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CONTRIBUTION TO LIE-26: KEY PROBLET OF THE MEAN EAST

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I. WEAKNESSES OF THE REGION

1. <u>General</u>. The Near Eastern states differ widely in their political, economic, and social structures, in their resources of national power, and in their basic attitudes toward their neighbors and the great powers. The only unifying factor is geography; collectively the states occupy the land bridge connecting three continents. In all other respects, disparities among the various states are marked. A few of the countries are strong internally, possess appreciable military strength, and are firmly oriented toward the West. Most of them are weak militarily, have grave internal problems, and are tending to draw away from open identification with the Vest. However, none is likely to undergo rapid internal disintegration in the near future.[®] The Western position in the Near Edst, therefore, still contains potentially favorable elements and, barring general war, there are distinct possibilities of developing both an improvement of internal stability in the various states and a greater measure of pro-Western orientation,

2. Internal stability. Turkey has a stable, democratic government, commanding the support of virtually all its people. It has a high degree of homogeneity and no significant social tensions. The only important domestic issues relate to the appropriate limits of state control of personal liberties and economic activity. With relatively abundant natural resources, Turkey is well on the way toward establishing a strong

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^{*}Libya is probably an exception; after it receives its independence in 1952, its internal stability is questionable.

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agricultural and modest industrial system.

Greece demonstrates a somewhat lower degree of national unity. Rivalry between conservative-monarchist and liberal-republican elements has frequently led in the past to revolutionary changes in government. However, the issue currently is less acute and the prospects are that within tolerable limits the Greeks will develop a more stable political and social order. Perhaps the most pressing difficulty is that presented by inadequate natural resources. The soil is poor, industrial possibilities limited, and population pressure great. Unless there is a radical improvement in Greece's export trade, it apparently must be supported by foreign assistance.

Internal stability in Iran and most of the Arab states (Iraq, Syria, Lebanon, Jordan, Egypt) is far less favorable. Dominated for centuries by Ottoman and then Western power and possessing a basically conservative outlook, the Arabs were cut off from the main stream of cultural developments in the Vestern world. The rapidly developing nationalism in the late 19th and 20th centuries was not accompanied by parallel developments in other fields, and when the countries of the region achieved their independence, institutionally they were poorly prepared for existence in the modern world. The state systems of the newly-created nations were

improvised and generally represent attempts to reconcile Western parliamentary systems, the highly centralized Ottoman administrative order, and the rule of local oligarchies. In Iran, as well as in the Arab states, effective social control is exercised by small elite classes, mostly large landowners linked by strong family and personal ties.

There is a great contrast between the small ruling groups and the masses, who live at a very low standard, are poorly educated, if at all, and regard government primarily as a system for their exploitation. The masses have not demonstrated in the past any widespread determination to force changes in the social system, but in recent decades such aspirations are beginning to appear among a small but growing middle class and industrial labor group.

In Libya, stability is assured in Cyrenaica and the Fezzan. In Tripolitania, however, the stabilizing influence of the Amir of Cyremaica is countered by local political strife and foreign intrigue.

Economic underdevelopment is characteristic throughout the area except for the petroleum industry which, although in the hands of foreign companies, produces substantial income for some local governments. There is a general scarcity of arabie land, industry is largely in an embryonic stage, and the financial and credit institutions which could support development are weak. Exports are insufficient to finance the purchase of the necessary level of foreign-made consumer and producer goods. In general, political irresponsibility and economic destitution result in chronic internal instability, although this instability rarely reaches dangerous proportions because of the political apathy and usually lethargic state of the mass of the people.

The presence of varied ethnic and religious groups contributes to social tensions, which are particularly significant in Lebanon, where there is a delicate numerical balance of Christians and Moslems, and in northern Iraq and northwestern Iran, where Kurds and Azerbaijanis

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resent their treatment by the central governments.

