

step. This problem is bristling with difficulties as to definition, number and duration of stay of "technicians" but at this juncture if Sudan title issue is settled we shld be able to find the answers to this one too.

*Comments:* I am cognizant foregoing wld represent major and difficult move forward on part of Brit vis-à-vis their own public, but I doubt if it as difficult as the explanation of "what happened" will be if any other course is followed.

If Brit "see the light," what should US policy be? At least preliminary conversations will, of course, be between Egypt and UK. If these are successful, however, it will be question of very few weeks before Egypts start coming to us with requests for detailed spelling out of meaning of our oft-promised cooperation. They wld not take kindly to our reacting to such questions as though it were first time we had ever heard of them. Egypt under these circumstances wld want to know "how much and when" with regard to US military and economic aid. In particular in the evolving of a balanced Brit withdrawal-Egypt take-over in the Canal Zone, Egypts are aware deficiencies their military training and equipment. Within what period time wld we be prepared assist Egypt these questions and in what volume? These are "iffy" questions but any preliminary work that cld be done now to prepare their answers might prove extremely valuable in future.

CAFFERY

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*The Deputy Secretary of Defense (Foster) to the Secretary of State*

TOP SECRET

WASHINGTON, March 12, 1952.

DEAR MR. SECRETARY: Reference is made to Mr. H. Freeman Matthews' letter, dated 23 February 1952, regarding the eligibility of Egypt for assistance under the provisions of Section 408(e) of the Mutual Defense Assistance Act of 1949, as amended, and further regarding Department of Defense assistance to the Egyptian Government on a high priority basis in the procurement on a reimbursable basis of the equipment desired by that Government.

The Joint Chiefs of Staff have concluded, and I concur in this conclusion, that a recommendation be made to the Director for Mutual Security that Egypt be declared eligible for reimbursable aid under the provisions of Section 408(e) of the Mutual Defense Assistance Act of 1949, as amended.