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1961 File Vg 1011

V

NORTH AND EAST AFRICAN DEPT.

Vg 1011/1.

FROM *Sur. H. Baekey*  
CAIRO

SUBJECT:

*Review of developments in  
the UAR for 1961.*

No. *b(1012/62)*  
Dated *January 25*  
Received *January 29.*

References

MINUTES

Copy to J.I.B.

Although it contains little that has not already been reported separately, this despatch comprises a useful review of events in the U.A.R. in 1961, and is, therefore, I suggest, worth printing F.C.W.H. I have drafted a summary, as Cairo have not provided one, and attach this together with a prepared copy of the despatch.

165340

(Printing Instructions)

PRINTED *(Q)*

(Outward Action)

*8 of J.I.B min Def: 7/2*

*(D. A. Hamley)*  
January 30, 1962

*M. Edo.*  
Eastern Department  
*M. Stant, 190 to see M. Reith's minute.*  
F.O.R.D.

I.R.D.

E.R.D.

*RAM 13/3*

*Cairo summary has now arrived  
and is attached*

2. *An excellent despatch.*
3. *It is an interesting indication  
of Nasser's outlook that he should  
have made the statement quoted  
at the end of para 4 - before the  
Syrian coup.*
4. *The analysis of the Syrian affair,  
and*

(Action  
completed)

(Main Indexed)

*11/367*

*30.11.63*

1963 File  
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NOTHING TO BE WRITTEN IN THIS MARGIN.

Minutes.

Blaker's suggestion, if only in the interests of historical accuracy - not polemics. (But the point has always been an obvious one to the experienced observer).

John Birt

Feb 2

all  
the

W. Saunders  
9/2

M. H. Hillier  
9/2

Will you please discuss the point with the Arabic Service at the next opportunity? They will <sup>probably</sup> wish to make it very more by implication than by assertion.

D. L. Stewart  
15/2

M.E.R.A. ✓

/ I have

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Minutes.  
I have discussed with BBC Arabic.  
They think it would be difficult to  
put the point at all directly without  
provoking the Egyptians who at the moment  
are being rather friendly to them. But  
they will try to slant comments from  
the press.  
Mr. Montague  
26.2  
16/1  
3/4

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(1012/62)

No. 6. ✓

BRITISH EMBASSY,

CAIRO.

January 25, 1962.

My Lord,

VG 1011/1.

I have the honour to submit a review of developments in the United Arab Republic during 1961.

2. The year opened quietly; apart from the continued effort to enlarge Egyptian influence in Africa and occasional outbursts such as that which followed the murder of M. Lumumba and which led to a break of diplomatic relations with Belgium, it appeared that the Government of the United Arab Republic was concentrating on the fulfilment of its plans for economic development. In these conditions the objective forces making for non-alignment in international politics were able to assert themselves; the consciousness of dependence on the Soviet Union for the construction of the Assuan dam, as well as for the equipment of the armed forces, was balanced by the consciousness of dependence on the United States for the saving of foreign exchange on an increasing volume of foodstuffs and other surplus agricultural products (amounting to about £40 million in 1961). There were signs that the Government felt that its policy had drifted too far towards the Soviet bloc, and that it was trying to get back into mid-channel, notably by measures designed to shift the balance of cotton exports westwards. At the Belgrade Conference of non-aligned powers later in the year, President Nasser was on the whole to be found among the supporters of Mr. Nehru against those participants who would have preferred the adoption of a more decidedly anti-western position.

/3.

The Right Honourable,

The Earl of Home,

etc., etc., etc.,

FOREIGN OFFICE.

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3. It was against this background that the exchange of Ambassadors between the United Kingdom and the United Arab Republic finally took place in March. My reception here was more friendly than I had anticipated, and I found a widespread desire for the development of commerce between the two countries and especially for more participation by British contractors in the plans for industrial development. In fact, during 1961 British firms have secured a number of important contracts, and credit facilities have been negotiated which should open the way to further projects in this field. In general relations were improving slowly but steadily until the end of September, when the trend was sharply reversed for reasons which will appear below.

