to prospects of increasing population which cannot all be accommodated on the additional land which may become cultivable through development projects. Increasing proportions of the population must therefore find opportunities to earn their living in industrial pursuits. However, the pattern of industrial development cannot arbitrarily be imposed, nor copy the pattern of highly industrialized western countries. It must develop according to the local requirements and possibilities of the area.

Over the long range the principal contribution which Anglo-American cooperation may lend to the economic welfare of the Middle East is through assistance in the development of the natural resources, particularly the land, and of the transportation facilities, and suitable industrialization possibilities.

But the task is neither simple nor easy. Effective development requires far more than the provision of capital and technical assistance to construct particular projects, however well-conceived. Complex adjustments will be required to fit such developments into the pattern of life of the area, as well as to adjust the pattern to the developments. In particular, laws governing land tenure will generally require reform; and careful attention to public health requirements will be necessary. In general, it is likely that commercial and financial institutions and practices, and the procedures for collection and expenditure of public revenues, will require considerable development. Above all, however, these problems must be recognized as the internal problems of the countries of the Middle East. The solutions, to be effective, must be their solutions, adapted to their way of life, thought and culture. The assistance, technical and otherwise, which the United States and
the United Kingdom may offer must follow methods agreeable to and accepted by the Governments and peoples of the area.

Current trends in the development of the oil resources in the area are illuminating. They provide the basis for a considerable influx of private capital into undeveloped areas of the Middle East. Through royalties, fees, and wages, and expenditures made in producing oil, a large flow of new income expendable abroad comes into the hands of the local peoples and Governments. Problems of judicious and beneficial handling of this new large flow of wealth are becoming apparent, whether as problems affecting oil company relationships with the local authorities, or in the evident need for new or modernized financial institutions and procedures of public finance.

Among the many development projects currently proceeding, proposed or envisioned in the area; the two of most outstanding interest at this time are (1) a proposal for a vast irrigation scheme on the Tigris and Euphrates Rivers in Iraq, which would serve to double or treble the population required in the area; and (2) the Lake Tana Dam project which is a part of a major scheme for control of the Nile and expansion of cultivable land in Egypt and the Sudan. These two projects are separately outlined below, and are followed by outlines of present and proposed industrialization or development projects in the various countries of the area.

[Here follows discussion of these subjects:]

Iraq Irrigation Scheme: A low state of agricultural development prevails in Iraq and the major area for economic improvement lies in the development of agricultural resources and methods before substantial industrial development. The Iraqi Government was to be encouraged to make an associated effort to improve national health, establish social security, construct roads and buildings, institute agricultural reform, and undertake settlement of tribes;

The Tana Dam Project: An Element in Nile Control: This series of proposed projects aimed to regulate seasonal fluctuations in the level of the Nile and to open new areas for irrigation by increasing water flow;

Egypt: The increasing industrialization of Egypt, particularly in the production of electric power, fertilizers, textiles and chemicals, was necessary to employ its expanding population and to permit an improved standard of living;

Palestine: The proposed development of the Jordan River Valley for irrigation and power and the diversion of sea water from the Mediterranean for hydro-electric power were singled out to benefit the people of Palestine regardless of race or religion. These projects were to be financed, preferably, by the International Bank and by private capital; and
Syria and the Lebanon: These governments were to be encouraged to formulate sound programs of national development, particularly the Aleppo water project, the irrigation of the Jeizirah region and flood control of the Euphrates. These projects were to be financed, preferably, by the International Bank and by private capital. It was thought possible, however, to provide an Export-Import Bank loan to develop the Beirut airport.]

Arabia

The average standard of living is extremely low throughout the Arabian Peninsula. The population is largely agricultural, but for the most part resources are not properly utilized and agricultural methods are primitive. It is essential that steps be taken along the following lines: (a) further development of natural resources, such as oil, natural gas, gold, etc., to produce surplus revenues; (b) application of these surplus revenues to such projects as building of dams, drilling of wells, financing agricultural schools and experimental farms; (c) great improvement in transportation, in order to facilitate movements of produce to market and for export; and (d) export of greater quantities of Yemen coffee and Hofuf dates, every effort being made to see to it that the farmers, workers and middlemen get a good share of the profits, rather than having all the wealth accru to the rich merchants and nobles. The British can be of assistance in helping to raise the standard of living of the people of the Arabian Peninsula by removing restrictions to trade which have grown up around their control of certain strategic areas, such as Aden and Bahrein, particularly in connection with the sterling bloc.

[Here follow discussions of Saudi Arabia where industrial development had taken place in the past fifteen years and where it was reasonable to presume that further industries would be developed to supply the country’s basic needs, and of Yemen where it was expected that primitive industrial establishments would develop.]

Other Arabian States

Kuwait, Qatar, the Trucial Coast, Muscat and Oman are so primitive that any industrial development in these areas, other than the development of oil, will have to wait for some time.

It was long the British policy to keep the people flanking the sea route to India in a state of primitive economy. The United States has rather the opposite point of view, however, and is anxious to develop the agriculture, industry, and trade of an area like the Arabian Peninsula. This is based on the theory that the more developed an area becomes the more it can produce, the more it will buy from the United States and other countries of the world, thereby increasing the sum total of world trade, and prosperity. This American policy of pushing the economic development of the Arabian Peninsula may run counter
to British thinking. It should be possible, however, to show the British that our policy is to their interest in the long run.

[Here follow discussions on these subjects:

*Ethiopia* whose development plans were said to be severely limited by shortages of dollars and technicians. The Department expressed itself as long sympathetic to the solution of both problems;

*Turkey*, which was said to need “sounder integration of the nation’s economic potentialities, with emphasis on the basic necessities upon which a sound national economy must rest, rather than on spectacular undertakings in imitation of the most modern achievements of the more mature Western economies.” Single out as a fundamental to national economic advancement was an efficient road system. Turkish need for “expert guidance in the planning and execution of economic projects” was also pointed out;

*Iran* whose most important and immediately feasible projects were said to be in the agricultural field where production would be enormously increased through improved farming, better stock breeding, introduction of new crops, and increasing the area of cultivated land by irrigation; and

*Afghanistan* where the Department expressed its great interest in the success of the Morrison-Knudsen Corporation, an American firm, in construction of roads, bridges, dams, hydroelectric plants and irrigation works under contract with the Afghan Government.]

**The Dollar Sterling Problem**

“The Dollar-Sterling Problem in the Middle East” is an appropriate label for an aggregation of problems whose chief feature is shortage of dollars, inconvertibility of sterling assets, or both. In essence these problems constitute a large part of the impact on the Middle East of the world’s war-time dislocations, and post-war readjustment difficulties. No complete solution to these problems is to be looked for until Britain has recovered from its financial difficulties, European economic reconstruction has been achieved, and the related problem of the balance of payments of the United States ameliorated.

Current action toward these Middle Eastern problems can largely be only ameliorative. Nevertheless the scope for amelioration is substantial, and provides opportunity for close Anglo-American cooperation.

The character of these problems is clarified by a review, in broad outline, of the developments which have mainly brought them about. Already long before the war a dollar shortage had been manifested. This was in the sense that larger purchases from the US were desired, and presumably would have been made, if local currencies could more readily have been converted into dollars.
This basic problem of the American balance of payments has been seriously augmented by the war, in the Middle East as elsewhere. During the war imports from the United States provided in large measure the only available source for import requirements (aside from such substitutions as local production could provide). European industry was out of the picture, and British production was practically limited to British domestic and military requirements. As a result American commerce “captured the markets” of much of the Middle East, (to use a common but misleading phrase). Meanwhile in various Middle Eastern countries, particularly in Egypt, British purchases for the military services resulted in substantial accumulation of sterling credits which could not be expended because of a lack of goods to purchase.

Now there exists substantial demand for imports of many varieties. These include materials for construction and development, and articles and supplies for current consumption. This demand arises out of need for meeting expenditures deferred during the war; out of accumulations of war-time earnings, and perhaps out of certain stimulations to living standards which those earnings brought about.

But the demand meets a shortage of supply. The United States continues to be the principal, sometimes the only source of supply for many items of industrial and other import requirements. In the United States, this foreign demand must compete very generally with heavy domestic demand which the production is often unable to satisfy. Until European production has made great strides in revival, Europe’s industries cannot resume their function in supplying Middle Eastern and other foreign markets. Although the British export drive has achieved remarkable size, it is insufficient to meet the urgent requirements of the United Kingdom; its proceeds are as yet insufficient to pay for Britain’s current import requirements of food and raw materials. British exports must go so far as possible where they can earn the currencies needed to pay for British import requirements. They cannot yet go far to liquidate Britain’s sterling debts in the Middle East or elsewhere.

In the meantime the physical aspects of this problem of world-wide reconstruction and production are masked by the prevailing phenomenon of dollar shortage and inconvertible sterling. The fact that dollars are limited and hard to get, and that only limited amounts of sterling can be used or converted to dollars for use in making current payments, conceals the underlying fact of production shortage.

Fundamentally therefore the dollar-sterling problem of the Middle East is a facet of the world-wide problem of economic reconstruction, recovery, and readjustment. The frozen sterling credits in the hands
of Middle Eastern Governments and peoples, and their difficulties in obtaining dollars in the amounts they would like, is a part of the impact upon them of the problems of recovery from war. Therefore no immediate over-all solution is conceivable. The whole problem has to be worked out.

Nevertheless, there is substantial scope for temporary alleviations and technical improvements which may result in appreciable relief, and which may also contribute to the longer-range solution if technically sound and properly administered. These measures of alleviation include action along the following lines:

1. Increase in United States imports where supplies are available, as for instance increases in our imports of long staple cotton from Egypt by raising the import quota administered by the United States Tariff Commission.

2. Technical and financial measures including improved foreign exchange control, to prevent escape of hard currency earnings and illegitimate capital movements through black markets.

3. Acquisition of more direct control over the dollar earnings from exports to the United States. For instance, the Yemen might recover directly a proportion of the dollars paid for its exports of coffee to the United States through Aden. Likewise, Iraq might improve dollar revenues from indirect exports of wool to the United States through Syria or from date exportations through the British date monopoly. Nevertheless in considering such possibilities, it must be borne in mind that these do not necessarily give rise to new supplies of dollars; in so far as they constitute a diversion of dollars from British or other recipients they augment the dollar difficulties of the latter.

4. To the extent it may be found appropriate in specific cases, alleviation may be achieved through international financing. Possibilities include recourse to the International Monetary Fund, to the International Bank, and to the Export-Import Bank, wherever the circumstances are such as to make such financing feasible and acceptable.

5. Finally, there is the possibility of devising ways and means to encourage the resumption of private financing, particularly to tap United States resources of private capital export. Until great advance has been made in reestablishing the conditions of political stability and international security necessary for such outflow of private capital from the United States, no great results are to be expected. Nevertheless it is not too early to consider the possible projects and the ways and means by which this flow might at least be persuaded to begin.

The character of the dollar sterling problem in certain Middle Eastern countries, where this problem is particularly acute, and in certain other countries where it is not equally acute but takes a different form, is outlined in the following sections.

[Here follows a discussion of the dollar sterling problems of Egypt, Iraq, Turkey, Syria and the Lebanon, French North Africa, Saudi Arabia, Yemen, and Afghanistan.]
Technical and Economic Aid to Middle Eastern Countries

By various means the United States and the United Kingdom have been and are rendering technical and economic, including financial, assistance to the countries of the Middle East to aid them in handling local problems. This assistance has taken many different forms. In some cases it is rendered by the Governments, in others by private interests. A survey of the principal items of such aid indicates its nature. This survey excludes the special programs of United States aid to Greece and Turkey.

An important means of providing American technical assistance to Middle Eastern areas will become available if and when legislation is enacted by the Congress which will enable the Department to supply American technical personnel in response to requests from Middle Eastern Governments, on the same basis that such technical assistance is given to the American Republics.

[Here follows a discussion of technical and economic aid by the United States to Turkey, Ethiopia, Egypt, Saudi Arabia, and Iran during and after World War II, including lend-lease aid, surplus property credits, loans of silver, Export-Import Bank loans, technical missions, and the like. Included also is an account of British aid to Ethiopia.]

Petroleum in the Middle East

The major American economic interest in the Middle East relates to the development and exploitation of petroleum resources. In addition there are some questions involving petroleum transportation and marketing.

The major petroleum developments of the area are in Iran, Saudi Arabia, Iraq and other Arab States on the Persian Gulf. Exploration for petroleum resources is active however, in other Middle Eastern areas, including Egypt, Palestine and Ethiopia, and to a moderate extent in Libya, Turkey and Afghanistan. In Iran of course, the Anglo-Iranian Oil Company is the outstanding producer; the question of a concession to the USSR in the north is a serious and delicate matter. Oil marketing questions in the area involve principally Egypt and are primarily an aspect of the problem of dollar shortage and inconvertible sterling. Oil transportation problems concern principally the construction of pipelines from Saudi Arabian and other Persian Gulf sources to the Mediterranean.

The importance of oil production to the economic life of the primitive pastoral states of the Arabian Peninsula can not be overestimated. Although private companies are being relied upon to see to the development of this oil, it is important to the United States and United Kingdom that the companies handle their labor relations in a modern man-
ner, and if at all possible that the enormous royalties to be derived from these oil concessions be used in a way that is most beneficial to the peoples of the countries where the oil is found. It is important that the Americans refrain from engaging in other activities that assume proportions of dominating the local economies, and that that they plan to release acreage under concession which they have no reasonable anticipation of developing.

Pipelines

It is essential that Kuwaiti and Saudi Arabian oil be brought to the Mediterranean as cheaply and easily as possible. The Trans-Arabian Pipeline Company, a subsidiary of Aramco has been formed and has obtained the right of way for a pipeline to run from Dhahran through Transjordan and Syria to Sidon in Lebanon. Kuwait oil will be tapped into a new pipeline which is being built from Abadan. The facilities of IPC are being enlarged.

The chief immediate problem relating to the construction of the pipelines is the supply of steel pipe, due to competing domestic requirements in the US. With our strong support, however, an export allocation for an initial 20,000 tons of pipe during the first quarter for the Aramco project from Saudi Arabia to the Mediterranean has been issued, so that construction can be initiated.

It is understood than an application is being sponsored informally by the Standard Oil Company of New Jersey to the Export-Import Bank for a loan to cover the construction of the Middle East pipeline to transport oil from Kuwait and/or Iran to the Mediterranean.

Saudi Arabia

The Arabian American Oil Company, a 100% American owned corporation, is now holding the Arabian concession which covers oil in most of the probable oil bearing areas in that country. Approximately 1200 Americans live at Dhahran where the general offices are located, at Ras Tanura on the Persian Gulf where there is an oil refinery and a loading pier, and at Abqaiq, the largest oil field in the area. Approximately $150,000,000 has been expended by Standard of California and the Texas Company, the original owners of Aramco, and has gone into pipelines, wells, refinery and housing and other accommodations for the workers and officials of the Company. Standard of New Jersey and Socony Vacuum are negotiating for a substantial interest in Aramco. Around 265,000 barrels of oil a day are being produced at the present time. A pipeline has just been started from Dhahran to Sidon on the Mediterranean. On its completion production will be stepped up to more than 400,000 barrels a day. Present royalties are running at the rate of $19,000,000 a year and it is expected that they may reach
$50,000,000 at the end of ten years. About 7,000 Arabs are employed directly by the oil company.

It is essential that the development of this enormous natural resource be allowed to continue and that the United States and other friendly nations have access to it. For this to occur, it will be necessary to keep the goodwill of the King and other important Saudi Arabs and to prove to them that American business initiative is developing the oil of Saudi Arabia in the best possible way for the Government and people of that country. If the present trend of developments is not upset by political happenings in Palestine, or by Russian infiltration from the north, and if the royalties are used constructively to advance the interest of the country as well, then the future of the Saudi Arabian oil concession is very great.

Bahrein

The Texas Company and Standard of California also own Bahrein Petroleum Ltd., which is exploiting the resources of Bahrein Island, much more limited than those of Saudi Arabia. Here American business initiative and British skill are working together in a way to provide the natives of the island with order, medicine, education and a rising standard of living. The concession agreement, under which a certain amount of the royalties are set aside to be used by the British on improvements, should be studied in connection with drawing up contracts for oil development in other parts of the Peninsula.

Kuwait

The Gulf Oil Company has a half interest in Kuwait Oil Company, Ltd. Although the British have long objected to the exploitation of this field, the demand for oil has now become so great that it can be expected Kuwait will soon become a major producer. Like Bahrein, Qatar and the Trucial Coast, the Government of Kuwait has placed the handling of its foreign affairs in the hands of the British, a factor which complicates the economic as well as the political picture in those areas. No concession has as yet been granted for the Kuwaiti half of the Kuwait Neutral Zone. Besides the Iraq Petroleum Company, the Royal Dutch Shell Company and several American oil companies are actively negotiating for this potentially rich concession.

Qatar

The sparsely habited promontory of Qatar, the six petty Shaikhdoms which make up the Trucial Coast, and Oman & Muscat are under concession to Petroleum Development Company Ltd., a subsidiary of Iraq Petroleum, in which Socony Vacuum and Standard of New Jersey each have 11.75% interests. Development work has at last been started in Qatar, and it would be desirable to induce Petroleum Development
Company, Ltd., either to start work in their other areas or else to relinquish its concession.

**Yemen**

There is reason to believe that there is some oil in Yemen, although the area has been little prospected. No concessions as yet have been granted there. Superior Oil and the American Independent group are both interested in a concession. It seems probable that within the near future, American oil interests will be prospecting in Yemen.

**Iraq**

Development of petroleum resources of Iraq has been active for a longer period than in other Arab States. The Iraq Petroleum Company was organized as an international consortium based on shares in oil and is owned 23.75% each by Anglo-Iranian Oil Company, Anglo-Saxon Petroleum Company,\(^{31}\) Compagnie Francoise de Petroles, Near East Development Corporation and 5% by Mr. C. S. Gulbenkian. While production of petroleum and its exportation through pipelines to Beirut and Haifa have been in active operation for some years, it is believed that the petroleum resources of Iraq should be developed on a broader scale than heretofore with a view to augmenting the means for economic development of Iraq and safeguarding its interests. For the purpose of assuring the producing country equitable benefits and reasonable compensation for the contribution of its natural resources, it is felt that the Iraq Petroleum Company should market low-cost indigenous products in Iraq at prices computed in relation to local costs of production, refining, and marketing; that labor should be fairly and reasonably compensated, that maximum employment should be effected of local native skills, that training programs should be instituted and that other measures should be initiated which would strengthen the local economy and raise the otherwise relatively impoverished standard of living.

[Here follows a discussion of prospects for major oil development in Egypt, where possibilities were considered extremely remote, and in the Levant States, where they were regarded as limited.]

**Palestine**

Drilling is now being conducted by a subsidiary of Iraq Petroleum Company in Southern Palestine. Thus far Palestine's oil resources are unproven.

