

# **L'Economie de la paix au Proche-Orient**

## **The Economy of Peace in the Middle East**

Sous la direction de Louis Blin et Philippe Fargues

### **1. STRATEGIES**

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## **Anglo-American Plans for the Post-World War II Middle Eastern Economic Development**

**Raouf ABBAS<sup>1</sup>**

World War II provided an opportunity for Anglo-American cooperation in the Middle East to support the war effort in the form of supplies, transport, maintenance and other non-combat functions. The American contribution was made available by the Lend-Lease Act of March 1941 and was crucial in determining the whole course of the war, but it was particularly important in the Middle East. The manifestation of Lend-Lease in the Middle East took the form of American participation in the Middle East Supply Centre (MESC) which was established in Cairo by the British military in order to coordinate transport to meet the situation caused by the closing of the Mediterranean to normal shipping. Eventually it required attention to political and civilian problems to sustain not only the war effort but also the internal economies of the Middle Eastern countries.<sup>2</sup>

Through the MESC, a regional development scheme covered the eastern Mediterranean and was enacted at war-time by the Anglo-American cooperation giving an example of the strategic advantages that could be achieved in the region through coordination at the time of peace. Looking forward to secure the future Anglo-American cooperation in designing their post-war policy in the Middle East, the British government suggested bilateral conversations on the future cooperation in the Middle East, covering political and economic issues. In the field of economic cooperation, the British suggested a regional economic

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<sup>1</sup> Egyptian, born 1939 in Port Said. Ph.D. in Modern History of Egypt. Professor at Cairo University and the American University in Cairo, Secretary General of the Egyptian Society of Historical Studies. Author and editor of several works on the socio-economic development of Egypt. Visiting Professor to various universities in Europe, the USA and Japan.

<sup>2</sup>HARE Raymond A., "The Great Divide: World War II", The Annals of the American Academy of Political and Social Science, America and the Middle East, special issue, May 1972 PP. 25 – 26.

institution to coordinate post-war economic development and safeguard their mutual economic interests.

This paper deals with the economic aspects of Anglo-American designs of the Middle East presented and reviewed in these conversations, and traces the background of their economic commitment through the activities of the Middle East Supply Centre.

### **War-time Economic Organization**

The eastward drive of the German armies and the closing of the Mediterranean problems demanded new methods of economic defence and regional planning. As a result of the critical events of the spring of 1941, it was realized in Britain that both the political and economic problems in the Middle East would reach major dimensions in the near future. This led to the creation of the posts of Intendent-General and the Minister of State in the Middle East. By November 1941, a Middle East Supply Council was established under the chairmanship of the Minister of State with representatives of British military and civil concerns and governments of the region serving as an economic policy making body. For the execution of policy, an executive agency renamed "The Middle East Supply Centre" (MESC) was established. The objectives of the MESC were twofold:

- a. To maintain civil supplies essential to the economies of the Middle Eastern countries of secure the military base and to avoid the worst hardship of war.
- b. To ensure that these supplies should be made available with the minimum call on Allied shipping, the minimum use of labour, materials, and the minimum obstruction of the port and railway systems of the Middle East.<sup>3</sup>

Under the Lend-Lease Act the United States government participated in the MESC beginning in 1942.

MESC activities covered Egypt, Sudan, Palestine, Malta, Cyprus, Turkey, Greece, Yugoslavia, and the Liberated Italia colonies of the Horn of Africa. Later, Yugoslavia and Turkey were replaced by Syria, Lebanon and the Protectorate of Aden. In March 1942, the MESC extended its control to Iraq, Iran, Saudi Arabia, the Emirates of the Persian Gulf, and French Somalia. After the defeat of the Germans in Alamein in February 1943, the authority of the

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<sup>3</sup>Hunter Guy, "Economic Problems: The Middle East Supply Centre", in George Kirk, *The Middle East in the War*, Oxford University Press, 1952, PP. 173 – 174.

