

Canal Company, who is generally gloomy believing present regime has no roots and that performance of civil service is steadily deteriorating in absence of ministers capable of administering.

Finally Eden said that Cabinet will study this week timing of move of headquarters to Cyprus. This might permit some modest reduction of troops at Suez Base which could be helpful influence on negotiations. <sup>2</sup>

ALDRICH

<sup>2</sup> According to a memorandum of a dinner conversation with Prime Minister Churchill also on Apr. 12, which was drafted by Secretary Dulles, not printed, the Secretary congratulated the Prime Minister on the new approach to the Egyptian problem, but "Mr. Churchill merely grimaced to show his distaste for the proposal". (Conference files, lot 60 D 627, CF 238)

## No. 1322

74156374/4-1354: Telegram

*The Ambassador in Egypt (Caffery) to the Department of State* <sup>1</sup>

TOP SECRET PRIORITY CAIRO, April 13, 1954—3 p. m.

1300. After reviewing Foreign Office memoranda (London despatch 3321, April 2) <sup>2</sup> and in light of London's Secto 8 repeated Cairo 119 I have following comments to offer re new British Suez proposals.

1. I assume that UK Government has done some re-thinking of politico-military strategy. I also assume that civilian contract idea is largely designed to help British Government over domestic political difficulties by avoiding appearance of outright scuttle in Egypt. (This is only justification of idea I can see since it is obviously inconsistent with previous UK insistence on necessity for British military technical control.)

2. I think implied UK decision to withdraw troops from Egypt is wise one (although it is late) and I approve civilian contract principle on assumption it will help British Government implement that decision. British military in base, incidentally, appear enthusiastic over prospect of getting out.

3. I agree with Stevenson that idea offers but slight margin of superiority over old formula (its principal merit being total withdrawal of British troops). I am furthermore concerned lest proposal be put up to Egypt in such form as to nullify large measure of

<sup>1</sup> Repeated priority to London as telegram 428 for the Secretary of State.

<sup>2</sup> Not printed; see footnote 2, Document 1316.