

No. 1240

674.00 TA/11-653: Telegram

*The Acting Secretary of State to the Embassy in Egypt*¹

SECRET

WASHINGTON, November 6, 1953—5:49 p. m.

519. Dept restudying on staff level question economic aid to Egypt. Point at issue is whether it would be best to launch program publicly at earliest possible moment or to follow our previous plans of awaiting UK-Egyptian agreement.

Factors seem to be these:

(a) *US-UK Relations.* Subject involves US-UK relations and would have to be discussed with UK. Over past year British have stressed that we make our assistance in economic rather than military field if time came when we felt we must in our own interests assist Egypt. We have over that period of time become increasingly committed to British against provision of military assistance prior to agreement on Suez Base. Record is less specific on economic assistance. We have at times felt that introducing such aid on our part might at right time prevent collapse negotiations. It was at time of exchange of letters between Naguib and President that our course of waiting for agreement seemed to become fixed. Naguib asked whether US could make definite commitments in both economic and military fields "simultaneously with the signing of the agreements." We responded affirmatively. We were all of course hopeful at that time that agreement would soon be reached. Query: Would British react strongly if US economic assistance preceded agreement on the Suez Base?

(b) *Status of Negotiations.* Negotiations deadlocked and chances successful conclusion far from certain. We cannot discard possibility that British for domestic political reasons are coming to conclusion they cannot afford agreement with Egypt at this time. Whether this is case or not, failure negotiations on question of uniforms would be on an issue which neither we nor world opinion could consider significant from viewpoint either US or UK security. On remaining question on availability we also see no real security, as distinct from domestic political, significance as in operative sense even British formula appears meaningless. If negotiations fail we consider it to be in interests both US and UK that we retain as much influence in Egypt as is possible under circumstances. As seen from here it would be most difficult and perhaps impossible retain any position at all. Conditions might be such that we could not extend even economic assistance. On other hand if it could be used profitably and help retain US position we would wish to proceed. Query: Is holding back of US economic assistance, upon which Egyptians feel we are administratively able to proceed, an adverse or beneficial factor upon remaining negotiations? Query: Is it more

¹ Also sent to London as telegram 2473. Drafted by Byroade and approved by Jernegan.