MESC was extended to cover Cyrenaica and Tripolitania.<sup>4</sup> MESC branches were established in each country. In all cases the staff were mainly administrative, but included some technicians, particularly where special industries or special agricultural problems were involved; the chief technical advisers were based at the headquarters in Cairo, spending as much as half their time in extended visits to the territories of the whole area.<sup>5</sup>

Through the local branches, the MESC dictated a policy of economic self-sufficiency and coordination for the entire Middle East to meet the demands of the local population, the Allied forces stationed in the region, and the war-torn southeastern European countries. In other words, the Middle East was not only made self-sufficient economically, but it was also kept at a bare subsistence level, in order to make any surplus available for the war efforts.

To achieve these objectives, it was essential to increase local production in both the agrarian and industrial sectors. This involved a survey of agricultural possibilities of the region and short-term development projects in agriculture and industry. The growing need for cooperation in developing agrarian production was stimulated by the holding of a Middle East Agricultural Development Conference in February 1944. The conference was attended by representatives of every Middle Eastern government (excluding Iran and Ethiopia). The most important recommendation made by the conference was the formation of a Middle East Agricultural Council which would consider, among other things, the establishment of a regional agriculture institute. Two months later, the MESC sponsored the Middle East Financial Conference. The conference recommended the establishment of a Middle East Economic Council and a Middle East Investment Bank. But all these recommendations involved designs for the post-war era. Bearing in mind the MESC war-time experience, the British government studied the possibility of turning the Center into a regional economic organization in collaboration with the American government to secure their mutual interests in the Middle East in the post-war era.

### **The Pursuit of Coordination**

The British government had good reasons for adapting the idea of bilateral Anglo-American conversations on the post-war Middle East policies. The United States government was adopting, in regard to the countries of the Middle East, an attitude which did not entirely take into account the special interests of Britain; this attitude was shown in Afghanistan, Iran, Bahrain, and Saudi Arabia, where the American representatives had taken independent action. One

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<sup>4</sup>MEJCHER Helmut, "Egypt and the Mediterranean in World War II. The Middle East Supply Centre in perspective", in Raouf Abbas (ed.), *Misr wa 'Alam al-Bahr al-Mutawassit fi al-'Asr al-Hadith*, Cairo, 1989, pp. 162-163.

<sup>5</sup>HUNTER Guy, *op.cit.*, p. 178.

reason which was suggested to account for the increasing attention which the American government devoted to the Middle East, and for its apparent readiness to pursue an independent policy at the risk of friction with Great Britain, was the American interest in the oil of the Persian Gulf area. Moreover, there was a current belief in the United States that the British desired to pursue an exclusive policy in the Middle East, without regard for legitimate American interests. Another view, expressed in reports which reached the Foreign Office from various sources, was that the uncooperative attitude of the U.S. State Department was almost entirely due to the influence of Mr. Wallas Murray, the political advisor for Middle Eastern affairs. For all these reasons, the British government reached a conclusion that it would be desirable to initiate immediate discussions with the United States representatives regarding post-war policy in the Middle East covering not only political questions, but also any other Middle Eastern questions which either government may wish to raise, and that they should exchange views on the future development of Anglo-American cooperation in economic matters.<sup>6</sup>

As early as May 1943, the Middle East War Council (MEWC) had passed resolution on economic post-war development in the Middle East. These resolutions were adopted by the British government as a framework for Anglo-American discussions on economic matters. The MEWC resolutions considered the economic stability of the Middle East as a major strategic interest of the British government, and thus of the United Nations. To fully achieve this purpose it was necessary to consider the Middle East as a regional Unit. The foundation of such a conception had been laid on a war-time basis by the work of the MESC as an Anglo-American regional planning agency. The MESC resolutions suggested that Anglo-American controls over supplies and distribution would remain in being in the Middle East until some considerable time after the end of the war. If these controls were to operate effectively, it would be politically necessary to make them more acceptable to the governments of the Middle East by a progressive process of consultation and partnership accompanied where possible by a gradual relaxation of restrictions. On the long-term basis, it was in the interest of the British government and the United Nations to call into being some form of regional economic organization for the Middle East for implementing policies in harmony with the Atlantic Character, and in order to provide a means of advising and guiding the Middle East administrations in handling their common war and post-war economic and monetary problems which they were incapable of solving alone. In the absence of an organization of this nature there was a grave risk of the area as a whole, with its consequent effect on security. The MEWC resolutions maintained that the British ultimate objective would be to create a Middle East Economic

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<sup>6</sup>FO 371/34975, Eden to Viscount Halifax(Washington), 8 August, 1943.

