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BILDERBERG GROUP

ST SIMONS ISLAND
CONFERENCE

15-17 *February* 1957

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INTRODUCTION

The fifth Bilderberg Conference met in the USA on St Simons Island, Georgia. It was the first to be held in America. The first four were held in the Netherlands, France, Germany, and Denmark.

Seventy persons attended from twelve different countries; whatever their status or function in public life they all took part in a purely personal capacity. Like all other meetings of the Bilderberg Group this Conference set as its purpose the frank discussion of problems of common concern to the nations of the Western Alliance. Its members were all informed persons of authority and influence in their respective countries. Since difficulties and differences are bound to arise among any group of democratic peoples which believes in the right of dissent, the Bilderberg Group aims at contributing towards a reconciliation of divergent views and interests by providing the opportunity of free discussion among leaders of opinion who share a common desire to achieve a better understanding of one another's motives and intentions.

For this reason, the subjects chosen for discussion at Bilderberg Conferences mainly concern questions on which the Western Alliance may have difficulty in agreeing. Fruitful discussion requires an atmosphere of mutual trust, so that participants can express themselves in complete frankness. This has been largely achieved at all the Bilderberg Conferences because the meetings are held in private, the press and public are excluded and neither background papers nor speeches are published. In the final printed report, like the present one, opinions are summarized and speakers are not quoted by name.

The Conferences of the Bilderberg Group do not aim to formulate policy or even reach conclusions—no resolutions are submitted for discussion or voted upon. The purpose of the debate is to present a comprehensive review of the problems on the Agenda from which each participant is free to draw his own conclusions. It is hoped, however, that as a result those who attend the meetings may be better equipped to use their influence so that the Atlantic alliance may function better.

The main items on the Agenda of the fifth Bilderberg Conference were as follows:

1. Review of events since the fourth Bilderberg meeting in May 1956.
2. Nationalism and neutralism as disruptive factors inside the Western Alliance.

3. The Middle East.
4. The European policy of the alliance, with special reference to the problems of Eastern Europe, German reunification and military strategy.

Background papers were circulated before the meeting to provide information for the discussion or to focus debate on particular issues. Some of these papers covered questions which time did not permit the fifth Bilderberg Conference to reach. Following normal custom, as each new subject was broached, the authors of the relevant papers opened the discussion by commenting upon them.

The Bilderberg Conferences are held throughout in plenary session so that any member may participate in any of the discussions. Advantage is also derived from the opportunities for informal conversation outside the conference room among participants, who spend three days living together in the same hotel away from the distractions of the city. The fifth Bilderberg Conference benefited considerably from the pleasant climate and agreeable surroundings of the King and Prince Hotel which was taken over exclusively for the meeting.

I. REVIEW OF DEVELOPMENTS SINCE THE FOURTH CONFERENCE IN MAY 1956

The first day was spent in reviewing world developments over the nine months which had elapsed since the fourth Bilderberg Conference in May 1956 at Fredensborg, Denmark. This period covered the Suez crisis and the revolutions in Poland and Hungary—events which put to the test the aims, methods, and assumptions of Western policy. Leaving discussion of possible future action in the Middle East and Eastern Europe for the following day, the Conference began, as usual, with an inquest on the immediate past.

The Middle East crisis had gravely strained the Western Alliance and in particular had created a breach between the United States on one side of the Atlantic and Britain and France on the other. Various speakers from both sides explained the policies of their respective Governments and parties and the reasons which underlay those policies. Discussion of specific issues and events enabled the Conference to clear up misunderstandings which had been based on inadequate or even false information—for example, the history of negotiations on Western aid for the Aswan Dam, the conduct of the great Powers during the Suez negotiations and the military conflict which followed them. Several speakers emphasized the surprising breakdown of communication and collapse of understanding which had developed between the allies.

The main purpose of the discussion, however, was to analyse and evaluate the past as a basis for discussion of future policy. Though the debate did not aim directly at setting the records straight, by doing so it removed many misunderstandings on both sides of the Atlantic. At the same time it enabled the Conference to make some assessment of the damage done and of the effect on public opinion in all the countries concerned. It emerged that, in Britain and the USA particularly, public opinion was by no means uniform in its reaction. Profound divisions had developed inside Britain on the subject, but most speakers were optimistic about the chances of a speedy healing of the breach.

Several speakers pointed out that the breakdown in diplomatic contact between the Governments was paralleled by a general breakdown of public information. Many cases were quoted of distortion and falsification of the facts, indeed many participants were alarmed to find how far this distortion had gone, and how high it had penetrated into the top levels of public opinion.

Numerous speakers described the effect of the Suez crisis on Asian opinion. Several American participants pointed out that the conduct of the United States and Canadian Governments in the United Nations was determined to a considerable extent by their concern with reactions of the Bandoeng states. One speaker who had recently visited India said that though Russia had lost prestige by her action in Hungary, which showed Asians that colonialism was possible in Europe too, and was practised by the Soviet Union, this lesson was unfortunately obscured by the effect of Western military intervention in Egypt.

This inevitably provoked a discussion on colonialism, on which divergent American and European views have long created difficulties for the alliance. Though it was felt that Europe's record in the colonies was now better appreciated in America, and America's feelings on colonialism better understood in Europe, the fact that the world's coloured peoples still tend to interpret Western policy in terms of colonialism made it necessary for the Conference to take the subject up again. One speaker pointed out that the very failure of Western solidarity over Suez had produced strong favourable reactions among the Afro-Asians, who until recently had taken it for granted that the United States automatically took the side of Britain and France in any dispute which affected them. Several speakers described their experiences in the United Nations and claimed that this assumption was no longer made since Suez.

Throughout the debate all speakers agreed that the West had a vital interest in winning friends among the Bandoeng peoples, who represented the floating vote in the Cold War. Though most of these countries might describe their position as neutral, this label covered a wide variety of policies among which the West should be careful to discriminate. Several speakers felt that the West must keep as much as possible of the uncommitted world co-operating with it, even at the expense of accepting their military neutrality; in the long run it must be possible to find a basis of common interest on which the West could establish friendship with this increasingly important part of the world.

