

No. 1434

786A.5 MSP/2-2752 Telegram

*The Ambassador in Saudi Arabia (Hare) to the Department of State*¹

SECRET

JIDDA, February 27, 1952.

452. Am informed by Deputy FonMin Yassin that MinFin has been asked set up \$43 million fund for financing cash reimbursable arms purchases and building training installation at Kharj. Yusuf Yassin then recalled confidential info given him during DAF negots last year re efforts being made obtain legislation make ME states, including SEA, eligible grant mil assistance and said now that SAG had done its share, wished ask if we prepared lend hand along line which I had indicated to him last May and which had also been confirmed at same time by Dept to Saudi Amb.

Replied understood legislative authority along lines contemplated had been written into present MSA but action hereunder dependent executive decision Pres which, as far as known, has not been exercised.² Wld therefore submit Yusuf Yassin's inquiry to Dept for consideration and reply.

I do not think necessary go into detailed discussion tax matter since facts so clear and carry own argument. Inescapable truth is that in order sweeten pill of cash reimbursable aid--only *quid pro quo* for agreement on DAF, we informed Saudis our hope being able furnish some grant aid and indicated SAG in special position in that regard. SAG kept its bargain and we went part way by obtaining necessary legislation. Question is now whether we follow through. As matters stand I submit, in absence advice to contrary, that we morally obligated take appropriate action in accordance legislative authority and fact that approach was oral rather than written makes obligation that much stronger. Aside from specific reasons for affirmative action, this also becomes question of maintaining our reputation for constancy and fair dealing. This important with reference not only DAF but our relations with SAG generally. (Embtel 344, Jan 2, 1952³)

HARE

¹ Repeated to Dhahran for General Day.

² For documentation on grant military assistance, see vol. 1, pp. 460 ff.

³ Not printed; it reminded the Department of State that since the probability of grant aid had been mentioned as an inducement to Saudi Arabia when negotiations for Dhahran Airfield and cash reimbursable military assistance agreements were being carried on, the United States had at least an implied obligation to furnish some grant aid to Saudi Arabia. (711.56386A/1-252)