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COMMITTEE OF POLITICAL ADVISERS

SITUATION IN THE MIDDLE EAST

PART ONE: MAIN CONCLUSIONS

The West faces a dual problem in the Middle East. The first consists of new internal forces at work in an area with a long history of instability. The second is the increasing exploitation of this situation by a vigorous Soviet policy.

INTERNAL FACTORS IN THE MIDDLE EAST

2. The prospects for improved internal political stability are not good. The forces set in motion by the transformation of Middle Eastern society are likely to accelerate and to make the tenure of traditional and moderate regimes ever more hazardous. Little if any improvement of the standard of living of the rapidly growing populations, except perhaps in Iraq, can be expected during the next several years. In fact, standards of living will drop in some areas, especially Egypt, contrary to the widespread and growing expectation for its improvement. Traditional dynastic and religious conflicts, as well as rivalries for regional leadership will continue to keep the Arab world politically disunited. It will, however, show a common front on Israel and on issues felt to involve "foreign imperialism". At present, it is mainly the West which bears the brunt of this anti-imperialist feeling, but insofar as the Soviet presence looms larger in the region, it may find itself increasingly subject to the same suspicions. Nevertheless, neutralist tendencies and the tactic of playing the West and the USSR off against each other may become more widespread.

SOVIET POLICY

3. The USSR will undoubtedly continue to seek to exploit all of these factors to strengthen its own position and to weaken Western influence in the area. Their specific initial aims are:

- (a) to discredit Western policies;
- (b) to disrupt or nullify the Baghdad Pact;
- (c) to extend Soviet influence by taking advantage of the Arab-Israel problem;
- (d) to establish a potential stranglehold on Western oil supplies;

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- (c) to remove or vitiate Western military facilities;
- (f) to displace the Western powers as the major source of military supplies and advice;
- (g) to displace the West as the predominant trading partner with the key countries;
- (h) to create difficulties for the West by diplomatic initiatives (e.g. recent notes to Western powers) ostensibly designed to neutralise the area by measures such as an arms embargo.

4. In times of crisis the USSR will almost certainly continue to assume a highly belligerent posture, including possible threats to send volunteers. It is improbable, however, that it would deliberately risk a global war to protect all or any part of its newly acquired position in the Middle East, although it should be added that the risk of miscalculation is considerable. The USSR would face a particularly acute dilemma if Egypt or Syria were to request Soviet support as the only alternative to collapse, arising from e.g. the threat of military defeat at the hands of Israel.

5. If the USSR becomes too closely involved in inter-Arab politics, it risks finding that its influence has been diverted to serve local Arab interests, thereby jeopardising wider Soviet aims. It will try to minimise this risk and so may well hesitate to meet demands for support emerging from the shifting alignments among local factions, rival leaders and states. As long as the Arab-Israeli conflict remains unresolved, however, the USSR will have a ready-made issue on which to capitalise by exploiting Arab sentiments.

SYRIA

6. Syria constitutes the new focal point of Soviet activity in the Middle East. With effective power now concentrated in the hands of pro-Soviet politicians and military leaders, who have signed an arms and economic agreement with Moscow, Syria in a number of respects resembles a satellite state. Henceforth, the USSR may aim:

- (a) to outflank the defences of NATO and to leap-frog those of the Baghdad Pact;
- (b) to establish a stock of arms and military facilities which might be used for Soviet objectives in the event of a new Middle Eastern crisis;
- (c) to promote and extend subversive activities in the area, especially against the existing regimes in Lebanon and Jordan, whilst also encouraging in Iraq elements hostile to the West;
- (d) to bring pressure on Iraq and Saudi Arabia over the pipelines across Syria.

