dence of friendship and good faith without awaiting the conclusion of formal negotiations or commitments. However, we intend to withhold any large-scale or continuing program of military aid until the Canal question and Egyptian participation in Middle East defense are settled, at least in principle.

Our main divergence with the British over the question of aid to Egypt is with respect to timing. In general, they are inclined to be more cautious and demand more in return from the Egyptians for such assistance.

Our plans for economic aid to meet the pressing social and economic problems which face Egypt are still in the exploratory stage. However, the Point Four Program is now expanding its operations in Egypt and is becoming a widely accepted indication of United States interest in Egyptian problems.

4. Background:

Mr. Churchill has a great personal interest in the Egyptian question, particularly the Sudan problem, which has nostalgic connotations for him. On his last trip to the United States, in his speech to the Congress, the Prime Minister asked for a "token" number of American troops in the Suez Canal Zone, although he did not specify whether or not these troops would be there under Middle East Defense Organization auspices.

No. 1061

Editorial Note

Appendix D of the final agreed version of the "United Kingdom Memorandum on Defence Negotiations with Egypt" contained alternatives, or "Cases" as they were soon to be called, "A", "B", and "C". It reads as follows:

Facilities Required in Peace and War

Peace

Case "A"

1. The Canal Zone would be handed over to Egypt and the base area would be placed under Egyptian control. Within this base existing depots and installations would be retained and would be run and controlled on the analogy of our base in Belgium or the United States base in the United Kingdom.

2. The depots and installations would act as a working maintenance base for a proportion of the Middle East Land Forces in