This led one of the European participants to trace the important role of Israel. Much of the Arab world considers Israel as an extension of Europe into the Middle East—a feeling which, however unfortunate, inevitably results from the fact that Israel, like some states in Africa, contained European settlers. The surrounding peoples resented Israel as imposed on them by force, and feared ultimate subordination to her. This presented the West with difficult problems. Yet in fact the interest of Europe and America fundamentally coincided, because the European settlements in the Middle East and in many parts of Africa were making it difficult for the Western democracies to achieve the right relationship with the newly independent countries of Africa and Asia. Our main interest was to make friends with the Afro-Asians. The speaker deplored attempts to establish

a contrast between the interests of Europe and of the United States by presenting America with a choice between the friendship of Europe and the friendship of Afro-Asia. In fact, Europe no less than America must seek friendship with the Afro-Asians because her primary interest was to prevent the spread of Communism.

What, then, should be the Western attitude towards the emergent nationalism of the African and Asian peoples? Though many speakers emphasized the importance of working with and not against the tide of nationalism, one of the participants pointed out that the concept of national sovereignty could be just as destructive for Africa and Asia in the future as it had been for Europe in the past. The concept of national independence should not be exalted unconditionally as, he said, Americans tended to do—its dangerous possibilities should be emphasized.

Yet whatever the negative aspects of nationalism as a world force, we must accept it as a fact of immense importance; one of the speakers said that for backward countries nationalism represented a short cut to the material standards of the white countries in the twentieth century. Exasperated with the indolence of regimes or social systems which were rooted in the past, they saw a simple choice between Communism and nationalism as a rapid means of progress. It was possible for us to assist them in reaching their goal and we could help them to avoid some of the pitfalls on the way. One of the problems was to transform a negative chauvinism into a constructive patriotism.

This led to a discussion of the role of the United Nations. An American speaker pointed out that the United Nations is not a world Government, nor even a world Parliament. It is simply a world meeting. With rare exceptions it derived its only power from its unique position as a forum in which to mobilize world opinion. Russia's so-called "peace offensive" was deliberately calculated to exploit this aspect of the United Nations. Until the events of last autumn public opinion in the free world was sharply divided on the significance of the Russian peace offensive. Though the West in general took a realistic view, the African and Asian peoples, after a decade of effective Soviet propaganda, tended to take Russian professions at their face value, and see the Western powers as warmongers. This contrast was evident in meetings of the United Nations, but the situation had been changed considerably, first by the demonstration of Russia's real character during the revolt in Hungary, and second by President Eisenhower's declaration that the United States could neither ignore nor condone aggression regardless of its source.

As a result it is becoming easier to achieve unity between the Asians and the Western world on the crucial issue of Soviet aggression. The only power the United Nations possesses is its power to mobilize world opinion. Recent events had been

of immense importance since for the first time it had become possible to mobilize world opinion quickly and effectively against any aggression on the part of the Soviet Union. Before October, the clear-cut division between the West and the neutrals had made this impossible. But the intangible asset of moral force could now be brought to bear on the Western side. In the long run this may be of decisive importance, since world opinion is one of the few means of exerting pressure on the Soviet leaders.

This was one of the reasons why the United Nations was so strongly supported by the American people, who in a recent poll had indicated that only 7 per cent of them favoured America's withdrawal from the United Nations. There were obvious difficulties. The same speaker pointed out that the immaturity and intransigence of the Afro-Asian countries, many of which had dictatorial governments, presented obstacles to American victories in the United Nations—there was no automatic Western majority. Another American speaker felt that though his country was right on the whole in considering the United Nations as an effective framework for solving the Suez Canal dispute and preventing further aggression, and right in giving so much importance to world opinion, both in the short and long run, it should have done more to convince Europe and Britain that this was practical politics.

This led to a discussion on the use of force as a means of settling international disputes. A European participant observed that the real difference between America and Europe on the Suez Canal problem concerned not aims but methods—and in particular the role of force. While America had consistently opposed the use of force unless absolutely inevitable, on the other side there had been a certain predilection for it since both France and Israel were already committed to the use of force. France was fighting in North Africa and Israel had constantly to use force in defending her frontiers. The attack on Egypt was for them a natural extension of a conflict in which they were already engaged.

America saw the problem in a quite different light. One of the speakers remarked that when President Eisenhower took his decision on the matter in October 1956 he was fundamentally concerned with two questions—whether aggression was obsolete as a means of settling a dispute in one's favour and whether it was right and possible to reserve the use of force to the application of a collective sanction within a particular group, whether it be NATO or the United Nations or any other group to which his country belonged. Though it is not easy to weigh the moral content of a policy, he believed that its morality must depend on the answer to these two questions. Commenting on this statement, one of the participants observed that the conditions of diplomacy have changed today since the development with American support of effective world opinion—it was with this that Great Britain and France had finally complied. The fact that

America was prepared to act according to its basic philosophical principles immensely strengthened the case for observing international law. It demonstrated in the case of Suez that world opinion does not accept the use of force as an instrument of diplomacy. But would the precedent set over Suez continue to prevail if the vital interests of other great powers were at stake? Would the United States herself submit decisions on her own vital interests to the arbitrament of world opinion? If so, this would become a valid rule for all civilized powers and the use of force to protect vital national interests outside the framework of international law would be confined to uncivilized powers.

Though participants welcomed such a development in world affairs as a step forward, many speakers pointed out its practical dangers and disadvantages. To take morality as the only basis for policy involved serious difficulties. As one of the American participants stressed, it called for great humility, and he illustrated his point by quoting Lincoln's phrase "with firmness in the right", which was qualified by the further phrase "as God gives us to see the right".

The assertion of moral principles in international life, though constituting definite progress, was fraught with dangers and difficulties of its own. By assuming a moral position on an issue, a nation risked appearing self-righteous and assuming a "holier than thou" attitude which could be highly irritating to others. It led countries to adopt positions which were contrary to political interest and cause divergencies between allies. Serious contradictions could follow an attempt to solve a delicate and complicated situation by applying sets of principles, since a conflict of principles could arise as easily as a conflict of interests. As one of the participants remarked, when principles are made the only public basis for policy, it often turns out that all parties can equally contrive to produce principles appropriate to the defence of their particular interests.

