

FE - Mr. Gay

October 16, 1951

PSA - Mr. Tyson

Comments on Cleveland's draft Circular Telegram to SEEM missions.

(1) The telegram does not in fact address itself to its professed objective (as cited by Cleveland in his covering letter) namely, to clear up the "confusion and disquietude as to the meaning of the Mutual Security Assistance legislation".

(2) I see no reason and in fact some possible confusion resulting from an effort, as in the case of this draft telegram, to restate all the objectives of the ECA program in Southeast Asia. Cleveland's telegram, in fact, adds nothing new, and in some aspects is downright bad as an elucidation of our objectives. I would dislike to subscribe to much of this old ballgame, particularly since we are trying to re-survey in our own minds what the objectives should be.

(3) From ECA's standpoint, it would be sufficient to point out (a) under the new legislation, ECA will continue to operate until (blank date). (b) ECA's objectives and type of program operation will remain unchanged until that time, except that greater weight than in the past shall be given to those programs which contribute jointly to the economic and military support of the various countries. (c) After (blank date), the general functions of ECA will be taken over by the Mutual Security Assistance. (d) presumably the Mutual Security Assistance will continue to operate through the Special Technical and Economic Assistance. (e) in general, the objectives of the program to be administered by ECA (rather than MSA) will remain the same as they have been except that the economic aid program should be more directly and more fully integrated with the military aid program. (f) It is still clear whether the MSA will be able, after June 30, 1951, to offer economic aid to those countries which do not have MSA programs.