

PD-ACC-984

**MUTUAL
SECURITY
PROGRAM**

ESTIMATES - FISCAL YEAR 1952

Revised October 1, 1951.

BEST AVAILABLE

Point & Executive Direction and Domestic Program Expenses

Grand Total Summary

Object Classification	Departmental	Field	Total
<u>Summary of Personal Services</u>			
Total number of permanent positions	1,145	138	1,283
Full-time equivalent of all other positions	82	--	82
Average number of all employees	843	74	917
<u>Personal services obligations:</u>			
Permanent positions	\$4,453,790	\$353,373	\$4,807,163
Part-time and temporary positions	410,000	--	410,000
Regular pay in excess of 52 week base	18,585	--	18,585
<i>Local</i> Social employees	--	109,002	109,002
Payment above basic rates	--	121,111	121,111
Total personal services obligations	4,882,375	583,486	5,465,861
01 Personal services	4,882,375	583,486	5,465,861
02 Travel	213,595	124,000	337,595
03 Transportation of things	13,500	126,296	139,796
04 Communication services	56,440	130,000	186,440
05 Rents and utility services	31,000	7,000	38,000
06 Printing and reproduction	58,190	7,000	65,190
07 Other contractual services	114,946	37,000	151,946
08 Supplies and materials	56,350	62,400	108,750
09 Equipment	99,850	79,218	179,068
Total obligations	5,526,246	1,147,000	6,673,246

Point 4 Executive Direction and Domestic Program Expense

Departmental Summary

Object Classification	Executive Direction and Administration	Domestic Program	Total
<u>Summary of Personal Services</u>			
Total number of permanent positions	883	262	1,145
Full-time equivalent of all other positions	40	42	82
Average number of all employees	588.1	274.2	862.3
<u>Personal services obligations:</u>			
Permanent positions	\$3,075,350	\$1,578,440	\$4,653,790
Part-time and temporary positions	190,000	220,000	410,000
Regular pay in excess of 52 week base	12,885	6,000	18,885
Total personal services obligations	<u>\$3,277,835</u>	<u>\$1,804,440</u>	<u>\$5,082,275</u>
01 Personal services	3,277,835	1,804,440	5,082,275
02 Travel	98,265	115,330	213,595
03 Transportation of things	7,600	6,000	13,600
04 Communication services	28,800	27,640	56,440
05 Rents and utility services	30,000	1,000	31,000
06 Printing and reproduction	39,000	19,190	58,190
07 Other contractual services	50,746	64,200	114,946
08 Supplies and materials	44,000	12,350	56,350
09 Equipment	56,000	43,850	99,850
Total obligations	<u>\$3,632,246</u>	<u>\$1,894,000</u>	<u>\$5,526,246</u>

Point 4 Executive Direction and Domestic Program Expense

Analysis of Field Expenses by Area

	<u>Positions</u>	<u>Funds</u>
	1952	1952
Title I Area	—	—
Title II Area	78	\$670,582
Title III Area	25	229,418
Title IV Area	35	247,000
Total	138	\$1,147,000

POINT 4 EXECUTIVE DIRECTION AND DOMESTIC PROGRAM EXPENSE

Analysis of Domestic Program Expense by Category and by Agency

	<u>Positions</u> 1952	<u>Funds</u> 1952
<u>General Technical Services:</u>		
Department of Agriculture	38	346,500
Department of Commerce	20	137,800
Federal Security Agency	11	56,100
Department of the Interior	39	123,000
Department of Labor	--	19,900
Housing and Home Finance Agency	5	50,300
Bureau of the Budget	--	--
Total	117	733,600
<u>Training Services:</u>		
Department of Agriculture	37	185,000
Department of Commerce	25	148,600
Federal Security Agency	22	110,000
Federal Communication Commission	6	13,400
Department of the Interior	41	142,000
Department of Labor	24	110,200
Bureau of the Budget	6	39,400
Department of State (Office of Educational Exchange)	16	65,400
Total	177	814,000
Service to Business (Department of Commerce)	55	290,000
Other Domestic Projects		56,400
Grand Totals	349	1,894,000

Point 4 Executive Direction and Domestic Program Expense

Departmental - Analysis of Executive Direction and Administration By Agency

	<u>Positions</u> 1952	<u>Funds</u> 1952
Department of Agriculture	92	\$410,000
Department of Commerce	20	160,000
Federal Security Agency	46	214,500
Federal Communications Commission	4	6,800
Department of the Interior	38	186,000
Department of Labor	8	33,100
Housing and Home Finance Agency	7	32,500
Bureau of the Budget	2	12,100
Sub-total	217	1,055,000
Department of States		
Other than TCA	153	589,000
Technical Cooperation Administration	520	1,988,246
Totals	890	3,632,246

Point 4 Executive Direction and Domestic Program Expense

Departmental - Analysis of Executive Direction and Administration "Other State"

	<u>Positions</u> 1952	<u>Funds</u> 1952
American Republics Area	6	\$37,000
Near East and African Area	11	80,000
Intelligence	3	40,000
Public Affairs	8	43,000
United Nations Affairs	8	46,000
Consular Affairs (Security)	9	40,000
Personnel (Includes Foreign Service Institute)	30	106,000
Office of Budget and Finance	20	64,000
Management Staff	3	18,000
Office of Operating Facilities	50	126,000
Total	163	589,000

Point 4 Executive Direction and Economic Program Expenses

Departmental - Analysis of Executive Direction and Administration, TCA

	Position 1952	Funds 1952
Office of the Administrator	19	\$102,000
Technical Staffs (Agriculture and Natural Resources, Education, Health and Sanitation, Specialized Technical Services, and Training)	71	326,000
Executive Director, including Budget and Fiscal, and Adminis- trative (Program Planning, Supply and Procurement, Executive Director, Legal, and Program Information and Reports)	254	888,246
<u>Regional Staffs:</u>		
American Republics	60	206,000
Near East Development Service	73	291,000
Asia Development Service	43	175,000
Total	520	\$1,988,246

MUTUAL SECURITY PROGRAM
DISTRIBUTION OF 1952 ADMINISTRATIVE EXPENSES - ESTIMATE BY FUNCTIONS & AGENCIES
(In Thousands of Dollars)

	<u>MILITARY PROGRAM ESTIMATES</u>			<u>ECONOMIC PROGRAM ESTIMATE</u>			<u>TOTAL ESTIMATE</u>		
	<u>Total</u> <u>Require-</u> <u>ments</u>	<u>Local</u> <u>Currency</u> <u>in \$ Equiv.</u>	<u>U.S. \$</u> <u>Require-</u> <u>ments</u>	<u>Total</u> <u>Require-</u> <u>ments</u>	<u>Local</u> <u>Currency</u> <u>in \$ Equiv.</u>	<u>U.S. \$</u> <u>Require-</u> <u>ments</u>	<u>Total</u> <u>Require-</u> <u>ments</u>	<u>Local</u> <u>Currency</u> <u>in \$ Equiv.</u>	<u>U.S. \$</u> <u>Require-</u> <u>ments</u>
STATE:									
Departmental (undistributed by area)	\$ 2,042.5	\$ 120.1	\$ 1,922.4	\$ 4,650.0	-	\$ 4,650.0	\$ 6,692.5	\$ 120.1	\$ 6,572.4
Overseas:									
Europe	5,597.1	2,609.9	2,987.2	-	-	-	5,597.1	2,609.9	2,987.2
Near East & Africa	1,387.6	1,021.1	366.5	810.0	-	810.0	2,197.6	1,021.1	1,176.5
Asia & Pacific	505.1	197.2	307.9	-	-	-	505.1	197.2	307.9
American Republics	-	-	-	540.0	-	540.0	540.0	-	540.0
Total Overseas	7,489.8	3,828.2	3,661.6	1,350.0	-	1,350.0	8,839.8	3,828.2	5,011.6
Total State	9,532.3	3,948.3	5,584.0	6,000.0	-	6,000.0	15,532.3	3,948.3	11,584.0
ECA:									
Departmental (undistributed by area)	-	-	-	10,037.2	\$ 408.4	9,628.8	10,037.2	408.4	9,628.8
Overseas:									
Europe	-	-	-	18,579.9	12,993.8	5,586.1	18,579.9	12,993.8	5,586.1
Asia & Pacific	-	-	-	5,994.5	3,534.4	2,460.1	5,994.5	3,534.4	2,460.1
Total Overseas	-	-	-	24,574.4	16,528.2	8,046.2	24,574.4	16,528.2	8,046.2
Total ECA	-	-	-	34,611.6	16,936.6	17,675.0	34,611.6	16,936.6	17,675.0
DEFENSE:									
Departmental (undistributed by area)	27,180.5	-	27,180.5	-	-	-	27,180.5	-	27,180.5
Overseas:									
Europe	7,822.9	3,422.1	4,400.8	-	-	-	7,822.9	3,422.1	4,400.8
Near East & Africa	7,611.1	2,739.1	4,872.0	-	-	-	7,611.1	2,739.1	4,872.0
Asia & Pacific	2,379.5	832.8	1,546.7	-	-	-	2,379.5	832.8	1,546.7
Total Overseas	17,813.5	6,994.0	10,819.5	-	-	-	17,813.5	6,994.0	10,819.5
Total Defense	44,994.0	6,994.0	38,000.0	-	-	-	44,994.0	6,994.0	38,000.0
INTERNATIONAL CONTRIBUTIONS:									
Europe	9,416.0	-	9,416.0	-	-	-	9,416.0	-	9,416.0
GRAND TOTAL	63,942.3	10,942.3	53,000.0	40,611.6	16,936.6	23,675.0	104,553.9	27,878.9	76,675.0
RECAPITULATION:									
Departmental (undistributed by area)	29,223.0	120.1	29,102.9	14,687.2	408.4	14,278.8	43,910.2	528.5	43,381.7
Overseas:									
Europe	22,836.0	6,032.0	16,804.0	18,579.9	12,993.8	5,586.1	41,415.9	19,025.8	22,390.1
Near East & Africa	8,998.7	3,760.2	5,238.5	810.0	-	810.0	9,808.7	3,760.2	6,048.5
Asia & Pacific	2,884.6	1,030.0	1,854.6	5,994.5	3,534.4	2,460.1	8,879.1	4,564.4	4,314.7
American Republics	-	-	-	540.0	-	540.0	540.0	-	540.0
Total Overseas	34,719.3	10,822.2	23,897.1	25,924.4	16,528.2	9,396.2	60,643.7	27,350.4	33,293.3
GRAND TOTAL	63,942.3	10,942.3	53,000.0	40,611.6	16,936.6	23,675.0	104,553.9	27,878.9	76,675.0

Title II 56
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POINT 4 EXECUTIVE DIRECTOR AND DOMESTIC PROGRAM

Multi

Grand Total Summary

	Departmental			Field			Total	
	1950	1951	1952	1950	1951	1952	1950	1952
Total number of permanent positions . . .	298	676	989	--	31	244	298	1,233
Full-time equivalent of all other positions	7	4	6	--	--	14	7	20
Average number of all employees	263.3	374	801	--	22.2	105	263.3	600
Personal services obligations:								
Permanent positions	\$1,101,292	\$1,853,676	\$3,580,705	--	\$122,719	\$406,097	\$1,101,292	\$4,286,302
Part-time and temporary positions . .	21,339	23,256	26,000	--	--	101,449	21,339	127,449
Regular pay in excess of 52-week base	3,321	--	14,925	--	--	252	3,321	15,177
Payment above basic rates	2,305	4,538	6,000	--	9,036	141,606	2,305	147,606
Payment to other agencies for reimbursable details	3,837	16,690	15,000	--	--	--	3,837	15,000
01 Total personal service obligations	\$1,133,094	\$1,897,560	\$3,642,630	--	\$131,755	\$649,404	\$1,133,094	\$4,592,034
02 Travel	50,785	95,091	250,000	--	101,450	260,563	50,785	525,563
03 Transportation of things	6,686	5,419	10,500	--	6,875	68,802	6,686	79,302
04 Communication services	15,104	6,725	43,500	--	17,658	103,080	15,104	116,580
05 Rents and utility services	33,147	35,395	37,000	--	2,614	54,350	33,147	91,350
06 Printing and reproduction	19,609	28,358	88,000	--	280	36,295	19,609	124,295
07 Other contractual services	74,851	1,466,000	191,920	--	10,181	28,000	74,851	219,920
08 Supplies and materials	14,386	26,371	42,000	--	6,666	36,140	14,386	78,140
09 Equipment	34,089	1,053,802	60,000	--	4,824	180,000	34,089	181,181
11 Grants, subsidies, and contributions	4,682	14,455	500	--	552	500	4,682	1,000
15 Taxes and assessments	188	302	450	--	--	185	188	302
Total obligations	\$1,382,681	\$4,650,748	\$4,650,000	--	\$323,055	\$1,380,000	\$1,382,681	\$6,000,000

Note: All 1951 figures are stated on a comparable basis to 1952. For example, the integration of the Institute of Domestic Affairs is reflected as an accomplished fact as of 1951.

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POINT 4 EXECUTIVE DIRECTION AND DOMESTIC PROGRAM EXPENSE
 Departmental Summary

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	Executive Direction and Admin.			Domestic Program Expenses			Totals		
	1950	1951	1952	1950	1951	1952	1950	1951	1952
Total number of permanent positions . . .	N.A.	467	642	N.A.	209	347	296	676	989
Full-time equivalent of all other positions	"	1	4	"	3	2	7	4	6
Average number of all employees	"	243	520	"	131	251	250	374	801
Personal services obligations:									
Permanent positions	N.A.	\$950,489	\$2,636,330	N.A.	\$903,187	\$1,244,325	\$1,101,292	\$1,855,676	\$3,380,705
Part-time and temporary positions . . .	"	5,112	19,500	"	18,144	6,500	21,339	23,256	26,000
Regular pay in excess of 52-weeks base	"	--	9,750	"	--	5,175	3,821	--	14,925
Pay above base rates	"	3,075	3,000	"	1,463	3,000	2,803	4,533	3,000
Payments to other agencies for reimbursable details	"	1,775	4,000	"	14,915	11,000	5,337	16,690	15,000
01 Total personal services obligations . . .	N.A.	\$960,451	\$2,672,630	N.A.	\$937,709	\$1,270,000	\$1,135,094	\$1,898,160	\$3,942,630
02 Travel	"	54,926	135,000	"	56,165	170,000	59,765	91,091	305,000
03 Transportation of things	"	3,351	7,000	"	2,068	5,500	6,032	5,419	10,500
04 Communication services	"	4,580	10,000	"	2,143	3,500	15,104	6,725	13,500
05 Rents and utilities	"	4,941	3,000	"	31,054	34,000	33,147	35,995	37,000
06 Printing and reproduction	"	15,735	23,000	"	12,603	15,000	19,609	28,352	38,000
07 Other contractual services	"	731,387	61,070	"	634,203	130,850	74,351	466,090	191,950
08 Supplies and materials	"	14,409	21,000	"	11,942	21,000	14,386	26,351	42,000
09 Equipment	"	126,560	32,000	"	927,242	36,500	30,149	653,802	68,500
11 Grants, subsidies and contributions . .	"	--	--	"	18,455	500	4,632	4,465	500
15 Taxes and assessments	"	288	500	"	14	150	188	302	450
Total obligations	N.A.	\$1,967,148	\$2,965,000	N.A.	\$2,833,300	\$1,365,000	\$1,532,631	\$2,630,748	\$4,650,000

N.A. Not Available

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POINT 4 EXECUTIVE DIRECTION AND DOMESTIC PROGRAM EXPENSE

Departmental- Analysis of Executive Direction and Administration, TCA

	Positions		Funds	
	1951	1952	1951	1952
Office of the Administrator	10	11	\$39,780	\$75,000
Technical Staffs (Food and Natural Resources, Health, Education, Training, Industry, Public Administration)	52	52	158,000	190,000
General Staffs (General Counsel, Public Affairs, Policy Planning, and Executive Director, including Budget and Fiscal, Supply Requirements, Reports, and Administrative)	129	197	540,210	866,000
<u>Regional Staffs:</u>				
American Republics	37	40	165,000	170,000
Near East Development Service	18	56	1,353	170,000
Independent Africa	4	15	7,570	52,000
Total	250	371	911,913	1,523,000

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POINT 4 ANALYSIS, DIVISION OF THE PUBLIC PROGRAMS, DEPARTMENT OF STATE

Analysis of field expenses by Area

J.S. [unclear] Policy here

	Positions		Funds	
	1951	1952	1951	1952
Title I Area	2	—	\$15,977	—
Title II Area	48	156	161,813	\$210,000
Title III Area	6	—	52,365	—
Title IV Area	25	78	92,902	540,000
Total	81	234	323,057	1,750,000

DS 7. State Support Overseas (Affix)
 ↓
 24 American \$
 19 Locals \$ 185,000!
 + other objects

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POINT 4 EXECUTIVE DIRECTION AND DOMESTIC PROGRAM EXPENSE

Analysis of Domestic Program Expense By Category and By Agency

17 AA?
see 8/31
state report

	Positions		Funds	
	1951	1952	1951	1952
General Technical Services:				
Department of Agriculture	28	35	\$230,667	\$250,000
Department of Commerce	7	13	25,965	128,000
Federal Security Agency	3	15	35,050	53,000
Department of the Interior	12	25	44,666	125,000
Department of Labor	3	9	52,167	65,000
Housing and Home Finance Agency	4	5	8,988	26,000
Bureau of the Budget	--	2	--	13,000
Total	63	104	397,503	660,000
Training Services:				
Department of Agriculture	18	64	75,764	180,129
Department of Commerce	16	21	95,262	138,624
Federal Security Agency	12	15	49,719	67,990
Department of the Interior	14	27	65,089	127,500
Department of Labor	15	28	42,622	85,095
Bureau of the Budget	6	6	24,427	34,092
Department of State (Office of Educational Exchange) X	26	26	38,518	96,510
Total	107	183	391,402	750,000
Service to Business (Department of Commerce)	27	22	106,477	275,000
Point 4 Visitors (Various)	12	--	52,100	--
Purchase of Field Equipment	--	--	980,241	--
Other Domestic Projects	--	--	735,900	--
Grand Totals	209	347	2,663,600	1,685,000

* Distributed in field projects in fiscal year 1952.

