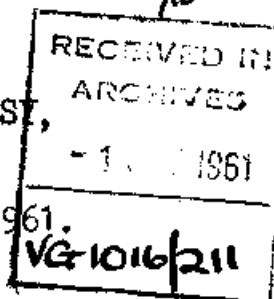




BRITISH EMBASSY,
CAIRO.

October 28, 1961.



(1014/61)

CONFIDENTIAL

Dear Blaker,

Since the measures of arrest and sequestration taken against a number of individuals, reported in our telegram No. 1034 of October 23, the Government has continued its security action against opponents actual and potential.

2. More arrests were made during the night of October 25/26. The total of those arrested is not definitely known, but at least 14 people, and possibly more, were taken. So far, those arrested are said to be members of the ancien régime: one of them was reported to be the estate agent of the Badrawis, a family who featured so prominently in the arrests and sequestration announced on October 22. A further point is that the arrests seem to have been made with an unnecessary amount of brutality (it has not hitherto been the practice of the Egyptian security authorities to use violence on any except the communists). No public or official announcement has yet been made about these latest arrests.

3. It is now also certain that army officers have been arrested. Here again it is difficult to assess the number concerned, though there are indications that it may be substantial. There are also reports that some officers have actually been shot: we have no evidence of the truth of these stories, but it is symptomatic of the present situation that they should be circulating with some persistence.

4. At the same time, a certain number of business concerns in Cairo and Alexandria have been sealed off by officials acting on the orders of the Ministry of the Interior. We presume this to have been a measure of sequestration, since the Cairo press of October 27 reported the appointment of administrators to supervise ten concerns which were not on the official list of sequestered properties. There are, however, others which are as yet not accounted for in this way.

5. Most of these concerns are small beer compared with the vast assets taken in the previous round of sequestrations. Moreover the action as a whole seems to have been carried out hurriedly, and without due preparation. (One eye-witness has told us that the officials undertaking the action had to borrow primus stoves locally in order to melt the sealing wax to affix the seals to the shops. And in another instance a squad sealed off premises which had been bought by a firm in which the Government had acquired a 50% holding by the socialisation decrees of July.

/Thus,

P. A. R. Blaker Esq.,
North & East African Department,
FOREIGN OFFICE.

CONFIDENTIAL



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Thus, in effect, the State was sealing off its own property!)

5/10/61/207

6. Finally, the publication has continued in "Al Ahram" of the register of shareholders in a number of Egyptian companies, on the lines of that reported in paragraph 3 of Chancery letter 1014/61 of October 24. The issue of October 25 lists holdings in the Aboukir Land Development Company; on October 26 it was the turn of the Wadi Kom Ombo, (one of the largest Egyptian agricultural companies); various cotton trading companies featured on October 27, while to-day's issue retails lists of shareholders in real estate companies, the building, steel and timber sectors, and weaving and contracting companies. Here again, the holdings so recorded vary considerably. At one end of the scale there are large blocks of shares held by the Sursock family, by Michel Lutfalla, by the Shurabagis (in a textile firm), and one company with a capital of £E400,000 owned by 26 members of one family. On the other hand, the Aboukir Land Development Company had a large number of small shareholders, and had paid only marginal dividends on its £E1 shares over the past six years. Many of the holdings so recorded are in fact extremely modest. And as with the previous lists, the large majority of shareholders are of foreign origin - Lebanese, Greek and other nationalities (including Italians and one or two Swiss). Again the emphasis is on the control of Egyptian land, national wealth and trade by alien minorities. In view of the large number of Lebanese nationals whose assets have been made public in this way, the Lebanese Ambassador has formally protested to the Government against publication of the lists, as being likely to incite mob attacks on private property. However, the revelation of the sources of wealth in Egypt seems to have been received with detachment in Cairo, and there is no evidence as yet that anyone will be victimized as a result of the publicity given to his financial status.

7. We hope to let you have our considered conclusions on all these developments next week. But at first sight the régime seems to be reaching far down the scale of possible opponents, while there are indications of some confusion and aimlessness in the execution of the orders from the authorities. Certainly the middle and professional classes are now thoroughly scared. But outwardly Cairo is calm enough at present. Business is going on (except for those concerns sealed off) as usual.

8. I am sending copies of this letter to the Chanceries at Amman, Beirut and Bag dad and to Dennis Speares in Washington.

Yours ever,
C. T. Brant
(C.T. Brant)

CONFIDENTIAL

already ✓

CONFIDENTIAL
INWARD SAVING TELEGRAM
FROM CAIRO TO FOREIGN OFFICE

R= Bag

DEPARTMENTAL DISTRIBUTION

Sir H. Bealey

R. November 1, 1961

No. 115 Saving
October 31, 1961

*4/1016/212*CONFIDENTIAL

Addressed to Foreign Office telegram No. 115 Saving of
October 31.

Repeated for information Saving to:

Beirut Damascus Amman Baghdad Washington

Internal Situation

A decree has been issued confirming the sequestration of the property of a further 255 persons and their immediate families. The full list of names was published in this morning's Al Ahram.

2. The following points emerged:

- (a) the main feature of this latest sequestration order is that it has fallen heavily on the Jewish community in Egypt. The first 87 names on the list, and a further 20 or so among the following names, are those of Jews, a large number of them of foreign nationality. Many of the latter are at present abroad.
- (b) Many members of the Lebanese and Syrian minorities in Egypt also appear, as well as some Italians, Swiss etc. I am reporting separately on the British nationals involved.
- (c) Egyptians named in the list include some Copts, and some remaining members of the Badrawi family not sequestrated by the Decree of October 22.

3. The list also includes a number of the 60 persons whose bank accounts were frozen by administrative action, and whose cases the Government were considering (paragraph 4 of Chancery letter 1014/61 of October 24).

4. Although many of these most recently sequestrated are wealthy (this description was noted next to some names on the administrative instructions given to banks to freeze accounts), many of the others were small businessmen. This has widened the circle in which apprehension is spreading, and a further round of sequestrating is confidently predicted.

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N.E.A.D. Eastern Department

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- 2 NOV 1961

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DEPARTMENTAL

Sir H. Beeley

DISTRIBUTION

Version 2/13(a)

No. 1046

D: 9.51 a.m. October 30, 1961

October 30, 1961

R: 10.33 a.m. October 30, 1961

PRIORITYCONFIDENTIAL

My telegram No. 1044: Sequestration.

[I called on Vice-President Mohieddin yesterday to make representations about the sealing of Ghazarian's premises. I said that Ghazarian was, so far as I knew, a citizen of the UAR and as such was no concern of mine. But he was looking after the interests of some 2,500 British clients, and it was therefore most important that this offices should re-open without delay. Even then further problems might arise. I had not been able to find out whether or not the sealing of the premises meant that Ghazarian's business had been sequestrated. If it had, would this mean that the British subjects concerned would be represented in their dealings with one branch of the sequestration by another branch of the sequestration? I was sure he would agree that this would be an impossible situation..

2. The Minister assured me that the offices would be re-opened shortly. He did not know whether Ghazarian's property had been sequestrated, but if it had the measure would not apply to his business, which he would be allowed to operate as before. In general the new measures of sequestration applied only to property already accumulated, and those affected would be permitted to make free use of their earned income.

3. I thanked the Minister for these explanations, pointing out that they had not appeared in the Press and that I had not been able to see the text of the law under which the measures were taken. I added that I would need a copy for transmission to you in order that you could consider the cases of the half-dozen British subjects whose property appeared to have been sequestrated. He took note of this, but did not produce a copy or, indeed, appear to have one in his office.

JEP

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Consular Department

Claims Department

Sir G. Rendel

News Department

GGGGG

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ME/776/A/2

(8) The conference recommends that the Arab Governments should pay attention to the need of having the oil companies use Arab raw material, products and goods whenever this is possible, in view of the fact that this tends to support and develop Arab industries and provide for the Arabs another source of income from oil.

(9) The conference supports the Arab Governments in all the measures they adopt to safeguard their oil interests in general and to ensure fair oil prices in particular on the grounds that these matters provide the basis for the preservation of a major source of their national income.

(10) The fourth Arab oil conference shall convene in Beirut on 1st November

1962.

Zakariya Muhyi ad-Din's Announcement of Measures against "Reactionaries"

(a) Cairo home service 21.18 GMT 21.10.61

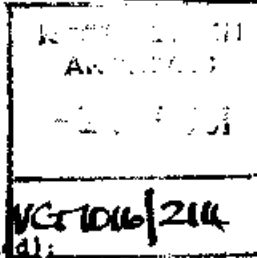
(1) Text of press statement by Vice-President Zakariya Muhyi ad-Din (record d):

The revolutionary action whose hour has come, as President Jamal Abd an-Nasir said, requires the way to be cleared before it; at the same time it also requires, from the social aspect, its upsurge to be safeguarded and its rear to be protected lest the hopes which the people place in the success of this revolutionary action receive a stab from the back, as was the case in regard to the Syrian people's socialist struggle. There, reaction, with the weapon of money before anything else, was able to concentrate the forces of conspiracy and separatism to strike a heavy blow at the Syrian people's interests.

By virtue of the temporary opportunity given to the reactionary forces in Syria - those forces which control the money and the economic potential of the whole homeland through the monopoly of money and through exploiting everything in their interests - the UAR has become the only base from which revolutionary work can spring rejuvenated and strengthened in the interest of all the Arab masses. By virtue of this situation, the safeguarding of the Arab revolutionary springboard from the reactionary remnants has become necessary to ensure the safety of the popular struggle and its ability to achieve its aspirations.

The revolution, according to President Jamal Abd an-Nasir's address to the nation on the evening of 17th October, believes in the possibility of achieving socialist justice within the national unity framework, within which the class struggle may technically take place. The tolerance of the revolution reached the point whereby the members of the former monarchy in Egypt were and still are receiving monthly salaries from the State Treasury which ensures for them a dignified and secure living on a standard very much higher than that of the common people. This is the result of the belief that the revolution did not take place as an act of vengeance but arrived to open the way to popular aspirations which were suppressed by subjugation and deprivation. The revolution's tolerance also reached the point whereby a number of persons sentenced by courts on charges of having conspired against their homeland, and who had in fact been sent to prison for sentences of specific terms, were released so that the national unity, even on the individual level, could remain free from any vengeful consideration, free even from the just punishment passed by the courts.

But as a result of the experiment which took place in Syria, from which reaction emerged to swoop down, allied with imperialism and with political opportunism, it was proved that exploiting capital cannot forget its greed and insistence on enslaving the popular masses' efforts and blood in the interest of monopolist selfishness. The experiment of the social struggle in Egypt proved that reaction does not want to stop circumventing all socialist laws. It does not want to abandon its class privileges. For this purpose it is prepared to sell itself to the Devil himself, if the Devil were



ME/776/A/3

capable of pushing back the wheel of time, of removing the traces and fruits of popular struggle for social justice, and of recovering for the deflated monopolist minority the posts from which they used to exploit millions of people - posts for which they did not work with loyalty and zeal to attain but which they obtained during the circumstances of occupation, monopoly and competition against the interests of the people, whose resources were sold in the black market.

