

Stevenson will dine informally with Egyptian negotiators in near future. ³

CAFFERY

³ Ambassador Caffery reported in telegram 703, Dec. 22, not printed, that the Egyptian Minister of Foreign Affairs had told him the previous evening that he was still hopeful of making an agreement with the British; Caffery gave encouragement and in particular urged Fawzi to find an adequate availability formula; and the Ambassador repeated his belief that the British were sincere when they spoke of their parliamentary difficulties. (641.74/12-2253)

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*Memorandum of Conversation, by the Assistant Secretary of State
for European Affairs (Merchant) and the Secretary of State*

TOP SECRET

WASHINGTON, December 22, 1953.

Participants: The Secretary
Sir Roger Makins, British Ambassador
Mr. Merchant—EUR

The British Ambassador called on the Secretary this afternoon at his own request. He opened the conversation by stating that he wanted to discuss the subject of the Egyptian negotiations in light of his own impressions of the situation in Great Britain based on his visit and also under instruction from Mr. Eden with whom he had discussed the subject at length.

First he said that he was convinced that Egypt was the most explosive current topic both in British domestic politics and potentially in the realm of US-UK relations. He went on then to transmit to the Secretary Mr. Eden's personal assurance to the effect that the British government does in fact want an agreement. The Ambassador went on to say that he felt there was some real reason to believe that an agreement might be secured from the Egyptians in the next few weeks and that he hoped we would assist in giving the matter one final heave to put it over the top. In this connection he emphasized the importance from the British point of view of the US continuing to withhold economic aid.

The Secretary replied that on successive occasions we have held up at British request the granting of economic aid and that we could not hold off indefinitely, particularly in view of the fact that Congress would be reconvening in two or three weeks. Congress, he pointed out, had appropriated these funds and they would be asking a great many questions. The Secretary went on to say that he was not inclined to share the view that by granting economic