

offers hope for a rational solution to the current near chaotic conditions. It is obvious, however, that it cannot long endure unless it is enabled through its own efforts and the cooperation of external forces to demonstrate in the relatively near future its ability to progress towards its disclosed ends. At this point it is useless and disturbing to contemplate nature of a future govt which wld take over if the presently constituted one is allowed to fall. The events of Jan 26 have not been favorably accepted by the Egyptian people. This fact in itself provides a background of a temporary period of grace for the new govt in which it will be faced with necessity of "producing or else".

CAFFERY

 No. 957

641.74/2-882

Memorandum by the Acting Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Berry) to the Secretary of State

SECRET

WASHINGTON, February 8, 1952.

Subject: Summary of Current Status of Anglo-Egyptian Relations

The following summary of the current status of the Anglo-Egyptian controversy may be useful to you in your conversations on this subject.

The new Egyptian Government has been firm in maintaining order. An atmosphere favorable to a renewal of negotiations is being steadily created. In the Suez Canal Zone there are signs of a gradual return to normal conditions which lessen the possibility that Canal operations may be seriously impeded.

Prime Minister Ali Maher Pasha has publicly announced his belief in a settlement through negotiation as well as a willingness on the part of his Government to consider a regional defense system. The basis upon which the new Government will negotiate is not yet clear. Most observers believe, however, that the change of Government does not presage a radical departure from previous Egyptian policies. Ali Maher will probably press as strongly for satisfaction of Egyptian aspirations although he will try to keep firm control of internal events. Although the Government may be willing to negotiate, the settlement must be approved by the overwhelmingly Wafdist Parliament. Signs are increasing that the powerful Wafd is only awaiting the opportunity to attack the new Government for its moderation.