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POINT 4 EXECUTIVE DIRECTION AND ADMINISTRATIVE PROGRAM EXPENSE

Departmental - Analysis of Executive Direction and Administration By Agency

	Positions		Funds	
	1951	1952	1951	1952
Department of Agriculture	60	60	\$ 296,010	\$385,000
Department of Commerce	20	25	33,119	130,000
Federal Security Agency	22	25	50,480	103,000
Department of the Interior	33	40	123,539	195,000
Department of Labor	4	8	17,629	39,000
Housing and Home Finance Agency	2	7	2,830	22,500
Bureau of the Budget	2	2	9,110	12,500
Sub-total	143	167	587,717	892,000
Department of State:				
Other than TGA	74	104	467,513	550,000
Technical Cooperation Administration	250	37	911,913	1,523,000
Totals	467	642	1,967,143	2,965,000

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 735,000 \\
 96,510 \\
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 831,510
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 550,000 \\
 185,000 \\
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 735,000
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POINT 4 EXECUTIVE DIRECTION AND DOMESTIC PROGRAM EXPENSE

Departmental - Analysis of Executive Direction and Administration "Other State"

	Positions		Funds	
	1951	1952	1951	1952
American Republic Area	4	4 -	\$ 26,000	\$ 26,000
Near East and African Area	4	4 -	26,000	26,000
Legal	4	5 ✓	16,868	25,322
Intelligence	6	7 -	19,700	28,288
Public Affairs	6	8 -	40,963	92,158
United Nations Affairs	8	8 -	23,215	45,094
Consular Affairs (Security)	3	4 -	14,659	19,952
Personnel (Includes Foreign Service Institute)	12	16 -	39,755	71,405
Office of Budget and Finance	4	10 ✓	15,757	37,500
Management Staff	3	3 ✓	9,000	15,575
Office of Operating Facilities	20	35 -	234,751	162,706
Total	74	104	467,518	550,000

Interim Program Requirements

TCA

	<u>Title II</u>	<u>Title III</u>	<u>Title IV</u>	<u>Title I</u>	<u>Adm. Expense</u>	<u>Totals</u>
1. Distribution of funds received under Continuing Resolution						
a. Bilateral Technical Assistance						
(1) Amount	2,750,000	1,000,000	4,500,000	-	1,750,000	10,000,000
(2) Purpose	N/A	N/A	N/A	-	-	N/A
e. Total Funds Received	2,750,000	1,000,000	4,500,000	-	1,750,000	10,000,000
f. Obligations incurred, estimated as of October 31st	2,000,000	750,000	3,500,000	-	1,400,000	765,000
g. Unobligated balance, estimated	750,000	250,000	1,000,000	-	350,000	235,000

Mutual Security Program - Pt. 4

	<u>Multi-lateral</u>	<u>Bilateral</u>	<u>Iran</u>	<u>Palestine</u>	<u>Israel</u>	<u>India</u>	<u>Pakistan</u>	<u>Admin.</u>	<u>Experts</u>	<u>Total</u>
Title I (Europe)	\$ 342,000	-	-	-	-	-	-	-	-	\$ 342,000
Title II (Near East & Africa)	3,744,000	\$32,806,000	\$23,450,000	\$50,000,000	\$50,000,000	-	-	-	782	160,000,000
Title III (Asia & Pacific)	4,914,000	450,000	-	-	-	\$54,565,000	\$10,778,000	-	21	70,707,000
Title IV (South America)	<u>4,000,000</u>	<u>18,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>901</u>	<u>21,245,653</u>
(UN 12,000,000 OAS 1,000,000 Administration)	13,000,000	50,501,653	23,450,000	50,000,000	50,000,000	54,565,000	10,778,000	-	1,704	252,294,653
								\$6,000,000	<u>1,233</u>	<u>6,000,000</u>
Program Recap:									2,937	258,294,653
								Palestine	-	<u>50,000,000</u>
Multilateral	\$ 13,000,000									208,294,653
Bilateral	<u>50,501,653</u>									
Subtotal	<u>63,501,653</u>									
Administration	<u>6,000,000</u>									
	<u>69,501,653</u>									
Iran	<u>23,450,000</u>									
	<u>92,951,653</u>									
Israel (Purchase)	<u>50,000,000</u>									
	<u>142,951,653</u>									
India - Pakistan	<u>65,343,000</u>									
	208,294,653									

MUTUAL SECURITY PROGRAM
ESTIMATES - FISCAL YEAR 1952

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MUTUAL SECURITY PROGRAM

Summary of Obligations and Appropriation Requests

(In Millions of Dollars)

	Military Assistance			Economic Assistance			Total		
	Actual 1950	Actual 1951	Estimate 1952	Actual 1950	Actual 1951	Estimate 1952	Actual 1950	Actual 1951	Estimate 1952
<u>TITLE I - EUROPE</u>									
Total Obligations	\$ <u>840.8</u>	\$ <u>3,761.2</u>	\$ 5,594.3	\$ <u>4,039.4</u>	\$ <u>2,492.6</u>	\$ 1,023.4	\$ <u>4,880.2</u>	\$ <u>6,253.8</u>	\$ 6,617.7
Add Request for Cash to Liquidate Prior Year's Contract Authorization			44.5			-			44.5
Deduct Carry-over From 1951			-566.3			-1.4			-567.7
Appropriation Request			<u>5,072.5</u>			<u>1,022.0</u>			<u>6,094.5</u>
<u>TITLE II - NEAR EAST AND AFRICA</u>									
Total Obligations	<u>172.9</u>	<u>292.7</u>	466.2	<u>6.3</u>	<u>33.0</u>	160.0	<u>179.2</u>	<u>325.7</u>	626.2
Deduct Carry-over From 1951			-69.0			-			-69.0
Deduct Reimbursable Obligations			-1.0			-			-1.0
Appropriation Request			<u>396.2</u>			<u>160.0</u>			<u>556.2</u>
<u>TITLE III - ASIA AND PACIFIC</u>									
Total Obligations	<u>34.3</u>	<u>410.5</u>	659.6	<u>95.2</u>	<u>210.8</u>	337.1	<u>129.5</u>	<u>621.3</u>	996.7
Deduct Carry-over From 1951			-124.4			-54.9			-179.3
Appropriation Request			<u>535.2</u>			<u>282.2</u>			<u>817.4</u>
<u>TITLE IV - AMERICAN REPUBLICS</u>									
Total Obligations	-	-	38.2	<u>6.9</u>	<u>13.4</u>	22.0	<u>6.9</u>	<u>13.4</u>	60.2
Deduct Carry-over From 1951			-			-.8			-.8
Appropriation Request			<u>38.2</u>			<u>21.2</u>			<u>59.4</u>
<u>ALL TITLES</u>									
Total Obligations	<u>1,048.0</u>	<u>4,464.4</u>	6,758.3	<u>4,147.8</u>	<u>2,749.8</u>	1,542.5	<u>5,195.8</u>	<u>7,214.2</u>	8,300.8
Add Request for Cash to Liquidate Prior Year's Contract Authorization			44.5			-			44.5
Deduct Carry-over From 1951			-759.7			-57.1			-816.8
Deduct Reimbursable Obligations			-1.0			-			-1.0
Appropriation Request			<u>6,042.1</u>			<u>1,485.4</u>			<u>7,527.5</u>

Note: Obligations have been adjusted by function and titles to conform with the appropriation structure proposed for 1952.

MUTUAL SECURITY PROGRAM
 Military and Economic Assistance (All Titles)
 Comparative Summary of Obligations by Functions and Activities

Function and Activity	Actual 1950	Actual 1952	Estimated 1952
Military Assistance			
Materiel	\$1,036,326,585	\$1,386,626,326	6,664,617,416
Training	5,130,662	47,549,936	39,700,409
Administration	6,413,139	29,344,569	53,000,000
Total Direct Obligations (Military)	1,047,870,386	4,463,520,831	6,757,317,825
Add Reimbursable Obligations (Military)	136,135	852,162	960,000
Total Obligations (Military)	1,048,006,521	4,464,372,993	6,758,277,825
Add Request for Cash to Liquidate Prior Years' Contract Authority - - - - -			44,476,271
Deduct Carry-over from 1951 - - - - -			-759,667,825
Deduct Reimbursable Obligations - - - - -			-960,000
Appropriation Request (Military)			6,042,126,271
Economic Assistance			
Country Aid	3,982,862,992	2,094,784,388	938,291,000
EPU Capital Fund	-	350,000,000	-
Special Technical and Economic Aid	14,332,369	163,273,383	255,486,000
Technical Assistance	12,999,729	13,407,711	20,000,000
Bilateral Technical Cooperation	7,417,618	13,689,233	51,256,000
Multilateral Technical Cooperation	-	13,007,500	13,000,000
Ocean Freight Voluntary Relief Packages	8,023,608	3,690,256	2,800,000
Palestine Refugee Program	6,000,000	25,450,000	50,000,000
Relief of Refugees Coming into Israel	-	-	50,000,000
United Nations Korean Reconstruction Agency	78,594,174	38,989,365	95,200,888
Exchange of Student Program	2,073,587	3,549,301	4,377,112
Basic Materials Development	17,280,500	7,064,108	38,325,000
Confidential Funds	6,118	10,521	50,000
Administration	18,197,505	22,860,768	23,675,000
Total Direct Obligations (Economic)	4,147,788,200	2,749,776,534	1,542,461,000
Deduct Carry-over from 1951 - - - - -			-57,059,481
Appropriation Request (Economic)			1,485,401,519
Total Direct Obligations (Military & Economic)	5,195,658,586	7,213,297,365	8,299,778,825
Add Reimbursable Obligations (Military)	136,135	852,162	960,000
Total Obligations (Military & Economic)	5,195,794,721	7,214,149,527	8,300,738,825
Add Request for Cash to Liquidate Prior Years' Contract Authority - - - - -			44,476,271
Deduct Carry-over from 1951 - - - - -			-816,727,306
Deduct Reimbursable Obligations - - - - -			-960,000
Appropriation Request (Military & Economic)			7,527,527,790

Note: Obligations have been adjusted by function and title to conform with the appropriation structure proposed for 1952.

THE MUTUAL SECURITY PROGRAM FOR FISCAL YEAR 1952

GENERAL STATEMENT

1. THE OBJECT AND SCOPE OF THE MUTUAL SECURITY PROGRAM

A. INTRODUCTION

The United States and the rest of the free world are faced with the great and immediate danger of Communist aggression and subversion. It jeopardizes the security of free nations. It has demanded prompt and effective action by the United States, which has taken the three principal forms of building up our own military strength; organizing our productive might so that it will serve our security interests; and strengthening the will and the capacity of our associates in the free world to do the things required of them in pursuit of the security interests that we have in common with them. The first of these tasks is under way. The second task falls to the American productive economy--its industries, its farmers, its workers--guided and helped by the defense mobilization agencies. The Mutual Security Program described herein is designed to further the accomplishment of the third of these tasks. That program embodies proposals for military and economic assistance to our associates in the free world that will enable them most effectively to make their respective contributions to the common effort.

The preservation of our national security and the security of the free world is a priceless objective. With the kind of aid being proposed we will move forward rapidly toward a situation where we should be reasonably sure that aggression will not take place. The rapid creation of military strength in the free world and increasing productivity abroad should permit, within a few years, the maintenance of peaceful forces and development of the economies of most of the areas of the free world without further grant aid from the United States.

B. SCOPE OF THE MUTUAL SECURITY PROGRAM PROPOSALS

The proposals for 1952 appropriations for assistance to other areas of the world are shown below:

	Economic	Military
Europe	\$1,022,000,000	\$5,072,476,271 *
Near East and Northern Africa	180,000,000	396,250,000
Asia	282,155,866	535,250,000
Latin America	21,245,653	38,150,000
Total	<u>1,485,401,519</u>	<u>6,042,126,271</u>

* Includes \$44,476,271 to liquidate prior year's contract authorization.

C. RELATIONSHIP TO PRESENT AND PAST PROGRAMS

Although the mutual security program has many parts and many kinds of specific activity, it has nevertheless the unifying purpose of enabling the free world to stand secure against the present danger. Each part of it is designed to serve this purpose.

The individual components of the total program are not themselves wholly new. In the Mutual Defense Assistance Program we began the job of providing military aid to countries that are partners with us in a common effort. In the European Recovery Program we have, since 1948, been helping Europe to reestablish economic stability and rebuild its productive power. Under the International Development Act, we are already furnishing technical "know-how" to economically underdeveloped countries. We have been contributing to similar technical assistance programs carried on by the United Nations and the Organization of American States.

Not only does the Mutual Security Program include and continue whatever in these going programs is applicable to the conditions we now face; it also weaves together the economic and military programs, with economic aid to Europe, for example, focused on supporting increased European production of military equipment. In addition it takes into account the lending capacities and the probable programs of the International Bank for Reconstruction and Development and the Export-Import Bank, and such private investment activity as is likely to take place in the face of present world tensions.

Thus, there is an essential continuity in our plans and efforts. The Mutual Security Program now brings together all of these present efforts and directs them to the overriding end of building free worlds strength against Soviet tyranny; it adapts them so as to deal flexibly and effectively with the present danger; and it enables them to be more clearly understood and more effective.

D. THE NATURE OF THE PRESENT DANGER

It is not necessary to review in detail the course of events by which hopes and expectations entertained at the end of World War II have turned to disillusionment, or to recapitulate all of the steps by which the world has passed in the last six years from the promise of peace to the threat of war. Throughout those years it was evident that the Soviet Union was bent on extending its area and domination.

Since the invasion of Korea and particularly since Communist China chose to commit its forces against the United Nations, the free nations have had to govern their course of action by a clear recognition of the possibility of total war which might result from the Kremlin's resort to piecemeal armed aggressions. The free nations must coldly assess the actual force that is aligned against them. It is a massive military machine comprising in the west over 200 mobilized divisions with good weapons and with good and improving air and naval support; and comprising in the east over 5,000,000 men under arms. Communism has at its disposal also a well-organized and demonstrably effective apparatus for prompting internal disturbance, for weakening morale, and for impeding economic recovery and progress in free countries.

To meet this formidable force and to nullify its power to further Soviet ambitions for the conquest of the world, the free nations need to organize their vast potential strength and to develop it into actual strength. There is little time for this to be done; but there is enough time if all the free peoples work together with unanimous purpose and resolute speed. To do it, however, the free nations must face and overcome certain major problems confronting them. These problems can be identified and discussed under the headings: "Raising of Forces"; "Production for Defense"; "Economic development"; and "Morale".

B. THE RAISING OF FORCES

The presently activated military strength of the United States and the other nations of the free world is but a slowly increasing fraction of their potential strength. The land forces available to the free nations are inferior in numbers to the total land forces under Soviet direction. This disparity in land strength has heretofore been offset by other factors, most significantly by United States possession of atomic weapons.

The Soviets, however, have now succeeded in producing an atomic explosion. As time moves on, the previous balance of military strength will be dangerously tipped against the free world unless free nations quickly build total strength. They can no longer rely upon qualitative superiority in certain categories of weapons. They must mobilize all the components of military strength and in particular must organize and equip land forces capable of protecting their resources against invasion and capture.

The need is not merely for the enlistment and conscription of men. Mobilization of forces involve economic drains and burdens that many of our associates cannot support unaided but that we can help them to support.

F. PRODUCTION FOR DEFENSE

Military strength cannot be created overnight. Armed forces require quantities of complicated and expensive equipment. It is necessary to produce the right kinds of weapons, in the right proportions, of the right materials and specifications, in the places and with the production facilities most suitable--and all this in relation to carefully worked out and time-phased plans for the recruitment and training of forces.

This is an intricate production problem. The object is to make the best possible use of the combined resources of all the free nations. The western European Countries are existing on a narrow economic margin; unaided they cannot deliver. They will be able to make their potential strength actual on the urgent basis needed only if we help them with both military and economic aid.

C. ECONOMIC DEVELOPMENT

Within the community of free nations the United States and the highly industrialized communities of

Western Europe depend, to a great extent, on the economically underdeveloped areas. The underdeveloped areas supply 49 percent of the total free world production of certain strategic materials. The terms "economically underdeveloped areas" applies to those free countries in Asia, Africa and Latin America which are characterized by low standards of living, low per capita incomes, low standards of literacy, poor conditions of sanitation and health, and high death rates. These countries constitute in terms of population and land area the largest part of the free world and they contain a large part of the world's natural resources.

The economically underdeveloped areas are highly susceptible to Communist propaganda. Failure in these countries to show economic progress, and the inability of free governments to find some way to start building an effective and dynamic structure, at best saps the resolution of these countries to protect their freedom, and in some instances threatens to destroy the very foundations of national unity.

Technical assistance involves primarily the provision of personal services of competent personnel to help meet the scarcity of trained administrators and technicians in these countries, and to assist the governments and people to do for themselves the things that need to be done. It is the export of "know-how" from the technically advanced to the less advanced countries.

H. MORALE

Genuine strength involves not merely armed forces, military equipment, industrial production, and raw materials. It involves even more importantly a sense of common interest in mutual security. Strength and determination to pursue this common interest must be built upon realistic hope that the protection of freedom will bring in its train the opportunity and the fact of progress. The community of free nations must be convinced that strength once built will be used to create conditions in which free people can satisfy their hunger for social improvement, for economic progress, for the preservation and enrichment of cultural values.

I. ECONOMIC IMPACT OF THE PROGRAM ON THE UNITED STATES ECONOMY

The impact on the United States economy of these proposals for foreign assistance cannot meaningfully be identified separately from the impact of the entire United States security program of which the Mutual Security Program and our own national defense program are only parts. There is no simple evaluation of what is the impact of our economy of one part as distinct from the impact of the other parts.

It is important to bear in mind that this program is a program for mutual security. Our contributions to other countries have as their purpose to enable those other countries to do these parts of the total security task which we could not do alone in any case. The purpose is, for example, to take advantage of

the considerable potential defense production that exists or can be created in Europe. Failure of the European countries and ourselves to take such advantage would appreciably increase the burden of defense on our own military production and our own economy.

J. CONCLUSION

The Mutual Security Program proposed herein has been calculated in size, scope, and direction to be that best suited to further the national security of the United States during the fiscal year 1952.

It, with the program for the build-up of our own forces, should be considered an effort made necessary by the urgent and critical situation which confronts the United States and with it the free world.

It is based on these simple positive points:

- (1) The best hope of preventing another world war lies in making ourselves and our friends strong.
- (2) To do this requires the intelligent development and utilization of the resources of the entire free world through international cooperation.
- (3) The strength which will come from the collective efforts of free countries will far exceed the strengths of the separate national components.

It follows the difficult but only feasible course of building by mutual and cooperative effort the strength to deter aggression or defeat it and rejects the clearly unthinkable alternatives of either abandoning the rest of the world to communism or attempting to defend it by our own efforts alone.

GENERAL STATEMENT - MILITARY ASSISTANCE

The Mutual Defense Assistance Act of 1949, as amended, states the policy of the United States to be to assist in the development of the defensive military forces of those nations in the free world who are parties with the United States in measures for collective security against aggression. The appropriations which are requested for continuing the implementation of the Act through fiscal year 1952 total \$6,042,126,271 of which \$5,997,650,000 would be for new obligational authority and \$44,476,271 would be to liquidate prior year's contract authorization. Of this total, \$53,000,000 is the estimated requirement for administrative expenses required in carrying out the Military Assistance provisions of this Act. The new programs for the assistance to the nations in the North Atlantic Treaty area in Western Europe total \$5,028,000,000. Those for the Middle East -- Greece, Turkey and Iran -- are proposed for a total of \$396,250,000, and those for the nations in the general area of China and Southern and Eastern Asia, \$535,250,000. In the proposed 1952 appropriation, there has been added provision for assistance to the nations in Latin America who are signatories of the Inter-American Defense Pact, in the amount of \$38,150,000.

Although operations under the Mutual Defense Assistance Act could not get under way until bilateral agreements had been signed with the recipient countries in the spring of 1950, military materiel having a value in excess of \$1,500,000,000 have been transferred to our allies. Much of the materiel which has been shipped to these countries has been made available from stocks already on hand of items which have been rebuilt and repaired prior to their transfer to make them fully usable and effective. The materiel which requires repair and rehabilitation prior to transfer is already being processed through the Services' plants and military arsenals, as well as through the establishments of private contractors at an accelerated pace. This acceleration may be expected to continue throughout fiscal year 1952. Many of these production lines for repair and rebuilding of our older American military equipment were the principal source to provide for the operational supply and the back-up pipeline which supported our combat forces in Korea.

Since the 1951 Regular and Supplemental Appropriations for Mutual Defense Assistance have been made available, the full amount has been firmly programmed for military materiel, training and the necessary expenses of operating and administering the program. However, integration of procurement with military requirements has in some instances delayed contracting for MDAP requirements. Because some of these contracts for materiel programmed had not yet been placed on 30 June 1951, the funds for such materiel, totaling \$759,667,825, were not obligated within fiscal year 1951. Contracts for approximately \$400 million for such materiel were signed during July. The materiel to be procured with these unobligated balances has been deducted from the requirements for fiscal 1952 by the programming review process. In determining 1952 program requirements, the total 1950 and 1951 program -- whether or not obligation by 30 June 1951 was possible -- was considered as "assets on hand" in determining 1952 program deficiencies.

TITLE I - MILITARY & ECONOMIC ASSISTANCE

Comparative Summary of Obligations by Functions & Activities

<u>Function & Activity</u>	<u>Actual 1950</u>	<u>Actual 1951</u>	<u>Estimate 1952</u>
<u>Military Assistance</u>			
Materiel	\$ 830,085,197	\$ 3,693,480,424	\$ 5,510,996,790
Training	4,255,512	38,367,152	30,256,443
Administration	<u>6,413,139</u>	<u>29,344,569</u>	<u>53,000,000</u>
Total Direct Obligations (Military)	<u>840,753,848</u>	<u>3,761,192,145</u>	5,594,253,233
Add Request for Cash to Liquidate Prior Years			
Contract Authority -----			44,476,271
Deduct carry-over from 1951 -----			- 566,253,233
Appropriation Request (Military)			<u>4818,121,145</u> - 5,072,476,271
<u>Economic Assistance</u>			
Country Aid	3,982,862,992	2,094,784,388	938,291,000
EPU Capital Fund	-	350,000,000	-
Technical Assistance	12,999,729	13,407,711	20,000,000
Bilateral Technical Cooperation	1,460	478,925	-
Multilateral Technical Cooperation	-	342,000	342,000
Ocean Freight Voluntary Relief Packages	8,005,977	3,647,740	2,700,000
Basic Materials Development	17,280,500	7,064,108	38,325,000
Confidential Funds	6,118	10,521	50,000
Administration	<u>18,197,505</u>	<u>22,860,768</u>	<u>23,675,000</u>
Total Direct Obligations (Economic)	<u>4,039,354,281</u>	<u>2,492,596,161</u>	1,025,383,000
Deduct carry-over from 1951 -----			- 1,383,000
Appropriation Request (Economic)			<u>1,022,000,000</u>
Total Obligations	<u>4,880,108,129</u>	<u>6,253,788,306</u>	- 6,617,636,233
Add Request for Cash to Liquidate Prior Years			
Contract Authority -----			44,476,271
Deduct carry-over from 1951 -----			- 567,636,233
Appropriation Request Title I			<u>6,094,476,271</u>

Note: Obligations have been adjusted by functions and title to conform with the Appropriation Structure proposed for 1952.

