

PD-ACC-995

**MUTUAL
SECURITY
PROGRAM**

ESTIMATES - FISCAL YEAR 1953

BEST AVAILABLE

Revised June 10, 1952

MUTUAL SECURITY

Analysis of 1953 Appropriation Request by Sections of the Mutual Security Act of 1951 as Amended

Section of P.L. 165 as amended by H.R. 7005	Original Request	Senate Allowance	House Allowance	Conferees Allowance
101(a)(1)	\$ 4,145,000,000	\$ 3,515,229,500	\$ 3,316,000,000	\$ 3,415,614,750
101(a)(2)	1,819,200,000	1,542,866,000	1,022,000,000	1,282,433,000
101(c)(Limitation under Sec. 101(a) and 101(a)(2) for Assistance to Spain)	-	(25,000,000)	(25,000,000)	(25,000,000) a/
201	606,370,000	514,263,000	606,370,000	560,316,500
203	55,000,000	46,645,500	55,000,000	50,822,750
206 Palestine Refugees (Sec.204)	65,000,000	55,126,500	65,000,000	60,063,250
Israel Refugees (Sec. 205)	76,000,000	64,456,000	76,000,000	70,228,000
301	611,230,000	518,385,000	611,230,000	564,807,500
302(a) Economic Assistance (MSA)	408,000,000	346,025,000	208,800,000	202,778,250
Technical Cooperation (TCA)			88,000,000	
303(a)	-	45,000,000	45,000,000	(45,000,000) b/
401	62,400,000	52,971,500	62,400,000	57,685,750
402	22,000,000	18,658,000	22,000,000	20,329,000
534	10,000,000	8,481,000	10,000,000	9,240,500
535	2,800,000	2,375,000	2,800,000	2,587,500
10	17,000,000	14,417,500	17,000,000	15,708,750
12	-	20,962,000	12,000,000	16,481,000
TOTAL	7,900,000,000	6,765,861,500	6,219,600,000	6,447,730,750

a/ Funds for this item included in subsection 101(a) and 101(b)
b/ Authorized in 1952 but no appropriation made thereunder; reauthorized for 1953.

MUTUAL SECURITY

ALPHABETICAL LIST OF COUNTRIES FOR WHICH FOREIGN AID IS PROPOSED IN 1953

Country	Military Assistance	Defense Support	Economic & Technical Assistance	
	<u>DEFENSE</u>	<u>MSA</u>	<u>MSA</u>	<u>STATE</u>
Afghanistan				X
Austria			X	
Belgium-Luxembourg	X			
Bolivia				X
Brazil	X			X
Burma				X
Ceylon				X
Chile	X			X
Colombia	X			X
Costa Rica				X
Cuba	X			X
Denmark	X	X		
Dominican Republic				X
Ecuador	X			X
Egypt				X
El Salvador				X
Ethiopia				X
Formosa (China)	X		X	
France	X	X		
Germany (Fed. Rep.)		X		
Greece	X	X		
Guatemala				X
Haiti				X
Honduras				X
Iceland		X		
India				X
Indo-China	X		X	
Indonesia	X			X
Iran	X			X

Country	Military Assistance	Defense Support	Economic & Technical Assistance	
	<u>DEFENSE</u>	<u>MSA</u>	<u>MSA</u>	<u>STATE</u>
Iraq				X
Israel				X
Italy	X	X		
Jordan				X
Korea	X			X
Lebanon				X
Liberia				X
Libya				X
Mexico				X
Nepal				X
Netherlands	X	X		
Nicaragua				X
Norway	X	X		
Pakistan				X
Panama				X
Paraguay				X
Peru	X			X
Philippines	X		X	
Portugal	X			
Saudi Arabia				X
Spain	X		X	
Syria				X
Thailand	X		X	
Turkey	X	X		
United Kingdom	X	X		
Uruguay	X			X
Venezuela				X
Yemen				X
Yugoslavia	X	X		

MUTUAL SECURITY

SUMMARY OF OBLIGATIONS AND APPROPRIATIONS REQUEST
(In millions of dollars)

	Military Assistance			Defense Support; Economic Assistance and Technical Cooperation			Assistance to Spain			Total		
	Actual FY 1951	Estimate FY 1952	Estimate FY 1953	Actual FY 1951	Estimate FY 1952	Estimate FY 1953	Actual FY 1951	Estimate FY 1952	Estimate FY 1953	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
<u>TITLE I - EUROPE</u>												
Total Obligations	\$3,784.2	\$4,410.4	\$3,692.8	\$2,458.8	\$1,512.2	\$1,282.5	\$17.2	\$45.3	\$100.0	\$6,260.2	\$5,967.9	\$5,075.3
Deduct Carry-Over from 1952			- 277.2			-			-100.0			- 377.2
Appropriation Request			<u>3,415.6</u>			<u>1,282.5</u>			- a/			<u>4,698.1^{a/}</u>
<u>TITLE II - NEAR EAST AND AFRICA</u>												
Total Obligations	298.1	405.5	623.1	29.2	156.2	181.1				327.3	561.7	804.2
Deduct Carry-over from 1952			- 61.8			-						- 61.8
Deduct Reimbursable Obligations			- 1.0			-						- 1.0
Appropriation Request			<u>560.3</u>			<u>181.1</u>						<u>741.4</u>
<u>TITLE III - ASIA AND PACIFIC</u>												
Total Obligations	410.5	765.3	612.3	201.0	242.4	407.9				611.5	1,007.7	1,020.2
Deduct Carry-over from 1952			- 47.5			- 41.5						- 89.0
Appropriation Request			<u>564.8</u>			<u>366.4</u>						<u>931.2</u>
<u>TITLE IV - AMERICAN REPUBLICS</u>												
Total Obligations		26.6	69.2	9.4	19.9	20.3				9.4	46.5	89.5
Deduct Carry-over from 1952			- 11.5			-						- 11.5
Appropriation Request			<u>57.7</u>			<u>20.3</u>						<u>78.0</u>
<u>TITLE V - OTHER ASSISTANCE</u>												
Total Obligations				24.1	25.2	44.0				24.1	25.2	44.0
Deduct Carry-over from 1952						-						-
<u>ALL TITLES</u>												
Total Obligations	<u>4,492.8</u>	<u>5,607.8</u>	4,997.4	<u>2,722.5</u>	<u>1,955.9</u>	1,935.8	<u>17.2</u>	<u>45.3</u>	100.0	<u>7,232.5</u>	<u>7,609.0</u>	7,033.2
Deduct Carry-over from 1952			- 398.0			- 41.5			-100.0			- 539.5
Deduct Reimbursable Obligations			- 1.0			-			-			- 1.0
Total Appropriation Request			<u>4,598.4</u>			<u>1,894.3</u>			-			<u>6,492.7</u>

a/ Funds to be utilized pursuant to Section 101(c) of the Mutual Security Act for assistance to Spain are included in the military assistance and defense support estimates in Title I. The respective amounts are not readily determinable at this time.

Note: Obligations have been adjusted by function and titles to conform with the appropriation structure proposed for 1953.

MUTUAL SECURITY

MILITARY ASSISTANCE, DEFENSE SUPPORT, ECONOMIC ASSISTANCE AND TECHNICAL COOPERATION
(ALL TITLES)

COMPARATIVE SUMMARY OF OBLIGATIONS BY FUNCTIONS AND ACTIVITIES

<u>FUNCTION and Activity</u>	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
<u>MILITARY ASSISTANCE</u>			
Material			
Training	\$ 4,420,580,672	\$ 5,253,287,119	\$ 4,763,827,370
	<u>37,848,678</u>	<u>80,501,221</u>	<u>173,024,971</u>
Total Country Programs	4,458,429,350	5,333,788,340	4,936,852,341
Contributions to:			
Construction of Facilities in Foreign Countries for Collective Defense	-	220,000,000	-
NATO International Military Headquarters	-	9,000,000	9,000,000
NATO International Civilian Headquarters	274,172	266,813	1,547,000
Standing Group	-	-	520,000
Control Act Expenses	-	193,497	500,000
Escapes	-	1,500,000	4,260,500
Administration (For all MS Programs)	33,218,004	42,031,154	43,790,000
Total Direct Obligations (Military)	<u>4,491,921,526</u>	<u>5,606,779,804</u>	<u>4,996,469,841</u>
Add Reimbursable Obligations (Material)	852,162	1,035,000	1,035,000
Total Obligations	<u>4,492,773,688</u>	<u>5,607,814,804</u>	<u>4,997,504,841</u>
Deduct Reimbursable Obligations	-	-	-1,035,000
Deduct Carry-over from 1952	-	-	-398,045,341
Appropriation Request (Military)			<u>4,598,424,500</u>
<u>DEFENSE SUPPORT ^{a/}</u>			
Country Aid	2,087,933,169	1,473,194,000	1,247,883,000
EPU - U.S. Contribution	350,000,000	11,395,000	-
Technical Assistance	13,333,295	16,055,500	15,500,000
Basic Materials Development	7,064,108	11,480,658	19,000,000
Bilateral Technical Cooperation	478,825	-	-
Confidential Fund	11,900	50,000	50,000
Total Direct Obligations	<u>2,458,821,397</u>	<u>1,512,175,158</u>	<u>1,282,433,000</u>
Deduct Carry-over from 1952	-	-	-
Appropriation Request (Defense Support)			<u>1,282,433,000</u>
<u>ECONOMIC ASSISTANCE AND TECHNICAL COOPERATION</u>			
A. Under Mutual Security Agency			
Special Technical and Economic Assistance	138,637,549	144,650,000	191,200,000
Basic Materials Development	-	-	11,578,250
Total Direct Obligations	<u>138,637,549</u>	<u>144,650,000</u>	<u>202,778,250</u>
Deduct Carry-over from 1952	-	-	-
Appropriation Request (Item A)			<u>202,778,250</u>
B. Under State Department			
Bilateral Technical Cooperation	37,784,127	163,909,877	189,786,000
Palestine Refugee Program	25,450,000	50,000,000	60,063,250
Relief and Resettlement of Refugees entering Israel	-	50,000,000	70,228,000
United Nations Korean Reconstruction Agency	37,727,036	10,000,000	86,465,882
Multilateral Technical Cooperation	13,007,500	12,400,000	15,708,750
Emigration of Surplus Manpower	-	10,000,000	9,240,500
Ocean Freight-Voluntary Relief Packages	4,178,266	2,843,610	2,587,500
United Nations International Children's Emergency Fund	6,993,241	-	16,481,000
Total Direct Obligations	<u>125,100,170</u>	<u>299,153,487</u>	<u>450,560,882</u>
Deduct Carry-over from 1952 (UNKRA)	-	-	-41,465,882
Appropriation Request (Item B)			<u>409,095,000</u>
Total Direct Obligations (Economic Assistance and Technical Cooperation)	<u>263,737,719</u>	<u>443,803,487</u>	<u>653,339,132</u>
Deduct Carry-over from 1952 (UNKRA)	-	-	-41,465,882
Appropriation Request (Economic Assistance and Technical Cooperation)			<u>611,873,250</u>
<u>ASSISTANCE TO SPAIN</u>			
Total Obligations	<u>17,200,000</u>	<u>45,300,000</u>	100,000,000
Deduct Carry-over from 1952	-	-	-100,000,000
Appropriation Request (Assistance to Spain)			<u>-</u>
<u>RECAPITULATION OF ALL FUNCTIONS AND ACTIVITIES</u>			
Total Direct Obligations (All Functions and Activities)	7,231,680,642	7,608,058,449	7,032,241,973
Add Reimbursable Obligations (Material - Military)	852,162	1,035,000	1,035,000
Total Obligations	<u>7,232,532,804</u>	<u>7,609,093,449</u>	<u>7,033,276,973</u>
Deduct Reimbursable Obligations (Material - Military)	-	-	-1,035,000
Deduct Carry-over from 1952	-	-	-539,511,223
Total Appropriation Request (All Functions and Activities)			<u>6,492,765,750</u>

a/ Includes \$75 million economic assistance for Austria.
 b/ Funds to be utilized pursuant to Section 101(c) of the Mutual Security Act for assistance to Spain are included in the military assistance and defense support estimates in Title I. The respective amounts are not readily determinable at this time.

NOTE: Obligations have been adjusted by functions and titles to conform with the appropriation structure proposed for 1953. Programs financed from public debt authorizations under "Discharge of Investment Guarantee Liabilities" have been excluded.

General Statement

THE PROPOSED MUTUAL SECURITY PROGRAM FOR 1953

I. THE MUTUAL SECURITY PROGRAM IN EUROPE

The Mutual Security Program contemplated for Europe in this budget is designed to produce the greatest strength for the Free World at the least possible cost. Through the efforts of the Europeans themselves, combined with the additional resources we are making available through our military and economic assistance programs, real progress is being made in Europe toward the urgent objective of achieving adequate defense forces.

A short time ago, the North Atlantic Treaty countries in Europe had virtually no combat-ready defensive units in all of Continental Western Europe, except for certain naval forces and the ground divisions and air squadrons on occupation duty in Germany. Since then, the active strength of their forces has been substantially increased; in terms of active and readily mobilizable troops, their effective ground strength now exceeds that of our own Army. Air cover and naval support are being provided in increasing amounts. Moreover, the units have been brought to a higher state of effectiveness through longer periods of service and more thorough training and through substantial additions to equipment, including replacement of obsolete weapons. Finally, many of the scattered units of the various countries are now, under the command of General Ridgway, being welded into a single fighting force, and supporting systems of communications, supply, and bases are being developed.

Over the coming months progress in building European defenses will be even more rapid, under plans recently developed by the North Atlantic Treaty Organization's Temporary Council Committee, under United States chairmanship. This Committee has reviewed the present status of European defenses and the further requirements estimated by the military leaders of the member nations and by General Ridgway's international headquarters. It developed a realistic plan of action, including the NATO countries and the Federal Republic of Germany, for a rapid build-up of effective defense forces backed by well-trained and quickly mobilizable reserves. This plan of action is designed to see that nonessentials and duplications are stripped out and that the highest priority jobs are done first. In spite of these reductions, it will still be necessary for many of the member countries to make substantially larger efforts than previously planned.

To fulfill the plan, the U.S. needs (a) to continue its contribution of forces, (b) to provide expedited deliveries of military equipment and (c) to provide defense support to help the European countries raise their own defense expenditures.