On the other hand, stability is relatively well-assured in Saudi Arabia and the Persian Gulf sheikhdoms by the preservation of the patriarchal system of government, by the receipt of substantial income from petroleum operations, and, in the case of the sheikhdoms, by firm British control.

Israel represents essentially a European politico-social system with "ionist modifications. The principal domestic issues relate to the degree of state control over the economy and to the division of political life along religious and class lines. The country's greatest vulnerability is in its weak economic base; as long as it is sufficiently subsidized by Western sources, it may expect to pull through, but if such sources were cut off tensions would become acute. Israel has a small but highly-skilled army, and its industries are capable of producing a portion of its military equipment.

3. Foreign policy and orientation. Those states that are faced with Serious problems of internal instability also pursue foreign policies unfavorable to the West. These policies are other manifestations of underlying weaknesses in the Arab states and Iran mentioned in paragraph 2 above, and of resentment against Western domination. The Arabs conceive of their reviving but still feeble nationalism as being threatened by the powerful West. This conflict is implicit in most of the vital issues affecting Arab foreign relations. To the Arabs, the issue presented in Palestine was essentially that of Western aggression against an Arab country, and the frustration of their attempts to

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challenge Zionism only adds to their determination to counter other aspects of Western "imperialism."

It is therefore not surprising that the Arabs do not necessarily identify their interests with those of the Vestern powers in the East-West conflict. Some of the extreme Arab nationalists see little to choose between the two sides and toy with the idea of enlisting the assistance of the USSR in adjusting their differences with the West. Believing that basically their interests lie with neither side and that in the event of a general war they would suffer, as innocent bystanders, most of the Arab states have joined with Asian countries in the UN to form a neutral bloc designed to prevent the outbreak of another war,

A second set of conflicts is inter-Arab and reflects national, dynastic, and personal rivalries of various Arab groups. There is some sentiment for Arab unity, but that sentiment has been more effective in its negative aspects. While a measure of common effort was mustered against Israel, the Arab League has accomplished little in social, economic, and defense cooperation. The League at present represents an uneasy compromise between centripetal sentiment for Arab unity and centrifugal forces of local nationalism and vested interests in the various Arab governments. Mutual rivalry and distrust is illustrated by the long-standing conflict between the Hashimite rulers of Iraq and Jordan and the King of Saudi Arabia.

Iran, although never completely controlled by Western powers, demonstrates similar national aspirations. It is resentful of foreign interference and expects to maintain and improve its position by playing off the Western powers against the USSR.

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Greece and Turkey do not identify their interests with those of the Arab states; they look down condescendingly on the Arabs and even regard each other with some suspicion, arising from past differences and strengthened by recent jealousy over the distribution of US aid.

Israel has, in the past, assumed a position of non-identification in the East-West conflict as the result of ties with both East and Vest, and because it hopes to escape involvement in a future war,

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II. THE SOVIET THREAT TO THE NEAR EAST AND LOCAL CAPABILITIES FOR RESISTANCE

1. <u>Soviet objectives</u>. The long-range objective of the USSR in the Near East is to control the region. Such control would immediately secure the approaches to strategic areas in the Soviet Union, interdict Western use of transportation routes through the region, and deny Near Eastern oil to the Western powers. The USSR would then be able to utilize the region as a springboard for further aggression and to exploit Near Eastern oil reserves. Soviet achievement of these objectives through relatively weak probes in the region has been blocked thus far by local resistance to covert aggression and subversion, backed by Western diplomatic, economic, and military support.

2. <u>Recent policy</u>. In the post-hostilities period, the USSR launched two attempts to secure control over Greece, and, before withdrawing occupation troops from Iran, set up a pro-Soviet regime in Azerbaijan. The failure of these moves may be ascribed to a combination of local will to resist thinly-veiled foreign aggression, over-confidence of Communist leaders in their military and psychological strength, and strong reaction in the free world, as evidenced by UN condemnation and US assistance to Greece.

