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DEPARTMENT OF STATE

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AUG 25 1955

OFFICE OF DIRECTOR  
The Honorable John Foster Dulles  
The Secretary of State  
Department of State  
Washington 25, D. C.

Dear Mr. Secretary:

In answer to your request to the Director of Central Intelligence, we are submitting the following views and the attached analysis.

On 23 May, [redacted]

[redacted] Soviet Ambassador Daniel Solod in Cairo offered technical and economic assistance to Egypt, including financing of the proposed Aswan high dam. At this time, Naar reportedly inquired whether the Soviet Union would be willing to barter certain items of heavy artillery for Egyptian cotton, to which Solod replied that he was authorized to give an affirmative answer.

In late July, D. T. Shepilov, editor of Pravda, and a secretary of the Communist Party, visited Egypt and [redacted] elaborated the Soviet offer. Shepilov reportedly offered not only air and ground arms but destroyers.

As reported to you by Ambassador Byroade, Ahmad Husain, Egypt's former ambassador in Washington, in discussing the alleged Shepilov offer, told Byroade in Cairo that it included a cotton barter deal to finance the high dam, 100 MIG's and 200 tanks. Jet bombers (probably IL-28's) were also said to be available for 37,000 Egyptian pounds (equivalent to \$105,000). Soviet spokesmen reportedly also suggested in discussions with Egyptians that if direct negotiations with Moscow embarrassed Cairo, Warsaw or Prague could offer the same deal.

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A report that Radio Moscow had broadcast in Arabic to the Near East an offer of free military assistance to Egypt appears to be in error. The latest Egyptian claims are that Radio Israel made the statement on 10 August, that this statement was picked up by an Egyptian monitoring station, and, as a result of haste and carelessness, was passed to the press as having been broadcast by the Soviets in Arabic, and with the paragraph concerning military aid deleted. These reports and similar ones all apparently originate with Egyptians. They may be exaggerated in order to bring pressure on the United States to satisfy Egypt's military needs on favorable terms. The fact that no Western monitors intercepted any such broadcast, coupled with the lack of motivation for the USSR to breach an offer of such magnitude and portent in this manner, raises the possibility of deception, which we are still trying to confirm.

During the past weeks, the USSR, [redacted] [redacted] has offered Saudi Arabia economic aid and military equipment. This approach was made by Soviet Ambassador Lavrentiev in Tehran, first to the Saudi ambassador and then to King Saud, and Deputy Foreign Minister Yassin. In the spring of 1955, Soviet offers of military, economic, and diplomatic aid were also reported made to Syria.

In our opinion the USSR directly or through its satellites is able to deliver the items specifically mentioned by the Egyptians; heavy artillery, tanks, jet fighter and bomber aircraft and destroyers, in the quantities that could conceivably be absorbed by Egypt or other nations in the Arab league without any perceptible effect on its own arms program. Only in the event the Soviets anticipated general war in the relatively near future would they have any compelling reason to hang onto all of their vast stockpile of this obsolescent material. For example, the early alternate fate of the MIG-15's is probably to be turned into scrap.

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Moreover the Soviets are undoubtedly well aware of the almost psychopathic preoccupation of Arab leaders such as Nasser and King Saud with building their arms strength and would calculate that the surest way to achieve a real position of influence in those countries would be to become a substantial supplier of arms with the attendant requirements for Soviet technical and possibly tactical training in their use.

It is also quite consistent with what we know of current Soviet external trade programs for the USSR to be willing to offer such equipment for indigenous currency or basic commodities with favorable terms as to time of repayment.

Finally, it seems to us that the present Soviet drive to relax tensions between the power centers of East and West could well have as a concomitant a subordinate policy of sowing seeds of discord in such trouble spots as the Near East.

We, therefore, conclude that it is well within Soviet capability to implement the reported offers of arms aid and that it is probably their intention to do so if the offeree governments accept their proposals.

Sincerely,

C. P. CABELL  
Lieutenant General, USAF  
Acting Director

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