

No. 187

780.5/1-2954

*The Secretary of Defense (Wilson) to the Under Secretary of State
(Smith)*

SECRET

WASHINGTON, January 29, 1954.

DEAR MR. SMITH: Receipt of your letter of November 12, 1953,¹ regarding the status of FY 1955 budget requests for certain Middle East countries is acknowledged, and your apprehension regarding the status of grant military aid programs to these countries is understood and appreciated. The Department of Defense agrees that the requirements of these Middle East countries for military equipment must be met on a timely basis, following the establishment of their eligibility for such aid and, of course, consistent with the rate and volume at which those countries can receive, maintain and effectively utilize the equipment to be provided.

From an overall standpoint, the justification of new obligational authority for MDAP in FY 1955 presents an exceedingly difficult problem, due to the fact that approximately \$11.0 billion of matériel provided by FY 1954 and prior year MDAP funds is undelivered; and that approximately \$10.4 billion of FY 1954 and prior year funds are unexpended. In light of the disappointing progress in MDAP deliveries and expenditures against prior year appropriations, it appears certain that the FY 1955 MDAP requirements will rightfully be subjected to the closest scrutiny by the Congress, and only those funds which are irrefutably required to carry forward the highest priority and absolutely essential MDAP activities during FY 1955 will be authorized and appropriated.

Since the receipt of your letter of November 12, the Joint Chiefs of Staff have made specific recommendations with regards to the Middle East which were provided the Secretary of State by letter dated January 4, 1954,² signed by the Assistant Secretary of Defense for International Security Affairs.

The views of the Joint Chiefs of Staff represent the desirable military point of view. However, for reasons as previously outlined by the Department of State, the Department of Defense recognizes that in addition to the \$30 million presently available, a sum of approximately \$50 million will be required to implement effectively the political aspects of the first phase military aid to the Middle East. This latter sum (\$50 million) has been reserved by the Direc-

¹ Document 158.

² Not printed; it summarized the views of the Joint Chiefs of Staff concerning allocation of funds to various countries in the Middle East. (780.5/1-454)