A pipeline from the oilfields in Northern Iraq terminates at Haifa where there is a refinery. The latter has suffered damage on several occasions as a result of the political troubles in Palestine.

\(^{31}\) A component of the Royal Dutch-Shell Oil Company.
Ethiopia

The Sinclair Oil Company has a concession for the development of Ethiopia’s oil resources. The Company is now rapidly moving equipment and personnel into Ethiopia, preparatory to commencing active drilling operations in the Ogaden Province in the near future. This operation raises several points involving British and US cooperation:

1. The maintenance of law and order in the Ogaden district in the event that the British withdraw in the near future.
2. Pipeline rights in neighboring British territories in the event that the Company finds oil.
3. Ethiopia as a possible alternate source for oil in the event of trouble in the Middle East.

Libya

The Standard Oil Company of New Jersey (Egypt) has undertaken to do geological survey work in Cyrenaica. Late in July 1947, however, the British Military Administration authorities in Libya requested that this activity cease. The action of the military authorities is believed to be based on a ruling of the British Ministry of Fuel and Power that prospecting for oil is prohibited.

[Here follows a paragraph on the prospects for discovering oil in Libya, which were considered to be fair.]

Turkey

There is no commercial production of petroleum in Turkey at the present time. [Here follows remainder of paragraph on oil exploratory activities by the Turkish Government.]

Iran

1. British and US Attitude Toward Iranian Oil Concessions to the USSR.

While the US and the UK agree that any Soviet oil concession in Iran would doubtless lead in the direction of Soviet domination of Iran, there are certain divergencies of view between the two Governments as to how best to meet the current Soviet demand for an oil concession in Iran. The official position of the United States is that Iran should make its own decision and we will support them in their choice. The United Kingdom on the other hand have indicated the view that Iran would do well, should the Majlis desire to refuse the Soviet oil concession, to mollify the Soviet Union in some way by leaving the door open to further negotiations.

While Mr. Bevin has stated that he desires that the United Kingdom keep in step with the United States in this matter, and while the Foreign Office and State Department officials seem to share the same views, it is probable that Mr. Bevin is responding to pressures of the Labour
Party and British oil interests in directing that a mild British stand be taken in this case. The United States and the United Kingdom are at one in their resolve to support action in any justifiable charges of Soviet interference in the internal affairs of Iran.

[Here follows Section II entitled “Future Oil Concessions in Iran.”]

Afghanistan

An Afghan concession to an American company (Inland Exploration Company Seaboard Oil) for development of known oil deposits was allowed to lapse with the onset of World War II. Since the war, repeated Afghan efforts to interest American developers have been unsuccessful. In 1946 the Afghans proposed to exploit their oil themselves but with American technical advice and equipment. Later this plan was suspended in view of Soviet sensitiveness. The Afghans have recently revived plans for oil and mineral development with an offer to grant concessions on a basis of up to 50% outside (American) investment.

[Here follows a discussion of various aspects of the Afghan petroleum situation.]

Development of U.S. Aviation in the Middle East

In general, no very serious problems affect the development of United States aviation policy in the Middle East. On the whole the development of intergovernmental aviation relations, agreements, etc., and the development of the United States overseas aviation network are proceeding satisfactorily in the area.

A principal exception with respect to intergovernmental relations may perhaps be seen in the circumstance that it is not considered judicious to press the Middle Eastern Governments, which are members of the Arab League, for action in regard to air conventions, etc., at the present time when their general attitude toward the United States is affected by the Palestine problem.

With respect to the aviation network, there are some individual circumstances to which attention should be called. These are indicated below under country headings.

[Here follows a review of aviation matters in various Middle Eastern countries, including a discussion of the Saudi Arabian Airline and Iranair, both of which were operated by Transcontinental & Western Air, Inc., under technical assistance contracts, and of other local airlines in Egypt, Iraq, Syria and Lebanon, Greece, Iran, Ethiopia, and Libya.]

American Economic Interests in the Middle East

Except for the large and important American interests participating in the development of Middle Eastern oil resources, American
economic interests in the area are not particularly outstanding. Trade relations are of some importance. Although the Middle East generally (excluding India in the present connection) does not account for a major share of U.S. import and export trade, the trade is far from negligible. The Middle East is the source of some fairly important specialty requirements for U.S. import trade such as dates, figs, coffee (specialty grades), long-staple cotton and oriental rugs. The expansion of these imports would provide a most useful source of increased dollar exchange for the area.

This question of dollar exchange is fundamentally part and parcel of the very large and intricate problem of the U.S. dollar balance of payments in international relations, as a whole. This problem appears in the Near East particularly in the form of a dollar-sterling exchange problem (see discussion of this subject under The Dollar Sterling Problem). For instance the Yemen might acquire desired dollar exchange by direct trade to the U.S. instead of through Aden. Unless, however, this were effected in connection with an increase in U.S. imports of Yemen coffee the result would be to intensify somewhat the difficulty of the British sterling-dollar problem. Nevertheless in principle there is advantage to be seen in the development of direct trade relations whenever U.S. trade with the area concerned is of sufficient size and value to warrant.

The principal aspects of U.S. economic interest in the area are discussed below by individual countries.

[Here follows a review of United States economic interests in Saudi Arabia, Yemen, Bahrain, Kuwait, the Trucial Coast, Iraq, Egypt, Syria and Lebanon, and Iran.]

British Economic Interests in the Middle East

If endeavor is made to assess the influences which seem likely to bear upon any decisions by the British Government as to the extent to which they will endeavor to maintain a position of influence in the Middle East, consideration naturally must be given to British economic interests in the area. Their outstanding interest is of course in the Anglo-Iranian Oil Company operations in southern Iran. The size of this operation and its importance in the supply of British petroleum requirements is such as to make it difficult to believe that any British Government would willingly leave its interests there (or in the nearby oil producing areas on the Persian Gulf) unprotected.

In addition to petroleum interests, however, the United Kingdom has many other economic interests of miscellaneous nature in the area. These include, banking, insurance, aviation, shipping, construction, and mining interests, all of which can be considered as serving to some extent to anchor British interests in the area. How strong these anchors
are it is of course impossible to estimate. British service in banking, insurance, shipping, ship agencies, etc., are predominant over all the entire Arab area with the exception of Lebanon and Syria. As the historic conditions which favored British financial, commercial and other developments in the area change, the influence of these interests as anchors may be considerably altered.

The principal interests of this nature are outlined country by country in the following paragraphs.

[Here follows an account of British economic interests in Iran, Greece, Turkey, Iraq, Saudi Arabia, Yemen, other Arab States on the Persian Gulf, Syria, Lebanon, and Egypt. Although British economic activities in Saudi Arabia were small compared to American enterprise there, they made valuable contributions to the Saudi economy and "it is desirable that the British remain economically active in the country and even expand their participation, so long as this is not on the basis of an economic sphere of influence." In connection with the Persian Gulf States of Kuwait, Qatar, the Trucial Coast, Oman and the Hadhramaut, "British influence has been largely a 'dead hand.' The world demand for oil, plus American representation in the oil companies involved, is beginning to bring about activity in Kuwait and Qatar. We hope that competition from American capital and enterprise will stir the British into greater economic activity in these outlying areas." Noted also was the British tendency to keep Yemeni trade "bottled up behind Aden. This situation should be corrected, perhaps by the development of a Yemeni port on the Red Sea."

Organized Anglo-American Cooperation To Handle Economic Problems of the Middle East

Some of the British officials in London who have been studying the question of Anglo-American cooperation in the Middle East, according to reports from the American Embassy in London, have favored the establishment of some formal Anglo-American organization in the area through which cooperation in economic matters would operate. Recent reports indicate that the views of others who favor informal cooperation are at present in the ascendant.

It is possible however that the idea of formally organized cooperation has not been entirely abandoned and may again be brought forward. Presumably any such proposal would be patterned along the lines of the British Middle East Office in Cairo "with its staff of agricultural, labor, health and statistical advisers whose services are at the disposal of any of the Middle Eastern countries who wish to consult them". (Quoted from Mr. Bevin's memorandum to the Secretary of State of March 1947). 32

32 See p. 508.
Organized cooperation with the British in the area had a precedent in the Middle East Supply Center (MESC), which was created during the war period for the primary purposes of conserving British and American shipping and supplies and at the same time assuring that the peoples of the area were provided with basic essentials. The control functions were supplemented by important advisory and technical services designed to improve the economies of the several Middle Eastern countries and to contribute to their self-sufficiency. While the MESC’s operations as a wartime agency were highly successful, it is true that most if not all of the countries looked upon the organization as restrictive, and evidenced little appreciation for the development work that was done. It is primarily for this reason that British proposals for continuation of the advisory services were rejected by the United States.

There are a number of objections to creation of an official central Anglo-American organization for economic cooperation in the Middle East. It would be difficult to agree to the creation of such an Anglo-American agency while at the same time sustaining our objection to the creation of an Economic Commission for the Middle East under United Nations auspices, as proposed in the resolution recently introduced by Egypt in General Assembly. The creation of an Anglo-American institution of this nature would probably be received with little enthusiasm, even perhaps with resentment by the countries of the area, to whom it might very well appear to be [an] effort to impose Anglo-American ideas and purposes upon them. Moreover, the idea of establishing a central United States agency in a single Middle Eastern location such as Cairo, to deal with economic problems for the whole area, has been considered in the Department and rejected in favor of economic coordination in Washington and direct relations with the various United States Missions in the area.33

It is believed that British and American economic objectives in the area can best be served through continuation and development of free and informal collaboration between the representatives of the two Governments rather than through any formal organization.

Proposed Establishment of an Economic Committee for the Near East by the United Nations Organization

The establishment under United Nations auspices of the Economic Committee for Europe (ECE) and of the Economic Committee for the Far East (ECAFÉ) has lead to proposals that there be established a corresponding Economic Committee for the Middle East (ECME). Within the last few days this has crystallized in a resolu-

33 For documentation on this subject, see Foreign Relations, 1945, vol. VIII, pp. 33 ff.
tion introduced in the General Assembly by Egypt. This resolution invites the ECOSOC to study the establishment of an Economic Commission for the Middle East (See Annex 17 for text of resolution \textsuperscript{24}).

Advance notice of Egyptian intention to introduce such resolution was given to the American Embassy in Cairo early in September 1947. The Department was accordingly able to formulate its position on the subject. This position, which has not been communicated to any other Governments, is set forth in a “Position Paper of September 25, 1947” \textsuperscript{25} (Annex 18).

Briefly our position is to discourage the establishment of such a Commission at this time and to recommend referral of specific proposals for such establishment to the Economic and Social Council for consideration, preferably without prior discussion in or recommendation by the General Assembly as to the merits of the proposal.

The reasons for our position are in summary as follows: that there are no reconstruction problems in the area comparable to those of the other areas; that the economies of the countries involved are not complementary to each other; that previous attempts for creation of joint economic machinery in the area have failed because of lack of economic justification (a proposed Near [Middle?] Eastern Agricultural Body (MEAB) was never developed, and the Economic Committee of the Arab League has not been very active); and that no great support for the proposed Commission is expected unless the question becomes one of prestige.

In addition, the United States position takes account of serious political difficulties involved, including: the encouragement of the USSR to take a hand in the area through membership on such a Commission; the consequent embarrassment of Turkey; the uncertain development of the Palestine situation; a possible French claim to membership which would be likely to produce friction with Syria and Lebanon; lack of clarity as to the Iranian position; and the problem of Indian membership, India being also a member of the Economic Committee for the Far East.

\textsuperscript{24} Annex 17 gives the resolution as incorporated in telegram 969, October 9, from New York, not printed.

\textsuperscript{25} Not printed.
Memorandum of Conversation, by the Chief of the Division of South Asian Affairs (Hare)\footnote{Read by Under Secretary of State Lovett at a meeting with Mr. Henderson and John D. Hickerson, Director of the Office of European Affairs, on October 16.}

TOP SECRET

[WASHINGTON,] October 9, 1947.

Participants: Mr. Henderson, NEA; Mr. Hickerson, EUR; Mr. Kennan, S/P;\footnote{George F. Kennan, Director of the Policy Planning Staff.} General Norstad;\footnote{Lt. Gen. Lauris Norstad, Deputy Chief of Staff for Operations, United States Air Force.} General Grune-\footnote{Maj. Gen. Alfred M. Gruneather, United States Army.} ther;\footnote{Vice-Adm. Forrest P. Sherman, Deputy Chief of Naval Operations (Operations).} Admiral Sherman;\footnote{Edward T. Wailes, Chief of the Division of British Commonwealth Affairs.} Mr. Wailes, BC;\footnote{Mr. Hare, SOA.} Mr. Hare, SOA.

The above-mentioned persons met on October 9 for preparatory discussion regarding prospective talks with the British on the Eastern Mediterranean and the Middle East, and the following represents the consensus of their opinions:

1. It is very important that “British uniforms” should be kept in Greece. Realizing the difficulties under which the British Government labors in this matter, however, we should not press for a binding agreement for the retention of British troops in Greece, but should make it clear to the British that we are proceeding on the assumption that their troops will in fact be retained.

2. The use of American troops in Greece would present virtually insuperable obstacles.

3. The decision taken in August, 1946, regarding the determination of the United States to resist overt Soviet aggression against Turkey should apply with equal force to the Eastern Mediterranean, including specifically Italy, Greece, and Iran, as well as Turkey. The British should be informed to that effect on the understanding that such represents the current thinking of our negotiators but not accepted policy.

4. The British should be told that we intend seeing the Greek affair through, and that we will recommend that we [they?] do not pull out on July 1, 1948.

5. As matters now stand the British have the only military bases in the Middle East. We have none and should not take steps to acquire any. This does not exclude the possibility, however, that we might eventually accept the responsibility for establishing bases in the area in the event that Soviet aggression should reach a point where such action
on our part would be clearly welcomed by the countries of the Middle
East.

6. We should use diplomatic influence with the Egyptians in order
to induce them to come to an agreement with the British by virtue of
which, assuming that the British consent to evacuate Suez, arrange-
ment would be made for re-occupation of the Suez base area in an
emergency. At the same time, we might find it advisable to intimate
to the British our feeling that it would be unwise to insist on conclusion
of a treaty as a quid pro quo for evacuation; the more logical sequence
would seem to be to decide on evacuation first, in order to clear the
air, and then proceed to negotiate a new treaty.

7. Our acceptance of the apparent inevitability of the British evacu-
ation of Suez does not apply to the Sudan.

8. The negative response which we have hitherto made to the Egyp-
tians in respect of the furnishing of military assistance to Egypt
might be replaced by an indication of a more cooperative attitude on
our part as a means of reinforcing our diplomatic representations to
the Egyptians, with a view to inducing them to become more receptive
to the idea of a mutual assistance pact with the British.

9. Greater attention should be directed to the sheikdoms, sultanates,
etc. in Southeastern Arabia, south of the Persian Gulf, where oil de-
velopment might be tied up with the installation of “ghost” airfields,
which would provide defense in depth and at the same time be acces-
sible by sea. A “loosening up” by the British in respect of this area
would be welcome.

10. Cyrenaica is a strategically key area in the Mediterranean, and
the building up of a British base there would be highly desirable, par-
ticularly in the light of prospective British evacuation of Suez. This
would necessitate the evolving of some political arrangement which
would make it possible for the British to remain in that area. The
disposition of Tripolitania, however, remains an open question.

11. The cession of Eritrea to Ethiopia and the Sudan, and the amal-
gamation of British and Italian Somaliland under a single British
trusteeship merits consideration, but decision in this respect was re-
served, having particularly in mind possible reaction in Italy. It was
generally agreed, however, that we suggest to the British that they
take a more kindly view of the Italians generally. It was further
agreed that the questions of the various Italian colonies should be
treated by individual colonies, and not as a whole.

12. The effective use of Trans-Jordan as a base will be vitally
affected by its accessibility to the Mediterranean littoral via Palestine.
This, in turn, makes of particular importance such final decisions as
may be made regarding the allocations of territory to the Arabs and
Jews under the proposed partition plan.
13. Any plan for Palestine which might give the Russians a foot in the door in that area would be dangerous and should be avoided.

NEA Files: Lot 55-D36

Memorandum Prepared in the Department of State

TOP SECRET

[WASHINGTON,] October 16, 1947.

SUGGESTED REMARKS BY THE ACTING SECRETARY AT THE OPENING OF THE US–UK TALKS ON THE MIDDLE EAST

Mr. Ambassador: We are very happy indeed to have this opportunity to talk over frankly and informally some of our mutual problems relating to the Mediterranean area and the Middle East. We appreciate the fact that Mr. Wright, Mr. Greenhill, General Hollis, Mr. Mallaby, and Air Vice Marshal Foster have been willing to come to Washington for these talks rather than our going to London.

You will recall that during the numerous exchanges of views between our two Governments in recent months with respect to withdrawal of British troops from Greece, Mr. Bevin informed Ambassador Douglas that one of the important considerations which influenced his Government in this connection was the fact that the policy of the American Government in the Middle East was unknown to the British Government. Mr. Bevin then went on to suggest that the two Governments jointly review the whole position in the Middle East, including Cyrenaica, Egypt, Palestine, Iraq and Persia, for the purpose of arriving at a “gentlemen’s understanding” on a common policy and joint responsibility throughout the area.

It is our understanding that these talks are to be quite informal and that the participants, at least during the early stages, are to be free to exchange views without in any way committing their Government. In order that these discussions may have the widest scope, it is my suggestion that a series of meetings be arranged in which Mr. Henderson, Mr. Hickerson, Mr. Kennan, Mr. Wailes and Mr. Hare, with such assistants as they may call upon for aid from time to time, will represent the Department of State, and in which the Embassy will be represented by such persons as you may care to designate.

1 A marginal notation states that the suggested remarks were “Delivered by close paraphrase or reading.”
2 Michael R. Wright, Assistant Under-Secretary of State in the British Foreign Office.
3 Denis A. Greenhill of the Middle East Secretariat of the British Foreign Office.
4 Lt. Gen. Sir Leslie Hollis, Chief of Staff to the British Minister of Defence.
5 Presumably Howard G. C. Mallaby, Assistant Secretary in the Offices of the British Cabinet and Minister of Defence.
6 Air Vice Marshal R. M. Foster, Assistant Chief of the Air Staff (Policy).
It will probably be found helpful for representatives of the military to attend some of these meetings as observers. Furthermore, the military undoubtedly will desire to hold a number of conversations regarding strategic matters without diplomatic attendance. Attendance at all of these various meetings can be arranged on an informal basis. The participants can keep in touch with their superiors and the military and the political representatives can also maintain close contact so that from their talks it might be possible for suggestions and recommendations to emerge which you and I can consider at subsequent meetings.

