

August 6, 1953

**Summary Record of the Conference held between
President Rhee and Secretary Dulles (Second
Session)**

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Summary:

During the second Dulles-Rhee conference, President Rhee and Secretary Dulles led the discussion with the subject of Korean rehabilitation. Rhee makes a few suggestions that both sides should consider if Korean reconstruction should take place. These suggestions include: 1) rehabilitating Korean productive industry, 2) directly allocating money for Korea's rehabilitation instead of doing so through the reconstruction of the Japanese economy and, 3) prevent the importation of Japanese technicians to Korea. Dulles answers he will consider Rhee suggestions, however, the US will continue to aid Japan to prevent losing her to communism.

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Summary Record of the Conference held between
President Rhee and Secretary Dulles

Time: 10 a.m. to 11:30 am., August 6, 1953 (second session).

Place: Kyung Mu Dai

~~XXXXXXXX~~ Present: Korean side: President Rhee, Premier Paik, Formin Pyun,
Defense Minister Sohn, Amb. Limb, Min. Kim

U.S. side: Dulles, Robertson, Lodge, McCardle, Briggs,
Stevens, Gen. Taylor, Young, Dean, Bond.

Secretary Dulles said that the United States is very eager to see Korea rehabilitated. Secy Stevens mentioned that the 10,000 tons of relief food sent to Koreans by Pres. Eisenhower has already been delivered, while the 200 million dollars of aid for Korea to be used for her rehabilitation has already been appropriated by the U. S. Government for this fiscal year. Pres. Rhee asked whether this 200 million dollar aid is a part of the billion dollar aid recommended by Mr. Tasca. Secy Stevens replied that this money is from the Defense Department, which it has been made possible to save due to the signing of the armistice. Mr. Dulles added that the Tasca recommendation has been approved and if the 200 million dollars were to be used for certain purposes already enumerated in the Tasca recommendation, then it would mean that that much could be saved. Speaking of Mr. Tasca, Mr. Stevens mentioned that he will be succeeded by a Mr. Wood, who is a very capable man. Mr. Tasca, Stevens said, is now in Tokyo.

President Rhee said that it is Korea's obligation to make the best use of every cent of the money allocated for Korea, and in that connection, he emphasized the need of establishing a centralized body to coordinate the administration of the use of money simply and effectively in order to avoid all confusion and complication resulting from the creation of unnecessarily numerous organs which stand in one another's way. The past experience so far has shown this to be true and this is what we would exactly like to avoid. President Rhee added that the Combined Economic Board should be the centralized body, with Prime Minister Paik and Admiral Hanlon appointed to it as respective representatives of Korea and the United States.

The ECA in Korea, President Rhee continued, failed to use its money effectively and in full. He pointed out the fact that in the first year of its operation, it returned unused a sum of 30 million dollars and another 60 million in the second year when the Korean war broke out. President Rhee went on to say that he had suggested before that Korea's rehabilitation should start, above all, with the rehabilitation of productive industry, such as improving of fertilizer factory, rebuilding of power plants, etc., but instead, 16 to 19 per cent of the fund was spent on maintaining personnel, while unnecessary and repeated surveys and the like were done to leave little to be done at all for Korea's rehabilitation in the real sense of the word. Moreover, considerable sums of money were spent in purchasing many things which were of not much use for Korea. More than half of the fund was spent in Japan in purchasing many things, thus helping to rebuild the Japanese economy with funds allocated for Korea's rehabilitation! If the money was allocated for Korea, it would be Korea that should be rehabilitated, and not other countries. Money for Korea

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should be used in Korea to build up Korea's economy and not in Japan to build up Japan's economy. If Japan's economy is built up too much, then Korea or other countries in the Far East will more or less become dependent on Japan economically, which situation is not only undesirable but also must be considered as unjust. International trade means exchange among nations of exportable products of each country, and not one particular country dominating all products and other countries solely buying them. President Rhee concluded that we are ever ready to cooperate with whatever the aid organization is, but that the valuable money made available by the American taxpayers has so far been used not to the best advantage of Korea's rehabilitation.

Another point President Rhee brought up was about the use of Japanese technicians. President Rhee regretted that so many Japanese technicians should be imported to Korea when she can afford many good ones herself. Importation of the Japanese technicians simply killed chances for Korean technicians to work and prove their ability and efficiency. It was totally unfair not even to try Korean technicians on the simple mistaken belief that there are no Korean technicians at all.

Mr. Dulles indicated that every effort will be made to remove the confusion and complication involved in the administration of the aid fund. As regards Japan, However, Mr. Dulles replied that Japan has an overcrowded population of 85 million people and the United States, in leading the whole free world, simply cannot let her go starving without any market for her to sell her products. The United States cannot afford to let her go hungry and get communized. Korea, Indo-China, Japan and other peninsula or island countries in the Far East are all important assets to the free world and it cannot afford to have Japan or any of these countries to go red. Should that happen, Korea would be the first one to be thrown into a gravely disadvantageous position. For these reasons, the United States has to keep Japan under a livable condition. Japan has a trade deficit of 500 to 600 million dollars a year and she badly needs markets to sell her products. The United States is helping Japan not because she loves her but because she wants to keep her from going communist. The United States suffered an incalculable loss both in treasure and in lives during the Pacific War, because of Japan and there is no reason for her to love Japan, but she must cope with the danger of Japan possibly becoming communist. In this connection, Mr. Dulles asked President Rhee what he thought would be the best way to prevent this danger existing with Japan. President Rhee replied that firstly, the Japan communist party should be outlawed, and secondly, Japan must be prevented from trading with Red China.

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