Council, as a consultative body representative of the Middle East governments and the governments of Great Britain and the United States. This body would play the part of an "economic parliament" linked with and served by the executive and planning agency which could be developed out of the existing Middle East Supply Centre, adapted and liberalized to meet the changing circumstances.

The MEWC suggested that this objective should be approached by stages, including the launching of the Council itself. Two main ways of approaching the objective were suggested. First, immediate steps would be taken to bring the local governments both collectively and individually into consultation by means of conferences on subjects of interest to them such as transport, food production, rationing and statistics. Second, a regional economic secretariat, linked to the MESC at the outset would gradually be built up to provide statistics, documentations and the like of common interest to the Middle East, and provide personnel, some of whom would be drawn from the countries of the region.

In order to convince the governments of the Middle East to respond, it was recommended to relax some of the MESC; to provide interchanging expert advice, experience, and information directed increasingly towards, reconstruction problems; and to facilitate the coordinated procurement of supplies after the war, particularly for development projects.<sup>7</sup>

The MEWC resolution on the economic post-war policy gained the support of Mr. Casey, the Minister of State, and the Foreign Office. The latter approved the proposals made by stages towards a Middle East Economic Council and to authorize the Minister of State to keep American representatives in the Middle East in close touch with the development of the British policy in the region. As regards cooperation with the Americans in the Middle East, the Foreign Office approved approaching the United States government for bilateral conversations for this purpose and admitted that the American commercial and economic interests in the Middle East had been growing and would continue to. With the purpose of maintaining and developing of the Anglo-American partnership existing at the MESC, and thereby recognized American interests in this respect, the British would stand a reasonable chance of controlling the fierce commercial rivalry that might otherwise break out between the two countries after the war, provided that American commercial interests would view with favour continued American participation in the proposed official economic

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<sup>7</sup> FO 371/34975, Resolutions of the Middle East War Council on Future Economic policy in the Middle East [Extracted from M.E.W.C. (43)23, 19 May, 1943] Annex to WP (43)302, Memorandum by the Minister of State on British Policy in the Middle East, 8 July, 1943.

machinery.<sup>8</sup> Moreover, the British Foreign Office was concerned about the reports on American interests in suggestions for a post-war development plan of the Middle East forwarded to the United States Foreign Economic Administration by Dr. Ernst Bergmann, a Zionist Scholar and close collaborator of Weizmann.<sup>9</sup>

### **Bergmann's Plan for Middle East Development**

The Bergmann Plan revealed the fact that the American government was unilaterally interested in preparation of a reconstruction plan for the post-war Middle East through the Foreign Economic Administration and the Office of Economic Warfare. It was stressed repeatedly that a plan must be worked out including the whole area of the Middle East, not only Palestine. Such a plan would have found the approval of the President to whom all these partial projects were submitted, if it can be shown that the whole region could be developed according to a reasonably broad plan.

In this connection, the Office of Economic Warfare was convinced by Bergmann's argument that Palestine was the only part of the Middle East could be carried out. Accordingly, the suggested plan would show how the raw materials and resources of the Middle East could be utilized by a Palestinian industry in a manner which could develop the countries of the Middle East and at the same time allow the production of such goods to find a ready market either in the Mediterranean area or in the Far East.<sup>10</sup> In other words, Palestine, or more precisely Zionist Palestine, would serve as the core of the Middle East Economic community through a kind of division of labour in which the countries of the Middle East supply raw materials for the Palestinian Zionist industry and provide a secured market for its industrial products. It is obvious that the Bergmann plan for Middle East development sought exclusive control of the Middle Eastern economy by the Jewish business in Palestine. The fact that industrial development in other countries of the Middle East such as Egypt had been promoted since the 1930's was neglected by Bergmann and the Office of Economic Warfare on the pretext of their being foreign enterprise that could not achieve much.

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<sup>8</sup>FO 371/ 34975 Minutes by Hankey on the Minister of State's Memorandum on British policy in the Middle East, 13 July, 1943.