TITLE I MILITARY ASSISTANCE

Comparative Summary of Obligations by Activity

<u>Activity</u>	<u>Actual 1950</u>	<u>Actual 1950</u>	<u>Estimated 1952</u>
Materiel	\$ 830,085,197	\$ 3,693,480,424	\$ 5,510,996,790
Training	4,255,512	38,367,152	30,256,443
Administration	<u>6,413,139</u>	<u>29,344,569</u>	<u>53,000,000</u>
Total	<u>840,753,848</u>	<u>3,761,192,145</u>	<u>5,594,253,233</u>

General Statement

The proposed fiscal year 1952 program of military assistance for Western Europe is directly keyed to the requirements for the defense of the area as developed in the regional "Medium Term Defense Plan" of the North Atlantic Treaty military staff. The implementation of this plan in the immediate future is possible only with United States assistance both military and economic.

This plan sets out the force requirements of the area, and sets the time schedule for the raising, training and arming of those forces. The program here proposed would provide for these forces, at the time they are raised, items of equipment and military supply beyond their own resources, and assistance in technical training which they need to be capable of effective performance. For these purposes, there is requested an additional appropriation of \$5,072,476,271 (\$5,028,000,000 for new obligational authority and \$44,476,271 to liquidate prior year's contract authorization) together with the unobligated balances of \$566,253,233 from appropriations for prior years. The unobligated balances are to be used to complete programs and so provide items considered as assets in determining the 1952 requirements.

Programs are developed by Military Advisory Groups (MAAGs) composed of members of the United States military services stationed in each country. From information provided to the MAAGs by the country military services on the size and nature of the units in being and to be formed in the time covered, total supply requirements are determined. Such total requirements are reduced by (a) the supplies and equipment owned by the country, on order, or within their production capabilities including production achieved with the help of United States economic aid, (b) the supplies and equipment included for the country in the 1950 and 1951 Mutual Defense Assistance Programs, and (c) equipment and supplies which the MAAG believes can be provided by purchase or otherwise from the country's resources. These programs are screened by a Joint Military Advisory Group (JAMAG) which participates in SHAPE regional planning, and other U. S. staff agencies located in London, and by the military departments here, using standards set by our Joint Chiefs of Staff.

TITLE I MILITARY ASSISTANCE

Training programs are similarly developed by the MAAGS with one additional step--- if adequate training is not provided to assure satisfactory use of materiel the equipment is eliminated from the program. Training in U.S. schools, a small part of the total, is important, since it is primarily conducted for potential instructors who will multiply training capabilities within each country, and in some cases, for joint classes for trainees from a group of nations.

This proposed materiel program, to a greater extent than in past years, will be fulfilled from new production and at more rapid delivery rates than has been possible in prior years. These quantities of materiel have been taken into account in developing the U.S. Military Budget for fiscal year 1952, and the funds requested are required to realize the expanded rate of production and the industrial mobilization base on which the appropriations for the Military Services were programmed.

Training - Comparative Summary of Obligations by Category
(Fiscal Years 1950, 1951, & 1952)

General Category	No. of Spaces			Cost to U.S.		
	Actual	Actual	Estimate	Actual	Actual	Estimate
	1950	1951	1952	1950	1951	1952
A. Formal Training - U.S.	1,260	8,476	4,111	2,966,970	32,028,456	27,070,425
B. Instructor - Interpreters	-	-	-	-	480,000	543,360
C. Miscellaneous Fund	-	-	-	-	271,356	88,769
D. Formal Training-Overseas	546	7,253	1,649	308,020	1,782,744	629,040
E. Mobile Training Teams	-	-	-	38,890	404,132	319,092
F. Technical Assistance	-	-	-	166,313	1,170,060	871,672
G. Training Aids	-	-	-	775,319	2,230,404	734,085
Total	1,806	15,729	5,760	4,255,512	38,367,152	30,256,443

TITLE I MILITARY ASSISTANCE

Material - Comparative Summary of Obligations by Category

Category	Actual	Material	
	1950	Actual 1951	Estimate 1952
Aircraft, Spare Parts, Aero Equip. & Supp.	\$ 25,753,545	\$ 949,880,400	\$ 1,500,913,162
Vessels	252,000	130,699,511	415,785,003
Vessel Equipment	17,355,135	29,428,425	78,538,401
Electronics & Other Signal Equipment	78,469,674	309,284,991	261,898,378
Ordnance Equipment & Supplies	617,581,271	1,989,017,358	2,679,751,078
Engineering Equipment & Supplies	29,593,706	59,987,489	75,823,613
QM Equipment and Supplies	6,174,924	556,043	2,295,242
Medical Equipment and Supplies	411,449	389,755	464,181
Chemical Equipment and Supplies	82	307,529	273,924
Adjutant General Supplies	-	252,366	601,634
Production Equipment & Mach. Tools	-	-	3,863,531
Spare Parts (Bin Storage)	-	-	20,718,197
Material Handling Equipment	-	-	766,800
J-35 Engine Overhaul	-	-	4,069,585
Replacement Tools	-	-	2,379,044
Sub-Total (Material)	775,591,786	3,469,803,867	5,048,141,773
Repair & Rehabilitation of U.S. Excess	<u>41,482,209</u>	<u>65,059,324</u>	<u>5,662,772</u>
Total - Material & Repair & Rehabil. of Excess	<u>817,073,995</u>	<u>3,534,863,191</u>	<u>5,053,804,545</u>
Facilities	-	95,650,900	30,349,100
ZI & Overseas USAF - MDAP Depots	-	-	41,075,585
Storage of B-29's	-	-	85,200
Accessorial Costs	<u>13,011,202</u>	<u>62,966,333</u>	<u>385,682,360</u>
GRAND TOTAL	<u>830,085,197</u>	<u>3,693,480,424</u>	<u>5,510,996,790</u>
Acquisition Cost of Excess Items	<u>85,603,196</u>	<u>369,531,508</u>	<u>161,702,016</u>

TITLE I - ECONOMIC ASSISTANCE

REGIONAL SUMMARY STATEMENT

World events have placed the enormous burden of rearmament on Western Europe at a time when economic and political recovery has not been fully completed. The defense effort calls for a rapid increase in the military expenditures of European governments. But unless the countries of Europe maintain and increase the basic economic and political strength necessary to a sustained effort of several years' duration, this added burden cannot be assumed.

Our cooperative effort in Europe has been an inspiring success. At the beginning of 1950, the economic situation of the participating countries had already improved very markedly because of a large increase in production and an accompanying reduction of inflationary pressure. In several Western European countries, overall (as distinct from dollar) balance of payments equilibrium had been achieved and in all but a few cases, such as Greece and Austria, the overall balance of payments deficit had been substantially narrowed. But Europe then faced the problem of being unable, because of weakened competitive ability vis-a-vis the United States, to build up dollar exports and other means of earning dollars enough to finance its greatly increased need for dollar imports. Continued dollar aid was required, even for those countries (e.g., France, Belgium, U. K.) whose overall foreign payments were in balance, in order to finance that margin of dollar imports without which production and consumption in the participating countries would have fallen by many times the amount of the economic aid.

The Korean war, U. S. mobilization and the European rearmament program have altered the economic conditions of Western Europe. Fortunately, the new demands on the European economies arising out of the North Atlantic defense plans came at a time when the European Recovery Program was well on the road to completion. Although progress has been uneven country by country, the original difficult problem of restoring the European economy and minimizing internal subversive pressures has, to a large extent, been met.

Today, however, we are faced with a situation in Europe which raises new and critical economic problems, and calls for a reorientation of the program. A real threat of Communist aggression now exists from without as well as from within. It is an inescapable reality that free Europe's growing strength must today be directed toward another and different mission -- rearmament.

The most pressing objective is the creation of a strong defense position in Western Europe. Economic recovery goals have been reviewed in the light of this objective, and aid will be directed to support defense programs. At the same time we must not neglect the importance of establishing conditions which will, in the longer range, assure the preservation of internal political and economic stability in the participating countries.

Economic strength is the firm foundation on which military strength must stand. European rearmament must come, in large part, from civilian consumption rather than from expanded capacity as in the United States. Although substantial gains have been made by European countries in the rehabilitation of their industry and resources, their standard of living in general is not appreciably improved over prewar; in some cases it is still below prewar levels. Any undue diversion of production at the expense of living standards will tend to revive the pressures that existed before the Marshall Plan.

Western Europe can absorb the additional financial burden imposed by the current military production program, provided aid for financing of materials and equipment is continued. But this aid must be adequate and timely. The heavy impact of rearmament upon Europe's economic resources calls for expansion of production capacities and diversion of available goods to defense needs at the expense of civilian consumption, investment and normal export. However, this diversion must be accomplished without an untoward increase in existing inflationary tendencies. Production must be raised still further, particularly with regard to the materials necessary for military strength. Increased military production requires materials and components obtainable only from outside sources. Imports, therefore, are forced upward. Import requirements are also forced upward as the diversion of facilities to defense needs curtails or prevents expansion of civilian production.

It is estimated that in 1951, Europe as a whole will have to pay about \$3 billion more, given the prices existing at the beginning of 1951, to obtain the same volume of imports as in 1950. This general deterioration of the terms of trade for Western European countries stems directly from rearmament measures. Since June 1950 the sharp rise in world prices of primary products, both in absolute terms and in relation to the prices of manufactured items, has adversely affected most industrial countries. By adding substantially to the cost of imports in terms of exports, the unfavorable swing in the terms of trade has tightened the squeeze on the balance of payments and domestic resources of many Western European countries.

Exports, too, are affected by the demands of rearmament. The diversion of manpower, resources and industrial facilities to defense means a direct curtailment of goods normally produced for export and a consequent reduction in income from sales abroad. Indirectly, the inevitable growth of inflationary pressure in Europe, resulting from rearmament, will curtail European export sales.

Throughout the rearmament program, then, the problem is to step up European military expenditures and divert economic resources from civilian to military uses without: (a) creating economic conditions (e.g., serious inflation) which will weaken public support of the rearmament effort and thus play into the hands of the Communist parties of Western Europe; (b) interfering seriously with the growth of productivity and future economic strength necessary to keep the military program going; or (c) so impairing Western Europe's trading position as to make permanent her economic dependence on U. S. economic aid. Thus the problem of security of the North Atlantic area is broader and more difficult than the problem of rearmament alone. Without a margin of essential economic aid it will be impossible simultaneously to avoid these dangers and yet achieve the required military effort -- an effort which will be several times larger than the amount of economic aid needed.

In addition to strengthening the economic base necessary to support an enlarged security program, economic aid will be used to further production of military and essential civilian goods. An increase in military output can be obtained not only by expanding plant capacity, but also by improving plant efficiency. Many industrial areas of Western Europe, because of the lack of dollar balance and the heretofore strong emphasis on consumer goods output for domestic recovery, were unable to restore and utilize their existing industrial facilities adapted for armaments manufacture. There is within Europe a large military production potential and a considerable reservoir of technological experience which is being only partially utilized. Adequate economic aid will provide the materials, components and machine tools necessary to revitalize this idle capacity so that it can contribute a significant share to the total military supply.

In summary, U. S. economic aid to the countries of Western Europe is needed to maintain political and economic stability; to remove obstacles to the diversion of budgetary resources to defense purposes; and to make possible the support of sizeable military establishments, a revitalization of productive capacity, and an increase in military output far greater than the amount of aid furnished. Furthermore, it is needed to increase the capacity to produce essential civilian goods so as to reduce the drain upon the resources of the United States.

The distribution of economic aid by countries as shown in the following tables is purely illustrative and tentative. It has been prepared on this illustrative and tentative basis so that the total aid proposed would not exceed the amount established for economic assistance under Title I of the Mutual Security Act.

The illustrative aid figures here submitted incorporate an upward revision of dollar receipts, as compared with earlier administration estimates, as a result of U. S. military expenditures abroad. These illustrative aid figures nevertheless represent a substantial deficiency in funds needed for economic aid to carry forward the objectives of the Mutual Security Program in Europe. To some extent it may be possible to reduce this deficiency by larger dollar expenditures in some countries of Western Europe for infrastructure and by increased off-shore dollar procurement of materiel by the U. S. in Western Europe for NATO forces. Dollar payments such as these will, in large measure, be for purposes requiring additional supplies and equipment which must be imported. Moreover, actual dollar payments will lag well behind commitments -- particularly in the case of dollar off-shore procurement.

It is planned to discuss more fully in oral testimony the amounts of economic aid estimated to be needed, the effect of this aid on the military build-up, the scope and effect of U. S. military disbursements in Europe, and the indicated distribution of economic aid among countries of Western Europe.

TITLE I - ECONOMIC ASSISTANCE
COMPARATIVE SUMMARY OF OBLIGATIONS ^{1/}

(In thousands of dollars)

Item	Actual FY 1940	Actual FY 1951	Estimate FY 1952
1. Country Aid (including dependent area development)	\$3,982,859	\$2,094,784	\$936,908
a. Unobligated prior year allotments			1,383
2. EPU-Capital Fund	--	350,000	--
3. Technical Assistance	13,000	13,408	20,000
4. Bilateral Technical Cooperation	1	478	--
5. Multilateral Technical Cooperation ^{2/}	--	342	342
6. Ocean Freight-Voluntary Relief Packages	8,006	3,648	2,700
7. Basic Materials Development	17,281	7,064	38,325
8. Confidential Fund	6	11	50
9. Administration	18,198	22,861	23,675
Total	<u>\$4,039,355</u>	<u>\$2,492,596</u>	<u>\$1,023,383</u>
Unobligated prior year allotments reappropriated			<u>1,383</u>
APPROPRIATION REQUEST			\$1,022,000

- 1/ Excludes public debt authorization for Investment Guaranties and Loan to Spain.
- 2/ This program, although financed in part under Title I, is justified on a global basis.

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TITLE I - ECONOMIC ASSISTANCE

COUNTRY AID PROGRAMS ^{1/}

(In millions of dollars)

Country	(1) Program FY 1951	(2) Program FY 1952	(3) Advance in FY 1951	(4) Country Aid FY 1952
Austria	\$ 110.3	\$ 105.0	\$ 4.0	\$ 101
Belgium-Luxemburg	74.3	--	--	--
Denmark	45.1	30.0	--	30
France	423.1	170.0	10.0	160
Germany (Fed. Rep.)	384.8	114.3	14.3	100
Greece	173.5	170.0	--	170
Iceland	8.4	6.0	--	6
Italy	236.8	163.2	3.2	160
Netherlands	101.9	105.0	--	105
Norway	46.1	20.0	--	20
Trieste (F.T.T.)	6.2	--	--	--
Turkey	45.0	45.0	--	45
Ireland	15.0	--	--	--
Portugal	11.7	--	--	--
Sweden	21.1	--	--	--
United Kingdom	298.4	--	--	--
Yugoslavia	<u>29.0</u>	<u>40.0</u>	<u>--</u>	<u>40</u>
Total	<u>\$2,030.8</u> ^{a/}	<u>\$ 968.5</u>	<u>\$ 31.5</u>	<u>\$ 937</u>

^{1/} Program for FY 1952 tentative and illustrative. Total Country Aid reduced in conformance with Mutual Security Act.

^{a/} Excludes comparative transfers, which raise this program to \$2,094,784 thousand of obligations, as shown for Country Aid (line 1) on preceding table.

SUMMARY: EUROPEAN COUNTRIES

ESTIMATED BALANCE OF PAYMENTS IN GOLD AND DOLLARS AND ALL CURRENCIES

(In million dollars and dollar equivalents)

Item	1950/51			1951/52		
	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)
1. Imports	\$ 3,005.7	\$ 4,250.0	\$ 21,031.9	\$ 3,481.7	\$ 5,067.9	\$ 24,057.3
2. Payments for Services	835.3	1,046.3	3,961.8	1,086.7	1,352.4	4,560.1
3. Exports	1,581.9	2,540.7	18,493.3	1,638.6	2,699.8	20,556.3
4. Receipts for Services	845.7	1,048.6	5,440.1	509.5	740.1	5,301.4
5. Net Balance of DOT	- 104.0	- 107.0	- 107.0	- 113.0	- 120.0	- 130.0
6. Net Balance of Trade and Services (Incl. DOT)	-1,517.4	-1,814.0	- 1,167.3	-2,533.3	-3,100.4	- 2,889.7
7. Net Settlements	--	£ 16.7	--	--	= 149.7	--
a. EPU (Bracketed Amt. Indicates total EPU position)	--	- 24.2	(- 9.8)	--	- 74.3	(- 129.0)
b. Other	--	£ 40.9	--	--	= 75.4	--
8. Net Capital Operations	£1,045.9	£1,206.1	--	£1,190.7	£1,137.0	--
9. Net Balance of Payments	- 471.5	- 591.2	--	-1,342.6	-2,113.1	--
<u>Method of Financing</u>						
10. Change in Reserves	--	-1,725.000 ^{a/}	--	--	£ 776.500 ^{a/}	--
11. Change in Pipeline	--	£ 368.494 ^{b/}	--	--	£ 408.082 ^{b/}	--
12. Total Dollar Aid in Countries in Above Summary ^{1/}	--	1,947.706	--	--	928.518 ^{c/}	--
13. Dollar Aid to Ireland, Portugal, Trieste, and Sweden		54.114				
14. Dollar Aid to Yugoslavia via ECA		29.0			40.0	
15. Total Dollar Aid		2,030.820			968.518 ^{c/}	

^{1/} Consists of 13 countries (excludes Trieste): Austria, Belgium-Luxemburg, Denmark, France, Germany (Fed. Rep.), Greece, Iceland, Italy, Netherlands, Norway, Turkey and United Kingdom.

^{a/} £ is use of reserves; - is accumulation of reserves.

^{b/} £ is reduction of pipeline.

^{c/} \$31.518 million of this amount have been covered by an advance of 1950/51 funds (\$4.0 million for Austria, \$10.0 million for France, \$14.3 million for Germany (Fed. Rep.) and \$3.218 million for Italy).

SUMMARY: EUROPEAN COUNTRIES ^{1/}

ESTIMATED TOTAL IMPORTS, 1951/52

(In millions of dollars)

Item	U.S. ^{2/}	Canada	Latin America	Non-Participating Sterling Area	Other Non-Participating Countries	Other Participating Countries & Dependent Overseas ^{3/}	Total
1	2	3	4	5	6	7	8
Food & Agricultural Imports							
Food	628.7	404.8	954.3	981.8	539.6	2,108.9	5,618.1
Feed & Fertilizer	221.0	9.5	185.3	60.1	124.9	214.7	815.5
Natural Fibers	606.4		379.6	2,248.2	515.7	375.7	4,125.6
Other Agricultural Products	262.8	16.8	118.6	100.6	95.5	397.6	991.9
TOTAL FOOD & AGRICULTURAL IMPORTS	1,718.9	431.1	1,637.8	3,390.7	1,275.7	3,096.9	11,551.1
Industrial Imports							
Fuels	758.4		39.8	14.9	113.8	1,007.8	1,934.7
Industrial Raw Materials	289.2	373.6	294.2	270.6	683.6	2,379.2	4,290.4
Capital Equipment	452.3	32.8			45.8	1,997.1	2,528.0
Other Manufactures and Raw Materials	133.9	46.4	37.3	163.8	299.3	2,943.4	3,624.1
TOTAL INDUSTRIAL IMPORTS	1,633.8	452.8	371.3	449.3	1,142.5	8,327.5	12,377.2
TOTAL IMPORTS	3,352.7	883.9	2,009.1	3,840.0	2,418.2	11,424.4	23,928.3

^{1/} Consists of 13 countries (excludes Trieste): Austria, Belgium-Luxemburg, Denmark, France, Germany (Fed. Rep.), Greece, Iceland, Italy, Netherlands, Norway, Turkey and United Kingdom.

^{2/} All imports of crude oil and refined petroleum products supplied by U.S. companies and payable in dollars are entered in the U.S. column, without regard to area of origin.

^{3/} All imports of crude oil and refined petroleum products payable in European currencies are entered in the OPC column without regard to area of origin except in the case of United Kingdom where sterling imports are shown according to area of origin.