One of the European speakers attracted considerable agreement when he said that the United States did not look at specific international problems in the light of concrete national interests, because in most parts of the world she had no immediate national interests to protect. There was no real parallel, for instance, to Europe's vital need for Middle Eastern oil, except perhaps America's diminishing reliance on foreign bases for her strategic air power. As a result Americans tend to look at international problems in terms of general principles and take their stand on abstract positions, whereas Europeans look at them in terms of specific national interests and formulate their policy to meet their actual local needs.

This difference in national background helped to explain the disagreement on priorities which regularly flares up inside the Western alliance and which several speakers felt was exemplified during the Suez crisis. Since in recent years the Western powers had been increasingly distracted from their area of common interest in Europe to national problems in other regions where they did not auto-

matically recognize a common allied interest, the East-West conflict no longer assumed such a central importance for them. The Cold War was not the only context in which problems could be assessed, particularly since in many cases individual countries had vital national interests to protect in areas where Soviet penetration played only a minor role.

For this reason, the Western powers should think much more seriously about what their common interests really are, exploiting their areas of inter-dependence to the maximum. Where no immediate common interest could be found, they should try at least to minimize the conflicts between their respective policies. An American speaker took up this point by admitting that many of his countrymen would feel happier about their relations with Europe if they could leave the European countries with the primary responsibility for defending their own national interests. The United States would assume a leading role in protecting recognized common interests of the Western world as a whole, but could not be expected to accept responsibility with the same vigour and enthusiasm on questions which were somewhat beyond its capacity and its will and which it understood less clearly than those of its allies which were directly concerned.

There was general agreement, however, that the fundamental interests of all the Western countries were not divergent, and indeed were often much closer to one another than appeared. Middle Eastern oil was an example. Moreover, the United States was unshaken in its determination to assume the responsibilities imposed by its power.

One of the European participants pointed out that the cardinal feature of the post-war world was that, through the rise of the Soviet Union, of Communist China, and of national movements in other overseas territories, the great European powers had found themselves dangerously over-committed. Whether they liked it or not, they could not hope to maintain the old imperial structure by which they secured their world interests. But if the imperialist structure collapsed without being replaced in time by another which could secure the real needs of Europe and Asia and the United States, Communism was bound to win. Our task, therefore, was to work out such a new international system together, America no less than Europe.

Throughout the day's discussion, there was frequent mention of Eastern Europe. Since these references were mainly related to an analysis of Soviet policy in the area and of the possible Western reaction to it, they will be reported in their appropriate place during the account of discussions on the European policy of the alliance which took place on the second and third days of the Conference.

II. THE MIDDLE EAST

The second day of the Conference was spent in discussing problems of the Middle East and of Western policy in the area. The opening speaker gave a comprehensive review of the present situation with particular emphasis on its political aspect. He pointed out that although Soviet interest in the Middle East might have increased recently because of setbacks elsewhere it was nevertheless a continuation of a traditional trend in Russian policy. Developments over the last two years had offered the Russians new opportunities which they were quick to seize.

The countries of the Middle East had several problems in common. Because they were economically under-developed they had no healthy basis for defensive strength and were vulnerable to various forms of subversion. Since most of them had only recently achieved independence, nationalism was a predominant force. The West, however, should not treat its recent experiences as a reason for considering nationalism as a fundamentally negative force. Nasser was not representative of Middle East nationalism as a whole. In Turkey, for example, nationalism had proved constructive and successful in its impact.

The problem of Israel complicated the scene and although its solution would not remove other difficulties it would at least help to reduce them.

In the past few years Soviet economic aid had created new difficulties. Russian promises were widely publicized and had an impact out of proportion to their tangible results. The West should not make the mistake of trying to outbid Soviet offers; such competition was politically damaging. Moreover, as a matter of sound policy the West should direct its economic aid first to its best friends, second to its lesser friends, and only third to those who were neither.

Russia was concentrating her Middle Eastern efforts mainly on Afghanistan, Syria, and Egypt. The West would be well advised to aim at improving the situation around these countries so as to isolate the centres of infection in the hope that ultimately they in turn would come under the influence of the healthy areas surrounding them. One such attempt at building a dam against the spread of Soviet influence was the creation of the Baghdad Pact; it deserved to be supported and strengthened. By operating parallel to this, the Eisenhower doctrine could play a useful role.

It was difficult to understand why the Russians had not previously exerted the

influence in the Middle East which their power and proximity might have seemed to offer them. But when they saw the opportunity provided by the Egyptian and Syrian demands for arms they quickly took advantage of it by stepping in with military aid and traditional forms of penetration. They thus succeeded in upsetting the existing balance of power and starting a cycle of events of which we have not yet seen the end.

Another speaker pointed out that the Soviet Union attached such great importance to the Middle East that it was prepared to sacrifice advantages gained in Europe by its policy of relaxation if by so doing it could gain advantages in that region. Russia had centred her efforts on the so-called transit countries Syria and Egypt. This offered the possibility of interrupting Western oil supplies and threatening the prosperity of Western Europe. It was clear that Moscow had found Israel a valuable disruptive element in the Arab world and wanted to keep it so.

The Eisenhower doctrine strengthened the Western hand in Middle East negotiations. This was particularly important since the overall weakening of the Western position as the result of the Suez crisis. Several American speakers commented on the Eisenhower doctrine and in particular insisted that the difficulties it had encountered in Congress had arisen over its novel constitutional features—as a diplomatic instrument it had received almost unanimous support in the United States.

Arab nationalism came high among the problems complicating Western diplomacy in the region. One of the speakers cited the efforts made by Egypt to extend its influence throughout the Muslim world and to infiltrate propaganda and agents not only in other Middle Eastern countries and along the southern shores of the Mediterranean but also deep into Africa. Moreover, the Middle East was a breeding-ground for dictators and for types of authoritarian regime with which, as one of the United States participants observed, the American people were psychologically ill-equipped to deal. They found it difficult to understand or to accept them. Dictators inevitably looked for issues on which they could focus the attention and feelings of their people, but it might sometimes be possible to substitute constructive aims for the negative issues which they were often led to adopt. In other words, chauvinism might be transformed into patriotism. The West must find some technique for handling authoritarian regimes, since the social changes resulting from rapid economic development often created favourable conditions for the rise of dictatorships.

