
1953-1956, Egypt: The Suez Crisis - Britain's Last Gasp

By John Loftus, former U.S. Justice Department prosecutor who now helps intelligence agents declassify and publish hidden secrets, and Mark Aarons, a reporter who has exposed Nazi war criminals in Australia.

The Dulles brothers were at the height of their power during President Dwight Eisenhower's administration. As secretary of state and CIA head, Foster and Allen pursued policies hostile to Israel and favorable to its Arab enemies. The height of their achievements was the Suez Crisis, during which they humiliated Britain and isolated of Israel. They also shored up their clients' huge oil interests in the Middle East.

In 1954, Britain agreed to withdraw its troops from the Suez Canal zone by early 1956. However, they became increasingly hostile when Egypt turned to the Soviet Union for arms. Egyptian demands for more control over the canal were rejected by the British in 1955. The British secret service advised that a war over the canal could benefit London "by accelerating the division appearing between Egypt and the U.S., given the fundamental American commitment to Israel." The last thing the Dulles clique wanted was a division between Egypt and the U.S. over Israel.

The Dulles brothers' strategy was to side with the Arabs, even if they were temporarily in league with the communists. Ideology was irrelevant when it came to commerce. The real enemy was the British oil industry, which was trying to usurp U.S. corporations in the Middle East. In public, the Dulles brothers said the U.S. should oppose European colonialism in favor of Arab self-determination.

The real reason for supporting Egyptian leader Gamal Nasser was not anticolonialism but commerce. As long as he did not threaten the most important U.S. interest - oil - the Dulleses had no reason to get rid of Nasser.

Given the dreadful state of Britain's economy in the mid-1950s, the Dulleses knew they had London in a vulnerable position. Closing the canal might wreck Europe, but it would be good for U.S. domestic oil prices. The Dulleses wanted to reduce Britain to a second-class player in the Middle East oil business. They cared even less about Israel. Let the Europeans, Arabs and Jews bleed themselves to death over Suez. A neutral, "anticolonial" foreign policy would make the U.S. emerge the winner in the oil game.

Through the Dulles brothers' friends, the oil industry penetrated U.S. policy and Middle East intelligence operations. Many U.S. spies came from oil companies or working for them. The Dulles brothers created a "revolving door" for unemployed spies. Some were double agents. Intelligence activities were extensions of their business interests. It was hard to tell where many U.S. spies owed their true loyalty.

With no oil, Israel was expendable to the Dulles brothers' foreign policy. It was common U.S. practice to

endlessly mouth pro-Israeli slogans, while simultaneously betraying the Jews to their oil-rich Arab enemies. The pirates of Wall Street held unparalleled sway over U.S. policies and the Dulleses had two major agenda items: (1) oust the British empire from this oil-rich and strategically important region where their corporate clients dominated, and (2) shore up their clients' oil interests, which were threatened by Arab perceptions of Washington's pro-Jewish policy, even at the expense of Israel. The men they chose for these tasks constantly went through the revolving door between oil companies and the spy world.

The complex web of interrelations between espionage and the oil business is exemplified by one man, Miles

Copeland. He used the revolving door to further his own ends and those of the oil companies. There were megaprofits at stake. Nasser's pan-Arab movement seemed to hold the key to ensuring a stable environment in the Middle East so that profits and oil would continue to flow. In 1953, Copeland took up duties with the international management consulting firm, Booz-Allen & Hamilton, while staying on as a "CIA alumnus."

In March, Copeland went to Cairo for his two employers. His most important job for the CIA was to offer the Egyptians technical assistance in their war against Israel. He met one of Nasser's most trusted advisers, the head of Egypt's secret service. Copeland offered CIA intelligence and counterintelligence training and was it promptly accepted.

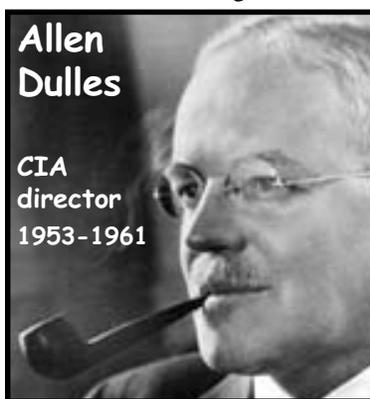
In Copeland's view, Israel was a threat to U.S. oil interests in the Arab world and a potential cause of Communist expansion into what had to be kept a purely Western domain. When Copeland rejoined the CIA in 1955, the buildup to the Suez Crisis was under way. For several years, Nasser had been launching terrorist attacks on Israel from the Gaza Strip and calling for the destruction of Israel. According to Copeland, the Israelis' 1955 raid on Gaza was a deliberate provocation, to push Egypt into an increasingly hostile anti-Israeli stance. This was done to ensure continued and growing support for Israel in Washington. The success of this strategy led to Nasser's decision to ask for, and receive, Soviet weapons.

Copeland's own strategy was to do everything possible to help Israel's enemies. His approach was to buy Nasser's loyalty with Western arms and to woo him away from the Soviets with intelligence against Israel.

The Suez Crisis presented the Dulles brothers and their friends in the oil business with the long-awaited opportunity to expel Britain from the Middle East and shore up Arab oil for U.S. companies.

In 1956, most Western leaders knew another war was coming between the Arabs and Jews. The U.S., Britain and nearly every other Western government, refused to supply Israel with modern weapons. Meanwhile, the Arabs, found willing sellers everywhere.