<sup>9</sup>Dr. Ernst Bergmann was a Palestinian Jew of German origin who worked in the Sieff Institution in Palestine as a researcher of biochemicals and organic chemicals. He moved to the United States in 1942 at Weizmann's own process for the production of synthetic rubber and high octane gas made out of grain. Weizmann person from whom they might find it profitable to secure economic and technological information on Palestine and the Middle East, in whose development Weizmann sought to interest the US government. FO 371/ 39984, Note by Issiah Berlin on Dr. Bergmann (Washington), 5 December, 1943.

<sup>10</sup>FO 371/39984, Memorandum by Ernst Bergmann, 17 November, 1943.

To support his plan, Bergmann submitted a detailed memorandum on his suggestions for a development plan of the Middle East. It argues that if it were possible to develop the resources of the Middle East in the direction of local industrial production, there would be a market in these countries which could be developed extensively. In this case, Palestine presented amongst the countries of the Middle East some advantages as it had already a certain industrial foundation; it had a number of scientific and technical research stations; it possessed an unusual concentration of scientists, engineers, and craftsmen which could be increased by Jewish immigration into Palestine.

The memorandum reviewed the position of the mineral resources of the Middle East including oil resources which had not been surveyed in an appropriate manner. Reference was made to the possibility of creating hydroelectric power stations in Syria, Lebanon, and Palestine. Bergmann stressed the availability of water resource capable of irrigating larger areas than those under cultivation at the time, thus providing the possibility of agricultural development by introduction of highly scientific large-scale agriculture as the most responsible development project. The problem of the supply and use of fertilizers could be solved by the production of the necessary fertilizers in Palestine. He made clear that any reasonable scheme of agricultural development should include the possibility of utilizing agricultural products such as medicinal plants for industrial purpose.<sup>11</sup>

The Bergmann plan for Middle East development did not address some very crucial questions regarding financial and monetary problems. It also omitted the institutional framework of the economic development order in the post-war era which could regulate the relation between the industrial core, i.e. Palestine, and the countries of the Middle East that would provide raw materials, agricultural products, and a secured market.

When the Bergmann plan was reported to the Foreign Office by the British Department of Overseas Trade in January 1944, the matter was examined carefully and the Foreign Office concluded that the U.S. Foreign Economic Administration more likely would not take any unilateral action as Bergmann had no political backing.<sup>12</sup> The American interest in the question was evaluated within the context of their concern about the future of Palestine and the protection of the Zionist interests. However, the American interests in a reconstruction plan for the development of the Middle East in the post-war era still needed bilateral coordination that could be possible by Anglo-American

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<sup>11</sup>FO 371/39984, Suggestions for Development Plan of the Middle East by Ernst Bergmann, 17 November, 1943.

<sup>12</sup>FO 371/39984, Warren (Department of Overseas Trade) to young (F.O), 4 January, 1944, and Minutes by the Eastern Department, 12 January, 1944.

conversations on the Middle East in general and the economic post-war development in particular.

### **The Anglo-American Conversation on the Middle East**

The British Foreign Office's suggestions of Anglo-American informal conversations on the Middle East was accepted by the State Department in Washington on grounds that the United States had an doubted interest in any suggestions affecting the future of the Middle East Supply Centre. Furthermore, the United States was looking forward to reaching an agreement with the British government on Middle East petroleum questions. With regards to political and economic questions affecting countries in the Near and Middle East which the British would wish to discuss, the State Department expressed their desire to include all countries of the region, including Egypt, Turkey, and Ethiopia in the discussion.<sup>13</sup> Finally, the two governments approved discussing all issues of interest in bilateral informal conversations to be held in London in April 1944, with the expecting of the petroleum questions which would be discussed later in Washington.<sup>14</sup>

The Anglo-American conversations that took place in London on April 11 – 28, with the participation of two highly ranked delegations representing the State Department and the Foreign Office, included issues of mutual interest covering Palestine, Saudi Arabia, Yemen, Bahrain, Syria, Persia, and Afghanistan. The two delegations discussed openly and frankly their interests in these countries and the possibilities of avoiding future disputes and inconvenient competition between them, and examined the chances of coordination. It is worth mentioning that Egypt was not discussed in detail despite the British concerns of American commercial competition in the Egyptian market. The issue of oil interests was not discussed thoroughly as it was to be discussed in Washington.<sup>15</sup>

