

find it difficult reconcile with charges by other countries, even when acknowledging superiority of what we have to offer. Thus, misunderstanding regarding payment for and high cost of military training in US is currently causing widespread bitterness in government circles with resultant indirect and adverse affects on operations Dhahran.

Consequently, aside from considerations of good faith, there is practical need for grant aid supplemental to cash reimbursable assistance in order to facilitate military assistance program, to help maintain better atmosphere at Dhahran airfield and to check deterioration in our basically friendly relations with this country at stage where action can be on relatively modest scale as contrasted with what might later be case, i.e., proverbial stitch in time.

As regards fields in which grant aid would be most useful, I would invite comments General Grover, head of MAAG, with whom I have kept in constant touch in this regard and who shares my views regarding importance of grant aid in principle. In view however of fact that problem attains importance because of its general bearing on our relations with Saudi Arabia as well as situation at Dhahran airfield, I would personally suggest that due regard be given to activities in which Saudis are particularly interested, especially student training in US and building up modest air force, while at same time giving balancing consideration to actions which we may hold essential but of which Saudis find difficult understand importance.

HARE

No. 1450

786A.5 MSP/2-2053

*The Under Secretary of State (Smith) to the Director for Mutual Security (Stassen)*¹

TOP SECRET

WASHINGTON, February 27, 1953.

MY DEAR MR. STASSEN: Developments in Saudi Arabia within the past year lead to the inescapable conclusion that, if the United

¹ This letter was drafted by Sturgill and Fritzlan. An early version was drafted in July 1952, and it was redrafted several times in January and February 1953. It was cleared by NE and NEA, with S/MSA concurring.

Attached to the letter was a memorandum by Jernegan to the Secretary of State, dated Feb. 26. It recommended that the Secretary sign the letter, in order to preserve the U.S. preferential position in Saudi Arabia, and in particular the continued right to use and expand the facilities at Dhahran Airfield. (786A.5 MSP/2-2053) A handwritten note on the file copy indicates that the original was to be delivered by Jernegan to Stassen on the afternoon of Feb. 27.