In April, British foreign secretary, Selwyn Lloyd,



met Nasser and warned him that the Suez Canal was a vital link in Britain's Middle Eastern oil interests. Nasser said he wanted 50% of the toll profits, but the British had no intention of giving some cheeky little "wog" an equal share in his own country. When Foster Dulles canceled U.S. support for the Aswan Dam project, Nasser seized the canal.

Operation Muskateer

On October 24, senior British, French and Israeli officials met in France and finalized a very dirty deal. The British and French asked Israel to invade Egypt to get things rolling. The Jewish "invasion" would create an excuse for the French and British to seize the canal. Britain, France and Israel were the three musketeers.

The next phase of "Operation Muskateer" was the most devious. Britain and France, pretending to be horrified at the Israeli invasion, demanded that both sides stop fighting. When this did not happen, the British and French armies occupied the canal. It was a dirty scheme, but the Israelis agreed because it created a permanent French-British buffer zone, between them and Egypt. The Arabs never knew what hit them.

The Dulles boys plotted to double-cross Britain, France and Israel. The liaison between the U.S. and Egyptian intelligence was probably the closest of all the Arab nations at the time. Egyptian counterintelligence officers were, or at least pretended to be, on good terms with their U.S. counterparts, whom they met on the various U.S. training courses. The Americans even gave them sophisticated bugging equipment, and the CIA had a permanent representative in Cairo "who kept in constant touch with Egyptian authorities." The Dulles brothers knew what each of the players in the Suez Crisis was going to do.

CIA head, Allen Dulles, was pretending to help the British, while the Agency's Middle East desk was subverting the British and protecting Nasser. Meanwhile [CIA counterintelligence chief] James Jesus Angleton, who was warning the Israelis not to trust the British, was unofficially helping Israel, which was strictly against the president's policy.

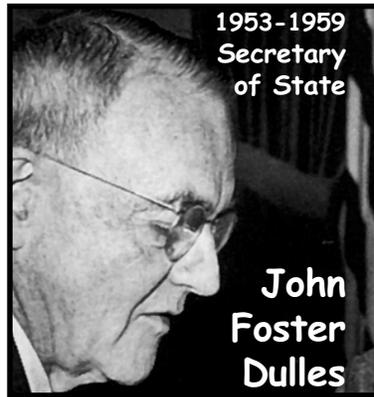
Knowing Muskateer's precise details from British intelligence, the Dulles brothers played all sides against each other. The British believed that the U.S. would *pretend* to be critical of Muskateer in public but would, in fact, be secretly on Britain's side. Foster Dulles let it be known that his decision to close down communications with the British Foreign Office was merely a ploy to enable the U.S. to use the UN Security Council to condemn the British-Israeli-French military campaign, while actually siding with them. Allen Dulles sent intelligence reports to the British, showing Nasser's troop locations, thus proving U.S. sympathy for the operation. What the British didn't know was that while they were leaking Israel's secrets, Dulles was giving both Israel's and Britain's plans to Nasser.

At first, the military campaign went well, especially for the Israelis. Bad planning cost the British and French a couple of days before they could intervene to stop Israel

and the Arabs from fighting. Then, all hell broke loose. The Soviets exposed the entire scheme in the UN and gave Britain and France an ultimatum: Withdraw from Egypt or face nuclear war.

A forewarned Nasser blocked the Suez Canal by sinking ships. Instead of securing Europe's oil supplies, the British-led operation had closed down the oil tanker route. When the British government asked for emergency oil supplies from the U.S., Eisenhower told his aides that the British should be left "to boil in their own oil." He was not about to fight WWII to save Britain's oil profits. The Dulles brothers could not have agreed more.

The Arab world unanimously supported Nasser and cut off oil supplies to Britain. Reserves would only hold for a few weeks, and gas would have to be rationed. Huge



amounts of Britain's currency reserves had already been lost because of the international finance community's reaction to the operation. "Dulles made his terms, as a corporation lawyer would: cease fire, and you get U.S. help with sterling; no cease fire, and sterling can go down the drain and take Britain with it." The Suez debacle was almost at an end. The Americans had won, especially the Dulles brothers' oil friends. A few days later, Eisenhower showed how highly he regarded the oil companies. He gave them special ap-

proval to avoid antitrust indictments so they could "cooperate" in supplying Europe with oil and make large profits from Britain's folly.

The Dulles brothers' longtime oil clients were in the driver's seat and the British and French had to be punished. There would be no U.S. oil for them, or the rest of Europe, until they pulled their troops out of Egypt. When Operation Muskateer was concluded, the last trace of Britain's Middle East empire was extinguished.

For the sake of their oil clients, the Dulles brothers led the British into a trap. 1956 was a complete disaster for London. Instead of strengthening the empire's hand in the Middle East, Operation Muskateer left Britain more isolated and weaker than ever. Saudi Arabia, already firmly in the U.S. camp through its lucrative relationship with Aramco, took the opportunity provided by the Suez Crisis to break off diplomatic relations with Britain.

While British secret service agents were courting the Saudis, John Foster Dulles, on the advice of the oil companies, dropped U.S. support for Nasser. The U.S. government did an about-face. Allen Dulles put Kim Roosevelt and Miles Copeland on the reverse propaganda job. Now that Britain was out of the Middle East picture, Nasser was no longer a useful asset. For the next two years, Copeland and the oil companies exerted enormous pressure on the White House and Congress, and completely turned round the State Department's pro-Nasser policy.

Source: Excerpts from *The Secret War Against the Jews: How Western Espionage Betrayed the Jewish People* (1994), pp. 219-253.

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