

sian proposals, which would be given "careful consideration" (press reports mission leader, Brigadier Hasan Ragab, arrived Cairo February 10).

Source, who is personally opposed to any Soviet activity in Egypt, states GOE suspicious of Russian intentions and "leary" of traps. He is concerned however because Russian offer "appears very attractive".

Comment: Whatever Russian intentions are, USSR is already reaping propaganda dividends. Salah Salim told press February 10 that GOE in contact with Russia re economic assistance and that there was "great possibility" Russia would undertake some of Egyptian development schemes "if definite agreement reached on details".

CAFFERY

No. 1283

661.74/2-1354: Telegram

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

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909. News of Egyptian-Russian contacts re economic assistance (Deptel 922)² was revealed by Salah Salim in reply to question at press conference (mytel 902). Salim had previously given lengthy, rather moderate statement dealing with political and economic affairs in which no specific reference to USSR was made. (Embdesp 1930, February 12).³ GOE's failure to "ballyhoo" news of Soviet offer bears out report (myrefel) that Egyptians suspicious and looking for "hooks". . . .

While there are many factors mitigating against Egyptian acceptance of Soviet aid, GOE decision will depend on whole complex of considerations. Acceptance under certain conditions of serious Soviet offer cannot be ruled out as possibility, although RCC would undoubtedly prefer to deal with the West.

Naguib regime is committed to High Aswan Dam or equivalent Nile development scheme and if Western sources of aid remain closed to Egypt, RCC's need to show results could overcome present reluctance to get involved with USSR. Fact that Egyptians will

¹ Repeated to London as telegram 300, to Berlin as telegram 7, and to Moscow as telegram 3.

² The Department in telegram 922, Feb. 12, not printed, requested the Embassy to evaluate the significance of the Egyptian announcement of negotiations with the Soviets for large-scale economic assistance. (661.74/2-1254)

³ Not printed.