What concern us here are the discussions on the post-war economic development of the Middle East, which took place at the fourth meeting (April 18<sup>th</sup>). At the meeting, the progress and future of the Middle East Supply Centre was discussed with the assistance of experts of both sides. The British experts reviewed the activities of the MESC and pointed out that one of the principal early problems of the Centre had been in coping with a certain passive sit-down

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<sup>13</sup>The State Department, Foreign Relations of the United States (FRUS), vol. IV, 1943, Memorandum by the adviser on political Relations (Murray) to the Under Secretary of State (Stettinius), 6 November, 1943, PP. 8 - 10.

<sup>14</sup>The State Department, FRUS, vol. V, 1944, President Roosevelt to the American Direction of Economic Operations in the Middle East (Landis), 6 March, 1944, pp 1-2.

<sup>15</sup>FO 371/39985, Minutes of Conversations with Mr. Wallace Murray regarding the Middle East, 28 April, 1944.

attitude on behalf of the Middle East authorities, who had at one time been inclined to say that war was an Allied concern and that it was for the British to see to the feeding of population. Therefore, one of the most important problems of MESC had been to draw the local authorities of the Middle East countries into an attitude of cooperation in facing problems of supply and distribution and to make them understand the long-term benefits which cooperation would bring. In accordance with this policy, tripartite local bodies, composed of British and American representatives of the local governments, had been set up in the local centers of the Middle East. The British experts made reference to the Agricultural Conference organized by the MESC and held in Cairo in February 1944 as a means of bringing the Middle East government into cooperation in technical spheres. The British argued that they did not regard the MESC in any sense as designed to further their trade interests, as the economy of the Middle East was being used in the interests of the Middle East and the Allies together. They maintained that every effort should be made to enable the MESC to continue its work on a joint basis.

In consideration of the future of the Middle East Supply Centre, the British delegation had drawn the attention of its partners to the idea of turning the MESC into a Middle East Economic Council, to take advantage of a new sense of cooperation in the Middle East in order to help the Middle Eastern countries to help themselves. The American delegation appreciated the idea of helping the governments of the Middle East to help themselves. This delegation also mentioned that there was a strong feeling in American to relax and abolish war-time barriers and restrictions, bearing in mind that the economic problems of the region in the post-war era would be different, and that there would be a point at which the MESC would become a local and not a purely Anglo-American institution. The MESC would have to be subsidized and financed by the local governments because the local people would not appreciate an institution unless they contributed to it financially; the local parties would also have to make some effort to feel that it was their own institution and in their own interest to maintain it.<sup>16</sup>

It was obvious that the Americans did not like the idea of being involved in post-war designs for the Middle East Economic Council in association with the British. At the conclusion of the discussions on the future of the MESC, it was agreed that the Middle Eastern governments should, if possible, be drawn gradually into closer association with the MESC this was to see that they might help to begin cooperating with each other and to be provided with general and technical guidance for dealing with their common social and economic problems, as well as for raising the standard of living and health throughout the Middle East. While it was recognized that the nature of British

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<sup>16</sup>Ibid., Minutes of the fourth meeting, 18 April, 1944.

and American participation had to be left for subsequent consideration, it was agreed that the ultimate objective should be the development of an autonomous economic institution serving the people of the Middle East and operated and supported by them.<sup>17</sup>

It seems that the British agreed on the regional and indigenous identity of the suggested economic institution for the post-war era and an Anglo-American advisory status in order to recruit the American support. A few months later, Lord Moyne, the Minister of State in the Middle East, suggested to Foreign Secretary Eden that the British government seize the opportunity and start initial steps to develop the MESC into a post-war regional institution. This would insure that the British interest would be recognized as a matter of wider concern, and that the maintenance of the position that they occupied in the Middle East would be regarded and justified not merely upon imperial grounds but by the recruitments of world security. He considered the issue of establishing a regional economic institution as an essential framework of a new epoch for the British interest that required efficient preparation for the future. To this effect, it was suggested that the British local representatives should be consulted as to the nature of the common economic problems of the Middle East, as to the extent to which external collaboration would be acceptable to the countries themselves, and as to the form in which it would be most effective.