On the basis of this new plan of action two important conclusions emerge. First, it is now clear that in the near future Western Europe can have a compact force which would offer strong resistance in the event of an attack. Secondly, under the new plan it is now clear that within a few years it will be possible to attain a level of Western European defenses which would make invasion there so costly, and so unlikely of success, that the danger of its being attempted would become remote.

Our mutual security program is an essential component required to achieve the new defense plan on schedule. We will provide planes, tanks, guns, production equipment, raw materials, and other supplies which are needed to carry out the plan but which the Europeans cannot obtain from their own resources.

The largest part of this aid will be in the form of military equipment. The equipment we provide will have the direct effect of bringing to combat readiness additional air wings, ground divisions, and naval units defending Western Europe against aggression. To an increasing extent, the equipment we provide will be procured in Europe. This will somewhat lighten the production burden on this country, and by stimulating European military production will help to bring nearer the day when Europe will be able to maintain her forces without substantial assistance from us.

To enable the European countries to expand their defense programs on schedule, other aid in the form of raw materials, equipment and commodities -- defense support -- will be needed. The economy of Europe is undergoing a serious strain, in part because of its own expanding defense programs and in part because of world price movements associated with the defense buildup of the free world as a whole. As the European defense programs expand, and industry and manpower are directed toward defense rather than producing for export, many European countries are unable to cover fully with current earnings the cost of imports that are essential to the rise in total output, which in turn is needed to make the increased defense expenditures possible.

To meet these problems it will be necessary for the European countries to take additional measures to facilitate allocation of resources to defense and to prevent internal inflation. But in addition to such measures, the Europeans will need U.S. defense support to help cover the cost of imports if the expansion of their own defense buildup, which constitutes the largest part of the Lisbon plan of action, is not to be interrupted.

The mutual security program also includes assistance to certain European countries not included in the Lisbon plan as such. Greece and Turkey, key barriers to Soviet expansion into the eastern Mediterranean, are maintaining large forces which are now being integrated into the North Atlantic Treaty defense system. Through military assistance and defense support we will continue to assist them in carrying this heavy burden. This Budget also includes funds for military assistance and defense support to help maintain the independence of Yugoslavia, which stands as an example to Soviet satellites that independence can be achieved. For Austria, which is still partly occupied by Soviet troops, the program includes special provision for economic assistance to help that country survive and grow in strength despite Soviet-created difficulties. Included in the defense support figure are special funds for technical assistance to increase industrial productivity and for the development of basic materials.

II. THE MUTUAL SECURITY PROGRAM IN OTHER AREAS OF THE FREE WORLD

The vulnerability to internal and external aggression of many parts of the non-European free world, especially the Middle East and Asia, requires that we make the strongest efforts to help these areas gain in strength and stability.

Our mutual security program for these areas, as compared with Europe, places proportionately more emphasis on economic aid and technical assistance than on supplying military equipment. So long as conditions exist to feed the fires of communist agitation--conditions of poverty, disease, illiteracy, and economic stagnation--there will be the continuous danger of subversion and internal collapse. These problems are deep rooted and stubborn, but they can be solved. Under the Act for International Development and other legislation, this country adopted a long-range policy of working directly with the underdeveloped countries to help them solve these problems and lay a firm foundation upon which they can build with their own resources. This policy has helped them to achieve progress within their own economies, and to increase their contribution of vital raw materials to the rest of the free world. In each instance our assistance is predicated on the maximum possible effort by the recipient country to solve its own problems.

In the Middle East, events during the past year have emphasized the urgency of achieving stability and more adequate defenses. Much can be accomplished by programs of technical assistance to deal with basic problems of low productivity which underlie much of the region's difficulties. This Budget provides funds for our contribution for the second year of the 3-year program for integration of Arab refugees, and other funds for assistance to the Arab states, Iran, and Israel.

In all the countries of South and Southeast Asia, the assistance provided in this Budget is of urgent and vital significance to the security of the free world. Standards are low, expectations are high, and newly independent governments do not yet have the training and organization to carry on adequate programs of internal security and economic development. With every difficulty being exploited by the Communists, the nature of the threat requires more rapid results, and more intensive aid from the outside, than would otherwise be necessary.

In the Far East, the mutual security program for the fiscal year 1953 will provide for a continued flow of military equipment, to assist the troops of France and the Associated States of Vietnam, Laos, and Cambodia, in their gallant fight against the communist insurgents in Indochina. We are providing, and will continue to provide under this Budget, military equipment and other supplies to the Chinese forces defending Formosa. Philippine troops, with weapons supplied under the mutual security program, are making good progress in suppressing the communist Huks who have been a dangerous threat to the economic and political development of the republic.

The needs of Asian countries for economic and technical assistance vary substantially from country to country. In some countries, like Formosa and Indochina, active fighting and military preparations make it necessary to carry on programs closely related to the support of military objectives. In other countries, the threat takes the form of internal subversion, and the countries need our technical and economic help in mastering the complex problems of developing and organizing their resources for the welfare of their people. In India, for example, the government has undertaken a large-scale program designed to increase food production, largely through community agricultural extension activities. Most of the effort is Indian; but the technical and material aid from the U.S. is a vital component which is necessary if the great indigenous effort is not to fail.

In Latin America it is essential that we continue our part of the jointly financed programs of technical assistance, which are making an important contribution toward solving problems of health, education, and agricultural productivity. The Latin-American economy continues to attract a large flow of private American capital. Key development projects, including those for strategic materials, will continue to be financed primarily on a loan basis, especially by the Export-Import Bank under its recently increased loan authority. This Budget also contains limited funds for military assistance to Latin America.

In addition, this Budget contains provisions for (a) contributions to Technical Assistance programs of the United Nations and the Organization of American States, (b) a contribution to the Provisional Intergovernmental Committee for the Movement of Migrants from Europe, (c) the payment of ocean freight charges on shipments of relief supplies and packages to various areas, and (d) contributions to the United Nations International Children's Emergency Fund.

TITLE I - EUROPE
MILITARY ASSISTANCE, DEFENSE SUPPORT AND ASSISTANCE TO SPAIN
COMPARATIVE SUMMARY OF OBLIGATIONS BY FUNCTIONS AND ACTIVITIES

<u>FUNCTION and Activity</u>	<u>Actual FY 1951</u>	<u>Estimate FY 1951</u>	<u>Estimate FY 1953</u>
<u>MILITARY ASSISTANCE</u>			
Matériel	\$3,716,857,240	\$4,076,611,585	\$3,476,946,731
Training	33,884,530	60,790,591	156,234,680
Total Country Programs	<u>3,750,741,770</u>	<u>4,137,402,176</u>	<u>3,633,181,411</u>
Contributions to:			
Construction of Facilities in Foreign Countries for Collective Defense	-	220,000,000	-
NATO International Military Headquarters	-	9,000,000	9,000,000
NATO International Civilian Headquarters	274,172	266,813	1,547,000
Standing Group	-	-	520,000
Control Act Expenses	-	193,497	500,000
Escapes	-	1,500,000	4,260,500
Administration (For all MS Programs)	33,218,004	42,031,154	43,790,000
Total Direct Obligations (Military)	<u>3,784,233,946</u>	<u>4,410,393,640</u>	<u>3,692,798,911</u>
Deduct Carry-over from 1952			<u>- 277,184,161</u>
Appropriation Request (Military)			<u><u>3,415,614,750</u></u>
<u>DEFENSE SUPPORT a/</u>			
Country Aid	2,087,933,169	1,473,194,000	1,247,883,000
EFU - U.S. Contribution	350,000,000	11,395,000	-
Technical Assistance	13,333,295	16,055,500	15,500,000
Basic Materials Development	7,004,108	11,480,658	19,000,000
Bilateral Technical Cooperation	478,925	-	-
Confidential Fund	<u>11,900</u>	<u>50,000</u>	<u>50,000</u>
Total Direct Obligations (Defense Support)	2,458,821,397	1,512,175,158	1,282,433,000
Deduct Carry-over from 1952			<u>-</u>
Appropriation Request (Defense Support)			<u><u>1,282,433,000</u></u>
<u>ASSISTANCE TO SPAIN</u>			
Total Obligations	17,200,000	45,300,000	100,000,000
Deduct Carry-over from 1952			<u>- 100,000,000</u>
Appropriation Request (Assistance to Spain)			<u><u>-</u></u> b/
<u>RECAPITULATION OF ALL FUNCTIONS AND ACTIVITIES</u>			
Total Obligations	<u>6,260,255,343</u>	<u>5,967,868,798</u>	5,075,231,911
Deduct Carry-over from 1952			<u>- 377,184,161</u>
Total Appropriation Request - Title I			<u><u>4,698,047,750</u></u> b/

a/ Includes \$75 million economic assistance for Austria in 1953.

b/ Funds to be utilized pursuant to Section 101(c) of the Mutual Security Act for assistance to Spain are included in the military assistance and defense support estimates in Title I. The respective amounts are not readily determinable at this time.

Note: Obligations have been adjusted by functions and Title to conform with the appropriation structure proposed for 1953.

MILITARY ASSISTANCE

TITLE I - EUROPE

COMPARATIVE SUMMARY OF OBLIGATIONS BY ACTIVITY

<u>Activity</u>	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
Materiel	\$ 3,716,857,240	\$ 4,076,611,585	\$ 3,476,946,731
Training	<u>33,884,530</u>	<u>60,790,591</u>	<u>156,234,680</u>
Sub-total Country Programs	3,750,741,770	4,137,402,176	3,633,181,411
Contributions to:			
Construction of Facilities in Foreign Countries for Collective Defense	-	220,000,000	
NATO International Military Headquarters ✓	-	9,000,000	9,000,000
NATC International Civilian Headquarters	274,172	266,813	1,547,000
Standing Group	-	-	520,000
Control Act Expenses (P.L. 213)	-	193,497	500,000
Escapees ✓	-	1,500,000 ←	4,260,500
Administration ✓	<u>33,218,004</u>	<u>42,031,154</u>	<u>43,790,000</u>
Total Obligations	<u><u>3,784,233,946</u></u>	<u><u>4,410,393,640</u></u>	<u><u>3,692,798,911</u></u>

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MILITARY ASSISTANCE
TITLE I - EUROPE

GENERAL STATEMENT

The fiscal year 1953 budget estimates for the Department of Defense have been prepared to provide materiel required to meet most urgent deficiencies for the force committed to NATO by allied countries in accordance with goals approved by the North Atlantic Council at Lisbon. The program submitted will continue action on a sound military basis for sustaining the strategic defense of Europe and will provide those items of military supply and such assistance in technical training which our allies must have to be capable of effective performance and which are beyond their own resources.

The programs are developed by United States Military Advisory Groups in each country. These Advisory Groups (MAAGS) obtain information on the size and nature of the units in being and to be formed within the time covered by the program, and jointly with the personnel of the military services of the country, determine the total supply requirements. Against these, then, are set off (a) the supplies and equipment owned by the country, on order, or within their production capabilities, (b) the supplies and equipment included for the country in the 1951 and 1952 Mutual Defense Assistance Program, and (c) equipment and supplies which it appears to the MAAG can be provided by purchase or otherwise from the country's resources. This last step is taken in consultation with the MSA representatives and the U.S. Embassy in the country. The balance of military end-items needed to equip the units scheduled to be in being by the end of the time covered by the program, after taking into account items (a), (b) and (c) above, represents the 1953 requirements.

After completion of the program by the MAAG, it is submitted to the regional Joint American Military Advisory Group (JAMAG) located in Paris. JAMAG has access to, and participation in planning of, regional military commands, such as SHAPE, and applies this knowledge to the country program to determine its entire consistency with the mission of the country's forces as projected by SHAPE. These programs are then transmitted to the appropriate military department which screens them against standards set by the Joint Chiefs of Staff, and it is the product of this screening process which is the basis for this estimate.

There is also included in the estimates the necessary funds for providing the U.S. contribution for fiscal year 1953 to the expenses of NATO International Military Headquarters. The fiscal years of this Headquarters are calendar years. The Military Budget Committee has approved the 1953 budget and the United States is committed to pay 22½ percent of operating costs and 45 percent of capital costs.

Training programs are similarly developed within the MAAG in the country, but with one notable step in addition--if adequate training is not provided to assure maximum use of materiel, the equipment is eliminated from the program. Training in U.S. schools is but a small part of the total, but a most important element, since it is primarily conducted for potential instructors who will multiply training capabilities within each country's facilities, in many cases for joint classes whose members are assigned from the forces of a group of cooperating nations.

Funds have been utilized in 1952 in the amount of \$220 million for U.S participation in "Infrastructure", the multilateral financing of operational facilities required by the NATO Supreme Allied Commanders for the common defense. No part of these funds have been used for rental or purchase of land or for payment of taxes.