4. Behind the outward calm of the first six months there must have been intense activity on plans, the secrecy of which was so well preserved that their origins are still obscure, for a decisive step forward in the revolutionary transformation of the country. The régime had already shown, by the agrarian reform of 1952 and by the gradual expansion of the public sector of the economy, that it was bent on economic as well as political revolution. Nevertheless opinion was unprepared for the sweeping nature of the decrees of July, 1961, which in effect turned the ninth anniversary of the revolution into the inauguration of its second stage. Virtually all of the large-scale industry and commerce which had hitherto been in private hands was nationalised in whole or in part; in either case it was brought under government control, as was the whole apparatus of external trade, banking and insurance. The composition of boards of directors was laid down, and was to include workers' representatives. It was decreed that the salary of a company

/director

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director should not exceed LE5000, and at the same time taxation was more steeply graduated. The permitted maximum holding of agricultural land, which had been 200 acres (with a possible addition of 100 for members of a family) under the agrarian law of 1952, was reduced to 100 acres (with an additional 50 for families). Other decrees stipulated that 25 per cent of company profits should be allocated to the workers, that the working day in factories should be reduced from eight hours to seven, and that certain payments due from peasant proprietors should be reduced or remitted. While carrying out this major economic and social reorganisation, the Government insisted that they did not intend to strike at the principle of private property, but only to prevent it from assuming forms which were productive of social conflict and consequently of danger to the new revolutionary order. As President Nasser said in a speech on the 22nd of July, to have left the private sector alone "would have meant leaving capital with the opportunity, when the chance came, to bounce back and seize the political structure."

5. The July laws raised in a new form the question of relations between the Egyptian and Syrian regions of the Republic. Despite the growing subordination of Syria, there had not been anything approaching a complete fusion of the two regions, either administratively or economically. If now the accelerated advance towards state capitalism and a regimented economy were to be made in Egypt without being applied to Syria, the two economies would become still more divergent and the union still more artificial. The decision was therefore taken to apply the new measures, with certain exceptions, to the northern region equally, and this was followed up in August by a reorganisation of the structure of government which swept away the two regional

/executive

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executive councils and established a single council of ministers which was to meet normally in Cairo but for three months of the year in Damascus. Colonel Sarraj, who after the union in 1958 had rapidly established himself as in effect the President's Syrian viceroy, appears to have assumed at first that the new system would leave room for him to maintain his personal ascendancy in Damascus. When it became clear that one of the consequences, and probably one of the objectives, of the reorganisation was precisely to put an end to this, and when the transitional measures in Syria were taken out of his hands and entrusted to Field Marshal Abdul-Hakim Amer, Sarraj resigned the Vice-Presidency to which he had been nominated, and returned to Damascus from Cairo, whither he had been summoned. That was on the 26th of September. Colonel Sarraj may have been planning an attempt to recover his authority by unconstitutional means, but if so events moved too fast for him. His resignation, and the manoeuvres which preceded it, had a twofold effect in Syria. They demonstrated the possibility of defying President Nasser, but probably their more important influence on what followed was the sense of liberation which resulted from the disintegration of Colonel Sarraj's own police and intelligence system. The removal of his heavy hand before any alternative centre of authority had been created released the forces which he had been repressing. The way was thus opened to the expression of accumulated discontents, of the new fears awakened by the July laws, and of the desire of Syrians to re-assert their national identity. On the 28th of September a group of officers in Damascus carried out a coup d'état which, after some initial hesitation, was supported by the armed forces throughout Syria. President Nasser, after an unsuccessful attempt to rally the  
/command

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command in Latakia and to reinforce it from Egypt, decided to make a virtue of necessity and announced on the 5th of October that he would not take measures which might lead to civil war in Syria, and that he would not stand in the way of the recognition of Syrian independence. After a life of only three and a half years, the first experiment in Arab unification was over.

6. The loss of Syria dealt a heavy blow at the pride and confidence of President Nasser and his inner circle. It had profound effects on their attitude to both internal and external problems, and led them to demonstrate in both fields their incapacity for the objective analysis of evidence. They were unable to face the fact that they had mismanaged Syria, and that the re-assertion of her identity was a spontaneous manifestation of anti-Egyptian feeling. Consequently they were obliged to attribute the secession to a conspiracy. Since this conspiracy had succeeded, for the time being, in thwarting the natural wish of the Syrian people to participate in the advance of revolutionary Arab nationalism, it was plainly the work of reactionary elements threatened by the economic reforms and of the enemies of Arab emancipation. Thus it was asserted that the group of officers who had carried out the coup d'état were financed both by Damascus capitalists and from abroad, notably by King Saud and King Hussein, with the connivance of other foreign Powers. There may be some foundation for certain elements in this theory; what is obviously absurd is the suggestion that, in so far as it might be correct, it could provide a comprehensive explanation for the secession of Syria.