It was therefore necessary to adopt a social measure to safeguard and protect the rear of popular struggle. In view of this socially significant fact it has been decided to adopt several steps to check the influence and danger of reaction. The revolution, which despite the aggressive nature of reaction, continues to insist on preserving its white characteristic, free from vengeance, considers that duty towards society, which is progressing towards social justice and equality of opportunity for citizens, emphatically dictates that there shall be no gap through which reaction or a big force can infiltrate with the might of money to affect in one way or another the progress of the revolutionary action or to place obstacles in its path.

In accordance with the foregoing, the following measures have been taken:

(1) A number of persons who were found guilty by various courts of harming the interests of the people and exploiting them, but who have been released, have been returned to where the sentences issued against them will be carried out. There are three such persons.

(2) A decision has been issued for the arrest of 40 reactionaries, their agents, and their supporters with a view to insulating them from any activities in service of reaction. Although these persons lack the capacity to impede the avalanche of the masses towards their social objectives; in view of the people's determination and their faith in revolutionary action and in the necessity of this action, it was deemed preferable to bar them from any foolishness that they might commit to promote the interests of exploitation, monopolism and class privilege in a society which no longer permits any distinction except if acquired by serious, constructive patriotic action.

(3) A decision has been issued imposing custody on the property of a group of reactionary capitalists who have continued to utilise the people for their own interests and who mustered all their artfulness to circumvent the social laws. Even the taxation laws, which are a social cause accepted by all the peoples of the world and thus a permanent fact, became subject to the circumvention of this minority which has been able to use its millions to hinder the progress of social justice in its normal course, which is desired by the people. Thanks to its millions, this minority has been able to employ certain opportunists, who made every unlawful thing lawful to itself and placed the law under the thumb of this minority. The number of those persons whose property have been placed under custody is 167.

All these have been measures which were deemed necessary to protect the rear of the people's social struggle. After this, committees will be set up to study each case individually and to handle it in a manner which will guarantee the interests of the people, and guarantee above all that the revolutionary upsurge is free from any desire of revenge, which conflicts with the religious, ethical, and historic qualities of the UAR people. These committees will take several matters into consideration, such as providing an opportunity for anyone who seeks to work for himself and for his family within the framework of the national interest and without any inherited class privileges which are imposed on society, and such as not making the sons pay for the fathers, enabling the sons to free themselves from the mentality of exploitation and monopolism, to feel that they belong to the masses, and to perceive deeply that their interests cannot be preserved except within the framework of the general popular interests.

ME/776/A/4

Upon completing these measures, the Government took special care to lay them clearly before the people, who have the [word indistinct] and who own the permanent, perennial benefit of stabilising social justice on foundations free of exploitation, monopolism and class privileges. The Government has also taken care to explain to the people with elaboration the reasons for the measures it has adopted so that every individual may know that wealth is not a punishment whose consequences its owner should bear; it is exploiting wealth which society is entitled to restrain. The people should know that work in every field is a sacred right to all individuals, but that the monopoly and exploitation of all the [word indistinct] national work are (things) which no longer have a place in a society which is building itself socialistically and revolutionarily.

(ii) Names of the "reactionaries, their agents and supporters" arrested in the UAR (read by announcer):

In Cairo: Muhammad Izz ad-Din al-Badrawi, Muhammad Ala ad-Din al-Badrawi, Isma'il Muhammad Mustafa al-Maraghi, Hasan Rashad al-Maraghi, Sa'id Fakhri Abd an-Nur, Abd al-Israf al-Mardalli, Izzat Habib, Abd al-Khalig Sulayman, Mahmud Mustafa Hilmi, Yusuf Hammudah, Habib Victor Sursuq, (?Rahan Berevel Simon Kanaljian) known as (?Kahan), (?Hakob Housian), Mahmud Muhammad Rashid, Hanafi Abu al-Ula, Hamid Zaki, Muhammad Zaki Abd al-Mitel, Uthman Ghalib, Qasim Amin and Tawfiq Muhammad al-Badrawi Ashur.

In Iamailia: Sultan Muhammad Darnish Abu (?Matrud), Ali Darnish Abu (?Matrud), Muhammad Darnish Ibrahim Abu (?Matrud), Sa'id Darnish Ibrahim Abu (?Matrud), Abd al-Karim Darnish Ibrahim Abu (?Matrud) and Abd as-Samad Darnish Ibrahim Abu (?Matrud).

In Sharqiyah: Muhammad Fathi at-Tanni.

In Bahayrah: Ahmad Abd al-Wahid al-Wakil and Abd al-Hamid al-Wakil.

In Gharbiyah: Yahya Uthman al-Manshawi and Lutfi al-Manshawi.

In Kafr ash-Shaykh: Dr. Ad-Dimirdash Ahmad.

In Mimufiyah: Ahmad Uthman Abd al-Ghaffar.

In Jizah: Jamil Saraj ad-Din, Yasin Saraj ad-Din, Abd al-Hamid Saraj ad-Din and Muhammad Kamil al-Qawish.

(iii) Names of those whose funds have been placed under custody (read by announcer):

Muhammad ash-Shafi al-Labban, Dr. Ad-Dimirdash Ahmad, Ahmad Uthman Ghalib, Sayfallah Ghalib, Uthman Ahmad Ghalib, Dr. Muhammad Hashim Muhammad Hashim, Ibrahim Faraj, Kamal Fahmi Hanna, Muhammad Samih Misa, Sa'id Fakhri Abd an-Nur, Amin Fakhri Abd an-Nur, Kamal Fakhri Abd an-Nur, Maurice Fakhri Abd an-Nur, Muhammad Hamid Judah, Advocate Hanafi Abu al-Ula, Marcel Matossian, Cecilia Yalqub Byuk, Murad Wahbah, Sadiq Wahbah, Sabi Habashi, Bisharah Mikha'il Habashi, George Mikha'il Habashi, Abd al-Maqsud Ahmad, Hazqil Ibrahim Metalun, Trodor Kotchika, Albert Benin, Mary Jamil Sidnawi, Yusuf Saman Sidnawi, George Saman Sidnawi, Emile Saman Sidnawi, Louis Saman Sidnawi, Lydah Saman Sidnawi, Salim Sidnawi, Ibramino Santok Marcelon, Alfred Benon, Joseph Benon, Mustafa az-Zaynati, Yusuf Ilyas Andrawis, Ramis Khalil, sons of Abdullah Abu Sayf, Jacques Jarbua, Yusuf Tutunji, Sami Tutunji, Ilias George Zalun, Latifah Muhammad Mabrukah, (?Oleyo Kaze Kotchiz), (?Anna Bria Lopolo).

Iskandar (?Combar), Adnan Hashim al-Atasi, (?Sofrios Dakatal), (?Kharkalyat Vera Kokolo), Daisy Labban, Raymond Ajr, Michel Kambriz, Rose Smouhah, Dr. (?Anastas Samaropolou), Tosca Sabri, Fa'iz Abdullah al-Ajr, Muhammad Hashim Abd al-Khalig al-Jalab, Abd al-Qadir al-Haraqin Ahmad at-Tatari, Sharif Ali al-Labababidi, Muhammad Nazar al-Aflam, (?Berka Alfred Cohen), Abd al-Hamid Riyad Abd al-Aziz al-Jibali, Ahmad al-Firi, As-Sayyid al-Firi, Ibrahim Adolph Shaguri, Basili Farajallah Bahna, Henriette Farajallah Bahna.

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ME/776/A/5

Joceline Farajallah Bahna, Olga Farajallah Bahna, Nuzha Farajallah Bahna, (?Otto Lulub), Ad-Damirdashiyah, Ahmad Abd al-Wahid al-Wakil, Abd al-Hamid al-Wakil, Muhammad Subhi ash-Shurbaji, Muhammad Munir ash-Shurbaji, Muhammad Salah ash-Shurbaji, Muhammad Sayf ash-Shurbaji, Ahmad Yusuf at-Tawil, Ahmad Murtada al-Maraghi, Muhammad Ahmad Farghali, Ali Farghali, Abd al-Aziz Ahmad Farghali, Jamil Saraj ad-Din, Abd al-Hamid Saraj ad-Din, Muhammad Fu'ad Saraj ad-Din, Yasin Saraj ad-Din, Mustafa Abd al-Hamid Saraj ad-Din, Muhammad Abd al-Hamid Saraj ad-Din, Yusuf Badrawi Saraj ad-Din, Sami Saraj ad-Din, Zaki Saraj ad-Din, Mahmud Sami al-Badrawi, Mihyi ad-Din al-Badrawi.

Francois Tajir, Frankie Tajir, Rizqallah Tajir, Philippe Tajir on behalf of Mrs. (?Jacqueline Sinoky de Can), Homer Tajir, Maurice Tajir, Khalil Ali al-Jazzar, Albert (?Ovadia) Salim, Emile (?Ovadia) Salim, Maurice (?Ovadia) Salim, Robert Khuri, Edmond Khuri, the late Wadi Constantine Sa'ad, Ahmad Abbud, Engineer Muhammad Ali Stin, Yahya al-Manshawi, Lutfi al-Manshawi, Ibrahim al-Duwami, Ahmad Abd al-Ghaffar, Uthman Abd al-Ghaffar, Muhammad Izz ad-Din al-Badrawi, Tawfiq al-Badrawi, Ala ad-Din al-Badrawi, Muhammad Zayn al-Abidin al-Badrawi, Muhammad Mansur al-Badrawi, Muhammad Ala ad-Din al-Badrawi, Muhammad Basam ad-Din al-Badrawi.

Ahmad Pathi al-Badrawi, Al-Badrawi Abd al-Aziz al-Badrawi, Isam Abd al-Aziz al-Badrawi, Muhammad Abd al-Aziz al-Badrawi, Mahmud Abd al-Aziz al-Badrawi, Samir Abd al-Aziz al-Badrawi, Hamid Abd al-Aziz al-Badrawi, Fu'ad Muhsin Abd al-Aziz al-Badrawi, Mahmud Sami Muhammad Badrawi, Muhammad Muhammad Badrawi, Yahya Muhammad Badrawi, Abd al-Aziz Muhammad Badrawi, Mansur Munir Badrawi, Mahmud as-Sayyid Badrawi, Nazla as-Sayyid Badrawi, Rafat as-Sayyid al-Badrawi, Muhammad Nabil Abd al-Hamid Sibahi, Muhammad Adnan Abd al-Hamid Sibahi, Tahir Nur Sibahi, Mustafa Sibahi, Sabir Mustafa Sibahi, Muhammad Nazim Abd al-Hamid Sibahi, Muhammad Tahir Sibahi, Muhammad Sibahi, Abd al-Hamid Sibahi, Munir Sibahi.