I also suggest that no minutes be kept of the various discussions although anyone can make such notes as he may consider helpful. If decisions are made or understandings arrived at, they will of course eventually be reduced to writing in order to obviate so far as possible misunderstandings with regard to their nature.

In view of the false significance which undoubtedly would be attributed by certain elements to these discussions if it should become known that they are taking place, it is extremely important that every practical measure be taken to keep the fact that we are holding them from becoming public. It has therefore been suggested that future meetings to be attended by the military be held in the Pentagon Building where it is easier for privacy to be maintained.

We are agreed, I believe, that our talks are to cover the Middle East and certain areas of the Mediterranean, with Greece and Turkey included, where necessary, as any strategic review of the area could not ignore these two key countries.

The primary objective of our talks, according to our understanding, is to enable each of the two governments, in the interests of world peace, to have a better understanding of what the policies of the other government are with regard to the areas under discussion and to coordinate, wherever possible, these policies with the purpose of promoting the security of those areas and the welfare of the people inhabiting them.

It is clear that any helpful exchange of views regarding our respective policies must be in the framework of a common concept of the strategic situation of the areas under discussion. We hope that with the aid of the military each government will have clearer ideas regarding the strategic situation before our discussions come to a close. Discussions regarding the strategic situation will, I assume, be based upon our common determination to discourage aggression and to maintain the security of the areas under discussion, the preservation of which is vital to the maintenance of world peace.
Our talks of a political and economic nature, similarly are for constructive purposes. It is, I understand, our common desire to work together towards the end of assisting the countries of the areas to maintain their political independence and territorial integrity. It is also our common desire to assist the peoples of these areas in attaining higher standards of living and culture so that they will be able to contribute more effectively to world prosperity and to the cause of world peace.

It is our view, and your very presence here causes us to believe that it is also your view, that our respective governments will be facilitated in their efforts to aid in raising the economic and cultural levels of the countries of the Eastern Mediterranean and the Middle East if their approach to the problem is coordinated. In the present world situation it is extremely important that the contributions of an economic and cultural nature which each of our governments may make to the Eastern Mediterranean and the Middle East should be complimentary rather than conflicting. In these times we can not permit the growth of petty rivalries of [?r?] small-minded competition to handicap our efforts. We believe that it is possible through mutual understandings of our respective policies to bring about and maintain a spirit of cooperation in the economic and cultural spheres which would guarantee the maximum results of our efforts and at the same time not in any way restrict the freedom of international economic and cultural intercourse of the peoples of the Eastern Mediterranean and the Middle East.

We have not prepared any set agenda for this meeting and we would now be happy to hear any views which you may wish to express with regard to our procedure or the subjects to be discussed.

NEA Files: Lot 55-D36

Draft Notes for Remarks by the United Kingdom at the Opening of the United States–United Kingdom Talks on the Middle East

TOP SECRET

[WASHINGTON, October 16, 1947.]

Mr. Acting Secretary of State: We on our side are equally happy to have this opportunity to talk over frankly and informally our common problems relating to certain areas of the Mediterranean and the Middle East. We are in full agreement on the scope and objectives of these talks as you have stated them. We agree also on the procedure which you suggest. Our representatives at the meetings with members of the Department of State will be Sir John Balfour,¹ Mr.

¹ British Minister in the United States.
Wright, Mr. Allen, and Mr. Bromley, with such assistants as they may call upon from time to time. Military representation at these meetings, and conversations between military representatives without the attendance of the political representatives can be arranged as you suggest.

And now I may perhaps say a few words to indicate the general lines on which our minds are working.

There lies between the western countries and the countries which are Communist or Communist controlled, a [kind of] crescent of middle lands stretching from Scandinavia through Europe, the Middle East and South East Asia to the Far East, whose orientation will either be towards Western ideas or towards Communism. It is in our view essential that the approach of our two countries towards these peoples, on whom the preservation [issues] of peace so largely depends, should be co-ordinated and that we should work together on a constructive basis in a spirit of complete understanding and cooperation.

In these [particular] talks we are concerned with one segment of this crescent, namely the Eastern Mediterranean and the Middle East.

In this segment we on our side are confronted with a number of problems which are of vital importance to our future and to the future of peace. On one or two occasions lately [in recent past] you have said to us reproachfully that we have only informed you at the last moment of decisions we had taken on matters of interest to us both. We want to be sure that in the area which we are now discussing there should be no ground for such reproach between us. We should like to have the fullest possible consultation and discussion with you before we crystallise our own policy and take any final decisions.

Our basic problem in the Middle East is as follows. Our Chiefs of Staff inform our Government that in the event of any major power violating the Charter and resorting to war, the Middle East will, as proved to be the case in both the last wars, be a strategic theatre second only in importance, or perhaps equal in importance, to the United Kingdom. The reasons which they adduce are not merely that the Middle East is a vital theatre of communication for the Commonwealth, or that it contains vital supplies of oil, although both these reasons are valid. But they adduce the still more important argument that in meeting future aggression conditions of modern warfare will not permit of merely passive or even active defence, but require counter
offence. The Middle East is perhaps the one area from which offensive action could be taken, both to relieve the pressure of attack on the United Kingdom and from which to strike at the aggressor where he is vulnerable.

The Chiefs of Staff go on to say that if the Middle East is to play this role in action against a possible aggressor it is essential, as was again proved during the last war, for us to maintain strategic facilities in the Middle East in peace time. In other words, we must not only maintain bases in Africa, at Aden and at other places within reach of the Middle East, but must have advanced bases in peace time in the Middle East area itself.

But if we are to possess the strategic facilities in the Middle East in peace time, they must be located somewhere.

We are therefore brought squarely up against a perfectly definite and concrete issue. Either we must obtain or maintain the requisite strategic facilities [in certain definite localities] in the Middle East in peace time or withdraw strategically from the Middle East altogether.

At this point strategy merges with politics. It does not appear probable that we can maintain the strategic facilities we require either in Egypt or in Palestine. We have two air bases in Iraq and hope to reach agreement with the Government of Iraq for maintaining at least modified rights there. We also have treaty rights in Transjordan and there are always possibilities of certain rights in the Persian Gulf. We shall certainly wish to maintain rights in the Sudan. But without Egypt or Palestine these are insufficient, [not enough,] since they would leave us without the essential rights in the southeastern corner of the Mediterranean. The whole question whether we can retain adequate strategic facilities in the Middle East in peace time therefore turns upon Cyrenaica.

Cyrenaica is therefore the first question we want to talk over with you, since upon it so many others depend. There are roughly speaking two means by which we could obtain what we need. The first would be by a British trusteeship for Cyrenaica [in Libya]. This, under the Italian peace treaty, would require either the consent of the four powers within the year or, failing that, the consent of the Assembly. Apart from possible objections on the part of some countries there is the further complication that an ordinary trusteeship would not normally provide for the full strategic facilities we should require, and that a strategic trusteeship would need the approval of the Council. The second course would be to work for the early independence of Cyrenaica, and then to conclude a treaty with Emir giving us the facilities we require. There are of course variants to these alternatives, such as a temporary trusteeship to be followed by early independence.
and a treaty. And lastly there is the possibility that we might prevent any other solution being adopted and simply retain the necessary strategic facilities by default under Article 23 (ii) of the Italian peace treaty.

I need hardly add that the question of Cyrenaica is intimately linked with others. We have to consider the attitude of the Soviet Union, of France, and of the Arab States; and we can hardly take a decision about Cyrenaica without also clearing our minds on Tripolitania and on the future of the other former Italian colonies.

Here perhaps you will allow me to make a suggestion about possible procedure. Since all the other problems in the Middle East are dependent upon this vital strategic problem of bases, and in particular Cyrenaica, might it be wise to have these studied first both from the strategical and the political angle? In other words, the first points we should like to put to you are as follows. Do you agree that it is of essential importance to us both that we [Britain] should remain in the Middle East rather than withdraw? If we are to remain, do you agree that it is essential that we should possess the necessary strategic facilities in Cyrenaica in peace time, in addition to other facilities elsewhere than in Egypt and Palestine? If so, can we work out a common approach to the problem and agree to work together for whatever solution commends itself to us after further study as being the most practicable? And finally, do you agree, in studying the question of Cyrenaica, we should simultaneously study the questions of other bases in the Middle East and of the Italian colonies other than Cyrenaica, all of which more or less hang together? When we have examined these problems, we could go on to examine other problems in the area.

NRA Files: Lot 55-D36

Memorandum by the Chief of the Division of South Asian Affairs (Hare)

TOP SECRET

[WASHINGTON, October 16, 1947.]

SUBSTANCE OF RESPONSE OF THE ACTING SECRETARY TO THE BRITISH AMBASSADOR, AT THE FIRST MEETING ON OCTOBER 16, 1947

The Acting Secretary appreciated the helpful presentation of the British Ambassador. We were in agreement regarding Anglo-American coordination of approach in the area to which the Ambassador had so aptly referred as the "great crescent."

We were also in accord regarding the importance to both our countries and to the cause of world peace that the British remain in
the Middle East and that in order to do so they should have facilities in the area to make their position strategically tenable.

In respect of Cyrenaica we understood how important it is for the British to have bases there and elsewhere in the area, and we were prepared to take up Cyrenaica as the first item for discussion with a view to working out a common approach.

NEA Files: Lot 55-D36

Introductory Paper on the Middle East Submitted Informally by the United Kingdom Representatives

TOP SECRET

[WASHINGTON, undated.]

The area which we now call the Middle East was for thousands of years the cradle of civilisations and religions. It was the centre of gravity of the ancient world at a time when Europe did not count in the scheme of things. As man began to dominate the more rigorous conditions further north and further west, the centre of political, military and intellectual power shifted westward and the Middle East entered into a long period of decline and decay. But the fundamental geographical importance of the area continued to have its influence on Western European policy and strategy at recurrent intervals through the centuries. Today the world-wide extension of Western interests and responsibilities has again thrown into high relief the vital role which the Middle East has to play in world affairs. Moreover, the development of communications which has gone with the extension of Western interests into Asia and Africa has for the last one hundred and fifty years given an ever increasing strategic importance to this area.

The Middle East joins three continents and two oceans. Its fifty million or so inhabitants straddle the only possible communication routes between Europe, Asia, Africa and the Far East. The area has proved as vital for air and radio communication as for camel-caravans and steamships.

The administrative, economic and intellectual standards of the peoples of the Middle East have however unfortunately not risen commensurately with the grave international responsibilities which are now being thrust upon those peoples. Thus, not only is the area a vital prize for any Power interested in world influence or domination, but it is an area which cannot possibly defend itself against a Power with modern organisation and technical resources.

The importance of Greece and Turkey in the politico-military defence of the area is self-evident. They are, under modern conditions, its natural bastions to the North, just as the waters of the Mediter-
ranean have constituted its natural defence from the West. It was only when and because we had lost command of the Mediterranean during the last war that the Italians and Germans were able to attack the Middle East overland across North Africa. Similarly our control of the Persian Gulf and the Red Sea by sea and of the Sudan by land has acted as a shield to the whole area from the East and South, though it is becoming increasingly evident now that in addition Persia is going to be a necessary bastion if the area is going to be protected from the North-East.

If the Middle East has not become the cockpit of rival European Powers, this is due largely to the protective measures taken by Great Britain during the last century. It cannot be pretended that our original motives in going to the Middle East were particularly noble and altruistic. Such motives for political action were even rarer in those days than at present. We went to the Middle East in pursuit of trade with that area and to ensure that no other Great Power was astride our communications with India. From the moral standpoint, our intervention had two elements which distinguished it from most other attempts throughout history to dominate that area. In the first place, it was in our interest that the whole area should be stable and prosperous and that its transit routes should be unhampered. We did not undermine the existing civilisation or political institutions or tamper with the Moslem religion. Nor did we try to close the area against all comers. For instance, we let the French enter the Lebanon after the victory of 1918. Secondly, we have since the collapse of the old Turkish Empire in 1918 introduced into the succession States, including Egypt, our representative institutions and our conception of law, order and justice. These have in a comparatively short time given to the oppressed and misgoverned peoples of the Middle East a new ideal of justice and impartial administration which, even if it has seldom been fully attained by local Governments, has at least caused general improvement and set a standard by which current practice can be judged.

As regards Egypt in particular we originally occupied this country largely to secure our financial interests and those of other Western Powers. But in addition to achieving this object, we have made possible the establishment in the country of democratic and constitutional forms of government, with improved judicial and fiscal systems and with an administration considerably less corrupt than before. We have also provided the country with vast irrigation works and generally increased its wealth and prosperity although it must be acknowledged that this wealth is distributed still very unequally.
The first World War emphasised with great clarity several of the essential factors of the Middle Eastern situation and of our influence there. The course of the war showed unmistakably that no major conflict can now take place without this area becoming heavily and vitally involved. We were at that time able to defeat the Turks and to keep open our communications with India and the Dominions because we were firmly established in Egypt, the Sudan and the Persian Gulf. But our political influence in Greece was a contributory factor and we received the support of the Arab population with several of whose rulers we had for some time been in friendly relations.

The reaction against us in Egypt immediately after the first World War was due partly to the rapid growth of Nationalist feeling, prompted largely by the ideas of European Liberalism which we had ourselves helped to propagate, partly to the restrictions inseparable from the conduct of war. The collapse of the Ottoman Empire set us a vast new problem in guiding the political and economic development of the Arab groups which had hitherto been loosely held together by the Turkish Army. It was from the start our general purpose to help the various parts of Arab territory towards the status of independent nations. We can be criticised for delays and mistakes and we had several bitter reminders, such as the Iraqi rebellion of 1920, of the strength of the feelings which we had let loose, but the pattern which gradually emerged was one of which we could on the whole be justly proud.

Persia and Afghanistan, though not astride our lines of communication with India and the Far East, hold nevertheless a vital position on their flank. Napoleon's interest in these two countries at the height of his dreams of Eastern conquest affords sufficient proof of this. Above all—and Napoleon realised this too—Persia and Afghanistan represent a considerable barrier against Russian expansion towards South East Asia. Our first attempt to solve the problem of Russian penetration in Persia was the open establishment of British and Russian zones of influence, but this expedient resulted in the early years of this century in a conflict with the development of Persian national feeling. Since the first World War therefore we have consistently supported the complete integrity of Persia and have resisted any idea of interference by any power in Persian internal affairs. Quite apart from this strategic interest, we are now, since the beginning of the 20th century and the development of the Southern Persian oil fields, committed to a vital economic stake in the country. In Afghanistan, the traditional gateway to India, we attempted by the payment of subsidies and other measures to bolster up the native Government to resist Russian pres-
sure. But a series of wars, culminating in the short-lived but disastrous Third Afghan War of 1919, finally persuaded us of the wisdom of adopting the same policy of non-intervention in Afghanistan as in Persia. In spite of periodical difficulties on the North West Frontier we have established cordial relations with the present rulers of the country.

The situation in 1939 was that we had created, or helped to create, fully independent States in Egypt and Iraq, in treaty relations with us, which gave us military facilities without derogation from national sovereignty. Transjordan was well on the way to being in the same position. Ibn Saud had driven out from Arabia the Hashemite dynasty who had been our chief supporters in the Arab Revolt, but he nevertheless regarded us as his best and closest friends and exerted a considerable influence in our favour throughout the Arab world. The small States and Sheikhdoms in the Persian Gulf were in treaty relations with us, which left them complete freedom in their internal administration. In Egypt and Iraq we had a number of British officials and technicians working in the service of the local Governments, for whom they provided much-valued help and advice. We had developed important commercial interests throughout the area, but without using our political position to secure undue privileges for our commercial interests—as witness the important French, Belgian and Italian investments in Egypt and the vast development of American interest in Arabian oil.

So far, so good. But the fulfilment of our promises and obligations to these countries and the very real assistance we had given to creating Arab nationhood there were more than offset in Arab eyes and in those of our critics elsewhere by our inability to solve the problem of Palestine and by the continuance of French rule in Syria and the Lebanon. This is not the place for a disquisition on the Palestine question, which since the Balfour Declaration has been distorted beyond all recognition by Hitler’s unexampled massacre of the Jews and the consequent panic efforts of the survivors to escape en masse from Europe at all costs. It need only be said that we found ourselves confronted with two inconsistent sets of claims and obligations and after twenty years were practically no nearer our goal of an independent Palestine in which a Jewish National Home could exist without Arab hostility. Owing to the refusal of Arabs and Jews to join in any form of representative body, we had had to maintain a British administration on colonial lines. The influence of the Palestine difficulties was felt far outside the frontiers of Palestine itself and was undoing much of the good effect of our Middle Eastern policy in other countries. In Syria and the Lebanon after the defeat of France in 1940 we were held
to some extent responsible for the continued subjection of these States to a discredited and helpless foreign Power merely because in the time of its strength it had been given a mandate over them which it could no longer effectively exercise. Nevertheless it was we who eventually arranged for the withdrawal of the French without loss of face and for the subsequent granting of independence to the two States.

The war naturally produced a new disturbing factor in the intensive German and Italian propaganda directed against our influence in all parts of the Middle East. It was in the nature of things much easier to attack us than it was for us to defend ourselves. The Axis propagandists did not have to think of the future and could undertake all kinds of obligations which they had no intention of carrying out. They aimed at disruption and subversion of the existing framework of society and could therefore make full use of the most unbalanced and extremist elements of the population.

Within a year of the outbreak of the war of 1939, the Libyan Desert became one of the main theatres of war and continued to be so until the Axis forces were finally driven from Africa. Moreover, a serious threat developed from the north. The launching of a pincer movement designed to meet on the Suez Canal was slowed down by the Greek campaign of 1940 and by our attempts to help Greek resistance in 1941. It was finally stopped by our resistance at Alamein, by the continued neutrality of the Turks, stiffened by our diplomatic activity and by supplies of war material, and finally by the exhaustion of the German drive into the Caucasus. The course of events demonstrated once more that in a world war the Middle East must at all costs be held. Had the Axis powers obtained control of the Suez Canal the way would have been open to them to join hands with Japan in the Pacific; to obtain vital supplies of oil and rubber; and to dominate the south shore of the Mediterranean. Had we not possessed a peace time base in Egypt, and subsidiary bases in other parts of the Middle East, and maintained our general political influence in this area and the Balkans, we should have been unable to prevent this from occurring.

The political position which we had established during the years between the Wars proved strong enough, in spite of Palestine and in spite of Axis propaganda, to allow us to deploy our forces without having to waste manpower and resources on guarding our communications or keeping order in Middle Eastern countries. The one exception to this state of affairs—the Rashid Ali revolt in Iraq—may justly be taken as one of those exceptions which go to prove the rule. This revolt had several causes, among the most immediate of which were the dictatorial ambitions of a few personalities and the skilful propa-
ganda of the German representative. The movement failed to spread and was easily suppressed by a small British force. The reaction throughout Iraq after the restoration of constitutional government was intense and could be ascribed no less to guilty conscience than to realisation of the narrow margin by which the country had escaped coming under the influence of foreign Powers much less friendly to the aspirations of the Arabs than we had been.

