

in strong Egyptian view that MEDO proposal was out of date and something new must be found.\*

Regarding Israel, Naguib said that everything depends on confidence and Jews have long record of noncompliance with United Nations resolutions. Nevertheless, "after British get out, I am pretty sure I can reach an agreement". Naguib said that even now Egypt prepared to discuss informally with United States planning for area defense.

15. As meeting about to break up, Naguib was handed partial press report on Churchill's speech<sup>3</sup> which he read aloud, but did not comment on specifically.

CAFFERY

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<sup>3</sup> Prime Minister Churchill made extensive remarks about Egypt in a speech at the House of Commons on May 11. For documentation regarding the Prime Minister's statements, see Department of State files 641.74 and 774.56.

#### No. 1161

##### *Editorial Note*

Telegram 2421, May 13, personal for Acting Secretary Smith from Dulles in Cairo, transmitted the Secretary's comments on the British-Egyptian negotiations. For text, see Document 6.

#### No. 1162

641.74/5-1853: Telegram

##### *The Ambassador in Egypt (Caffery) to the Department of State*

SECRET

CAIRO, May 13, 1953—noon.

2422. Personal for Smith from the Secretary. The following is formula referred to in preceding message as possible acceptable compromise in UK-Egyptian dispute.

"In order to clarify certain points of misunderstanding that have arisen in recent discussions between Egypt and the UK the following memo of understanding is hereby agreed and constitutes the terms of reference for the 'Base Committee.'

"To draw up plans for the transfer of the present military base in the Canal Zone to Egyptian control and for keeping it in working order and use so that it may strengthen the area by continuing to supply forces outside Egypt and be available for immediate use in the event of hostilities endangering peace and security of area.