Ilyas Ghannajah, Muhammad Khayri Samaqiyyah, Muhammad Rushi Samaqiyyah, Abd ar-Rahman Samaqiyyah, Muhammad Nadin Samaqiyyah, Pierre Sursuq, Vladimir (?Ovlad) Sursuq, Victor Sursuq, Adli Jayyid, Jamil Akhrukhan Famas, Ya'qub Zidawi, Hafiz Id Shihah, Muhammad Sharif Sabri, Muhammad Munir Sabri, Muhammad Abd al-Munim Ashur, Salih Anan, Michel Lutfallah and Yusuf Misayri.

(b) MENA in Arabic 20.42 GMT 21.10.61

Text of dispatch:

Cairo: Vice-President and Minister of the Interior, Zakariya Mihyi ad-Din, announced tonight that the decision releasing Ibrahim Faraj, Muhammad Fu'ad Saraj ad-Din and Muhammad Atif Nassar for health reasons has been cancelled. The three were found guilty by various courts of harming the interests of the people and of exploiting them, but were released for health reasons. They will now be returned to where the sentences issued against them will be carried out.

(c) Cairo home service 06.00 GMT (press review) 23.10.61

Excerpts of report of 'Al-Akhbar' and 'Al-Jumhuriyah' articles:

'Al-Akhbar' says: The people have learned about the measures which have been adopted to protect them and safeguard their revolution from the danger of relapse and reactionary movements. The responsible authorities have felt it fitting to be frank and to tell the people everything about these measures and the reasons and goals justifying them...

The newspaper adds: It is clear that the measures which have been adopted are just precautionary ones. Thus, if it is proved that any of those affected by these measures does not deserve such treatment, that he is ready to give up his old nature and merge in the new life of the people, the revolution will be ready to give him equal opportunity exactly like others.

'Al-Akhbar' continues: It could rightly be said that these measures are, in themselves, an opportunity for those affected to purify themselves, give up false hopes, forget class distinction and the reactionary and capitalist systems, and rest assured that there is no room for such systems in this age. Progress cannot go backwards.

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V

North and East African Department

UNITED ARAB REPUBLIC

V.G. 1016/215.

FROM Sir H. Beeley
CAIRO.

SUBJECT:

Internal Situation

No. 94 (1014/61)
Dated October 31
Received November 2.

Syrian coup: sequestration of property and arrests: economy.

References

CY 103116/1.

MINUTES

A copy of this despatch has already gone to J.I.B. Copies should also go to the Treasury, War Office and Ministry of Defence.

2. This despatch has been delayed for lack of a summary, which has been promised by Cairo but not yet sent. I have therefore drafted one, as I suggest that this despatch merits printing F.C.W.H. The draft summary is attached, together with a copy of the despatch prepared for printing.

3. In Her Majesty's Ambassador's view, the defection of Syria from the U.A.R. had a more important effect upon Nasser and his colleagues than on the growth of opposition in Egypt (paragraph 8); and the most likely future threat to the régime lies in dissension within its own ranks (para. 14). There is some evidence of a split within the ruling junta between the radicals and those advocating a pause in revolutionary action, and indications that the régime was driven to take the recent strong measures for the sake of its own unity (para. 10).

4. Sir H. Beeley's assessment is that Nasser genuinely feared trouble in the Army (para. 9) and that he wished to remind Egypt that he was still its master. Sir H. Beeley is not convinced that opposition from any population movement or from wealthy reactionaries constituted a really serious threat (para. 8).

5. No-one outside the régime seems to have welcomed the measures (~~para. 12~~) of sequestration and arrests (para. 12).

6. Sir H. Beeley believes that the coming few months in the U.A.R. will be turbulent, but that the odds are still on Nasser, even though they have shortened.

(Printing Instructions)

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(Action completed)

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(Main Indexed)

MB
31

Earl (MC)

M. E. 10/11

Sir G. Rendel

3187 59237-1

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14.11.61

Eastern Dept. File

D.A. Hamley

(D.A. Hamley)
November 7, 1961.

/I

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I agree this merits printing
forth. A useful despatch.

MR Blaker.

7/11.

The summary of this despatch
has not so far arrived. Reasonably I
think we should go ahead with the
printing action as soon as possible, & I
would be grateful if you would approve
it.

We can look at the summary
when it arrives but I doubt if it
will be an improvement on Mr
Hamley's

Abernethy
9/11

John Bain
NW 9

D
9/11

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(1014/61)

Despatch No. 94

BRITISH EMBASSY,

CAIRO.

V/L 1016/215

CONFIDENTIAL

October 31, 1961.

My Lord,

eg 103116/1
In my Despatch No. 91 of the 10th of October I expressed the view that the loss of Syria would not seriously affect President Nasser's position in Egypt.

2. Since that time the situation in Egypt has deteriorated sharply. But it is not the loss of Syria, in itself, that has caused the deterioration. The causes, in so far as they can be positively identified at the present time, are to be found in the actions of President Nasser and his colleagues rather than in the reactions of the Egyptian people to the dissolution of the union with Syria. To an observer in Cairo it seems almost as if President Nasser had turned the usual cliché about dictators inside out and was trying to divert attention from an unsatisfactory situation abroad by indulging in adventures at home.

3. It is clear that the disaster in Syria led President Nasser and his closest advisers to conduct an intensive enquiry into the causes of their failure. President Nasser himself seems to have come to the conclusion that, whatever the foreign involvement and however widespread the dissatisfaction in Syria, the coup d'état in Damascus could not have succeeded if it had not been backed by a few wealthy families of "reactionaries". In his broadcast speech of the 16th of October

The Right Honourable,

The Earl of Home,

etc., etc., etc.,

FOREIGN OFFICE,

/he

CONFIDENTIAL

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he drew the lessons for Egypt: the revolution must be pushed forward and there could be no more appeasement of reactionary elements - the battle would henceforth be fought, not around foreign military bases, but in the palaces of millionaires. The people must be roused, the National Union and the machinery of government reorganised for revolutionary action, and the "socialist measures" decreed last July put into full effect. To this clear warning to the Egyptian rich President Nasser added a softening reassurance: no more socialist laws were needed, and the income left after the recent nationalisation decrees and other measures of limitation could be enjoyed - for he was not against private property - without taint of exploitation.

4. The subsequent actions of the United Arab Republic Government (as it is still called) have demonstrated the reality of President Nasser's warning and cast doubt on his reassurance. On the night of the 16th-17th of October, the authorities suddenly arrested a number of persons known for their wealth or their connections with the pre-revolutionary regime. On the 19th "Al Ahram" began the publication of lists of persons with large shareholdings in important companies and businesses. The avowed aim of this series of lists (more names are published every day) is to give the public a complete picture of the distribution of wealth in Egypt; the implication is that most of the rich are parasites and that a high proportion of them are either foreigners or outside the main stream of Egyptian life; and the real object is probably to arouse revolutionary feeling and to justify whatever

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measures the Government may take against its wealthy victims. As the publication of these lists began, the Government sequestered the property of some 160 persons (including those arrested) and froze the accounts of at least 60 more. According to the press the sequestered property was valued at about £250 million.

5. On the 22nd of October the press published a statement in which Zakariya Mhyiddin, Vice-President and Minister of the Interior, announced the sequestration and gave the names of forty persons who had been arrested. The statement claimed that the Syrian experience had proved that capitalist reactionaries were still dangerous and that the measures taken were essential to protect the revolution in Egypt. The press has since been harnessed to vindicate this claim. Inspired articles have spoken of wealthy fools giving money to their peasantry to criticise President Nasser, of planning to suborn the Army, and even of dreaming of a coup d'état. Photographs of the wealthy "reactionaries" and their mansions have been accompanied by captions to show that the recent measures were taken, not in a vindictive spirit against the wealthy as such, but against those guilty of monopolist exploitation, tax evasion, currency smuggling and the dissemination of anti-revolutionary propaganda.

6. President Nasser himself explained these measures on much the same lines, I understand, in a recent talk to a prominent American. The reactionaries had gone too far, and he had been forced to take action against them. He knew that

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one family, for example, had been distributing money to the peasants, saying that they gave while Nasser took away; and the same family had been responsible for spreading the rumours, which have been very common in Cairo, that he was dangerously ill. He gave the impression that he was solely concerned to "neutralise" the wealth of the reactionaries and that they would not be kept in prison very long; and he added, perhaps for the particular edification of his American guest, that he had no intention of allowing the creation of anything like a popular front in Egypt. When I saw Zakariya Muhyiddin on the 29th of October, he stated explicitly that the purpose of the recent sequestrations was to ensure that no accumulation of wealth remained available to people who might use it to endanger public order.

7. Thus the official explanation given by President Nasser and his associates for their severe measures against the rich in Egypt rests on two beliefs: first, that the Syrian coup d'état showed where the enemy lay, and secondly, that the situation in Egypt warranted immediate action. It is not suggested that the loss of Syria was responsible for the trouble in Egypt - indeed an inspired article in "Al Mussawar" has claimed that the arrests in Egypt were planned before the Syrian coup and only waited further evidence against the counter-revolutionaries - and it is clear that the events in Syria have been more significant in their effect on President Nasser and his colleagues than in relation to the growth of opposition in Egypt. The erosion of middle-class support for the régime began with the transfer of the

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press to the National Union in the late spring of 1960 and was analysed by Mr. Crowe in his despatch No. 14 of the 9th of February. It was accelerated by the socialist legislation of July, 1961, which had an indirect effect on almost the whole middle class; and the loss of Syria, or rather the temporary disarray in the regime which followed it, simply acted as a catalyst. Even so, it is difficult to judge how serious was the opposition to President Nasser immediately before he struck at the reactionaries, and by so doing heightened the general feeling of insecurity, a fortnight ago. President Nasser has never lacked critics in Egypt; and although these have been more numerous and much more vocal in the last few months, particularly since the Syrian coup, it is hard to find reliable evidence that their opposition constituted a sufficiently serious and immediate threat to the regime to justify the drastic measures which have now been taken against them. Until these measures were taken, life in Cairo seemed to go on as usual.

8. It may be that President Nasser felt that the mere volume of criticism and seditious rumour was in itself dangerous, or that the wealthy families were sufficiently united to bring his socialist plans to nought. It is certainly true that these plans would have lost (and probably will still lose) a good deal in the execution, and that some of those arrested were outspoken and even reckless critics of the regime. It is however doubtful whether such opponents proceeded beyond subversive talk. Of possible centres of organised opposition to the regime the Wafd retains a sentimental attraction for many Egyptians, in spite of its poor performance in the past; and it is said that one of

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the incidents which most scared the regime into action was a popular acclamation given to Fuad Seraguddin (now in prison again) when he attended the funeral of Egypt's most celebrated footballer a few weeks ago. But though the Wafd may command potential support, its organisation was destroyed several years ago and was not of the kind to survive underground. The Moslem Brotherhood, with its cell structure, was made of sterner stuff, and we have received reports of recent meetings both in Cairo and in Alexandria. But the regime should be as capable of dealing with the Brotherhood as with the communists, particularly since many of its prominent members and supporters were once Brethren themselves. It is difficult to believe that President Nasser apprehended any immediate danger from a popular movement or from the wealthy relics of the previous regime. If this were all, it would be reasonable to conclude that he simply wished to remind Egypt that he was still master, and to intimidate the rich into silence if not co-operation.