WESTERN ASSETS AND POLICY PROBLEMS

7. The development of the Syrian situation may to some extent have alerted Arab leaders, probably including Nasser, to the dangers of Soviet penetration. Since our last report, there are signs that Nasser feels it necessary to adjust the balance of his position between the Soviet bloc and the West. Those elements in the area which are prepared to resist Soviet penetration have been given encouragement and support by the Eisenhower Doctrine. They need an increased sense of security to make their influence fully felt. The Baghdad Pact has successfully withstood a period of stress; it has expanded its activities, and continues to provide a firm basis for resistance to Soviet infiltration and for co-operation for mutual economic benefit. Moreover, the West remains the chief purchaser of Middle Eastern oil and the chief purchaser and supplier of commercial goods for most countries in the area. The West, as compared with the Soviet Union, still has the advantage of many important, often longstanding political economic and cultural links with the area. But it must be remembered that, both the Arab states and the Soviet bloc with its closely co-ordinated policy, are quick to take advantage of any signs of a lack of common purpose on the part of the Western powers.

8. There are no effective short cuts to the solution of Middle Eastern problems. Successes at any particular moment for either Western or Soviet policies towards the area will for some time to come remain vulnerable to counter-attack.

9. Western economic aid is likely to be of little value if it can be interpreted by Middle Eastern opinion as intervention in internal political situations, in order to manipulate them as an instrument in the cold war. But economic aid which can avoid these imputations, together with a proper use of local economic resources (including oil revenues) can do much especially by improving living conditions to strengthen the resistance of these countries to subversion by extremists.

10. The most effective, though not the only counteraction to the spread of Communist influence in the area must necessarily come from the Arab states themselves. Given Arab sensitivity to any foreign pressures, attempts by the West, especially if acting as a bloc to push them against their will into anti-Communist activities may well be counter-productive. By contrast, the countries of the area are likely to respond favourably to friendly co-operation which is faithful to a basic Western concept - the right of all states to pursue independent national policies in foreign and domestic affairs. The USSR, though it now exploits Arab national aspirations, can, unlike the West, pay in fact only cynical lip service to this concept. In addition, the West is in a position to be the largest source of assistance to Middle Eastern states to enable them to build the internal strength to support genuine independence.

PART TWO

Introduction

11. Since the last report on the Middle East the most important development there has been the marked strengthening of Soviet influence in Syria.

12. Soviet aims are substantially unchanged. Their immediate object seems to be to secure a means of pressure on the West, to threaten the lines of communication between the main NATO area and the SEATO area and to disrupt the Baghdad Pact. But the USSR seems also to have the long-range objective of securing key points in the Middle East area for a push towards Africa, thus enabling it to turn the Atlantic Alliance flank from the South.

13. Recent developments have again demonstrated that the political and social structure of the Middle East conditions the success or failure of any policy directed towards the area.

INTERNAL FACTORS IN THE MIDDLE EAST

14. Modern ideas and technology have uprooted the traditional institutions and loyalties of the Arab world. Since World War II, middle-class urban groups, especially among the military, have emerged to challenge the older type of regime. They regard Western influence as militating against the development of Arab unity under their leadership. Such nationalists as Nasser seek to replace many traditional institutions and to fashion some kind of state socialism of their own. These aspirations are widespread in all Arab states although there are differences on methods and leadership.

15. Arab nationalism of a conservative tendency is represented by the ruling elements in Saudi Arabia, Lebanon, Jordan, and Iraq. Most of them are aware of the dangers of Soviet penetration and are suspicious of the activities and ideas of the newer nationalists. Against these they seek assistance from the West, despite disagreement with it over Israel. Although in some cases well established, these regimes lack substantial positive popular support.

16. All Arab countries have underdeveloped economies and a backward social structure. Most of them were formerly under foreign influence or control. Hence the great appeal for these countries of Arab nationalism, and of its ambitions for rapid economic development and a greater degree of social justice.

SOVIET POLICY

(a) Soviet Aims

17. Exploiting these aspirations, the Soviet bloc has been vigorously pursuing a policy in the Near East designed to vitiate the Western strategic position and to attain a position from which it could at will deny the area's oil resources to the West. It has aimed at

convincing the people of the Middle East that the Soviet Bloc supports Arab nationalism and unity, and is prepared to support Arab countries in the fight against Western "warmongering imperialists" and their "tool" Israel. Recent Soviet propaganda designed to play down the role of American economic aid in the Middle East has repeatedly used the argument that the scale of this aid is trifling in comparison with the profits drawn by the West from the oil resources of the area.

