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DRAFT: GG

1 June 1957

Dear Mr. Warne:

Of particular interest to us in your recent, fine report on Korean aid before the Association of Voluntary Agencies, was your announcement that the total overall expenditure, from the beginning (of) the Korean aid programs, amounted to $2.5 billion.

This is the first time, of course, that any of us in Korea have had authoritative knowledge of just what this figure might be. And I am sure you will understand why we feel it would now be even more valuably illuminating if you would complete the Korean story by telling us how much of this total -- appropriated for the declared purpose of reconstructing the Korean economy -- actually contributed to the expansion of Japan's industrial capacity instead.

The increasingly questionable loyalty of Japan to the United States and the Free World makes us all the more concerned over the long-standing priority of American policy for the restoration of Japanese hegemony in Asia -- even at the expense of some of America's staunchest Free Asian allies, such as the Republic of Korea.

There has never been any secret about this priority. In fact, ever since World War II, American State Department and other responsible officials have publicly argued that the only way to keep Japan from going Communist was to rebuild it as quickly as possible to its former dominant position in the Far East. But none of them, including Secretary Dulles himself, has ever been able to answer our questions as to what will happen and who will defend against Japan when -- as is more and more clearly occurring -- Japan turns from the United States toward ever closer alignment with the Communist bloc for what it construes to be its expedient advantage.

I wish to make it absolutely clear that, as you must know, this is not said in criticism of your administration of the aid programs. It is only because you and other ICA officials have more truly understood our needs that we have been able, since the latter part of 1953, to make a beginning of the economic reconstruction (that) eventually can start reducing the economic burden on America, which has always been one of our major objectives.

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But you are also well aware that in the earlier days when our need was greatest, instead of helping us start some productive facilities to help supply our own needs and give even a bare start to economic recovery, most of the aid funds were used for the purchase of Japanese-produced consumable goods. We needed the consumables, of course. But the productive facilities that could have helped build up and sustain a Korean economy were being built up in Japan with the Korean aid money to the lasting benefit of the Japanese economy.

That is the reason, Mr. Warne, that we believe it would be an even greater public service if you now would tell us, as well as the American people, the rest of the Korean story; if you would tell us how much of the $2.5 billion total has been invested in Japan's capacity to give trading aid and comfort to the Communists -- which Japan so obviously and avidly desires to do.

We shall greatly appreciate your informative comments.

Sincerely,