In all other respects, the area was internally quiet, even including Palestine. Political evolution continued during the war and the immediate post-war period and resulted in the establishment of three new independent nations—Syria, Lebanon and Transjordan. It also resulted in the creation of the Arab League, a loose regional association providing for political consultation and economic, social and cultural cooperation. The foundation of the League was the culmination of a long process of political development.

The second World War has not perhaps brought about such dramatic changes in the Middle East as the first, but it has presented us with no less difficult and urgent problems. Apart from the running sore of Palestine, which became inflamed again as soon as the war was over, we have become involved in a dispute with Egypt turning in no small degree on Egyptian refusal to guarantee to the Sudanese freedom to choose whether or not they shall in the future continue to be associated with Egypt.

Meanwhile we had on the liberation of Greece to intervene in the country to prevent its being captured by the Communists and this intervention has lasted longer and involved us more deeply than we had originally expected. But as one looks back it becomes increasingly evident that but for our intervention, Greece would by now be a puppet state of Russia, the Soviet flag would be flying on the Mediterranean and the northern bastion of the Middle East would have been irretrievably breached; for if Greece had collapsed it is almost certain that Turkey would have followed suit. The development of the present bandit war in Northern Greece represents but another attempt by the Communists to carry the position. Until this threat is removed, there can be no hope of security. It has therefore been our policy to assist the Greek Government to restore order and this has unfortunately only added more heavily to our responsibilities. But now the United States Government have relieved us of our burden, and have in accordance with the Truman Declaration assumed a direct and welcome responsibility for positive assistance in rehabilitation and defence.

We are for our part fully determined to retain our influence throughout the area because we are convinced of its continuing strategical importance both as a communications centre and as a source of oil and
because we believe it to be vital that the peoples of the Middle East should develop their future national existence as democratic and not as extremist countries. But if they are to do so they will continue to require assistance in social and economic fields. The low standard of living and the social disequilibrium of most of the Middle Eastern countries are bad in themselves and particularly dangerous as laying the countries open to the penetration of all kinds of extremist ideas. At the present time, political stability in these countries depends largely on a satisfactory solution of these difficulties. It is our desire to continue to render assistance to the full measure of our capacity.

NEA Files: Lot 55-D36

Memorandum Prepared in the Department of State

TOP SECRET

[WASHINGTON, undated.]

THE AMERICAN PAPER

After detailed discussion and careful deliberation, and after a full exchange of views with both American and British military advisers, we have arrived at the following basic conclusions:

1. Since the basic objective of the foreign policy of the United States is the maintenance of world peace in accordance with the principles of the Charter of the United Nations, the Government of the United States must be concerned with any situations which might develop into international armed conflict. The Eastern Mediterranean and the Middle East is an area in which such situations exist at the present time.

2. The security of the Eastern Mediterranean and of the Middle East is vital to the security of the United States. (It is understood that the British Government has already arrived at the conclusion that the security of the Eastern Mediterranean and the Middle East is vital to the security of Great Britain, but has not as yet made policy decisions based on this conclusion.)

3. The security of the whole Eastern Mediterranean and Middle East would be jeopardized if the Soviet Union should succeed in its efforts to obtain control of any one of the following countries: Italy, Greece, Turkey, or Iran.

4. In view of the foregoing, it should be the policy of the United States, in accordance with the principles, and in the spirit of the Charter of the United Nations, to support the security of the Eastern Mediterranean and the Middle East. As a corollary of this policy the United States should assist in maintaining the territorial integrity and political independence of Italy, Greece, Turkey, and Iran.
5. In carrying out this policy the United States should be prepared to make full use of its political, economic, and, if necessary, military power in such manner as may be found most effective. Before resorting to the actual employment of force, the United States should exhaust political and economic means, including recourse to the United Nations. Any resort to force should be in consonance with the Charter of the United Nations and, so far as possible, in cooperation with like-minded members of the United Nations.

6. It would be unrealistic for the United States to undertake to carry out such a policy unless the British maintain their strong strategic, political and economic position in the Middle East and Eastern Mediterranean, and unless they and ourselves follow parallel policies in that area.

7. One of the greatest dangers to world peace may be the failure of the Soviet Union to understand the extent to which the United States is prepared to go in order to maintain the security of the Eastern Mediterranean and the Middle East. It should, therefore, be the policy of this Government to make evident in a firm but nonprovocative manner the extent of the determination of the United States to assist in preserving in the interest of world peace the security of the area.

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NEA Files: Lot 55-D36

Memorandum by the Chief of the Division of South Asian Affairs (Hare)  

TOP SECRET

[WASHINGTON,] November 5, 1947.

Considerations in Support of Policy in Respect of the Eastern Mediterranean and Middle East Drawn Up After Consultation With the British Group

The following observations have been prepared by way of explanation and elaboration of the paper drawn up by the American Group. The following numbered paragraphs should be read in connection with the identically numbered paragraphs in the American paper:  

¹ Draft No. 2. Mr. Hare noted that this paper was prepared as a supporting document and was cleared by Messrs. Henderson, Hickerson, and Villard but was not found necessary to use.

² The numbered paragraphs below do not coincide with those in the American Paper, supra, covering instead paragraphs numbered 2 to 7. This suggests that an earlier draft of the American Paper was prepared and that paragraph numbered 1 was added in the final version. The editor has been unable to find earlier versions of either the American Paper or of Mr. Hare’s memorandum in the Department files.

Should the Eastern Mediterranean and the Middle East fall under Soviet domination, a process of deterioration would thereby be initiated which, if not successfully resisted, would constitute a disastrous blow to the preservation of world peace under the United Nations and, as far as the United States is concerned, would result in our being forced back to the Atlantic, with consequent loss of ability effectively to bring to bear not only our political and economic strength, but also military force in the maintenance of the security of the area, and of the United States and of all states friendly disposed to us. In the specific case of the United States, this would mean a retreat to the Western Hemisphere and facing the prospect of a war of attrition which would spell the end of the American way of life. In the case of the United Kingdom, the maintenance of a Middle Eastern front would be essential in order that the British “home base” should not be isolated and subjected to the full impact of a Soviet attack directed from Europe. Viewed from the standpoint of international peace and security, Soviet dominance of the Eastern Mediterranean and Middle East would certainly spell the end of the United Nations in anything approaching its present form and concept.

2. Special Importance of Italy, Greece, Turkey, and Iran in the Maintenance of the Security of the Eastern Mediterranean and Middle East.

Italy, Greece, Turkey and Iran constitute a bastion, in both the political and strategic sense, which, if breached, would create a situation, the virtually inevitable result of which would be Soviet domination of the entire Eastern Mediterranean and Middle East. The foreseeable consequences of such an eventuality are set forth in the preceding paragraph.


In the light of the considerations set forth in paragraphs one and two above, a policy in the support of the Eastern Mediterranean and Middle East, and particularly of Italy, Greece, Turkey and Iran, is essential not only to the security of the United States and of the United Kingdom, but to world peace and the survival of the United Nations. In view of the gravity of the situation, a policy decision is required without delay and in most clear-cut form. Time is fast running out and half measures serve merely to confuse and to render more dangerous an already explosive situation. This applies not only to the situation in the Eastern Mediterranean and Middle East itself,
but also to the fact that British policy-makers appear to be at a crossroads where, having once chosen the road which they decide to follow, it would be extremely difficult to turn back. We have been frankly told by the British that although the British Government has decided that the maintenance of the security of the Mediterranean and Middle East is vital to British security, they have not made plans to implement that policy and that one of the important reasons for their indecision has been the lack of knowledge of United States policy in respect of that area. They admit that they do not see how implementation of such a policy could be effective without strong American support. Since we are similarly minded regarding the necessity of British support in the preservation of the security of the Eastern Mediterranean and the Middle East, immediate planning and parallel policies are obviously necessary. Failing this, we should be examining other expedients and losing no time in so doing.

4. Implementation of Forgoing Policy.

The maintenance of a policy of assisting in the support of the security of the Eastern Mediterranean and Middle East within the framework of the United Nations necessitates a program of assistance for the whole area to meet foreseeable situations, both in time of peace and in time of threat to the peace or actual hostilities.

In time of peace, political and economic assistance to the countries of the area should be directed to the promotion of political and economic stability which will, on the one hand, act as a deterrent to Soviet infiltration, and, on the other hand, build up bonds of friendship with both the British and ourselves, based on the mutual interest of all concerned. The Arab states deserve particular mention in this connection because of the location there of strategically important oil and pipe lines, and of areas suited to the installation of bases for both forward defense and defense in depth. Fearing possible Soviet aggression, therefore, measures should be taken in time of peace to assure the maintenance in friendly hands of military bases in the Eastern Mediterranean and Middle East from which to operate in an emergency.

All possible peaceful means, including recourse to the United Nations, should be exhausted to meet any external threat to the security of the Eastern Mediterranean and the Middle East. However, in the event of failure of such peaceful means, it may be necessary to resort to use of force as provided under Article 51 of the Charter of the United Nations. A policy of full support of the Eastern Mediterranean and the Middle East, and particularly of Italy, Greece, Turkey, and Iran, does not necessarily mean that machinery would be set in motion for the direct defense of the threatened area, but rather that counter measures would be taken wherever and whenever it may be determined
that they could be most effective. In other words, whereas we propose to take a political stand against Soviet aggression on the Italy-Greece-Turkey-Iran front, it is not improbable that, in the event of the necessity of recourse to arms, our military effort might be concentrated elsewhere with a view to most effective use of the forces employed.

5. The Special Role of the British.

It is not intended that the Eastern Mediterranean and Middle East should be regarded as a British sphere of influence. What is intended is that the British should continue to maintain primary responsibility for the defense of the Eastern Mediterranean and the Middle East as part of an overall concept of resistance to Soviet aggression, and that, in order to implement that responsibility, the British should have bases from which to operate in time of emergency. The maintenance of such bases, together with the right of reentry in an emergency, requires in turn that the British should have mutually satisfactory political and economic relations of a long-term nature with the countries of the area, as a foundation for their military position. This type of relationship does not imply any necessity of exclusiveness; quite to the contrary, the attaining and preservation of any such relationship would certainly be prejudiced by any indication that it was not to the advantage of the Mid-Eastern countries concerned, or that any restriction on their political, economic, or cultural relations with one another or with other countries was involved. With specific reference to the United States, it would not follow that we should become a sort of Middle Eastern junior partner of the British, nor that we should be placed in the position of more or less blindly following the British lead. Rather, the basic nature of our relationship should be recognition of the common problem of desiring to maintain the security of the Eastern Mediterranean and Middle East; the assumption by the British of a special responsibility in meeting that problem; and a parallel effort to work together not only in our own interests but in the interests of the countries of the area and with every respect for their positions as fellow members of the United Nations.


Any move to make our intentions known to the Soviet Government would almost certainly have to be informal and indirect, since direct notification to that effect might well have the contrary of the result intended.

Regarding the distinction between overt and indirect aggression, it is futile to attempt to distinguish between them since it is recognized that in either case Soviet success would spell the loss of the effective independence of the country or countries concerned. In this connection
it might be stressed that, since in no country in the Middle East are Communist or Communist sympathizers to be found in large numbers, any coup resulting in a Communist controlled government could not be successful unless instigated and implemented from the Soviet Union or Soviet satellites. In deciding on the type of action to be taken in meeting these two types of aggression, on the other hand, a certain distinction would be necessary.

In the event of overt aggression, action would presumably be taken initially through the Security Council, but any undue delay or lack of effective action resulting from this procedure would probably necessitate recourse to action under Article 51. The possibility that such action would logically lead to the disruption of the United Nations must be faced.

Greater complication would be encountered in meeting indirect aggression because of difficulty in definition arising out of the wide variety of forms in which it might be encountered and concentrated and vigilantly sustained attention would be required with a view to countering, as far as practicable, every indirect act of aggression by appropriate counter action on our part. Such counter measures might, for instance, be fully as effective, possibly at times even more effective, if related to the satellites rather than to acts which could be attributed to the Soviet Union itself.

The essential considerations are (1) that we should not allow the indirect character of Soviet aggression to cloud our recognition of its significance, (2) that a carefully planned policy of counter action should be constantly maintained, and (3) that the implications of counter measures which we may take should be clear to all concerned.

Memorandum on Policy in the Middle East and Eastern Mediterranean by the British Group

TOP SECRET

1. The Middle East and the Eastern Mediterranean is an area in which a threat to peace may easily arise. Since the policy of H.M.G. is the maintenance of world peace in accordance with the principles of the Charter of the United Nations, it is essential that H.M.G. should formulate definite views on the most effective means of safeguarding peace in that area.

2. H.M.G. have already decided that the preservation of the security of the Middle East is vital to the security of the United Kingdom (the word vital is used in the sense that failure of such preservation involves
mortal danger). The same considerations apply to the countries of the Eastern Mediterranean, which, with the Middle East, form a strategic whole.

3. At the same time it is clear that H.M.G. can only implement this policy if the United States Government is adopting a parallel policy. Hitherto we have been unaware of the views of the U.S. Government, and this has prevented us from clarifying our own views.

4. We now understand that the political and strategic authorities of the U.S. Government are thinking on lines similar and parallel to our own. They are advising the U.S. Government that the preservation of the security of the Middle East and of the Eastern Mediterranean is vital to the security of the United States; that the U.S. Government can only implement this policy if H.M.G. adopt a parallel policy; and that it is therefore in the interests of each Government to cooperate with and support the other in the area.

5. In the light of the above, it is recommended that our policy in the Middle East and the Eastern Mediterranean should be based upon the following principles:

(a) The preservation of the security of the Middle East is vital to the security of the United Kingdom (the word vital is used in the sense that failure of such preservation involves mortal danger). The same considerations apply to the countries of the Eastern Mediterranean, which, with the Middle East, form a strategic whole.

(b) The whole of the Middle East and the Eastern Mediterranean would be in mortal danger if any hostile power should succeed in obtaining control of any one of the following countries:—Turkey, Greece, Persia (or indeed Italy).

(c) In view of the foregoing, it should be the policy of H.M.G. to support the security of the Middle East and the Eastern Mediterranean, and in particular to assist in maintaining the territorial integrity and the political independence of Turkey, Greece, Persia (and indeed Italy).

(d) The implementation of this policy by H.M.G. depends upon the adoption by the United States Government of a parallel policy.

(e) If any external threat develops to the security of the Middle East and the Eastern Mediterranean, the United Kingdom must be prepared, in cooperation with other like-minded members of the United Nations, to resist this threat in accordance with, and in the spirit of, the Charter of the United Nations. The first steps would be to exhaust all political and economic means of resisting any such threat in violation of the Charter. But the United Kingdom must be prepared, in cooperation with other like-minded members of the United Nations, to make use of its full political, economic and if necessary military strength in such manner as may be found most effective in accordance with, and in the spirit of, the Charter of the United Nations.

(f) One of the greatest dangers to world peace may be the failure of any other country to understand the extent to which the United
Kingdom is prepared to go to assist in resisting any violation of the Charter in the Middle East and in the Eastern Mediterranean. Means should therefore be found of making known in any appropriate quarter in a firm but non-provocative manner the extent of the determination of the United Kingdom to assist in preserving in the interest of world peace the security of the area.

6. There is no greater danger to peace than hesitant and confused policy. In issues of such importance, there can be no halfway house. In the interest of their own security H.M.G. must be prepared, with other like-minded members of the United Nations, and in accordance with the principles of the Charter, to assist in maintaining the security of the Middle East and the Eastern Mediterranean.

General Statement by the American Group

TOP SECRET [WASHINGTON, undated.]

On the instructions of their respective Governments, United States and United Kingdom representatives, including Service advisers, have reviewed the strategic, political, and economic problems in the Middle East, as well as certain strategic and political problems in the Eastern Mediterranean.

The conversations opened on October 16 and closed on November 7, 1947. The following persons took part at various times:

**AMERICAN GROUP**

Loy W. Henderson, Director, Office of Near Eastern and African Affairs
John D. Hickerson, Director, Office of European Affairs
George F. Kennan, Director, Policy Planning Staff
Raymond A. Hare, Chief, Division of South Asian Affairs
Edward T. Wailes, Chief, Division of British Commonwealth Affairs
Vice Admiral Forrest Sherman, Deputy Chief of Naval Operations
Lieutenant General Lauris Norstad, Director of Plans and Operations, General Staff, U.S. Army
Major General A. M. Gruenther, United States Army

**BRITISH GROUP**

John Balfour, British Minister, British Embassy, Washington
M. R. Wright, Assistant Under-Secretary of State, Foreign Office, London
Mr. W. D. Allen, Counsellor, British Embassy, Washington
Mr. T. E. Bromley, First Secretary, British Embassy, Washington
Admiral Sir Henry Moore
Air Chief Marshal Sir Guy Garrod
General Sir William Morgan

Members of the British Joint Staff Mission, Washington
Lieutenant General Sir Leslie Hollis, Chief of Staff to the Minister of Defense
Air Vice Marshal R. M. Foster, Assistant Chief of the Air Staff (Policy)

The two groups were headed by the Honorable Robert A. Lovett, Under Secretary of State, and Lord Inverchapel, British Ambassador, Washington, who were present at the opening and closing meetings.

As a result of these conversations, the United States representatives have decided to recommend the adoption of a policy toward the area based on the general principles set forth below. The United Kingdom representatives have likewise indicated their intention to recommend to their Government a policy based on the same principles.

1. The security of the Eastern Mediterranean and of the Middle East is vital to the security of the United States and of the United Kingdom and to world peace.

2. This policy can be implemented only if the British maintain their strong strategic, political, and economic position in the Eastern Mediterranean and the Middle East, including the sea approaches to the area through the Straits of Gibraltar and the Red Sea, and if the British and American Governments pursue parallel policies in that area.

3. It follows from the above that both Governments should endeavor to prevent either foreign countries, commercial interests, British or American or other, or any other influences from making capital for themselves by playing off one of the two countries against the other in the Eastern Mediterranean and the Middle East. It should be the parallel and respective policies of the two Governments to adopt the general principle that they will endeavor to strengthen each other's position in the area on the basis of mutual respect and cooperation. It should be contrary to the policy of either Government to make efforts to increase its country's influence at the expense of the other. Likewise, the policy of the two countries should be to strengthen and improve each other's position by lending each other all possible and proper support. This support should also apply to the retention or development of strategic facilities, including civil air development.

There shall be full and constant exchanges of information and views and consultation between the two Governments about the problems of the area.

In cooperating with one another, they should of course take care not to embark on policies which would tend to deprive the countries of the Middle East of the opportunity to engage in normal friendly economic or other intercourse with each other or with other nations. At the same time, every effort should be made by both Governments in close consultation with one another to assist in the economic and social development of the countries of the area. Such a policy would not only be in accord with general Anglo-American encouragement of the progress
of the peoples of backward areas, but it would also have the specific advantage of reducing the field for subversive activity and of contributing to the stability of the area.