18. The USSR will not want to demand military bases for itself in Middle East countries, for this would endanger the influence it has gained by its opposition to "foreign military bases". However, the construction of military installations in Syria for Soviet-made armaments creates facilities which, though under some logistical handicap, could be used by the USSR to extend its military reach on short notice.

(b) Soviet methods

19. In pursuit of its aims, the USSR has displayed both forcefulness and flexibility.(1) It has offered military and economic aid to Arab governments without formal political conditions and professedly only to help their national aspirations. The USSR appears at least for the time being to make little use of Communist revolutionary doctrine and is careful to avoid attacks on religion. It prefers to reiterate its sympathy for Arab national causes and issues innumerable statements in favour of "positive neutralism" and of "full independence" for the Arab countries. Charges of colonialism have been exploited by Soviet propaganda to indict the Western powers as usurpers of Arab natural resources, and as responsible for the backward conditions of life in Arab countries. The Soviet bloc have devoted considerable resources to influence intellectual and modernist elements in the Middle East.

20. Supplying arms to Arab countries has afforded an easy entry point for Soviet block influence. Arms so supplied flatter Arab nationalist sentiments and strengthen the prestige of the recipient regimes. In the minds of the Arabs, arms from any quarter are, however, thought of as primarily useable against Israel. The supply of arms also has important internal consequences. It has the effect that military officers in the Middle East, who by their education feel themselves to be the sole depositories of pure patriotism, gain thereby a sense of mission and an ascendancy over the masses, for whom the gun is still the symbol of power.

SYRIA

21. Syria constitutes today the new focal point of Soviet policy in the Middle East. Soviet influence has been substantially increased as a result of changes in the command of the army, police and security forces, further deliveries of Soviet arms, and the signature of an economic agreement between Syria and the Soviet Union.

(1) The important role of Soviet economic penetration is analysed in a later section.

22. Certain predisposing factors within Syria facilitated Soviet penetration. For some years, Syria's army and political parties have been so faction-ridden that they have been unable to agree on any foreign or domestic policies except those that could arouse strongly nationalist, and thus inescapably neutralist or anti-Western emotions. Soviet propaganda and Syrian political and military leaders were able to play on long-standing fears and suspicions of Syria's neighbours, above all Israel. In Egypt and the USSR, these Syrian elements found the support they felt they needed against these supposed threats, and against the West in general.

23. The main identifiable features of the recent increase in Soviet influence have been:

- (a) the appointment in mid-August of General Bizri as Chief of Staff, followed by changes in the command of the police and security forces and the dismissal and arrest of army officers. This has been followed by almost overt control of affairs by the army;
- (b) the signature on 28th October of an economic agreement between Syria and the Soviet Union, providing for a large loan to Syria. The USSR will also purchase a major part of Syria's cotton and wheat. The financial aid, which is accompanied by technical help, is reputedly to be used for large-scale development projects for railways, irrigation and hydro-electric schemes, as well as airfields, naval and port facilities;
- (c) evidence that Syrian foreign policy is increasingly subjected to Soviet influence. This was shown by the handling of the recent Syrian complaint at the United Nations and the rejection of King Saud's offer of mediation between Syria and Turkey, although in this latter point, Egypt may have played a role.

24. Although conclusive evidence is lacking, it appears that the dominant group in Syria is neither the tool of a single strong man nor of a committee but rather a loose coalition which functions by means of the combined influence and resources of its members. Power is at present in the hands of the extremist army leaders headed by Colonel Saraj who has in the past been at odds both with General Bizri, the new Chief of Staff, and with General Nafuri the new Deputy Chief of Staff. Among the civilians in the dominant group is Khalid al-Azm, a wealthy landowner interested only in his own advancement. Salah Bitar, the Foreign Minister, Khalil Kallas, Minister of National Economy and Akram Maureni, leader of the Ba'ath Socialists and recently elected Speaker of the Syrian Chamber, would probably prefer a rather more cautious approach to the Soviet Union. But such differences cannot be said at present to amount to a split within the Syrian leadership, nor (as long as a crisis atmosphere can be maintained in Syria) to be likely to affect the course of Syrian policy significantly. The more moderate elements - President Kuwattly and Sabri Asall, the Prime Minister - lack courage and exert no real influence. The Soviet Union is not restricted in Syria by a King or a President of the Republic of will and authority.