Several speakers felt that the West could strengthen its hand in the Middle East by bringing the Asian countries into play, since their interests in the stability of the area both as a source of oil and as a communications centre were comparable with those of Europe. They could help to moderate the force of Arab

nationalism and could help the West to reach a solution of some of the political problems. In this respect it was suggested that we could try to improve relations between Israel and India as well as some other Asian countries.

There was a large consensus of opinion at the Conference that the West must present a united front in the Middle East by co-ordinating its policies. There was also a wide measure of agreement concerning the way in which these countries should be approached. The West should show better understanding of the human problems involved in its relations with the Arabs. It should recognize that they were less interested in the social values of the Western way of life than in the material advantages it might offer, particularly in technical assistance and know-how.

Several speakers urged that patience was essential in the present Suez crisis. Situations like that which developed in Iran in 1951 and was now being repeated in Egypt could not be dealt with in a hurry. A dictator who is impervious to external influences must be allowed to run through his cycle. For a period his personal pride and the demands of his position will render him insusceptible to advice or pressure. The point at which this cycle begins to turn is very delicate and needs careful watching, since a dictator like Nasser might well take desperate measures. For example, there was the danger that if he found himself totally isolated from the rest of the Arab world—a real possibility in view of existing trends—he might throw himself into the arms of the Russians. In the long run time was on our side, since the Arab countries had a vital economic interest in the sale and transport of their oil and their need for trade and production. Several speakers made constructive suggestions which might help in solving the Suez Canal dispute. For example, one participant cited the Rhine and Danube Commissions as a method of dealing with international waterways which might ultimately be applied to the Suez Canal. Several speakers recommended consideration of Western help in building the Aswan Dam, since the Egyptians tended to link this problem with that of the Canal.

Many speakers suggested that rather than attempt a regional approach the West should adapt its policy differently to each particular country so that due account could be taken of the differences between them. In view of the Middle Eastern mentality, it was a political mistake to make no distinction between countries which were prepared to commit themselves to friendship and co-operation with the West and those which preferred to be neutral or even hostile. Our diplomacy would be much more flexible and better adjusted to the complex realities if it were designed to meet the specific conditions in each of the countries separately. To support this view several speakers referred to the differences of interest, history and tradition between the various countries of the Middle East. They based their support for a separatist approach mainly on political grounds.

On the other hand, an important body of opinion favoured a regional approach—mainly on economic grounds. Irrigation could be tackled only on a regional basis and it was the key to economic development in nearly all the Middle Eastern countries. The same was true of transport and communications and of what little industrial development so far existed. It was also argued that a separatist approach would encourage Arab suspicions that Western policy was based on the imperialist maxim of “divide and rule”. A regional approach was less open to these suspicions.

Many difficulties emerged from the discussion of economic development in the area. Besides the physical obstacles to development and the uneven distribution of natural resources, there was a wide range of psychological and political difficulties to overcome. The West could offer suitable help in reducing the acute shortage of technical and administrative knowledge. A further range of problems arose from the social transformation through which most of these countries were bound to pass. Moreover, as one of the speakers pointed out, since the majority of these countries had only recently achieved independence they were still liable to think in terms of their previous condition. For example, they tended to avoid serious consideration of their economic problems as they felt this was the responsibility of someone outside.

The Suez crisis had inflicted severe damage on the economic prosperity of the region as a whole, but once the oil began to flow again the situation should quickly improve, particularly in the case of the oil-producing countries. According to the best available estimates, the expansion of oil sales in the years ahead would bring greatly increasing revenues, in fact within the next ten years the oil-producing countries of Iraq, Saudi Arabia, Kuwait, Qatar, and Bahrein should receive 15 billion dollars in oil royalties; yet it was calculated that over this period they would not be able to spend more than a third of this amount inside their own frontiers. This would leave a surplus of about 10 billion dollars to dispose of.

Though this could greatly increase the instability of the region it could also be turned to good account if the surplus was used by the oil-producing countries to help in developing their poorer neighbours. The World Bank and the Arab League were at present studying the possibility of an Arab development agency which might play an important part in this respect. A regional agency of this nature would be well placed to help in some of the development schemes which involved more than one country, such as the utilization of the Jordan waters, the resettlement of Palestine refugees, transport and communications.

There seemed to be general agreement that the economic development of the Middle East could best be tackled on a regional basis and by a long-term approach. For this reason economic considerations should play a major rôle during the elaboration of a long-term policy. In the short run, however, the balance of

opinion seemed to favour priority for political considerations. It was argued that Arab leaders had repeatedly shown that they were prepared to pay a high economic price to achieve political ends, and the excessive damage caused in the blowing up of the Syrian pipelines and the blocking of the Suez Canal demonstrated the small weight given to economic considerations when the Arab leaders were taking political decisions.

In spite of recent reverses it was believed that there was still a sound basis for the development of common interests between the Middle East and Western countries. Each could offer what the other needed on acceptable terms. In this respect the Western countries were better placed than Russia, which could neither provide an equally good market nor offer suitable supplies, particularly of consumer goods. Moreover, the political and ideological implications of cooperation with Russia did not commend themselves to the ruling groups in the Arab world.

III. THE EUROPEAN POLICY OF THE ALLIANCE, WITH SPECIAL REFERENCE TO THE PROBLEMS OF EASTERN EUROPE, GERMAN REUNIFICATION AND MILITARY STRATEGY

Throughout the discussions there were frequent references to developments inside the Soviet Union. One of the speakers saw recent developments inside the Communist system as falling conveniently under three main heads. First of all, political control of the system had shifted from the police to the Party level. After the death of Stalin and the subsequent downfall of Beria the Party reasserted its control over the security services. This had considerable importance for the functioning of the Communist empire outside the Soviet Union. For example, it made possible recent events in Poland. In the second place, Russia had resumed friendly relations with Yugoslavia on Tito's terms. In the third place, Khrushchev had found it necessary to make revelations concerning Stalin, whose repercussions proved to be very far-reaching.