MILITARY ASSISTANCE
TITLE I - EUROPE
MATERIEL-COMPARATIVE SUMMARY OF OBLIGATIONS BY MAJOR CATEGORY

MAJOR CATEGORY	Obligations		
	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
Aircraft, Spare Parts, Aero Equip. & Supp.	\$955,421,566	\$728,950,860	\$ 651,525,628
Vessels	128,905,884	414,008,949	181,475,486
Vessel Equipment	30,448,150	44,966,588	51,574,777
Electronics & Other Sig. Equip.	309,284,991	218,460,399	243,056,787
Ordnance Equip. & Supplies	1,991,746,957	2,233,667,777	1,712,912,970
Engineering Equip. & Supplies	64,083,174	122,278,800	99,848,403
QM Equipment & Supplies	556,043	165,765,229	79,785,187
Medical Equipment & Supplies	392,083	246,019	779,637
Chemical Equipment & Supplies	307,529	324,639	26,113
Adjutant General Supplies	252,366	50,000	-
POL for Aircraft	-	17,605	655,563
Sub-total (Materiel)	\$ 3,481,398,743	\$ 3,928,736,865	\$3,021,640,551
Repair & Rehab. of US Excess	65,573,529	11,016,532	-
Total-Materiel, Rep.&Rehab.of US Excess	\$ <u>3,546,972,272</u>	\$ <u>3,939,753,397</u>	\$ <u>3,021,640,551</u>
Direct Operating Salaries & Expenses	696,981	1,194,325	-
Facilities	95,650,900	6,269,100	-
Accessorial Costs	71,537,087	124,714,763	455,306,180
Rehab. of Installations	2,000,000	-	-
Construction	-	4,680,000	-
TOTAL - TITLE I	\$ <u>3,716,857,240</u>	\$ <u>4,076,611,585</u>	\$ <u>3,476,946,731</u>
Acquisition Cost of Excess Items (Not included in materiel estimate)	<u>174,864,426</u>	<u>91,853,857</u>	5,320,896
MATERIEL BY SERVICES:			
Army	\$ 2,162,938,195	\$ 2,204,902,413	2,010,297,584
Navy	287,755,837	664,871,014	467,184,888
Air Forces	<u>1,266,163,208</u>	<u>1,206,838,158</u>	999,464,259
Total	\$ <u>3,716,857,240</u>	\$ <u>4,076,611,585</u>	\$ <u>3,476,946,731</u>

MILITARY ASSISTANCE
TITLE I-EUROPE
TRAINING-COMPARATIVE SUMMARY OF OBLIGATIONS BY CATEGORY

CATEGORY	No. of Spaces			Cost to U. S.		
	Actual	Estimate	Estimate	Actual	Estimate	Estimate
	FY 1951	FY 1952	FY 1953	FY 1951	FY 1952	FY 1953
1. Formal Training ZI	8,664	9,539	17,883	\$29,786,554	\$50,426,474	\$146,770,290
2. Formal Training O/S	1,775	3,945	5,403	530,475	1,925,278	2,665,040
3. Mobile Training Teams	36	103	130	138,878	342,533	731,600
4. Technical Assistance	41	192	295	515,115	2,846,948	5,241,750
5. Training Aids *	-	-	-	553,563	2,654,184	127,000
6. Miscellaneous Fund	-	-	-	232,124	831,917	699,000
7. Interpreters	-	-	-	-	-	-
8. Training Expenses of Mission (T)	823	29	-	2,127,821	1,763,257	-
Total	<u>11,339</u>	<u>13,808</u>	<u>23,711</u>	<u>\$33,884,530</u>	<u>\$60,790,591</u>	<u>156,234,680</u>
<u>Recapitulation by Services</u>						
Army *	2,380	4,542	3,151	\$ 3,516,169	\$ 9,498,202	4,200,000
Navy	4,995	2,490	6,795	10,202,763	11,916,577	18,736,580
Air Forces *	3,964	6,776	13,765	20,165,598	39,375,812	133,298,100
Total	<u>11,339</u>	<u>13,808</u>	<u>23,711</u>	<u>\$33,884,530</u>	<u>\$60,790,591</u>	<u>156,234,680</u>

* AF & Army Training Aids reflected in Materiel Program.

DEPARTMENT OF THE ARMY
 TITLE I - EUROPE
 SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

Category	Obligations		
	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
<u>ELECTRONICS & COMM SUPPLIES & EQUIP</u>	\$ 129,653,993	\$ 162,324,643	\$ 123,390,299
<u>ORDNANCE EQUIPMENT & SUPPLIES</u>	<u>1,895,639,943</u>	<u>1,927,037,828</u>	<u>1,506,341,660</u>
Tanks & Combat Vehicles	1,195,385,722	923,777,299	834,517,790
Motor Transport Vehicles	286,679,460	134,574,521	107,617,423
Small Arms & Machine Guns	48,128,026	50,523,524	27,091,281
Artillery & Fire Control	174,620,185	255,808,156	259,206,024
Small Arms & MG Ammunition	15,458,751	27,622,787	10,783,619
Artillery Ammunition	155,592,059	463,794,429	246,220,549
Bombs, Rockets & Misc. Ammunition	19,775,740	67,641,323	20,433,446
Miscellaneous Ordnance	-	-	34,171
Aircraft & Aeronautical Supplies	-	3,295,789	437,357
<u>ENGINEERING EQUIPMENT & SUPPLIES</u>	41,670,932	39,354,925	42,344,375
<u>QUARTERMASTER EQUIPMENT & SUPPLIES</u>	504,333	391,118	1,706,685
<u>TRANSPORTATION EQUIPMENT & SUPPLIES</u>	-	-	18,730

DEPARTMENT OF THE ARMY
 TITLE I - EUROPE
 SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

<u>CATEGORY</u>	<u>Obligations</u>		
	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
<u>MEDICAL EQUIPMENT & SUPPLIES</u>	\$ 389,755	\$ 189,554	\$ 779,637
<u>CHEMICAL EQUIPMENT & SUPPLIES</u>	307,529	324,639	26,113
<u>ADJUTANT GENERAL SUPPLIES</u>	<u>252,366</u>	<u>50,000</u>	<u>-</u>
SUB-TOTAL (<u>MATERIEL</u>)	2,068,418,851	2,129,672,707	1,674,607,499
<u>REPAIR & REHABILITATION OF EXCESS</u>	<u>48,178,448</u>	<u>6,469,060</u>	<u>-</u>
TOTAL - MATERIEL & REPAIR & REHABILITATION OF EXCESS	<u>2,116,597,299</u>	<u>2,136,141,767</u>	<u>\$1,674,607,499</u>
<u>ACCESSORIAL COSTS</u>			
Packing, Handling & Crating	20,097,111	36,376,646	144,962,085
Inland Transportation	17,006,102	23,256,000	127,152,000
Ocean Transportation	<u>9,237,683</u>	<u>9,128,000</u>	<u>63,576,000</u>
TOTAL ACCESSORIAL COSTS	46,340,896	68,760,646	\$ 335,690,085
GRAND TOTAL - MATERIEL	<u>2,162,938,195</u>	<u>2,204,902,413</u>	<u>\$2,010,297,584</u>
ACQUISITION COST OF EXCESS ITEMS (Not included in total materiel estimate)	<u>2,017,975</u>	<u>13,468,689</u>	<u>-</u>

DEPARTMENT OF THE NAVY
 TITLE I - EUROPE
 SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

<u>CATEGORY</u>	<u>Obligations</u>		
	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
<u>VESSELS</u>	<u>\$128,905,884</u>	<u>\$414,008,949</u>	<u>\$181,475,486</u>
Combatant	29,376,120	29,244,214	40,672,005
Mincraft	95,828,464	251,630,549	98,104,412
Miscellaneous	3,701,300	133,134,186	42,699,069
<u>VESSEL EQUIPMENT</u>	<u>30,448,150</u>	<u>44,966,588</u>	<u>51,574,776</u>
Minesweeping Gear	3,854,088	4,621,389	8,880,903
Spare Parts	4,126,699	4,888,087	842,867
Electronics	18,902,530	29,975,852	29,594,261
Other Vessel Equipment	3,564,833	5,481,260	12,256,745
<u>AIRCRAFT & AERONAUTICAL EQUIPMENT</u>	<u>30,868,571</u>	<u>125,453,522</u>	<u>150,837,438</u>
Aircraft and Aircraft Spares	28,233,621	119,884,482	128,337,358
Other Aeronautical Equipment	2,634,950	5,569,040	22,500,080
<u>ORDNANCE EQUIPMENT AND SUPPLIES</u>	<u>71,439,913</u>	<u>58,304,192</u>	<u>55,899,496</u>
Naval Guns	10,930,973	12,099,063	29,873,094
Artillery Ammunition	19,171,339	8,175,226	6,276,520
Bombs and Rockets	5,998,471	7,401,107	7,020,214
Miscellaneous Ordnance	35,339,130	30,628,796	12,729,668

DEPARTMENT OF THE NAVY
 TITLE I - EUROPE
 SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

<u>CATEGORY</u>	<u>Obligations</u>		
	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
<u>ENGINEERING EQUIPMENT AND SUPPLIES</u>	\$ 11,459,421	\$ 4,780,838	\$ 1,966,597
<u>QUARTERMASTER EQUIPMENT & SUPPLIES & NGS</u>	<u>49,295</u>	<u>60,824</u>	-
Clothing & NGS	49,295	60,824	-
<u>MEDICAL EQUIPMENT & SUPPLIES</u>	2,328	56,465	-
SUB-TOTAL (MATERIEL)	273,173,562	647,631,378	441,753,793
<u>REPAIR & REHABILITATION OF EXCESS</u>	<u>11,765,063</u>	<u>4,547,472</u>	-
TOTAL - MATERIEL & REPAIR & REHABILITATION OF EXCESS	<u>284,938,625</u>	<u>652,178,850</u>	<u>441,753,793</u>
<u>ACCESSORIAL COSTS</u>			
Packing, Handling & Crating	1,800,180	5,529,287	10,731,095
Inland Transportation	484,619	4,542,032	9,800,000
Ocean Transportation	<u>532,413</u>	<u>2,620,845</u>	<u>4,900,000</u>
TOTAL ACCESSORIAL COSTS	<u>2,817,212</u>	<u>12,692,164</u>	<u>25,431,095</u>
GRAND TOTAL (MATERIEL)	<u>287,755,837</u>	<u>664,871,014</u>	<u>467,184,888</u>
ACQUISITION COST OF EXCESS ITEMS (Not included in total materiel estimate)	<u>64,040,092</u>	<u>78,385,168</u>	<u>5,320,896</u>

DEPARTMENT OF THE AIR FORCE
 TITLE I - EUROPE
 SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

CATEGORY	Obligations		
	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
Aircraft Complete with Spares	\$ 924,552,995	\$ 603,497,338	\$ 500,688,193
Electronics & Communications Equipment & Spares	179,630,998	56,135,756	119,666,488
Ground Powered & Marine Equipment & Spares	10,952,821	78,143,037	55,537,432
Weapons & Spares	1,305,045	72,491,514	36,839,836
General Equipment & Spares	2,415	154,495,191	72,317,038
Bombs, Rockets & Miscellaneous Ammunition	23,362,056	175,834,243	113,813,246
POL for Aircraft	-	17,605	655,563
POL for Other than Aircraft	-	-	-
Training Equipment, Maintenance Parts & Supplies	-	10,818,096	5,761,463
Sub-Total	1,139,806,330	1,151,432,780	905,279,259
Repair & Rehab of Excess Materiel	5,630,018	-	-
Total End Items	<u>1,145,436,348</u>	<u>1,151,432,780</u>	905,279,259

DEPARTMENT OF THE AIR FORCE

TITLE I - EUROPE

SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

CATEGORY	Obligations		
	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
<u>ACCESSORIAL CHARGES</u>			
Plant Expansion	\$ 95,650,900	\$ 6,269,100	-
Inland Transportation	2,167,884	6,515,000	\$ 14,948,000
Ocean & Air Transportation	10,405,751	8,400,000	27,401,000
Depot Operations	10,502,325	29,541,278	51,836,000
Rehabilitation of Installations	2,000,000	-	-
Construction	-	4,680,000	-
TOTAL MATERIEL	<u>1,266,163,208</u>	<u>1,206,838,158</u>	<u>999,464,259</u>
<u>ACQUISITION COST OF EXCESS ITEMS</u>			
(Not included in total Materiel estimate)	<u>108,806,355</u>	<u>-</u>	<u>-</u>

MILITARY ASSISTANCE
TITLE I - EUROPE
COMPARATIVE SUMMARY OF OBLIGATIONS

	<u>Actual</u> <u>FY 1951</u>	<u>Estimate</u> <u>FY 1952</u>	<u>Estimate</u> <u>FY 1953</u>
Contributions to International Organizations:			
1. NATO - Military International Headquarters	\$ -	\$ 14,800,000	\$ 14,200,000
Local Currency Contributions	-	5,800,000	5,200,000
Net Dollar Cost	<u>-</u>	<u>9,000,000</u>	<u>9,000,000</u>
2. NATO - Civilian International Headquarters	274,172	1 602,313	1 1,547,000
Local Currency Contribution	-	335,500	-
Net Dollar Cost	<u>274,172</u>	<u>266,813</u>	<u>1,547,000</u>
3. Standing Group	<u>-</u>	<u>-</u>	<u>520,000</u>

1. The United States pays 22.5% of the operating costs and 45% of the capital costs of NATO budgets for military international headquarters and civilian international headquarters. The above figures include actual and estimated expenses of United States civilian nationals working with the international staffs of these headquarters as well as the actual and estimated cash contributions to the international budgets for these bodies. Estimates for the cash contributions reflect credits in accordance with the special arrangement between the U.S. and NATO whereby the United States pays its nationals working for NATO and receives a credit on its cash contribution in the amount NATO otherwise would have paid them.

The military international headquarters include SHAPE and its international subordinate headquarters, NATO War College, and the headquarters of Supreme Allied Commander Atlantic (SACLANT).

2. The civilian international headquarters is comprised of the international staff/secretariat serving the North Atlantic Council in Paris. The Council recently resolved at Lisbon that (1) a Secretary General should be appointed to initiate and prepare matters for Council action and ensure that appropriate steps are taken to follow up Council decisions; (2) the International Staff/Secretariat, under the direction of the Secretary General, should be unified and strengthened and should perform analytical and planning functions at the request of the Council, including preparatory work for the annual review of military requirements in the light of politico-economic capabilities and (3) the Permanent Headquarters of the Council should be located in the general area of Paris.

3. The contribution for the Standing Group is based on the U.S. being the host government and providing such items as clerical personnel, supplies and equipment, etc.

COMPARATIVE SUMMARY OF OBLIGATIONS OF MUTUAL DEFENSE ASSISTANCE CONTROL PROGRAM

	<u>Actual</u> <u>FY 1951</u>	<u>Estimate</u> <u>FY 1952</u>	<u>Estimate</u> <u>FY 1953</u>
Control Act Expenses	<u>--</u>	<u>\$ 193,497</u>	<u>\$ 500,000</u>

Purpose. The Mutual Defense Assistance Control (MDAC) program is authorized by Public Law 213, 82nd Congress. This Act calls for a program designed to control exports from nations cooperating towards the maintenance of peace to nations threatening world peace and the security of the United States. This mission is to be accomplished through (1) embargoing the shipment of war materials and primary strategic or war-supporting materials and (2) regulating the export of commodities other than war materials so as to maximize the strength of the peace-intending nations in relation to the strength of the peace-threatening nations. Supporting these basic functions are the following activities: (1) coordination of the activities of United States agencies concerned with security controls over exports from other countries; (2) studying the export control measures undertaken by cooperating foreign governments and supplying technical advice to such governments thereon; (3) maintenance of coordination in economic defense with other nations on a bilateral and multilateral basis, as well as coordinating with United Nations' collective measures against aggressor nations.

