

774.56/12-352: Telegram

*The Ambassador in Egypt (Caffery) to the Department of State*<sup>1</sup>

SECRET

CAIRO, December 3, 1952—3 p. m.

1352. Eden's comments on aid to Egypt (Deptel 1129 Dec 2)<sup>2</sup> parallel recent suggestions from Brit Emb Cairo that US concentrate on econ assistance and leave arms supply primarily to Brit. Reason is that arms are practically sole remaining Brit bargaining counter.

EmbOffs have assured Brit here that US has no desire replace UK as principal arms supplier. We have further pointed out that Egypt request for arms from US (EmbDesp 754, Oct 24)<sup>3</sup> was limited to items which Egyptians believed available only from US sources.

Fol comments may be useful to Dept in considering timing, nature and extent of US-UK assistance to Naguib regime.

1. Our verbal support of Naguib, if not promptly followed by tangible assistance, may backfire (a) because of disillusionment on part of Naguib and colleagues, and (b) by rendering regime more vulnerable to attacks from extreme nationalists and Communists.

2. Both mil and econ aid are desired and needed by GOE. Most prompt and effective econ aid, and one which wld produce most favorable psychological reaction in Egypt, wld be immed purchase of cotton by UK and/or US, however, I know this is not likely. Direct econ assistance in form of loans or grant aid shld follow in due course.

3. Question of arms supply also falls into two phases. Making available immed a modest quantity of arms wld strengthen Naguib internally (Mytel 1300, Nov 26) and go a long way toward binding regime to cooperation with West. To be properly effective this first phase shld be in nature of concrete gesture of confidence and good will which wld set the stage for phase two, i.e., bargaining phase, when more substantial supply of arms may be offered in return for Suez base facilities and Egypt participation in ME defense plans.

4. While I fully urge maximum coordination with Brit I believe it wld not be in our joint interest to leave arms supply entirely to UK for fol reasons:

(a) Psychological factors on part of both Egypt and Brit greatly reduce probable effectiveness of any purely Brit gesture (as evidenced by reaction to release of LE 5 million sterling and 15 jet aircraft).

<sup>1</sup> Repeated to London as telegram 452 and unnumbered to Paris for Reinhardt and to Rome for Unger.

<sup>2</sup> Telegram 1129, Dec. 2, not printed, was simply a paraphrase of the contents of Kitchen's memorandum of Nov. 27 for the Executive Secretariat. (774.56/12-252) For Kitchen's memorandum, see Document 1036.

<sup>3</sup> Not printed.