As a result of these three developments the Soviet leaders were forced on to the defensive on the home front. They were under heavy pressure from new demands for national and individual freedom. These demands covered a wide range of possible relaxations and there were signs that the Soviet leaders were prepared to consider the more moderate variants. Even in Hungary they hesitated at first to reject the demands outright, and ultimately acted with some reluctance when they felt the situation was getting out of hand.

There was general agreement on the view of several speakers that Soviet difficulties arose from structural defects in the regime and had their roots deep in the nature of the Communist system. The present system of dictatorship by committee already showed serious elements of instability. In many other fields also, the leadership faced situations which could be met only by radical structural changes in the system as a whole.

Some of the greatest difficulties were thought to lie in the economic field. One of the speakers observed that the Soviet economy had to provide simultaneously for industrial expansion, higher living standards and armaments at home, and the development of China and the economic penetration of under-developed countries abroad. This was bound to impose great strains on the Soviet economy. Russia's reserves were not as great as the statistics of industrial expansion seemed

to suggest. It was impossible to compare Soviet and Western economic progress, since Russian expansion took place almost exclusively in the basic industries—in whose favour Soviet indices were weighted—while the West aimed at all-round development in which consumer industries and services played an important part. By limiting expansion to the basic industries, the Soviet leaders imposed a severe burden on their people. Yet, though it seemed that present Soviet policy had nearly reached its limits, any change in the balance of the Soviet economy would bring far-reaching consequences in other fields. For example, it would be very difficult in expanding secondary industries to maintain the sort of central control possible for the basic industries. In any case, it was doubtful whether under the present system Russia's economic development could ever catch up with that of the West. The one aspect of the race which could reasonably cause apprehension was the high annual output of technicians and engineers from Soviet schools. On the other hand educated people were more difficult to deal with and this might in time produce favourable repercussions in the political field.

The basic weakness of the Communist economic system was its inability to evolve and adapt itself quickly to changing circumstances. It had abolished the market forces which performed this function in the capitalist system without yet finding anything to take their place.

Many speakers felt, however, that in spite of economic difficulties Soviet political aims and methods had not changed. Moreover, until recently Soviet leaders seemed as self-confident as ever. For example, they had even given notice of their interest in Latin America. Though the Hungarian and Polish revolutions had reduced Soviet influence in Europe, Russia's total military power was still immense. Some speakers felt that domestic difficulties might increase the dangers of external adventures, since the Soviet leaders might wish to use foreign events as an excuse for or distraction from troubles at home.

The Conference spent some time examining events in Hungary and Poland as well as the situation in Eastern Europe as a whole. It was emphasized that the satellite countries had lost much of their value to Russia, since their military forces could no longer be considered as a net addition to Soviet strength, and Russia had had to reduce her economic exploitation of Eastern Europe so as to prop up its tottering regimes. But even from the ideological and political viewpoint, the satellites were a doubtful asset, since it had been demonstrated that none of the regimes in Eastern Europe would be able to survive without the direct support of the Red Army. The Communist parties alone were no longer adequate instruments of government—or of Soviet policy.

However, there was no sign that Moscow's attachment to its European conquests had diminished. Its attitude towards German reunification was unchanged

and while it was prepared to tolerate the Gomulka regime in Poland there was evidence that it did so reluctantly. One of the speakers pointed out the implications of the fact that in its declaration of 30 October 1956 the Soviet Government had given warning that it would go to war if the West intervened to liberate any of the satellite countries.

For this reason the situation in Eastern Europe was highly dangerous. If further explosions occurred they might well result in a third world war. And it was reasonable to assume that there would be further upheavals in the future. If the Hungarian revolution was repeated in Eastern Germany, Western Europe and the United States might be involved whether they wished it or not. German reunification had therefore become more urgent than ever.

German speakers described the respective positions of their Government and Opposition and pointed out that there were large areas of agreement between them concerning the aims and conditions of a settlement, while their divergencies mainly concerned the method of approaching negotiations with the Soviet Union.

The Conference had an extensive debate on the timing, methods, and objectives of ultimate negotiations with the Soviet Union for the reunification of Germany and the liberation of Eastern Europe. Several speakers put forward ideas and proposals which had in common a reciprocal withdrawal of foreign armed forces from both sides of the Iron Curtain and the creation of a zone between them which would be subject to various security controls. It was possible to envisage a wide range of possibilities both in the geographical limits of such a zone and in the conditions governing its security, such as control and limitation of armaments and a system of international guarantees. The specific proposals put forward in discussion were tendered as examples of a possible solution rather than as the only feasible basis for negotiation. All speakers agreed that many combinations could be envisaged and all would require exhaustive study before they could be exploited. The fundamental principle governing all such solutions was that they should not substantially change the existing military balance in Europe or offer substantially less stability than the existing conditions.

Though the reunification of Germany was assumed to imply free elections in the Soviet zone, some speakers felt that in the satellite countries the withdrawal of the Red Army would in itself produce an internal movement towards greater democracy.

If the existing balance of power were to be maintained and the new situation were to remain stable, there would have to be built-in physical guarantees against the violation of the neutrality of the intermediate zone whether by armed force, subversion, or even by the free choice of peoples inside the area. The present NATO defence strategy would require revision. Some speakers suggested the possibility of an international agreement like that of the Locarno Treaty.

In view of the risks involved in proposing and negotiating such a settlement it was strongly emphasized that it presupposed a complete identity of view among the allies—above all Western Germany. Moreover, the West could afford to enter such negotiations only from a position of strength. This would mean the reinforcement of NATO and the inclusion in it of a West German army. Any plans or proposals would require careful preparation both in content and in diplomatic handling. The critical importance of these pre-conditions was repeatedly stressed. The main argument offered for proposing some such military disengagement in Central Europe was the dangerous instability of the present situation; the division of Europe and of Germany might easily result in the West's being dragged into a shooting war however much it might wish for peace. Events in East Berlin, Poland, and Hungary had taught us how suddenly and unpredictably such a crisis could develop. One of the speakers pointed out that since Hungary had demonstrated that the West was unwilling to assist in liberating the satellites by force, the West had an obligation to adjust its diplomacy so as to achieve liberation by peaceful means.

