

Ret. to PSA -
Tyson,

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Mr. Loftus

May 10, 1951

FE - Merrill Gay

Chapter VI, ASIA AND THE PACIFIC

1. There is a feeling that the new draft has, in terms of argumentation, swung heavily in favor of South Asia as compared to Southeast Asia. Some of the suggestions below are designed to remedy this defect.

2. For the present Paragraphs 3, 4 and 5, substitute the following as a new Paragraph 3:

"The area of Southeast Asia contains some of the richest natural resources in the world, but they are only partially developed. Most of the people are farmers, tilling small plots of land by relatively primitive methods. While some of the countries of the region export rice, the level of living of the mass of people continues to be low. Sanitary conditions are primitive, making for widespread disease and an extremely short life expectancy in relation to the western world. Many of these countries suffered physical destruction and economic disorganization during World War II and during subsequent internal revolutions and disorders. There has developed a widespread dissatisfaction with the present state of affairs, augmented by and suggesting a rampant Nationalism. The internal disorders have to some extent been a natural counterpart to the dissatisfaction, but they have been greatly intensified by the efforts of the Communists to exploit the growing restlessness and nationalism. These disorders have made it necessary for almost every country in the region to devote a large part of its domestic budget toward efforts at maintaining internal security.

"In spite of these conditions, the potentialities of some countries in the area, particularly Burma, Thailand and the States of Indochina, in producing exportable quantities of rice and certain strategic materials, make the region in the eyes of Red China a political and economic prize of considerable importance."

3. Split the present Paragraph 6 on Page 4 into two paragraphs, making the second paragraph begin in the second line of Page 4 with, "In the countries of South and Southeast Asia the present governments..."

Verify the

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Modify the last sentence at the bottom of Page 4 to read: "If either South Asia or Southeast Asia, or significant parts thereof, is lost to communism, the remaining areas of the region would be even more greatly threatened. For instance, bolstering Southeast Asia . . ."

4. Modify the beginning sentence of present Paragraph 7 on Page 5 to read: "On the other hand, most of these governments are not without defense . . ."

5. In present Paragraph 9, Page 6, delete "and the Philippines" and the remainder of the paragraph.

6. In present Paragraph 10, Page 7, sixth line, change "resident" to "invading".

7. In present Paragraph 13 (d) insert after "looking toward" the words "such objectives as".

8. In present Paragraph 18, Page 12, insert after "are" in the third line, the words "as has been described above".

Delete the present Paragraph 19 and add to the present Paragraph 18 the following:

"It does not follow, therefore, that the improved financial condition in some of these countries, which is largely based on the currently heavy demand for their raw material exports, necessarily justifies the conclusion that the countries in question will be able to finance out of their own resources or by loans all of their urgent economic development requirements. Many of the projects envisaged are not of the type ordinarily considered "bankable"; in many cases the emphasis is on creating an immediate political impact on the country concerned. Furthermore, lending institutions are likely to regard improvements in balance of payments as temporary and not based on a change in terms of trade that is likely to persist over the life of a developmental loan. Where a country's credit position does justify a greater reliance on loans, the expectation and plan is that there should be the closest possible integration of loans and grants so that the projects financed by grant aid and those financed by loans will complement and mutually reinforce one another."

9. Insert "As an

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9. Insert "As an essential complement to military aid for achieving security objectives in Asia" at the beginning of present Paragraph 20, and delete from first line, "Asia and the Pacific for".

10. Delete present Paragraph 22 on Page 15. The substance of this has been covered in an earlier section.

11. Make a new Paragraph from the last two sentences of the present Paragraph 23, adding "and Southeast Asia" after "South Asia".

12. In present Paragraph 24, sixth line, substitute "democratic" for "sovereign".

In the eighth line, substitute "work through" for "support".

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