9. This was undoubtedly one of the chief motives behind the recent measures. They may also have been prompted by more serious misgivings. Considering their origin, President Nasser and his associates must be very conscious that in Egypt, as in Syria, the Army could upset them; and there is some evidence that they feared trouble in the Army. Intensive security measures have been taken in the armed forces, and regiments have been kept on the move. Although no names have been given and no definite evidence can be produced, there is little doubt that some officers were arrested at the same time as the civilian "reactionaries".

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It is said that these officers were not charged with specific offences but were simply chosen for arrest because they were the relatives or clients of the wealthy families who have fallen under suspicion. If this is true, it is a further example of President Nasser applying in Egypt what he conceives to be the lesson of Syria. It is impossible to make a confident assessment of feeling in the Egyptian armed forces. They have been the chief beneficiaries of this regime and it has always been assumed that President Nasser, aware of their supreme importance, would not fail to assure himself of their loyalty. Army officers have a respected position and the best prospects of rapid promotion to offices of state; and so privileged a body should not be discontented. But many of them come from the classes which have felt the weight of the "socialist measures" and have most to fear from further inroads on private property; and there must come a point at which their loyalty to the Army is strained by their attachment to their families and their private wealth. However, I believe that such officers are in a minority, and I have no evidence to show that discontent was as widespread in the officer corps as it was in the middle classes as a whole at the time when President Nasser took action against both.

10. After the Army, the main potential danger to the regime is internal dissension. There is strong evidence that the Syrian failure precipitated a conflict which has been temporarily set aside but not finally resolved. It seems that Field Marshall Abdul Hakim Amer, whose misjudgment of the Damascus coup d'état contributed to the humiliation of Egypt, offered his resignation immediately afterwards, but that President Nasser refused to accept it on the grounds that the

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inner junta must stand or fall together. Since then the cabinet has held regular lengthy meetings at which, as an authoritative report in "Al Ahram" has recently admitted, the whole future of Egyptian society has been under debate. Cairo rumour has provided colourful but contradictory details of the nature and substance of the conflict, but there is no reliable evidence of what is going on: the most probably^d division is between the radicals and those who advocate a pause in revolutionary action. There are strong indications that President Nasser has descended from his position of undisputed supremacy to revert, probably for tactical reasons, to government by an inner committee. Whatever the nature of the dispute, however, it is probably^e that the regime has been driven to take the recent strong measures, and will be driven into further action, by the need to avoid internal disruption.

11. It was generally expected that President Nasser would react to his defeat in Syria by hitting at his foreign enemies. Unable to act effectively abroad (and foreign affairs are so far forgotten at present that Ethiopia's de jure recognition of Israel has passed almost unnoticed), he has struck at home. The field of his action was defined, not only by the motives I have analysed in the previous paragraphs, but also by the nature of Egyptian society. Ever since the revolution of 1952 the ruling institution has been almost completely divorced from the classes who hold economic power in the country. The regime has not grafted itself on to the old society, nor has the latter given its sons to the regime. The only contact has been in conflict

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and pressure; and it was probably inevitable that the impatience of the rulers ^{of} [of] the resistance of the rich would one day force the showdown that has now come. Many observers used to be puzzled that it did not come earlier; for with his lower middle-class Moslem background and his growing admiration for a socialist society, President Nasser must find it congenial to buffet and bully the rich, particularly since so many of them are of foreign or minoritaria origin. And the difference between the rich and the poor is still wide enough in Egypt to enable him to satisfy his idealism as well as his tastes.

12. So much for the causes and motives of the recent measures of arrest, sequestration and exposure. Their immediate effect has been to create widespread insecurity, to heighten the sense of impending crisis, and to cause a sharp fall in the popularity of President Nasser and his regime. Many more arrests have been made than have been admitted; once started, the security authorities have spread their net wider and deeper to include person who could not conceivably represent a danger to the regime. Moreover, the process of sequestration has continued since the first 160 cases were made public. The police have taken people from their beds before dawn, as though they meant to intimidate the whole middle class. Nobody knows what to expect next. And it is not only the rich who have been affected, but their numerous relatives and their still more numerous clients; the higher ranks of the civil service, for example, have obviously not been living on their meager salaries and many must have been supported in one way or another by family resources. The middle classes, which

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stood behind the Army as the main pillar of the regime, are being alienated. Though many people are appalled at the wealth of the foreign communities and applaud President Nasser's ultimate aims, it is hard to find anybody who is ready to speak well of his present tactics.

13. It does not appear that economic considerations played any decisive part in determining the measures to be taken, and their economic effects are hard to discern clearly. But it seems obvious that private investment has been so seriously discouraged that it is virtually at an end. Whatever assurances President Nasser may give about private property, nobody is likely to build blocks of flats, develop land or embark on large-scale commercial enterprise ^{while} [which] he fears that the wealth he might acquire would end with the sequestrator or land him in gaol. House property, according to President Nasser, is not to be nationalised, but a good deal of it is already under sequestration. Nobody knows how long the sequestration will last, nor how it will be brought to an end. The inspired press is already talking of converting the mansions of the rich into schools, hospitals and hotels, and observing that "the revolution will not tolerate that one man should own several houses in the same city". An incidental consequence of the sterilisation of so much capital will be its deflationary effect, useful to the government at this time whose local expenditure on the development programme is rising and some anxiety is being shown about the cost of living.

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14. The rulers of Egypt are more isolated today than at any time since 1956. Everybody expects some kind of crisis. I do not think that this will come as an eruption of the popular will, nor from the Wafd, the Moslem Brotherhood, the communists, or any other political organisation, though some of these might benefit from any trouble there might be. It could originate with a movement in the Army; but, though this cannot be excluded, I do not think it is likely unless the situation deteriorates much further. It is most likely to arise, if at all, as a result of strains within the regime itself; and if it does, I should expect President Nasser, unless he has lost his political skill, to come out on top again. He still enjoys a wide measure of personal popularity. I believe that a serious crisis can be avoided. Egypt is in for a good deal of trouble in the months ahead; but Egyptian society is inherently stable, not to say inert. It can survive experiment and tolerate the ravages of its masters. It will not resist as much as we may think; it will not change as much as they think. The odds have shortened, but I should still back President Nasser.

15. I am sending copies of this despatch to Her Majesty's Representatives in Amman, Beirut, Baghdad, Damascus, Khartoum, Tel Aviv, Nicosia, Bahrain, Tripoli, Tunis, Rabat and Washington.

I have the honour to be,
 with the highest respect,
 My Lord,
 Your Lordship's obedient servant,

H. Beeley
 (H. Beeley)

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SUMMARY

(Cairo Despatch No.94 of the 31st of October, 1961)

THE INTERNAL SITUATION IN EGYPT

The situation in Egypt has deteriorated sharply since the loss of Syria, but it is not the loss of Syria, in itself, that has caused the deterioration. (Paras 1 and 2).

2. President Nasser's conclusions from the Syrian coup d'etat seem to have been that it could not have succeeded without the backing of a few wealthy families of "reactionaries", and that the lesson for Egypt was that the revolution must be pushed forward and reactionary elements eliminated. (Para 3).

3. The Government have subsequently confirmed President Nasser's warning by a series of measures against persons known for their wealth or connections with the pre-revolutionary regime. Lists of large shareholders in important companies have been published (with the implication that most of the rich are parasites); the property of 160 persons has been sequestered and the accounts of more frozen; and 40 arrests have been admitted. (Paras 4 & 5).

4. President Nasser and Vice-President Zakariya Muhiyiddin have said privately that the purpose of these measures was to neutralise the wealth of people who might use it to endanger public order. This explanation rests on two beliefs: first that the Syrian coup d'etat showed where the enemy lay, and secondly, that the situation in Egypt warranted immediate action. But middle-class support for President Nasser has been declining for some time; and it is difficult to find reliable evidence that his critics have recently constituted a threat to the regime sufficiently serious to justify the drastic measures now taken against them. There is no civilian focus for resentment against the regime and President Nasser need not have feared a popular movement against him (Paras 6 - 8).

5. The measures may however have been prompted also by serious misgivings about the Army. Intensive security measures (including the arrest of officers) have been taken in the armed forces. Here again, we have no evidence that discontent was widespread. (Para.9).

6. Next to the Army, the main potential danger to the regime is internal dissension. There is evidence of some

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conflict, though its nature is not clear. But it is probable that the regime has been driven to take the recent measures, and will take more, to avoid internal disruption (Para.10).

7. It was probably inevitable that a show-down between the rulers and the rich would come, and many were puzzled that it had not come earlier. But the general effect of the recent measures has been to create widespread insecurity and reduce the popularity of President Nasser and his regime. Arrests and decrees of sequestration are continuing, and it seems that the regime is deliberately trying to intimidate the whole middle class. Private investment is virtually at an end. The recent measures will also incidentally have a deflationary effect. (Paras 11-13).

8. The rulers of the country are more isolated today than at any time since 1956, and everybody expects some kind of crisis. But President Nasser is still personally popular and although his position has weakened he will probably survive.



BRITISH EMBASSY,
CAIRO.

November 9, 1961

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(1014/61)

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UG 1016/215

Dear Department,

In paragraph 10 of his despatch No.94 of October 31 the Ambassador referred to the recent regular and lengthy meetings of the U.A.R. Cabinet at which the future of Egyptian society has been under debate. Since the reorganisation of the U.A.R. Government there have in fact been ten full-scale Cabinet meetings; and it seems that the Government are pre-occupied with two main problems:-

- (a) the reconstitution of the structure of the popular political organisation of the country, and
- (b) how to reduce effectively the cost of living.

2. The constitutional and political decisions of these meetings have been given the fullest possible publicity. The first was the announcement by President Nasser, following the Cabinet meeting of November 4, of the constitution of a new system of popular representation. In the preamble to his statement he stressed the need for reorganisation to ensure the continuous renewal of revolutionary action, and to assert the role of the Arab nation in the development of socialism. The following fundamental considerations must be observed:-

- (i) the organisation must ensure the widest possible representation of the people.
- (ii) the national revolutionary action must be closely linked with a definite charter.
- (iii) the people themselves must lead the revolutionary movement.

3. In accordance with these considerations the following steps had been decided:-

- (1) A committee would be formed to prepare for a "National Congress of Popular Forces". Its task would be to work out ways of obtaining true representatives of the people, by elections from among farmers, workers, students, tradesmen etc., and "other honest and efficient working citizens".
- (ii) Elections would be held to enable this National Congress to convene in January 1962. The Congress would be inaugurated with a report by the President embodying the "National action charter". This Charter would then be discussed in public by the Congress.