SUMMARY: EUROPEAN COUNTRIES ^{1/}

AVAILABILITY AND UTILIZATION OF NATIONAL RESOURCES

(In millions of dollars at 1950/51 prices)

	1950/51	1951/52	1951/52 as percent of 1950/51
<u>RESOURCES AVAILABLE</u>			
Gross National Product	\$ 133,695	\$ 138,703	104
Net Foreign Balance on Current Account ^{2/}	+ 1,297	+ 2,003	
Total	134,992	140,706	104
<u>UTILIZATION OF RESOURCES</u>			
Government Services	19,956	23,923	120
Investment	22,218	23,222	102
Consumption	92,218	93,561	101
Total	134,992	140,706	104

^{1/} Consists of 13 countries (excludes Trieste): Austria, Belgium-Luxemburg, Denmark, France, Germany (Fed. Rep.), Greece, Iceland, Italy, Netherlands, Norway, Turkey and United Kingdom.

^{2/} + is deficit; - is surplus. (This item indicates the increase or decrease in total resources available to the countries as the result of their current international transactions. Accordingly, a plus sign shown for the "Net Foreign Balance on Current Account" indicates a deficit in the foreign balance, but represents an excess of imports over exports and therefore a net addition to total economic resources available in the country. Conversely, a minus sign indicates a credit in the foreign balance but represents an excess of exports over imports and therefore a net reduction to total economic resources available in the country).

SUMMARY: EUROPEAN COUNTRIES

ESTIMATED GOVERNMENT BUDGETS

(In millions of dollars at 1950-51 prices)

Country	1950/51			1951/52			1951/52 as Percent of 1950/51	
	Tax Revenue	Government Expenditure	Budget Deficit ^{a/}	Tax Revenue	Government Expenditure	Budget Deficit ^{a/}	Tax Revenue	Government Expenditure
Austria	\$ 495	\$ 690	\$ 195	\$ 472	\$ 752	\$ 280	95	109
Belgium-Luxemburg	1,405	1,680	275	1,570	1,810	240	112	108
Denmark	465	447	- 18	511	501	- 10	110	112
France	6,005	7,620	1,615	6,385	8,080	1,695	106	106
Germany (Fed. Rep.)	6,180 ^{b/}	6,510 ^{c/}	330	6,927 ^{b/}	7,747 ^{c/}	820	112	119
Greece	312	574	262	303	520	217	97	91
Iceland	19	19	--	19	19	--	100	100
Italy	2,080	2,776	696	2,225	3,000	775	107	108
Netherlands	1,470	1,480	10	1,564	1,664	100	106	112
Norway	417	389	- 28	428	450	22	103	116
Turkey	595	743	148	610	749	139	103	101
United Kingdom	11,360	10,915	- 445	12,250	13,160	910	108	121
Total	\$30,803	\$33,843	\$3,040	\$33,264	\$38,452	\$5,188	108	114

^{a/} - is surplus.

^{b/} Includes revenues of local governments.

^{c/} Includes expenditures of local governments.

ESTIMATED BALANCE OF PAYMENTS IN GOLD AND DOLLARS AND ALL CURRENCIES

(In million dollars and dollar equivalents)

Item	1950/51			1951/52		
	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)
1. Imports	\$ 100.0	\$ 116.0	\$ 495.0	\$ 100.0	\$ 112.0	\$ 576.0
2. Payments for Services	15.7	16.6	50.5	26.5	28.0	81.0
3. Exports	25.0	33.0	362.0	30.0	38.0	445.0
4. Receipts for Services	8.1	8.6	38.7	9.9	10.0	59.0
5. Net Balance of DOT	--	--	--	--	--	--
6. Net Balance of Trade and Services (Incl. DOT)	- 82.6	- 91.0	-144.8	- 86.6	- 92.0	-153.0
7. Net Settlements	--	- 24.1	--	--	- 60.0	--
a. EPU (Bracketed amount indicates total EPU Position)	--	- 24.1	(-104.1) ^{c/}	--	- 60.0	(- 60.0)
b. Other	--	--	--	--	--	--
8. Net Capital Operations	/ 12.8	/ 12.8	--	/ 31.1	/ 31.1	--
9. Net Balance of Payments	- 69.8	-102.3	--	- 55.5	-120.9	--
<u>Method of Financing</u>						
10. Change in Reserves		- 9.0 ^{a/}			--	
11. Change in Pipeline		/ 1.015 ^{b/}			/ 15.9 ^{b/}	
12. Total Dollar Aid		110.285			105.0 ^{d/}	

a/ - is accumulation of reserves.

b/ / is reduction of pipeline.

c/ Of this amount \$80 million were financed by an initial credit position with the EPU.

d/ \$4.0 million of this amount have been covered by an advance of 1950/51 funds.

ESTIMATED BALANCE OF PAYMENTS IN GOLD AND DOLLARS AND ALL CURRENCIES

(In million dollars and dollar equivalents)

Item	1950/51			1951/52		
	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)
1. Imports	\$ 317.0	\$ 419.3	\$ 1,957.4	\$ 308.0	\$ 407.0	\$ 2,005.0
2. Payments for Services	83.6	96.7	421.7	88.5	103.6	441.7
3. Exports	204.1	285.9	2,064.5	195.0	267.0	2,111.0
4. Receipts for Services	41.5	52.6	292.9	47.5	60.2	337.7
5. Net Balance of DOT	- 15.5	- 15.5	- 15.5	--	--	--
6. Net Balance of Trade and Services (Incl. DOT)	-170.5	-193.0	- 37.2	-154.0	-183.4	2.0
7. Net Settlements	--	75.4	--	--	151.0	--
a. EPU (Bracketed amount indicates total EPU Position)	--	75.4	(7 236.3) ^{c/}	--	151.0	(7 302.0)
b. Other	--	--	--	--	--	--
8. Net Capital Operations	- 37.6	- 42.7	--	- 22.4	- 24.7	--
9. Net Balance of Payments	-208.1	-160.3	--	-176.4	- 57.1	--
<u>Method of Financing</u>						
10. Change in Reserves		7 61.0 ^{a/}			7 29.1 ^{a/}	
11. Change in Pipeline		7 25.007 ^{b/}			7 28.0 ^{b/}	
12. Total Dollar Aid		74.293			0	

a/ 7 is use of reserves; - is accumulation of reserves.

b/ 7 is reduction of pipeline.

c/ Of this amount \$29.375 million were financed by an initial debit position with the EPU.

ESTIMATED BALANCE OF PAYMENTS IN GOLD AND DOLLARS AND ALL CURRENCIES

(In million dollars and dollar equivalents)

Item	1950/51			1951/52		
	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)
1. Imports	\$ 73.0	\$ 84.2	\$ 868.0	\$ 65.0	\$ 77.0	\$ 851.0
2. Payments for Services	27.5	28.1	175.7	61.2	61.6	200.0
3. Exports	20.0	24.7	695.0	24.0	29.8	742.0
4. Receipts for Services	45.3	46.3	219.9	66.1	66.9	251.7
5. Net Balances of DOT						
6. Net Balance of Trade and Services (Incl. DOT)	-35.2	-41.3	-128.2	-36.1	-41.9	- 57.3
7. Net Settlements	--	-10.5	--	--	-14.8	--
a. EPU (Bracketed amount indicates total EPU Position)	--	- 5.5	(- 68.6)	--	- 9.8	(- 30.1)
b. Other	--	- 5.0	--	--	- 5.0	--
8. Net Capital Operations	∓ 9.7	∓ 9.7	--	- 4.8	- 4.8	--
9. Net Balance of Payments	-25.5	-42.1	--	-40.9	-61.5	--
<u>Method of Financing</u>						
10. Change in Reserves		-15.0 ^{a/}			∓12.2 ^{a/}	
11. Change in Pipeline		∓11.969 ^{b/}			∓19.3 ^{b/}	
12. Total Dollar Aid		45.131			30.0	

a/ ∓ is use of reserves; - is accumulation of reserves.

b/ ∓ is reduction of pipeline.

ESTIMATED BALANCE OF PAYMENTS IN GOLD AND DOLLARS AND ALL CURRENCIES

(In million dollars and dollar equivalents)

Item	1950/51			1951/52		
	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)
1. Imports	\$ 400.0	\$ 485.0	\$ 2,500.0	\$ 515.0	\$ 570.0	\$ 2,745.0
2. Payments for Services	160.0	180.0	638.0	225.0	240.0	700.0
3. Exports	250.0	325.0	2,405.0	220.0	285.0	2,305.0
4. Receipts for Services	150.0	160.0	575.0	140.0	150.0	600.0
5. Net Balance of DOT	- 87.0	- 90.0	- 90.0	-113.0	-120.0	- 130.0
6. Net Balance of Trade and Services (Incl. DOT)	-247.0	-270.0	- 248.0	-493.0	-495.0	- 670.0
7. Net Settlements	--	<u>£ 45.6</u>	--	--	<u>- 45.0</u>	--
a. EPU (Bracketed amount indicates total EPU position)	--	£ 45.6	(£ 196.4)	--	- 45.0	(- 90.0)
b. Other	--	--	--	--	--	--
8. Net Capital Operations	- 45.0	- 50.0	--	£241.2	£245.2	--
9. Net Balance of Payments	-292.0	-274.4	--	-251.8	-294.8	--
<u>Method of Financing</u>						
10. Change in Reserves		-210.000 ^{a/}			£ 25.0 ^{a/}	
11. Change in Pipeline		£ 61.258 ^{b/}			£ 99.8 ^{b/}	
12. Total Dollar Aid		423.142			170.0 ^{c/}	

a/ £ is use of reserves; - is accumulation of reserves.

b/ £ is reduction in pipeline.

c/ \$10.0 million of this amount have been covered by an advance of 1950/51 funds.

GERMANY (Fed. Rep.)

ESTIMATED BALANCE OF PAYMENTS IN GOLD AND DOLLARS AND ALL CURRENCIES

(In million dollars and dollar equivalents)

Item	1950/51			1951/52		
	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)
1. Imports	\$ 480.0	\$ 586.4	\$ 2,985.3	\$ 609.0	\$ 719.0	\$ 3,654.0
2. Payments for Services	86.4	100.5	369.5	119.7	148.4	493.7
3. Exports	186.8	332.3	2,755.6	220.0	377.0	3,455.0
4. Receipts for Services	53.8	60.0	186.2	53.2	60.6	247.1
5. Net Balance of DOT	--	--	--	--	--	--
6. Net Balance of Trade and Services (Incl. DOT)	-325.8	-294.6	- 413.0	-455.5	-429.8	- 445.6
7. Net Settlements	--	- 90.2	--	--	/ 79.7	--
a. EPU (Bracketed amount indicates total EPU position)	--	- 90.2	(- 284.7)	--	/ 79.7	(/ 120.0)
b. Other	--	--	--	--	--	--
8. Net Capital Operations	/ 60.0	/ 60.0	--	/200.8	/200.8	--
9. Net Balance of Payments	-265.8	-324.800	--	-254.7	-149.3	--
<u>Method of Financing</u>						
10. Change in Reserves		-129.000 ^{a/}			--	
11. Change in Pipeline		/ 69.042 ^{b/}			/ 35.0 ^{b/}	
12. Total Dollar Aid		384.758			114.3 ^{c/}	

a/ - is accumulation of reserves.

b/ / is reduction of pipeline.

c/ \$14.3 million of this amount have been covered by an advance of 1950/51 funds.

ESTIMATED BALANCE OF PAYMENTS IN GOLD AND DOLLARS AND ALL CURRENCIES

(In million dollars and dollar equivalents)

Item	1950/51			1951/52		
	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)
1. Imports	\$ 100.0	\$ 141.4	\$ 394.9	\$ 85.0	\$ 118.0	\$ 338.0
2. Payments for Services	26.0	30.6	71.4	25.1	29.2	67.1
3. Exports	16.0	17.6	94.9	19.0	23.0	112.5
4. Receipts for Services	22.0	22.2	57.2	23.0	23.2	58.6
5. Net Balance of DOT	--	--	--	--	--	--
6. Net Balance of Trade and Services (Incl. DOT)	- 88.0	-132.2	-314.2	-68.1	-101.0	-234.0
7. Net Settlements	--	- 24.3	--	--	-102.0	--
a. EPU (Bracketed amount indicates total EPU position)	--	- 24.3	(-140.4) b/	--	-102.0	(-102.0)
b. Other	--	--	--	--	--	--
8. Net Capital Operations	- 17.2	- 17.2	--	✓ 3.0	✓ 3.0	--
9. Net Balance of Payments	-105.2	-173.70	--	-65.1	-200.0	--
<u>Method Financing</u>						
10. Change in Reserves		--			--	
11. Change in Pipeline		✓ 0.17 a/			✓ 30.0 a/	
12. Total Dollar Aid		173.53			170.0	

a/ ✓ is reduction of pipeline.

b/ Of this amount \$115 million were financed by an initial credit position with the EPU.

ESTIMATED BALANCE OF PAYMENTS IN GOLD AND DOLLARS AND ALL CURRENCIES

(In million dollars and dollar equivalents)

Item	1950/51			1951/52		
	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)
1. Imports	\$ 11.2	\$ 11.7	\$ 42.0	\$ 10.7	\$ 11.4	\$ 45.8
2. Payments for Services	2.0	2.0	9.2	2.3	2.3	10.1
3. Exports	6.0	6.3	30.8	6.6	7.0	37.8
4. Receipts for Services	3.1	3.2	8.5	3.6	3.7	9.6
5. Net Balance of DOT	--	--	--	--	--	--
6. Net Balance of Trade and Services (Incl. DOT)	- 4.1	- 4.2	-11.9	- 2.8	- 3.0	- 8.8
7. Net Settlements	--	- 3.0	--	--	- 4.0	--
a. EPU (Bracketed amount indicates total EPU position)	--	- 3.0	(- 7.0) ^{b/}	--	- 4.0	(- 4.0)
b. Other	--	--	--	--	--	--
8. Net Capital Operations	--	--	--	1.0	1.0	--
9. Net Balance of Payments	- 4.1	- 7.200	--	- 1.8	- 6.0	--
<u>Method of Financing</u>						
10. Change in Reserves		--			--	
11. Change in Pipeline		- 1.200 ^{a/}			--	
12. Total Dollar Aid		8.400			6.0	

^{a/} - is increase in pipeline.^{b/} Of this amount \$4 million were financed by an initial credit position with the EPU.

ESTIMATED BALANCE OF PAYMENTS IN GOLD AND DOLLARS AND ALL CURRENCIES

(In million dollars and dollar equivalents)

Item	1950/51			1951/52		
	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)
1. Imports	\$ 400.0	\$ 490.0	\$ 1,625.0	\$ 440.0	\$ 540.0	\$ 1,775.0
2. Payments for Services	89.9	124.8	301.6	100.0	136.9	346.1
3. Exports	144.0	225.0	1,465.0	165.0	262.0	1,614.0
4. Receipts for Services	124.3	192.2	446.6	110.0	184.7	424.9
5. Net Balance of DOT	--	--	--	--	--	--
6. Net Balance of Trade and Services (Incl. DOT)	-221.6	-197.6	- 15.0	-265.0	-230.2	- 82.2
7. Net Settlements	--	--	--	--	<u>f 48.0</u>	--
a. EPU (Bracketed amount indicates total EPU Position)	--	--	(- 30.4)	--	<u>f 48.0</u>	(f 125.0)
b. Other	--	--	--	--	--	--
8. Net Capital Operations	- 63.9	- 78.2	--	<u>f 15.0</u>	- 41.1	--
9. Net Balance of Payments	-285.5	-275.8	--	-250.0	-223.3	--
<u>Method of Financing</u>						
10. Change in Reserves		<u>f 4.000^{a/}</u>			--	
11. Change in Pipeline		<u>f 35.040^{b/}</u>			<u>f 60.082^{b/}</u>	
12. Total Dollar Aid		236.760			163.218 ^{c/}	

^{a/} f is use of reserves.^{b/} f is reduction of pipeline.^{c/} \$3.218 million of this amount have been covered by an advance of 1950/51 funds.

ESTIMATED BALANCE OF PAYMENTS IN GOLD AND DOLLARS AND ALL CURRENCIES

(In million dollars and dollar equivalents)

Item	1950/51			1951/52		
	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)
1. Imports	\$ 250.0	\$ 297.5	\$ 2,228.3	\$ 265.0	\$ 300.0	\$ 2,276.0
2. Payments for Services	87.9	99.7	378.2	91.3	105.6	402.0
3. Exports	117.0	142.9	1,667.5	120.0	163.0	1,833.0
4. Receipts for Services	141.2	163.1	723.6	122.2	145.5	714.0
5. Net Balance of DOT	- 1.5	- 1.5	- 1.5	--	--	--
6. Net Balance of Trade and Services (Incl. DOT)	- 81.2	- 92.7	- 216.9	-114.1	- 97.1	- 131.0
7. Net Settlements	--	- 64.7	--	--	- 7.4	--
a. EPU (Bracketed amount indicates total EPU Position)	--	- 65.4	(- 271.0) ^{a/}	--	- 9.0	(- 25.0)
b. Other	--	<u>✓ 0.7</u>	--	--	<u>✓ 1.6</u>	--
8. Net Capital Operations	- 12.5	- 15.5	--	- 3.0	- 10.7	--
9. Net Balance of Payments	- 93.7	-172.9	--	-117.1	-115.2	--
<u>Method of Financing</u>						
10. Change in Reserves		<u>✓ 11.000</u> ^{b/}			<u>✓ 10.2</u> ^{b/}	
11. Change in Pipeline		<u>✓ 59.979</u> ^{c/}			--	
12. Total Dollar Aid		101.921			105.0	

^{a/} Of this amount \$30 million were financed by an initial credit position with the EPU.

^{b/} ✓ is use of reserves.

^{c/} ✓ is reduction of pipeline.

ESTIMATED BALANCE OF PAYMENTS IN GOLD AND DOLLARS AND ALL CURRENCIES

(In million dollars and dollar equivalents)

Item	1950/51			1951/52		
	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)
1. Imports	\$ 89.5	\$ 122.5	\$ 660.0	\$ 99.0	\$ 134.0	\$ 720.0
2. Payments for Services	44.3	52.2	226.5	51.3	60.0	258.0
3. Exports	35.0	59.5	470.0	39.0	64.5	526.0
4. Receipts for Services	73.2	98.2	359.0	87.7	118.0	413.0
5. Net Balance of DOT	--	--	--	--	--	--
6. Net Balance of Trade and Services (Incl. DOT)	-25.6	- 17.0	- 57.5	-23.6	- 11.5	- 39.0
7. Net Settlements	--	- 5.6	--	--	--	--
a. EPU (Bracketed amount indicates total EPU position)	--	--	(- 80.0) ^{a/}	--	--	(- 19.9)
b. Other	--	- 5.6	--	--	--	--
8. Net Capital Operations	-53.7	- 45.1	--	-21.9	- 24.5	--
9. Net Balance of Payments	-79.3	- 67.7	--	-45.5	- 36.0	--
<u>Method of Financing</u>						
10. Change in Reserves		∕ 7.0 ^{a/}			--	
11. Change in Pipeline		∕ 14.6 ^{b/}			∕ 16.0 ^{b/}	
12. Total Dollar Aid		46.1			20.0	

a/ ∕ is use of reserves.

b/ ∕ is reduction of pipeline.

c/ Of this amount \$60 million were financed by an initial credit position with the EPU (\$50 million grant and \$10 million loan repayable to the EPU).

ESTIMATED BALANCE OF PAYMENTS IN GOLD AND DOLLARS AND ALL CURRENCIES

(In million dollars and dollar equivalents)

Item	1950/51			1951/52		
	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)
1. Imports	\$ 62.0	\$ 71.0	\$ 316.0	\$ 60.0	\$ 69.5	\$ 321.5
2. Payments for Services	19.0	20.1	62.1	18.8	19.8	63.1
3. Exports	55.0	58.5	298.0	55.0	58.5	325.0
4. Receipts for Services	7.2	7.2	20.5	7.3	7.3	20.8
5. Net Balance of DOT	--	--	--	--	--	--
6. Net Balance of Trade and Services (Incl. DOT)	-18.8	-25.4	- 59.6	-16.5	-23.5	- 38.8
7. Net Settlements	--	-12.9	--	--	-43.2	--
a. EPU (Bracketed amount indicates total EPU position)	--	-12.7	(- 64.0) ^{b/}	--	-43.2	(- 45.0)
b. Other	--	- 0.2	--	--	--	--
8. Net Capital Operations	∕ 6.3	∕ 6.3	--	∕ 6.7	∕ 6.7	--
9. Net Balance of Payments	-12.5	-32.0	--	- 9.8	-60.0	--
<u>Method of Financing</u>						
10. Change in Reserves		--			--	
11. Change in Pipeline		-13.0 ^{a/}			∕15.0 ^{a/}	
12. Total Dollar Aid		45.0			45.0	

^{a/} ∕ is reduction of pipeline; - is increase in pipeline.