25. Changes may take place in the present coalition, but it, or a variant thereof, will probably be able to maintain control for some time. The desire of its members to remain in power may drive them to reckless policies. Even if changes take place in the composition of the dominant group, it will continue to look to the USSR for support so long as present Middle Eastern and internal pressures persist. The Soviet government can to this extent rely on being able correspondingly to influence Syrian policy.

26. The 1952 revolution took place without any Soviet or Communist intervention. It is therefore not surprising that Nasser's attitude should have been more cautious than that of the Syrian Government during the past few months. There is no doubt that since 1954 the Egyptian cause has enjoyed Soviet support, both in UNO over the Israel-Arab disputes and in connection with deliveries of weapons and during the crisis in which Nasser opposed France and the United Kingdom. However, the freedom of passage in the Gulf of Akaba and certain disappointments in connection with economic exchanges can be interpreted by the Egyptians as an indication of just how much Egypt can expect from Soviet aid.

27. It has become increasingly clear in recent months that Nasser wants to resume normal relations with the United Kingdom and France. Financial talks have been in progress with both countries. Nasser may be alarmed at the extent to which Egypt and Syria are becoming dependent on the Soviet bloc and may therefore wish to reinsure with the West and play one side off against the other. Egypt is unlikely to interfere with Suez traffic, other than Israeli, except in special circumstances, if only because it needs outside financial assistance for necessary development of the Canal. But in critical conditions in which he judged it vital to do so, Nasser would not hesitate to close the Canal again.

28. Nasser has not been too pleased by the strengthening of pro-Soviet Syrian military groups and by the prospect of a satellised Syria, which would certainly have repercussions on Egypt. By a well-timed speech in September in support of Syria and by the despatch of Egyptian troops to that country Nasser has sought to offset Soviet influence and to put himself again at the head of Arab nationalist opinion. Egypt has also had some success in its attempt to improve relations with other Arab countries. It is clear that Nasser feels it necessary to try to restore his equidistant position between the West and the Soviet bloc in order to help Egypt's claim to a leading role in the Middle East and Africa.

29. By surviving the Suez crises and continuing to nip all opposition in the bud, Nasser has maintained his personal position. He has created a subservient political assembly, which might conceivably, in certain circumstances, act as a counterbalance to more extremist elements. The major potential internal threat to Nasser is that of ambitious army officers who might take advantage of popular discontent, but such a threat is not imminent.

30. Egypt is faced with a progressively drearier economic future. Given the present high rate of population growth and Egypt's limited economic resources, per capita income will continue to decline. With or without Nasser, Egypt is likely to continue to be governed by highly nationalist middle class leaders.

JORDAN

31. The struggle for power which came to a head in April resulted in a victory for King Hussein, the establishment of a government of conservative moderates and the expulsion or arrest of extremist politicians and senior officers of the Jordan Arab Army who were plotting to enforce their pro-Syrian/Egyptian policies to the detriment of the Hashemite dynasty. Under martial law, the Army has come to play a principal political role, political parties have been prohibited, and communist activities driven underground.

32. In foreign policy there has been a realignment to a moderate policy favourable to the West. But lip-service continues to be paid to the concept of Arab unity and the ex-Palestinian Arabs (a majority of the population) oppose King Hussein's pro-Western stand.

33. Although the internal security situation has deteriorated somewhat in the past three months, and although the Army still contains disloyal elements, it seems possible that the present regime will be able to maintain itself in power, but it will remain vulnerable on two counts: its dependence upon King Hussein's personal leadership, and its perpetual need of external financial assistance. An all-out effort by Egypt and Syria to overthrow the Jordan Government is a possibility which must be borne in mind even though Egypt and Syria may wish to avoid a scramble for territory among Jordan's neighbours.

