

powerful support from the West. The Western Powers have so far considered that this support should be given through their cooperation with the states of the area in a common defence arrangement, and it is hoped that some such organisation may shortly be set up. Until such an organisation for defence of the Middle East becomes a reality, it will be unwise to tamper with existing defence arrangements.

(d) The United Kingdom should not be supplanted as the principal source for Iraq's arms and military equipment. The Iraqis are bound by the terms of the Anglo-Iraqi Treaty of 1930 to ensure that the equipment of their forces shall not differ in type from those of British forces. Moreover the Iraqi forces are equipped with British material and it would be militarily undesirable to introduce new patterns now. Her Majesty's Government would also wish to keep any drain of dollars from the sterling area pool to a minimum. (Please see in this connexion the *aide-memoire* left with the State Department on the 7th November 1952.)³

(e) Her Majesty's Government doubt whether the expanding oil revenues of Iraq will on closer examination be found to be inadequate to meet the proposed programme of expansion in addition to existing development plans. Development is necessarily carried out gradually, and a planned expansion of the Iraqi army would take time. Present indications are that the Iraqi Development Board is not using all the revenue assigned to it. Even if it adheres to its planned programme, there would, if the Board continues as planned to receive 70% of estimated oil revenues, be a surplus for the years 1953 to 1956 in the region of 27m. pounds. It will in any case be necessary to assess the cost of the expansion proposed by the Iraqis before we can see how much, if any, assistance is required. For this purpose the services of the British military experts who are already in Iraq and working out the orders which the Iraqis need to place in this country to carry through Phase II of the re-equipment might be used.

WASHINGTON, 22nd April, 1953.

³ Not found in Department of State files.

No. 129

789.5/4-3063: Telegram

*The Secretary of State to the Embassy in Egypt*¹

TOP SECRET

WASHINGTON, April 30, 1953—6:23 p. m.

2106. Believe you should know we have recent intelligence reports which indicate Egyptians have no intention cooperating with West in Regional Defense Organization even if Suez question set-

¹ Drafted by Jernegan and cleared by NEA and R.