^{b/} Of this amount \$25 million were financed by an initial credit position with the EPU in the form of a loan repayable to the EPU.

ESTIMATED BALANCE OF PAYMENTS IN GOLD AND DOLLARS AND ALL CURRENCIES

(In million dollars and dollar equivalents)

Item	1950/51			1951/52		
	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)	United States	Total Gold and Dollars	Total All Currencies (Excl. Own DOT)
1. Imports	\$ 723.0	\$1,425.0	\$ 6,930.0	\$925.0	\$2,010.0	\$ 8,750.0
2. Payments for Services	193.0	295.0	1,253.0	277.0	417.0	1,497.0
3. Exports	523.0	1,030.0	6,185.0	545.0	1,125.0	7,050.0
4. Receipts for Services	176.0	235.0	2,512.0	-161.0	- 90.0	2,165.0
5. Net Balance of DOT	--	--	--	--	--	--
6. Net Balance of Trade and Services (Incl. DOT)	- 217.0	- 455.0	£ 514.0	-818.0	-1,392.0	- 1,032.0
7. Net Settlements	--	131.0	--	--	- 152.0	--
a. EPU (Bracketed amount indicates total EPU position) ^{1/}	--	80.0	(£ 607.7) ^{c/}	--	- 80.0	(- 300.0)
b. Other	--	51.0	--	--	- 72.0	--
8. Net Capital Operations	£1,187.0	£1,366.0	--	£744.0	£ 755.0	--
9. Net Balance of Payments	£ 970.0	£1,042.0	--	- 74.0	- 789.0	--
<u>Method of Financing</u>						
10. Change in Reserves		-1,445.000 ^{a/}			£ 700.0 ^{a/}	
11. Change in Pipeline		£ 104.614 ^{b/}			£ 89.0 ^{b/}	
12. Total Dollar Aid		298.386			0	

^{1/} Net position of Sterling Area (excluding Ireland) with Continent.^{a/} £ is use of reserves; - is accumulation of reserves.^{b/} £ is reduction of pipeline.^{c/} Of this amount \$150 million were financed by an initial debit position with the EPU.

ESTIMATED BALANCE OF PAYMENTS IN ALL CURRENCIES

(In million dollars and dollar equivalents)

Item	Last Half 1950/51	1951/52
1. Imports <u>a/</u>	\$ 184 <u>e/</u>	\$ 273
2. Exports	70	210
3. Invisibles (Net)	ƒ 4	ƒ 9
4. Net Balance of Trade and Services	-110	- 54
5. Net Settlements <u>b/</u>	- 10	- 10
6. Net Capital Operations <u>c/</u>	32	- 12
7. Net Balance of Payments <u>d/</u>	- 88	- 76
<u>Method of Financing</u>		
8. U. S. Aid thru ECA	29	40
9. Aid from Other Countries	19	22
10. Change in Pipeline	ƒ 40 <u>f/</u>	ƒ 14 <u>f/</u>

- a/ Excludes: (a) capital goods imports financed by long-term loans, (b) most military and extra-ordinary common-use items.
- b/ Payments to creditors on "swing" accounts and overdrafts.
- c/ Credit and Reparations for non-capital goods less service for dated debts.
- d/ Excludes the deficit caused by the abnormal imports of common-use items.
- e/ Includes \$62 million food imports financed by the U. S., U. K., and French food relief programs.
- f/ ƒ is reduction of pipeline.

TITLE I - ECONOMIC ASSISTANCE
 TECHNICAL ASSISTANCE PROGRAM BY FIELD OF ACTIVITY

Field and Title	Actual FY 1951	Estimate FY 1952
1. Industrial Productivity	\$ 7,097,224	\$ 9,450,000
2. Marketing	377,658	200,000
3. Agricultural Productivity	1,815,357	2,600,000
4. Manpower Utilization	341,933	2,250,000
5. Public Administration, Financial Practice and Economic Reporting	764,794	400,000
6. Development of Overseas Territories	692,688	500,000
7. Tourism	31,620	50,000
8. Transportation and Communication	<u>640,165</u>	<u>700,000</u>
Total Project Costs	\$11,761,439	\$16,150,000
Program Management Costs	1,282,272	3,850,000 a/
MDAP - financed programs	<u>364,000</u>	<u> </u>
TOTAL OBLIGATIONS	<u>\$13,407,711</u>	<u>\$20,000,000</u>

a/ Includes unallocated program costs

TITLE I - ECONOMIC ASSISTANCE

OCEAN FREIGHT - VOLUNTARY RELIEF PACKAGES

<u>Actual</u> <u>FY 1950</u>	<u>Actual</u> <u>FY 1951</u>	<u>Estimate</u> <u>FY 1952</u>
\$8,006,000	\$3,648,000	\$2,700,000

Section 117 (c) of the Economic Cooperation Act of 1948, as amended, authorizes payment of ocean transportation on relief supplies and packages in the following categories; parcel post packages, packages shipped by commercial freight, and relief supplies and packages shipped by voluntary non-profit relief agencies.

The provision for freight subsidies in the 1948 Act effectively stimulated the flow of relief supplies to participating ECA countries. Shipments of gift packages via parcel post and through commercial channels increased materially, and the programs of voluntary agencies were considerably expanded. During FY 1950, a general downward trend in shipments occurred, indicating that economic conditions in the participating countries had improved and that the need for relief in the form of food and clothing in some of the countries had become much less acute. Accordingly, it was agreed during FY 1951 to discontinue the ocean freight subsidy on all shipments of relief supplies and gift packages to the Netherlands and the U.K., and on gift packages shipped via parcel post, commercial shipments of individual relief packages and on certain categories of CARE goods packages to France, Germany (Fed. Rep.), and Greece.

Freight subsidies on all three categories of relief supplies and gift packages continue to be paid on shipments to Austria, Italy and Trieste, but only on shipments by voluntary non-profit relief agencies to France, Germany (Fed. Rep.), Greece and Norway.

Pursuant to Section 6 of the "India Emergency Food Aid Act of 1951", the governments of the United States and India exchanged notes on July 9, 1951 providing for the duty free entry into India of relief supplies shipped by voluntary non-profit relief agencies and payment by India of inland transportation charges. Ocean freight charges on such shipments thus became eligible for reimbursement by ECA.

TITLE I - ECONOMIC ASSISTANCE

BASIC MATERIALS DEVELOPMENT

Funds Required and Basis for Estimate

It is anticipated that \$38,325,000 will be required to cover the dollar needs for the further development of basic materials in FY 1952. The estimate of \$72,736,000 in the following table is illustrative and has been calculated on the basis of individual projects and purchases now under consideration in Title I Area and on estimated requirements, country by country, in Title III Area.

ECA was charged, under Public Law 472 (80th Congress) with statutory responsibility for developing and acquiring strategic materials in which the United States is deficient. During the past three years an appreciable start has been made in the field of strategic materials development by providing financial and technical assistance to Western Europe and the overseas territories in furtherance of new and increased production of those materials.

The \$38,325,000 requested for basic materials development is earmarked in areas where ECA operates, for direct advances repayable in materials. A full discussion of ECA activities contemplated for FY 1952 in support of an intensified effort to increase the production and availabilities of basic materials in short supply would necessarily include an analysis of several other aspects of ECA programming under other sections of Public Law 472, as amended, which are being dealt with in other programs. These other activities include: the provision of grant funds, within total country allotments, for purposes of developments (especially in some dependent overseas territories and Southeast Asia countries) designed to improve the accessibility and production of basic materials; the provision of technical assistance to make possible increased output of many types of primary materials; participation with governments in the formulation of their own investment programs, with a view to improved mobilization of their resources to expand more rapidly and efficiently the availabilities of materials in critical short supply; and cooperation with the Export-Import Bank in the programming of loans for economic development directly and indirectly contributory to expanding basic materials production.

Industrial growth during the interval between World Wars I and II resulted in a global exploitation of mineral resources on a scale and in amounts which exceeded all previous history. The heavy demands for increased mineral production brought on by World War II were followed by additional demands to meet the accelerated use of metals and minerals by industry as it adjusted itself to peacetime production. The present intensive defense preparations impose an added drain on the mineral resources of the free world and, in particular, on the mineral resources of the United States.

As a consequence, developed sources of supply are being depleted at a rate which far exceeds the discovery and development of new sources to replace, or partially replace, former resources. Unless there is an intensive effort on the part of the United States and other nations of the free world to

conserve their mineral supply, explore and develop new sources, and further develop established sources, industrial growth faces gradual curtailment, and defense preparedness measures may prove difficult to fulfill. Despite the fact that the United States is richly endowed with many of the most important minerals, it could not continue as a great industrial nation if its essential mineral imports were cut off.

The development of increased production and new sources of supply of basic materials within the areas included in the Mutual Security Program becomes one of the most important responsibilities of the United States. In order to fulfill this responsibility, there will continue to be increasing emphasis on projects to develop new sources of supply and to increase the output of properties already in operation. In general, development projects promising quick increases in production for the benefit of the participating countries and the early repayment of advances in basic materials will continue to be given preference over exploration projects.

TITLE I - ECONOMIC ASSISTANCE

BASIC MATERIALS DEVELOPMENT PROJECTS - SUMMARY OF OBLIGATIONS BY COUNTRY

(In thousands of dollars and dollar equivalents)

Countries	Dollar Obligations			5% Counterpart Obligations		
	Actual FY 1950	Actual FY 1951	Illustrative FY 1952	Actual FY 1950	Actual FY 1951	Illustrative FY 1952
Grand Total	<u>\$17,281</u>	<u>\$ 7,064</u>	<u>\$72,736</u>	<u>\$ 6,856</u>	<u>\$24,064</u>	<u>\$85,060</u>
Europe and Overseas Territories	<u>17,281</u>	<u>7,064</u>	<u>52,736</u>	<u>6,856</u>	<u>24,064</u>	<u>85,060</u>
Austria	—	—	300	—	—	2,002
Belgium	1,700	—	10,500 a/	—	—	—
Denmark	9	4	—	—	—	1,700
France	5,065	2,622	736	1,755	8,506	18,897
Germany (Fed.Rep.)	—	—	—	—	6,789	12,330
Greece	—	102	190	—	1,473	4,840
Italy	—	—	471	—	1,494	7,221
Netherlands	—	—	365	—	1,118	3,220
Norway	—	265	215	—	—	10,385
Portugal	—	1,900	3,565 a/	—	53	185
Sweden	350	350	—	—	—	—
Turkey	134	—	494	61	—	293
United Kingdom	10,023	2,521	9,900 a/	5,040	4,631	23,987
Yugoslavia	—	—	26,000	—	—	—
Asia and the Pacific	—	—	<u>20,000</u>	—	—	—
Afghanistan-Pakistan-Ceylon	—	—	750	—	—	—
Burma-Thailand	—	—	3,250	—	—	—
Formosa	—	—	350	—	—	—
India	—	—	3,150	—	—	—
Indochina	—	—	1,000	—	—	—
Indonesia	—	—	4,000	—	—	—
Philippines	—	—	7,500	—	—	—

a/ Includes estimated purchases of local currency with dollars as follows: Belgium \$3,500,000; Portugal \$2,055,000; United Kingdom \$6,000,000.

TITLE II - MILITARY & ECONOMIC ASSISTANCE

Comparative Summary of Obligations by Functions & Activities

<u>Function & Activity</u>	<u>Actual</u> <u>1950</u>	<u>Actual</u> <u>1951</u>	<u>Estimate</u> <u>1952</u>
<u>Military Assistance</u>			
Materiel	\$ 171,967,936	\$ 285,343,313	\$ 461,027,101
Training	<u>829,753</u>	<u>6,499,582</u>	<u>4,241,193</u>
Total Direct Obligations (Military)	172,797,689	291,842,895	465,268,294
Reimbursable Obligations (Military)	<u>136,135</u>	<u>852,162</u>	<u>960,000</u>
Total Obligations (Military)	<u>172,933,824</u>	<u>292,695,057</u>	466,228,294
Deduct Carry-over from 1951 -----			- 69,018,294
Deduct Reimbursable Obligations -----			- <u>960,000</u>
Appropriation Request (Military)			<u>396,250,000</u> ✓
<u>Economic Assistance</u>			
Bilateral Technical Cooperation	336,657	2,349,407	32,806,000 ✓
Multilateral Technical Cooperation	-	3,751,500	3,744,000 ✓
Special Technical and Economic Aid	-	1,460,383	23,450,000
Palestine Refugee Program	6,000,000	25,450,000	50,000,000
Relief of Refugees Coming into Israel	<u>-</u>	<u>-</u>	<u>50,000,000</u>
Total Direct Obligations - Appropriation Request (Economic)	<u>6,336,657</u>	<u>33,011,290</u>	160,000,000 ✓
Total Direct Obligations	179,134,346	324,854,185	625,268,294
Reimbursable Obligations (Military)	<u>136,135</u>	<u>852,162</u>	<u>960,000</u>
Total Obligations	<u>179,270,481</u>	<u>325,706,347</u>	626,228,294
Deduct Carry-over from 1951 -----			- 69,018,294
Deduct Reimbursable Obligations -----			- <u>960,000</u>
Appropriation Request Title II			<u>556,250,000</u>

Note: Obligations have been adjusted by function and title to conform with the Appropriation Structure proposed for 1952.

TITLE II MILITARY ASSISTANCE
COMPARATIVE SUMMARY OF OBLIGATIONS BY ACTIVITY

<u>Activity</u>	Actual <u>1950</u>	Actual <u>1951</u>	Estimated <u>1952</u>
Materiel	\$171,967,936	\$285,343,313	\$461,027,101
Training	<u>829,753</u>	<u>6,499,582</u>	<u>4,241,193</u>
Total	<u><u>172,797,689</u></u>	<u><u>291,842,895</u></u>	<u><u>465,268,294</u></u>

General Statement

An appropriation of \$396,250,000 is requested for programs for continuing military assistance to Greece, Turkey, and Iran in addition to continuing availability of balances of prior appropriations. The unobligated balances are requested in these programs for the same reason as in Title I - i.e. the 1951 program including the unobligated balances was considered as an asset in determining the 1952 program requirements.

The programs for Greece and Turkey are proposed to be continued on the basis initiated under the Act of May 22, 1947, (Public Law 75) as amended. These are by far the larger part of the total request.

The program for Iran is based upon more limited forces and capabilities and directed primarily at maintenance of internal security, but with limited capacity to resist aggression. Training of the forces of Iran is being increased in tempo, partly by addition of training personnel to our military mission in the country.

A provision in the pending authorization legislation would permit use of not to exceed 10 percent of the total funds appropriated for this title for providing military assistance to other countries in the Middle East, but no program has been developed for any such countries. If the provision of such assistance is subsequently directed in accordance with the legislation as enacted, it would require a modification of the present programs for Greece, Turkey, and Iran, with some delay in the attainment of our objectives in those countries.

TITLE II - MILITARY ASSISTANCE

The countries in this area have long been famed for the fighting qualities of their people and for their love of independence. They have shown notable progress since World War I, but they are still far below Western European standards of technical skill. It is probable that they would not at any time in the near future be able to support adequate forces to defend their areas without military materiel, training and technical assistance from us. In both Greece and Turkey however, there has been substantial progress during the past two years in development of fixed maintenance establishments for their military forces. The program for 1952 contemplates continuance of this development, and the provision of tools, materiel, training and technicians for such purposes. In the program for these countries too, provision has been made for the construction and equipment of military facilities required to make their forces effective.

TRAINING - COMPARATIVE SUMMARY OF OBLIGATIONS BY CATEGORY
(Fiscal Years 1950, 1951, and 1952)

General Category	No. of spaces			Cost to U. S.		
	Actual	Actual	Estimate	Actual	Actual	Estimate
	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>
A. Formal Training - U.S.	263	2,757	1,032	\$780,580	\$4,062,394	\$2,290,815
B. Instructor-Interpreters	-	-	-	-	114,000	171,640
C. Miscellaneous Fund	-	-	-	-	74,944	33,897
D. Formal Training - Overseas	161	410	575	39,105	309,083	378,546
E. Mobile Training Teams	-	-	-	-	125,250	162,876
F. Technical Assistance	-	-	-	-	243,835	91,100
G. Training Aids	-	-	-	10,062	1,570,076	1,112,319
Total	424	3,167	1,607	829,753	6,499,582	4,241,193

TITLE II MILITARY ASSISTANCE

Materiel - Comparative Summary of Obligations by Category

Category	Materiel		
	Actual 1950	Actual 1951	Estimate 1952
Aircraft, Spare Parts, Aero Equip. & Supplies	16,847,938	33,230,752	222,196,371
Vessels	-	36,584,120	1,764,000
Vessel Equipment	1,553,720	3,895,857	5,428,907
Electronic & Other Signal Equipment	7,229,885	9,868,973	15,867,166
Ordnance Equipment & Supplies	96,691,445	132,074,249	167,237,733
Engineering Equipment & Supplies	25,459,731	34,097,252	6,773,117
QM Equipment and Supplies	16,381,256	9,277,614	17,983,142
P.O.L.	96,699	1,112,528	2,558,610
Medical Equipment & Supplies	751,841	3,982,962	2,225,601
Chemical Equipment and Supplies	-	296,783	884,426
Adjutant General Supplies	-	-	35,200
Sub-Total (Materiel)	165,005,615	264,421,090	422,954,273
Repair & Rehabilitation of U.S. Excess	2,400,678	6,823,579	1,838,894
Total - Materiel & Repairs of Rehab. & Excess	167,406,293	271,244,669	424,793,167
Accessorial Costs	4,561,643	14,098,644	36,233,934
GRAND TOTAL	171,967,936	285,343,313	461,027,101
Acquisition Cost of Excess Items	17,873,347	33,704,961	13,713,580

TITLE II ECONOMIC

COMPARATIVE SUMMARY OF OBLIGATIONS BY ACTIVITIES

<u>ACTIVITY</u>	<u>Actual 1950</u>	<u>Actual 1951</u>	<u>Estimate 1952</u>
1. Technical cooperation:			
a. Bilateral technical cooperation	\$ 336,657	\$ 2,349,407	\$ 32,806,000 ✓
b. Multilateral technical cooperation	-	3,751,500	3,744,000 ✓
2. Special technical and economic aid	-	1,460,383	23,450,000 ✓
3. Palestine refugee program	6,000,000	25,450,000	50,000,000
4. Relief of refugees coming into Israel	-	-	50,000,000
Total Obligations	<u>6,336,657</u>	<u>33,011,290</u>	<u>160,000,000</u>

Handwritten calculations:

$$\begin{array}{r}
 32,806,000 \\
 23,450,000 \\
 \hline
 56,256,000
 \end{array}$$

TITLE II - ECONOMIC

NARRATIVE SUMMARY STATEMENT 1952 ESTIMATES

The economic program for the Near Eastern area covers Iran, the Arab States, Israel and the three independent countries of North Africa. Since Greece and Turkey are members of the Organization for European Economic Cooperation, the economic programs for these countries are included in the proposed economic assistance for Europe. The proposed program totals \$160 million, and an illustrative breakdown is shown on a table in this section of the estimate "Summary of 1952 Estimate by Countries and Illustrative Program by Major Types of Projects."

The purpose of economic assistance is to help these countries apply suitable "know-how" in the fields in which better techniques are most urgently needed, and to give such material aid as is needed to show concretely and visibly the directions in which, and the methods by which, economic progress can be achieved through the efforts of the governments and the people.

A significant risk to the security of the free world lies in the fact that the countries in this area are economically underdeveloped. Their national economies are primarily agricultural and pastoral. Agriculture is primitive and inefficient. Educational facilities are rudimentary and insufficient. Disregard of modern sanitation practice is widespread. Contagious diseases, particularly water-borne infections, are thus widely prevalent and existing public health practice is not competent to cope with them. There is great need for technical assistance in these fields.

In addition to the problems that face them as individual countries, the Arab States and Israel are confronted with the special problem of the Palestine refugees.