/(iii)

North & East African Department,
Foreign Office,
LONDON, S.W.1.

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(iii) The charter, as amplified in discussion, would be the basis for elections throughout the U.A.R. to local committees of the National Union; the Congress would prescribe the date and form of the elections. These committees would be the base for the General Congress of the National Union, which would be "the highest popular authority in the country" and would decide the method of promulgating a permanent constitution for the U.A.R.

4. This announcement seems to have puzzled the public (and no wonder!), for Mahommed Hassanein Heikal was set to write two explanatory pieces (which we are reporting separately) in "Al Ahran" of November 6 and 7. Heikal envisaged the National Conference Popular Forces including some 1500 to 2000 representatives: the Preparatory Committee would have about 150 members.

5. It was already clear, from Heikal's remark that "the National Assembly represented only a stage in the political revolution and expressed the appeasement or truce imposed by the circumstances of union with Syria", that the days of the National Assembly as hitherto constituted were numbered. The blow fell on November 7, when President Nasser issued decrees terminating the functions of the Assembly, and revoking the decrees appointing its members. At the same time he ruled that the 1958 Provisional Constitution should remain in force pending its replacement by the General Congress of the National Union.

6. At the same time as these constitutional changes, a number of measures to reduce the cost of living have been announced or promised. These measures cover a wide range of economic activities, and it is hard to avoid the impression that the selection of cuts has been hurried and haphazard. We shall be reporting more fully on these changes later. They range from rent decreases (a decree of November 2 provided for reductions of up to 20% on certain house and flat rents) to reductions in the price of cinema tickets. The rations of cheap price sugar and kerosene may be increased; extra supplies of wheat, corn and beans, oil and rice and other foodstuffs are to be made available on the markets shortly (200,000 tons of corn are to be bought from the U.S.A.); beneficiaries of the Agrarian Reform are to be exempted from land tax up to a certain limit; costs of services rendered by the Agricultural Cooperatives to farmers are to be reduced; and railway and bus fares are to be made cheaper. The cost of university degrees has been cut by half. At the same time measures are announced to reduce unemployment by accelerating works already planned and undertaking new projects.

7. There is no indication whether these measures are likely to be successful - if, indeed, the Government's promises are redeemed - or whether (which is perhaps the primary concern of the authorities at present) they have had any effect in abating hostility to the régime. It seems, however, that the new rent controls at least have been favourably received by the poorer classes.

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8. In the meantime, the Government have pursued their security measures. Heikal's articles admitted that another 22 persons had been arrested, in addition to the 40 whose names were given by Vice-President Zakariya Mahyiddin (see our letter (1014/61) of October 24). Moreover, there are strong rumours that the arrests of officers are continuing, and the Americans claim to have good evidence that at least two officers have been imprisoned recently for circulating an anti-revolutionary manifesto. Some senior officers - including the present Governor of Sharqiya Province and the Chef de Cabinet to Field Marshal Amer - are now said to be in gaol or even to have been shot. Finally, the authorities have announced the sequestration of the property of another 171 persons, nearly all of them Jews.

9. The general picture is therefore of one of continuing flux and upheaval. There is still no firm evidence of serious dis-sension in the régime or of disloyalty in the Army. But the atmosphere in Cairo and Alexandria is becoming increasingly reminiscent of that in an Iron Curtain country; a new circular forbids all officials and university staff to meet foreign diplomats without the express permission of the security authorities, and requires them to report to those authorities such conversations as they have had with foreigners.

10. We are sending copies of this letter to the Chanceries at Amman, Baghdad, Beirut, Damascus and Washington.

Yours ever,

CHANCERY.

CS.

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Ref: FO 371/158793

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IMMEDIATE

Inter
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VGR 1016/273

I had a call this morning from Lord Hardwicke, who has various business contacts with Egypt. He had in his office a certain Pierre Zarpanely, an Egyptian subject, I suppose of Italian, Jewish or Coptic origins, who arrived yesterday from Cairo and apparently has a lot of interesting information about conditions there, which he is ready to pass on. This man is in business in Egypt, films, export/import, etc. Lord Hardwicke says that he only asks one thing and that is that his contact with us should not become known: he would accordingly prefer not to come to the Foreign Office.

2. What do you think about it? It would probably be worth putting someone on to seeing him. May I leave it to you? I promised Lord Hardwicke that I would let his secretary know and she will make the necessary appointment. (Mrs. Coles - GRO 8161).

(J.W. Russell)
November 2, 1961

DE ZAR

Mr Russell

*Don't see later arrangement
js*

I spoke to your Secretary. This is not of interest to us. We could see him if he came to the FO, but he does not want to

*John Smith
Nov 2*

/I saw

I saw Mr. Zarpanely yesterday evening. He is an Egyptian of Turkish origin (his family moved to Egypt three generations ago) with a wife, one son and one daughter. He is about 45 and noticeably Americanised in his accent and manner.

2. He started by deploring the failure of the Suez operation with such intensity that, unless he is a good deal more discreet than I suspect him to be, I am ~~not~~ surprised that he has got into trouble with the Egyptian authorities, ~~before~~. He then went on to explain what had happened to him. He himself owns a film company called Al Hallal (I am not sure about the spelling) which evidently specialises in making "shorts" for television. His name was on the first sequestration list which appeared on October 21 and after his business premises had been ~~seized~~ up and taken over he himself was twice visited at night at his flat and interrogated on his property holdings and family background; the first time by the police and the second time by the military. He was not actually arrested, though he reckoned that this was likely at any moment, and by a combination of pull and bribery he got himself an exit permit (ostensibly to visit the Lebanon for one day) and got out (on a B.O.A.C. aircraft to London) at the end of last month. The surprising thing is that although his name had been for ten days on the public list of people whose property had been sequestered, he was nevertheless not prevented from boarding the aircraft.

3. He now proposes to go to the United States (I imagine he has some money salted away there) and hopes to get his family out fairly soon. He has taken the precaution of writing letters to them which they will know are suitable for showing to the authorities and which tell a tale that, when in Beirut, he was offered a large contract by an American film organisation, which would bring very large quantities of foreign exchange to Egypt, and he had therefore gone on from there to New York immediately (whether this story is likely to convince the Egyptian authorities I find rather doubtful).

4. As regards Nasser's internal position, he thought it was quite firm for another two years. The disagreement on the handling of the Syrian question which had arisen between Amer and Nasser had not caused any reduction in Nasser's control over the Junta and the officers. But in Mr. Z's opinion the Egyptian economy will go rapidly from bad to worse. He does not think that the officers will do anything on their own to get rid of Nasser, but he thinks that their families, many of whom are going to be hit by Nasser's economic policies, will bring pressure to bear on the officers who in turn will get rid of Nasser. But this process will take time, hence his estimate of about two years.

5. Mr. Z is so prejudiced against Nasser that his judgement is likely to be faulty, but in his opinion virtually every educated Egyptian realises that he was a national disaster. Unfortunately, however, Nasser had at his disposal the gullible uneducated mass of the Egyptian population who were still falling for Nasser's stories of the wealth which was to be distributed among them. Therein lay his power.

6. Mr. Z went on to make the point that it was no good expecting army officers to run the properties and businesses which were being nationalised and taken over. They were quite incapable of doing it. But this again would take a little time to emerge.

7. Mr. Z did not think that Nasser would undertake any foreign adventures with a view to recovering from the Syrian debacle. He did not think he was in a position to start anything in Jordan or in Libya, nor did he believe that Nasser would be able to come to any sort of understanding with Kassem. The latter had seen, from the example of Jordan, how much faith could be placed in ~~the~~ expressions of friendship from Nasser.

8. As regards Syria, Mr. Z thought that Nasser would certainly try to do what he could to affect the outcome of the elections; but he did not think he had a dog's chance as the Syrians had seen through Nasser and there was no question of their letting him stage any sort of comeback. He thought that the Kuzbari ^{other} Government was quite solid and would not give way to any sort of government in the near future. The Syrian coup against Nasser had had the support of the Syrians as a people; it was simply not true to suggest that it had been organised by a few officers who had then put the Kuzbari Government into power.

9. Mr. Z's concluding point was to ensure that our broadcasts, if they wished to bring about Nasser's downfall, should concentrate the whole time on direct quotations from the Koran, showing in what way Nasser himself did not abide by it. The Syrians had done this most effectively.

10. I have sent a copy of this minute to Mr. Lyson.

R.S. Scrivener

(R.S. Scrivener)
November 8, 1961.

Mr. Lyson for any etc

Mr. Z

Mr. Z displays the prejudices one would expect. We shall not want to touch the suggestion in para 9.

Many thanks

[Signature]
NV 9

[Signature]

1/4

[Signature]
17/11

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V

North and East African Department

UNITED ARAB REPUBLIC.

VG. 1016/215.

FROM Sir H. Beeley
CAIRO.

SUBJECT:

Internal Situation

No. 94 (1014/61)

Dated October 31

Received November 2.

Syrian coup: sequestration of property and arrests: economy.

References

CY 103116/1.

MINUTES

A copy of this despatch has already gone to J.I.B. Copies should also go to the Treasury, War Office and Ministry of Defence.

2. This despatch has been delayed for lack of a summary, which has been promised by Cairo but not yet sent. I have therefore drafted one, as I suggest that this despatch merits printing F.C.W.H. The draft summary is attached, together with a copy of the despatch prepared for printing.

3. In Her Majesty's Ambassador's view, the defection of Syria from the U.A.R. had a more important effect upon Nasser and his colleagues than on the growth of opposition in Egypt (paragraph 8); and the most likely future threat to the régime lies in dissension within its own ranks (para. 14). There is some evidence of a split within the ruling junta between the radicals and those advocating a pause in revolutionary action, and indications that the régime was driven to take the recent strong measures for the sake of its own unity (para. 10).

4. Sir H. Beeley's assessment is that Nasser genuinely feared trouble in the Army (para. 9) and that he wished to remind Egypt that he was still its master. Sir H. Beeley is not convinced that opposition from any population movement or from wealthy reactionaries constituted a really serious threat (para. 8).

5. No-one outside the régime seems to have welcomed the measures (~~para. 12~~) of sequestration and arrests (para. 12).

6. Sir H. Beeley believes that the coming few months in the U.A.R. will be turbulent, but that the odds are still on Nasser, even though they have shortened.

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(Main Indexed)

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Fahy (MC)
Mr. Ede. 10/11
Sir G. Rendel
14.11.61
Eastern Dept. 10/11

D.A. Hamley

(D.A. Hamley)
November 7, 1961.

/I

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- 5. Copy to J.I.B.

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P.A.R. Blaker
(P.A.R. Blaker)
November 20, 1951.

Mr. Files
Constab. Dept. (Para. 9) } a.a. *Boniewicz*
P.O.D. (M.E.) } *20/11*
Eastern

One minute -/234.
W
Nov 21

P.A.R.
11/21

V. J. - para 5 of my minute above.
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BRITISH EMBASSY,
CAIRO.

November 9, 1961.

