

Foregoing merely leads up to crucial point, namely that if we destroy our position in Egypt by accepting British veto (or even emasculation) of interim arms program there will be no Anglo-Egypt settlement and no MEDO. On the contrary, faced with impending collapse, this regime will seek to expel British from Suez by force and will incite revolt in Sudan.

CAFFERY

No. 1086

774.56/1-2158 Telegram

*The Secretary of State to the Embassy in the United Kingdom*¹

SECRET NIACT WASHINGTON, January 23, 1953—7:14 p. m.

4894. 1. Interim Arms Program for Egypt was reviewed yesterday at highest level² and full weight was given to Embtel 4001. US position has now been finally determined that such interim program in amount of \$11 million will be carried out. Program will be on cash reimbursable basis and Egypt will not be found eligible for grant military assistance at this time. Additionally, jet aircraft will not be offered for purchase by Egypt pending further review.

2. You should therefore proceed on basis Deptels 4805, 4806³ and 4814.⁴ Jets should be deleted from list contained Deptel 4806 but Department does not desire that British be informed re decision on jets since we may wish to discuss this question with them again later. You should inform British that the decision not to find Egypt eligible for grant military aid has been made partly out of deference to British wishes. You should also tell them that in determining timing our formal notification to Egyptians we shall take fully into account status Sudan negotiations and general condition

¹ Repeated niact to Cairo as telegram 1486. Drafted by Stabler and approved by Byroade.

² According to a memorandum from Byroade to Douglas MacArthur II, Jan. 29, not printed, the interim arms program for Egypt was brought to the new Secretary of State's (Dulles) attention by the new Under Secretary of State, Walter B. Smith, about Jan. 23. The Secretary of State, in turn, took up the matter with President Eisenhower, but the decision to allow some grant aid and to place jet planes back in the list of equipment was not forthcoming. The decision, however, to proceed on a cash reimbursable basis was reaffirmed. (611.41/1-2953)

³ Not printed; see footnote 2, Document 1083.

⁴ In telegram 4814 to London, Jan. 21, not printed, the Department reiterated to the Embassy the fact that the economic aid and interim arms assistance programs were two separate and distinct plans; that it had never been the Department's intent to substitute the \$10 million grant for wheat in lieu of the interim arms program; and that the Department believed that this point had been made quite clear while Byroade was in London. (774.56/1-2153)