

JUNIPER 0800

14. BARRIE HOUSE,  
29, ST. EDMUNDS' TERRACE  
LONDON, N.W.8.

May 27, 1967

*by having everyone  
in Washington  
understand*

Dear Bob:

It must have crossed the minds of quite a few people, maybe the President's, that you could play some kind of special role in the present Arab-Israel crisis. I am sure you can, but whether you would want to or not is another matter. I certainly wouldn't advise you to do so unless you can take out "Harriman insurance" -- i.e. start out ~~on the assumption~~ that failure is almost certain so that if you succeed you will have won a smashing victory but if you ~~ix~~ fail no one will blame you.

For your own information, and for purposes of explaining the situation to others, here is the analysis I recommend:

*Nasser*

1. Point number one is that Nasser's economic, political, and politico-economic situations are all desperate. If anyone argues to you that he is getting himself into a lot of trouble, reply that he couldn't be in more trouble than he is already in. To make your point, you might give your own version of the attached paper on Egypt's balance of payments deficit -- although I would ~~make your remarks general~~ advise you to make your remarks general, and not to rely on the complete accuracy of the figures I give. My friends in Cairo, both US Embassy and Egyptian Finance Ministry, say I am correct in my arguments and conclusions but that a nit-picker would find fault with one or another of the actual figures.

*resulted in a net gain to*

2. Point number two is this: Experience has taught Nasser that you don't get what you want out of the West by being nice, but by being "a factor to be contended with." Every major advance he has ever made has been on the heels of some ~~gigantic~~ dramatic ~~ix~~ move designed to show the world that ~~ix~~ whether we like him or not we must at least take him seriously -- e.g. the original Soviet arms deal, the nationalization of the Suez Canal Company, etc etc. Every one of his extravaganzas have ~~advanced~~ his interests -- including, it can be argued, the Anglo-French-Israeli attack.

3. Point number three is that Nasser always has been, and is even more at present, a man given to thinking in terms of desperate solutions to his problems. Why? Because his problems are well nigh insoluble, at any rate, they are not soluble (so Nasser believes) by conventional solutions. Do you remember what the Arthur Little people told him back in 1955? "Even should Egypt be 100% successful in raising the extraordinary amount of foreign capital it needs, even should a 100% perfect plan of development be devised, and even should these plans be followed without a single hitch, the most Egypt can expect is to keep the standard of living from going backwards." In other words, ~~ix~~ Egypt's increasing population will eat up all the gains of Nasser's most ambitious plans. In 1954, Nasser decided if he were to stand, tin cup in hand, alongside Nuri

CONFIDENTIAL

EO 13526<sup>ER</sup>  
3.3(b)(1)>25Yrs

*Our Government let it work.*

~~XXX~~

and Chamaoun and the others who were willing to "stand up and be counted" he would only get some trifling amount of aid far from what he needed. He had to think of something drastic. He did. And it worked! We have taught Nasser to behave as he does.

4. Point number four is that Nasser would rather go out with a bang than with a whimper. It might be argued that ~~his~~ his present behavior is a matter of choosing the bang rather than ~~going out with~~ the whimper which will be all that is left to him should he ~~xxxxxxx~~ simply sit passively and let his present problems run him over. Gotterdamerung. Any "five points" or "seven points" our Government offers him ~~xxxxxxxx~~ leading to a reasonable compromise solution ~~xxxxxxxxxxxxxxx~~ fall on the ears of a man now unable to talk in such terms.

To support points two, three and four you might read the loose pages I enclose which are taken out of a long ~~xxxxxxx~~ paper on Nasser's motivations I am preparing for Pan American. They are very crude, but I think the points are made well enough for present purposes.

As you may know, John Sweringen was in town through all this, having come to attend the formal opening of the Morghan oilfield. I did a number of reports on the developing situation, and it's difficult to reproduce them now. For purposes of now giving you a quick briefing, here are the main points:

1. Zakaria now tells me very frankly that the Beginning of the End was when you confirmed Nasser's suspicions that failing to come to terms with IMF would result in failure to do big business with all Western financial institutions, and when Nasser saw that the only way he could come to terms with IMF would be to abandon his factor-to-be-contended-with approach to life in favor of the approach Secretary Dulles used to recommend to him: Be a good boy like General Ankras and Habib Bourghiba (or, in the old days, Nuri and Chamaoun) and we will help you. ~~xxxxxx~~ Zakaria tells me that Nasser's estimate of his own economic situation was much worse than IMF's, not better as we have imagined, and that he therefore knew that going the IMF way could at best be only a stopgap solution.
2. Nasser's need to find a ~~xxxxxxx~~ totally new way of living in this world ("poor ~~xxxxxx~~ nations' club," a complex of trade agreements with Bloc countries etc -- I think I sent you my paper on this) would have to be filled by a solution which would be politically as well as economically satisfactory to the Soviets -- or, if not "satisfactory," at least compelling in factor-to-be-contended-with terms. But as he looked around him he ~~xxxxxx~~ saw his enemies Feisal and Hussein doing okay, and his natural allies (the Syrians, the Iraqis, etc.) doing as they damn well pleased and even ~~xxxxxxx~~ stealing the show from him in the "allout war against imperialism." He needed a ~~xxxxxxx~~ total regrouping of his political position, and, ~~thxx~~ characteristically, he decided that this could be managed only by a Dramatic Move.
3. Politically, Nasser has always found the Soviets easier to deal with than ourselves, because the things they want him to do are things he wants to do already for his own reasons -- drive the British out of the