Plan of Work. MDAC functions through distribution of operating work among the United States departments and agencies primarily concerned with economic defense, with a small staff of officials directly under the Administrator for Mutual Defense Assistance Control providing coordination for the total program. In this way, the Administrator is able to utilize the specialized competence of various agencies concerned, instead of building up an entirely new operating organization under himself. The Administrator has established an interdepartmental committee structure composed of an overall advisory committee, a technical staff committee, and a day-to-day Steering Group. Activities in the field are organized basically under the leadership of the senior United States representative at each post. A Special Assistant for MDAC on the staff of the Special Representative in Europe (SRE) is responsible for assisting SRE in discharging its function of regional coordination of the MDAC program in Western Europe. Special policy, technical or advisory teams are sent out from time to time to assist in critical negotiations or operations.

Requirements. The change in overall requirements from fiscal year 1952 to fiscal year 1953 reflects operations on a going basis for a full year in fiscal year 1953 as contrasted with operations for a program newly developing late in fiscal year 1952. The requirements here cover only the costs of intensified activity in the various agencies stimulated by the coordinated MDAC program that has been developed, and do not cover the costs of activities in this program area previously being carried on and financed by the agencies concerned. These requirements, hence, are calculated to provide funds for supplementing the resources already existing in these departments and agencies, where these facilities, together with all possible diversion of resources from other activities of the department or agency concerned, are inadequate to meet the new and intensified workload demands of the action program developed for MDAC.

3/12/52

REV. 27

TITLE I - EUROPE

COMPARATIVE SUMMARY OF OBLIGATIONS - ESCAPEE PROGRAM

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2.8
1.5

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300

<u>Item</u>	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
Escapee Program	--	\$1,500,000	\$4,260,500

GENERAL NARRATIVE STATEMENT

On March 22 of this year the President authorized an allocation of \$4,300,000 of the funds made available under Sec. 101(a)(1) of the Mutual Security Act of 1951 to improve the standards of care and maintenance of refugees and escapees from behind the Iron Curtain and to aid in the permanent re-establishment of these persons. These funds were derived from the so-called "escapee" provisions in Sec. 101(a)(1). The President's action was based on the lack of sufficient funds from other sources to perform these tasks and on the emergency conditions prevailing with respect to the refugees and escapees. Assistance in this endeavor has also been extended by private volunteer organizations. The refugees have been granted asylum in the countries bordering the Iron Curtain, notably Western Germany, Austria, Trieste, Italy, Greece and Turkey, whose governments are now carrying the main responsibility for provision of food and shelter.

The \$1,500,000, which it is estimated will have been obligated under the \$4,300,000 allocation by the end of fiscal year 1952, includes funds for resettlement and program-operating costs. The remaining \$2,800,000 will have been obligated by the end of fiscal year 1953. It will be used to provide supplemental food, shelter, clothing, medical care, vocational training, similar services and permanent resettlement for escapees.

This use does not in any way prejudice the intent of the escapee provision to form escapees into military elements supporting the North Atlantic Treaty Organization.

Under the terms of the Mutual Security Act the obligation of the \$1.4 million over and above the \$4.3 million already authorized would require an additional determination by the President and therefore the above estimate must be considered, at the most, tentative in nature.

6/12/52

ADMINISTRATIVE EXPENSES - ALL MUTUAL SECURITY PROGRAMS

TITLE I - EUROPE

COMPARATIVE SUMMARY OF OBLIGATIONS

	<u>Actual</u> <u>FY 1951</u>	<u>Estimate</u> <u>FY 1952</u>	<u>Estimate</u> <u>FY 1953</u>
→ Administration	<u>\$33,218,004</u>	<u>\$42,031,154</u>	<u>\$43,790,000</u> <i>42</i>

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The 1953 administrative expense justification for all Mutual Security programs appears in a separate document. Amounts are shown herein in summary manner to add up to the total appropriation request for this title.

Estimate for 1953 reflects a downward adjustment to comply with the provisions of Section 504(d) of the Mutual Security Act, as amended.

6/12/52

Revised 29

DEFENSE SUPPORT

TITLE I - EUROPE

COMPARATIVE SUMMARY OF OBLIGATIONS BY ACTIVITY

Activity	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
Country Aid	\$2,087,933,169	\$1,473,194,000 ^{a/}	\$1,247,883,000
EPU - U.S. Contribution	350,000,000	11,395,000	-
Technical Assistance	13,333,295	16,055,500	15,500,000 ✓
Basic Materials Development	7,064,108	11,480,658	19,000,000
Bilateral Technical Cooperation	478,925	-	-
Confidential Fund	<u>11,900</u>	<u>50,000</u>	<u>50,000</u>
Total	2,458,821,397	1,512,175,158	1,282,433,000 ✓

^{a/} Reconciliation to FY 1952 U.S. Defense Support Country Program figures totalling \$1,493.15 million in the table entitled "European Defense Expenditures and U.S. Defense Support" is as follows:

Total, FY 1952 U.S. Defense Support Country Program figures	1,493,150,000
Add:	
Undistributed ocean freight expenses	20,704,000
Unobligated balances brought forward FY 1951 allots.	2,429,000
Deduct:	
FY 1951 obligations advanced for FY 1952 programs	-31,518,000
Recoveries from cancellation of prior year obligations	-11,571,000
Net FY 1952 obligations	1,473,194,000

EUROPEAN DEFENSE EXPENDITURES AND U.S. DEFENSE SUPPORT

(Millions of dollars)

Country	U.S. FY 1952		U.S. FY 1953	
	Defense Expenditures ^{a/}	U.S. Defense Support	Defense Expenditures ^{b/}	U.S. Defense Support ^{c/}
TEN NATO COUNTRIES				
Belgium-Luxembourg	\$ 435	\$ 8.9 ^{d/}	\$ 610	\$ 0
Denmark	97	23.0	142	14.0 ✓
France	3,460	270.0	3,600	296.0 ✓
Iceland	-	5.5	-	0.7 ✓
Italy (Incl. Trieste)	811	162.5	1,010	77.5 ^{e/}
Netherlands	395	100.0	429	56.4 ✓
Norway	115	15.0	145	7.0 ✓
Portugal	58	0	66	0
United Kingdom	3,660	350.0 ^{f/}	4,285	416.0 ^{g/}
TOTAL TEN COUNTRIES	9,031	934.9	10,287	867.6
Germany (Federal Republic)	1,952 ^{h/}	106.0	2,576	113.0 ✓
TOTAL 10 COUNTRIES AND GERMANY	10,983	1,040.9	12,863	980.6
Greece	188	182.0	160	102.283 ✓
Turkey	253	70.0	271	49.0 ✓
TOTAL NATO COUNTRIES & GERMANY	11,424	1,292.9	13,294	1,131.883
Austria	21 ^{h/}	120.0 ^{i/}	23 ^{h/}	61.0 ^{i/}
TOTAL 14 COUNTRIES	11,445	1,412.9	13,317	1,192.883
Yugoslavia	na	80.25	na	55.0 ✓
TOTAL 15 COUNTRIES	11,445	1,493.15	13,317	1,247.883

^{a/} At current prices.

^{b/} At U.S. FY 1952 prices.

^{c/} These are MSA illustrative figures.

^{d/} Components for military end-items exclusively.

^{e/} Includes \$12.5 million for POL processed for Greek account.

^{f/} Includes \$50 million pursuant to the agreement with United Kingdom of July 7, 1950.

^{g/} Includes \$36 million pursuant to the agreement with United Kingdom of July 7, 1950.

^{h/} Represents occupation costs.

^{i/} Economic Aid.

WITHOUT SUPPORT FROM U.S., DEFENSE EXPENDITURES

WOULD HAVE TO BE CUT FROM

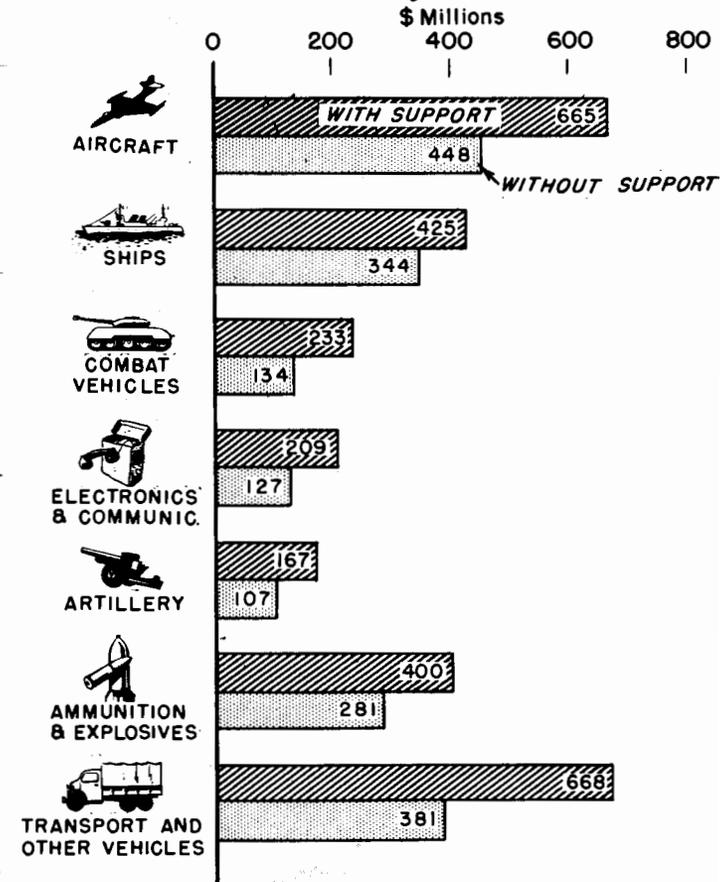
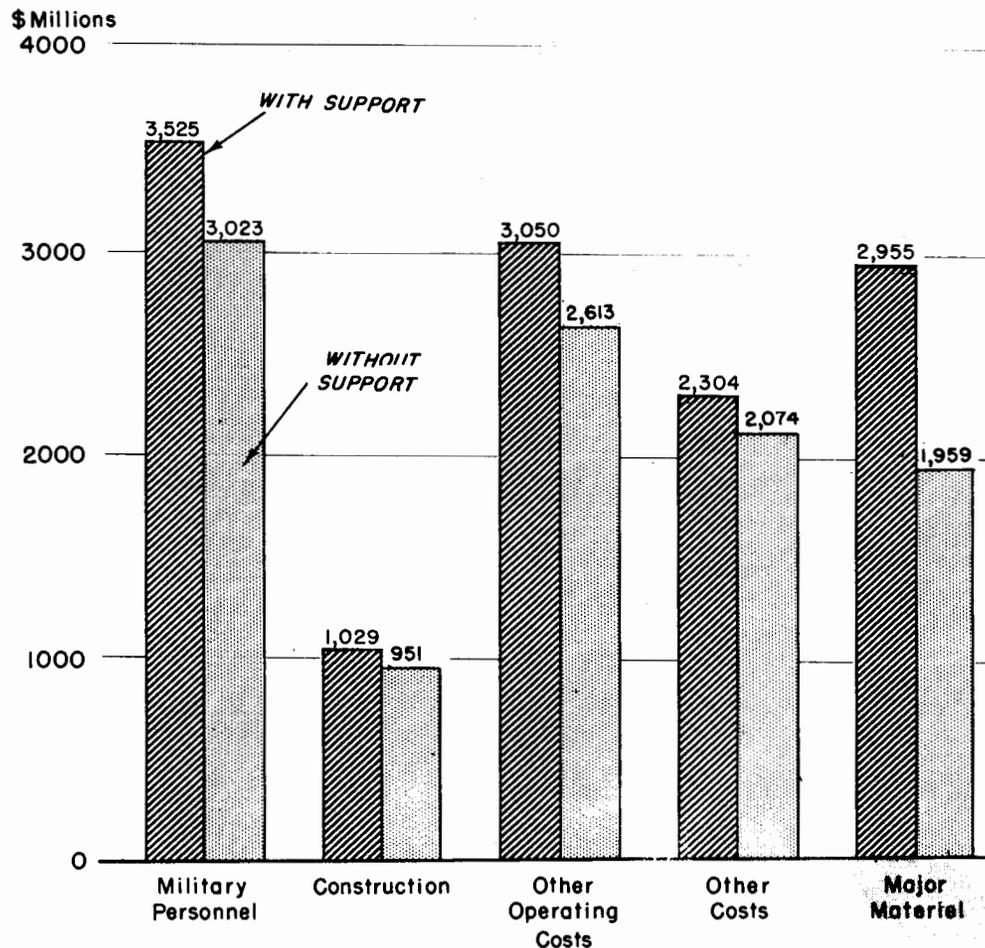
\$12.9
billion

TO

\$10.6
billion

...All elements of defense expenditures would be cut

...With the greatest impact on Military Hardware



NOTE: These figures exclude Greece and Turkey and include Germany.

GENERAL STATEMENT

1. Purpose of Defense Support

United States defense support is requested for 15 European countries. With the single exception of Austria, which is exposed to the day-to-day pressure of Russian occupation troops on its own soil, these countries are engaged in a vigorous build-up of their military forces designed to achieve a strength that is sufficient to deter Soviet aggression. This build-up is no passing military gesture; it is a solid program firmly grounded on the achievements of the rearmament drive of the past two years. Ten of the countries to receive defense support make up the original European members of the North Atlantic Treaty Organization* (NATO). Two of the countries, Greece and Turkey are new NATO members, but old and tried partners in the common effort to resist aggression. One country, Yugoslavia, has broken away from the Soviet orbit despite tremendous pressures brought upon it by its Iron Curtain neighbors.

The European defense effort is growing rapidly. In sheer manpower, the NATO forces are well in excess of the number of men these countries had under arms in 1938, a year in which Europe was also rearming. Moreover, average length of service is longer and the training and equipment are better than prewar. Production of military materiel is rising. Defense expenditures have almost doubled from \$4.9 billion in fiscal year 1950 to \$9.5 billion in fiscal year 1952. All this has meant a substantial drain on Western Europe's economic resources.

