

aid prior to agreement in principle would cause such reaction in UK as to destroy present willingness HMG sign agreement. We arrived this conclusion after most careful assessment political situation London.

8. Delay will make it more difficult for US to extend economic and later military aid on scale we would wish. We unable to hold inactive available funds much longer in face of strong demands for their use elsewhere.

9. If you believe it useful you should add US technical aid since advent RCC has amounted to significant figure \$16,000,000. Also Egypt offered last Mar agreement for grant military aid for training which RCC failed accept.

SMITH

No. 1275

74156374/1-2654: Telegram

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

SECRET PRIORITY

CAIRO, January 26, 1954—1 p. m.

836. I showed Nasir yesterday evening a close paraphrase of Department's 820 (repeated London 3805, Berlin unnumbered). It did not make him happy. He rehearsed usual charges that when he satisfies British on one point they always bring up another, lack of confidence, bad faith, et cetera. However, after considerable conversation he said that if US sets such store by availability he would recommend to RCC (with good prospect of RCC acceptance) that formula be extended to permit immediate availability of base in event of an attack on Arab States or Turkey. (Hitherto Egyptians have firmly refused to include Turkey). He said he could not accept formula on uniforms as drafted by British; people would say he had agreed to British simply reducing their garrison from 10,000 troops allowed by treaty to 4,000 troops.

Nasir's views reported above refer to availability and uniforms only. Egyptians have not seen draft heads of agreement paper and consequently there was no discussion thereon.

I am convinced that if UK sincerely desires achieve an agreement step in this direction would be the preparation of new and more realistic draft (taking into account recent developments including above important Egyptian concession on availability) with

¹ Repeated to London as telegram 282 and unnumbered to Berlin.