JUN 1960

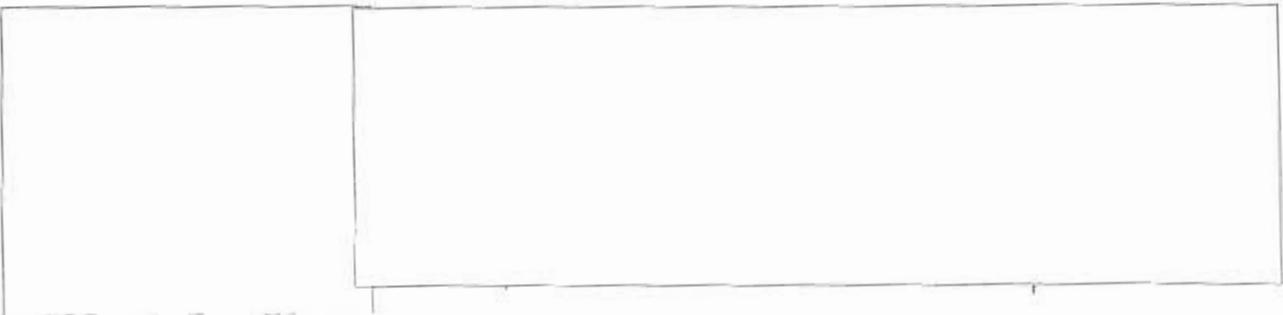
14, BARRIE HOUSE,  
29, ST. EDMUNDS TERRACE  
LONDON, N.W.8.

~~XXXXXX~~

concession (there were seven which, by liberal interpretation, could be called serious ones) and saying that the winner would be the one most willing to go along with an arrangement most consistent with the UAR's "Arab socialist policies," i.e. rather than the one offering the most realization. THEN, he said that final decision would be made by the Petroleum Committee of the Arab Socialist Union. In other words, things are now out of hand. I can't imagine Tenneco or Continental, or any other company not already here, continuing to be interested. You are well out of it all.

Conclusion: If you can take out ~~XXXXXXXXXXXXXXXX~~ "Harriman insurance," you may consider involving yourself in all this -- BUT, not so much for the purpose of working out a solution  as for the purpose of halting hostilities while others work out a solution, and ~~possibly~~ possibly for the purpose of merely getting the facts and making contact with ~~those~~ those elements in the UARG which will take over should Nasser be burned on a Wagnerian funeral pile. The first step, I believe, would be to explore the possibility of a meeting between Nasser and Johnson, however ridiculous this may sound when you first think of it. Zakaria ~~xxx~~ wants this meeting very much, and assures me that Nasser will leap at the opportunity should he be convinced that it will not leak out that he took the initiative in expressing a wish for it. I told Zakaria that President Johnson would have the same feeling, ~~even~~ more strongly, and that our Government would hardly think this is a time to "court" Nasser.

Well, Bob, as I read over the above I see that it is too hastily written, ~~and~~ incomplete, and not very clear, but it is the best I can do on a hurried Saturday morning. I have to get this into the mails within an hour or it may not get out of here until Tuesday -- ~~xxxxxxx~~ there being one of the dearest of all British bank holidays coming up. I sent you that cable this morning because I can easily imagine that you ~~xxxxxxxxxxx~~ might be queried at any time about this situation, and I wanted you to know that something was on the way. If you do decide to get re involved in this (which I ~~xxxx~~ don't recommend) I naturally want to help as much as I can, even coming back there for a really full briefing if this appears required. If there is USG interest John Sweringen would let me off, and pay my expenses incident to a Stateside trip, but you would have to call him and ask his ~~xxxxxxxxxxx~~ cooperation as a matter of national interest.



Please let me know, one way or the other. Unless I get a cable from Vanderbeek saying his operation is directly suffering, I can ~~xxxx~~ stay away from the situation down there for as much as  $\pm$  another ten days. Regards, *lv*