The major portion of the \$50 million requested in this appropriation is to enable the United Nations Relief and Works Agency for Palestine Refugees (PRA) to proceed with the reestablishment of a substantial percentage of over 800,000 Arab refugees from Palestine who have been receiving direct relief through United Nations agencies since December, 1948. It has been recognized for some time that the only solution for this refugee problem is to find new homes and employment opportunities in Arab countries for these destitute and homeless people. Without such a solution, the only alternative would be the continuation of direct relief which is wasteful in terms of cost and manpower, and which offers no hope for the refugee, nor a permanent solution of the problem. Discontinuance of aid to the refugees would mark the end to hope of peace in the area and of any opportunity for constructive influence by the United Nations or the United States in the Near East. The Arab Governments have only within recent months indicated their willingness to cooperate with PRA in projects for their reestablishment in Arab countries. They are not, however, prepared to cooperate unless there is firm evidence of support from the major contributing governments to see the job through. Without the wholehearted cooperation and support of the Arab Governments, there is little that PRA could do.

The Agency estimates that it will cost between \$1,000 and \$1,500 per family to establish these refugees in new homes and jobs in Arab countries at a level comparable to the lower levels of the indigenous population. To the program of direct relief, begun in December, 1948, and to the program of temporary employment on useful work projects, begun in the summer of 1950, the United States has contributed about 55 percent, the balance being shared by other governments, including the Arab

Governments. This percentage may rise in 1952 because of the larger sums required for reintegration projects, but it is confidently expected that other interested countries will follow United States leadership in continuing to give substantial support to this program. To date, 26 other countries have pledged the equivalent of approximately \$13 million exclusive of the direct aid and services provided by the Arab Governments amounting to \$5 million annually, and of the value of public or other lands which the Arab Governments may make available for refugee settlement.

Israel's needs, by contrast with those of the Arabic speaking countries, are not so much for technical advice and assistance but for general supply and financial assistance. There are some fields in which advice, direction, and developmental guidance is required but the bulk of the funds are programmed for supplies and equipment, directed toward agricultural settlement. At the present time the country must import half of its basic foodstuffs and therefore needs assistance in the field production. In such services as transport, excellent advances have been made, but the congested ports, and unsatisfactory road and railway networks are evidence of further needs in this field. The pressure of increased and increasing population puts excessive strains on the economy.

The estimate for Israel includes a sum of \$50 million for the relief and resettlement of refugees coming into Israel, in accordance with the proposed authorization contained in section 205 of H.R. 5113. The Committee on Foreign Affairs in its report on H.R. 5113 stated:

"The establishment of the State of Israel has resulted in an influx of more than 600,000 Jewish refugees.

"According to information placed before the committee, there were 101,622 immigrants between May 14 and December 31, 1948; in 1949 there were 243,538; in 1950, 169,831; in the first 4 months of 1951 there were 79,719; in April 1951, alone, 30,202 refugees came into the country. These immigrants included most of the remaining Jewish displaced persons in Germany, Austria, and Italy. Large numbers came from Eastern Europe. According to the testimony, most of what was left of the Jewish communities in Germany, Austria, Belgium, Yugoslavia, Czechoslovakia, Poland, Yemen, Iraq and Cyrenaica have now immigrated to Israel. As of May 1, 1951, the committee was told, 273,355 or almost half, had come from Yemen, Iraq, and other countries in the Near East and North Africa.

"Section 205 of the bill, to meet this problem, authorizes the utilization for the relief and resettlement of refugees coming into Israel of not to exceed \$50,000,000 of the \$175,000,000 authorized for economic and technical assistance in Africa and the Near East. The President is to prescribe the terms and conditions governing the furnishing of aid for specific refugee relief and resettlement projects in Israel. This amount should materially assist in meeting the serious refugee problem confronted by the new state."

ECONOMIC ASSISTANCE - NEAR EAST AND AFRIC.

COMPARATIVE SUMMARY OF OBLIGATIONS

(IN THOUSANDS OF DOLLARS)

Country	Actual 1950	Actual 1951	Estimate 1952
Egypt	-	\$ 103	\$ 634
Eritrea	-	50.0	-
Ethiopia	-	-	700
Iran	\$ 0.4	1,450.4*	23,450*
Iraq	-	23.4	1,762
Israel	-	96.3	14,950
Jordan	-	132.7	4,680
Lebanon	0.6	113.0	2,350
Liberia	273.3	785.5	1,100
Libya	-	157.4	1,100
Saudi Arabia	22.3	97.3	690
Syria	-	88.1	4,390
Yemen	-	-	450
Regional		<u>702.7</u>	<u>-</u>
Total Bilateral Technical Cooperation and Special Technical and Economic Aid	336.6	3,809.8	56,256'n
Multilateral Technical Cooper- ation (UN Contribution)	-	3,751.5	3,744
Palestine Refugee Program	6,000.0	25,450.0	50,000
Relief of Refugees Coming Into Israel	-	-	50,000
Total Obligations	<u>6,336.6</u>	<u>33,011.3</u>	<u>160,000</u>

Special Technical and Economic Aid ✓

681

782

ECONOMIC ASSISTANCE - NEAR EAST AND OTHER

COMPARATIVE SUMMARY OF OBLIGATIONS BY MAJOR TYPES OF PROJECTS

(IN THOUSANDS OF DOLLARS)

Projects	Actual 1950	Actual 1951	Estimate 1952
1. Joint Commissions and Economic Surveys	\$ 133.1	\$ 235.5	\$ 142
2. Agriculture, Forestry and Fisheries	15.6	692.9	27,955
3. Education	-	929.3	1,673
4. Health	140.0	1,096.9	10,977
5. Industry and Labor	8.5	51.2	1,480
6. Transportation and Communication	-	10.1	4,361
7. Mineral Resources	20.0	108.5	43
8. Water Resources	3.3	178.3	1,774
9. Government Administration and Services	7.2	107.1	475
10. Other	-	100.0	7,376
Total Bilateral Technical Cooperation and Special Technical and Economic Aid	336.6	3,808.2 *	56,856 *
Unilateral Technical Cooperation (UN Contribution)	-	3,751.9	3,744
Palestine Refugee Program	6,000.0	25,450.0	50,000
Relief of Refugees Coming into Israel	-	-	50,000
Total Obligations	6,336.6	38,011.3	160,000
* Special Technical and Economic Aid Funds included in above totals		1,460.4	25,450

ECONOMIC ASSISTANCE NEAR EAST AND AFRICA

Summary of 1952 Estimate by Countries and Illustrative Program by Major Types of Projects

(IN THOUSANDS OF DOLLARS)

Country	Total U. S. Cost	(1) Jnt.Com. & Econ. Survey	(2) Agricul., Forestry & Fisheries	(3) Educ.	(4) Health	(5) Indus. & Labor	(6) Transp. Comm.	(7) Mineral Resources	(8) Water Resources	(9) Govt. Adm. and Services	(10) Consum. Goods Program
Egypt	\$ 634	\$ -	\$ 80	\$ -	\$ 292	\$ 262	\$ -	\$ -	\$ -	\$ -	\$ -
Ethiopia	700	-	362	72	107	-	-	43	38	78	-
Iran	23,450*	-	7,394	471	7,509	-	2,000	-	700	-	5,376
Iraq	1,762	60	857	260	200	235	150	-	-	-	-
Israel	14,950	-	12,871	-	200	318	1,361	-	200	-	-
Jordan	4,680	-	2,320	230	300	248	232	-	350	-	1,000
Lebanon	2,350	-	896	150	572	115	200	-	317	100	-
Liberia	1,100	-	285	152	432	-	36	-	19	176	-
Libya	1,100	-	564	83	258	102	32	-	-	61	-
Saudi Arabia	690	-	515	-	115	-	-	-	-	60	-
Syria	4,390	-	1,811	198	681	200	350	-	150	-	1,000
Yemen	450	82	-	57	311	-	-	-	-	-	-
Total Bilateral Technical Cooperation & Special Technical and Economic Aid	56,256	142	27,955	1,673	10,977	1,480	4,361	43	1,774	475	7,376
Multilateral Technical Cooperation (UN Contri- bution)	3,744										
Palestine Refugee Program	50,000										
Relief of Refugees Coming Into Israel	50,000										
Total Obligations	<u>160,000</u>										

* Special Technical and Economic Aid

FUNCTIONAL DESCRIPTIONS OF MAJOR TYPES OF PROJECTS

1. Joint Commissions and Economic Surveys. In view of the inadequate knowledge concerning the possibilities for economic development in Yemen, a general economic survey is proposed for that country. In the other countries of the area it is considered that there is now collected sufficient information on which to undertake programs in the several fields. With the exception of Iraq (where the United States has been asked to supply an American irrigation engineer to serve as a member of the Iraqi Development Board) no funds are requested for the support of Joint Commissions as such. It is anticipated that joint bodies will be established and used, but financing of United States participation will be as part of the project activities in the several fields.
2. Agriculture, Forestry and Fisheries. Improvement in agriculture production in the four northern Arab states (Syria, Lebanon, Jordan and Iraq) will have most beneficial results for the masses of their people. Such improvement involves not only increasing the food supply and enlarging the exportable surplus, but at the same time improving nutrition, health, vocational education, and community organization. It is towards these ends that the projects in the program are designed. Many of the projects have been studied and recommended by the United Nations Economic Survey Mission for the Middle East in 1949, and the United States Department of Agriculture mission to the area in 1947.

The agricultural projects suggested for Iraq, Syria, Lebanon, and Jordan should, if properly executed, increase the efficiency of agricultural labor through training in the employment of suitable tools, through establishment of research laboratories and livestock experimental stations, and through training in the use and maintenance of agricultural machinery. Assistance in these fields should within a reasonably short period of time, not only increase the productivity of land now under cultivation, but should also assure the use of more efficient agricultural methods on new land brought under the plow.

The agricultural programs for Israel are designed to supplement but not to conflict with programs already under way financed directly by the Israeli Government and in part by the proceeds of the line of credit totaling \$135 million made available by the Export-Import Bank. Much land formerly cultivated by Arab farmers remains fallow at the present time. Historically, Palestine has not been a food-deficit area. It is obviously in the best interests of Israel to devote available resources to the cultivation of food on those lands.

The agricultural programs in the independent countries of Africa are designed to bring about substantial increases in the availability of agricultural products both for domestic consumption and for export. Ethiopia is considered a potential bread-basket for the entire area; Liberia is becoming an exporter in several items; Libya has a market for hides, skins and wool and is deficient in food supply. Substantial gains can be made by the introduction of improved techniques and equipment, and by the establishment of agricultural education systems and institutions.

3. Education. A basic condition to any real and lasting programs of economic and social development in the area is education. In most places school systems are antiquated or non-existent. The proportion of population reaching even secondary school levels is extremely small. The main phase in which it is expected that a program of technical cooperation can be effective is, however, in vocational education, and it is largely for activities in that field that funds are requested.
4. Health. There are included in the proposed grant aid program for all these countries projects designed to bring under control such widespread and crippling illness as malaria, trachoma, and venereal diseases. It is believed that the application of modern public health techniques in combating malaria, for example, can be dramatically beneficial and can clear entire areas of the disease.
5. Industry and Labor. Primary emphasis has been placed on agricultural health and educational projects, and less emphasis placed on industrial development. Less emphasis has been placed on the possibility for industrial development. In the case of Israel the program includes a substantial segment of industrial equipment, including a plant for the generation of electric power. A cement plant for Syria is necessary to expand the road systems and to assist in the resettlement plans for the entire area. In other countries proposed activities are relatively small and are directed to improvement of rural welfare and labor.
6. Transportation and Communication. Along with these activities, it is proposed that these countries be assisted in road development, particularly in the establishment of road systems that are necessary for the efficient transportation of agricultural produce to market centers. Such road development is particularly necessary in areas, such as the Jezira area in Syria, which are now in the process of being placed under cultivation. There is also an acute need for new roads in the parts of Jordan that were formerly Arab Palestine.
7. Mineral Resources. A small sum is asked for a survey of the mineral resources of Ethiopia, which are believed to be substantial.

8. Water Resources. Other projects essential to improvement in agricultural production, lie in the field of reclamation and irrigation. Water control is essential to the development of the entire area. The draining of the Ghab marshes of Syria, for example, will make a large tract of rich land available for cultivation and grazing and greatly increase Syria's agricultural output. In Syria alone a large portion of the country's seven million acres now unproductive can be rendered cultivable through irrigation, drainage, and water conservation. Likewise, in Jordan, Lebanon and Iraq, the proposed reclamation and irrigation projects would, when completed, substantially increase production from those areas. The reintegration of the Arab refugee population depends in large part on the implementation of these and like projects. In Iran the program is designed to supply potable water to many small villages.

9. Government Administration and Services. The bulk of the funds requested under this heading will be used to supply on the spot advice and assistance to the independent states of Africa in organizing efficient modern type government services. Improvements in fiscal management constitute the programs in the Arab states.

10. Consumer Goods Program. Programs in this field are projected in Jordan, Syria and Iran. In each case there is a need for consumer goods, and a deficiency in national finances. The goods will be sold locally, and the proceeds will provide part of the funds to finance the local cooperative share of the cost of Technical Cooperation projects.

TITLE III - MILITARY & ECONOMIC ASSISTANCE

Comparative Summary of Obligations by Functions & Activities

<u>Function & Activity</u>	<u>Actual 1950</u>	<u>Actual 1951</u>	<u>Estimate 1952</u>
<u>Military Assistance</u>			
Materiel	\$34,273,452	\$407,802,589	\$657,093,525
Training	<u>45,397</u>	<u>2,683,202</u>	<u>2,552,773</u>
Total Direct Obligations (Military)	<u>34,318,849</u>	<u>410,485,791</u>	659,646,298
Deduct Carry-over from 1951 -----			-124,396,298
Appropriation Request (Military)			<u>535,250,000</u> ⁿ
<u>Economic Assistance</u>			
Special Technical and Economic Aid	14,332,369	161,813,000	232,036,000
Bilateral Technical Cooperation	166,308	1,498,883	450,000
Multilateral Technical Cooperation	-	4,914,000	4,914,000
Ocean Freight Voluntary Relief Packages	17,631	42,516	100,000
Exchange of Student Program	<u>2,073,587</u>	<u>3,549,301</u>	<u>4,377,112</u>
Total Direct Obligations (Economic Excluding UNKRA)	<u>16,589,895</u>	<u>171,817,700</u>	241,877,112
Deduct Carry-over from 1951 -----			- 4,721,246
Appropriation Request (Economic Excluding UNKRA)			<u>237,155,866</u> ⁿ
Contributions to United Nations Korean Reconstruction Agency	<u>78,594,174</u>	<u>38,989,365</u>	95,200,888
Deduct Carry-over from 1951 -----			- 50,200,888
Appropriation Request (Contributions to UNKRA)			<u>45,000,000</u>
Total Obligations	<u>129,502,918</u>	<u>621,292,856</u>	996,724,298
Deduct Carry-over from 1951 -----			-179,318,432
Appropriation Request Title III			<u>817,405,866</u>

Note: Obligations have been adjusted by function and title to conform with Appropriation Structure proposed for 1952.

TITLE III MILITARY ASSISTANCE
COMPARATIVE SUMMARY OF OBLIGATIONS BY ACTIVITY

<u>ACTIVITY</u>	<u>ACTUAL</u> <u>1950</u>	<u>ACTUAL</u> <u>1951</u>	<u>ESTIMATED</u> <u>1952</u>
Materiel	\$34,273,452	\$407,802,589	\$657,093,525
Training	<u>45,397</u>	<u>2,683,202</u>	<u>2,552,773</u>
	<u>\$34,318,849</u>	<u>\$410,485,791</u>	<u>\$659,646,298</u>

General Statement

Military Assistance in the area of Eastern and Southeastern Asia, proposed under the authorization contained in Section 301 of H.R. 5113, is based upon proposed fiscal year 1952 programs which carry forward one more step in the preservation of national independence and maintenance of security in the countries - nearly all of them came to nationhood in very recent years - which are near to the Communist-controlled mainland of China.

The proposed programs for these countries contemplate the provision of military end items to the forces of the Republic of the Philippines, of Nationalist China, of Thailand, and to the French and native State forces of Indo-China and Viet-Nam. The equipment, and the training and technical guidance, proposed are designed primarily to assist the recipient countries in maintaining internal security and deterring external aggression.

In the case of Formosa, the Chinese Nationalists will be provided items of equipment which are needed to defend the island effectively against invasion, assuming present conditions are continued. In the Philippines and Indo-China, the program provides estimated equipment and maintenance requirements to sustain the forces which are combatting armed uprising; in addition, materiel is being provided for the establishment of forces of the native states of Indo-China.

The program for Thailand will complete the re-equipment of the forces in being of the Army, considerably modernize its Air Force, and enable its Navy to keep a maximum number of its ships to remain operational.

TITLE III MILITARY ASSISTANCE

In each case the program which is presented is based upon the recommendations of an American survey group including experts in military planning, logistics and training, which has visited the country and reported in detail upon its needs, its resources and its capacity to employ modern military materiel.

The continued strengthening of the defense potential of these countries will stimulate their continued friendliness to the United States and will increasingly serve to deter aggressive ventures in this great area from which are derived many of the strategic materials important to the Western World.

TRAINING - COMPARATIVE SUMMARY OF OBLIGATIONS BY CATEGORY

(Fiscal Years 1950, 1951, and 1952)

General Category	No. of Days			Cost to U.S.		
	Actual	Actual	Estimate	Actual	Actual	Estimate
	1950	1951	1952	1950	1951	1952
A. Formal Training - U.S.	43	1,300	411	45,397	2,313,642	1,294,881
B. Instructor - Interpreters	-	-	-	-	18,000	100,000
C. Miscellaneous and	-	-	-	-	25,102	22,397
D. Formal Training - Overseas	-	33	-	-	11,880	-
E. Mobile Training Teams	-	-	-	-	134,885	29,540
F. Technical Assistance	-	-	-	-	47,800	776,955
G. Training Aids	-	-	-	-	131,950	329,000
	<u>43</u>	<u>1,333</u>	<u>411</u>	<u>45,397</u>	<u>2,665,202</u>	<u>2,552,773</u>

TITLE III MILITARY ASSISTANCE

Material Comparative Summary of Obligations by Category

Category	Actual	Material	Estimate
	1950	Actual 1951	1952
Aircraft, Spare Parts, Aero. Equip. & Supplies	\$ 5,650,874	\$ 52,689,712	\$ 247,982,393
Vessels	175,200	32,688,331	22,009,382
Vessel Equipment	738,497	1,645,033	6,246,054
Electronic & Other Signal Equipment	535,208	20,335,320	12,065,713
Ordnance	16,182,704	212,116,956	720,505,679
Engineering Equipment & Supplies	7,063,723	12,487,194	9,370,798
QM Equipment & Supplies	152,704	1,316,237	1,049,449
P.O.L.	-	892,531	11,810
Medical Equipment & Supplies	73,212	7,847,404	6,275,804
Chemical Equipment & Supplies	18,778	292,177	59,755
Adjutant General Supplies	-	-	7,500
Marine Corps Equipment & Supplies	-	2,985,562	277,078
Sub-Total (Material)	30,990,901	387,796,547	598,653,634
Repair & Rehabilitation of U.S. Excess	2,946,449	6,530,472	2,997,010
Total Mat. & Repair & Rehab. of Excess	33,937,350	394,327,019	601,650,644
Facilities	-	-	7,245,676
Accessorial Costs	336,102	13,475,570	48,197,205
GRAND TOTAL	\$34,273,452	\$ 407,802,589	657,093,525
Acquisition Cost of Excess Items	\$ 3,904,611	\$18,573,732	\$1,000,000

TITLE III - ECONOMIC ASSISTANCE

REGIONAL SUMMARY STATEMENT

The United States objectives in the Asia and Pacific region can be summarized as follows:

- a. To assure, in cooperation with the present free governments, that the forces of nationalism are associated with the rest of the free world instead of with Communism.
- b. To assist in the creation of social and economic conditions that will permit the growth and survival of non-Communist political institutions under which the people can feel that the fulfillment of their basic needs and aspirations is being effectively sought by their own free governments.
- c. To help and encourage countries in the region to deal with problems of economic adjustment and development.
- d. To develop sufficient military power where needed to maintain internal security and discourage Communist military aggression.

Politically, the Asia and Pacific region is of vital interest to the free world, particularly to the United States, because of its size, location and exposure. The region contains a third of the world's population; it lies astride the vital Pacific Ocean lines of communication; and, being largely contiguous with the Communist dominated central land mass of Asia, it is exceptionally vulnerable.

Militarily, this region is the part of the world where open hostilities between the free world and the Communist orbit are a fact rather than a possibility. In those parts of the region where active combat operations are not taking place, there is continuing danger of internal conspiracy and other threats to internal security.

Economically, the area is of major importance because it contains large resources of strategic materials essential to the productivity of the free world. It produces 60 percent of the world's supply of tin, 95 percent of its natural rubber, 90 percent of its copra, and virtually all of its jute. It produces important quantities of such other commodities as quinine, graphite, kyanite, chromite, mica, beryl, sugar, tea, pepper, shellac, and hemp. It has substantial resources of nickel, bauxite, manganese, tungsten, and other minerals. Finally, it contains the only important petroleum reserve between the Persian Gulf and California.