The unsuccessful outcome of these tests of the region's capacity for resistance, backed by the West, probably contributed to the Kremlin's decision to encourage indigenous trends favorable to the USSR, but otherwise to expend little effort. But a more important factor is that neither the indigenous forces, nor the Western forces presently and potentially based in the region, nor a combination of the Approved For Release 2005/04/26 : CIA-RDP79R01012A000600030004-7

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two, pose a serious threat to the USSR. In fact, while Turkey and Greece have developed strength and closer identification with the West, Western power elsewhere in the area has declined appreciably since the end of World War II.

Current Soviet policy in the Near East apparently is designed to achieve limited objectives in the near future: reduction of Western power and influence in the region and promotion of internal instability and intra-regional tensions. As these objectives are achieved, the USSR probably expects its influence to reach the stage at which it can effectively control the region.

a. Reduction of Western power. In pursuit of this objective, the USSR utilizes primarily propaganda and Communist-inspired activities and secondarily, diplomatic contacts and economic measures. Soviet transmitters broadcasting in Near Eastern languages, as well as "free Greek" and "free Azerbaijan" stations, maintain a vigorous tirade against the West, appealing to popular aspirations for peace and security and for elimination of Western influence which is presented as working for war. Greeks are warned that the US wants them as cannon fodder, while the Arabs' demands for removal of vestigial "imperialist" controls are supported by Soviet representatives in the UN and elsewhere. Iran is warned not to permit the build-up of Western forces and is threatened with Soviet invocation of the 1921 treaty of friendship. Communists have exploited front-organizations in such drives as the "peace" appeals. Within the past year, the USSR has expanded its trade with Iran and several Arab states, primarily for political and psychological effect, and in its propaganda plays heavily on the

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thesis that the West exploits the area economically.

b. <u>Premotion of internal instability</u>. Closely linked with Soviet efforts to reduce 'estern influence are its activities designed to increase the instability of local regimes oriented toward the West and resting on already shaky foundations. 'oviet propaganda attempts to incite workers, intellectuals, and in some areas peasents, against ruling groups, nationalist feeling against pro-Western elements, and ethnic and religious minorities against majorities and against each other, thus hoping to promote social disintegration and prepare the way for Communist seizure of control.

c. <u>Promotion of intra-regional tensions</u>. Playing on nationalist sentiments and dynastic rivalries, the USSR attempts to perpetuate Arab-Zionist tensions, rivalries among the Arab states, and mutual suspicions of other states, with a view toward forestalling the development of unity among the states in the region. Presumebly Soviet expectation is that it will be easier to seduce individual states that lack any external support and that as long as Western influence is operative in the area, the development of regional unity favors the West.

d. <u>Preparation for Communist seizure of power</u>. Although the USSR cannot expect that local Communist movements will themselves have the capability of seizing power in any state in the region within the next several years, it has begun the development of Communist organizetions which may, in time and under favorable external circumstances, attempt to seize control of various governments. On absolute terms, Communist strength is greatest in Greëce, where the Greek Communist Party has been reorganizing underground and forming a hard core of

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loyal party mambers who can command the support of possibly 15 percent of the Greek people. The USSR is apparently following similar tactics in Iran where the illegal Tudeh Party now apparently numbers some 10,000 members located in principal urban areas and potentially able to command the support of several times that number of disaffected persons. Elsewhere in the area, the only important concentration of organized Communist strength is in Israel with some 3,000 members. The appeal of Communism in that state has apparently diminished as the USSR has cut off Zionist emigration from the Soviet bloc and taken unpopular stands on international issues affecting Iszael. In the Arab states, Communists who could be counted on by the Kremlin to do its bidding number probably not more than several hundred; there are, however, a much larger number of fellow-travelers who tend to confuse Communist objectives with nationalist aims. The spread of Communian has been frustrated by strong repressive governmental measures, by Arab suspicions of Soviet-Communist aggressive intentions, and by the antipathy of Moslems to a doctrine which is admittedly anti-religious.