In the spirit of the foregoing, there are attached hereto a number of statements\(^1\) covering individual countries and topics which, taken as a whole and to the extent that approval is indicated in each statement, will provide guidance for action on the subjects in question.\(^2\)

\(^1\) *Infra.*

\(^2\) A virtually identical General Statement prepared by the British Group, not printed.

NEA Files: Lot 55-D36

**Statement by the United States and the United Kingdom Groups**

**TOP SECRET**

[WASHINGTON, undated.]

The Problem: Retention of British Military Rights in Egypt.

**DISCUSSION**

1. It was the consensus of both the American and British groups that it was extremely important in the interests of the maintenance of the security of the Middle East and of the preservation of world peace that the British have certain strategic facilities in Egypt. The British should have the right to maintain these facilities during peace time in such a condition that they could be effectively and speedily used in case of an immediate threat to the security of the Middle East and right of reentry in order to make full use of these facilities in accordance with the provisions of the Charter, and with the principles of the United Nations in case of such a threat.

2. In order to ensure such rights, it is necessary to negotiate a satisfactory agreement with Egypt which, because of political difficulties already encountered in negotiations between the British and the Egyptians, might best be conceived within a common framework of regional defense agreements between Britain and the Arab states.

3. Failing an agreement within a regional framework, renewed efforts should still be made for the negotiation of a bilateral Anglo-Egyptian treaty ensuring to the greatest possible degree the desiderata specified in paragraph one.

4. The durability and effectiveness of any such bilateral agreement might best be assured by its negotiation with a majority, or national, Egyptian Government as contrasted with the present minority Government. The advent of a majority or national Government in Egypt would therefore be welcome, but any overt attempt to achieve that end would require most careful consideration. The principal obstacle which
prevents the formation of such a government is the long standing antipathy of the King to the Wafd.

5. The successful negotiation of an Anglo-Egyptian agreement hinges furthermore on convincing the Egyptians that it would be in their own interest since Egypt could only stand to lose by instability in the Middle East.

6. Regarding tactics to be followed the British group said that they wished to make no further move for the present, in view of current British negotiations with Iraq and of the situation in Palestine. The American group said they wondered whether, prior to any move to resume negotiations, it would be good tactics for the British Government to signify its intention to evacuate British troops without insisting upon a quid pro quo, thus creating a more favorable atmosphere for negotiation. If such a course should be decided upon, they thought that the American Government would be prepared to exert all its influence with the Egyptian Government in supporting the British during the negotiations. The British group foresaw the danger that a British gesture of this kind might be interpreted as a sign of weakness and would only have the effect of encouraging the Egyptian Government to take a still more unreasonable line. Both sides agreed that this was a danger which deserved consideration. The American group indicated that in any event they would recommend that the United States Government be prepared to exert all its influence with the Egyptian Government in supporting British efforts to retain or obtain the necessary strategic facilities.

I. The American group stated:

A—that the American Government was not itself interested in acquiring military rights in Egypt in the present circumstances;

B—that they were prepared to recommend that the American Government lend such assistance as might seem to it appropriate, in close consultation of course with the British Government, in endeavoring to convince the Egyptian Government that it would be in the interest of Egypt itself and of the cause of world peace for Egypt to arrange that Great Britain should have such military facilities—and in case of immediate threat from without to the security of the Middle East rights of reentry in order to be able to make full use of such facilities—as will enable Great Britain to play its full part in assuring the security of the Middle East; and to convince the Egyptian Government that such arrangements could be effected in a manner which would not be derogatory to the independence and sovereignty of Egypt.

C—that while the details of such supporting action remain to be worked out, one idea would be an approach to King Farouk, who might possibly be invited to visit the United States;
D—that in assisting in making it clear to Egypt that the full right of Egypt to have free intercourse with other countries would not be affected by such arrangements with the British Government, the American Government might, after consultation with the British Government, indicate to Egypt that it was prepared, in case such arrangements were effected, to take various steps to strengthen relations between the United States and Egypt. For instance, it might indicate its readiness in such circumstances to consider favorably certain Egyptian requests for military advisers, various military supplies, other kinds of technical and financial assistance, etc. In doing so, the American Government, in order to prevent the creation of the impression that such assistance was being granted in a spirit of rivalry, would be prepared to point out that it was its understanding that the British Government looked with favor upon such a course of action.

E—that they will recommend that during the course of such proceedings as there might be in the United Nations relating to the obtaining or maintaining by Britain of the facilities in Egypt required for the preservation of the security of the Middle East the Government of the United States give such support to Britain as would be consonant with the provisions of the Charter and with the principles of the United Nations.

F—they would consider it dangerous in the present world situation for the British Government to abandon such strategic facilities to which it is entitled by treaty in Egypt, unless there were provisions of some kind for good alternative facilities elsewhere in the area.

II. The British group stated that American assistance at the appropriate time and in the appropriate manner would be welcomed.

III. Both groups considered that full consultation on all these questions should be maintained.

NEA Files: Lot 55-D36

Statement by the United States and the United Kingdom Groups

TOP SECRET

[WASHINGTON, undated.]

THE PROBLEM

Assurance of British strategic facilities in Cyrenaica.

DISCUSSION

1. It was the consensus that, even if the British were to succeed in maintaining certain strategic facilities in Egypt, they should also have strategic facilities in Cyrenaica.
2. Although Britain was at present in occupation of Libya, including Cyrenaica, the future status of that colony was still uncertain and a Four-Power Commission named by the Deputies of the Council of Foreign Ministers was carrying out an investigation with the object of making a report containing factual material required by the Deputies in their consideration of the disposition of this and the other former Italian colonies. Since the future of Cyrenaica, in accordance with the Italian Peace Treaty, would be determined by the Council of Foreign Ministers or, failing an agreement within one year in the Council, by the General Assembly of the United Nations, the building up of facilities by Britain in the area presented considerable difficulties. There were a number of possible alternative courses of action which might ensure British strategic facilities in Cyrenaica for at least a considerable term of years.

These were (a) to work for the early independence of Cyrenaica and for a treaty with the Emir providing British bases; (b) to obtain for Britain a strategic trusteeship; (c) to obtain for Britain an ordinary trusteeship; (d) failing agreement on any of the above courses, merely for the British to remain in occupation.

3. It was recognized that a secret agreement with the Emir would be dangerous and further that there were no means of insuring that, when independence had been reached, a satisfactory treaty would in fact be obtained. It was also recognized that Soviet assent in the Security Council to a strategic trusteeship for Britain in Cyrenaica would be virtually impossible to obtain except in return for some unacceptable quid pro quo. An ordinary trusteeship seemed therefore to be the least unpromising since it might be possible to obtain for this course the support of two-thirds of the General Assembly of the United Nations. It should in any event be possible to obtain the support of more than one-third of the votes cast in the General Assembly to block any undesirable alternative proposal. The question arose whether adequate strategic facilities could be secured under an ordinary trusteeship. The course of remaining indefinitely in Cyrenaica in the absence of any formal agreement would be unsatisfactory because of the embarrassment which would be caused by the perpetuation of such an anomalous situation.

CONCLUSIONS

1. The American group agreed to recommend that an assurance of British facilities in Cyrenaica was desirable in the interest of preserving the security of the Middle East and of the maintenance of world peace and that in order to attain that end American support should be given to the granting of a British trusteeship over Cyrenaica. Members of the American group tentatively suggested that this idea might
be extended to include a British trusteeship for all of Libya, which would have additional strategic advantages, but the views of both groups on this point were reserved owing to the political complications involved.

2. An informal suggestion was made by the American group that, pending a decision on the future of Cyrenaica, the British strategic position there might be consolidated and that certain stores and troops might be quietly moved in from Palestine, Egypt, or elsewhere.

3. The American group also considered that some kind of a provision should be included to the effect that the trustee is to prepare the inhabitants for self-government, that at the end of, say, ten years the question of the future of Cyrenaica will be reviewed by the United Nations; and that before the trusteeship is relinquished the inhabitants will be given an opportunity to express their desires as to their future governance.

4. The possibility of including provision for adequate strategic facilities in an ordinary trusteeship for Cyrenaica should be studied. Close consultation would be maintained.

5. The American group suggested that the possibility should not be dismissed completely of ceding Cyrenaica to Egypt as an autonomous area provided (1) such a solution would appear to be desirable to Egypt and to the inhabitants of Cyrenaica and (2) Egypt should agree to a framework of regional defense agreements between the Arab countries and Britain and would give the British strategic facilities in Egypt and in Cyrenaica on a long-term basis in order that the British might be able to make their appropriate contribution to the maintenance of Middle Eastern security. The British groups saw considerable difficulties in this arising from the probable objections of the inhabitants of Cyrenaica and from the fickle character of Egyptian politics. They were, however, prepared to discuss this matter further with the Americans at any time.

6. It was the opinion of both groups that the question of Cyrenaica should not be discussed at the next meeting of the Council of Foreign Ministers but that it would be preferable to await the report of the Four-Power Commission.

NEA Files: Lot 55-D36

Statement by the United States and the United Kingdom Groups

TOP SECRET

[WASHINGTON, undated.]

THE PROBLEM

Disposition of the former Italian Colonies other than Cyrenaica.
DISCUSSION

1. It was the consensus that whatever decision were adopted concerning the future of these colonies, it was essential in the interest of Middle East security and world peace that the Soviet Union should obtain no direct or indirect foothold in them.

2. The American group reserved its position regarding the disposition of the former Italian colonies other than Cyrenaica, specifically mentioning as reasons for deferring decision that the Four Power Commission’s report was still awaited and that it would seem desirable to allow sufficient time for the observation of internal developments in Italy.

3. The suggestion was made that in such consideration as may be given this matter either in the CFM or the UN, importance should be attached to dealing with this question on the basis of separate colonies rather than as a single problem.

4. It was felt that the November meeting of the CFM would not be an appropriate occasion for discussion of this problem because the report of the Commission would not have been received and also because such discussion would afford an opportunity for Soviet trouble making.

5. The American group suggested that, bearing in mind the importance of Italy in the general Mediterranean picture, it would be helpful if the British could adopt as friendly an attitude as possible in their general approach to Italian problems.

6. Tripolitania: It was generally recognized that Tripolitania was the colony on the return of which the Italians are particularly insistent; that its return to Italy would undoubtedly receive French approval; but that such a course would arouse violent opposition on the part of the Arabs which might not only seriously prejudice a successful solution of the Cyrenaica problem but also that of other outstanding questions in the other Arab countries.

The possibility of a British trusteeship for all of Libya was discussed and, although the strategic advantages were recognized to be considerable, it was noted that there were serious political difficulties involved. The possibility of the American Government accepting a trusteeship over Tripolitania at this time was ruled out by the American group.

7. Somaliland: It was the view of both groups that an Italian trusteeship over Somaliland would encounter less objection than would one over any other former Italian colony. Its economic value was, however, negligible. Ethiopia, of course, would strongly oppose such a solution but might be mollified by concessions in Eritrea. The British
group observed that consideration had at one time been given to a United Somaliland, but that the suggestion had since been withdrawn.

8. Eritrea: The British group stated that an Italian trusteeship over Northern Eritrea, the rest being ceded to Ethiopia, might be worth discussion. The American group said that tentative thought had been given to the cession of Eritrea to Ethiopia except for a northern portion which would go to the Sudan, but that no final decision had been reached.

CONCLUSIONS

1. Both the American and British groups reserved their positions regarding the disposal of the former Italian colonies other than Cyrenaica.

2. In any plans which may be evolved it is essential to prevent the Soviet Union from obtaining any direct or indirect foothold in the territory of the former Italian colonies.

3. In reaching decisions on these questions the development of the political situation in Italy, the attitude of the Arab countries and the views of France would all have to be considered.

4. The question of the former Italian colonies should not be discussed at the forthcoming meeting of the CPM.

5. It is most important that close consultation should be maintained between the two Governments on the whole subject.

NEA Files: Lot 55-D36

Statement by the United States and the United Kingdom Groups

TOP SECRET

[WASHINGTON, undated.]

THE PROBLEM

The maintenance of the British position in the Sudan.

DISCUSSION

1. Both the American and British groups expressed the opinion (a) that the Sudan has great strategic importance in the Middle East area, particularly from the standpoint of communications and defense in depth and (b) that the maintenance of British military facilities in the Sudan is essential to the security of the Middle East and would be in the interest of the maintenance of world peace.

2. The maintenance of the British position in the Sudan raises certain political complications resulting from the fact that the government of the Sudan is under an Anglo-Egyptian condominium. It is firm
British policy to follow a program of encouraging the political evolution of the Sudanese toward self-government with the ultimate intent that the Sudanese people should decide their own political future. The Egyptian Government, on the other hand, claims that Egypt possesses sovereignty over the Sudan and denies that the Sudanese should have any right to declare themselves independent of Egypt. Constructive measures towards the development of self-government by the Sudanese would inevitably involve constitutional changes in the powers of the Governor-General as defined by the Condominium Agreement of 1899; and it was questionable whether the approval of Egypt as one of the co-dominii was not requisite.

3. Asked for its views whether the Governor-General of the Sudan should proceed with the implementation of the foregoing policy, the American group expressed sympathy with the general objectives as outlined, but observed that they were not in a position to judge the technical legal aspects of the problem. They expressed the hope that the British would endeavor to carry out their objectives in the framework of the Condominium Agreement, in view of the obvious disadvantages of following a course of action which the International Court should later find was in contravention of an Agreement to which Great Britain was a party.

CONCLUSIONS

1. The British Government feels bound to proceed with its constitutional proposals for the Sudan in the belief that, if it fails to do so, Sudanese reaction might render impossible the maintenance of a satisfactory British position there.

2. The American group was prepared to recommend that the American Government should support the maintenance of adequate British facilities in the Sudan. The American group also felt that the American Government should view with sympathy the British objective of constitutional progress in the Sudan. They indicated, however, that they were not in a position to express an opinion as to the manner in which this objective should be achieved. They were of the opinion that if the Egyptians should insist on the submission of any British policies or actions in the Sudan to the International Court, it would be difficult for the United States, in view of its general established policies, to oppose such submission. It was hoped that the British in carrying out their objectives in the Sudan would bear in mind that their policies and activities might eventually be subjected to the scrutiny of the International Court.

3. Both the American and British groups expressed the opinion that this question merited further exploration and consultation.
The American group observed that the main problem in Iran was the danger of Soviet infiltration and control. It was the policy of the United States, within the scope of the United Nations, to support Iran to the extent possible in maintaining its integrity without interference in the internal affairs of the country. Encouragement was being given, however, to social and economic development as a means of assuring greater stability.

With regard to negotiations for a Soviet-Iranian oil agreement, the advice which the American Government had consistently given to the Iranian Government was that the latter must decide for itself whether to accept or reject the Soviet proposal. The British approach had been similar except for the fact that the British Government had taken the view that, if the concession were rejected, this should be done in such a way as not completely to close the door to further negotiations. The American Government had not fallen in with this idea because it did not believe that any safeguard was possible once a Soviet foothold was attained. Neither did it consider it advisable for Iran to attempt to keep the door open to further negotiation unless it had a bona fide intention of arriving at some sort of agreement in the end. Despite its feelings in this regard, however, the American Government had taken care not to advise the Iranians other than to say that the decision was the responsibility of the Iranian Government.

The British group replied that the purpose of the British Government was identical with that of the United States Government in the sense that it was directed to the preservation of the independence and integrity of Iran. If Iran fell under Communist influence, its independence would be at an end; its strategic oil supply could no longer be counted on; and the security of the Middle East as a whole would be jeopardized. The only difference between the British and American viewpoints was that the British hesitated to give stronger advice to Iran than they had so far given without fuller examination of the possible consequences. If the Iranian Government were to find itself the object of invasion or penetration, what would the next step be? The Iranians would probably appeal to the Security Council and the British and American Governments would endeavor to secure a resolution in the Security Council calling upon the Soviet Union to withdraw. The Soviet Government would certainly veto such a resolution,
and in any event would have set up a puppet government in Iran before any effective action could be taken. While the British Government had an open mind on the tactics to be pursued, they were anxious to know exactly what the United States Government had in mind if the taking of a firm stand by Iran were followed by Soviet retaliation in some form.

Further discussion of this question centered on its broad implications, not only in respect of Iran itself but of the Eastern Mediterranean and Middle East generally. It was the conclusion of both groups that the preservation of the political independence and the territorial integrity of Iran was essential to the maintenance of the security of the Eastern Mediterranean and the Middle East.

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Statement by the United States and the United Kingdom Groups

TOP SECRET

[WASHINGTON, undated.]

TURKEY

There was a general discussion about the situation in Turkey, and about the importance of maintaining the political independence and territorial integrity of the country as an essential factor in Middle Eastern defense.

It was the conclusion of both groups that the preservation of the political independence and territorial integrity of Turkey was essential to the maintenance of the security of the Eastern Mediterranean and the Middle East.

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Statement by the United States and the United Kingdom Groups

TOP SECRET

[WASHINGTON, undated.]

GREECE

There was a general discussion about the situation in Greece, and about the importance of maintaining the political independence and territorial integrity of the country as an essential factor in Middle Eastern defense. The American group referred to the gravity of the situation in Greece. It pointed out that it might be necessary for both countries to take further steps to strengthen Greece. The American
group also emphasized the importance of the retention of British troops in Greece during the present emergency.

It was the conclusion of both groups that the preservation of the political independence and territorial integrity of Greece was essential to the maintenance of the security of the Eastern Mediterranean and the Middle East.

NEA Files: Lot 55-D88

Statement by the United States and the United Kingdom Groups

TOP SECRET

[WASHINGTON, undated.]

THE PROBLEM

Iraq as a Factor in the Maintenance of Stability in the Middle East.

DISCUSSION

1. The British group observed that, as the ability of Great Britain to contribute effectively to the maintenance of the security of the Middle East depended to a large extent upon the holding of bases in that area, Iraq was regarded as possibly the key Middle Eastern country at the present time. Rightly or wrongly, the British felt that more confidence could be placed in Iraq than in any other country of the area. The Regent and other responsible officials were well disposed and the Iraqi Army appeared well satisfied with recent British efforts to meet its requests for the supply of military equipment.

The American group also stressed the importance of the maintenance of British bases in Iraq, but suggested that continued attention should also be given to the possibility of building up Kuwait as an alternate base in case developments should make it appear that effective use could not be made of the Iraqi bases.

2. In view of Iraqi pressure for the revision of the Anglo-Iraqi Treaty the British Government was prepared to enter into negotiations at the present time. If negotiations were postponed until 1952, when either party could ask for revision, the atmosphere might prove to be less favorable. The British Government were considering the idea that a new treaty might provide for the sharing of the bases at Habbaniya and Shaiba together with the grant of the necessary rights in time of emergency. It was hoped that it might prove possible to conclude these negotiations by December 1 when the Iraqi Parliament was to meet. In the meantime this subject was being treated as top secret.

