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AIR INTELLIGENCE INFORMATION REPORT

SUBJECT Report of Interviews in Egypt by Masanobu Tsuji		
AREA REPORTED ON Egypt	FROM (Agency) Air Attache, Tokyo, Japan	
DATE OF REPORT 7 March 1957	DATE OF INFORMATION January 1957	EVALUATION F-6
PREPARED BY (Official) Major T. D. Fisher	SOURCE Yogiuri Japan News	
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SUMMARY: (State concise summary of report. Give significance in final one-sentence paragraph. List inclusions at lower left. Begin text of report on AF Form 112-Part II.)

This report forwards the newspaper columns written by Masanobu Tsuji on his recent visit to Egypt. IR-136-57 forwarded a biographical sketch of Tsuji and his column on his observations in Syria. Articles presented in this report cover Tsuji's interviews in Egypt with its commerce minister and with President Nasser.

APPROVED:

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No incls.

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1. The following article by Masanobu Tsuji (see IR-136-57) appeared in the 25 Feb 57 edition of Yomiuri Japan News:
"Egyptians Have Sound Financial Policies"
"I arrived in Cairo January 23 after a plane ride from Syria that took about two hours.
I found no trace of bombing in the city. The general impression that it gave was that it was gradually recovering its composure.
The shops lining the streets were well supplied with goods - even luxury items. The only exception was that practically no medicines were obtainable at pharmacies.
Contrary to what I had expected, I found that prices were fairly stable in Cairo. Yet the Suez Canal was blocked; the Egyptian international balance of payments was in the red and defense expenditures must have gone up.
So credit must be paid to Nasser's policy of storing enough foodstuffs to last half a year and controlling exports and imports.
When there was still no prospect of an early solution to the Suez dispute, Nasser issued a law nationalizing foreign banks and firms - thus creating considerable unbusiness among foreign investors.
The Tokyo Bank and other Japanese firms were feeling very depressed about the whole business. Also, the Italians and Greeks, who fear that they might be expelled any day, are losing their enthusiasm for participation in the economic reconstruction of Egypt.
Some say that the Nasser government is on the eve of a big tragedy.
On the other hand, others say that this is the morning of hope - that it is a step forward on the road to reconstruction by controlling inflation.
I decided to find out the truth for myself by meeting leaders in various fields.
On January 26, I visited the commerce minister. He was a young bureaucrat who did not seem to feel very friendly toward Japan because he had not been treated importantly enough when he visited Japan last year.
But when he visited Communist China, he seemed to have been received very warmly and is said to be on very good terms with the Chinese ambassador in Cairo.
Tsuji: It is desirable to balance trade between Egypt and Japan by Japan exporting construction material and machinery to Egypt and Egypt exporting raw cotton to Japan. The construction equipment and machinery is needed for the economic development of Egypt.
Minister: Such was the underlying tone of the Bandung Conference and I expect Japan's cooperation.
What Lies Ahead
Tsuji: History shows that Egypt and Japan have never fought each other in the past and that there is no reason why we ever should. What lies ahead of us is friendship and mutual benefits.
Minister: Exactly. In the future, we would like you to change your main exports to construction materials - avoiding consumer goods. We expect your cooperation in the fishing industry and spinning mills. Two years ago, we asked Japan to establish a joint fishing company. I am sorry to say that this has not been realized yet.
Tsuji: Just as we were going to do it, the Suez incident occurred. By passing the law nationalizing foreign banks and firms in Egypt, you are creating anxiety in those countries which have friendly feelings for Egypt. The Tokyo Bank's branch office in Alexandria took the pains of removing its foreign currency held in America or Britain in order to promote trade between Egypt and Japan. In addition, Mitsubishi Shoji, the Tokai and the Nichimen companies are engaging in trade by asking their branches Egyptian corporations. Do you think it is fair to enforce nationalization on all banks and businesses separately?
Minister: The matter of the Tokyo Bank is under the jurisdiction of the Finance Minister. I don't know much about it. The nationalization will be carried out immediately as far as British and French banks are concerned, but the banks of other countries will have five years to go."