Lack of such resources, principally key commodities, key raw materials and some key equipment, is a prime limiting factor in the entire European build-up. Through narrowing the economic base it affects every aspect of the defense effort: the number of troops that can be called up, the number of planes, guns and tanks that can be built, the number of airfields that can be constructed. It is proposed to make up the most stringent shortages of resources through United States defense support, and thus to enable the NATO countries and their allies to build up every aspect of their defense effort (see chart). The purpose of defense support is to ensure the establishment of an adequate military force in Europe. Without defense support the European force would almost certainly fall below any minimum safety requirements for Europe in the coming years.

*Belgium-Luxembourg, Denmark, France, Iceland, Italy, the Netherlands, Norway, Portugal and the United Kingdom.

2. The President's Request and the Lisbon Plan

In his original request to the Congress the President asked for \$1,819 million in defense support for Western Europe. An illustrative breakdown of the original amount requested is given below:

	<u>President's Request</u> (Millions of Dollars)
Defense Support for the "Lisbon Force Plan Countries" (NATO, exclusive of Greece and Turkey plus Germany)	\$1,391.0
Defense Support for Greece and Turkey	215.2
Defense Support for Yugoslavia	78.0
Economic Aid for Austria	<u>86.0</u>
Subtotal Country Programs	\$1,770.2
Technical Assistance, Title I	22.0
Basic Materials Development, Title I	<u>27.0</u>
TOTAL	\$1,819.2

It will be noted that the largest single element in this request was represented by the funds required to assist the NATO countries in carrying out the force plan adopted at Lisbon, where the North Atlantic Council established firm military targets for 1952 and provisional force goals for 1953 and 1954. The Lisbon Force Plan included the ten original NATO members and Germany. It called for the formation of a force consisting of 50 divisions, 4,000 operational aircraft, 1,629 combat vessels and the construction of necessary bases and of a sizeable communications network, as well as other related forms of military effort. The target date was December 31, 1952.

Underlying the Lisbon Plan, which was agreed on by each of the governments represented, was a careful review of the NATO countries' military and economic capabilities in the Temporary Council Committee (TCC) last November. This review was supplemented by direct consultations between the United States and each of the countries involved.

As a result of these reviews and consultations, a costed Lisbon Plan was drawn up. It was based on two major points:

a. Each of the NATO countries would provide the resources necessary to carry out its portion of the force build-up and other elements of the program (military construction, materiel procurement, etc.) with the exception of a part of the necessary equipment, ranging for various countries from one-third to one-half of the total required, which they would be unable to produce or to finance themselves. It was proposed that the United States fill this gap by providing military end-items through (1) offshore procurement in Europe or (2) provision of equipment from the United States.

b. The economic strain of meeting the considerably increased defense expenditures, and particularly the increased balance of payments problems resulting from this defense effort, would be so great as to require some outside support in the form of commodities, raw materials and equipment. Without such support the Europeans would not be able to meet the force targets. It was proposed to meet this need by providing a marginal amount of key commodities and equipment through United States defense support.

The defense expenditures required by the original Lisbon Plan were estimated at \$13.9 billion for the European countries, and at \$5.2 billion from the United States. Of the latter amount \$1.4 billion was to be for defense support. Defense support was critical to the entire build-up plan. It was estimated that without defense support the Lisbon countries would have to reduce their defense expenditures by \$3.3 billion to \$10.6 billion, or 24 percent, with a corresponding reduction in the physical strength that could be mustered.

3. The Authorization Legislation and the Lisbon Plan

The Authorization Bill, on which this presentation is based, reduced the total amount available for defense support to \$1,282.4 million, a reduction of 29.5 percent. Just how this reduction will affect the distribution of allotments to the European countries cannot yet be

fully estimated. The new amount available for defense support is significantly lower than the original sum requested, and will entail detailed reprogramming based on extensive negotiation with the governments involved, as well as careful reviews of the military and economic capabilities of European countries by joint United States Embassy, Defense Department and Mutual Security Agency personnel in the field. For purposes of this presentation it has been necessary to assume a uniform 29.5 percent reduction in the illustrative allotments of all countries. A comparison of the illustrative allotments under the President's Request and under the Authorization Bill is given below:

	<u>President's Request</u>	<u>Authorization Bill</u>
	(Millions of Dollars)	
Defense Support for the "Lisbon Force Plan Countries" (NATO, exclusive of Greece and Turkey plus Germany)	\$1,391.0	\$ 980.6
Defense Support for Greece and Turkey	215.2	151.3
Defense Support for Yugoslavia	78.0	55.0
Economic Aid for Austria	<u>86.0</u>	<u>61.0</u>
Subtotal Country Programs	\$1,770.2	\$1,247.9
Technical Assistance, Title I	22.0	15.5
Basic Materials Development, Title I	<u>27.0</u>	<u>19.0</u>
TOTAL	\$1,819.2	\$1,282.4

The ultimate detailed effect of this reduction on the Lisbon force plan--in terms of divisions, materiel production, military construction, and related defense efforts--is also difficult to forecast, because much will depend on the outcome of the renegotiations that will

have to be undertaken with the different NATO and associated countries. But some rough general estimates of the overall effect can be given.

The amount of support the United States is willing to give to the economic effort involved in the European defense build-up has profound political and psychological implications. It is watched not only by the governments involved but, more important, by large segments of the European public as evidence of the extent to which the United States is aware of the heavy burden which the rearmament program imposes on Europe. Western Europe's political morale is high. At the same time it cannot be denied that any further reduction in United States defense support would make it difficult for our allies to maintain the high degree of political and moral determination which is necessary for a sustained military build-up.

Even more important is the financial effect of the reduction in defense support. It is calculated that it will force a cut of \$1.0 billion in the defense expenditures of the countries which joined in the original Lisbon Plan. This general reduction will in turn be reflected in cuts in all categories of defense expenditures.

The NATO countries and Germany can be expected to do their utmost to build the strongest possible military shield within their available resources; and in this they will be strongly backed by the United States (see chart). But it is extremely doubtful whether the fabric of the Lisbon Plan can be preserved. The effects of the reduction in defense expenditures will be varied: among them are likely to be stretch-outs in materiel procurement programs, postponement of military construction activities, reduced periods of military service with a corresponding decline in the intensity of troop training, a shift in emphasis from a strong and fully mobilized force to a force with a relatively higher proportion of reserve and partly mobilized units, or a combination of all four.

This makes it likely that both force goals and the dates at which they were originally supposed to be met will have to be revised. Within these limitations every effort will be made to lay the groundwork for a sizeable force that can be fully mobilized within a short period of time. Any further reduction in the available defense support, however, would not only endanger the rate of mobilization next fiscal year, but would seriously jeopardize the long-term build-up plans of NATO.

4. The critical role of United States Defense Support

Why is it that the rate of Western European defense expenditures is so sensitive to the amount of United States defense support? The answer lies in Western Europe's position as a workshop--the second-largest workshop in the world. It subsists by turning raw materials, many of them imported, into finished goods. It resells part of these finished goods abroad to buy more raw materials, and above all, food for its people. Only by importing to export to buy more imports can Western Europe maintain itself as a source of industrial and military strength for the free world.

Twice in recent years have world events jeopardized Europe's ability to get these vital imports. The war destroyed much of its productive capacity and the postwar economic disruption tended to paralyze trade. But by 1950 Europe, with Marshall Plan aid, had recovered to a point where it could pay for almost all its necessary needs.

Then came the invasion of South Korea. Raw materials prices soared, worsening Europe's terms of trade (i.e. Western Europe had to pay relatively more for its imports than it received for its exports). Moreover, the rearmament effort which the European countries undertook made greater demands on their productive resources than ever before. Production in the heavy industries, many of them dependent on imported chemicals, fuels and metals, rose steeply to meet the rearmament needs. At the same time the defense program made it difficult to keep on increasing exports; resources that normally went into export products had to be diverted to defense. This continues to be Western Europe's most serious problem: how to increase total output, which is dependent on a rising import level, with insufficient resources to meet the import bill.

The pressure of defense expenditures on the productive machine of Western Europe can be illustrated with a few sample figures.

In 1938 the NATO countries, which, of course, exclude Germany, devoted 5.8 percent of their gross national product to defense; by fiscal year 1952 the Lisbon countries, which include Germany, were devoting 7.4 percent of gross national product (GNP) to defense; next fiscal year the proportion of GNP going to defense in these countries will have to rise to 8.5%. It is this continuing necessity to raise defense expenditures which exerts such strong economic pressure, and makes necessary a constant rise in gross national product if major economic difficulties are to be avoided. In fiscal year 1951 the GNP of the Lisbon countries stood at \$143 billion; it rose to about \$148 billion in fiscal year 1952; it is estimated that the GNP will rise again next fiscal year to \$151.6 billion (all in constant prices).

The need to expand defense expenditures and total output has already left its mark on most of the economies of Western Europe. To buy the required raw materials for the defense effort non-essential imports were cut out (for example, the United Kingdom reduced its food imports from Western Europe) or essential imports were substituted (e.g., France switched from United States cotton to United States coal). Despite these adjustments which have had considerable effect on living standards in several of the European countries, the NATO members and their associated partners are still not able, on their own, to buy all the imports necessary to carry their defense program to a successful conclusion. In at least two countries, the United Kingdom and France, gold and dollar reserves recently declined to a crisis point.

United States defense support makes up this deficiency of vital imports and helps the European countries to make full use of their productive resources of land, capital and manpower. In so doing it also makes it possible for these countries to meet the stringent demands imposed upon them by their defense effort (see chart).

5. The Multiplier Effect of Defense Support

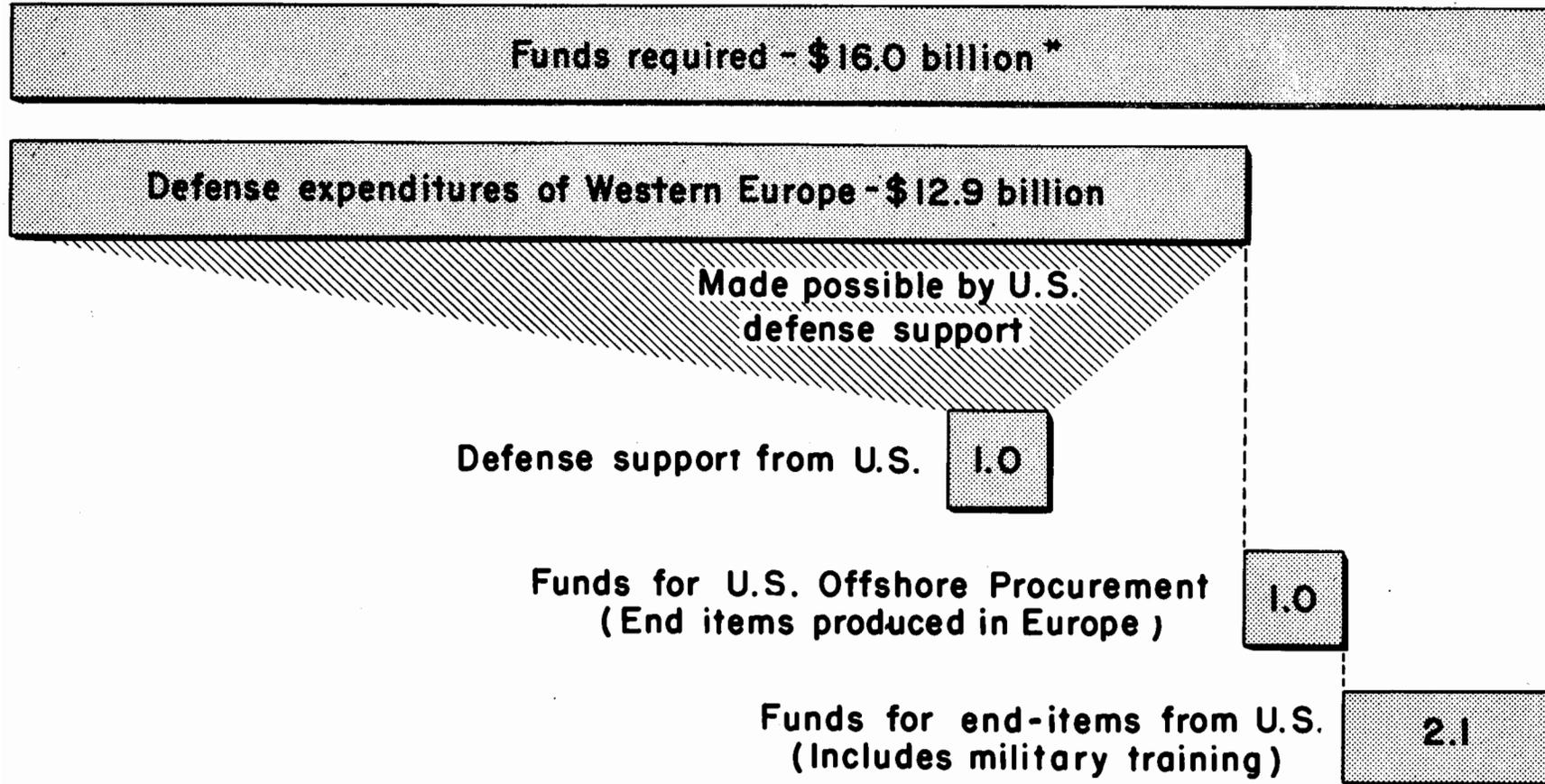
The multiplier effect of United States defense support is possible because the imports it will finance will be key commodities, key raw materials and key equipment, which in turn will permit the mobilization of European resources that would otherwise go unused.

All of the imports financed through defense support will contribute directly or indirectly to a stronger European defense program. Some defense support will be used to finance raw materials such as metals and cotton, which are used directly for the production of military hardware, e.g. guns and planes, and for military soft goods, such as uniforms. Some defense support will be used for machine tools and equipment in factories and arsenals making war materiel. Other materials, such as coal, petroleum and iron and steel products will go into industries like steel, transportation and power, which serve the direct defense production plants. A part of defense support will be used for commodities such as wheat, which is required largely for the increased consumption of the expanded armed forces and of formerly unemployed or underemployed workers.

