

**SPECIAL HANDLING**



September 28, 1954

**MEMORANDUM FOR THE OPERATIONS COORDINATING BOARD**

There was convened at the offices of the OCB a special meeting of representatives of State, Defense, FGA and CIA on September 27 to consider the problem of military assistance to Egypt. The following persons were present:

- State - Mr. John D. Jernegan #1
- Mr. Louis Frechtling
- Mr. William Burdett
- Defense - Mr. William Godal #2
- CIA - Mr. Richard Bissell #3
- Mr. Kermit Roosevelt
- FOA - Mr. Norman Paul #4
- OCB - Mr. Elmer B. Staats
- Mr. Max W. Bishop

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*OCB 091 Egypt (9/28/54)*

Mr. Jernegan chaired the meeting and opened the discussion by stating that the United States had a commitment to Egypt to give both military and economic aid; that the Egyptian Foreign Minister had indicated to Ambassador Caffery that because of existing conditions, Egypt did not wish to conclude a military assistance agreement at this time; that the U.S. commitment to give military assistance to Egypt did not include any unusual circumstances and assistance was to be given only in accordance with normal procedures; that in view of Egypt's expressed unwillingness to take military aid at this time, it was felt undesirable to raise the issue in an effort to convince the Egyptians that they should accept a military assistance agreement; but that, in view of the recent discussions of this matter at the OCB, if a convenient device could be found to give not more than \$10 million worth of military assistance to Egypt under cover of some arrangement such as economic aid, Mr. Jernegan thought such arrangement would be politically acceptable and would not cause us embarrassment.

Mr. Staats and Mr. Godal reviewed briefly the discussion which had taken place at the last OCB meeting on Wednesday, September 22. Mr. Godal went on to say that Defense had earmarked a little over \$20 million for military assistance to Egypt and that a part of this might be transferred to FGA providing the OCB found it necessary and desirable so to do.

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Mr. Godal emphasized at the same time that there were other demands on this money and that if a part of it were transferred to another agency and given covertly to Egypt, the amount of military aid, if any, which might be given later overtly would be correspondingly decreased.]

Mr. Roosevelt and Mr. Bissell described briefly the situation in Egypt and the desire of the present Egyptian Government to obtain certain military equipment to enhance the prestige and political stature of Colonel Nasir.]

Mr. Bissell later suggested that he felt it would be desirable to give Egypt \$40 million worth of economic aid and roughly \$10 million covert military aid, a total of \$50 million. This would be apart from and in addition to any other program his agency might have in mind.]

There was considerable discussion of the type of materials which the Egyptians want at this time. It was agreed that it would be highly desirable to send American military officers to Egypt to advise the Egyptians on the material which they should obtain and to see to it, insofar as possible, that United States wishes were met.

Mr. Paul stated that FOA could within a short time develop programs of economic aid for \$40 million and a [cover] plan for \$10 million which the Egyptians could use to purchase military supplies from the United States.

It was agreed that the group would suggest to the OCB at its meeting of September 29 the following program of actions:

1. [redacted] get in touch with Colonel Nasir and [to] inform the latter that while grant military aid can be given only under a military assistance agreement, it might be possible to make available to him, [under cover of economic aid,] up to \$10 million which he could use to purchase military supplies from the United States, that this aid is all that he can expect in this fiscal year, and that if such a program is desired by Colonel Nasir, he should have his Foreign Minister approach the American Embassy and request assistance and advice to purchase some \$10 million worth of military supplies in the United States, and that no information would be given the Egyptian Government of the total program of economic aid contemplated until Colonel Nasir has indicated his concurrence or non-concurrence with the proposal.

2. That the Defense Department would then in response to an open request from the Egyptians send a military survey team to Egypt in civilian clothes to advise the Egyptians on the type of material which they should purchase in order to get maximum benefit from their expenditures.

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3. That FOA should devise programs for \$40 million economic aid to Egypt from FOA funds and up to \$10 million economic aid "cover plan" for Egyptian military purchases in the U.S. from Department of Defense funds which would be transferred to FOA.

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Elmer B. Staats  
Executive Officer

**DISTRIBUTION:**

1. State (Mr. Jernegan)
2. Defense (Mr. Godel)
3. CIA (Mr. Bissell)
4. FOA (Mr. Paul)
5. OCB (Mr. Staats)
6. OCB Files

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