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"Tsuji: How about the three firms I mentioned?
Minister: They can carry on business as representatives of their main offices in Tokyo. But the import business will be confined to Egyptians.
Tsuji: Do you intend to make Port Said and Port Suez free ports?
Minister: We would like to make Port Said a free port as soon as possible. It has already been decided to set up a bonded area. We are still studying the question of doing the same with Port Suez.
Tsuji: The nationalization of foreign businesses was carried out at the suggestion of Russia in order to bar all other countries except Russia from Egypt wasn't it?
Minister: We are pursuing independent policies formulated without any foreign influences. The policy in question was decided upon in 1949 and under the constitution and civil law, it was decided that 51 percent of the shares in any firm must be held by Egyptian nationals. The invasion by Britain, France and Israel is responsible for this. It had been revealed that foreign banks, insurance companies and import firms were conducting business by taking orders from their governments.
Tsuji: In case there is no aid from Britain and America, is Egypt going to receive aid from Russia?
Minister: We will decide on that of our own free will. We will cooperate with any country which respects our independence.
At 11 am, January 29, I visited the finance minister. One look at him showed me that he was a gentle and sincere gentleman who looked for all the world what he was - a well-known professor at the University of Cairo.
Tsuji: I was surprised to find that the Egyptian pound was more stable than I had expected. I'd like to offer you my congratulations on your ability as finance minister. I'd like to hear about the measures you took to make this possible.
Minister: There wasn't any ingenious plan - we resorted to orthodox policies. We cut down on imports of goods that weren't immediately or urgently required, we made sure of an adequate supply of food, so that there would be no cause for social unrest, we encouraged savings and absorbed the idle capital of private industry into joint government-private enterprise companies.
Defense Costs
Tsuji: How about military expenditure?
Minister: It is £26,000,000. We provided for this by cutting down social security provisions and raising taxes.
Tsuji: How many construction bonds have been floated?
Minister: Covering both last year and this year, the total is £25,000,000. The emphasis has been placed on farm development - chiefly irrigation. For that, incidentally, we bought pipes from your Mitsubishi company.
Tsuji: What is the national bank's note issue?
Minister: It is £230 million, of which £214 million are in circulation.
Tsuji: How much foreign currency do you hold?
Minister: Plenty. Besides from the £60 million-odd we had in June, there has since been an increase in our holdings and we are also reserving other currencies. Trade with Japan is paid for in dollars.
Tsuji: It's necessary to have some foreign investment for reconstruction. Don't you think that the recent nationalization law will make foreign investors uneasy? To begin with, what are you going to do with the Tokyo Bank and other corporations?
Minister: I myself wanted to apply the law only to Britain and France. But lawyers told me that it would not be appropriate to discriminate like that. So the law was revised to cover all foreign countries. I know all about the nature of the Tokyo Bank case, but unlike Britain and France, they have five years to go before they are nationalized. Meantime, depending upon how the situation develops, I will do my best.
Tsuji: Are you planning to grant them an exemption when the five years are up?
Minister: I can't promise that now, but I think that one way would be to make it a joint Egyptian-Japanese company."

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"Tsujii: The Tokyo Bank took pains to move the foreign currency it held in America and Britain to Egypt in order to promote trade between Egypt and Japan. A Japanese milk cow is being fed in Egypt with Egyptian grass so that the milk it gives may go to Egypt. This is a good cow, and we want you to take good care of it. We are buying £10,000,000 worth of cotton every year and are paying in cash. We are indeed a money box for you, aren't we?

At my mention of the cow story, the finance minister burst into laughter.

Minister: Your story of the milk cow is very interesting. I shall relay it and its meaning to a cabinet meeting and ask them to think over the matter very carefully. I like Japan very much and I would like to visit Japan at least once. Please give my best regards to Mr. Ishibashi and Mr. Ikeda.

This was the first time I had met such a wise and conscientious minister. Some people criticize the Nasser government by saying that he is like Hitler.

Some say that revolutionary young army officers are in control of the country's politics and are leading the nation's economy astray.

But after learning that men like this finance minister are helping Nasser, my pessimistic views about Egypt were greatly revised."

2. The following article appeared in the 26 Feb 57 edition of Yomiuri:
"Both US and Russia 'Dangerous' - Nasser"

"The climax of my trip to Egypt was an interview with President Nasser. Late in the afternoon of the last day of my stay in Cairo, I received a brief notification to the effect that the president would receive me in his residence at 7 pm.

There were only three guards outside his house - rather light in view of the fact that he is the top leader of a nation under martial law.

It was a very modest house - just like that of the managing director of a second-class firm in Japan. I was led into quite a spacious living room.

On the mantelpiece facing the door were displayed photos of Chou En-lai, Nehru, Sukarno and Tito. According to Nasser's secretary, the house is owned by the government and the president has been living there ever since he moved in as an army colonel. He is said to be 39 year old, but he looked about 50. Was this because of his dignity, or because he had suffered a lot?

Nasser: I have been looking forward to seeing you. Welcome to Egypt from such a distant country as Japan.

Tsujii: The names River Nile and President Nasser are wellknown in Japan - even among children. This is a dagger I have kept with me ever since the Malayan operation started to protect myself. I would like to present it to you, who are dedicating yourself to fighting for the independence of Arabs, so that it will protect you on my behalf.

Nasser: This is quite an honor.

Tsujii: I came to the Middle East this time with the hope of obtaining better understanding of the situation here. Such understanding will enable us to contribute to world peace by firm and friendly relations between Japan and the Afro-Asian group. I also wanted to meet you to ask for some guidance.