There are numerous examples of United States defense support-financed imports overcoming major European defense production bottlenecks. In the United Kingdom, \$2 million worth of United States defense support machine tools enabled the Rolls Royce and De Havilland aircraft

THE MILITARY BALANCE SHEET:

**MOST OF THE FUNDS NEEDED TO FINANCE THE 1953 PROGRAM
IN EUROPE WILL BE BORNE BY WESTERN EUROPE**



* Excludes military end-items from Canada.

NOTE: These figures exclude Greece and Turkey and include Germany.

companies to increase their output of jet engines in the amount of \$60 million a year. In Norway, \$2 million of United States equipment and machinery made it possible to rehabilitate one of the country's largest iron mines which had been destroyed during the war. The mine will this year ship about \$7.5 million worth of iron ore concentrates to European steel mills. All over Western Europe small amounts of United States copper, cotton lintens, coal, chemicals and machine tools have made it possible to expand defense and defense-related production.

The multiplier can be roughly calculated. With the amount of defense support authorized by the Conference Committee, the defense expenditures of Lisbon countries next fiscal year should amount to nearly \$12.9 billion. On their own, without United States defense support, the Europeans would be able to raise only about \$10.6 billion or \$2.3 billion less. With United States defense support of \$980 million, however, they would be in a position to carry the additional \$2.3 billion program. This amounts to a multiplier effect of 2.3 for United States defense support.

The multiplier effect of defense support works both ways. A reduction in defense support results in a multiple reduction in NATO strength. If all defense support were withheld from Lisbon countries, the original military plan would have had to be scaled down by the equivalent of about ten European divisions, 750 fighter aircraft and 70 naval combat vessels (destroyers and minesweepers). If the United States wanted to replace these European units and their European equipment with United States units and United States equipment, the higher level of all United States military costs (including troop pay and materiel) would result in an outlay five times as high as the amount which is being requested for defense support.

Funds for the "Lisbon Force Plan" countries make up the largest part of the requested appropriation, i.e. \$980.6 million out of \$1,282.4 million. The other elements are discussed in subsequent sections of this statement.

The defense support proposed for Greece and Turkey will help to support military forces that have demonstrated their fighting qualities and the determination of the people of these countries to resist aggression. Yugoslavia needs defense support so that it can remain outside the Iron Curtain. With its large, well-organized army, an independent Yugoslavia helps Western Europe avoid Soviet aggression. Austria, an exposed outpost of the free world, continues to need United States economic aid because it remains an occupied country, unable to enforce many measures that would vitalize its economy, and forced to reorient its trade from East

to West. The Productivity and Technical Assistance Program and the Basic Materials Development Program are designed to help the Western European countries in developing their own productive resources and thus to become progressively more capable of sustaining adequate defensive strength without external aid. (Further information on these programs is contained in individual country and program statements.)

DEFENSE EXPENDITURES BY CATEGORY
EUROPEAN NATO COUNTRIES AND GERMANY^{a/}

(Millions of Dollars)

Category	U.S. FY 1951	U.S. FY 1952	U.S. FY 1953
<u>TOTAL</u>	<u>\$7,422</u>	<u>\$10,983</u>	<u>\$12,863</u>
Military Personnel Costs	2,448	3,117	3,525
Military Construction	344	737	1,029
Other Operating Costs	1,892	2,662	3,050
Other Defense Expenditures	1,587	2,455	2,304
Major Procurement and Production	1,151	2,012	2,955

^{a/} Excludes Greece and Turkey.

USE OF RESOURCES

(Millions of U.S Dollars - U.S FY 1952 Prices)

	14 European Countries ^{a/}		European NATO plus Germany (Excludes Greece & Turkey)	
	U.S. FY 1952	U.S. FY 1953	U.S. FY 1952	U.S. FY 1953
Gross National Product	\$156,716	\$160,619	\$147,818	\$151,566
Net Foreign Balance	-2,535	-509	-2,141	-266
Total Availabilities	159,251	161,128	149,959	151,832
Consumption - Amount	104,258	105,080	97,761	98,413
" - Percent of GNP	66.5	65.4	66.1	64.9
Investment(Private and Gov't) - Amount	29,609	28,617	28,321	27,466
" - Percent of GNP	18.9	17.8	19.2	18.1
Government Use of Resources	25,384	27,431	23,877	25,953
Non-Military	13,939	14,114	12,894	13,090
Military - Amount	11,445	13,317	10,983	12,863
" - Percent of GNP	7.3	8.3	7.4	8.5

^{a/} Consists of: Austria, Belgium-Luxembourg, Denmark, France, Germany, Greece, Iceland, Italy (incl. Trieste), Netherlands, Norway, Portugal, Turkey and United Kingdom. (Excludes Yugoslavia).

GOLD AND DOLLAR TRANSACTIONS OF EUROPEAN COUNTRIES

(Million Dollars - Current Prices)

	<u>14 European Countries^{a/}</u>		<u>European NATO plus Germany (Excludes Greece & Turkey)</u>	
	<u>U.S. FY 1952</u>	<u>U.S. FY 1953</u>	<u>U.S. FY 1952</u>	<u>U.S. FY 1953</u>
Imports (f.o.b.)	\$ 5,899.1	\$ 5,363.3	\$ 5,582.6	\$ 5,080.7
Exports (f.o.b.)	2,766.3	3,003.2	2,614.0	2,848.2
U. S. Offshore Procurement Program	215.1	219.294	215.0	217.387
Net Balance of Associated Monetary Areas	-242.7	259.6	-242.7	259.6
Other Transactions - Net	<u>-734.7</u>	<u>246.5</u>	<u>-485.8</u>	<u>377.5</u>
Net Balance of Payments	<u>-3,895.1</u>	<u>-1,634.683</u>	<u>-3,482.1</u>	<u>-1,378.0</u>
<u>Method of Financing</u>				
Use of Reserves	2,019.5	266.800	2,018.0	266.800
Use of Pipe Line	462.7	175.000	423.2	130.600
U. S. Defense Support	1,412.9	1,192.883	1,040.9	980.600

^{a/} Consists of: Austria, Belgium-Luxembourg, Denmark, France, Germany, Greece, Iceland, Italy (incl. Trieste), Netherlands, Norway, Portugal, Turkey and United Kingdom.
(Excludes Yugoslavia)

Note: Totals shown are sums of unrounded figures, hence may vary slightly from totals of rounded amounts.

SUMMARY: EUROPEAN COUNTRIES ^{1/}

ESTIMATED TOTAL IMPORTS, FY 1953

(In millions of dollars)

Item	U.S. ^{2/}	Canada	Latin America	Non-Participating Sterling Area	Other Non-Participating Countries	Other Participating Countries & Dependent Overseas Territories ^{3/}	Total
1	2	3	4	5	6	7	8
Food & Agricultural Imports							
Food	577.8	385.4	966.0	1,074.7	674.7	2,288.9	5,967.5
Feed & Fertilizer	252.7	29.7	196.1	66.2	137.6	274.0	956.3
Natural Fibers	692.0		543.3	1,650.7	591.1	407.2	3,884.3
Other Agricultural Products	262.3	17.3	120.5	74.1	99.6	399.2	973.0
TOTAL FOOD & AGRICULTURAL IMPORTS	1,784.8	432.4	1,825.9	2,865.7	1,503.0	3,369.3	11,781.1
Industrial Imports							
Fuels	637.0		62.3	44.2	82.8	1,288.1	2,114.4
Industrial Raw Materials	466.3	375.4	313.6	376.7	710.8	3,049.0	5,291.8
Capital Equipment	469.1	29.8			39.2	1,662.2	2,200.3
Other Manufactures and Raw Materials	295.4	48.5	42.7	299.3	364.4	3,901.5	4,951.8
TOTAL INDUSTRIAL IMPORTS	1,867.8	453.7	418.6	720.2	1,197.2	9,900.8	14,558.3
TOTAL IMPORTS	3,652.6	886.1	2,244.5	3,585.9	2,700.2	13,270.1	26,339.4

^{1/} Consists of 14 countries: Austria, Belgium-Luxemburg, Denmark, France, Germany (Fed. Rep.), Greece, Iceland, Italy (including Trieste), Netherlands, Norway, Portugal, Turkey and United Kingdom.

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

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

ESTIMATED TOTAL IMPORTS OF WESTERN EUROPEAN ^{a/} COUNTRIES
BY SOURCE OF IMPORTS - FY 1952

(In millions of dollars)

Item	U. S.	Canada	Latin America	Non- Participating Sterling Area	Other Non- Participating Countries	Other Participating Countries and DOTs	Total
Food and Agricultural Imports							
Food	\$ 612.7	\$ 407.0	\$ 946.5	\$1,041.4	\$ 660.4	\$2,281.6	\$5,949.6
Feed and Fertilizer	288.9	32.7	135.2	51.6	125.0	231.6	865.0
Natural Fibers	676.3	-	517.9	1,597.7	575.0	405.0	3,771.9
Other Agricultural Products	285.6	15.8	115.1	74.8	99.3	383.1	973.7
TOTAL FOOD & AGRICULTURAL IMPORTS	1,863.5	455.5	1,714.7	2,765.5	1,459.7	3,301.3	11,560.2
Industrial Imports							
Fuels	1,048.3 ^{b/}	-	74.7	13.0	128.0	1,130.4 ^{c/}	2,394.4
Industrial Raw Materials	400.5	423.5	311.9	398.2	796.4	3,063.3	5,393.8
Capital Equipment	504.9	34.9	-	-	42.3	1,493.9	2,076.0
Other Manufactures and Raw Materials	257.1	52.8	47.0	301.8	348.4	3,326.4	4,333.5
TOTAL INDUSTRIAL IMPORTS	2,210.8	511.2	433.6	713.0	1,315.1	9,014.0	14,197.7
TOTAL IMPORTS	4,074.3	966.7	2,148.3	3,478.5	2,774.8	12,315.3	25,757.9

^{a/} Consists of 14 countries: Austria, Belgium-Luxemburg, Denmark, France, Germany (Fed. Rep.), Greece, Iceland, Italy (including Trieste), Netherlands, Norway, Portugal, Turkey and United Kingdom.

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

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

CENTRAL GOVERNMENT FINANCES

(Millions of U.S. Dollars by U.S. Fiscal Years - FY 1952 Prices)

Country	U.S. FY 1951			U.S. FY 1952			U.S. FY 1953		
	Total Revenue (Excluding Counterpart Funds)	Total Expenditures	Budget Surplus(✓) or Deficit(-)	Total Revenue (Excluding Counterpart Funds)	Total Expenditures	Budget Surplus(✓) or Deficit(-)	Total Revenue (Excluding Counterpart Funds)	Total Expenditures	Budget Surplus(✓) or Deficit (-)
NATO COUNTRIES									
Belgium-Luxembourg	1,440	1,665	-225	1,695	1,975	-280	1,820	2,150	-330
Denmark	528	478	✓50	500	470	✓30	540	514	✓26
France	6,784	8,513	-1,729	7,085	8,987	-1,902	7,555	9,127	-1,572
Greece	333	662	-329	392	629	-237	396	517	-121
Iceland	20	19	✓1	20	19	✓1	20	20	0
Italy	2,209	3,088	-879	2,443	3,252	-809	2,747	3,563	-816
Netherlands	1,529	1,434	✓95	1,332	1,487	-155	1,378	1,565	-187
Norway	505	426	✓79	525	485	✓40	530	515	✓15
Portugal	174	184	-10	185	196	-11	196	208	-12
Turkey	598	679	-81	608	764	-156	655	764	-109
United Kingdom	11,440	10,860	✓580	12,500	13,300	-800	13,090	13,700	-610
Germany (Fed. Rep.) ^{a/}	5,719	5,923	-204	6,286	6,524	-238	7,240	7,843	-603
Austria	770	829	-59	816	990	-174	825	970	-145
United States	(48,143) ^{b/}	(44,633) ^{b/}	(✓3,510) ^{b/}	62,680	70,881	-8,201	70,998	85,444	-14,446

NOTE: Precise comparison of the levels of Government revenues and expenditures between the European countries and the United States are not possible. The conversion into dollars has been made on the basis of official foreign exchange rates, and the purchasing power of the dollar is appreciably higher in most European countries than in the United States. Adjustments to make the figures truly comparable cannot now be made.

^{a/} Includes Central Government and Laender.

^{b/} Current prices.

UNITED KINGDOM

Defense Program. The United Kingdom defense program is the largest of any of the European North Atlantic Treaty Organization (NATO) countries. In January 1951 the United Kingdom formalized its second expansion of the defense effort in a program then estimated to cost £4.7 billion (\$13.2 billion) for the next three United Kingdom fiscal years. Economic difficulties have necessitated revisions and the program is now expected to run beyond the timing first planned. Almost one-third of the United Kingdom defense budget will be spent for the provision of major items of defense materiel.

Defense expenditures of the United Kingdom in fiscal year 1953 were originally projected at \$4,750 million, on the basis of \$590 million of defense support. The reduction in the defense program as a result of the indicated cut totalling \$174 million in defense support is estimated at \$465 million - a reduction which will cut particularly deeply into expenditures for materiel. Any further reduction in the defense support figure would have an even more serious impact on Britain's rearmament effort in view of the strains already placed on the economic system and the drastic import cuts that have already been made.

Economic Situation. The United Kingdom is a very highly industrialized country heavily dependent on imported food and raw materials. Although a determined effort has been made during and since the war to increase farm output, the country must still import two-thirds of its food; this has constituted approximately 35 percent of the import bill. Raw materials and petroleum take up another 45-50 percent of the imports. The balance includes essential machinery and equipment.

Production of materiel, which counts for so large a part of total proposed defense expenditures, falls very heavily on industries which customarily produce a large share of British exports. This has aggravated the problems of financing sufficient imports to maintain the economy of the United Kingdom. The United Kingdom cannot endure a continuation of the dollar drain of fiscal year 1952. The loss of \$2.2 billion in dollar reserves during the first nine months of fiscal year 1952 reduced reserve holdings of gold and dollars to \$1.7 billion on March 31, 1952 - a 56 percent loss. Since these are the reserves of the whole sterling area, the trading of a large part of the free world is affected.