There was a prolonged discussion on the relevance of NATO's military posture to such negotiations. One speaker contended that Europe's security depended at present on the assurance that America's Strategic Air Command would inflict atomic retaliation on the Soviet Union in case of attack. NATO's existing and prospective forces were too small to hold a major Soviet advance on their own, yet they were much larger than was needed to serve as a trip-wire to release all-out atomic retaliation. It might be possible and desirable to change NATO's present strategic posture and to develop a military organization and doctrine which would free Europe from total dependence on the threat of massive atomic retaliation. But until or unless this was done the contradictions of our present policy were damaging and dangerous. Because the peoples of NATO did not believe in the possibility of an effective shield against attack, they were reluctant to make the sacrifices required to provide for the forward advance strategy which was official doctrine at present. Indeed, the simultaneous commitment by official spokesmen to the mutually contradictory principles of massive atomic retaliation, forward defence, and liberation, were sapping popular confidence in the alliance. As the immediate danger of war seemed to recede, public opinion could be persuaded to accept the need for increased defence effort only if it had been convinced that no less onerous solution was practicable. If the alliance did not develop a convincing collective approach towards negotiations with the Soviet Union, its members might be tempted to seek unilateral settlement with her. Supporters of the disengagement theory argued that the West would gain considerably even if Russia rejected such proposals. One of the speakers felt in particular that the West was sacrificing great propaganda advantages by not

taking the initiative from the Russians in opposing the presence of foreign troops in Germany.

Though Russia was unlikely to accept such a proposal in the immediate future, its supporters believed that there would be an advantage in laying it on the table for study and negotiation when the time was ripe. It should not become the object of what the Russians call "demonstrative conferences", but should be handled through normal diplomatic channels in which the necessary discretion could be preserved.

Most of the participants, however, opposed the idea of creating a neutralized zone in Europe. Their main argument was that the Russians had no immediate interest in accepting such a settlement, since it would involve surrendering part of their empire. The Russian leaders would find it difficult to face the political consequences entailed by the free decision of countries which had once been Communist to turn democratic. They might be prepared to consider a withdrawal if they could have the assurance that the Communist regimes they had installed would not be overthrown as a result. The possibility of intervention by the Red Army from its positions on the borders of the neutralized zone might satisfy them in this respect—but this would imply that the West did not have foolproof guarantees against a sudden Russian re-entry into the area.

Several speakers considered that if Russia's acceptance of such proposals was improbable, the West would lose more by opening negotiations than it could gain. Experience has shown that it is difficult in multilateral negotiations with the Soviet Union so to organize developments that the blame for any breakdown is thrown unequivocally on the Russians. Moreover, the West would lose immediately simply by putting the proposals forward. The prospect of new negotiations would delay the strengthening of NATO and the establishment of the new German divisions. The negotiations might last for many months or even years and it would be impossible to return to the position at which they started. Thus, if the negotiations finally failed the West would have lost much without gaining anything.

Moreover any Western proposals would be rapidly met by Soviet counter-proposals calculated, not to lead to agreement, but to create as much propaganda damage as possible for the West during the period of negotiations. It was easy to envisage the content of such counter-proposals.

One speaker expressed the fear that if a neutralized zone was created in Central Europe the defence efforts of NATO on both North and South wings of the European front would be undermined.

As regards timing, it was pointed out that since the Suez crisis had seriously strained the unity of the alliance hard work for a considerable period would be required to heal the breach. The pre-condition of Western solidarity did not exist

at present. We must first of all restore our unity and increase our strength. Moreover, since Russia's internal difficulties might be only at the beginning, it might be in our interest not to rush in but to bide our time in the hope of a more favourable bargaining position later on.

Another speaker argued that Russia's present weakness was a case for strengthening the Western position still further. Some of the opponents of a European disengagement put forward alternative policies which might be pursued. It was pointed out, for example, that the decision to re-arm Western Germany started a chain of events which included the signature of the Austrian Treaty and the Soviet apology to Tito. It was reasonable to expect that when NATO was further strengthened by the actual embodiment of German forces Russia might initiate a new series of concessions.

On the other hand, we must vigorously pursue our efforts for general disarmament in the framework of the United Nations. In the long run the prosperity resulting from our superior economic strength would prove an important weapon. It was already influencing opinion among the uncommitted peoples and was a significant factor in defeating Communist propaganda among the satellites. A European participant stressed the importance of maintaining the right posture towards the Russians and in particular of avoiding giving the impression that we were always prepared to capitulate.

There was much we could do to help the satellite countries within the framework of existing policy. There were also opportunities to carry the struggle against Russian Communism into its own ground. Our diplomacy could gain much if it were accompanied by more effective propaganda.

The debate on military disengagement in Europe led to the related problem of Western defence strategy. One speaker contended that NATO was following too many incompatible lines at once. Western defence still rested essentially on the threat of massive thermo-nuclear retaliation. Foreseeable developments in atomic weapons and their delivery systems should persuade us to revise our strategy. Though any changes were bound to carry considerable risks, persistence in our present policies was no less dangerous. Several participants discussed the problems of nuclear warfare. One of the background papers maintained that the prevention of global war depended on the West's maintaining a deterrent power which could not be knocked out by a surprise attack and on making it quite clear at what point this power would be exercised. Bluff was inexcusable and the aggressor must not be left in doubt. Many participants expressed doubts as to the possibility of limiting nuclear warfare. It was emphasized that nuclear warfare could not be limited unless both sides understood and agreed on the specific limitations to observe. There was wide agreement with a statement in one of the papers that the old doctrine that war is an extension of policy was no longer true.

It is the prevention of war that is the extension of policy today, and the prize will go to the side which discovers how to achieve the prevention of war in modern conditions on the best possible terms to itself and to the maintenance of its social and political standards of value. Several speakers favoured a thorough reappraisal of Western defence strategy which might lead to equipping the West European countries with atomic weapons and to a closer liaison between strategy and diplomacy.

The Conference agreed that discussion of this topic should be continued at the next meeting of the Bilderberg Group.

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Seventy European and American leaders yesterday concluded a private and unofficial three-day meeting at St Simons Island, Georgia. This "Bilderberg Group" meeting, chaired by Prince Bernhard of the Netherlands, covered a wide range of matters of concern to the Western community—such as the Middle Eastern situation, Eastern European developments, and German unification.