3. Possible future courses of action.

a. <u>Deliberate resort to war</u>. Unless there is a major expansion of Western influence and power in the Near East, the USSR will probably not launch an isolated campaign against the Near East for reasons inherent in the Near Eastern situation. However, if the USSR decides to embark on a general war, it has the capabilities of overrunning the area in a comparatively short time. Turkey is firmly determined to resist Soviet attack and has capabilities for delaying the Soviet advance for several months if Western

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aid is forthcoming. Greece will also offer resistance but on a smaller scale. The other states of the region, faced by a general Soviet advance, would themselves offer little resistance, and would seek to make the best possible terms with the USSR, either before or after token resistance. Their bargaining power would be inconsequential, and whatever privileges they would be able to extract in negotiations would be limited to those considered by the Soviets as useful in producing acceptance of real, although perhaps veiled and indirect, domination. In the early stages of the campaign, Communists and Communist sympathizers in Greece, Iran, and Libya could create difficulties along military lines of communication. In the Arab states and Iorael, the Communists' exbetage potential would be low, but unnecessary in the probable event that the vast majority would support accompdation.

In the event of the outbreak of war botween the US-UK and the USTR that does not immediately involve the Near East, all the states of the area would initially be non-bolligerent, but, in varying degrees, would favor the Nert. They would seek Western commitments against the implicit threat of Soviet aggregation. Egypt, Jordan, Iraq, and Cyrenaics would probably parmit Nestern use of bases under existing agreements. Their subsequent policy would be determined by the course of the war. If the West suffered early defeated Iran and the neighboring Arab states (Iraq, Syria, and Lebanon) would be most prone to yield to Soviet threats, while Sandi Arabia, Israel, Jordan, and Egypt would move from non-bolligerency to strict neutrality.

b. Courses short of deliberate resort to war.

1) Local argression by satollite armed forces. We believe that the Greek army has the capability of restricting a resumption of Greek guerrilla activity to outlying areas and of holding Balkan satellite forces on a line across the middle of Forces periodica; GIA-REP 19R 914120 0006 09030004.7.

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Turkey could successfully resist a satellite attack launched against the Straits. The USSR does not have at its disposal sufficient forces of Iranian Azerbaijani and Kurdish refugees to pose a serious threat to the Iranian Army. A Soviet force, sent across the Iranian border in the guise of a "liberation" movement, would be thinly-veiled and would be tantamount, politically as well as militarily, to an overt Soviet aggression against Iran. Local military aggression by satellite armed forces does not, therefore, appear to present any cogent advantages to the USSR.

2) Limited Soviet aggression. Reckoning on the possibility that the West would not respond to localized Soviet aggression by declaration of general war, the USSR may attempt seizure of Greece, Turkey, or Iran. The first two countries would initially resist, but continuation of their struggle would depend on Western reaction. Expressed determination by the West to furnish military aid and other assistance, even if ultimately insufficient to halt the Soviet advance, would stiffen Greek and Turkish resistance to the end. On the other hand, Iran's resistance to a Soviet attack would be minimal and shortlived, even if Western aid were premised.

In these states that are not the victims of limited Soviet aggresssion, there would be immediate trends toward neutrality and simultaneous exploration of the possibilities of obtaining immediately Western commitments and assistance. If the latter were not forthcoming, virtually all the states would seek to establish neutral positions and slide rapidly into accomodation with the USSR.

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3. <u>Continuation of present pressures</u>. If both the USSR and the West continue present policies in the Near East, there may be some improvement in the strength and pro-Western orientation of Turkey, Greece, Saudi Arabia, and Libya. In Iran and the other Arab states, however, Western influence will slowly decrease with a corresponding increase of Soviet power. None of the states is likely to become an actual satellite in the next several years, assuming the continuation of present Soviet and Western policies.