Considering these basic facts, it is vitally in our interest to help the free nations of Asia resist expansion of Soviet dominance. Such resistance will not be forthcoming and will not be effective unless there exists in the region an adequate measure of political and economic stability. Economic and political stability are interdependent and together increase the capacity, and the will, to resist internal and external Communist aggression. This needed stability cannot emerge without U.S. assistance. U.S. military

aid is required to enable certain countries in the area to maintain internal security and discourage Communist encroachment from without. American economic and technical aid are needed to assist the people of the area in dealing with their urgent economic problems so that the material resources of the area may be used to the benefit of themselves and the rest of the free world.

Political Situation in the Region

The dominant motif in Asian thought and action is nationalism. The people of this region are determined to maintain their newly won independence. Communism has played incessantly and continuously on the theme that it is the champion of Asian nationalism and in this false role it has been successful in capturing some of the leadership of the nationalist movements.

Communist intentions clearly are: (a) To consolidate within the Communist orbit as much of the territory of Korea as possible; (b) To obtain Formosa; (c) To insure by armed action an all-Communist Indochina; (d) To subvert other countries and to use well-recognized techniques of penetration and violence to weaken or destroy existing institutions throughout the area. These are intentions which the free world, and particularly the United States, cannot ignore.

Economic Situation

A basic problem throughout the region is that economic performance has not measured up to expectations entertained at the end of World War II. Most of the present governments in the region lean, for their popular support, on the promise of visible economic progress. Up to now, their success in this regard has been far short of expectation.

It is not possible for these countries, without some help, to show signs of real progress. There are many reasons why help is needed. One of the most important is that most of the countries lack the administrators and the technicians (and the institutions for training them) required in any modern state to provide essential service in such fields as of health, agriculture, transport, and communications. Foreign technicians and administrators of the colonial period have been leaving these countries. Trained people to replace them are not yet to be found in anything like sufficient numbers. The countries urgently need this help.

There are also certain special circumstances that make it most difficult for particular countries to make a good showing of economic progress without special help. For example, most of the countries of Southeast Asia suffered enormous physical destruction and economic disorganization during World War II, and during the subsequent internal revolutions and disorders. Much of the physical equipment of the area was wrecked and the region was cut off from its normal outlets and sources of supply.

Formosa, particularly, presents a special problem in that there has been superimposed on the economy of a relatively small island, with limited resources, the burden of supporting the Chinese Nationalist Army and a million or more refugees from the mainland. The nature and magnitude of the measures required to keep this situation under control throughout fiscal year 1952 cannot be defined with certainty at the present time.

India is another special case in that a series of major natural disasters during the past year came on top of a slowly widening spread between the country's capacity to produce food and the food requirements of its increasing population. To conquer this food problem is both feasible and of the utmost urgency, but it is beyond the capacity of the Indian Government without some economic and technical help.

Situation in Korea

United States policy in Korea seeks the following objectives: (a) to repel the aggression against the Republic of Korea and to restore peace and security in the area; (b) to seek, through United Nations action, the establishment by peaceful means of a unified, self-governing and sovereign Korea, independent of foreign domination and eligible for membership in the United Nations; and (c) to support the United Nations in assisting the Korean people to recover from the ravages of war and lay the political and economic foundations for a stable democratic nation.

Plans for Korea arise from action taken by the General Assembly of the United Nations in establishing the United Nations Korean Reconstruction Agency (UNKRA) to administer a program of relief and rehabilitation in Korea. The UNKRA program, based principally on estimates provided by the Unified Command and by the ECA, is designed to meet needs for relief, for commodities to sustain the economy, for rehabilitation, and for technical assistance.

TITLE III - ECONOMIC ASSISTANCE

COMPARATIVE SUMMARY OF OBLIGATIONS

(In thousands of dollars)

Item	Actual FY 1950	Actual FY 1951	Estimate FY 1952
1. Special Technical and Economic Aid	\$14,332	\$161,813	\$232,036
2. Bilateral Technical Cooperation ✓	<u>166</u>	<u>1,499</u>	<u>450</u> ✓
Direct Country Aid	14,498	163,312	232,486
3. Ocean Freight - Voluntary Relief Packages	94	43	100 ✓
4. Multilateral Technical Cooperation	-	4,914	4,914 ✓
5. Exchange of Students Program	<u>2,074</u>	<u>3,549</u>	<u>4,377</u>
Total Obligations (excludes contribution to UNKRA)	\$16,666	\$171,818	\$241,877
Unobligated prior year funds carried forward			
China Area Aid			- 344
Exchange of Students Program			- 4,377
APPROPRIATION REQUEST (excluding contribution to UNKRA)			<u>\$237,156</u>
<hr/>			
Contribution to UNKRA	\$ 78,518	\$ 38,989	\$ 95,201
Unobligated prior year funds carried forward			- <u>50,201</u>
APPROPRIATION REQUEST FOR CONTRIBUTION TO UNKRA.			<u>\$ 45,000</u>

✓
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21
11
63

TITLE III - ECONOMIC ASSISTANCE
 COMPARATIVE SUMMARY OF DIRECT COUNTRY AID
 (Excluding Contribution to UNKRA) ✓

(In thousands of dollars)

Countries	Actual FY 1950	Actual FY 1951	Estimate FY 1952
Afghanistan	\$ 17.5	\$ 64.1	\$ 150 ✓
Burma	4.5	10,802.6	14,000 ✓
Ceylon	5.0	38.8	240 ✓
Formosa	13,616.0	92,621.0	81,000
Indochina	716.0	21,838.1	24,693
Indonesia	19.9	7,975.5	8,000
India	20.0	5,193.8	54,565 X
Malaya	9.0	1.4	✓
Nepal	—	35.1	60 ✓
Pakistan	11.0	448.6	10,778 X
Philippines	54.8	15,104.1	32,000
Thailand	24.3	8,942.9	7,000
Undistributed	—	246.0	—
Direct Country Aid	\$14,498.0	\$163,312.0	\$232,486

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 56,565
 10,778
 43,000

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 10,778
 32,000
 43,000
 65,778,000

FISCAL YEAR 1952

SUMMARY OF ESTIMATED DOLLAR COST OF PROGRAM BY COUNTRY
AND MAJOR PROJECT CATEGORY

(In thousands of dollars)

<u>Major Project Category</u>	<u>Total</u>	<u>For- mosa</u>	<u>Philip- pines</u>	<u>Indo- china</u>	<u>Burma</u>	<u>Indo- nesia</u>	<u>Thai- land</u>	<u>India</u>	<u>Paki- stan</u>	<u>Alta/ Other</u>
1. Emergency Relief	\$ 1,200	\$ --	\$ --	\$ 1,200	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
2. Public Health	20,326	1,120	2,250	4,920	3,750	2,600	2,860	1,940	886	--
3. Agriculture, Forestry, Fisheries	52,129	1,250	10,050	2,190	2,800	3,240	2,310	28,001	2,098	190
4. Transportation, Power, Other Public Works	18,337	8,090	2,350	2,585	2,550	410	250	583	1,433	86
5. Handicraft, Manu- facturing, Mining, Other Industry	25,757	2,320	450	405	1,000	500	650	19,917	353	162
6. General Engineering Advisory Services	2,050	800	--	--	700	550	--	--	--	--
7. Education	5,968	50	500	400	1,400	300	930	276	2,100	12
8. Public Administration	1,703	180	500	--	--	400	--	477	146	--
9. Maintenance of Essential Supply	105,016	67,190	15,900	12,993	1,800	--	--	3,371	3,762	--
<u>TOTAL OBLIGATIONS</u>	<u>\$232,486</u>	<u>\$81,000</u>	<u>\$32,000</u>	<u>\$24,693</u>	<u>\$14,000</u>	<u>\$8,000</u>	<u>\$7,000</u>	<u>\$54,565</u>	<u>\$10,778</u>	<u>\$450</u>

a/ Afghanistan, Ceylon, Nepal (Bilateral Technical Cooperation).

FISCAL YEAR 1951

SUMMARY OF DOLLAR COST OF PROGRAM BY COUNTRY
AND MAJOR PROJECT CATEGORY

(In thousands of dollars)

<u>Major Project Category</u>	Total	For- mosa	Philip- pines	Indo- china	Burma	Indo- nesia	Thai- land	India	Paki- stan	All a/ Others
1. Emergency Relief	\$ 1,195	\$ --	\$ --	\$ 1,195	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
2. Public Health	11,537 ^{b/}	68	601	3,731	1,790	2,836	2,008	189	39	29
3. Agriculture, Forestry, Fisheries	11,403	334	2,790	1,619	1,251	2,549	2,347	263	215	35
4. Transportation, Power, Other Public Works	26,699	12,077	3,633	3,320	3,620	--	3,945	48	51	5
5. Handicraft, Manufacturing, Mining, Other Industry	5,363	1,704	809	--	19	1,889	619	182	105	36
6. General Engineering Advisory Services	2,384	884	--	--	800	700	--	--	--	--
7. Education	1,015	19	218	34	657	1	20	--	32	34
8. Public Administration	797	29	375	334	36	--	4	12	7	--
9. Maintenance of Essential Supply	104,919	77,506	6,678	11,605	2,630	--	--	4,500 ^{c/}	--	--
TOTAL OBLIGATIONS	\$163,312	\$92,621	\$15,104	\$21,838	\$10,803	\$7,975	\$8,943	\$5,194	\$429	\$1392

a/ Afghanistan, Ceylon, Nepal. (Excludes \$1.44 thousand for Malaya, which is included in total of \$163,312 thousand.)

b/ Includes \$29 thousand MDAF funds for public health in Indochina and \$246 thousand unallocated program funds obligated under an agreement between ECA and the Federal Security Agency (U. S. Public Health Service).

c/ Grain sorghum, financed with ECA funds.

FISCAL YEAR 1952

SUMMARY OF ESTIMATED DOLLAR COST OF PROGRAM
BY COUNTRY AND MAJOR COST COMPONENTS

(In thousands of dollars)

Country	Total	Cost of Supplies & Equipment	Total Service Cost	Services			
				T.A. Experts ^{a/}		Trainees ^{b/}	
				No. of persons	Cost	No. of Persons	Cost
Formosa	\$ 81,000	\$ 79,206	\$ 1,794	52	\$ 1,244 ^{c/}	110	\$ 550
Philippines	32,000	31,010	990	45	540	90	450
Indochina	24,693	23,563	1,130	65	780	70	350
Burma	14,000	12,452	1,548	67	1,348 ^{c/}	40	200
Indonesia	8,000	6,191	1,809	75	1,234 ^{c/}	115	575
Thailand	7,000	5,595	1,405	85	1,020	77	385
India	54,565 ✓	42,271	12,294	260	10,399 ^{c/}	379	1,895
Pakistan	10,778 ✓	8,047	2,731	143	1,716	203	1,015
All other ^{d/}	450 ✓	133	317	21 ✓	252	13	65
<u>TOTAL OBLIGATIONS</u>	<u>\$232,486</u>	<u>\$208,458</u>	<u>\$24,018</u>	<u>813</u>	<u>\$18,533</u>	<u>1,097</u>	<u>\$5,485</u>

a/ Experts sent to country. Cost computed on uniform basis of \$12,000 per person, allowing for average lapse of 3 months.

b/ Persons brought from country for training. Cost computed on uniform basis of \$5,000 per person.

c/ Includes total cost (for India, total service cost only) of contract with U. S. engineering firm - comprising fixed fee, cost of back-up provided by home office, administrative and overhead expenses, etc., in addition to pay of personnel sent to field.

d/ Afghanistan, Ceylon, Nepal (Bilateral Technical Cooperation).

TITLE III - ECONOMIC ASSISTANCE

OCEAN FREIGHT-VOLUNTARY RELIEF PACKAGES

<u>Actual</u> <u>FY 1950</u>	<u>Actual</u> <u>FY 1951</u>	<u>Estimated</u> <u>FY 1952</u>
\$94,000	\$43,000	\$100,000

Section 117(c) of the ECA Act of 1948, as amended, authorized payment of ocean freight on voluntary relief packages in the following categories:

Parcel post packages
Packages shipped by commercial freight
Relief supplies and packages shipped by
voluntary non-profit relief agencies

This authority has been interpreted to be applicable to the "General Area of China" and Korea.

Pursuant to Presidential direction the program of shipping relief supplies to Korea was suspended by ECA during fiscal year 1951 and carried on under the supervision of the Department of Defense. No provision was made in the fiscal year 1952 estimate for payment of ocean freight on relief supplies to Korea.

Approximately \$94,000 was spent in the General Area of China, exclusive of Korea, in fiscal year 1951. It is anticipated that there will be a substantial increase in fiscal year 1952 since under the bilaterals with the SEEM countries this program is available upon negotiation of agreements.

TITLE III - ECONOMIC ASSISTANCE

CONTRIBUTION TO UNITED NATIONS KOREAN RECONSTRUCTION AGENCY

This request is for new funds in the amount of \$45,000,000, in addition to the unobligated balance of FY 1951 Assistance to Korea funds in the estimated amount of \$50,201,000. Both amounts are proposed for the United States contribution to the United Nations Korean Reconstruction Agency (UNKRA).

The United States representatives in the UN General Assembly have pledged, subject to approval of Congress, \$162,500,000 as the United States share of the initial \$250.0 million general planning budget of UNKRA. Because the amount requested to be appropriated will not be sufficient to meet the United States pledge, this request represents a partial, not full, payment against the pledged amount.

The general planning budget of UNKRA was presented by the Agent General to his Advisory Committee and approved on May 23, 1951, as a general planning document, on the understanding it related to the period when full operations could be undertaken by UNKRA and on the further understanding that operational programs would be submitted to the Committee when the Agent General deemed their implementation practicable. The estimates in the general planning budget relate to: (1) the economic needs of the area of Korea lying south of the 38th parallel; (2) the goods for delivery, and the services to be rendered, in this area during the first year of full UNKRA operations; and (3) the cost of such goods and services at prices and wages prevailing in the first quarter calendar year 1951.

The major divisions of the general planning budget represent approximately the following percentages of the total: (1) Food, clothing, blankets, medical supplies, soap and other personal items: 21.5%; (2) Fertilizers, agricultural supplies, coal, petroleum, raw cotton and other materials for production in Korea of basic necessities of life: 31%; (3) Lumber, cement, iron, steel, railroad rolling stock, electric power facilities, communications, trucks and other materials and equipment for reconstruction: 21.7%; (4) Ocean freight: 23.5%; (5) Technical assistance projects: 0.8%; and (6) Administration: 1.5%.

GENERAL PLANNING BUDGET OF UINKRA

(In millions of dollars)

1. Commodity imports	\$185.0
a. Food, clothing and personal items	\$53.3
b. Raw materials for domestic production of basic necessities	77.5
c. Materials and equipment for reconstruction	54.2
2. Ocean freight	59.0
3. Technical assistance projects	2.0
4. Administration	<u>4.0</u>
Total	\$250.0

TITLE IV - MILITARY & ECONOMIC ASSISTANCE

Comparative Summary of Obligations by Functions & Activities

<u>Function & Activity</u>	<u>Actual 1950</u>	<u>Actual 1951</u>	<u>Estimate 1952</u>
<u>Military Assistance</u>			
Materiel	-	-	\$35,500,000
Training	-	-	2,650,000
Total Direct Obligations (Military)	-	-	38,150,000
<u>Economic Assistance</u>			
Bilateral Technical Cooperation	\$6,913,193	\$9,362,018	18,000,000 ✓
Multilateral Technical Cooperation	-	4,000,000	4,000,000 ✓
Total Direct Obligations (Economic)	6,913,193	13,362,018	22,000,000
Deduct carry-over from 1951 -----			- 754,347
Appropriation Request (Economic)	-	-	21,245,653
Total Obligations (Military & Economic)	<u>6,913,193</u>	<u>13,362,018</u>	60,150,000
Deduct carry-over from 1951 -----			- 754,347
Total Appropriation Request			<u>59,395,653</u> ✓

18,000,000
 254,347
 17,745,653

Note: Obligations have been adjusted by function and title to conform with the Appropriation Structure proposed for 1952.

TITLE IV MILITARY ASSISTANCE
COMPARATIVE SUMMARY OF OBLIGATIONS BY ACTIVITY

<u>ACTIVITY</u>	<u>ACTUAL 1950</u>	<u>ACTUAL 1951</u>	<u>ESTIMATED 1952</u>
Materiel	--	--	
Training	--	--	\$35,500,000
			<u>2,650,000</u>
Total			<u>38,150,000</u>

General Statement

An appropriation of \$38,150,000 for grant military assistance to Latin American countries represents the first inclusion of these countries under the general program for such assistance.

The proposed FY 1952 program will provide for the rehabilitation and repair of equipment already on hand in South American countries (plus limited amounts of additional equipment) for part of the forces required to perform specific defense task within a hemispheric defense plan developed multilaterally by the Inter-American Defense Board. In addition, for a number of the countries whose economic condition makes it possible, there will continue reimbursable military assistance under provisions of Section 408(e) of the MDA Act of 1949.

The training program is pointed at the maintenance of existing U.S. type of equipment. It is believed that the maximum benefit may be derived from funds programmed for training through the use of expert technical teams by providing on-the-spot technical assistance within the recipient countries. Training of instructor cadres eases the burden on U.S. capabilities.

TRAINING-COMPARATIVE SUMMARY OF OBLIGATIONS BY CATEGORY
(Fiscal Years 1950, 1951, and 1952)

<u>General Category</u>	<u>No. of Spaces</u>			<u>Cost to U.S.</u>		
	<u>Actual 1950</u>	<u>Actual 1951</u>	<u>Estimate 1952</u>	<u>Actual 1950</u>	<u>Actual 1951</u>	<u>Estimate 1952</u>
A. Formal Training - U.S.	-	-	-	-	-	-
B. Instructor - Interpreters	-	-	-	-	-	-
C. Miscellaneous Fund	-	-	-	-	-	-
D. Formal Training - Overseas	-	-	-	-	-	-
E. Mobile Training Teams	-	-	-	-	-	\$1,919,580
F. Technical Assistance	-	-	-	-	-	143,580
G. Training Aids	-	-	-	-	-	295,802
	-	-	-	-	-	<u>291,038</u>
Total	-	-	-	-	-	<u>2,650,000</u>

TITLE IV MILITARY ASSISTANCE

Materiel - Comparative Summary of Obligations by Category

<u>Category</u>	<u>Actual</u> <u>1950</u>	<u>Actual</u> <u>1951</u>	<u>Estimate</u> <u>1952</u>
Aircraft, Spare Parts, Aero. Equip. & Supp.			\$4,189,000
Vessel Equipment			2,900,000
Electronic & Other Signal Equipment			718,254
Ordnance Equipment & Supplies			23,068,221
Engineering Equipment & Supplies			<u>1,106,706</u>
Sub-Total (Materiel)			31,982,181
Accessorial Costs			<u>3,517,819</u>
GRAND TOTAL			<u><u>35,500,000</u></u>
Acquisition Cost of Excess Items			<u>52,783,200</u>

TITLE IV ECONOMIC

COMPARATIVE SUMMARY OF OBLIGATIONS BY ACTIVITIES

<u>ACTIVITY</u>	<u>Actual 1950</u>	<u>Actual 1951</u>	<u>Estimate 1952</u>
1. Bilateral technical cooperation	\$ 6,913,193	\$ 9,362,018	\$ 18,000,000
2. Multilateral technical cooperation	-	4,000,000	4,000,000
Total obligations	<u>6,913,193</u>	<u>13,362,018</u>	<u>22,000,000</u>
Deduct carry over from 1951	-----	-----	-754,347
Appropriation request	-----	-----	<u>21,245,653</u>

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 18,000,000
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 21,245,653

TITLE IV - ECONOMIC

AMERICAN REPUBLICS

Narrative Summary Statement 1952 Estimates

The proposed economic aid to Latin America for 1952 totals \$22 million of which \$18 million is for bilateral technical cooperation, \$1 million would be contributed to the Organization of American States and \$3 million to the United Nations and its Specialized Agencies for multilateral technical assistance programs. While the total estimated obligations are \$22 million, the appropriation request is less by \$754,347, because of a carryover from 1951. Thus the net appropriation estimate for 1952 \$21,245,653.

