veloped from our consideration Naguib communication. Nov 10 will not be intended alter that general pattern.

3. At same time we know there are dangers in increasing Egypt's mil expenditures. We wld not wish see mil assistance program reach point where it wld cause deterioration econ situation (with consequent additional claims for US econ aid) and reforms already instituted in Egypt upset. As soon as we know more about econ assistance desired by Egypt, program of econ aid can be considered and integrated more directly with mil program order evolve overall assistance project for Egypt.

4. Dept has given further thought to suggestion made by Eden to Secy re division responsibility for mil and econ aid programs (Deptel 3680 Dec 2 to London). 2 We believe such division wld not be politically wise, since Egyptians with some reason have come expect mil aid from US as well as UK and we are certain they wld resent implications involved such division. We think, as we have since beginning exchanges with Naguib, that US and UK shld undertake, in consultation, and wherever possible in coordination, with each other, own mil and econ aid programs within framework objectives we are seeking in Egypt.

5. Discuss above with FonOff.

ACHESON

*Telegram 3680 to London, Dec. 2, not printed, was repeated to Cairo as telegram 1129. (774.56/12-252) See footnote 2, Document 1040.

No. 1045

Editorial Note

The Prime Minister of Egypt, General Mohamed Naguib, and the American Ambassador, Jefferson Caffery, exchanged formal notes on December 9 and 10, respectively, in order to bring into force a Mutual Defense Assistance Understanding under Section 408(e) of the Mutual Defense Assistance Act of 1949 (64 Stat. 373) and the Mutual Security Act of 1951 (65 Stat. 373). For the texts of these notes, see TIAS No. 3565, printed in 7 UST (pt. 1) 844.

Additionally, Naguib's note of December 9 was identical to the proposed short form agreement set forth in Department airgram 139, Document 1017, except that the reference to the Tripartite Declaration of May 26, 1950, was deleted from the final text.