The American group expressed the hope that British negotiations for a satisfactory revised Treaty would be successful but indicated
concern lest the responsible Iraqi negotiators might at the last minute find internal political pressures against granting bases to foreigners so strong that they would not dare to give the facilities required.

3. The British Government also had in view schemes for economic development in Iraq which might greatly increase the supply of food and might double the population within a measurable number of years.

Definite plans were under discussion. The British Government was making available to the Iraqi Government the services of a considerable number of British advisers and hoped that it would be possible to provide much of the equipment and material from British sources against Iraqi sterling balances. The British Government's view was that the Iraqi idea of carrying out these projects through an Iraqi Development Board was preferable to a scheme for development under foreign auspices. The British group thought that it would be desirable to have American advisers associated with British advisers in the execution of their plans. The question might be discussed more fully in the economic talks.

The American group stated that the American Government had also been approached informally by the Iraqis regarding the development plans in question and that it was generally sympathetic.

The American group also pointed out that the Iraqi Government had also applied to the World Bank for loans with which to finance the development of the Tigris and Euphrates valley and had informally indicated that it would like technical advisers appointed by the Bank to cooperate with British and American technical advisers in working out and putting into effect plans for the development. The American Government had no firm ideas regarding the form which the development should take. The American group thought that American advisers might usefully be associated in such a plan as might be decided upon and that close consultation should be maintained between the Bank and the British and American Governments.

CONCLUSIONS

1. The British Government intends to proceed with negotiations for the revision of the Anglo-Iraqi Treaty and the American Government would be prepared to render any assistance which might be practicable.

2. Both the British and American Governments considered that the economic development of Iraq, particularly of the Tigris and Euphrates Valleys, if carried on in a rational and well-planned manner would not only strengthen the security and the economic stability of
the Middle East, but might also eventually contribute to the solution of the world food problem.

3. It was the opinion of both groups that matters relating to the role to be played in the economic development of Iraq by Great Britain, the United States, and the Bank, in particular problems involving furnishing of technical advisers, engineers, and so forth, and to the sources of supplies and equipment should be discussed in further conversations among representatives of the three interested Governments and that close contact should be maintained with officials of the Bank. It was the opinion of the American group that among the numerous factors to be considered in making decisions with regard to these matters should be availability of competent technicians and supplies and materials, the desires of the Iraqi Government, the existence of Iraqi sterling balances, and the initiative shown thus far by the British and Iraqi Governments.

With regard to these matters and other questions relating to the economic development of Iraq there should be close cooperation and frequent frank discussions between the two Governments.

The successful outcome of such development plans as may be decided upon will be so important for the future prosperity and security of the Middle East that these plans should be approached by Britain and the United States in a broad constructive spirit rather than a spirit of rivalry and competition on either side.

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NEA Files: Lot 56-D36

Statement by the United States and the United Kingdom Groups

TOP SECRET

[WASHINGTON, undated.]

THE PROBLEM

Anglo-American interest in Ethiopia.

DISCUSSION

1. Both groups expressed the view that there were no major issues regarding Ethiopia which called for discussion at the present time. Main concern centered on the maintenance of stability and in this connection reference was made to the increasingly active role which the Russians have been playing in Ethiopia recently although the intensity of this activity had not as yet become particularly alarming.

2. Another matter having a bearing on the internal stability of the country was the desire of the Ethiopian Government to obtain arms for the purpose of maintaining the authority of the central govern-
ment. Approaches had been made to the American Government for supplying arms to the Ethiopian Government, but it had thus far not been found possible to comply with their request due to the unavailability of the types of equipment desired. It was possible that certain sales of surplus military equipment might be effected. The United States Government considered, however, that informal Ethiopian requests for material to equip a motorized division should not be given favorable consideration since Ethiopian economy could not stand the purchase of such material or the cost of maintaining such a division. The British group stated that it would be glad to see the United States furnish arms for internal security but would appreciate being kept currently advised on such action as might be taken.

3. The British group stated that the Ethiopian Government had asked for a revised treaty providing for British evacuation of both the Ogaden and the reserved area but that the British were reluctant to proceed with negotiations for the time being pending decisions regarding the disposition of the former Italian Colonies. Reference was also made in this connection to boundary rectification problems in respect to Kenya, British Somaliland and Sudan. Thus far the only appreciable progress made had been on the question of the Kenya border. The British had proposed to cede the port of Zeila together with a connecting corridor to Ethiopia in return for a frontier rectification which would avoid cutting across tribal areas. No agreement on this suggestion had yet been reached.

CONCLUSIONS

1. The problem presented by Russian penetration in Ethiopia, although not currently serious, merits continued attention.

2. The British perceive no objection to sales of American arms to Ethiopia for the purpose of maintaining internal security, but would wish to be kept currently advised of developments.

NEA Files: Lot 56-D36

Statement by the United States and the United Kingdom Groups

TOP SECRET

[WASHINGTON, undated.]

THE PROBLEM


DISCUSSION

1. The British Government regarded it as most important that their ties of friendship with King Ibn Saud should be maintained and
further strengthened. Advantage might be taken of the friendship of King Ibn Saud for the purpose of arriving at regional security arrangements in the Middle East and of helping to bring the dispute with Egypt to a satisfactory conclusion. At the same time the British Government looked with favor on the position which the United States had established for itself in the country and wished for the closest cooperation between themselves and the United States Government. The British Government was somewhat concerned about the suspicions aroused in King Ibn Saud's mind by King Abdullah's espousal of the Greater Syria movement and were anxious that every effort should be made to calm King Ibn Saud's anxiety on this score.

2. The American group observed that, all things considered, matters in Saudi Arabia seemed to be working quite well. The Saudi Arabian Government seemed at times to be under the impression that the British and Americans were acting in rival roles. It was consequently advisable that the British and American Governments should keep each other closely informed regarding their respective policies and activities in Saudi Arabia in order to avoid the strengthening of such an impression.

Reference was also made to the unsatisfactory state of the finances of Saudi Arabia owing to the lack of an orderly financial system.

There was a pending question regarding claims for back payments by the Arabian-American Oil Company arising out of a dispute as to the gold sovereign rate to be used in computing royalties. This question was not only of importance in respect of Saudi Arabia, but might have repercussions elsewhere in the Middle East.

Still another problem affecting oil was that of a recent project of the Superior Oil Company, involving both American and British participation, to develop off-shore oil outside the three mile limit along the eastern coast of Saudi Arabia. The ramifications of such a project were difficult to foresee and serious consideration of this matter by both the British and the American Governments would be required. A particularly disturbing prospect was the possibility that the security

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The disagreement between Aramco and the Saudi Arabian Government on this matter began in 1946 but did not then become acute because the Company's dollar advances to the Government exceeded oil royalties due. According to despatch 166, February 26, from Jidda, the company's position was that the royalties of four gold shillings per ton should be made at the par value of the British gold sovereign, i.e., $8.297. The Government contended that payments should be computed at the rate the gold sovereign commanded in Jidda, i.e., between $16 and $20 ($900.6363/2-2614).

Discussions were carried on at various times from April 1947 to March 1948, when the issue was resolved. A letter from the Arabian American Oil Company of April 2, 1948, and despatch 98, April 6, 1948, from Jidda, explained to the Department that the settlement involved establishment of a $12 equivalent for the gold sovereign when royalty payments were made in dollars, but the Company might elect to make payment in gold sovereigns. Past accounts of Aramco and the Saudi Arabian Government through February 1948 were settled at the same time. Aramco's advances and the royalty payments due to the Saudi Arabian Government were wiped out by an Aramco payment of about $4,000,000 ($900.5151/4-248, 4-648).
of the area might be affected if outside interests should take advantage of the precedent which would be created and unilaterally assert the right to exploit oil beyond the three mile limit.

The American group emphasized that they were most anxious that the British Government should understand that eastern Saudi Arabia was not considered as a closed economic sphere, and that there was no reason from the point of view of the American Government why British enterprise should not also be active in that area.

CONCLUSIONS

1. The value of the friendship of King Ibn Saud for both Britain and the United States is appreciated. The situation should not be allowed to develop in such a way as to strengthen an impression that the British and American Governments are working against each other in that area.

2. Both Governments should continue their efforts to reduce undue anxiety on the part of King Ibn Saud concerning the Greater Syria movement.

3. There should be further consultation between the British and American Governments on the subject of the payment of oil royalties in sovereigns.

4. There should also be discussion on an ad hoc basis between the British and American Governments on the problems presented by the project of the Superior Oil Company for off-shore oil development and restraining advice should be given to the British and American interests concerned, at least until the matter could be considered further. Similar advice, if considered desirable, should also be given to King Ibn Saud at the appropriate time.

5. The British Government looks with favor upon the friendly ties developed between the United States and Saudi Arabia. The American Government looks with favor upon maintenance of the friendship between Britain and Saudi Arabia and the further development of British interests in Saudi Arabia, and particularly wishes to emphasize that it does not wish to regard eastern Saudi Arabia as a closed American economic sphere.

NEA Files: Lot 55-D38

Statement by the United States and the United Kingdom Groups

TOP SECRET

[WASHINGTON, undated.]

THE PROBLEM

Political and Strategic Questions Relating to the Persian Gulf Sheikhdoms.

333-774-72—39
DISCUSSION

1. The question of a British base in Kuwait was discussed, and the British representatives observed that this idea had been mooted but nothing more. The absence of satisfactory port facilities was a drawback. The American group mentioned the importance which the development of an adequate base in Kuwait would acquire in case British treaty negotiations with Iraq could not be successfully concluded. Both the British and American groups stated that there were no questions regarding oil development in Kuwait which seemed to require attention.

2. The American group raised the question of special British treaty relationships with the various Arab sheikdoms of the Persian Gulf. It was observed that there was no intention of questioning the advisability of the continuance of this system at this time, but that certain difficulties had arisen as a result of an apparent lack of full understanding between the British political agents on the one hand and American representatives and individuals on the other. The British group replied that it was realized that this situation might require a certain forbearance at times, but it was heartily of the opinion that friction should be minimized and that it was prepared to see that instructions were sent in order to remedy the situation.

3. The suggestion was made and approved by both sides that British and American naval vessels, when cruising at the same time in the Persian Gulf, might take the occasion to make joint visits to Persian Gulf ports. It was further decided that American naval vessels should follow the same system of salutes in the Persian Gulf as is practiced by British vessels.

4. The strategic potentialities of southeastern Arabia were discussed, from the standpoint of the provision of defense in depth in an area readily accessible by sea. It was observed that difficulty would be encountered in providing secure anchorages outside the Persian Gulf itself.

5. The British group referred to the Persian claim to the Island of Bahrein, which the British Foreign Office regarded as without foundation. The American group said that it was in entire agreement on this subject.

CONCLUSIONS

1. The United States Government does not at present wish to question the continuance of special British treaty relations with the Arab sheikdoms of the Persian Gulf, but believes that greater cooperation between British political representatives on the one hand and American representatives and individuals on the other would be in the inter-
est of both countries. The British group undertook to have appropriate instructions sent to that effect.

2. The same system of naval salutes should be used by British and American naval vessels in Persian Gulf ports; likewise, British and American naval units might appropriately make joint visits to Persian Gulf ports.

3. Both the American and British Governments share the view that Persian claims to the Island of Bahrein are baseless and should be discouraged.

4. The strategic importance of southeast Arabia is recognized and the possible development, perhaps by oil or civil aviation companies, of installations suitable for conversion to military use should be encouraged. The development of oil concessions by the IPC subsidiary companies or by other British or American oil companies would facilitate the establishment of such installations in southeast Arabia.

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NDA Files: Lot 55-D36

Statement by the United States and the United Kingdom Groups

TOP SECRET

[WASHINGTON, undated.]

THE PROBLEM

Political and economic questions relating to Yemen.

DISCUSSION

1) Mention was made of the advanced age of the present Imam of Yemen, which raised the possibility of a succession problem. The British and American groups stated that their governments had no particular ideas on this subject.

2) The British group said that there was friction between Yemen and the Aden Protectorate over the frontier areas between them. The British Government wished to restrain Yemen and prevent further trouble; they hoped that the United States Government would take a similar view.

3) The American group outlined the circumstances leading up to the recent establishment of American diplomatic relations with Yemen,¹ and gave an account of certain efforts which had been made by Prince Abdullah to obtain economic assistance in the United States,² including particularly a plan for the development of a small

¹ For documentation on this subject, see Foreign Relations, 1946, vol. vii, pp. 924 ff.
² For information on this subject, see editorial note, p. 1344.
port to be financed by an American loan. There had been insufficient information to reach a decision on this project, as yet, but it seemed that a small port which could be constructed without an excessive outlay might have some merit. It was emphasized that generally speaking the United States had no special interest in Yemen aside from its general desire to promote the economic and social welfare of the peoples of all the Arab countries and to strengthen friendly relations with the countries of the Middle East. The British perceived no objection to this scheme, and shared the opinion of the American group that there should be close cooperation between the British and American Governments with respect to the economic development of Yemen.

CONCLUSIONS

1) The British Government desires that the Yemeni Government should be discouraged from causing further difficulty about the frontier between the Yemen and the Aden Protectorate, and hopes that the United States Government will exert a restraining influence on the Yemeni Government.

2) There should be close cooperation between the British and American Governments with respect to the economic development of Yemen and no British objection is perceived to the possible development of a small port, financed by an American loan.

NEA Files: Lot 55-D36

Statement by the United States and the United Kingdom Groups

TOP SECRET

PALESTINE

The question of Palestine was discussed against the background of current developments in the United Nations and with reference to foreseeable repercussions in the Arab world and the probable effect of such Arab reaction on the successful implementation of any parallel plans for Anglo-American cooperation in promoting political stability in the Middle East.1

1 In a memorandum of March 11, 1949, to Secretary of State Acheson and Under Secretary of State Webb, the Director of the Office of Near Eastern and African Affairs (Satterthwaite), in treating the discussions on Palestine at “The Pentagon Talks of 1947”, stated: “Regarding Palestine, it was agreed that it should be regarded as a thing apart and not to be debated in these discussions, although it was recognized that the development of the Palestine situation would have an important bearing on any endeavors toward Anglo-American cooperation in the Middle East.” (Lot 55-D36)
Statement by the United States and the United Kingdom Groups

TOP SECRET

[WASHINGTON, undated.]

THE PROBLEM

Transjordan and the Greater Syria Movement.

DISCUSSION

1. The British group referred to the Anglo-Transjordan Treaty of 1946 which provides for strategic facilities in Transjordan and for British assistance in financing and equipping Transjordan forces. They also mentioned the useful role played by the Arab Legion in Palestine. Concern was expressed about King Abdullah’s tendency to indulge in provocative utterances, particularly in respect of Greater Syria, which had given rise to friction with King Ibn Saud. The British had endeavored to assert a calming influence on King Ibn Saud and a statement had been made in the House of Commons for the purpose of making it clear that the British were not sponsoring the Greater Syria project. The British Government hoped that the United States Government would on their side continue to do all they could to allay the anxiety of King Ibn Saud. If the United States Government felt able to recognize Transjordan and to appoint a representative at Amman they would also be in a better position to help in exercising a calming influence on King Abdullah. The British Government disliked the position that the British were represented at Amman and not the Americans.

2. The American group observed that United States Diplomatic Representatives in Saudi Arabia had repeatedly told King Ibn Saud that it was the understanding of the American Government that the British were not supporting the Greater Syria idea. Regarding its own position on the Greater Syria issue, the American Government had not reached any decision, although no reason was perceived for opposing such a plan provided that it had the free consent of the various countries concerned and was brought about in such a way as not to disturb King Ibn Saud. On the matter of recognition of Transjordan, action was being delayed pending a decision on the subject of Palestine by the United Nations. In any event the possible election of Transjordan as a Member of the United Nations would doubtless clear the way for recognition. The form which American representation might take at Amman had not been decided. Thought had been given to dual representation through existing Offices in either Jerusalem or Baghdad but
the establishment of an independent Mission at Amman was not excluded.

3. The British group observed that although consideration had been given to the establishment of bases in Transjordan no definite plans had been evolved and one of the principle problems which had arisen in that connection had been to obtain a Mediterranean outlet. An outlet to the Gulf of Aqaba was, of course, possible but not entirely satisfactory. The suggestion was made that the question of an outlet to the Mediterranean might be considered in connection with current discussion of the Palestine question by the United Nations.

CONCLUSIONS

1. The United States Government would give consideration to the recognition of Transjordan at the appropriate time and to the possible appointment of a Diplomatic Representative resident at Amman.


3. Neither the American nor British Governments feel in the position actively to support the formation of Greater Syria. They are not, however, unalterably opposed to such a project provided it could be carried into effect in a manner acceptable to the countries concerned and without incurring undue opposition on the part of Saudi Arabia.

4. Both the American and British Governments would do what was possible to restrain King Abdullah from making provocative utterances about Greater Syria and to allay the anxiety of King Ibn Saud in that regard.

NEA Files: Lot 55-D36

Statement by the United States and the United Kingdom Groups

TOP SECRET [WASHINGTON, undated.]

PROBLEM

Political and Economic Situation in Syria and Lebanon.

DISCUSSION

1. The British group said that there was discernible in the Arab League a line of cleavage into two camps in which Syria was tending to align herself with Saudi Arabia (and Egypt) against Iraq and Transjordan. It was important that both Britain and the United States should counter a tendency observable in some parts of the Middle East to associate Iraq and Transjordan with Britain and Saudi
Arabia and Syria with the United States. This tendency was sometimes expressed in talk of Anglo-American rivalry in the Middle East as a whole with particular reference to oil questions. The American group said that their information was to the same effect and they stressed the fact that there was nothing in such stories. They shared the view of the British group that efforts should be made when occasion offered to put an end to these allegations.

2. Both groups felt anxiety about the financial situations in Syria and Lebanon which were in a serious condition. The British Government had felt unable to accede to a request by Syria and Lebanon to enter the sterling area and had advised the two Governments to try to enter into a satisfactory financial agreement with the French. The American Government had been informally approached for a loan by both Syria and Lebanon, but the Export-Import Bank upon examination had not found the proposal practicable. The British group observed that it was important to avoid economic chaos in the two countries because of the opportunity which would be afforded for the exploitation of such a situation by Communist elements, which were particularly strong in Lebanon. The British Government would, therefore, be glad to see American economic support which might be given Syria and Lebanon.

3. The British group remarked that the Syrian Government might, under Nationalist pressure, refer the question of Alexandretta to the United Nations. This would have undesirable repercussions in that the Soviet Government might for example use it as a precedent to raise claims against Turkey. The American group shared the opinion of the British group that the reference of this matter to the United Nations would be undesirable and further observed that it would definitely be preferable that for strategic reasons Alexandretta should remain in Turkish hands.

