

NEAR EAST REGION

JANUARY-JULY 1958: THE UNITED STATES AND RADICAL ARAB NATIONALISM; LONG-RANGE U.S. POLICY; THE CRISES OF JULY 1958

1. Editorial Note

On January 1, 1958, U.N. Secretary-General Dag Hammarskjöld and Secretary of State John Foster Dulles discussed over lunch the question of economic development in the Middle East. On January 6 Hammarskjöld sent Dulles—as well as British Foreign Secretary Lloyd and French Foreign Minister Pineau—an “informal” aide-mémoire setting out the main points of his thinking on the idea. Hammarskjöld felt that the creation of a Middle East Economic Development Fund was needed and that it should primarily be an Arab undertaking with the United Nations and the World Bank providing a liaison function. The Fund’s objective would be to negotiate credits for projects for economic development. Initially these credits would come from the oil companies, but Hammarskjöld anticipated that the Arab “haves” could eventually channel part of their income to the Arab “have nots.” The Secretary-General mentioned the five potential projects cited in Document 8 and listed the advantages of the plan: balanced economic development throughout the region, encouragement of credits from the outside, depoliticization of economic development, Arab unity, and amelioration of the refugee problem. Hammarskjöld noted that the idea was in the preliminary stage and asked the Foreign Ministers to avoid public comment. (Letter from James W. Barco of USUN to Dulles, January 7, enclosing a letter from Hammarskjöld to Dulles, January 6, with an enclosed aide-mémoire; Department of State, Central Files, 880.0000/1-758)

Dulles called John J. McCloy, Chairman of Chase Manhattan Bank, on January 2 at 6 p.m., to inform him of his discussion with Hammarskjöld on January 1. According to the transcription of their telephone conversation, Dulles said that: “Arab unity may make it more difficult for the oil companies to maintain a decent position there [the Middle East]. The Sec would not want to dissuade M[cloy] from doing it but throws out this warning. M said it has a lot of imponderables and he does not like to be associated with something so vague. The Sec said he would prefer M to do it rather than someone else. M said there is a problem with the bank—the oil companies are customers and he mentioned it had some business with Israel. He gathers Israel is not disposed