

## No. 1274

741.56374/1-2254: Telegram

*The Acting Secretary of State to the Embassy in Egypt*<sup>1</sup>

SECRET PRIORITY WASHINGTON, January 22, 1954—4:29 p. m.

820. In your talk with Nasir Jan 25 suggest in your discretion you take position given below. This based on our conviction that: A. Agreement depends on Egyptian acceptance substance British "Heads of Agreement"; B. British reaction to US extension economic aid at present time would preclude UK signature of agreement.

1. As explained to RCC over past year, we believe Suez Base issue should be disposed of soonest to unblock road to economic and social development of Egypt desired by RCC. This would permit full and enthusiastic assistance from Egypt's friends including US and UK.

2. As result recent exchanges at highest level with UK we are convinced without least doubt UK wants agreement, will sign agreement and will carry it out faithfully. This is despite bitter and personal attacks Eden will face. This situation may not continue for long.

3. Agreement in principle along lines British proposals Oct 21 best obtainable by Egypt this time. Minor changes of substance and language can be expected. Our advice to RCC is to accept this agreement and carry it out in cooperative spirit.

4. Resulting evacuation British troops will give RCC tremendous political victory. By contrast failure to reach agreement could set in motion disastrous chain of events and frustrate hopes Egyptian people for social and economic improvements.

5. Particularly with victory in Sudan and suppression of Moslem Brotherhood RCC now at peak strength. We believe it fully able withstand any attacks by dissident groups endeavoring present false picture of agreement to people. Delay will only weaken position RCC.

6. We gave RCC unwelcomed advice re Sudan agreement. This advice accepted and regime obtained outstanding political success. Same will happen re Base.

7. We ready extend economic aid immediately upon signature "Heads of Agreement". Aid will flow before final detailed agreement negotiated. Despite our continuing desire to aid Egypt at earliest possible date, we forced to reluctant conclusion that extension

<sup>1</sup> Repeated to London as telegram 3805 and by air pouch to Berlin to the U.S. High Commissioner for the U.S. Delegation to the Four-Power Conference at Berlin. Drafted by Burdett and approved by Hart.