1 In telegram 62, March 17, 1947, the Department requested the Legation in Damascus to discuss with the Syrian Foreign Office the "evident tendency Syrian Govt to view Hatay problem as possible case for UN in near future as result alleged persistent refusal Turkish Govt to enter into direct negotiations." The Legation was instructed to "emphasize our view that Turkey's problems with USSR are overriding considerations and that we consider it urgently desirable to maintain integrity of Turkey's eastern frontier in face threatened Soviet encroachment. We therefore strongly urge patience on part Syrian Govt in its own best interest, as any impairment Turkish sovereignty on part USSR would seem bound to jeopardize Syrian sovereignty sooner or later. We therefore earnestly hope Syrian Govt will refrain from pressing this question at present time." (767.90D/2-2847) In telegram 121, April 12, the Legation in Damascus reported information from the Syrian Prime Minister that "Syria realizes gravity of situation facing Turkey and for that reason only now refrains from raising Alexandretta question before UN. Such forbearance should not be misconstrued, for Syria is not abating its claims and will present them at proper moment." (767.90D/4-1247) For documentation on the cession of the Hatay (the Sanjak of Alexandretta) by France to Turkey, see Foreign Relations, 1939, vol. iv, pp. 882 ff.
CONCLUSIONS

1. Both Governments should take advantage of appropriate occasions to correct misapprehensions regarding alleged British support of a Transjordan-Iraq group in opposition to an American supported Syria-Saudi Arabia group as reflecting Anglo-American rivalry in the Middle East.

2. The financial situation in both Syria and Lebanon requires continued attention.

3. Not only would it be politically inadvisable for Syria to raise the question of Alexandretta in the United Nations but it would be disadvantageous from the point of view of Middle East security if Alexandretta were to pass from Turkish hands. Any move by the Syrian Government in this direction should, therefore, be discouraged.

4. There should be close consultation between the American and British Governments on all these questions.

Statement by the United States and the United Kingdom Groups

TOP SECRET

[WASHINGTON, undated.]

PROBLEM: THE ARAB LEAGUE

DISCUSSION

1) The British group stated that the British Government had not taken the initiative in creating the Arab League but they had indicated that they were not adverse to it and currently maintained contact with it through the British Middle East Office and otherwise. On the one hand, the League had a certain usefulness in lessening friction between the Arab States but on the other hand it had lately displayed certain anti-foreign tendencies. This raised the question of the advisability of its continuance, with the arguments being about evenly balanced. Were it to break up, the tendency for the Arab Nations to split into two blocs might be accentuated. These might then seek foreign partners and one or the other might lend an ear to Soviet propaganda. Moreover, any attempt to bring about its dissolution might only serve to arouse Arab antagonism.

2) The American group stated that the United States Government, after a period of initial reserve, had in 1945 welcomed the League,¹ but that the tendency of the League to extend its activities outside the Arab States, particularly in North Africa, had recently given rise to

¹ For documentation on the attitude of the United States toward the Arab League at that time, see Foreign Relations, 1945, vol. vii, pp. 25 ff.
concern. It was recognized that the League served as a useful forum for the discussion of Arab problems, but it was felt that activities of the League had thus far centered excessively on political problems to the virtual exclusion of attention to economic and social development. The American Government still considered, however, that the League was serving a useful purpose.

CONCLUSION

Both groups found their views about the Arab League to be in general accord. The two Governments should watch developments carefully and there should be exchanges of views and consultation.

NEA Files: Lot 55-D36
Statement by the United States and the United Kingdom Groups

TOP SECRET

[WASHINGTON, undated.]

THE PROBLEM

Political, Strategic, and Economic Questions Relating to Afghanistan.

DISCUSSION

1. It was recognized by both groups that Afghanistan was of strategic importance because of its position on the flank of Iran and athwart the approach to India from the northwest. At the same time it was noted that in view of the geographical situation of Afghanistan the loss of Afghan political independence and territorial integrity, while fraught with serious consequences, would not in present world conditions be likely to menace the security of the Middle East to the extent of similar losses on the part of Iran, Greece, or Turkey. A determined effort should be made in the framework of the United Nations to assist Afghanistan in resisting direct or indirect aggression.

2. In the past, the financing of arms supplied to Afghanistan and of subsidies to the tribes of the Northwest Frontier was effected through the Government of India. In order to maintain the stability of the area, and of Afghanistan in particular, and taking into consideration recent Communist activity among the tribes, it is important that these subsidies should be continued. The British Government hopes that responsibility therefor will be assumed, at least in part, by the Dominions of India and Pakistan.

3. The British group made it clear that American assistance in the economic development of Afghanistan was welcomed by the British Government.
4. Reference was made to evidence of an apparent lack of full consultation and cooperation between the American and British Legations in Kabul, and both groups undertook to take action in order to assure appropriate cooperation in the future.

5. The American group made mention of approaches which had been made to it by both the Iranian and Afghan Governments regarding the Helmand River question, and said that informal discussion between the Iranians and Afghans had been initiated in Washington at the suggestion of the American Government and that the British Government would be kept currently advised of developments in that regard.

CONCLUSIONS

1. In view of the geographical situation of Afghanistan which is on the flank of Iran and athwart the route into India from the northwest, Afghanistan occupies a position of strategic importance not, however, comparable, under existing circumstances, with that of Iran, Turkey, and Greece. This importance should be taken into account in the event that United Nations assistance should be invoked in an emergency affecting Afghanistan. A determined effort should be made in the framework of the United Nations to assist Afghanistan in resisting direct or indirect aggression. It is possible that circumstances might so develop that the strategic importance of Afghanistan might be considerably increased.

2. Arms and training facilities required by the Afghans should, insofar as possible, continue to be supplied by the United Kingdom, and by the Dominions of India and Pakistan.

3. In the interest of internal security in Afghanistan, as well as in Pakistan, it is important that consideration should be given to the continuance of subsidies to the Northwest Frontier tribes.

4. The influence of both the British and American Governments should be used in an appropriate manner for the purpose of furthering a peaceful settlement of existing tension between Afghanistan and Pakistan over the question of the status of the peoples of the Northwest Frontier.

5. The United States Government will continue to use its informal good offices with a view to facilitating agreement between the Iranian and Afghan Governments on the Helmand River question, and will keep the British Government currently informed.

6. The British Government welcomes economic assistance to Afghanistan by the United States Government or by private American enterprise.

7. Both Governments will instruct their respective missions in Kabul to cooperate fully with one another.
Pakistan

Recognizing the strategic importance of Pakistan, the British Government entertains hopes of arriving at a common defense agreement with the Dominion of Pakistan as well as with the Dominion of India. The apparently favorable disposition of the people of Pakistan holds the prospect not only of a close understanding between the United Kingdom and Pakistan but also of an effective contribution by Pakistan to the stability of the Moslem world. The British Government hopes that as the result of the defense discussions the Pakistan Government may be induced to share with the Indian Government the necessary expenses involved in furnishing subsidies to the tribes of the Northwest Frontier and arms and military assistance of various kinds to the Afghan Government. The stability of the Northwest Frontier would be further strengthened by the settlement of the problems which have arisen between the Pakistanian and the Afghan Governments.

The conclusion was reached by both the British and American groups that each Government should endeavor to keep the other Government informed with regard to developments in its relations with Pakistan which would be likely to affect the other Government.

French North Africa

The American group referred to efforts which M. Bidault had made to work out a plan which would give a greater degree of participation in the Government of French North Africa to the native population. Unfortunately, these plans had been kept strictly secret, and it was now a question whether, following the new French municipal elections, these liberal plans would be made public and pursued. Unless a progressive program looking forward towards the development of eventual self-government was adopted, fears were entertained of serious difficulties in French North Africa within the next few years. It was American policy to try to do nothing to offend the French

1 Georges Bidault, French Foreign Minister.
in North Africa, but at the same time to avoid seeming unfriendly to Arab Nationalists in view of the United States Government's desire, under appropriate circumstances, to be of friendly assistance to both sides in reconciling their differences along progressive lines. This policy was apparently not always appreciated by the French, who were very sensitive on this subject.

The British group said that the British view was in general agreement with the above, and expressed the hope that the two Governments would continue to exchange views on this question.

TOP SECRET

CYPRUS

It was the opinion of both groups that in existing circumstances the maintenance of Cyprus as a British base area would be in the interest of Middle Eastern security and world peace. This would not, however, preclude the possibility of reviewing the status of Cyprus at some future time.

THE PROBLEM

Subversive Activities in the Middle East.

DISCUSSIONS

1. The British group outlined a number of factors favoring the development of subversive activities in the Middle East. These were: the general social and economic conditions in the area which had been aggravated by the war; reactionary regimes in the Arab countries; disillusionment and impatience among the younger men; tension over Palestine; Arab respect for Soviet power; the existence of a Moslem minority in the Soviet Union; and the existence of large minorities in many Middle Eastern countries. On the other hand, Communism was not widespread in the Middle East and the Moslem religion was not favorable to it. Soviet propaganda, though not working at full pressure, was attempting to exploit the miserable social and economic
conditions of the peoples of the Middle East and was in particular representing shortages as due to British domination, and was also attacking American “dollar diplomacy” through various channels. Communism was most active in the Lebanon, with its relatively high degree of industrialisation and its mixed population. In Egypt the government’s policy had recently been more lenient towards Communism, perhaps with an eye to Soviet support in the Security Council, and the Communists had profited by this to consolidate small cells in the police, and perhaps in the army. In Iran there had been a considerable degree of Communist penetration through the Armenians and the Tudeh Party. The American group observed that in French North Africa Arab nationalists had tended to join Communist organizations since these were permitted to exist, while Arab nationalist organizations were banned. The British group went on to say that there was practically no Communist activity in Transjordan, Saudi Arabia or the Yemen. Among the best means of combating such activities in the British view were measures to improve social and economic conditions in the Middle East, and it was desirable that assistance of this kind should be increased.

2. The American group shared these views and added that they were also concerned by the fact that the Soviet Government was using the World Federation of Trades Unions for subversive purposes. A further cause for concern was the penetration of certain American and British governmental and semi-official organizations by Communists and fellow travellers. For example, in certain British Army journals and through other channels this had manifested itself in a tendency to criticize the United States and praise the Soviet Union. Similar instances could doubtless be cited with respect to American agencies. It should be the policy of newspapers and other media of publicity, run by governmental agencies of each country in the Middle East, to curtail criticism and rather to call attention on all appropriate occasions to the good work being done by the other in order not to provide the Soviet Union with an opportunity of driving a wedge between the United States and the United Kingdom.

3. Neither government had issued directives to its Information Services in the Middle East to attack Communism as such. The British Information Services had as their objectives only to correct misapprehensions and to give the Middle Eastern peoples a true picture of the British way of life. The question was being raised whether the offensive should not be taken by the American Government in its information work in an attempt to break down the myth of Soviet perfection. Good use could, for instance, be made of material on the treatment of their Moslem minorities by the Soviet Union.
CONCLUSIONS

1. All possible efforts should be made to combat Communism in the Middle East by measures directed towards the improvement of the social and economic conditions of the peoples of the area.

2. It might be suggested to the Information Services of the United States and United Kingdom that they should respectively give more favorable publicity on suitable occasions to the achievements of the other country. The suggestion was also made that each government should bring to the attention of the other any deviations from this policy.

3. Consideration might be given by both governments to the question whether Communism as such should not now be attacked by their respective publicity agencies in their work in the Middle East.

4. Full information should be exchanged on subversive activities in the Middle East in general.

NEA Files: Lot 55-D36

Statement by the United States and the United Kingdom Groups

TOP SECRET

[WASHINGTON, undated.]

COORDINATION OF INFORMATIONAL AND CULTURAL ACTIVITIES

1. There was discussion of instances where the informational agencies of the two countries had not only failed to maintain satisfactory relations, but had actually worked at cross purposes. It was the unanimous opinion of both groups that steps should be taken to remedy this situation. (The question of directives covering Communism is discussed in the paper on that subject.2)

2. The importance of providing properly qualified British and American teachers and professors to supply the needs of Middle Eastern educational institutions was recognized by both groups and discussion centered particularly on steps which might be taken by both countries to provide financial assistance from private or governmental sources for that purpose.

2 The paper on "Subversive Activities in the Middle East," supra.
Supply of Arms and Equipment to Middle Eastern Countries

The American group stated that it is current American policy to confine arms sales to countries of the Middle East to reasonable quantities required for the maintenance of internal security. The only exceptions thereto were Greece and Turkey in respect of which special supply programs had been instituted. It was possible, however, that it might be desired in due course to review this policy with a view to furnishing equipment to the countries of the area which would make it possible for them to assume a higher degree of responsibility for their own defense. Both groups were of the opinion that a full exchange of views and information on this subject should be maintained.

The American group also discussed training from the standpoint of receiving foreign military students and of sending American military missions to the Middle East. Regarding the former, a limitation was imposed by the lack of facilities and regarding the latter, enabling legislation is awaited which would make it possible to act favorably on requests which have been received for U.S. military missions subsequent to the lapse of wartime emergency powers under which several American military missions were previously sent to certain Middle Eastern countries.

Anglo-Iranian Standard Oil Pipe Line

In reply to an inquiry by the American group regarding the preference of the British Government for a southern route for this pipe line, despite the greater cost involved, the British group explained that they were impressed by the advantages of the greater security which would be provided by the more southerly alignment. This would also have the advantage of facilitating an outlet to the Gulf of Aqaba, thus avoiding the Suez Canal. Future developments in northern Palestine and in the Levant states were uncertain, and it was desirable to have

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2 For the official exchange of notes on this matter by the British Embassy and the Department of State, see pp. 660, 663.
alternative outlets for the oil. It was true that the cost would be greater but the availability of oil in time of war would more than justify the extra expenditure involved.

The American group observed that this question was already being considered by the Joint Chiefs of Staff and it was thought preferable that the matter should be left in their hands at this time.

NEA Files: Lot 55-D26

Summary Memorandum of Informal Conversations Relating to Social and Economic Affairs in the Middle East

Washington, October 23 to 30 [289], 1947

SECRET

I

Opportunity for informal exchange of views and information and discussion of social and economic affairs in the Middle East was afforded by the presence in Washington of Mr. Denis Greenhill of the Middle East Secretariat, British Foreign Office.

Full advantage was taken of this opportunity through a series of frank and informal talks attended by representatives of: the British Treasury delegation in Washington (Mr. A. Christelow), and of the British Embassy in Washington (Mr. Anthony E. Percival), in addition to Mr. Greenhill; and by representatives of the interested offices of the Department of State, namely the Offices of Near Eastern and African Affairs, of European Affairs, of Financial and Economic Development, of International Trade Policy, of Transport and Communications, of Information and Educational Exchange, and of Intelligence Research.

The subject of British and American interest in the social and economic affairs of the Middle East and in the raising of living standards in that area had been raised in a memorandum transmitted by Mr. Bevin to the Secretary of State at Moscow in March 1947. Further explanations of British views and interests in the subject had been communicated in informal conversations between Mr. Greenhill and a representative of the American Embassy at London. Previously,

1 Jointly prepared by American and British participants.
2 Minutes of meetings with the British, prepared in the Department of State, disclose that discussions concerning Middle East regional economic problems and Iraq took place on October 23 and concerning Iran and Egypt the following day. The two groups reconvened on October 27, after a weekend adjournment, for discussions on Syria, Lebanon, Transjordan, and Ethiopia. They concluded the meetings on October 28 with talks on Saudi Arabia, Yemen, and Kuwait and on regional matters. There are no Minutes for October 29 and 30. Copies of the Minutes were sent to London in instruction 484, December 5, and are filed with that instruction under 890.50/10-347.
in the spring of 1944, British and American interests in the Middle East had been reviewed in informal conversations held in London between Mr. Wallace Murray, Director of the Office of Near Eastern and African Affairs of the Department of State and officials of the British Foreign Office. Pursuant to these conversations, parallel instructions had been transmitted by the Foreign Office and the Department of State to the British and American diplomatic missions in the Middle East in April 1944. These instructions called upon the respective British and American Missions at each post to arrange for the conduct of Anglo-American relations throughout the area in a spirit of cooperation based on mutual frankness and goodwill.

The informal conversations held in Washington in October 1947 again demonstrated the usefulness of frank and full informal exchange of views and information between British and American representatives with reference to matters of mutual interest involved in the social and economic affairs of the Middle East.

II

The point of departure was the conviction that the maintenance of security and tranquillity in the Middle East is a necessary condition of world peace. A prerequisite for the maintenance of security and tranquillity in the Middle East is the raising of the social, cultural and economic standards of the peoples of the area. If these standards are to be raised there must be constructive foreign influences in the Middle East. It is considered that Great Britain and the United States are among the countries of the world which are in the best position to exercise such constructive influences designed to further the interests and well-being of the peoples of the Middle East. It is therefore essential that Great Britain and the United States cooperate in strengthening each other’s respective positions in the Middle East in order that, by working with mutual understanding and goodwill, they can attain the objective of assisting the economic and cultural development of the Middle East in a manner which will tend to raise its cultural and general economic standards to the benefit of the peoples concerned.

It must be understood that in cooperating with each other there is no intention on the part of either Great Britain or the United States of barring or preventing any other country from having free intercourse with the countries of the Middle East for the purpose of contributing in a constructive manner to their economic and cultural advance. In fact, contributions of this character from other like-minded countries would be welcomed.

In the light of the foregoing, it was the expressed view of the British and American representatives that in a matter of such importance to
both the United States and Great Britain, both Governments should endeavor to prevent either foreign countries, or commercial interests, or any other influences from making capital for themselves by playing Great Britain and the United States off against each other. Great Britain and the United States should each follow the general principle that each country endeavor to strengthen the other's position in the Middle East on the basis of mutual respect and cooperation. It should be contrary to their respective policies for either country to make efforts to strengthen itself or to increase its influence at the expense of the other.

The policy of each Government in the Middle East is to lend the other all possible and proper support for the attainment of the objective referred to above. In cooperating with each other Great Britain and the United States should, of course, take care not to embark on policies which would tend to curtail the economic freedom of the countries of the Middle East, including their right to engage in free economic and cultural intercourse with other nations.