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10 NOV 1961

VG-1016/224

(1014/61)

Dear Department,

When President Nasser's much heralded "political statement", announcing plans for a new system of popular representation, finally burst upon the public on November 4, its impact was muffled, to say the least, by the obscurity of the jargon in which it was couched. It was followed by two interpretative articles by Mohamed Hassanein Heikal in "Al Ahram" on November 6 and 7. These shed a little more light. They are certainly authoritative, and we have been told by a good source that the second in particular is generally thought to represent the voice of Nasser. Since they are probably as clear an account as we shall get of what the régime thinks it is doing they seem to merit a fairly full summary, despite their length.

2. The meaning of the statement, according to Heikal, is that Nasser has put the responsibility for pursuing the social revolution into the hands of the entire people, to be exercised by their free democratic choice, Nasser himself having embarked on the removal of all obstacles in the way by decreeing the socialist laws of last July. The essential points were:-

- (i) the revolution now requires genuine representatives of the people and their aspirations.
- (ii) these representatives must share a "unity of thought"; this - and not personal qualities - must be the basis of their election, and the unity must be the outcome of popular debate.

How could such representatives be found?

3. The present developments had actually been planned for 1958, but the union with Syria had delayed Egypt's entry upon the second, social, stage of the revolution. The popular struggle had accomplished the first, political, stage through the British evacuation, Egypt's resistance to military alliances, the destruction of the arms monopoly, the nationalisation of the Canal, the war against aggression and the resistance to plots to isolate Egypt as well as to the psychological pressure exerted by clandestine broadcasts, not to mention the pressure of overt broadcasts from London, Washington, Tel Aviv, Baghdad and Amman. The stage of social revolution differed from the political stage in that the latter aimed at getting rid of foreign domination whilst the former aimed at getting rid of internal domination, i.e. at providing the breadwinner with a living as a right and not a favour.

4. At the stage of political revolution, the enemy was the occupying force and all classes within the nation could stand together as one against it. But once this stage was past, the slogan of the national struggle changed and instead of independence

/became

North & East African Department,
Foreign Office,
LONDON, S.W.1.

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became the search for social justice. This was, in Nasser's simple definition, that the national wealth should be shared equally by the sons of the nation, and not the prerogative of a minority whom circumstances happened to have favoured. Thus there was a need for a radical change in the economic structure of the country.

5. What was the situation in Egypt? The royal family owned, directly or through the Wafqs, one eighth of the agricultural land. The bulk of the balance as shown by the lists published by "Al Ahran" was owned either by foreign interests or by a group of feudal families which owed their position to the foreign occupation. For example, the Aboukir Land Company, which owned all the land in the Alexandria region, and all the partners were either British or in the good books of the British. The same applied to the Gharbiyeh Land Company, which owned large stretches of the best land of the Delta, and the Wadi Kom Ombo which had the richest sugar plantations in Upper Egypt. As for the feudal families, the "Sultan" family, one of the greatest land-holders in Egypt, owed their holdings to Sultan Pasha's betrayal of the Egyptian Army during the battle of Tel el Kebir, for which he was rewarded by the British with 38,000 feddans of the royal estates. Similarly in finance, all banking, insurance, and commerce had been in foreign especially British, hands. Barclays Bank, for example, brought nothing into Egypt, but they held £E30 million in Egyptian deposits and transferred £E10 million every year to London, whilst lending only to their favourites. Tagher built his fortune of £E6 million from £E3 million worth of surplus cotton which he got free from the Government at the end of the war. The total amount recently taken from Abboud Pasha by the Government was £E33 million. Although he had undeniably played an important rôle in developing Egyptian industry his fortune, compared with the average national income of £E 50 a year, illustrated the flagrant maldistribution of wealth in Egypt.

6. Since, according to Nasser, the aims of socialism were (a) sufficiency and (b) justice, it was first necessary to direct the national capital into productive development, especially basic industry. In 1961, £E88 million was invested in new industry compared with £E2 million in 1951. Private capital could never have done this, and it was therefore necessary for the state to take control of the means of production. Secondly, justice required the effective redistribution of wealth, and this could never have been obtained from the rich voluntarily. Heikal personally had heard Nasser say this week that everyone admitted the necessity of socialism, even the millionaires, but only in theory, and fine words alone would never build dams, ports and aerodromes. The socialist laws of July, 1961 should in fact have been promulgated in Egypt in early 1958, but the whole operation had been delayed by the union with Syria which had brought compromise, political manoeuvre, and some serious mistakes. The truce which Cairo had been obliged to make with Syrian reaction, and consequently with Egyptian reaction, had also delayed the revolutionary upsurge and permitted opportunist infiltration into the most sensitive positions of state. The revolutionary forces had thus to resort to a stealthy approach to their objectives, more appropriate to a secret society. For example,

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A the answer to the question why the laws of July were not submitted to the National Assembly was that the Assembly, which as a result of the truce imposed by the Syrian union represented only the political stage of the revolution, would never have approved them. Finally, as a result of this truce and of the difficulty of distinguishing between supporters and opponents of the revolution, the whole operation required to be protected by police methods. This however represented a great danger, for the revolution ought to be protected by the masses and police action could only damage it.

7. The set-back in Syria, regardless of its negative aspects had at least brought Egypt back to the point where it was at the beginning of 1958. It was now more necessary than ever to consolidate the base of political and social liberation for the Arab nation, and to see Egypt become the nucleus of Arab socialism, Arab unity and positive action in all fields.

8. In his second article Heikal begins with three points which must be borne in mind in searching for the answer to the question posed at the beginning of his first article (see paragraph 3 above). Firstly, it must be realised that the responsibility for the revolution could not be carried by one individual or organisation. The main field of social revolution was the mind of the entire people, which must be cleansed of the complexes caused by centuries of repression; re-education was more important than the re-distribution of wealth, and the repetition of slogans was not enough - reactionaries were as good at that as anyone. Secondly, it had to be realised that the people did not respond to orders. They had to be given a feeling of responsibility and participation, that the Government was servant and not master. Thirdly, it must be realised that a sense of responsibility could only result from the exercise of liberty, in discussion, criticism and self-criticism. These important thoughts, leading to the conclusion that the social revolution could only be realised by the freedom of the people, were not Heikal's. He was in fact representing, in severely condensed form, an analysis which Nasser had given of the overall picture of the national struggle at the stage of social revolution, at a cabinet meeting on October 28.

9. Now that the truce with reaction had been broken by the July legislation, what could be done to enable liberty to play its creative rôle in the social revolution? The answer was that incisive dividing lines must be drawn. The enemies of the revolution must be isolated, so that the masses might exercise their liberty without restriction. A number of measures had grown out of this concept, among them the decision to subject to sequestration the property and funds of people who by the very nature of their interests could never accept revolutionary change for the sake of the people. Another was the arrest of 37 people and later an additional 22, all feudalists or capitalist exploiters. Among these people there might be some whose cases justified review. The sequestration decree had provided for the formation of committees to make a separate study of each case and above all to ensure that the revolutionary upsurge remained

/free

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Not yet published.



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CONFIDENTIAL

free of all taint of revenge. They would take into account the willingness of certain people to work in the national interest without their former privileges, and the fact that children should not suffer for the crimes of their parents. And in fact six or seven persons on the first list had already been freed from sequestration and two or three of the internees released.

10. Studies were also to be made to lay down general rules for the treatment of those whose interests were opposed to revolutionary change. Here Heikal produced the personal suggestion that certain millionaires should be treated like members of the former royal family; their fortunes should become the property of the people and they should receive stipends not exceeding £E5,000 a year. Another suggestion was that those to whom the first agrarian reform law applied should be forbidden to stand for election to democratic organisations. There were several other proposals. The basic aim was to lay down clear principles for the isolation of those by nature opposed to revolutionary change, and these principles should be as narrowly drawn as possible so as to apply only to the hopeless cases.

11. The isolation of reactionary elements was thus a preliminary stage, which must be followed by positive action to organise the forces of the people. This was where the President's historic statement of November 4 came in. Heikal then commented in turn on each of the proposed measures.

(1) The Preparatory Committee for a National Congress of Popular Forces

The task of this was purely organisational. It would have about 100 to 150 members, representing various tendencies and intellectual currents, and would have the task of preparing for the election of a National Congress representing popular forces in the shape of corporations, professions, workers, merchants, civil servants, students, etc. The idea would be that each of these forces should be represented in proportion to its influence in the country. The task was comparable, for example, to that of the preparatory committee for the Belgrade Conference, which had to draw up a definition of non-alignment, then a list of states on the basis of this definition, so as to decide on the issue of invitations and fix a date and place. The task was not as easy as it might look. But there was no doubt that the proceedings of this committee would constitute one of the most important documents for future study of the socialist revolution.

(11) National Congress of Popular Forces

This might comprise between 1,500 and 2,000 members. It would begin by hearing a report from President Nasser, and would then break up into committees to study the report. All the meetings would be public, and would be covered by the press. Heikal foresaw a memorable exchange of views - who

/knew

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CONFIDENTIAL

knew how stimulating it might be to listen to a discussion between a university professor and a migrant worker, or between a young student and a great industrialist? Above all the Congress should not waste its time on the sort of petty affairs which had pre-occupied earlier congresses. Its duty was to work out a national charter, to establish a framework for political and economic action. Although President Nasser's report would be the basis for the discussion, Heikal had personally heard him say that no-one would be happier than he if the Congress were to re-write his draft Charter completely.

(iii) The Constituent Councils for the National Union

On the basis of the national charter elections would be held on a horizontal basis in geographically delimited constituencies. This would be a new experience for Egypt, and during the election campaign the whole country would become a sort of living revolutionary cell; mosques, schools, universities and factories would each become a forum for the study of the national charter. This, not purely personal qualities, would be the platform on which all candidates would stand.

(iv) The General Congress of the National Union

This would be elected from the constituent councils, and would become the supreme popular authority representing the will of the masses. Heikal could not tell how the conference would formulate the permanent constitution of the U.A.R., but he could imagine that it would be a revolutionary living thing. Likewise he did not yet know what kind of basis the General Congress would establish for elections to the representative assembly which would assume the legislative power. No doubt the latter should take a new name. As for naming an "Assembly of the Nation" this would have to be reserved for a later stage, until the peoples of the entire Arab nation had been liberated politically and socially and shared a common will which such an assembly would represent.

12. Heikal winds up his article with a stirring quotation from the preamble to Nasser's statement of November 4, about the great responsibilities devolving upon the U.A.R. as the base of the Arab vanguard. Despite all the stabs in the back which the nation had suffered, he concludes, they knew that the task before them now was to work for its protection and reconstruction, so as to liberate the nation from the chains which had been imposed on it throughout the Arab world, and set its spirit free for the building of prosperity and peace.