ISRAEL

34. Acute tension between the Arab states and Israel is likely to persist. While there is no indication that either side is at present contemplating a major attack, Israel's fear that Syrian and Egyptian absorption of Soviet arms will deprive it of military superiority could lead to another outbreak of hostilities in the near future. Both sides have maintained their uncompromising attitude on the settlement of individual issues between them. The most important of these relate to frontiers and the ever present problem of the Arab refugees.

IRAQ

35. Iraq is likely to remain a stable force and to continue its membership in the Baghdad Pact, at least as long as the present leading group remains in power.

36. The resignation of Nuri Fesha has not been accompanied by any significant change in Iraq's foreign policy. Iraq's stability is aided by its membership of the Baghdad Pact, by its development plans and by the oil revenues available to sustain them. But even in Iraq, Arab nationalist sentiment and hostility towards Israel are strong. Any Iraqi government will feel impelled to take account of these sentiments, especially in its public announcements: this applies

to the present government to a degree somewhat greater than before the resignation of Nuri Pasha.

SAUDI ARABIA

37. King Saud is genuinely suspicious of the Communist bloc and is unlikely seriously to consider close relations with it. There are, however, persons of influence within the royal entourage who oppose the King's present policies and favour those of the radical Arab nationalists. This group is likely to try to exploit such issues as the Gulf of Akaba in order to prevent any close association with the West. The King himself is likely to make gestures of support for extreme Arab nationalist sentiments, mainly in order to preserve a leading role and to win concessions from the West. He has, however, used the weight of his influence in support of more moderate Arab opinion and is likely to continue to do so.

PERSIAN GULF

38. The situation is at present quiet in the Persian Gulf and on the southern rim of the Arabian Peninsula. However, this area is fertile ground for local nationalist, Egyptian, and Soviet subversive efforts.

THE YEMEN

39. Since April substantial quantities of Soviet arms have been delivered to the Yemen, and some Soviet and satellite technicians have also arrived. The Soviet Union may also have offered some form of economic aid to the Yemen.

40. The Russian aims are probably:

- (a) to gain a footing in this strategically important country and to acquire influence over the direction of its affairs;
- (b) to stir up discord and armed conflict between the Yemen and the United Kingdom over the Aden Protectorate.

41. The Yemenis are traditionally hostile to foreign influence and probably not unaware of the risks of too close an involvement with the Soviet bloc. The moderate elements within the court are increasingly opposed to this involvement. The Imam, now partially recovered, seems to have regained influence over the Southern tribes on the Aden Protectorate frontier. The recent decision to send the Heir Apparent, Prince Badr to London seems moreover to confirm that the ultra-nationalistic elements which he headed, are now less influential. But there remains a danger that the Yemenis will find it increasingly difficult to escape from Soviet influence if their economic ties grow and if they continue to rely on Soviet propaganda support for their nationalist ambitions.

LIBYA, MOROCCO and TUNIS

42. The Libyan as well as the Moroccan and Tunisian Governments are moderate and have a vested interest in maintaining their own internal order and stability. They are suspicious of Egypt, are anxious to co-operate with the West, and would prefer to look to the West for technical and economic assistance and for arms. But there are nationalist anti-Western elements who might rapidly gain in strength if the pro-Western policies of these governments seemed to produce only meagre dividends.

LEBANON

43. The recent election has resulted in the continuance in power of President Chamoun and many of his supporters, and hence of moderate pro-Western policies. The traditionally dominant Christian element is apprehensive over recent developments in Syria and fears an Arab world controlled by Moslem Pan-Arab nationalists. It lacks the strength, however, to take a firm stand against any main current in Arab affairs.