Lord Moyne suggested that before going further on the road of Anglo-American collaboration, the British should consider whether they might in some matter prefer to operate upon a purely British basis bearing in mind the difficulties of the dollar/sterling problem. He argued that it was essential to consider the implications of the Anglo-American discussions on the future of the MESC in detail to avoid doing more harm than good to the Anglo-American relations in the region. All these objectives, he suggested, would be the work of a meeting in Cairo for discussions to be attended by the British local representatives in the Middle East. Lord Moyne furnished a list of subjects for discussion by the British local representatives at the Cairo meeting. The list included supply problems, monetary problems, economic problems arising from a decrease in services establishment, major development projects, technical cooperation, organizational problems, and staff recruitments of economic personnel.<sup>18</sup>

The Foreign Office gave its approval for a meeting of British representatives in the Middle East to be held in Cairo to discuss economic problems as suggested by the Resident Minister of State Lord Moyne.<sup>19</sup> The Colonial Officer

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<sup>17</sup>Ibid., Agreed Minutes on Conversations with Mr. Wallace Murray regarding the Middle East, 28 April, 1944.

<sup>18</sup>FO 371/39986, Lord Moyne to Secretary of State Anthony Eden, 27 September, 1944.

<sup>19</sup>Ibid., Foreign Office to Resident Minister's Office Cairo, Telegram, 14 November, 1944.

welcomed the proposal as well, and expressed its desire to be represented in the meeting and consulted in preparation of the agenda.<sup>20</sup> The meeting, held in February 1945, was attended by British chief diplomatic and economic representatives throughout the region as well as by several officials specially sent from London. The conference was freely publicized after the event, and public reaction, as reported by the American Ambassador to Egypt, was excellent, since it emphasized to the people of the Middle East the keen and continued economic interest of the British.

Being concerned about the politically and economically inconvenient consequences, the U.S. Ambassador to Egypt suggested that his government hold a similar regional American economic conference under the sponsorship of the State Department that would consider local as well as various regional problems; it would also make specific decisions and recommendations for consideration by the appropriate authorities in the development of plans for trade and general economic matters. He suggested that the conference be held in Cairo. Items which might be considered by the conference would be: the problem of dollar exchange, the American economic organization needed in the Middle East, problems dealing with promotion of American trade in the region, attitude towards continuation of the MESC, American economic relations with a plan-Arab union, and problems concerning petroleum and civil aviation matters.<sup>21</sup> The State Department did not find it suitable to plan for an economic conference on the Middle East at the time being, as the broad economic relations with Britain were under discussion. In addition, the Department was waiting receipt of comments and suggestions from their representative in the region on the American economic policy in the Middle East.<sup>22</sup>

Nevertheless, the American government had been working on a unilateral plan for post-war economic policy in the Middle East that would tend to preserve peace, further the welfare of the people concerned, and safeguard and promote American economic interest in the region. By May 1945, the coordinating committee of the Department of State designed the American economic policy in the Middle East. The recommendations made by the committee as guidelines for the policy provided that the appropriate assistance should be given to the countries of the Middle East looking to improve their economies, to enhance the level of living of their people, and to consequently increase their economic and political stability. In line with these objectives, the United States would endeavour to make available such credit facilities as could be turned to economically productive use in these countries, and to survey the existing

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<sup>20</sup>Ibid., J.B. (Colonial Office) to Baxter (Foreign Office), 27 December, 1944.

<sup>21</sup>The State Department, FRUS, vol. III, 1945, The Minister in Egypt (Tuck) to the Secretary of State, 12 May, 1945, pp. 39 – 42.