7. Whether wholly or only partially false, this historical interpretation played a large part in determining the development of events in Egypt during the remainder of 1961. In itself the collapse of the union undoubtedly encouraged discontented elements

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elements in Egypt, in particular those who were suffering from or threatened by the effects of the July laws, to hope for the fall from power of President Nasser, and some of them gave indiscreet expression to these hopes. Whether these feelings resulted in any active movement against the régime is uncertain, but it seems probable that no serious threat to its stability developed and that the measures taken by the Government in October owed more to its interpretation of the Damascus coup than to any subsequent events in Egypt. On the night of the 16th-17th October some forty persons, most of them from wealthy families, were arrested, and at the same time the property of these and of a larger number of capitalists and feudalists was placed under sequestration. There can be little doubt that the purpose of sequestration at this stage was to immobilise all concentrations of wealth which might conceivably be used to finance a military coup d'état in Cairo. This may also have dictated some of the later sequestrations, of which there were more than 800 by the end of the year, but by that time other motives were playing their part, notably the desire to eliminate what remained of the Jewish middle class. Nor can the usefulness of sequestration as a supplementary aid to the new economic policy have been entirely overlooked.

8. These arbitrary measures, superimposed on the economic revolution of July, created widespread dismay, uncertainty and fear in the middle classes. There were also persistent rumours of discontent in the armed forces, and an unknown but probably not very substantial number of officers was placed under arrest. It was in this uneasy atmosphere that in the early morning of the 25th of November the head of the French Property Commission in Cairo, together with three members of his staff and the head of the French Cultural Mission, were arrested /on charges

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on charges of espionage and conspiracy to overthrow the régime. In view of the improbability of these accusations, most foreign observers concluded that the Government hoped, by proclaiming that there had indeed been a plot which however their vigilance had frustrated, to put a stop to the rumours of internal conspiracies against them. The rumours did indeed die away after attention had been focussed on the French prisoners and the confessions which they were alleged to have freely made. But it seems probable that the President at least believes that the charges against the French will be substantiated in the Court where their trial is now in progress. Such a belief would fit well into the pattern of ideas which has formed in his mind since the end of September.

9. Having concluded that the Syrian breakaway was the work of Arab reactionaries and their foreign supporters, whose common interest was to block the progress of "Arab socialism" under his leadership, President Nasser began to brood on the implications and possible ramifications of this conspiracy, and to consider his counter-measures. In withdrawing his initial objection to the recognition of Syria by other Governments, and opening the way to the renewal of her membership of the Arab League, he had made it clear that the United Arab Republic (as Egypt was still to be called) would not itself recognise an independent Government in Damascus until there had been a free expression of the Syrian people's will. The elections which were held in Syria on the 1st of December evidently did not meet this requirement, and recognition was still withheld at the end of the year. With Jordan relations had been broken off (as they had with Turkey on similar grounds) because of King Hussein's swift action in recognising Syria before President Nasser had resigned himself /to its loss.

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to its loss. Relations with Saudi Arabia were maintained, although it is surprising that they have survived the continued abuse of King Saud not only in the press but in, for example, the President's Victory Day speech on the 23rd of December. This speech also contained the first attack on the Imam of the Yemen, and it was followed three days later by the severance of the somewhat theoretical link with the Yemen which had been provided by the organisation known as the United Arab States. While denouncing these four Arab Governments, President Nasser was in all probability not aiming at the reincorporation of Syria or the incorporation of any other Arab country in the United Arab Republic. He appears to have concluded from the unhappy episode of the union with Syria that attempts at territorial aggrandisement were a mistake, and that his interests would be better served by the creation of a socialist state in Egypt as the headquarters of the "Arab vanguard" and by allowing the radiation of its influence to work on the unstable societies of the Arab world. Like the Communists, he believes that the future is with him, but like them he will not necessarily refrain from giving a helping hand to the historical process.