THE SUDAN

44. The pro-Western Sudanese Government have so far made no move towards accepting the Russian offer of a bilateral trade agreement based on cotton purchases. Since they are staunchly anti-Communist and opposed to bilateral agreements in principle, they are unlikely to accept the offer except in the very last resort. But unless cotton starts moving soon to the Sudan's normal customers, political and economic pressure to accept some kind of deal with the Russians may become irresistible.

SOVIET ECONOMIC PENETRATION

45. In its penetration of the Middle East, the Soviet bloc finds that certain economic trends work to its advantage. Communist countries, especially the European satellites, now have more capital goods available as a result of forced industrialisation after World War II. At the same time, many Middle Eastern countries, poor and almost wholly agricultural, and in some cases with virtually one-crop economies, are in particular need of capital goods for development and want arms. Those countries which do not have substantial oil revenues can obtain funds needed for development or for arms only from agricultural exports or from foreign sources.

46. But the existence in these countries of extreme nationalist feeling discourages private Western investments. Offers of aid or investment by Western governments are looked at askance as often involving political or military ties. The USSR appears as a new and alternative source for economic aid. Its offers are well timed and so presented as to reap political dividends, although proffered without apparent "political strings". Technical assistance is usually a key feature of these offers. The USSR exerts the added attraction of having rapidly transformed itself by authoritarian methods and state planning into a leading industrial and technological power. It has frequently offered long-term low-interest loans, as in Syria and elsewhere. The Soviet bloc has been ready to accept agricultural products in payment for these loans or

arms, and where it sees a political advantage as in Egypt and the Sudan, has offered to buy surplus agricultural products. In a number of cases, however, the countries concerned have found that agricultural products sold to the Soviet bloc have reappeared on the world market in significant quantities.

47. The Soviet offers of economic assistance to Middle East countries have so far not involved a total large in relation to the Soviet national income. The recent Syrian loan, amounting to over \$100 million, to be given over the next seven years, has been among the largest loans extended. On the other hand, military assistance to the Arab world amounts to book value of between \$300 and \$500 million, mainly to Egypt and Syria and, to a lesser extent, the Yemen. In relation to the scale of the economies of these Arab countries, their loans constitute a considerable mortgage on the future. Egypt, for example will have to send 10% of her cotton exports to the Soviet bloc for the next six years to pay for the arms bought before 1957. In the case of Syria, the scale of obligations assumed is much greater.

48. These offers of aid include the services of technicians and at the same time, in the field of commercial exchanges, the large proportion of machinery and equipment among the Soviet exports naturally calls for the presence of Soviet technicians for a more or less prolonged period. The number of Soviet technicians posted to Arab countries at the present time is between 500 and 1000. By their presence alone, these technicians, who are sometimes Moslem, can further Soviet prestige and propaganda. It would appear that they are most numerous in Afghanistan, Egypt and Syria, where their numbers should increase considerably when the recent economic agreement is implemented. Czechoslovakia, Bulgaria and Eastern Germany play an important part in this field. These technicians include petroleum technicians.

THE OIL PROBLEM AND THE USSR.

49. Of the oil used in Western Europe, 72% at present comes from the Middle East. The existing arrangements for the production and transportation of this Middle East oil are being subjected to pressure from nationalistic movements and governments which are seeking increased revenues and more control over oil operations. Claims for revisions of the present division of production profits, and for an increase in charges for pipeline transit facilities are likely within the next few years.

50. The conservative nationalist governments controlling the major oil producing areas are not seeing to nationalise oil production but may be increasingly subject to pressure in this direction from extremist nationalist elements, stimulated by Soviet and Egyptian propaganda. To maintain their authority these regimes may increase their claims still further while avoiding the critical point at which far-reaching consequences would ensue from a radical programme of nationalisation. They are aware that apart from the West, there is no alternative outlet for Middle East oil, for the Soviet bloc would probably be inhibited from seeking to acquire major oil concessions because

of its position as a surplus producer of oil and because of its lack of excess refining, storage, transportation, and market facilities. The Soviet bloc might, however, attempt to market small amounts of Middle East oil, and to supply a number of technicians and facilities for this purpose as a token breach of the Western monopoly.

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