

also because of very adverse effect in other Middle Eastern countries, where such action would undercut moderate elements and embolden extremists to demand their governments exert similar pressures.

3. US continuing efforts promote workable Anglo-Egyptian accord. Egyptian Government may be assured such efforts have included frequent instances in which we have pressed important points in discussions with UK, despite strains in US-UK relations. There has been no "deal" at expense Egypt. US has pressed UK as hard as it has pressed Egypt, even harder.

Embassy at its discretion may use foregoing in conversations with Egyptian Government. Embassy comments on probable effectiveness above points requested.

Department considering recommending Presidential letter to Naguib asking that Egypt exercise moderation, especially in view of considerable progress already made in negotiations and the delicate balance between success and failure as the goal is near. Letter could make points set out numbered paras above in confidential friendly tone. Embassy views requested.

Department of course encouraged by Fawzi's belief RCC members will refrain from tendentious statements (Embtel 703 Dec 22),² and believes present press flurry provides opportunity reinforce Fawzi's efforts induce moderation.

DULLES

² Not printed.

No. 1267

094.00 TA/1-454: Telegram

*The Ambassador in Egypt (Caffery) to the Department of State*¹

SECRET

CAIRO, January 6, 1954--3 p. m.

749. From our point of view points set out in Department telegram 713 are sound. However, points one and three will not be convincing to Egyptians. I have taken frequent occasions recently to insist with Egyptians that we will not and cannot extend aid in the face of neutralism. Ahmed Hussein understands this and is helping me in effort to make RCC and Fawzi understand. Fawzi said to me this morning "in that case what about press notices this morning about additional 25 million dollar payment to India?"

Neutralism is a menace here. Press and public are of that mind and if British negotiations definitely fail and it becomes clear that

¹ Repeated to London as telegram 254.