10. For the time being, however, he appears to feel that he is on the defensive, and that the coalition against him extends beyond the Arab world. At this point memories of 1956 have combined with the apparently indestructible myth of British omnipresence in the Middle East to reawaken all his old suspicions of Her Majesty's Government. I do not think he ever doubted that British policy was a factor in the Syrian rebellion; and this is the origin of his present hostility to us, although it was our subsequent intervention on behalf of the arrested

/French

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officials which provoked his first direct attack against us on the 23rd of December. This was quickly followed, in the press and on the radio, by misrepresentation of the purposes of the precautionary military movements made in the last week of the year to ensure the protection of Kuwait. Finally, H.M. Government were immediately accused of having instigated the unsuccessful insurrection which took place in Beirut on the 31st of December. The year ended, therefore, with Anglo-Egyptian relations at the lowest ebb since their resumption in 1959.

11. Among its other effects the separation from Syria brought to an end the process of constitution-making which had been started earlier in the year. Since there was no previous Egyptian constitution on which to fall back, this posed once again the problem of substituting permanent institutions for the provisional arrangements under which the country had been governed since 1952. The measures to be taken with this objective were announced by President Nasser on the 4th of November. A Preparatory Commission, consisting of 250 nominated members, would meet later in the month to prepare the way for the election, early in 1962, of a National Congress of Popular Forces, the members of which would be elected by professional associations and other social groups, in other words on a corporative basis. To this Congress the President would submit the draft of a National Charter which, after discussion, possible revision and adoption, would serve as a guide to voters and candidates in the next series of elections. These would be held on a geographical basis, and would result in the formation of local committees of the National Union, from the members of which a General Congress of the Union would then be constituted. This body would determine "the method of laying down a permanent

/constitution

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constitution for the United Arab Republic". The reasons for devising so complex a prelude to the constitution are mysterious. But its outline showed one thing clearly - that President Nasser was still not thinking of creating a political party, on the communist model, as the motive power of his revolution. So far in fact from considering it necessary to subordinate the mass of the people to the leadership of a minority party, he appeared to believe that power could be securely founded on the people as a whole provided that a recalcitrant minority was first eliminated. Thus the Preparatory Commission, in addition to its task of preparing for the Congress of Popular Forces, was asked to make recommendations concerning the isolation from political life of "enemies of the people" and of other persons whose interests conflicted with those of the nation at the present stage of its social development. The inference appeared to be that if this minority (of probably some 5-10,000) was deprived of its political rights, the remainder of the Egyptian people would co-operate harmoniously with the Government.

12. While the Government thus dealt with the consequences, internal and external, real or supposed, of the loss of Syria, it was also engaged in the task of absorbing the new economic responsibilities which it had undertaken as a result of the July laws. It soon became apparent that this would require a major administrative reorganisation, but it was not until the 16th of December that decrees were issued rationalising the relations between the machinery of government on the one hand and the nationalised enterprises on the other. Under these decrees there was established a Supreme Council for Public Organisations, consisting of the President, the Vice-Presidents and the Ministers designated to supervise the 39 General Organisations

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into which were grouped the 440 state-controlled enterprises. The resulting structure has an undeniable logic, but it remains to be seen whether, in view of the shortage of managerial talent and the traditional Egyptian tendency to evade responsibility, it will not result in swathing the economy in red tape. This danger, together with the increasingly critical shortage of foreign exchange and the growing demands of the development programme, and added to the consequences of a disastrous 1961 cotton crop, is likely to make 1962 a critical year for the Egyptian economy and consequently for President Nasser's new model of Arab government.

13. I am sending copies of this despatch to Her Majesty's Representatives in Beirut, Amman, Damascus, Baghdad, Bahrain, Kuwait, Tel Aviv, Washington, Paris, Nicosia, to the Permanent Representative to the United Nations in New York, and to the Political Officer, Middle East Command, Aden.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's obedient Servant,



(H. BEELEY)

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1961

SUMMARY OF EVENTS.

January 2

Exchange of Ratifications of a Protocol for Economic and Technical Co-operation between the U.A.R. and the U.S.S.R.

10

Signature in Belgrade of a U.A.R.-Yugoslav Industrial Assistance Agreement (providing for a 20 million dollar Yugoslav credit for the U.A.R.).

Resolution by ICATU boycotting French shipping and aircraft in Arab countries.

13

Nasser's return from the African Conference at Casablanca.

14

£2 million order from United Arab Airlines for the purchase of two more "Comets".

14-15

Visit of the Indonesian Foreign Minister.

15

Agreement between the U.K. and the U.A.R: Ambassadors to be exchanged and Consulates to be opened.

15-19

First Afro-Asian Women's Conference

21-22

Emergency meeting of the Afro-Asian People's Solidarity Council, on the Congo and Algeria.