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III. BRITISH CAPABILITIES FOR PROTECTING MESTIN

INTERCETS IN THE MEAR EAST

1. <u>Dritish objectives</u>. Historic British objectives in the Near East are valid today: to maintain control over the region and thereby secure this vital center of commonwealth corrunications, source of petroleum and other raw raterials, and locus of large invoctments. Britain's strategic planners subordinate the region only to the home defense zone; they view a Soviet menace to the Near East as a threat to Britain's national security virtually as dangerous as any similar threat to Vestern Europe; they consider that the loss of the Near East would endanger the security of South Asia, and affect the balance of power between East and 'est.

2. <u>Eritich capabilities</u>. Thile Britich objectives remain unaltered_p Britich capabilities in the area have been appreciably reduced_p beginening in the inter-war period and accelerating during and after World War II. Lacking adequate national power, the Britich withdrew military assistance to Greece and Turkey and shortly thereafter gave up the mandate for Palertine. The latter decision revealed clearly the inability of the Britich to hold a key strategic position in the Near East and to maintain order between Arabs and Jews. At present there is a very wide the British commitments and objectives in the region and their capabilities of defending even areas of their primary responsionbility against Soviet aggression.

Having withdrawn at several points, the United Kingdom is pressed

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further by rab demands for withdrawal of British troops from the region, for revision of the unequal treaties of alliance with Egypt, Jordan, and Iraq, and for relinquishment of British control in the Sudan. The United Kingdom⁶s traditional position as adviser, protoctor, and arbiter is continuously challenged and is deelining.

Nevertheless, at present the United Kingdom still exercises the most important forcign influence in the Arab world (Saudi Arabia excepted). Limited Dritich forces are stationed in Libya, Egypt, Cyprus, Jordan, and Iraq, and Britich naval bases maintained in Cyprus, Aden, and Bahrein. The UK strongly influences the King of Jordan and the Amir of Cyrenaica, holds a paramount position in the Persian Culf Sheikhdoms, (overns Aden Colony and Protestorate, and still influences to a considerable degree the Iraqi government. British economie interests are found throughout the area, British funds are invected in many enterprises, Britain is important in the region's economic trade, and through the operation of the sterling bloc and control of local banks, London maintains a preeminent position in the financial relations of the region.

In past wars the UK has been able to enlict the active aid of members of the Commonwealth in the defense of the Near East. In the future, it is likely that Australia and New Zealand will provide only token forces, either in peacetime or in the event of war with the USSR, as they are preoccupied with the defense of Southeast Asia. South Africa

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will be more willing to participate in the defense of the liear Last, but it does not have sufficient power to enable it to contribute effectively.

3. <u>Regional attitudes toward the UK</u>. Turkey and Greece, while harboring no enmity toward the UK, look upon it as a declining power whose friendship is useful but marginal. Distinct antipathy toward the UK is currently evident in Iran, resulting from past and present controversies with the Anglo-Iranian Oil Company and from a widespread impression that the UK sooks to prevent Iranian economic development and that the UK is jealous of recent US activities there. It is, however, possible that if the new oil agreement is satisfactorily concluded, the UK may in time regain influence in Iran.

Opposition to the UK among most of the Arab states, although moderated by British coolners toward Israel in the later stages of the Palestine conflict, continues to grow. The UK's involvement in Europe and the Far East appears to present more favorable opportunities for the Arabs to secure recognition of their aspirations and removal of the vestiges of imperialism. Egypt and Iraq feel that their development as independent states since the conclusion of treaties of alliance with the UK (Iraq, 1930; Egypt, 1936) entitles them to major revision of the treaties embodying recognition of them as complete equals. While resentment generated by the present treaties of alliance suggests that Iraq and Egypt may attempt their abrogation, nevertheless in case of actual foviet aggression in the area, the governments of these

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countries would undoubtedly make their territories available to the West and request Vestern defense aid.