13. We are sending copies of this letter to the Chanceries in Amman, Beirut, Baghdad, Damascus and Washington.

Yours ever,

CHANCERY
[Signature]

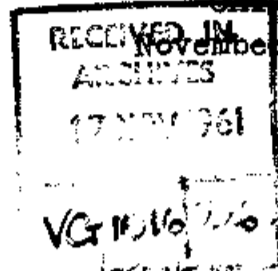
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BRITISH EMBASSY,

1014/61

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CAIRO

RECEIVED IN ARCHIVES
November 16, 1961.

17 NOV 1961

VG 11/16/116

Dear Department,

The regular cabinet meetings to which we referred in our letter (1014/61) of November 9 have continued during the past week. The only result so far has been an increase in the rations of cheap-price sugar and kerosene (see para.6 of our letter under reference), which is to take effect in the new year.

2. It looks as though there is some difficulty over the composition of the Preparatory Committee for the National Congress of Popular Forces. An announcement of the names of the members has been delayed twice and is now promised for November 18. Leader writers are at a loss for further comment on the progress of the Revolution and have reverted with gusto to attacks on the French for their treatment of Algerian prisoners.

3. Our diplomatic colleagues and the few Egyptians who are ready to talk seem equally at a loss: everybody is chewing over the same unconfirmed reports of the arrest and execution of Army officers. It seems that the manifesto which we mentioned in para.8 of our letter under reference called for the dismissal of Ali Sabri and Kemaluddin Hussein. Several new provincial Governors have been appointed, but Sharqiya Province, whose Governor is said to have been arrested for conspiracy with mutinous Army officers, was not on the list.

4. Sequestration has been imposed on the property of several people whose names are not contained in any of the three lists published so far: a new list (rumoured to contain 120 names) is expected shortly. Several other persons of our acquaintance, who have not yet suffered arrest or sequestration, have been subjected to police enquiry. The atmosphere of crisis persists, but it is difficult to see how the regime could be overthrown.

5. We are sending copies of this letter to Amman, Baghdad, Beirut, Damascus and Washington.

Yours ever,

CHANCERY.

North & East African Departments,
Foreign Office,
LONDON S.W.1.

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Ref: FO 371/158793

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VERY CONFIDENTIAL

POLITICAL SITUATION IN EGYPT

M. S. ... 15/11
M. ...
Ann. V NOV 15

1. The North and East African Department may be interested to know that, in the course of my meetings with him during the last week or two Dr. Abu Afia, who is the senior Legal Adviser to the Egyptian Ministry of Finance and Economics and one of the few really capable Egyptian officials with whom we can deal, has been increasingly outspoken and pessimistic about the position of the regime in Egypt.

2. A fortnight or so ago, he was saying quite openly that President Nasser had undertaken a task beyond his powers over which he was extremely likely to fail. At a meeting yesterday at which we raised a number of outstanding points arising out of the Financial Agreement on which the U.A.R. Government has failed to give us any satisfaction, he took the line that there was little prospect of the U.A.R. authorities in Cairo being able to deal effectively with any of these questions in the present political conditions in Egypt, and added that there might of course at any moment be "a change of Government".

3. He held out no prospect of any Egyptian Minister being able in present conditions to do anything to get matters right over the Financial Agreement, and gave me the impression of thinking that the situation might easily get a great deal worse before it gets any better.

4. When I saw the U.A.R. Ambassador a week or two ago, he seemed almost equally pessimistic.

George Rendel.

(George Rendel)
November 14, 1961.

P.S.

I saw Dr. Abu Afia again this morning. He said quite openly that the present regime could last much longer. On my asking who could replace it, he said there were plenty of capable men, ~~but~~ neither associated with the present regime nor inclined to communism, who would be ready to take over.

GR CONFIDENTIAL
14. xi. 61

then

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When Mr. Ervon of the Israeli Embassy called on me yesterday for a general talk he raised the subject of the most likely successor to Nasser, should the ^{Nasser} ~~Government~~ fall - which he did not think was particularly likely for the time being. I said that I had not got any particular ideas to throw out - Boghdadi was perhaps a starter. Mr. Ervon agreed, but suggested that we ought to be keeping our eyes skinned for any dark horses; he pointed out that Nasser had been a quite unknown quantity when he first emerged.

I think we ought ask Mr. Arthur to keep this point in mind.

Abirwenet
15/11

Yes
(I have thought Nasser gravely weakened internally ever since I heard his speech of Oct 16)

John White
NW 45
15/11

Mr. Aspinall 16/11.
Mr. Hamlyn (will you str?)

NS.
22/11

SECRET

FOREIGN OFFICE, S.W.1.

(VO 1016/227)

November 22, 1961.

You will be interested to hear that Abu Afia, who as you know has been in England for discussions about the many complications which have arisen out of the Anglo/United Arab Republic Financial Agreement, has been increasingly outspoken and pessimistic about the position of the régime in the United Arab Republic. You may like to know of his remarks, for what they are worth.

2. At the beginning of November he was taking the line that Nasser had undertaken a task beyond his powers, over which he was extremely likely to fail. More recently he has said quite openly to George Rendel that he did not think that the present régime could last much longer. At a meeting last week at which George Rendel raised a number of outstanding points arising out of the Financial Agreement on which the United Arab Republic Government had failed to give us any satisfaction, Abu Afia took the line that there was little prospect of the authorities in Cairo being able to deal effectively with any of these questions in the present political conditions, and added that there might of course at any moment be "a change of Government".

3. When George Rendel asked him on one occasion who could replace the present régime he said there were plenty of capable men, neither associated with the ancien régime nor inclined to Communism, who would be ready and able to take over.

4. When the Israel Counsellor called on me on November 14, for a general talk, he raised the subject of the most likely successor to Nasser should Nasser fall - which he did not think was particularly likely for the time being. Mr. Evron agreed with me that Boghdadi was perhaps a starter, (what do you think?), but remarked that there was always the possibility of dark horses and that Nasser himself had of course been an unknown quantity when he first emerged.

5. I imagine that spotting outsiders must be quite unusually difficult in Cairo, but I expect you are bearing the point in mind.

6. You may like to show this letter to Arthur Watts, who was present at most of the talks with Abu Afia and knows him well, in case he has any comments to make on Abu Afia's views and attitude.

(R.S. Scrivener)

G.G. Arthur Esq.,
Cairo.

SECRET

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V

NORTH AND EAST AFRICAN DEPT.

V G. 1016/230.

ARAB RESERVE

FROM Chancery Cairo
to NEAD.

RESTRICTED

No. 1014, c.

Dated November 21

Received November 23

SUBJECT:

Internal Situation.

Encloses analysis of composition of National Congress of Popular Forces: explanatory statement by issued by ABDUL QADIR HATEM.

References

-/221
-/224

MINUTES

This Committee has 250 members;

it must be impossibly unwieldy.

J. King
27/11

(Printing Instructions)

For R. (MIE) - any obj. pl. - fruit.

(Outward Action)

M. Eden a.g.

It is too early yet to say whether all this represents a significant new trend. But the weight which the administration looks like having in the preparatory committee (para 5 of the letter & p. 2 of the enclosure) is interesting.

A.H. Blake.

It does not appear that there is anything particularly significant in this reorganization. The old National Assembly had neither worked very

/ml

(Action completed)

5.12.61

(Main Indexed)

21
20. 1. 62

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well, now caught the popular imagination
+ it is possible that the local up of
the unions was used as an excuse
for doing away with it, stringing something
new.

2. It is extremely doubtful
whether the new National Congress of
Popular Forces, when it comes into
being will be any better. Judging
by the control which the Administration
seems likely to exercise in the
Preparatory Committee it is
likely to be repetition in new form
of the necessary democratic socialist
cover for the military dictatorship.

C. Allen
Boes (Assoc. Cas)
20. 11. 61.

NS.
4/12

Number of copies.....

Number of copies
of enclosures.....

14/61)



BRITISH EMBASSY,

CAIRO.

November 21, 1961.

RESTRICTED

VG 1016/230

Dear Department,

The list of members of the Preparatory Committee for the National Congress of Popular Forces (see our two letters 1014/61 of November 9) has at last been published.

2. In a decree issued on November 18, President Nasser ordered the formation of this Committee with a membership of 250 persons. Under the terms of the decree, the Committee is to have its opening meeting at 6 p.m. on Saturday November 25 in the National Assembly building.
3. We enclose an analysis of the composition of the Committee. Its most noteworthy feature is perhaps the large contingent of university professors and lecturers. We shall comment further on this point in the next confidential bag.
4. An explanatory statement issued by Abdul Qadir Hatem, Minister of State, stressed the preliminary and exploratory nature of the Committee's work. He pointed out that the task of the Committee was to prepare for the election of the National Congress. But in view of the importance of this task, the representation of the Committee had been drawn from as wide a field as possible.
5. According to the press, President Nasser will attend the opening meeting of the Committee and several meetings thereafter. He will take part in the discussions during these meetings and also in the work of the sub-committees. Al Ahran stressed that the committee was only the forerunner of the popular organisation and the Charter for national action. It added that the scope for discussion of the problems of popular organisation and the political structure would be left as wide as possible.
6. We are sending copies of this letter to the Chanceries at Amman, Baghdad, Beirut, Damascus and Washington.

Yours ever,

CHANCERY.

C.S.

North and East African Department,
FOREIGN OFFICE, S.W.1.

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ANALYSIS OF THE MEMBERS OF THE PREPARATORY
COMMITTEE FOR THE CONGRESS OF
POPULAR FORCES.

The Fellahim : 24 representatives.

including:

18 fellahim from Co-operatives

4 agricultural engineers

2 farmers

The Workers:

13 Trades Union leaders

15 workers

1 representative of the Labour relations Committee
of the National Union.

The Universities

34 members of teaching staffs representing all faculties,
including two from Al Azhar.

The Professions

7 members of trades unions

5 engineers

2 chemists

7 writers and journalists

11 lawyers

3 doctors

3 teachers

(it is also envisaged that the University nominees should represent these various professions).

Economic Activity

15 Directors or Managers of Companies, firms and organisations.

6 representatives of the cooperative Societies.

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The Former National Assembly

The President

22 members (excluding specialists)

Women

10 representatives of all sides of women's activities,
both practical and intellectual.

The Administration

5 Vice-Presidents.

20 Ministers.

3 Deputy Ministers .

24 Provincial Governors.

4 Under-Secretaries.

("Al Ahram" November 19, 1961)

CONFIDENTIAL

Egyptian internal situation

The Cairo Chancery letter in the attached paper is of considerable interest and I doubt whether we shall get a more authoritative interpretation of recent Egyptian measures than is provided by the Heikal articles. It may be worth making a few brief comments on the position which Nasser has now reached.

2. Nasser's reaction to the Syrian breakaway has been simple enough to follow. After an initial moment of fury, increased by the fact that the authors of the Syrian coup (businessmen and soldiers) were using Nasser's own socialist and pan-Arab jargon to belabour him with, Nasser sensibly decided to accept the fait accompli with dignity. After all, he could argue that the Syrians had come to him asking for union. But the inevitable result was that Nasser was thrown back on the Egyptian internal front as the only available field of political activity.