United Kingdom

INDEXES OF PRODUCTION			
	INDUSTRIAL		AGRICULTURAL
1938	100	Prewar	100
1947	107	1947/48	94
1948	120	1948/49	108
1949	129	1949/50	111
1950	140	1950/51	120
1951	145	1951/52	121

INDEXES OF PRICES		
	WHOLESALE	COST OF LIVING
1948	100	100
1949, September	105	104
1950, June	117	106
December	133	108
1951, June	146	116
December	151	121
1952, March	152	124

FOREIGN TRADE			
(millions of \$ equivalents)	1949	1950	1951
IMPORTS, TOTAL VALUE (c.i.f.)	8,424	7,284	10,960
From United States	821	592	1,067
From OEEC Countries	1,923	1,776	2,682
From All Other Countries	5,680	4,916	7,211
EXPORTS, TOTAL VALUE (f.o.b.)	6,828	6,312	7,578
To United States	225	357	430
To OEEC Countries	1,814	1,834	2,085
To All Other Countries	4,789	4,121	5,063
VOLUME OF TRADE (index 1948 = 100):			
Imports	109	109	126
Exports	109	128	131

GOVERNMENT FINANCES		
(millions of \$ equivalents)	U.S. FY 1952	U.S. FY 1953
REVENUE AND EXPENDITURE - CENTRAL GOV'T:		
Total Revenue	12,500	13,090
Total Expenditures	13,300	13,700
TAX RECEIPTS:		
All Levels of Government:		
Total Amount	14,259	-
Percent of GNP	35.0	-
Central Government:		
Total Amount	11,771	12,638
Percent of GNP	28.4	28.9
GROSS DEBT OUTSTANDING - CENTRAL GOV'T: Mar. 31	1951	1952
Total Amount	71,299	71,120
Percent of GNP	187.6	171.6

EMPLOYMENT, UNEMPLOYMENT AND HOURS WORKED			
		Year ago	
EMPLOYMENT: Total, excl. Agriculture - 1948 = 100 (Dec. 1951)	103	103	
Manufacturing only - do (Feb. 1952)	108	107	
UNEMPLOYMENT:			
Insured registered - (Thousands) -- (Mar. 1952)	479.8	305.4	
HOURS WORKED WEEKLY: (Oct. 1951)	45.6	45.7	

GOLD AND SHORT-TERM DOLLAR ASSETS					
(\$ millions)					
Sept. 1949	June 1950	Dec. 1950	June 1951	Dec. 1951	March 1952
1,425	2,422	3,300	3,867	2,335	1,700

AREA AND POPULATION		
	Prewar	End of 1951
Area (square miles)	--	94,208
Population (thousands)	47,500	50,900

USE OF RESOURCES		
(millions of \$ equivalents)	U.S. FY 1952 (Current Prices)	U.S. FY 1953 (FY 1952 Prices)
Gross National Product	43,355	43,340
Net Foreign Balance	-1,430	150
Total Availabilities	44,785	43,190
Consumption - Amount	28,505	27,985
" - Percent of GNP	65.7	64.6
Investment (Private & Gov't) - Amount	8,445	6,775
" - Percent of GNP	19.5	15.6
Government Use of Resources	7,835	8,430
Non-Military	4,175	4,145
Military - Amount	3,660	4,285
" - Percent of GNP	8.4	9.9

GOLD AND DOLLAR TRANSACTIONS		
(Current Prices)	U.S. FY 1952	U.S. FY 1953
(\$ millions)		
Imports (f.o.b.)	2,285.0	1,801.0
Exports (f.o.b.)	1,050.0	1,205.4
U.S. Offshore Procurement Program	0.001	3.607
Other Receipts and Payments - Net	-1,373.0	151.0
Net Balance of Payments	-2,608.0	-441.0
METHOD OF FINANCING		
Use of Reserves	2,177.0	39.0
Use of Pipeline	81.0	(-14.0)**
U.S. Defense Support	350.0 1/	416.0 1/
**Increase in pipeline. 1/ Incl. \$50.mil. in FY52 and \$36.mil. in FY'53 per agreement of July 7, 1950.		

FRANCE

Defense Program. The French defense program for fiscal year 1953 involves estimated expenditures of about \$3.6 billion or 10.1 percent of the country's estimated total output, which must rise by about \$600 million to about \$35.8 billion (at FY 1952 prices) if the planned defense expenditures are to be met. Total expenditures, and expenditures planned for major materiel and for construction, are second only to those in the United Kingdom, while expenditures for military personnel rank first among all the European NATO countries. One-third of the total French defense effort is engaged in the fight against Communist aggression in Indochina; almost all the remainder is in fulfillment of the Lisbon Plan.

The estimated defense expenditures of \$3.6 billion represent a reduction of \$290 million below the earlier program, as a direct result of the cut of \$124 million in defense support funds. Since the Indochinese war will probably continue to have first claim on French military resources, it is to be expected that the main impact of the reduction will fall on materiel production and basic military construction for the North Atlantic Treaty Organization forces.

Economic Situation. On top of severe inflation during most of the postwar period France experienced particularly sharp price increases in the late months of 1951, under the impact of the actual and prospective strain of its defense burden. Its currently adverse trade balance has already necessitated severe import cuts which cannot be replaced very soon given the prospects for earnings in the coming year. At the present time agricultural production is satisfactory and industrial production is at an all-time high. But the reduction in scheduled imports has required a parallel cut in the defense program.

During the past year France completely lost its previously favorable position in the European Payments Union. The surplus it had accumulated by early 1951 was replaced by a deficit position in 1952. Adequate gold and dollar assets are not available at the present time for meeting import requirements from the dollar area or for financing further deficits with the European Payments Union. Hence the indicated cut in defense support funds originally requested will necessitate reduced imports, and these import cuts, in turn, will force the \$290 million reduction in defense expenditures.

France

INDEXES OF PRODUCTION			
	INDUSTRIAL		AGRICULTURAL
1938	100	Prewar	100
1947	96	1947/48	84
1948	111	1948/49	100
1949	122	1949/50	102
1950	123	1950/51	110
1951	139	1951/52	106

INDEXES OF PRICES		
	WHOLESALE	COST OF LIVING
1948	100	100
1949, September	114	112
1950, June	116	113
December	135	127
1951, June	154	138
December	170	152
1952, March	167	157

FOREIGN TRADE			
(millions of \$ equivalents)	1949	1950	1951
IMPORTS, TOTAL VALUE (c.i.f.)	3,276	3,060	4,592
From United States	582	378	520
From OEEC Countries	810	837	1,228
From All Other Countries	1,884	1,845	2,844
EXPORTS, TOTAL VALUE (f.o.b.)	2,712	3,060	4,225
To United States	54	125	250
To OEEC Countries	1,006	1,290	1,578
To All Other Countries	1,652	1,645	2,397
VOLUME OF TRADE (Index 1948 = 100):			
Imports	103	108	127
Exports	147	200	237

GOVERNMENT FINANCES		
(millions of \$ equivalents)	U.S. FY 1952	U.S. FY 1953
REVENUE AND EXPENDITURE - CENTRAL GOV'T:		
Total Revenue	7,085	7,555
Total Expenditures	8,987	9,127
TAX RECEIPTS:		
All Levels of Government:		
Total Amount	9,963	11,757
Percent of GNP	30.7	33.0
Central Government:		
Total Amount	6,343	7,809
Percent of GNP	19.6	21.9
GROSS DEBT OUTSTANDING - CENTRAL GOV'T: Dec. 31		
Total Amount	12,123	13,077
Percent of GNP	47	40

EMPLOYMENT, UNEMPLOYMENT AND HOURS WORKED			
		Year ago	
EMPLOYMENT: Total excluding Agriculture-1948=100 (Jan.1952)	105	103	
Manufacturing only do (Jan.1952)	107	105	
UNEMPLOYMENT:			
Relief recipients (thousands) (Mar.1952)	41.6	54.0	
HOURS WORKED WEEKLY: (Jan.1952)	44.8	44.8	

GOLD AND SHORT-TERM DOLLAR ASSETS *(Incl.O.T's)					
(\$ millions)					
Sept. 1949	June 1950	Dec. 1950	June 1951	Dec. 1951	March 1952
734	787	835	877	902	864
* Exclusive of official gold holdings not publicly reported.					
AREA AND POPULATION					
				Prewar	End of 1951
Area (square miles)				--	213,724
Population (thousands)				41,100	42,400

USE OF RESOURCES		
(millions of \$ equivalents)	U. S. FY 1952 (Current Prices)	U. S. FY 1953 (FY 1952 Prices)
Gross National Product	35,207	35,815
Net Foreign Balance	-553	-132
Total Availabilities	35,760	35,947
Consumption - Amount	24,036	24,258
" - Percent of GNP	68.3	67.7
Investment (Private & Gov't) - Amount	5,890	5,715
" - Percent of GNP	16.7	16.0
Government Use of Resources	5,834	5,974
Non-Military	2,374	2,374
Military - Amount	3,460	3,600
" - Percent of GNP	9.8	10.1

GOLD AND DOLLAR TRANSACTIONS		
(\$ millions)	U. S. FY 1952	U. S. FY 1953
Imports (f.o.b.)	675.0	642.0
Exports (f.o.b.)	280.0	270.0
U. S. Offshore Procurement Program	204.0	68.2
Other Receipts and Payments - Net	-220.0	-124.2
Net Balance of Payments	-411.0	-428.0
METHOD OF FINANCING		
Use of Reserves	16.0	107.0
Use of Pipeline	125.0	25.0
U. S. Defense Support	270.0	296.0

ITALY (INCLUDING TRIESTE)

Defense Program. Italy's defense effort is severely limited by its poverty. Moreover, until the last few months, the terms of the Italian peace treaty had for years held down its military force. Despite the limitations imposed by its low level of income, Italy is now making a strong effort to build up its defenses. Italian troops are well-trained and Italian industry will turn out a substantial amount of major military materiel in fiscal year 1953. Italian defense expenditures in fiscal year 1953 are estimated at \$1,010 million, a \$65 million reduction from the \$1,075 million estimated on the basis of the originally programmed defense support.

Economic Situation. Italy has few natural resources, a large and growing population, and serious unemployment. It is dependent on imports for much of its raw materials, practically all of its fuels, and some part of its food supply. It has large fabricating industries—mostly in the north—a considerable part of whose capacity is currently unused. The southern half of the peninsula is chronically depressed, with an extremely low standard of living and excessive unemployment and under-employment. Italy imports many raw materials from non-European sources and sells a large part of its products to Europe, with resulting payments difficulties.

Despite current record levels of industrial production, and agricultural output higher than prewar, the continuing fundamental need in Italy is to bring together under-utilized resources for productive use, in order that a further expanded gross national product may make possible a larger defense effort. An increase in gross national product of 4 percent, or \$671 million, is necessary in fiscal year 1953 to meet even the reduced defense expenditure target shown above. Such a program of economic expansion is no less important from a political and social aspect than from that of economics or defense. The Communist Party will continue to have a large membership among Italian workers as long as unemployment and low living standards persist.

In the past year Italy reversed its debtor position in the European Payments Union and became a net creditor, but this favorable situation will be greatly affected by restrictions on imports recently imposed by the United Kingdom and France, which traditionally make large purchases in Italy. Moreover, Italy's increased defense production will cut into its exportable surplus.

Italy (Incl. Trieste)

INDEXES OF PRODUCTION			
	INDUSTRIAL		AGRICULTURAL
1938	100	Prewar	100
1947	90	1947/48	90
1948	99	1948/49	97
1949	109	1949/50	104
1950	125	1950/51	108
1951	143	1951/52	112

INDEXES OF PRICES		
	WHOLESALE	COST OF LIVING
1948	100	100
1949, September	90	101
1950, June	86	100
December	100	103
1951, June	103	111
December	100	112
1952, March	98	113

FOREIGN TRADE			
	(millions of \$ equivalents)		
	1949	1950	1951
IMPORTS, TOTAL VALUE (c.i.f.)	1,500	1,440	2,119
From United States	517	337	442
From OEEC Countries	391	498	661
From All Other Countries	592	605	1,016
EXPORTS, TOTAL VALUE (f.o.b.)	1,104	1,200	1,629
To United States	45	77	113
To OEEC Countries	505	617	838
To All Other Countries	554	506	678
VOLUME OF TRADE (Index 1948 = 100):			
Imports	110	118	135
Exports	111	139	147

GOVERNMENT FINANCES		
	(millions of \$ equivalents)	
	U.S. FY 1952	U.S. FY 1953
REVENUE AND EXPENDITURE - CENTRAL GOV'T:		
Total Revenue	2,443	2,747
Total Expenditures	3,252	3,563
TAX RECEIPTS:		
All Levels of Government:		
Total Amount	3,600	--
Percent of GNP	21.2	--
Central Government:		
Total Amount	2,200	
Percent of GNP	13.0	
GROSS DEBT OUTSTANDING - CENTRAL GOV'T: June 30	1950	1951
Total Amount	4,822	5,165
Percent of GNP	35.0	34.0

EMPLOYMENT, UNEMPLOYMENT AND HOURS WORKED		
	Year ago	
EMPLOYMENT:		
Manufacturing only-1948 = 100 (May 1951)	99	98
UNEMPLOYMENT:		
Registered - (Thousands)..... (Dec.1951)	1,871	1,823
HOURS WORKED WEEKLY:	-	-

GOLD AND SHORT-TERM DOLLAR ASSETS (Incl. Trieste)					
(\$ millions)					
Sept. 1949	June 1950	Dec. 1950	June 1951	Dec. 1951	March 1952
542	543	577	538	641	633P
P-preliminary					
AREA AND POPULATION					
Prewar					
End of 1951					
Area (square miles)					
--					
Population (thousands)					
42,700					
116,224					
47,000					

USE OF RESOURCES		
	U.S. FY 1952	U.S. FY 1953
	(Current Prices)	
	(FY 1952 Prices)	
(millions of \$ equivalents)		
Gross National Product	16,982	17,653
Net Foreign Balance	-261	-412
Total Availabilities	17,243	18,065
Consumption - Amount	12,348	12,755
- Percent of GNP	72.7	72.3
Investment (Private & Gov't) - Amount	2,534	2,700
- Percent of GNP	14.9	15.3
Government Use of Resources	2,361	2,610
Non-Military	1,550	1,600
Military - Amount	811	1,010
- Percent of GNP	4.8	5.7

GOLD AND DOLLAR TRANSACTIONS		
(Current Prices)		
	U.S. FY 1952	U.S. FY 1953
(\$ millions)		
Imports (f.o.b.)	583.9	633.6
Exports (f.o.b.)	241.9	228.8
U.S. Offshore Procurement Program	6.5	83.4
Other Receipts and Payments - Net	198.3	148.9
Net Balance of Payments	-137.2	-172.5
METHOD OF FINANCING		
Use of Reserves	(- 85.0)*	25.0
Use of Pipeline	59.7	70.0
U.S. Defense Support	162.5	77.5
* Accumulation of Reserves		

GERMANY (FEDERAL REPUBLIC)

Defense Program. To facilitate the integration of Western Germany into the free world's defense effort, Germany is being received as a full partner in the six-nation European Defense Community (EDC). Germany's defense contribution next fiscal year had been projected at \$2.68 billion on the basis of the originally programmed amount of defense support. (With a \$47 million reduction in defense support, it is estimated that defense expenditures will drop by \$103 million.) Part of these funds will be used to support United States and United Kingdom troops stationed in Germany; the remainder to pay for common European Defense Community costs and to start the production of major materiel required to equip the European Defense Community forces, including German troop units to be formed as soon as the European Defense Community treaty has been ratified by all members and the present occupation statute has been superseded by a contractual agreement with the Western Allies. The increase in gross national product required if Germany is to meet this commitment is estimated at about \$2 billion, to a total of \$31.2 billion, a rise of 7 percent.