United States' dependence upon the Latin American countries, and theirs upon the USA, is shown by the fact that they exported to USA in 1950 about \$2.9 billion worth of goods, or approximately 35 percent of USA total imports. Their imports from USA in 1950 amounted to approximately \$2.6 billion worth of goods or about 50 percent of their total imports. The United States as well as the other American Republics would benefit significantly from the development of the vast economic potentials in Central and South America. Among the more critical problems are the chronic food shortages in many areas and the absence of a trained, healthy labor force.

More than two-thirds of the population of Latin America is agricultural, but the productivity of agricultural labor is less than one-fifth and the cropland under cultivation is less than one-third that of the United States. Sickness and ignorance are major obstacles to stability. Average life expectancy is low. Three-fourths of the countries have illiteracy rates exceeding 50 percent. Lack of adequate transportation and other facilities is markedly retarding development in Latin America.

The \$1 million request for the Organization of American States will permit the United States to continue its present rate of contribution to that body's technical cooperation program. The total technical cooperation program of the United Nations, of which the \$3 million here proposed is a part, is discussed in a separate section.

ECONOMIC ASSISTANCE - AMERICAN REPUBLICS

COMPARATIVE SUMMARY OF OBLIGATIONS

(IN THOUSANDS OF DOLLARS)

Country	Actual 1950	Actual 1951	Estimate 1952
Argentina	\$ 16.9	-	-
Bolivia	468.9	\$ 502.8	\$ 1,504
Brazil	835.7	1,319.3	2,298
Chile	241.5	433.3	929
Columbia	265.3	298.7	655
Costa Rica	320.9	524.8	986
Cuba	43.9	67.6	295
Dominican Republic	12.5	123.2	264
Ecuador	588.1	577.3	1,198
El Salvador	179.6	215.1	520
Guatemala	408.4	274.0	273
Haiti	470.3	544.9	797
Honduras	120.3	271.0	782
Mexico	371.8	406.9	1,052
Nicaragua	72.8	221.4	847
Panama	128.2	451.2	669
Paraguay	488.5	678.4	955
Peru	949.8	1,417.8	1,523
Uruguay	120.5	186.9	455
Venezuela	166.1	200.2	278
Regional Projects	643.2	647.2	1,680
Total Bilateral Technical Cooperation	6,913.2	9,362.0	18,000
Multilateral Technical Cooperation	-	4,000.0	4,000
Total Obligations	<u>6,913.2</u>	<u>13,362.0</u>	<u>22,000</u>

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ECONOMIC ASSISTANCE - AMERICAN REPUBLICS

COMPARATIVE SUMMARY OF OBLIGATIONS BY MAJOR TYPES OF PROJECTS

(IN THOUSANDS OF DOLLARS)

Projects	Actual 1950	Actual 1951	Estimate 1952
1. Joint Commissions and Economic Surveys	-	\$ 159.6	\$ 379
2. Agriculture, Forestry and Fisheries	\$ 2,064.3	3,372.5	7,363
3. Education	958.1	1,426.8	2,291
4. Health	3,040.9	3,151.8	4,500
5. Industry and Labor	104.5	190.3	444
6. Transportation and Communication	263.7	231.5	702
7. Mineral Resources	183.1	340.5	813
8. Water Resources	0.7	6.6	388
9. Government Administration and Services	<u>297.9</u>	<u>482.4</u>	<u>1,120</u>
Total Bilateral Technical Cooperation	6,913.2	9,362.0	18,000
Multilateral Technical Cooperation	<u>-</u>	<u>4,000.0</u>	<u>4,000</u>
Total Obligations	<u>6,913.2</u>	<u>13,362.0</u>	<u>22,000</u>

ECONOMIC ASSISTANCE - AMERICAN REPUBLICS

Summary of 1952 Estimate by Countries and Illustrative Program by Major Types of Projects

(IN THOUSANDS OF DOLLARS)

Country	Total	(1) Jnt. Com. & Economic Surveys	(2) Agriculture Forestry & Fisheries	(3) Education	(4) Health	(5) Indus. and Labor	(6) Transp. & Communi- cation	(7) Mineral Resources	(8) Water Resources	(9) Gov't Adm. and Services
Argentina	-	-	-	-	-	-	-	-	-	-
Bolivia	\$1,504	-	\$ 770	\$ 226	\$ 305	-	\$ 54	\$ 92	-	\$ 57
Brazil	2,298	\$ 220	563	400	604	-	68	246	\$ 87	110
Chile	929	23	473	23	254	-	-	57	-	99
Colombia	655	-	202	-	272	-	83	29	-	99
Costa Rica	986	-	626	-	193	-	40	-	27	25
Cuba	295	-	197	23	-	-	-	64	-	11
Dominican Republic	264	-	87	177	-	-	-	-	-	-
Ecuador	1,198	-	516	234	345	-	61	-	-	42
El Salvador	520	-	242	11	233	-	-	-	-	34
Guatemala	273	-	143	-	125	-	-	-	-	-
Haiti	797	-	478	-	254	-	24	-	-	41
Honduras	782	-	304	170	195	-	75	-	15	23
Mexico	1,052	-	425	19	284	-	-	240	-	84
Nicaragua	847	-	324	170	183	\$17	-	-	138	15
Panama	669	-	210	217	158	-	53	-	-	31
Paraguay	995	136	419	204	217	-	-	-	-	19
Peru	1,523	-	738	255	273	-	99	62	-	96
Uruguay	455	-	233	15	158	-	-	-	-	49
Venezuela	278	-	72	-	139	17	39	-	-	11
Regional Projects	1,680	-	336	147	303	410	105	23	121	234
Total Country Programs	18,000	379	7,363	2,291	4,500	444	702	813	388	1,120
Multilateral Technical Cooperation (Undistributed)	4,000									
Total Obligation	<u>22,000</u>									

FUNCTIONAL DESCRIPTION OF MAJOR TYPES OF PROJECTS

1. Joint Commissions and Economic Surveys. The program contemplates the (a) continuation and expansion of the work of these bodies in Brazil and Paraguay in developing a coordinated attack on the economic problems of these countries and (b) establishment of a small but similar body in Chile for the same purposes.

2. Agriculture, Forestry and Fisheries, to help the governments to: (a) organize agricultural research programs, including stations, to improve local strains and varieties, with special emphasis on the production of strategic materials needed for the defense effort, (b) produce improved seeds and planting stock, in quantity, (c) develop national livestock improvement programs, (d) organize agricultural extension services to provide continuous technical guidance to farmers, and home extension programs to insure that increased agricultural production is translated into improved living conditions in the rural home, (e) demonstrate modern soil conservation and other scientific land use practices needed to stop excessive soil depletion and exhaustion which is prevalent throughout the region, (f) demonstrate the effective use of modern agricultural tools and machinery and assist in setting up machinery pools where needed on a rotating fund basis, (g) demonstrate the proper use of fertilizer, insecticides and fungicides and other modern agricultural supplies, and help make these available to the farmers, either through commercial channels or through cooperatives on a rotating fund basis, (h) through pre-service and in-service training programs to train a core staff of agricultural technicians to provide technical guidance in the agricultural development of these countries, (i) provide guidance in the organization of the national agricultural services.

3. Education, to help the governments to: (a) develop modern curricula for primary and vocational schools, including teaching materials, (b) organize teacher training institutions capable of preparing teachers in modern educational methods, (c) improve the administrative organization of rural primary and vocational education systems, including provision for pre-service and in-service training and supervision for the teachers, (d) organize and equip shop and other facilities in the industrial schools, required for training a skilled labor force that will be needed as industrialization advances in Latin America, (e) develop special vocational industrial training programs in connection with mining and industrial development related to the defense program, (f) train a core staff of educators to provide guidance for the expanding national systems of education.

4. Health, to help the governments to: (a) continue the training of a core of public health technicians including doctors, sanitarians, sanitary engineers, nurses, and administrative personnel to staff their expanding health services, (b) organize health centers to provide services in maternal and child care, contagious disease control and immunization, and health education, (c) organize and execute environmental sanitation programs including water facilities and sewerage systems, the construction of which is financed by the communities benefited, and large scale latrine construction programs for rural areas, (d) organize and execute national campaigns to eradicate or control specific diseases such as malaria and yaws, which are endemic in some of the Latin American countries, (e) provide dispensaries and other health services to jungle area, mining camps and industrial centers where health problems have developed or are expected to develop by reason of demands engendered by the defense program, (f) organize national health education programs designed to disseminate simple health practices to the mass of the population.

5. Industry and Labor. This will include assistance in such fields as small industry development and training for selected skilled workmen needed in industrial and mining development. Special attention will be given to industrial development caused by demands for strategic materials for the defense effort.

6. Transportation and Communications. The proposed program continues, at a slightly expanded rate, the existing civil aviation and road advisory programs. Through this activity the Latin American countries are enabled to improve their civil aviation and communication systems, and is of direct benefit, not only to the national, but also to the international airlines, most of which are United States owned. It will also be possible to provide technical advice in road maintenance to several countries.

7. Mineral Resources. Technical missions to assist in organizing geological and mineral surveys will be continued. In some instances, the missions will undertake to make explorations for minerals required by the defense effort, and in other instances will help the government to organize research programs to develop more efficient methods of extracting minerals from existing ores. Discoveries that have been made under programs of this type are of fundamental importance to the industrial future, not only of the Latin American countries, but of the United States itself. For example, the discoveries of vast deposits of manganese in Brazil and iron ore in Venezuela and the development of more efficient methods of extracting tin from the complex ores of Bolivia are, in large part, the result of past technical assistance programs in this field.

8. Water Resources. The requested funds for this activity will provide a start toward an integrated regional program of conservation and control of water resources, and a United States contribution toward a combined hydro-electric and diversified water use and control program.

9. Government Administration and Services. Assistance of an advisory type will be provided in the organization of governmental services, including tax and tariff systems, social security programs, and housing, cartographic and statistical services.

UNITED STATES CONTRIBUTIONS TO MULTILATERAL TECHNICAL COOPERATION PROGRAMS

COMPARATIVE SUMMARY OF OBLIGATIONS BY TITLE

	Fiscal Year 1951 ^{a/}	Fiscal Year 1952
1. Europe	\$ 342,000	\$ 342,000
2. Near East and Africa	3,751,500	3,744,000
3. Asia	4,914,000	4,914,000
4. Latin America:		
United Nations Programs	3,000,000	3,000,000
Organization of American States Programs	<u>1,000,000</u>	<u>1,000,000</u>
Total	<u>13,007,500</u>	<u>13,000,000</u> ✓

^{a/} The United States contribution of \$12,007,500 in Fiscal Year 1951 to the United Nations Expanded Program of Assistance is for the Program's first financial period July 1, 1950 through December 31, 1951. The remaining \$1,000,000 is for Organization of American States calendar year 1951.

GENERAL NARRATIVE STATEMENT OF MULTILATERAL TECHNICAL ASSISTANCE

Realizing the great advantages to be secured by having economic development work carried on by international agencies, the United States has strongly supported the United Nations Expanded Program of Technical Assistance and the Program of Technical Cooperation of the Organization of American States. The United Nations agencies were rendering technical assistance within their regular programs before the President set forth Point 4, to the extent possible from regular budgets which were subject to other important demands as well. When the United Nations Expanded Program of Technical Assistance was instituted in 1950, fifty-four nations pledged their support in the amount of approximately \$20 million. Of this the United States pledged \$12,007,500, which represented approximately 60 percent.

Of the \$20 million pledged for the first financial period, July 1, 1950 through December 31, 1951, it is estimated that \$10 million will have been spent by the end of 1951. \$3 million have been set aside as a Special Reserve Fund to make the program self-contained, that is to cover liquidation costs, in case of termination of the program, and other emergency expenses. The remaining \$7 million is committed for 1952 costs of projects begun in 1951 and will be carried over as part of the 1952 program total. At the Technical Assistance Committee and the Economic and Social Council meetings just concluded at Geneva, a program totaling \$27 million was approved for the calendar year 1952, for which \$20 million in new contributions will be required in addition to the \$7 million carryover from 1951. We believe that the proposed 1952 program is sound. Its projects realistically reflect the general goals toward which we feel economic development planning should be directed, and its size is realistic to the extent to which the participating agencies can supply and the recipient countries can absorb technical assistance. We believe that a United States contribution of \$12 million, which represents 60 percent of the needed \$20 million in new money, is consistent with the genuine national interest of the people of the United States in this work undertaken by the United Nations for the economic development of under-developed countries. In addition to the \$8 million expected to be contributed directly by other countries in 1952, recipient countries are expected to bear at least an equal part of the individual project costs in local expenditures.

Figures for the 1952 Program of Technical Cooperation of the Organization of American States are not yet available but it is expected that they will reflect an increase in the operation of the program during 1952. In addition to a carryover of funds from 1951, contributions for that period should be approximately the same as for the first year. We believe that our vital national interest in Latin American and Latin America's importance to us justify a United States contribution of \$1 million for 1952.

MUTUAL SECURITY PROGRAM
 DISTRIBUTION OF 1952 ADMINISTRATIVE EXPENSES - ESTIMATE BY FUNCTIONS & AGENCIES
 (In Thousands of Dollars)

	MILITARY PROGRAM ESTIMATES			ECONOMIC PROGRAM ESTIMATE			TOTAL ESTIMATE		
	Total Require- ments	Local Currency in \$ Equiv.	U.S. \$ Require- ments	Total Require- ments	Local Currency in \$ Equiv.	U.S. \$ Require- ments	Total Require- ments	Local Currency in \$ Equiv.	U.S. \$ Require- ments
STATE:									
Departmental (undistributed by area)	\$ 2,042.5	\$ 120.1	\$ 1,922.4	\$ 5,225.0	-	\$ 5,225.0	\$ 7,267.5	\$ 120.1	\$ 7,147.4
Overseas:									
Europe	5,597.1	2,609.9	2,987.2	-	-	-	5,597.1	2,609.9	2,987.2
Near East & Africa	1,387.6	1,021.1	366.5	600.0	-	600.0	1,987.6	1,021.1	966.5
Asia & Pacific	505.1	197.2	307.9	-	-	-	505.1	197.2	307.9
American Republics	-	-	-	175.0	-	175.0	175.0	-	175.0
Total Overseas	7,489.8	3,828.2	3,661.6	775.0	-	775.0	8,264.8	3,828.2	4,436.6
Total State	9,532.3	3,948.3	5,584.0	6,000.0	-	6,000.0	15,532.3	3,948.3	11,584.0
ECA:									
Departmental (undistributed by area)	-	-	-	10,037.2	\$ 408.4	9,628.8	10,037.2	408.4	9,628.8
Overseas:									
Europe	-	-	-	18,579.9	12,993.8	5,586.1	18,579.9	12,993.8	5,586.1
Asia & Pacific	-	-	-	5,994.5	3,534.4	2,460.1	5,994.5	3,534.4	2,460.1
Total Overseas	-	-	-	24,574.4	16,528.2	8,046.2	24,574.4	16,528.2	8,046.2
Total ECA	-	-	-	34,611.6	16,936.6	17,675.0	34,611.6	16,936.6	17,675.0
DEFENSE:									
Departmental (undistributed by area)	27,180.5	-	27,180.5	-	-	-	27,180.5	-	27,180.5
Overseas:									
Europe	7,822.9	3,422.1	4,400.8	-	-	-	7,822.9	3,422.1	4,400.8
Near East & Africa	7,611.1	2,739.1	4,872.0	-	-	-	7,611.1	2,739.1	4,872.0
Asia & Pacific	2,379.5	832.8	1,546.7	-	-	-	2,379.5	832.8	1,546.7
Total Overseas	17,813.5	6,994.0	10,819.5	-	-	-	17,813.5	6,994.0	10,819.5
Total Defense	44,994.0	6,994.0	38,000.0	-	-	-	44,994.0	6,994.0	38,000.0
INTERNATIONAL CONTRIBUTIONS:									
Europe	9,416.0	-	9,416.0	-	-	-	9,416.0	-	9,416.0
GRAND TOTAL	63,942.3	10,942.3	53,000.0	40,611.6	16,936.6	23,675.0	104,553.9	27,878.9	76,675.0
RECAPITULATION:									
Departmental (undistributed by area)	29,223.0	120.1	29,102.9	15,262.2	408.4	14,853.8	44,485.2	528.5	43,956.7
Overseas:									
Europe	22,836.0	0,032.0	16,804.0	18,579.9	12,993.8	5,586.1	41,415.9	19,025.8	22,390.1
Near East & Africa	8,998.7	3,760.2	5,238.5	600.0	-	600.0	9,598.7	3,760.2	5,838.5
Asia & Pacific	2,884.6	1,030.0	1,854.6	5,994.5	3,534.4	2,460.1	8,879.1	4,564.4	4,314.7
American Republics	-	-	-	175.0	-	175.0	175.0	-	175.0
Total Overseas	34,719.3	10,822.2	23,897.1	25,349.4	16,528.2	8,821.2	60,068.7	27,350.4	32,718.3
GRAND TOTAL	63,942.3	10,942.3	53,000.0	40,611.6	16,936.6	23,675.0	104,553.9	27,878.9	76,675.0

SUMMARY OF OBLIGATIONS AND ESTIMATED REQUIREMENTS FOR ADMINISTRATIVE EXPENSES (MILITARY AND ECONOMIC)

DESCRIPTION	Actual 1950		Actual 1951		Estimate 1952		Dollor Equivalent of Local Currency Payments Amount	Net Dollar Requirements Amount
	Number	Amount	Number	Amount	Number	Amount		
<u>MILITARY PERSONNEL</u>								
Total number of permanent positions	1173		2109		3517			
Av. number of permanent personnel	496.6		1533.8		3051.5			
Average number of temporary duty								
Av. number of military personnel	496.6		1533.8		3051.5			
Payment above basic rates, military per.								
Station allowances		\$ 1,012,629		\$4,875,851		\$7,100,547	\$3,964,641	\$ 3,135,906
Initial clothing allowances		32,959		79,969		58,740	-	58,740
Maintenance clothing allowances		-		11,928		50,728	-	50,728
Sub-total, military personnel		1,045,588		4,967,748		7,210,015	3,964,641	3,245,374
<u>CIVILIAN PERSONNEL</u>								
Permanent positions	5317	24,957,382	9335	42,671,409	12,991.0	56,028,550	-	-
Deduct lapse	1881.8	7,617,142	1936	8,191,849	2,243.8	9,181,246	-	-
Net permanent personnel	3435.2	17,340,240	7399	34,479,560	10,747.2	46,847,304	1,414,298	45,433,006
Av. per. local per. not incl. above	1337.7	1,378,942	3241.1	3,646,033	3,575.7	4,769,135	4,742,041	27,094
Av. part-time and temporary personnel	59.8	403,842	109.3	762,259	102.5	864,889	5,000	859,889
Av. employment all civilian personnel	4832.7	19,123,024	10,749.4	38,887,852	14,425.4	52,481,328	6,161,339	46,319,989
Regular pay in excess of 52-week base		72,593		-		199,769	10,312	189,457
Payment above basic rates, civilian per.								
Allowances		2,112,852		3,438,159		4,250,517	2,659,334	1,591,183
Overtime and holiday pay		139,725		1,080,104		1,218,653	-	1,218,653
Night work differential		2,650		34,220		72,442	2,579	69,863
Sub-total, civilian personnel		21,450,844		43,440,335		58,222,709	8,833,564	49,389,145
01 Personal services		22,495,432		48,408,083		65,432,724	12,798,205	52,634,519
02 Travel		3,325,972		7,481,861		11,182,413	4,744,586	6,437,827
03 Transportation of things		702,424		1,415,259		1,666,134	620,317	1,045,817
04 Communication services		973,470		1,536,362		2,142,137	1,282,012	860,125
05 Rents and utility services		897,285		1,850,793		3,344,046	2,012,176	1,331,870
06 Printing and reproduction		673,590		797,425		990,555	275,640	714,915
07 Other contractual services		2,212,226		3,564,867		2,528,550	1,628,495	900,055
Services performed by other agencies		5,253,956		4,918,621		3,851,508	2,584,888	1,266,620
08 Supplies and materials		853,893		2,006,533		1,835,034	950,059	884,975
09 Equipment		1,670,728		4,388,548		1,855,433	753,263	1,102,170
10 Lands and structures		-		181,632		208,000	208,000	-
11 Grants, subsidies and contributions		4,682		272,195		9,437,282	19,955	9,417,327
13 Refunds, awards and indemnities		-		1,371		1,300	1,300	-
15 Taxes and assessments		188		22,768		78,780	-	78,780
Grand Total		39,064,846		76,846,318		104,553,896	27,878,896	76,675,000
Less Dollar Equivalent of Local Currency payment		14,454,202		24,640,981		27,878,896		
Net Dollar Requirements		24,610,644		52,205,337		76,675,000		

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Done by [unclear]