

on, and that they assume that any aid British might give would be in addition to our substantial aid.

CAFFERY

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No. 1355

774.5 MSP/8-654

*Memorandum by the Secretary of State to the President*<sup>1</sup>

SECRET

WASHINGTON, August 6, 1954.

Subject: Economic and Military Aid to Egypt

I understand that you have inquired regarding the amounts of economic and military aid which we plan to extend to Egypt. The tentative planning figures are \$20 million for development assistance and \$20 million for grant military assistance. Ambassador Caffery has been advised of these figures and has been authorized to initiate negotiation of the necessary agreements.

Last fall we discussed with Egypt informally economic development projects in the magnitude of \$25 million in the fields of irrigation, railroad equipment replacement and highway construction. At the time, the Embassy reported that a study of Egypt's fiscal needs and capacity to proceed with well-planned projects indicated an additional \$8.6 million could usefully be obligated. Because of the previous discussions of larger figures and the exaggerated expectations which are usually aroused in the Near East over prospects of United States aid, Ambassador Caffery is apprehensive that Egypt will be disappointed at the present planning figures. Final determination of the funds available for Egypt must necessarily await the completion of action by Congress.

JOHN FOSTER DULLES

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<sup>1</sup> This memorandum was drafted by Burdett.

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No. 1356

774.5 MSP/8-1354

*The Director of the Foreign Operations Administration (Stassen) to  
the Secretary of State*

SECRET

WASHINGTON, August 18, 1954.

DEAR MR. SECRETARY: There is transmitted herewith, in accordance with the instructions of the President, a copy of his Memorandum