

March 10, 1956
**Report No. 76 from Young Kee Kim to Syngman
Rhee**

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Summary:

Young Kee Kim briefs President Rhee on the budget plan submitted by President Magsaysay to Congress and Manila APACL Conference.

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Report No. 76

LEGATION OF THE REPUBLIC OF KOREA
MANILA, PHILIPPINES

March 10, 1956

Dear Mr. President:

Returning to Manila on March 4 from Hongkong where I was detained overnight due to plane trouble, I have been busy attending the state funeral service for the late President Elpidio Quirino and other state functions. During my absence of six weeks, the Chancery had been under the charge of Do Soon Chung who acted as Chargé d'Affaires ad interim and he aptly discharged his official duties. Although the chancery is under-staffed, I am glad to report that Chung carried on the official business remarkably well.

President Magsaysay submitted to Congress the 1956-57 budget calling for P588.8 million with a deficit of P80 million to be covered by special taxes. The administration is faced with dwindling dollar reserves almost to the lowest level since President Magsaysay took over the reins in 1954. Governor of Central Bank Miguel Cuaderno, who has been negotiating a loan in Washington, reported to the President the successful conclusion of \$65 million dollar loan from the Export-Import Bank and also another \$20 million dollar loan from a large private bank in New York. The long term loan has been secured to help develop Philippine economy, and will be available to private concerns and government agencies. The bulk of the loan will be set aside for the construction of hydro-electric power plant capable of producing 75,000 kilowatts.

The belt tightening policy of the administration will undoubtedly cause dislocation of many industries that are in dire need of dollar allocation for importing raw materials and heavy machineries from the States and elsewhere.

The SEATO foreign ministers conference closed in Karachi after issuing a communique attacking Soviet efforts to increase the tension and promote division in the treaty area. In general terms, State Secretary Dulles said that a strong strategic striking force forms the basis of American defense plans in Asia. Vice President and Foreign Secretary Carlos P. Garcia stressed the need of a permanent military structure in the SEATO defensive planning to give continuing direction to the military program in the SEATO area. The full text of the final communique of the SEATO Conference is herewith attached.

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Our delegation arrived here from Taipei where they had a caucus with the Chinese delegation and I was told that the Chinese delegation was instructed by the Vice President of China to cooperate with our delegation in reaching a harmonious conclusion with reference to admitting new members to the APACL from neutral nations.

The Conference was opened with a keynote speech delivered by Senator Francisco Rodrigo and another speech by Undersecretary of National Defense Jose Crisol. President Magsaysay was unable to attend the opening session as he had to attend a naval maneuver conducted by the 7th Fleet near the Philippine Sea. Without all-out support from the government, the 2nd Conference of the APACL did not attract much enthusiasm from the public, and the response was practically nil. The Chinese delegation finally yielded to our determined policy not to raise the issue of admitting neutral nations, such as India and Japan to the APACL at this Conference.

It was agreed to ratify the Constitution as it was originally drafted and approved by the chiefs of member chapters. And, an amendment on the membership admittance can be brought up at the Plenary Session after three years hence. A full report will be presented to you upon the return of our delegation to Korea on or about March 16th. I am glad that Col. J. M. Prentice of Australia and Dr. William Glenn have attended the Conference as observers.

Although the Manila APACL Conference produces less spectacular and spontaneous enthusiasm as shown in Seoul two years ago, it nevertheless reminds the peoples of Asia that an Anti-Communist Movement, sponsored by our people under your guidance, have garnered strength and influence among the free people and be a counterpart to SEATO on a people to people basis in our fight against Communism.

Louisa and I wish to thank you and Madame Rhee for the pleasure of a visit with you while we were in Seoul and hope to serve you to the best of our ability.

With assurance of continued loyalty to you and our government,

Sincerely yours,

Young Kee Kim
YOUNG KEES KIM

His Excellency Syngman Rhee,
President of the Republic of Korea,
Seoul.

Copy to Acting Minister of Foreign Affairs

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