4. <u>UK attitude toward joint US-UK responsibility</u>. Faced with a widening gep between its capabilitios and the power required to secure its objectives in the Near East, the UK would readily share with the US responsibility for safeguarding the region; it has already invited US participation in Near Eastern defense planning. Close British ties with some of the Near Eastern states would complement US ties with other states.

Although in broad terms, US and UK interests and policies in the region could be harmonized, it is likely that already existing opposition of interests would persist and new divergencies would develops a) the UK would probably expect that the US, as a newcomer in this area, should defor to British experience and await British initiative; b) the UK would maintain that any quick or novel colutions to Near Eastern problems are deced to failure. For example, it is likely that the British would be unimprocessed by a "grass roots" approach to internal problems of the area, in contract to dealing with the traditional political figures; c) as Persian Gulf oil represents a major asset in British finances, Britain will strive to gain a favored position for British-ouned oil against American competition and to check the /merican willingness to grant larger shares of petroleum profits to local governments and benefits to local employees. Although forced by circumstances to share responsibility with the US in the region, the UK would attempt to use US support to buttress and regain UK predominance in the Arab

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area.

5. French role in the region. Such French influence in the Levant States as survived the ousting of the French administration in 1943 is being steadily whittled down by growing Syrian and Lebanese determination to oust French economic interests.

France no longer has the power or position from which to play a major role in the Near East. Its one assot is the wide diffusion of French culture (literature, arts, educational system). France has grown resentful at real or fancied neglect in the past and would expect to be consulted, claiming an interact in Near Eastern regional agreements by reason of its alliance with Turkey and its responsibilities in North Africa. It could contribute only marginally to the implementation of any regional arrangement.

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IV. TYPES OF SECURITY AFRANCITENTS DEFIRED BY OR ACCEPTABLE TO THE REGION

13 Attitudes on Security Arrangements. A marked variation is apparent in the attitudes of the Near Eastern states toward the East-Next conflict and is reflected in their attitude toward security arrangements involving the Western powers. Cenerally, the desire for some form of protection by the West is present throughout the region, but this desire is weakened in some states by resentment toward and differences with the US and the UK, and by fear that closer alignment with the West would produce strong reaction by the USSR.

Turkey and Greece are most decirous of obtaining commitments by the US to come to their arsistance in the event of an attack by the an USTR; they consider the US the only power able to provide/effective counterweight to the Soviet Union. While they would probably not be adverse to participating in a Mediterranean pact or a Near Eastern regional arrangement which is backed by the US, they would see no advantage in joining such arrangements without Western guarantees. They perceive no advantages and substantial disadvantages if they were committed to assist in the defense of weaker nations like Iran. They are apparently willing to accept the rick of full alliance with the West and, with Western commitments, would permit the establishment of Western bases in their territories. These two countries would also accept an invitation to join in the North Atlantic Treaty organization

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primarily because of the US commitment implicit in such an action and only secondarily because of the assistance they may obtain from 'estorn European countries.

Iran, finding itself in an exposed position and without expectation of receiving effective assistance from the West in the ovent of attack by the USER, would be willing to accept a US or US-UK corruitment, but would be besitant to permit the stationing of "estern troops on its territory unless it were firmly convinced of the efficacy of such forces in the defense of the country. Iran's price for joining in any defense arrangement against the USER would be high, both in terms of military and occnomic assistance.

Israel and Egypt have already proposed and the other Arab States would undoubtedly be willing to join in security arrangements with the Host. In view of the deep-seated antipathy between Israel and the Arab states, only parallel agreements between the West and Israel and the West and the Arab States would be acceptable. Defense coordination between Israel and the Arab States would be possible, but only through "estern intermediaries. None of these states would accept treaties of alliance with the West unless they included provisions for: (a) military arsistance from the West to build up local defense forces; (b) guarantees of Western forces stationed in the area prior to immediate threats of Soviet attack.