III

The close affinity of British and American objectives, and many similarities of method were revealed in this review of social and economic affairs in the Middle East. Representatives on both sides considered the salient points which emerged from the informal discussions to be as follows:

a) Solutions to the urgent social and economic problems of the Middle East along lines compatible with Western concepts and ideals would significantly influence the political orientation of Middle East countries.

b) The responsibility for the solution of these problems should be carried to the fullest possible extent by the Middle Eastern countries themselves, and whenever practicable the United States and the United Kingdom should seek directly or indirectly to encourage these countries to undertake constructive activity.

c) All practical support should be given to sound schemes of economic development designed to raise the general standard of living in Middle Eastern countries. It was recognized that there are inherent difficulties in meeting the immediate problems of the area with such long term solutions. Where large schemes are not yet possible efforts should be made to encourage the establishment of “sample” projects of an economic size which would serve to stimulate Governments to constructive action at a later date.

d) All major development plans for the Middle East should constantly be considered by the United States and United Kingdom Gov-
ernments in the light of their respective commitments and plans for economic recovery, reconstruction and development elsewhere, e.g., the European Recovery Program and British Colonial Schemes.

e) Pending general adoption and implementation of the Charter for an International Trade Organization, questions of commercial policy which arise with reference to the area should be dealt with by the United States and the United Kingdom in accordance with the principles embodied in the Geneva Draft of that Charter. The two nations have already agreed to act in accordance with the principles set forth in the document entitled "Proposals for the Expansion of World Trade and Employment" and are parties to the General Agreement on Tariffs and Trade negotiated in Geneva in 1947.

f) It is in the interest of the countries of the Middle East as well as of the United Kingdom and the United States for the countries of the Middle East to increase their earnings of American dollars. The representatives of both the United Kingdom and the United States accordingly share the opinion that both the British and American Governments should in general with due regard to established channels of trade, pursue policies which would tend to encourage an increase in exports from the Middle East to the United States.

g) There is an important common interest in the maintenance of conditions in the Middle East which will permit the oil industry to function effectively and to increase its substantial contribution to the raising of the standards of living in the area. Similar considerations apply to the development of civil air facilities.

h) It is highly important for the United States and United Kingdom to establish by all useful means at their disposal the widest possible cultural and technical links with the countries of the Middle East, and particularly with those groups who may be most influential in promoting the sound economic and cultural development of their countries and the raising of the cultural and economic living standards of the population of the Middle East generally.

i) The exchanges of information and views effected through these informal conversations demonstrated the advantages and usefulness of such exchanges; and similar opportunities for maintaining close informal contact between representatives of the two Governments on these matters of common interest should be availed of whenever suitable occasion may offer.

IV

Among the various matters with regard to which the representatives of both countries found themselves holding the same views were:

a) The desirability of a strengthening of the Economic Committee of the Arab League Council to enable it to function as an instrument
of constructive collaboration. Any attempt by the Arabs to use it for undesirable economic or political objectives should be resisted.

b) That the establishment at this time of a United Nations regional economic organization in the Middle East was not favored.

c) That fullest informal cooperation between the staff of the diplomatic missions and consular offices of the United States in the various countries of the Middle East and the staff of the British Middle East Office as well as with the staffs of the British diplomatic missions and consular offices should be encouraged.

d) That the present intention of the Iraq Government to undertake considerable economic development of that country justifies support. The responsibility for ultimate decisions must rest throughout with the Iraq Government, but consideration should be given to the most effective machinery to be devised to produce quick results, making appropriate use of the projected Central Development Board and existing advisory staff. To the extent that the Iraq Government finds external borrowing necessary for the implementation of sound specific projects arising out of its plans, support should be given to application to the International Bank for investment funds.

e) That the United States Government is prepared at the request of the Iraqi Government to cooperate with the British Government in affording to the Government of Iraq technical advice and aid in development plans. The British Government would welcome such cooperation.

f) That the balanced development of the national educational systems of Middle Eastern countries is of high importance, and the Governments of these countries should be encouraged to pay special attention to the provision of technical education.

g) That the economic and social conditions of Egypt gave cause for concern and justified every appropriate effort being made to induce the Egyptian Government to undertake a progressive domestic development program involving full use of local capital available.

h) That whilst His Majesty’s Government were at present thinking in terms of a small technical Nile Board, the usefulness of creating a Nile Valley Authority which would genuinely safeguard the interests of all should be further considered. His Majesty’s Government would welcome any observations or suggestions that the United States Government may feel disposed to make in this connection.

i) That in the interim, to offset population pressure in Egypt and to permit development in the Sudan, every encouragement should be given to the implementation of suitable existing schemes for the full utilisation of the Nile waters. The feasibility of, and possible problems
involved in, the provision of dollars for financing the Lake Tana project should receive further study.

j) That it is a matter of high importance to keep in closest touch with educated opinion in Egypt, as in all Middle East countries, and that the early filling of existing vacancies in Egyptian universities with a carefully selected United States and United Kingdom staff provides an excellent method of doing so.

k) That a progressive social and economic program in Iran is necessary. “Sample projects” undertaken with the aid of foreign advisers are of value for this purpose. In appropriate cases support may be given to applications for the financing of sound development projects by the International Bank.

l) That further exchange of information is desirable in considering the problems of the Anglo-Iranian Oil Company, Arabian American Oil Company, etc., and on the manner in which the oil companies are meeting their problems of employer-employee and government relationships.

m) That the economic situation of the Levant States indicates the desirability of encouraging development on a scale commensurate with their resources. This area might well offer good opportunities of initiating “sample projects”.

n) That pipeline and refinery activities in the Levant might help in relieving the dollar situation and should give some employment to skilled and semi-skilled labour thrown out of employment by the departure of the Allied forces.

o) That the Levant States should be encouraged to seek a friendly and reasonable resolution of their financial difference with the French. Similarly it is desirable that the French should be encouraged to adopt a friendly and reasonable attitude in this regard.

p) That British participation in the increasing commercial activity in all parts of Saudi Arabia would be welcome to the United States Government.

q) That if the employment of any substantial number of foreign experts by the Saudi Arabian Government becomes a likely prospect, it might be desirable to consider the formulation of a standard form of contract of employment which would serve to protect the interests of all concerned.

r) That in view of the conflicting activities of the various medical organizations in Ethiopia, it would be desirable if the authority of the Ethiopian Minister of Public Health were built up and future public health activities put under his direction.

s) That the United States Government would take note of the fact that His Majesty’s Government, in view of the balance of payment
prospects, attached importance to the principle that dollars resulting
from any dollar loan or royalties be made available for expenditure
without restriction in any currency area, and not be confined to pay-
ments for supplies, services, etc., provided by the United States only.3

3 Copies of the Summary Memorandum were sent to the Embassy in London on
December 5. The transmitting Instruction, No. 464, stated: "This memorandum
sets forth the views of the representatives of the Department of State and of
the British Embassy and Foreign Office who participated in the conversations, as
to the manner in which the United States and Great Britain might most effec-
tively cooperate in approaching social and economic problems in the Middle East.
The Acting Secretary of State is of the view that the memorandum, having been
approved in principle by the interested economic and geographic offices, though
possibly subject to certain amendments of detail, can be considered to reflect the
present social and economic policies of the Department in the Middle East.
It was clearly understood by the British and American representatives who
contributed to the preparation of this summary memorandum that the Depart-
ment of State or the Foreign Office might, after further review of the memo-
randum, wish to propose some amendments of detail, in which case notification
to this effect would be made through diplomatic channels. Accordingly, if it
becomes necessary to propose any changes as a result of the considered review
now being given to the memorandum in the Department, appropriate instruc-
tions will be transmitted to the Embassy." (890.50/10-347)

NEA Files: Lot 55-D36

Memorandum Prepared in the Department of State

TOP SECRET

[CLOSED]

Closing Remarks by the Acting Secretary of State

Mr. Ambassador: In the meeting of this group which took place on
October 16 it was agreed, I believe, that the primary objective of our
talks was to enable each of our two governments in the interests of
world peace to have a better understanding of what the policies of the
other governments are with respect to the Eastern Mediterranean and
the Middle East and to coordinate, wherever possible, these policies
with the purpose of promoting the security of those areas and the wel-
fare of the peoples inhabiting them.

It was also agreed that these talks would be of an informal nature,
that the participants were to feel free to exchange views without in
any way committing their Governments, that, although no minutes
were to be kept of the various discussions, decisions or understandings
arrived at during the course of discussions would be reduced to writing
in order to obviate so far as possible misunderstandings with regard to
their nature.

It was also our idea, I believe, that any helpful exchange of views
regarding our respective policies must be in the framework of a com-
mon concept of the strategic situation of the areas under discussion
and our hope that, with the advice of the military members of the
respective groups each of our Governments, we would attain clearer ideas regarding the strategic situation before our discussions came to a close.

It was also our understanding that our discussions, both of a strategic and political nature, would be based on a common determination to discourage aggression and to maintain the security of the areas under discussion, the preservation of which is vital to the maintenance of world peace. I expressed the view, in which I believe you concurred, that our respective Governments would be facilitated in their efforts to aid in raising the economic and cultural levels of the countries of the Eastern Mediterranean and the Middle East if their approach to the problem would be coordinated.

As a result of the conversations which have taken place since our last meeting a number of documents have been prepared for the consideration of our respective Governments. These documents, I believe, represent the views of the British and American groups as to what the policies and objectives of their respective Governments are or should be. The documents prepared by each group are not in the nature of agreement, formal or informal. If, however, the views expressed in them are accepted by our respective Governments, it would mean that our Governments would be following in the Eastern Mediterranean and the Middle East parallel policies based on our main objective of maintaining world peace in accordance with the principles of the Charter of the United Nations in a spirit of cooperation and mutual trust and good will. I cannot of course undertake at this point to state that the views expressed by the American group in these various documents are the established policies of the American Government. I can say that these views, which have been formulated only after protracted discussion and study by representatives of the Department of State and of our armed services and after consultation with the British representatives, deserve, in my opinion, most careful consideration and that I shall transmit them with that recommendation to Mr. Marshall so that he will be in a position to discuss them with Mr. Bevin in London.

During the course of our previous conversation I made it clear to you that my Government considers that it is important to both our countries and to the cause of world peace that the British remain in the Middle East and that we understand that if they are to remain there they must have facilities in that area which would make their position strategically tenable.

During our first conversation you stressed the importance of Cyrenaica as a strategic area. It was suggested that Cyrenaica might be taken up as a first item for discussion with the view to working out
a common approach. I note it is the view of our respective groups that it would be in our common interest and in the interest of world peace that international arrangements should be effected which would permit the British to have the necessary strategic facilities in Cyrenaica. I concur in these views and have reason to believe that they are the views of my Government.

I might at this point refer briefly to the various documents emanating from the conversations which have taken place:

(1) The recommendations of the American group with respect to what the basic policies of the United States should be with regard to the Eastern Mediterranean and the Middle East.

It is my intention to submit this document to Mr. Marshall with the recommendation that it be submitted to the National Security Council. This document will probably be the subject of discussion between Mr. Marshall and Mr. Bevin in London.

(2) The recommendations of the British group with regard to what the basic policies of the British Government should be with regard to the Eastern Mediterranean and the Middle East.

It is my understanding that this document is to be submitted to Mr. Bevin for study and consideration and that it will probably be the subject of discussion between Mr. Marshall and Mr. Bevin in London.

(3) A general statement prepared by the American group to which are attached some twenty-five memoranda relating to countries of the Eastern Mediterranean and the Middle East and to general topics relating to that area which have been considered during the course of our conversations. These documents contain suggestions of both the British and American groups as well as expressions of individual or common opinions as to how our respective basic policies with regard to the Middle East might best be implemented in individual countries or in the treating of problems pertaining to several countries.

It is my intention to recommend that this document with attached memoranda be transmitted to the National Security Council in order that that Council might obtain an idea of the manner in which we are planning to implement our basic policies with regard to the Eastern Mediterranean and the Middle East.

(4) A general statement prepared by the British group to which are attached the same memoranda as those attached to the American general statement relating to countries of the Eastern Mediterranean and the Middle East and to general topics relating to that area which have been considered during the course of our conversations.

It is my understanding that this statement with attached memoranda will be studied by the appropriate British officials in London.

1 See footnote 2, p. 584.
and will probably be the subject of discussion between Mr. Marshall and Mr. Bevin in London.

(5) A summary memorandum of informal conversations relating to social and economic affairs in the Middle East prepared jointly by representatives of the Department of State and of the British Embassy and Foreign Office. This memorandum, as I understand it, sets forth the views of these representatives as to the manner in which the United States and Great Britain might most effectively cooperate in approaching social and economic problems in the Middle East. The conversations which resulted in the preparation of this memorandum revealed, I believe, that in general we are pursuing parallel social and economic policies in the Middle East and that it would be in our own interest and in those of the peoples of the Middle East and those of world prosperity and peace for the United States and Great Britain to continue to cooperate closely in this respect. It is my understanding that this memorandum has already been approved in principle by the interested economic and geographic offices of the Department of State and, although possibly subject to certain amendments of detail, can be considered to reflect the present social and economic policies of the Department in the Middle East. It is possible that Mr. Bevin and Mr. Marshall may care to discuss various aspects of this memorandum when Mr. Marshall is in London. If the State Department or the Foreign Office should desire to make certain amendments or changes in this memorandum it is understood, I believe, that notification to this effect will be made through diplomatic channels.

The Acting Secretary of State to President Truman

WASHINGTON, November 24, 1947.

My Dear Mr. President: I enclose for your consideration and for your approval if you concur, a memorandum resulting from conversations with the British in regard to the Eastern Mediterranean and the Middle East. The National Security Council has approved this document. The Secretary of the Army, however, approved subject to:

(a) a similar British commitment, particularly as to the military features, being simultaneously made, and (b) the policies outlined being

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1 The American Paper, p. 575.
2 President Truman expressed his approval in an undated marginal notation. According to a memorandum of March 11, 1949, by the Director of the Office of Near Eastern and African Affairs (Satterthwaite) to Secretary of State Acheson and Under Secretary of State Webb, the approval was given on November 24, 1947 (Lot 55-D38).
3 In Action No. 13, November 21, 1947.
first discussed, and if possible cleared, with the Chairmen of the Armed Services Committee of the House and of the Senate and with the Chairmen of the Foreign Relations Committee and the Foreign Affairs Committee.

With reference to (a), a similar memorandum was prepared by the British for consideration by the British Government.

I also enclose for your information a paper setting forth the comments of the Joint Chiefs of Staff on the enclosed document.

Faithfully yours,

ROBERT A. LOVETT

*In an attached memorandum of November 28 to Mr. Henderson, William J. McWilliams, Assistant Director of the Executive Secretariat, set forth the directive of the Acting Secretary of State that no Departmental action should be taken with respect to (b), pointing out that President Truman had indicated that he would talk to the Secretary of the Army about it. On December 2, Mr. Lovett called on Arthur H. Vandenberg, Chairman of the Senate Committee on Foreign Relations, and read to him the American and British Papers. Mr. Lovett's memorandum of conversation stated that he "pointed out that this exchange of views, which indicated a present intent to carry out parallel policies, had deep significance, which of course he [Senator Vandenberg] at once recognized." (890.00/12-247)*

*Not printed.*

**Editorial Note**

In Michael letter No. 1, November 24, the First Secretary of Embassy in the United Kingdom (Jones) informed Mr. Henderson of information from Michael Wright that both the political and economic papers had been approved by the British Government (Lot 55-D36). The Michael letters were a special series of informal communications sent to the Department by the Embassy in London detailing conversations with Michael Wright on the recently completed talks in Washington.

**NEA Files**: Lot 55-D36

**The First Secretary of Embassy in the United Kingdom (Jones) to the Director of the Office of Near Eastern and African Affairs (Henderson)**

**TOP SECRET**

Michael No. 5

LONDON, December 8, 1947.

DEAR LOY: I quote below a top secret memorandum which was originally drafted by Mr. P. J. Dixon, Private Secretary to Mr. Bevin. The underlined portion of the final paragraph of the quotation was inserted later by agreement, and the sentence marked out was dropped. When I delivered the corrected draft to Mr. Dixon on December 5 he said that he personally, as record-taker at the talk, accepted the
"THE PENTAGON TALKS OF 1947" 625

quoted version as the definitive record. The Secretary has in his file the original memorandum.

You will find at the end of the memorandum the very restricted distribution which it will receive in the British Foreign Office:

. . . . . (Begin Memorandum) . . . . .

"(Not to be Entered or Printed)\n
FINAL\n
TOP SECRET\n
MIDDLE EAST

During a discussion on December 4th at the United States Ambassador's residence between the Secretary of State and Mr. Marshall, at which Mr. Douglas and I were present, Mr. Marshall said that he wished to raise the question of the Washington Middle East conversations.

Mr. Marshall said that he had received endorsement from the President of the principles and recommendations put forward by the United States participants in the conversations.\n
The Secretary of State said that the British Cabinet had already endorsed the principles and recommendations put forward by the British participants in the conversations.

In the course of discussion, Mr. Marshall and Mr. Bevin agreed that the position was as follows: there was no agreement nor even an understanding between the two Governments on the questions which had been discussed at Washington; it had merely happened that each of the Governments had been presented by their officials with recommendations which substantially coincided.\n
The question whether any intimation on the subject of the Middle East should be made to the Russians was raised. Mr. Bevin said that he might take an opportunity of telling Mr. Molotov, as he had done before, that the Middle East was a vital area for us, but that he thought preferable not to mention the discussions between the United States and the United Kingdom on the Middle East. Mr. Marshall agreed that the Soviet should not be informed. Mr. Marshall did not commit himself as to any communication which might be made to the Russians by the United States Government.

(Signed) P. J. Dixon
4th December, 1947.\n
[Here follows distribution of the memorandum in the British Government.]

. . . . . (Memorandum Ends) . . . . .

With best wishes,

[G.] LEWIS [JONES, JR.]

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1 As in the original.
2 Telegram Telmar 24, December 1, to London, not printed.
3 For further views of the Department on this matter, see footnote 5, p. 1289.
4 As in the original.
The First Secretary of Embassy in the United Kingdom (Jones) to the Director of the Office of Near Eastern and African Affairs (Henderson)

TOP SECRET

Michael No. 5a

LONDON, December 10, 1947.

Dear Loy: The only development since my letter of December 8 has been the fact that Michael raised with me the question of the exact meaning of the final sentence of the memorandum of conversation on December 4 quoted in Michael No. 5. Sir Orme Sargent,¹ he said, had asked whether this in any way affected the final paragraph of the “American Paper” which deals with letting the USSR know that the Middle East is an area important to the US.

After discussing the matter with Jack Hickerson ² and with his approval I sent Michael for the records the following personal note:

“Dear Michael: I have looked into the question you raised with regard to the final paragraph of the memorandum recording the December 4 conversation on Middle Eastern problems. I am assured that when Mr. Marshall agreed that the Soviets should not be informed he was referring only to the fact that the Washington talks had taken place; there was and is no implication in his words contrary to the substance of the Washington talks.

Most sincerely,

Lewis Jones.”

Michael said that he thought this covered Sir Orme’s inquiry and that he would watch with interest what came from Washington in the way of implementation of the American idea of letting the USSR know the importance of the Middle East to the US.

With best wishes,

Lewis [Jones]

¹ Permanent Under-Secretary of State for Foreign Affairs in the British Foreign Office.
² Mr. Hickerson was an Adviser to the United States Delegation to the Fifth Session of the Council of Foreign Ministers, meeting at London.