

January 9, 1956
**Report No. 70 from Young Kee Kim to Syngman
Rhee**

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Summary:

Young Kee Kim briefs President Rhee on Philippines' concern on China, especially regarding Formosa. He also reports on President Magsaysay's appointment of economic advisors and government officials.

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Report No. 70 *file*LEGATION OF THE REPUBLIC OF KOREA
MANILA, PHILIPPINES

January 9, 1956

Dear Mr. President:

The Congress will convene on January 23 and the President is expected to submit a balanced budget. He urged the reduction of normal operating expenditure in the Department of National Defense, and the acceleration of rural development projects particularly the income-producing projects to be financed by bond sale.

The President and the country's top economic advisors are urged to clarify the economic policy with a view to encourage the flow of foreign capital for industrialization and exploitation of mineral resources that await development. New and necessary industries will continue to enjoy the privilege of being exempted from payment of all internal revenue taxes.

Brigadier General Eulogio Balao (retired) was appointed Acting Secretary of National Defense. He succeeds Secretary Sotero Cabahug who was appointed to the Court of Appeals. Balao was one time Military Attache to the Philippine Legation in China until the evacuation of Nationalist Government to Formosa. He resigned his army post last year to enter the senatorial contest but was not nominated.

The Jap Mission notified the Philippine Government of the arrival on February 2 of Tokeo Miki, personal envoy of Premier Hatoyama. Miki's mission is currently on a political and economic survey with a view of preparing a blueprint for future cooperation between Japan and Southeast Asian nations. It is hoped that the Jap reparation settlement be hastened.

President Magsaysay elevated his press secretary J. V. Cruz to cabinet rank without portfolio. He now becomes the 16th member of the Cabinet. At 30, he is the youngest member of the Cabinet. Miss Ramona Cruz, sister of the press secretary, has been our English secretary at the Legation since March 1954. The President's action was in response to a resolution of the National Press Club of the Philippines, urging him to raise the position of the press secretary to the rank of cabinet member to uphold the prestige of public opinion. Mr. Magsaysay is very sensitive to the criticism of the press, and it was one way to please the boys of the press club. The press of the Philippines was one of the factors that helped in winning the electorate for Magsaysay two years ago.

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The Philippines assured Chinese Ambassador Chen Chih-mai that she will oppose any fresh attempt to seat Red China in place of Taipei Government at the coming conference of the ECAFE to be held in January at Bangalore, India. The Mexican Charge d'Affaires asked the Philippines' vote in Mexico's bid for the International Civil Aeronautics Administration Organization seat to be transferred to Mexico City from Montreal, Canada.

The economic independence of the Philippines as of January first of this year, resulted in an increase of prices of all the imported commodities. The impact of the Laurel-Langley agreement is being felt by the high cost of living. This would be the beginning of the shift of the Philippine market from U.S. to Japan on gradual scale.

During my courtesy call on the Vietnam Minister Cao Thai Bao, I had a long talk with him in regard to the call of the Second Meeting of the Asian Peoples' Anti-Communist League in Manila, as suggested by Dr. Jose M. Hernandez last December. Bao said that he has not received definite instructions from his government about the choice of the next conference. I think it would be advisable for Minister-designate Lt General Duk Shin Choi to proceed to Saigon soon, so as to encourage the formation in Vietnam of a nation-wide Anti-Communist League patterned after the reorganization set-up of the Korean Chapter.

Vietnam Legation chancery is elaborately furnished in a separate house and it has a staff of four Vietnam clerks brought to Manila and two local employees. Minister Bao told me that he expects to have the Second and Third Secretaries assigned to his Chancery. At present, thirty Vietnam army officers are here to obtain military training at the Philippine Armed Forces Training Center. The Vietnam Minister was one time Vice Governor of South Vietnam.

On the question of selection of atom for peace research center, Chinese Ambassador Chen Chih-mai told me that Manila is favored by Washington as an atomic research center for these reasons: 1) Manila is far away from danger spot on the Mainland Asia; 2) friendly relations with neighbor countries except Red China; 3) Main stay of the SEATO and 4) no language barrier.

It is up to the Philippine Government to grasp the opportunity by outlaying specific plans to hasten the designation of Manila as the laboratory center for atomic power. The choice of Manila will be formally announced by Washington.

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Charles P. Liu, new counselor of the Chinese Embassy, arrived here from Ankara, Turkey. He was formerly Director of Information of Nationalist China, Ministry of Foreign Affairs.

Lt General Jesus Vargas, AFP Chief of Staff, will attend the second conference of the Southeast Asia Treaty Organization's military advisors to be held in Melbourne, Australia on January 13. The conference is expected to review the plans drafted at Pearl Harbor last November in view of the defense system designed to protect the SEATO countries from external attack. With the instability of the French Government as a result of recent election, it is feared that the SEATO might be ineffective in its operation.

As a full scale communist attack on Formosa would pose a direct threat to the Philippine security, Vice President Carlos P. Garcia said that he will bring up the SEATO stand on Formosa attack by Red China before the SEATO Council of Ministers' Conference which will be held in Karachi on February 6. U.S. Secretary of State John F. Dulles is expected to attend the conference.

Faithfully yours,

Young Kee Kim
YOUNG KEE KIM

His Excellency Syngman Rhee,
President of Korea,
Seoul.

Copy to the Acting Minister of Foreign Affairs

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