<sup>22</sup>Ibid., The Acting Secretary of State to the Minister in Egypt (Truck), 9 June, 1945, pp. 42-43.

commercial treaty network between the United States and Middle Eastern countries in order to draw a constructive program of revision and extension. The recommendations included the creation and efficient operation of a regional institution which should be initiated, supported, and operated by the local governments for the purpose of improving the standard of agriculture, transportation, communications, public health, and related matters. The committee believed that the Middle Eastern countries would turn to the United States for technical and advisory assistance, and in compliance with these requests might have been expected to further the American prestige in the region.

Significantly, the Coordinating Committee of the Department of State concluded its report on the American Economic policy in the Middle East by the following remarks:

"Adoption of the recommended economic policy through the resulting improvement of economic conditions and raising of standards of living will assist in removing economic discontents and thereby lessen the possibility that these countries will be hauled and pulled by the USSR on the one hand and by Great Britain on the other. In formulating an economic policy for the Middle East, it must be also recognized that these countries are jealous of their political independence. They are cynical regarding western imperialism and are dubious about the long-run intentions of the Soviet Union...."<sup>23</sup>

Obviously, the thoughts of the American government of the post-war economic arrangements for the Middle East were absolutely contradictory to those of Great Britain. They were sharing the same objectives to safeguard their interests in the Middle East, but each of them sought to play off their partner. While Great Britain was ready to coordinate with the United States they thought of within the context of limited association, and the Americans were looking forward to replacing the British interests in the Middle East.

The initial step toward a unilateral American economic policy for the Middle East was the liquidation of the MESC the American government urged the British government to advance the date of liquidation from the 1<sup>st</sup> of January 1946 to the 1<sup>st</sup> of November 1945 in view of the termination of the world hostilities.<sup>24</sup> The British government agreed to the earlier date and a joint statement by the two governments announcing the dissolution of the Middle East Supply Centre was released to the press in Washington and London on

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<sup>23</sup>Ibid., Report by the Coordinating Committee of the Department of State, American Economic Policy in the Middle East, 2 May, 1945, PP. 34 – 39.

<sup>24</sup>Ibid., The British Embassy to the Department of State, Memorandum, 6 September, 1945, PP. 85 – 86.

September 26, 1945, without reference to any potential cooperation or coordination in Middle East economic development. Nevertheless, the dissolution of the MESC did not necessarily mean that it had lost any impact on post-war planning. It provided regional experience for the United States utilized in formulating the Truman Doctrine in 1947, and its extension to the entire Middle East by the Point Four Program in 1949. In addition, the Allies had created new offices and positions in the Middle East with the aim of continuing some of the work of the dissolved institution. Besides increasing their embassies staff by adding newly created attachés, the British established their Middle East Office in Cairo and the Americans appointed a chief economic counsellor with the rank of an Ambassador-at-Large.<sup>25</sup>

## **Conclusion**

The necessities of World War II created favourable conditions for an Anglo-American cooperation in guiding the Middle Eastern economy in the war-time by measures of rationing, distribution, and production in the fields of industry and agriculture to meet the demands of the local population and the war effort. The Middle East Supply Centre was the institution which provided planning, organization, and technical support for the countries of the region. The Anglo-American cooperation in the administration of the MESC their trade rivalry and imperial interests which were revealed in the course of their different perspective of the post-war plans for the Middle East economic reconstruction. While Great Britain was looking forward to tightening its control over the region and safeguarding its established interests, it was ready to tolerate American participation to the certain extent. But the Americans had designs of their own to replace the British in the Middle East and to promote their own trade and oil interests. Both powers claimed an interest in the post-war economic reconstruction and development of the Middle East, but in their designs only a narrow margin was left for the people of the region; all their discussions appeared to be a discourse about a no-man's land. There is no evidence that the governments of the Middle East were consulted or even approached on the issues discussed by Britain and the United States on bilateral and/or unilateral levels.

Naturally, Middle Eastern trades and governments were impatient at the delay Anglo-American stranglehold on their economic sovereignty; they also convinced themselves that they could not have expected any benefits brought about by western powers that may have undermined their national aspirations. The creation of Israel, the shortcoming of the Arab League, the aggressive western reaction against rising Arab nationalism, the existence of different

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<sup>25</sup>MEJCHER Helmut, op.cit., pp. 172-173.

political and economic systems, and different levels of development hindered the possibility of economic integration in the Middle East after World War II.