3. It has been argued that Nasser, seeing no obvious external objective, was forced to lash out on the home front. This he did by victimising big business and big property owners. This policy had the additional advantage that it reduced the power of the business community, whom in Damascus he suspected of having worked against him, from damaging him in Egypt. But I doubt whether this is the whole story.

4. It seems to me that Nasser is a man haunted by the economic problems of Egypt, and in particular by the population problem. He and his immediate military governing group are relatively honest but they have to carry out their policy of pulling Egypt up by its bootstraps through a lazy and inefficient bureaucracy ("the coffee-slurpers of old Nile", so well described recently in a Spectator article). In effect, the history of the Nasser régime in Egypt is one of a series of ineffective attempts to create a new and more efficient Egypt interspersed by more attractive, and sometimes more rewarding, sallies into the foreign field. By great good luck Nasser pocketed the Suez Canal revenues and some international prestige in 1956, and 1958 brought him the union with Syria which, for all its potential dangers, represented kudos of a kind. Now Nasser is thrown back on to the task of reconstructing Egypt, from which foreign affairs have recently allowed him to escape.

5. This development is bound to be weakening to Nasser simply because the internal problems of Egypt are so much more daunting than her external ones. I listened in Cairo to Nasser's speech of October 16 and was struck by the atmosphere of "Black Monday" - back to school. After a final review of the propaganda conquests of the past, Nasser settled down to a lengthy (and extremely boring) exposition of the comparatively minor increases in productivity achieved during the previous decade in Egypt. Nasser's policy of returning to the Egyptian

/grindstone

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grindstone represents, as far as one can see, a courageous and honest return to reality. It does little to damage Nasser internationally or in the Arab world - but it does seem to weaken Nasser internally because it shows that, for all his foreign successes, Nasser had done relatively little to achieve his aims in Egypt. A Syrian economist has estimated that in order to raise the per capita income of Egyptians to £100 per annum an investment of £4,500 million will be required. The danger to Nasser must be that his critics in the Armed Forces may feel, so soon as the spotlight is turned to internal affairs, that Nasser has so far failed.

6. The main new element in Nasser's plan for popular representation and the new Constitution is that the "Congress of Popular Forces" is now expected to take an active part in drafting, and if necessary completely redrafting, the National Charter. It will be interesting to see how far the present régime can call into being some practical expression of public opinion.

7. of course, the attack on property gives Nasser a once for all Capital gain.
Sir F. Hoyer-Millar
Mr Craw
Sir R. Stamps
8/11

(J.G.S. Beith)
November 21, 1961.

La Rivy

In hearing

Follow up
22.11

L.A. 23/11

N.S.
24/11

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FROM CAIRO TO FOREIGN OFFICE

DEPARTMENTAL DISTRIBUTION

En C 1r

Sir H. Bealey

27 NOV 1961

No. 1132
November 27, 1961

V8101/235

B. 1.15 p.m. November 27, 1961
R. 1.58 p.m. November 27, 1961

IMMEDIATE

Addressed to Foreign Office telegram No. 1132 of November 27.

Repeated for information to:- Paris
And Saving to :- Washington.

V8101/232

My telegram No. 1125.

A further four persons (two French lawyers and one Egyptian and one Greek journalist) were arrested on November 26. Today's Press carries detailed accounts.

2. The arrests are said to be the result of the discovery by U.A.R. intelligence of a spy ring based on and operating under cover of the French Property Commission. Investigations are said to have shown that the Mission was engaged in the following improper activities:

- (1) gathering political, economic and military information about the U.A.R. and communicating it to France;
- (2) recruiting the service of certain persons in return for payment;
- (3) forming an extensive espionage network for spying on U.A.R. secrets over a wide field;
- (4) using equipment belonging to the Swiss Embassy to print and issue subversive leaflets;
- (5) smuggling out enormous sums of money for foreigners.

3. According to the Press the arrests followed eighteen months' close surveillance of the Mission, and the accused were confronted with evidence including handwritten documents and tape recordings of conversations. M. Bellivier is said to have made an important oral confession and a resumé in his own handwriting some

/pages



← Cairo telegram No. 1132 to Foreign Office

- 2 -

pages of which are reproduced in facsimile. The confession allegedly included the following points:

- (a) in his original instructions Bellivier was required to collect political, economic and military information about the U.A.R.;
- (b) Mattei, in addition to his sequestration responsibilities, was instructed to organise the gathering of information of any kind and communication with informers and agents (Ahram comments that the remaining sequestration business was so simple as not to warrant the presence of a French Mission);
- (c) the French Government had planned the assassination of President Nasser. They had sent out an intelligence officer named Harry Gantis, a specialist in political assassination, who had planned the murder of Ferhat Hashad, a Tunisian labour leader, in 1955. His cover in Egypt was attendance at the Arab Petroleum Congress in Alexandria last month;
- (d) the Mission had contemplated a clandestine broadcasting station in Cairo. Finding this too difficult they had distributed subversive leaflets through the French Cultural Centre;
- (e) the spy ring supplied news to the clandestine "Free Egypt" radio, set up by the French Government in Marseilles and run by Ahmed Abul Fath;
- (f) the Mission had smuggled funds belonging to French subjects and other foreigners out of Egypt. For the transfer of funds of French citizens under sequestration they had used the diplomatic bag of the Swiss Embassy.

4. The alleged facsimiles of Bellivier's confession include statements that he had helped M. Chauver (of Le Figaro) "in his task"; that during a discussion in M. Meuten's office of means of getting rid of Nasser's régime M. Meuten had spoken of an attempt to assassinate the President; and that at another meeting Bellivier had alluded to the possibility of using propaganda. On another page is the statement that it was known that the French Government

/wished

Cairo telegram No. 1132 to Foreign Office

- 3 -

wished for the removal of Nasser's régime and was plotting a coup if possible, the first stage of which was the preparation and distribution of subversive leaflets. One method studied was the possibility of an Israeli attack on the U.A.R. following the promotion of internal disorder.

5. Detailed confessions are also said to have been obtained from other members of the group.

Foreign Office please pass Saving to Washington as my telegram No. 120.

[Repeated as requested]

ADVANCE COPIES:

Private Secretary
Sir F. Hoyer Millar
Sir R. Stevens
Head of N.E.A.D.
Head of News Department

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Ref: **F0371/158793**

88073

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FROM CAIRO TO FOREIGN OFFICE

Cypher/OTF

DEPARTMENTAL DISTRIBUTION

Sir H. Beeley

No. 1133
November 28, 1961

28 NOV 1961
VG 1016/238

10.21 a.m. November 28, 1961
10.43 a.m. November 28, 1961

IMMEDIATE
CONFIDENTIAL

Addressed to Foreign Office telegram No. 1133 of November 28.
Repeated for information saving to Paris and Washington.

My telegram No. 1125: ^{VG 1016/} French Property Commission.

I can only speculate on the reasons for this action against the French and its timing. There are, no doubt, many contributory causes, including Algeria and the Voice of Free Egypt, but the coincidence of the arrests with Nasser's attempt to laugh off the recent rumours of internal plots against the régime, in his speech of November 25, is striking. It is obviously convenient to be able to create the impression that the fire behind the smoke was of foreign origin, and to divert attention and perhaps close the whole episode by holding a spectacular spy trial. After the confession in yesterday's newspapers by the most junior of the arrested members of the French Commission, this morning's papers contain facsimiles of a similar document signed by Meuten, the next in seniority. The prisoners are to appear on television tonight.

2. There is, of course, much speculation as to how the confessions were obtained. It is perhaps significant that Meuten in his statement says he was written it "sans y voir été contraint par la force".

3. The Swiss Ambassador, who despite repeated demands to see the Minister for Foreign Affairs has not yet got beyond the Under-Secretary, is basing his representations on the contention that Mattel and his staff enjoyed a substantial measure of legal immunity, and that however this may be defined their position entitled them in practice to be treated in accordance with the rules of conduct normally observed by Governments towards the representatives of Foreign Powers. He is in particular drawing attention to paragraph 5(A) of the Foreign Ministry's Note of April 23, 1959 to the Swiss Embassy, which grants immunity from legal proceedings without the qualification added in Article 2 (1) of Law 216 of 1959. (I assume you have copies of both).

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28 NOV 28 61

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Re telegram No. 1133 to Foreign Office

- 2 -

4. The Western diplomats here are gravely concerned by these events, following only a few months after the burning of the Belgian Embassy. The general consensus of opinion, in which I concur, is that it would be useless for any of us other than the Swiss to make representations here. These would probably not be accepted, and would certainly be counter-productive. The only way which my colleagues and I can see of helping the French would be for informal representations to be made at a very high level in a number of capitals, and especially in Washington, on the general ground that behaviour of this kind is incompatible with a desire for good relations with the Western world.

5. I had dictated the above before seeing your telegram No. 1730, which has just reached me. I have not seen the text of the French protest, but I do not think it would affect the views expressed above.

Foreign Office please pass Saving to Paris and Washington as my telegrams 31 and 121, respectively.

[Repeated as requested]

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Central Department
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FROM FOREIGN OFFICE TO CAIRO

C.asher/OTF & By Bag

DEPARTMENTAL
DISTRIBUTION

No.1746

November 29, 1961

D: 8.12 p.m. November 29, 1961

PRIORITY
CONFIDENTIAL

Addressed to Cairo telegram No.1746 of November 29
Repeated for information to: Washington
Paris
And Saving to: UKDel N.A.T.O. No.1898

Your telegram No.1133 [of November 28: Arrest of French Officials in Cairo].

Counsellor of French Embassy called again on the Department this morning and represented to us, orally, that early action should be taken at the highest possible level with a view to supporting the French protest to the UAR Government. He showed us telegrams indicating that both the United States and Netherlands Ambassadors in Cairo were prepared to take part in any representations made there in support of the French.

2. M. Dupuy explained that French feeling on this question was very strong; they might take reprisals and they might take the matter to the Security Council, but their first consideration was for the well-being of the officials who had been arrested and they did not therefore yet wish to reach the "point of no return".

3. He was told that we were still considering what action we could usefully take and was asked whether the French Government for their part felt that action should be taken in Cairo rather than, for example, by summoning the UAR Ambassador. M. Dupuy said that his instructions were to press for action in Cairo but he thought that representations made to the UAR Ambassador would fully meet French requirements; the main consideration was the probable effectiveness of whatever was done.

4. Since then Wagner of United States Embassy has shown us instructions sent to United States Ambassador in Cairo. These are that he may at his discretion concert with his colleagues with a view to joint representations, but that he should not take the lead and that the discussions should be "kept in a low key". The

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Foreign Office telegram No. 1746 to Cairo

-2-

State Department recognize that "an expression of our concern is desirable", not as regards the merits of the UAR accusations but as regards the treatment of the French officials.

5. We showed Wagner paragraphs 1-4 of this telegram. He was attracted by the idea of summoning the UAR Ambassador in Washington, and will be recommending this to State Department.

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