While the discussions did not attempt to reach conclusions or to recommend policies, there was substantial emphasis on the desirability of promoting better understanding and more effective co-ordination among the Western nations in dealing with common problems.

The discussions of the Middle Eastern situation, for example, produced a frank examination of the recent differences among the Western nations on the Suez Canal episode. As a result, certain misconceptions in both American and European minds were cleared away. This, in turn, led to a positive approach to the exploration of measures to facilitate the resumption of Suez Canal traffic, to help improve relationships among Middle Eastern countries, to assist the economic development of these countries, and to help safeguard the area from Soviet aggression or subversion.

Considerable stress was laid on the proposition that the Western nations could best help realize these objectives by closely associating their interests in the Middle East with the interests and aspirations of the Middle Eastern peoples themselves. Conversely, there was general expression that more Middle Eastern countries would recognize that their own interests could best be served in the context of closer partnership with the West. It was pointed out, for example, that the Western nations were best able to help Middle Eastern countries undertake irrigation and other development projects, that the West provides the best opportunity for Middle Eastern countries to trade oil and crops for needed capital and consumer goods, etc.

Eastern European developments were approached by an examination of the resurgent efforts of certain Eastern European peoples to obtain a greater measure of national independence and individual freedom. There was general discussion of various peaceful ways in which the Western nations might further help Eastern European peoples realize such objectives.

This, in turn, led to a broader examination of the question of whether further progress could be made toward a more general European settlement which might also facilitate German unification. Considerable stress was placed on maintaining and increasing Western strength and unity, both as an essential deterrent to aggression and as the posture most conducive to realistic negotiations with the Soviet Union. Within this context, it was also emphasized that the West must keep a flexible attitude.

The participants in the meeting came from the United States, Canada, and ten European countries—ranging from Norway to Turkey. They included members of different political parties, representatives of business and labour and education, and some government officials. All the participants were present in a purely personal and unofficial capacity—and no detailed reports of their discussions are published, in keeping with the confidential character of the Bilderberg meetings since their inception in 1954.

This was the first Bilderberg meeting in the United States. Previous meetings were held at the de Bilderberg Hotel in Oosterbeek, Netherlands (May 1954); in Barbizon, near Paris (March 1955); in Garmisch-Partenkirchen, Germany (September 1955); and in Fredensborg, near Copenhagen (May 1956).

COMMENTS ON THE PROBLEM OF THE MIDDLE EAST

By a European Participant

After a few introductory remarks, and having stressed that we should deal as a matter of priority with problems resulting directly from the Soviet threat to the Middle East, the speaker reviewed the principal problems of the area:

Under-development of the Area

Although the degree of under-development varies from one country to another, the problem is common to all Middle Eastern countries and bears both political and psychological consequences. Some under-developed countries which have appreciated the need for a military force have not been able to build a strong army owing to the absence of any sound economic basis; moreover, the economic weakness of the region favours political and psychological manoeuvring at home and abroad.

Since the countries cannot solve the economic problem by their own means, external economic aid and foreign investment are required.

We shall briefly review the main problems of economic aid for these countries.

What Countries Should be Aided?

Political questions cannot be excluded when foreign aid is dealt with. In present circumstances, countries which require economic and military aid fall into three categories: those which have undertaken firm commitments to collaborate actively in the policy of collective security and opposition to Russian penetration; secondly, those countries which, although they have not yet taken firm commitments in this direction, endeavour nevertheless to follow a policy favourable to the countries in the first category; lastly, those countries pursuing a negative and hostile policy towards countries in the first group and their policies.

It seems to us essential that aid should be concentrated on the first group, a reasonable proportion reserved for the second, and the third turned away until they give irrefutable proof of a fundamental change in behaviour.

Experience of recent years has amply proved that indiscriminating aid only increases the opportunities for blackmail by the third group, discourages the

first, and makes the position of the second group more difficult in the face of domestic public opinion.

It has been said that discrimination has an immoral aspect. There can be no good morals in rewarding or encouraging those who pursue a harmful policy. As for the ill-intentioned propaganda which represents discrimination as punishment or pressure, it must be countered by showing that aid stems from mutual understanding and agreement, and is therefore naturally reserved for those with whom agreement has been reached.

Soviet Economic Aid

Until about 1955 economic aid was a preserve of the West, especially the United States—but Russia is now competing in this field.

This has enabled some countries to exercise pressure amounting almost to blackmail with the classical excuse that the selfish and unheeding policy of the West obliges them to seek aid from any source.

A delicate problem arises—how can the Soviets be prevented from extending their grip by economic or military aid?

We believe that a policy of over-bidding must be rigorously avoided, since experience has shown that it has the two disadvantages of encouraging blackmail and giving Western aid the appearance of being solely directed to removing Russia from the field. It is most revealing to observe that in spite of considerable aid actually furnished by the United States, Russia, merely by promises of aid—i.e. by actually expending little or nothing—manages to become very popular. This shows that in countries where the leaders are following a policy hostile to the West, Western economic aid is condemned in advance; and in countries where the leaders hesitate between the West and Russia, the determining factor is not to be found in the aid itself.

In fact, as long as the first-category countries remain under Russian influence or pressure, any Western aid will either be without effect or be refused as an imperialistic manoeuvre. There is thus no point in supplying aid to such countries without previously obtaining change in their policy.

As for the second-category countries, we consider the determining factor to be the choice of the psychological moment for granting aid and the way in which it is granted.

Russia carefully concentrates on the psychological factor. Aid is in fact granted not on economic considerations but purely with a view to capturing public sympathy and attention. The West must therefore show imagination in managing its aid programmes.

Recent Independence

Countries which have recently gained their independence are under the double influence of their experiences of the recent past and a spirit of nationalism, both of which are favourable for anti-Western propaganda.

It is true that there are countries with long experience of independence, but the emotional atmosphere created in recently independent countries becomes an element which influences their policy towards the region.

The nationalist phase is an inevitable one in the development of the State—but may take different paths. After the Turkish war of independence thirty-three years ago, Communist nationalism developed in a realistic direction, consolidating the international position of Turkey and its existence within its national frontiers. But Turkey has a long tradition of independence, so that the case of Pakistan may be a more typical example of constructive nationalism.