2. <u>Acceptability of Security Arrangements</u>. An integrated regional security arrangement embracing all the states of the region and

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involving commitments by each for mutual defense of the area is not feasible. On the other hand, parallel agreements between individual Near Eastern states or groups of states and the Western powers appear to offer considerable possibility of local acceptance. Coordination on an area-wide basis could be provided by the West, and under such auspices and circumstances would not be firmly resisted.

3. Estimated Soviet reaction. The USSR would undoubtedly react strongly to the creation of agreements by which the West would guarantee the Near Eastern states and station more forces than at present in the area. Moscow may decide either when such arrangements are concluded or after their implementation has gotten underway that the threat presented to it outweight the disadvantages of invading the area and take a deliberate risk of provoking a general war. The West has already taken a similar risk in reviving and rearming Western Europe, without thus far resulting in Soviet aggression. However, establishment by the West of Near Eastern security arrangements extending the barrier around the southwestern perimeter of the USSR might lead the latter to have greater fear of encirclement.

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V. EFFECTS OF ADDITICHAL US AND UK CONSISTENTS

1. <u>Ceneral</u>. A broadly conceived program of "ortern support of the Near East, including "ortern corritments to defend the region, to build up local defence forces, and to contribute economic aid, would not directly, significantly, and immediately increase the region's ability to defend itself against evert forces afgression. However, such a program would have other positive and direct adventages: it would permit the deployment in some parts of the region of Western forces, it would check the trend toward neutralism, and it would improve those conditions which facilitate the spreed of Communism and -pro-foviet tendencies. Over a long period of time, the capabilities of the indigenous defense forces could be raised to the point where they would constitute an important but not, by themselves, decisive barrier to Soviet aggression.

2. Economic ascistance. Provision of economic ascistance by the West would be a necessary part of any program decigned to increase stability and build up local forces for the defense of the region. Boyond removing those conditions which make parts of the area vulnerable to Communism, the provision of economic ascistance would be valuable in convincing some of the Near Eastern states that the West is as much interested in their welfare as in their alignment against the USSR.

An effective program of economic assistance would probably involve an initial expenditure of 250 to 300 million annually, which

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could be tapered off in later years. In arriving at this estimate, the following considerations are germane: (a) US assistance to Greece and Turkey has averaged about \$220 million annually. These countries could absorb only lower levels of assistance in coming years. (b) Israel has absorbed about \$100 million in government funds and \$200 million in private investment in recent years, and will apparently require considerable assistance in the future. (c) Some of the Arab states have received little foreign contributions and local investment has been light. (d) 011 producing countries, particularly Saudi Arabia, can absorb little comparis assistance over and above their oil revenues.

A program of economic assistance in the Arab states and Iran would be most likely to effect major improvement if concentrated in the field of agriculture, where there are possibilities both of increasing the extent of cultivated land and in raising yields on presently cultivated lands. There would, however, also be room for improvement in industry, particularly in these enterprises based on available agricultural raw materials, e.g., manufacture of textiles, food processing, and in other light industries, e.g., cement, fortilizer, chemical production.

3. <u>Military areistance</u>. As pointed out above, key states in the Near Erstern region will cooperate with the West in the defense of the region only if they are treated as equals. Primarily, this means assisting these states in building up their local defense forces to the point where they can contribute effectively to the defense of

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their own borders. Thile there are many obstacles in the way of developing effective armies in the region, there are certain underlying factors which are favorable: (a) strong sense of nationalism; (b) relatively abundant manpower; and (c) familiarity in some states with modern defense techniques.

While there is a risk implicit in building up the armed forces in states whose policies may presently envisage war on their neighbors at some future date, these risks may be minimized by Western guarantees against any intra-regional aggression and by the gradual removal through economic assistance of the underlying frustrations which now find expression in enmity against neighboring states.

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