Nasser: The Egyptians have always liked the Japanese people and have respect and sympathy for Japan. For a long time I have been endeavoring to bring about the independence of my race. The West has been interfering with the independence of this little country of Egypt through joint conspiracy, psychological warfare and economic pressure. It gave us courage when we heard that the Ishibashi cabinet had adopted a policy designed to strengthen cooperation with the Afro-Asian group.

Tsujii: Soviet Russia, taking advantage of the situation is trying to communize Egypt, while the West will not ease their imperialism. I think that it is necessary to caution against the ambitions of these two big blocs and I would like to hear your frank views on the matter.

Both Dangerous

Nasser: Soviet Russia and America are both dangerous countries. They throw a net over a lamb and then pull it shut. Small countries cannot fight against them"

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"individually. We throw our strength together and try to oppose communism and colonial imperialism through unified action. In this area, a new concept - Arab nationalism - is flaring up. It is directed not only against colonialism, but also against communism. We have no intention of concluding a treaty with either of these two groups. This is the fundamental principle I believe in.

Tsuji: Now I understand that you had to buy arms from Czechoslovakia because Britain, America and France would not give them to Egypt, while supplying them to Israel.

Nasser: Since we felt uneasy about Western nations giving arms to Israel we asked for arms for ourselves for self-defense. But our request was bluntly refused. Out of necessity, therefore, we bought arms from Soviet Russia without any strings attached in order to protect Egypt with our own power.

Tsuji: When you buy arms from Russia, don't communists come with them, even though there are no strings attached? Won't your army be affected by that?

Nasser: Because of our fear that such an eventuality might be possible, we are sending our officers and noncommissioned officers to Russia to let them study there. For example, we sent officers to learn to fly MIG 11s in Czechoslovakia. They were enrolled in the military academy, where they learned to fly them in two months and then came back to Egypt with the planes. We feel psychologically uneasy in the case of America, because that country strongly demands that technical and military advisers should come with the arms.

Tsuji: Next, I would like to turn to economic problems. Until I came to Egypt, I expected to find inflation here. But to my surprise I found that the situation was fairly stable. However, I do think it is necessary to introduce foreign capital for your economic reconstruction. So don't you think that your recent nationalization proclamation will hinder it?

Nasser: Banks are not the base of the domestic economy. French and British banks have committed wrongs. Even the bank of a neutral nation - Belgium - has been working more for the British than have the British banks themselves. The Belgian bank initially brought into Egypt only £2,000,000 from its own country. By now it has sucked in £1000 million from Egyptians and it has been running business on instructions from London banks. Egypt was not able to do anything about it.

Since the Suez incident, the West has been resorting to economic warfare so it has become necessary to meet them on the same battleground - therefore, we enacted the nationalization law. We have suffered for a long time because of foreign banks. This economic warfare is still going on and it is particularly important for the Afro-Asian group to be on their guard against it.

Tsuji: The other day I visited the Suez Canal. According to UN technical experts, ships under 10,000 tons will be able to pass through by March. In May they said, the entire canal would be open. Will there be any political issues concerning passage through it?

Nasser: We are waiting for a UN decision. The UN decided upon three conditions: Ceasefire, the clearing of the canal and the withdrawal of troops. Of these, the first and second have been agreed upon. But the withdrawal of troops is still a problem. Technically speaking, passage through the canal will be possible by the beginning of March, but the passage of ships is not a technical, but a political problem.

Tsuji: Britain is not an easy country to deal with. I think it will become all the more necessary for the Afro-Asian group to strengthen the unity. What are you doing about this?

No Unification

Nasser: The West traditionally opposes unification of the Arab world. In order to interfere with this, they are adopting the policy of luring away members of the group one after the other. Today, from nine broadcasting stations, they are sending out daily broadcasts of propaganda designed to split the Arab world. Also, they are trying to appeal to dissatisfied elements to rebel. But the people are not listening to such propaganda."

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Tsuji: Do you have any plans to hold another Bandung conference soon in order to strengthen the unity of the Afro-Asian group?
Nasser: It would be dangerous to hold a meeting at this time. Rather, it would be more effective to hold separate meetings and to try to strengthen the Bandung spirit through concrete actions. I would like to visit India and Communist China this summer.
Tsuji: Please come on to Japan. The whole nation would welcome you.
Nasser: I would like to go to Japan very much. But please tell your prime minister to come to Egypt, even for a stay of one or two days. The longer the better, of course.
Tsuji: I am leaving for Yugoslavia tomorrow. Would you send a telegram to Tito asking him to see me?
Nasser: With pleasure. I will send it tonight.
When I told him that I wanted to take his picture, he willingly gave me permission. I took two pictures - one standing and one sitting down. I shall never forget the way he looked as he saw me off at the door. I was so deeply moved by the interview that I could not sleep until daybreak."

Thurman D. Fisher
THURMAN D. FISHER
Major USAF
Asst. Air Attache

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