What is rather vaguely known as pan-Arabism, or Arab nationalism, is exploited by Nasser for his own ends. These activities of the Egyptian dictator strangely enough coincide with the way Moscow is exploiting Arab nationalism. In fact, nationalist conduct leads to the isolation of the Arab world, to general upheaval in the Middle East, the extinction of the various individual Arab countries to become a single country, and finally the creation of a schism between East and West. These are exactly the aims of Moscow.

The slant which Nasser seeks to give to Arabism must not lead the rest of the Middle East, and of the world, to fight Arab nationalism, since in reality Nasser is not the Arab League, nor does the Arab League represent all Arab countries.

It is Nasser himself and his way of exploiting Arab nationalism which must be countered and that for the good of the Arab world itself.

Note too, that in the Arab world, disapproval of Nasser's conduct is growing each day. This brings growing indignation both at his ambitions of domination, and at the unwished-for installation of Russian influence on the banks of the Nile and its extension to other parts of the Middle East, especially Syria.

Among Middle Eastern trends, we should note Islamism. Here again there are two tendencies: one, to exploit Islam as a sort of nationalist element, a weapon to fight the West extending beyond the area to the Far East; the other sees in it another means for drawing the countries of the area together, where a community of interests already exists. The first tendency is harmful to the interests of the Muslim countries themselves and is doomed to failure.

The secular traditions of Ataturk are gaining ground every day in the Middle East and this is in the fundamental interest of Islam.

The Palestine Question

The Palestine question cannot be ignored when dealing with the Middle East.

It is complicated by emotional factors and as a result countries not directly affected by the problem are drawn into the conflict; and many other problems which strictly have nothing to do with it—the organization of Middle Eastern security against the Russian threat, collective organization for economic improvement of the region, etc.—are in fact affected by the Palestine problem.

It is even suggested that a solution to the Palestine problem is a necessary precondition of any basic problem affecting the security and economic development of the Middle East. However that may be, a solution to the Palestine problem would certainly facilitate a solution of the basic problems I have mentioned. But it is quite wrong to say there can be no solution of the basic problems without a solution of the Palestinian problem. The Baghdad Pact is a striking example of a partial solution to the basic problems which does not affect the problem of Palestine. Some economic progress is also being made. It can in fact be said that any improvement of the basic problems will prepare the ground for a solution to the Palestine problem.

On the Palestine problem itself, my views are briefly these. Several attempts at a solution have failed and even made the problem more difficult. But all progress has been set at naught by the recent events in Egypt with which all Arab countries are virtually associated. Which makes me think that perhaps by choosing the suitable moment and acting skilfully a bold attempt could be made to apply a balanced and imaginative solution to the Palestine problem.

As a sort of appendix to the work of one of our rapporteurs I will now examine the present political situation, first dealing with Russian advance in the Middle East.

Currently, Russia has established three footholds. These are Afghanistan, to be used chiefly against Pakistan and Iran; Syria, to be used chiefly against Turkey and Iraq; and Egypt, to be used against Saudi Arabia and also to some extent against Jordan, Libya, and beyond.

The Russians are best installed and most at ease in Afghanistan, and that by economic aid, military aid, loan of specialists, and construction of airfields and strategic road systems.

Next comes Syria where Russian penetration is not so far advanced but where all the necessary bridgeheads are already established, and the situation is such that Russia can install military bases. Russian arms and specialists are already there and Moscow has the administration well in hand.

A little while ago Russia was better installed in Syria than in Egypt; but nothing is wholly bad, and Anglo-French military operations have at least destroyed a certain quantity of Russian stocks and installations. But stock-piling has restarted.

Does this mean it will never be possible to dislodge the Russians from these

footholds? That depends on us. If we manage to improve the situation around these countries they will themselves react in the desired way.

As to the countries on the periphery, Lebanon is sound. If it does not declare itself openly on our side, it is because of its geographical position and its weakness. We can be optimistic about Saudi Arabia. The visit of King Ibn Saud and the speeches and press comments attending his visit are sufficient comment. Libya is on the right road. The awakening to the false Arabism and false Islamism of Nasser is satisfactorily established in this country and beyond, in Tunisia, Morocco, the Sudan. Ethiopia too is sound.

So the situation is not too bad. We must help those countries which have taken or are about to take the right road.

Baghdad Pact and the Eisenhower Doctrine

I am full of praise for the Baghdad Pact.

The first attempt at collective security after the Second World War was MEDO. This was an attempt encouraged from outside which began with Egypt. But it immediately became apparent that the other Arab countries must also be associated with it, and an effort was immediately made to do this. Thus it was an attempt at collective organization inspired from outside aimed at including the whole Middle East. The effort met with failure but attempts have been continued.

The only formula which has succeeded has been the Baghdad Pact. This is the best solution because it is a local undertaking, because it contains the Western Powers which have the means and the will to contribute and without which contribution no arrangement can be strong and effective, and because all the partners are equal.

Thus, in this Pact, military and economic aid is distributed anonymously on a basis of perfect equality. This is important because if a great power wished independently to aid this or that country in the Middle East, then Imperialist, Colonialist, and what-have-you motives would be ascribed to it. In the Baghdad Pact an idea is achieved and its activities go by the touchstone of joint free will.

In both its aims and its methods the Baghdad Pact is the NATO of the Middle East. That is why Turkey is agitating for the establishment of some suitable link between the two organizations, and not only between these two but also between the Baghdad Pact and SEATO, since in Turkey there is a firm conviction that collective security should take the form of a united and unbroken front; failing that, all the value of the security organizations would be damaged by the gaps between them.

The Baghdad Pact is in fact the backbone of the Middle East.

As to the Eisenhower doctrine, my country is whole-heartedly associated with the enthusiastic reception accorded to it. This doctrine is based on precisely the

same ideas as the Baghdad Pact and consequently it strengthens the Pact. Without wishing to push the official interpretation, I would say that the Eisenhower doctrine is the United States' contribution to the Baghdad Pact. Let us await events to see how far and in what way this doctrine will bear fruit.