22

U.A.R. gave agrément for H.M. Ambassador-designate.

23

Nasser's speech to the National Assembly reviewing the Casablanca Conference, and directing the Assembly to prepare a permanent constitution for the U.A.R.

/25-31



ADMINISTRATIVE

January 25-31

Official visit of the  
Deputy Prime Minister of the  
D.D.R.

26

Announcement of the exchange  
of Ambassadors between the U.K.  
and the U.A.R.

27

Official visit of the Soviet  
Deputy Foreign Minister.

February 1-6

Opening in Cairo of the 6th  
Arab Lawyers Conference.

1

Arrival in Cairo of first  
elements of the U.A.R. Parachute  
Battalion from the Congo.

2

Three Technical Assistance  
Agreements with West Germany  
signed in Cairo.

4

Decree regulating foreign  
currency operations in Syria.

6

James Zarb released.  
Cessation of U.A.R. Radio  
propaganda attacks against  
Jordan.

15

U.A.R. recognition of Gizenga  
Government in Stanleyville  
reported.

18

Rioting in Cairo over death of  
Lumumba: Belgian Embassy burnt out.  
Arrest of U.S. Press Attaché on  
the charge of distributing  
'Imperialist' pamphlets on the  
Congo.

19

Nasser left for Syria.  
Decrees establishing the "Misr" and  
"Nasr" organisations.

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February 20 Message from Nasser to the Prime Minister about the Congo.

23 H.M.Consul-General arrived in Damascus.

24 Nasser's speech in Damascus attacking the P.P.S. and Phalange Party.

25 Belgium broke off diplomatic relations with the U.A.R.

26 Republican Decree sequestrating all Belgian property.

The Prime Minister's reply delivered to Nasser's message on the Congo.

March 3 Decree nationalising all foreign banks in Syria.

5 Signature in Cairo of a Trade and Cultural Agreement with Mali.

7 Nasser's return from Syria.

11-22 Visit of the Yugoslav Vice-President M. Todorovic.

14 Arrival of H.M.Ambassador.

19-21 Mr. Nehru in Cairo.

21 Signature in Cairo of 4 U.A.R.-Yugoslav economic co-operation agreements.

23-24 Prince Souvanna Phouma in Cairo

24 U.A.R. Ambassador presented his credentials to H.M. the Queen.

25 Opening of the Cairo International Agricultural Fair.

Opening of the Third All-African People's Conference.

29 H.M.Ambassador presented his credentials to Nasser.

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March	31	Closing session of the Third A.A.P.C.
April	1-12	Visits by Bulgarian and Czechoslovakian Parliamentary Delegations.
	2	Signature in Cairo of a U.A.R.-Burmese Trade Agreement.
	13	Congolese Ambassador (Stanleyville) presented his credentials to Nasser.
	17-19	Visit of Marshal Tito.
	18	Publication of Nasser's message to Castro.
	19	Joint Declaration by Nasser and Tito on Cuba; demonstrations in favour of Castro.
	22-26	Meeting of the Chiefs of Staff of Arab Collective Security Pact Countries.
April	27-May 12	Visit to the U.S.S.R. by a U.A.R. Parliamentary Delegation.
April	30-May 5	Conference of Foreign Ministers of the Casablanca Powers.
May	4	Signature of a Credit Agreement for £E 20 million between the U.A.R. and C.Tennant Sons. & Co.Ltd. of the U.K.
	8-17	State visit of Sekou Touré.
	16	Agreement for a U.A.R. loan of £E 6 million to Guinea.
	16-18	State visit by President Soekarno.
	27	A P.L.480 Agreement with the U.S., signed in Cairo for the supply of
		/200,000

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May	27 contd:	200,000 tons of wheat and flour, worth \$30 million (payment in local currency).
	30	Diplomatic relations with South Africa broken off.
June	3-10	State visit by Archbishop Makarios.
	4-6	Official visit by the Somali Prime Minister.
	5-13	Opening in Cairo of a Conference preparatory to the meeting of Heads of Government of non-aligned states.
		The Cairo press reacted to Soviet propaganda attacks on the U.A.R.
June	12-17	Visit by President Modibo Keita of Mali.
	10-18	Arab League Defence Council meeting.
	21	Nationalisation of the cotton marketing industry.
	22	Al Azhar University to incorporate secular faculties.
June	25-July 8	End of National Assembly session.
		Visit to Federal Germany by a U.A.R. Economic Delegation.
June	26-July 7	Visit to Yugoslavia by a U.A.R. Parliamentary Delegation.
July	5	Signature in Bonn of a U.A.R.-West German Economic Agreement (involving German credit facilities of up to DM.1,050 million, including /DM.500 million

