

July 16, 1957

At my luncheon with Hailey this afternoon I learned (Hailey heard this from a friend) that the U.S. Congress is in favor of aid to Korea in the form of a loan which if passed would present quite a problem to Korea. Military aid would be on a different basis. If the economic aid is to be in the form of a loan, Korea's burden would be a very big one. He added that he had heard the Korean reconstruction minister would go to the U.S. to discuss with this matter with the U.S. aid officials.

A week ago, Hailey met Amb. MacArthur who told him that during Kishi's stay in the U.S. no positive discussion of the Okinawa and the Ogasahara took place. The only thing was that Kishi made clear his anti-communist policies and his policy of closer cooperation with the U.S. And Korea-Japan problems did not come up at the talks.

Hailey expressed his hope that the detainee problem would soon be settled. He said that when he was in Seoul he had told the President the urgency of settling it. A certain American whose name Hailey did not divulge, told him that if the Korean government detains Japanese fishermen for any length of time, the Japs will work up a propaganda program which would be disadvantageous to Korea. The Russians seize Japanese vessels, but they return the crew. With the Koreans they keep both vessels and crew and the Japs will make use of this as propaganda against Korea.

*Hailey's statement  
that the U.S. Congress  
will not give a loan  
to Korea.*



-2-

I again gave Hailey a general detail of why the fishermen were being detained in Korea. I told him I would be meeting Kishi that afternoon and that our decision on our pending problems would depend on his attitude.

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