

FYI telegram follows re magnitude economic aid. Re military aid Caffery should state amount will depend findings military survey group which will be sent Egypt promptly after signature agreements. FOA assumes Stevens can assist in discussion economic aid.

View extensive press speculation and statements in Cairo we feel unless GOE has objections it may be advisable issue press release announcing initiation negotiations and containing appropriate references to safeguards against misuse arms for aggressive purposes. Request your views.

DULLES

No. 1350

774.5 MSP/7-3154: Telegram

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

CONFIDENTIAL

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140. Aid program of scope envisaged Deptel 163² will be greeted here with dismay. Expectations built up during two years since GOE first requested United States military and economic assistance and given encouragement by President's letter to Naguib, have soared with conclusion Suez agreement.

Regime furthermore will need tangible evidence of substantial proportions to justify to Egypt public the reorientation of foreign policy of which Prime Minister today spoke with me (my telegram 136).³ Although GOE will be inclined cooperate in keeping public emphasis on specific items and projects there will inevitably be press tendency to dwell on figures. Any airing of amounts mentioned Deptel 163, especially when translated into LE equivalents, could have adverse effect on our position here. Accordingly, I urge that Department make every effort, within limits final statutory authorization, to maximize allocations Egyptian program. (In this

¹ Repeated to London as telegram 38.

² The Department in telegram 163 to Cairo, July 30, not printed, reported that a final determination of Mutual Security funds available for Egypt could not be provided until Congress had completed action on the funding for the impending fiscal year. However, the tentative allocation for fiscal year 1955 for military assistance for Egypt was approximately \$20 million. For developmental assistance, apart from technical aid, the approximate figure was calculated to be \$20 million as well. (774.5, MSP/7-2854)

³ Not printed.