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July	5 contd:	DM.500 million to finance the Euphrates Dam).
	9-15	Official visit of the Prime Minister of Northern Nigeria.
	10	Decrees nationalising maritime transport, including the Khedivial Mail Line, and cotton pressing firms.
	10-14	Visit by a Kuwaiti Delegation led by Shaikh Jabir al Ahmad.
	12-13	Meeting of the Arab League Council to consider the Kuwait crisis.
	19	Publication of new decrees regulating profits etc., and temporarily closing the Cairo and Alexandria Stock Exchanges.
		Contract awarded to English Electric Company for Cairo South Power Station extension, worth £5 million.
	20	Kuwait admitted as a member of the Arab League after the Iraqi Delegation had walked out.
		Further socialization decrees, nationalising all banks and insurance companies and bringing 399 companies either into the public sector or under partial Government control.
	25	Publication of decrees restricting maximum land holding to 100 feddans, imposing income tax in the Northern Region etc.
	25-30	State Visit of the Ruler of Qatar.

/August 3 ....

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- 7 -

August	3	The U.A.R. and Tunisia decided to restore full diplomatic relations. An I.M.F. Mission arrived in Cairo for discussions on the U.A.R.'s economic and foreign exchange position.
	4	A U.K.-U.A.R. Air Services Agreement initialled.
	5-12	Visit of the Ruler of Dubai.
	15	Government reorganisation involving the formation of one Cabinet with 7 Vice Presidents.
	25	Opening of the 8th Damascus Fair.
	29	Meeting of the Casablanca Political Committee in Cairo at Foreign Ministers' level.
	30	Nasser left for Belgrade
September	1	Opening of the Belgrade Conference.
	4	A P.L.480 Agreement with the U.S for wheat, corn and flour, worth \$64 million (repayment in local currency).
	7	Nasser returned from Belgrade
	13	Death of the Australian Ambassador to the U.A.R. in an air crash at Rabat.
	14-19	Meeting of the Arab League Council in Cairo at Ambassadorial level.
	21	The Cairo and Alexandria Stock Exchanges re-opened for limited business.
	22	Announcement of Government help

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September 22 cond:

to cotton growers suffering losses from cotton worm.

26

Presidential decree accepting the resignation of Abdul Hamid SERRAJ.

28

Army revolt in Damascus.

29

Nasser announced that he had called off military measures against Syria.

October 1

The U.A.R. broke off diplomatic relations with Turkey and Jordan following those countries' recognition of the new Syrian Government.

2-7

Continued Cairo press reports of disturbances in Syria, and "popular" demonstrations in Egypt against the separatist movement in Damascus.

5

Nasser's speech to the Arab nation, accepting the secession of Syria.

Signature of an agreement to purchase £2½ million worth of cotton and to extend credit facilities of up to £5 million by Emerson Associated of U.K.

8

University and school fees cut by half.

16-21

The Third Arab Petroleum Congress held in Alexandria.

18

U.A.R. Government re-shuffle. Six Ministers dropped; four new /Ministers

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October	18 contd:	Ministers brought in.
	19	First meeting of the new Cabinet of the U.A.R.
	21	The Ministry of the Interior announced at a Press Conference that 37 "reactionaries" had been arrested, and 167 had had their property sequestered.
	24	Contract with British Northrop Ltd. signed for the supply of textile looms worth £2½ million
	31	The property of 255 more persons sequestered.
		"Al Ahram" published lists of large shareholders in Egyptian companies.
November	4	Nasser's announcement of the future popular political organ- isation of the U.A.R.
	6	Arrival of a Somali Military Delegation for a week's visit.
	7	Presidential decree terminating the functions of the National Assembly.
		The property of a further 171 persons (mainly Jews) sequestered.
	14	Arrival of the Crown Prince of Yemen for a three-day State Visit to the U.A.R.
		Signature of a \$50 million credit facilities agreement with E.N.I. of Italy.
	18	Decree for the formation of a Preparatory Committee (250 members)
		/for



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November	18 contd:	for the National Popular Forces Congress.
	19	Tripartite talks between Nasser, Tito and Nehru.
	20	Sequestration of the property of a further 29 persons.
	21	A future P.L.480 Agreement worth \$20.74 million (payment in local currency).
	25	Opening meeting of the Preparatory Committee for the National Congress of Popular Forces: a three-hour address by the President. The property of another 168 persons sequestered.
	26	Announcement of the arrest of 5 French officials in Cairo.
December	2	Arrival of Professor and Mrs. Arnold Toynbee for a 2-week visit to the U.A.R..
	6	Publication of the indictment against those accused in the French "spy" case.
	11-15	Visit of the Prime Minister of Provisional Government of Algeria.
	12-25	Visit of the Soviet Deputy Defence Minister and C-in-C of the Soviet Navy, Admiral Gorshkov, with a Soviet inter-Service Delegation.
	16	Two decrees issued re-organising the Public Sector of the economy.
	21	The first Kuwaiti Ambassador presented his credentials.

/23 ...

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December	23	Victory Day speech by Nasser at Port Said, attacking Britain, France, King Hussein, King Saud and the Imam of the Yemen.
	24	Arrival of U Nu, Prime Minister of Burma, on a State Visit.
	26	Announcement of the U.A.R.'s decision to terminate the federation of the United Arab States between the U.A.R. and the Yemen.
	28	Two more Comet IV aircraft ordered from U.K. by United Arab Airlines.
	29	Opening of a radio and press campaign directed against British troop movements in the Middle East.
	30	Republican decrees issued on import and export premiums.
	31	Final session of the Preparatory Committee of the National Congress of Popular Forces.

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BRITISH EMBASSY,  
CAIRO.

1012/62

January 29, 1962.

CONFIDENTIAL

VG 1011/1(A)

Dear Department,

We enclose a summary of the Ambassador's Annual Review for 1961 (Cairo despatch No.6 of January 25). We should be grateful if you would annex this summary to the despatch.

Yours ever,

CHANCERY.

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

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# SUMMARY OF CAIRO DESPATCH

NO. 6  
OF  
JANUARY 25th.

The first half of the year was quiet and the forces working for non-alignment were dominant. Trade and general relations with the United Kingdom were improving until the end of September. (Paragraphs 1-3).

2. Behind the calm, the regime was preparing the sweeping socialisation measures of July 1961. It was the application of these measures to Syria, combined with the resignation of Colonel Serraj, which provoked the coup d'etat in Damascus on the 28th of September and brought the union of Egypt and Syria to an end. (Paragraphs 4 - 5).

3. Unable to face the fact that they had mismanaged Syria, President Nasser and his inner circle were obliged to attribute the secession to a conspiracy by reactionary elements, assisted from abroad. In the light of this interpretation, the Government undertook measures of arrest and sequestration to immobilise wealth which might have been used to finance a coup d'etat in Cairo. In the uneasy atmosphere created by these measures officials of the French Property Commission were arrested, probably to divert attention from rumours of internal discontent, but partly in the belief that charges of espionage would be proved against them in court. (Paragraphs 6 - 8).

4. The President's conclusion that the Syrian secession was the work of Arab reactionaries and their foreign supporters, allied against "Arab socialism", led also to his refusal to have relations with Syria, Jordan and Turkey, to his attacks on King Saud, and to his severance of the link with the Yemen. He appears to believe that his interests will be served best by the creation of a socialist state in Egypt whose influence may work on the unstable societies of the Arab world. His feeling of being on the defensive, combined with memories of 1956 and the myth of British omnipotence in the Middle East, have re-awakened all his old suspicions of N.M. Government. This has given rise to a sustained campaign of mis-representation about our precautionary military movements at the end of the year, and accusations of complicity in the Lebanese coup of December 31. Anglo-Egyptian relations reach their lowest ebb since 1959. (Paragraphs 9 and 10).

5. Another effect of the Syrian secession was to end previous attempts to make a constitution. To remedy this, a cumbersome political re-organisation was announced on November 4. The theory behind this appears to be that power should be founded on the whole people (less a minority of 5-10,000 whose interests do not accord with those of the nation). To absorb the new economic responsibilities undertaken as a result of the July laws, the re-grouping took place in December of the economic organisations. The danger that this re-organisation will swathe the economy in red tape, combined with current economic difficulties, is likely to make 1962 a critical year for the economy, and consequently for President Nasser's new model of Arab Government. (Paragraphs 11 and 12).