Economic Situation. Despite considerable handicaps, including wartime destruction, the necessity of maintaining a population nearly 25 percent larger than prewar, the burden of supporting Berlin, and considerable unemployment, the German economy has staged a remarkable recovery. Industrial production has more than doubled since 1948, and in early 1952 stood at 109 percent of 1938. Average overall consumption is approaching prewar levels. Germany's major problem is a trade deficit with the dollar area.

Germany must import more than one-third of its foodstuffs and a large part of its industrial raw materials except coal. In prewar years a substantial proportion of its imports came from Eastern Europe. This source of imports has now been sharply curtailed, with the result that Germany's dependence on the dollar area has been considerably increased.

The result is expected to be a payments deficit in fiscal year 1953 of about \$425 million with the dollar area, before allowance for extraordinary receipts of about \$282 million from United States military expenditures and offshore procurement. With this partial offset, the final balance of payments deficit with the dollar area is estimated at \$143 million.

Germany (Fed. Rep.)

INDEXES OF PRODUCTION			
	INDUSTRIAL		AGRICULTURAL
1938	100	Prewar	100
1947	36	1947/48	71
1948	50	1948/49	82
1949	72	1949/50	95
1950	91	1950/51	104
1951	108	1951/52	108

INDEXES OF PRICES		
	WHOLESALE	COST OF LIVING
1948	100	100
1949, September	122	97
1950, June	126	94
December	146	94
1951, June	156	104
December	166	106
1952, March	163	107

FOREIGN TRADE			
(millions of \$ equivalents)	1949	1950	1951
IMPORTS, TOTAL VALUE (c.i.f.)	2,232	2,700	3,503
From United States	822	431	647
From OEEC Countries	752	1,360	1,447
From All Other Countries	658	909	1,409
EXPORTS, TOTAL VALUE (f.o.b.)	1,128	1,980	3,474
To United States	47	103	237
To OEEC Countries	876	1,354	2,162
To All Other Countries	205	523	1,075
VOLUME OF TRADE (Index 1948 = 100):			
Imports	153	204	208
Exports	188	435	622

GOVERNMENT FINANCES		
(millions of \$ equivalents)	U.S. FY 1952	U.S. FY 1953
REVENUE AND EXPENDITURE - CENTRAL GOV'T:		
Total Revenue	6,286	7,240
Total Expenditures	6,524	7,843
TAX RECEIPTS:		
All Levels of Government:		
Total Amount	8,757	
Percent of GNP	32.7	
Central Government:		
Total Amount	5,757	
Percent of GNP	21.5	
GROSS DEBT OUTSTANDING - CENTRAL GOV'T: Mar. 31		
Total Amount	4,341	4,939
Percent of GNP	23.0	23.0

EMPLOYMENT, UNEMPLOYMENT AND HOURS WORKED			
		Year ago	
EMPLOYMENT: Total excl. agriculture-1948 = 100 (Dec.1951)	112	108	
Manufacturing only do (Dec.1951)	123	118	
UNEMPLOYMENT:			
Registered at Exchanges (Thousands).....(Mar.1952)	1,580	1,567	
HOURS WORKED WEEKLY: (Sep.1951)	47.1	49.1	

GOLD AND SHORT-TERM DOLLAR ASSETS*					
(\$ millions)					
Sept. 1949	June 1950	Dec. 1950	June 1951	Dec. 1951	March 1952
148	228	222	357	434	390
* Includes about \$50 million holdings of Americans residing in Germany					
AREA AND POPULATION					
			Prewar	End of 1951	
Area (square miles)			--	94,739	
Population (thousands)			39,000	48,300	

USE OF RESOURCES		
(millions of \$ equivalents)	U.S. FY 1952 (Current Prices)	U.S. FY 1953 (FY 1952 Prices)
Gross National Product	29,143	31,195
Net Foreign Balance	-153	-46
Total Availabilities	29,296	31,241
Consumption - Amount	17,144	17,520
" - Percent of GNP	58.8	56.2
Investment (Private & Gov't) - Amount	7,000	7,779
" - Percent of GNP	24.0	24.4
Government Use of Resources	5,152	5,942
Non-Military	3,200	3,366
Military - Amount	1,952 (Occupation costs)	2,576
" - Percent of GNP	6.7	8.3

GOLD AND DOLLAR TRANSACTIONS		
(\$ millions)	U.S. FY 1952	U.S. FY 1953
Imports (f.o.b.)	831.0	810.0
Exports (f.o.b.)	398.0	489.0
U.S. Offshore Procurement Program	0.07	9.33
Other Receipts and Payments - Net	234.2	169.1
Net Balance of Payments	-198.7	-142.6
METHOD OF FINANCING		
Use of Reserves	0	31.8
Use of Pipeline	92.7	(-2.2)**
U.S. Defense Support	106.0	113.0
** Increase in pipeline		

NETHERLANDS

Defense Program. Defense expenditures are rising, from \$228 million in fiscal year 1951 to a projected \$429 million in fiscal year 1953. Production of military hard goods will nearly triple during this period and should constitute almost 30 percent of the defense program in fiscal year 1953. As a result of the cut of nearly \$24 million in defense support, however, the \$429 million now provided for defense expenditures will be some \$45 million less than the earlier plan.

The Dutch defense effort is greatly dependent upon imports of raw materials. At the same time, the defense effort itself cuts down Dutch capacity to produce exports to pay for these imports. The shipbuilding industry, which would otherwise make an important contribution to export earnings, has been geared to the production of minesweepers and other naval purposes. The raw materials for these and other defense goods are imported largely from the dollar area.

Economic Situation. The Netherlands is a densely populated country with few natural resources. In order to maintain high production and employment levels, the Dutch must rely heavily upon imports to provide the raw materials needed for military production, for domestic consumption and for processing for its export trade. Historically, imports have amounted to 40 to 50 percent of gross national product.

NORWAY

Defense Program. Norwegian defense expenditures in fiscal year 1953 are estimated at \$145 million or more than double the level in fiscal year 1951 and over 25 percent above the previous year. Despite limited heavy industrial resources, it is estimated that production and procurement of military goods will increase about 35 percent over fiscal year 1952 and constitute about 16 percent of the defense program in fiscal year 1953.

Some of the goods necessary for Norway's defense program can be obtained only in the dollar area. These include certain types of construction machinery, communications equipment, transportation equipment and metals, machinery and other supplies required for military production.

Economic Situation. The most striking feature of the Norwegian economy is its great dependence on foreign trade and shipping. While its resources are relatively limited, Norway has been encouraging a large investment program and is expanding its economic base.

The recent fall in pulp and paper prices and the softening of the demand for shipping may reverse the relatively favorable conditions that Norway enjoyed in the first quarter of 1952 and result in further balance of payments difficulties.

Netherlands

INDEXES OF PRODUCTION			
	INDUSTRIAL		AGRICULTURAL
1938	100	Prewar	100
1947	94	1947/48	73
1948	114	1948/49	91
1949	127	1949/50	108
1950	140	1950/51	113
1951	147	1951/52	115

INDEXES OF PRICES		
	WHOLESALE	COST OF LIVING
1948	100	100
1949, September	103	105
1950, June	115	115
December	128	120
1951, June	145	129
December	145	127
1952, March	143	--

FOREIGN TRADE			
(millions of \$ equivalents)	1949	1950	1951
IMPORTS, TOTAL VALUE (c.i.f.)	1,824	2,040	2,517
From United States	304	237	282
From OEEC Countries	897	1,099	1,332
From All Other Countries	623	704	903
EXPORTS, TOTAL VALUE (f.o.b.)	1,284	1,392	1,926
To United States	38	60	111
To OEEC Countries	805	942	1,220
To All Other Countries	441	390	595
VOLUME OF TRADE (index 1948 = 100):			
Imports	111	147	150
Exports	151	204	242

GOVERNMENT FINANCES		
(millions of \$ equivalents)	U.S. FY 1952	U.S. FY 1953
REVENUE AND EXPENDITURE - CENTRAL GOV'T:		
Total Revenue	1,332	1,378
Total Expenditures	1,487	1,565
TAX RECEIPTS:		
All Levels of Government:		
Total Amount	1,611	--
Percent of GNP	28.3	--
Central Government:		
Total Amount	1,411	--
Percent of GNP	24.8	--
GROSS DEBT OUTSTANDING - CENTRAL GOV'T: Dec. 31		
Total Amount	1950 6,764	1951 6,381
Percent of GNP	134.0	112.0

EMPLOYMENT, UNEMPLOYMENT AND HOURS WORKED		
		Year ago
EMPLOYMENT:		
Manufacturing only - 1948 = 100 --(Dec.1951)	109	111
UNEMPLOYMENT:		
Registered at Exchanges (Thousands)(Mar.1952)	152.5	90.5
HOURS WORKED WEEKLY:	--	--

GOLD AND SHORT-TERM DOLLAR ASSETS*					
(\$ millions)					
Sept. 1949	June 1950	Dec. 1950	June 1951	Dec. 1951	March 1952
328	457	505	446	465	490
*Exclusive of official gold holdings not publicly reported.					
AREA AND POPULATION					
					End of 1951
Area (square miles)					--
Population (thousands)					8,680
					13,025
					10,300

USE OF RESOURCES		
(millions of \$ equivalents)	U.S. FY 1952 (Current Prices)	U.S. FY 1953 (FY 1952 Prices)
Gross National Product	5,990	6,127
Net Foreign Balance	-73	75
Total Availabilities	6,063	6,122
Consumption - Amount	3,728	3,741
" - Percent of GNP	62.2	61.1
Investment (Private & Gov't) - Amount	1,545	1,547
" - Percent of GNP	25.8	25.2
Government Use of Resources	790	834
Non-Military	395	405
Military - Amount	395	429
" - Percent of GNP	6.6	7.0

GOLD AND DOLLAR TRANSACTIONS		
(\$ millions)	U.S. FY 1952	U.S. FY 1953
Imports (f.o.b.)	366.0	379.5
Exports (f.o.b.)	141.0	179.0
U.S. Offshore Procurement Program	1.7	18.8
Other Receipts and Payments - Net	124.5	182.5
Net Balance of Payments	-98.8	-99.2
METHOD OF FINANCING		
Use of Reserves	5.8	35.8
Use of Pipeline	(-7.0)*	7.0
U.S. Defense Support	100.0	56.4
*Increase in pipeline.		

Norway

INDEXES OF PRODUCTION			
	INDUSTRIAL		AGRICULTURAL
1938	100	Prewar	100
1947	115	1947/48	93
1948	125	1948/49	102
1949	135	1949/50	111
1950	146	1950/51	116
1951	154	1951/52	114

INDEXES OF PRICES		
	WHOLESALE	COST OF LIVING
1948	100	100
1949, September	102	101
1950, June	113	105
December	128	112
1951, June	147	124
December	149	127
1952, March	150	130

FOREIGN TRADE			
(millions of \$ equivalents)	1949	1950	1951
IMPORTS, TOTAL VALUE (c.i.f.)	768	672	876
From United States	105	82	110
From OEEC Countries	483	415	554
From All Other Countries	180	175	212
EXPORTS, TOTAL VALUE (f.o.b.)	396	389	619
To United States	27	38	45
To OEEC Countries	238	247	386
To All Other Countries	131	104	188
VOLUME OF TRADE (Index 1948 = 100):			
Imports	117	121	140
Exports	104	137	159

GOVERNMENT FINANCES		
(millions of \$ equivalents)	U.S. FY 1952	U.S. FY 1953
REVENUE AND EXPENDITURE - CENTRAL GOV'T:		
Total Revenue	525	530
Total Expenditures	485	515
TAX RECEIPTS:		
All Levels of Government:		
Total Amount	734	-
Percent of GNP	25.1	-
Central Government:		
Total Amount	483	501
Percent of GNP	16.5	16.7
GROSS DEBT OUTSTANDING - CENTRAL GOV'T: June 30	1950	1951
Total Amount	1,707	1,558
Percent of GNP	84.0	65.0

EMPLOYMENT, UNEMPLOYMENT AND HOURS WORKED			
	Year ago		
EMPLOYMENT: Total, excl. Agriculture-1948 = 100--(Feb.1952)	105	104	
Manufacturing only -	do --(Feb.1952)	108	109
UNEMPLOYMENT:			
Registered at exchanges (Thousands)	--(Feb.1952)	17.0	21.0
HOURS WORKED WEEKLY:	-	-	

GOLD AND SHORT-TERM DOLLAR ASSETS					
(\$ millions)					
Sept. 1949	June 1950	Dec. 1950	June 1951	Dec. 1951	March 1952
112	117	94	110	150	154
AREA AND POPULATION					
			Prewar		End of 1951
Area (square miles)			--		129,043
Population (thousands)			2,940		3,310

USE OF RESOURCES		
(millions of \$ equivalents)	U.S. FY 1952 (Current Prices)	U.S. FY 1953 (FY 1952 Prices)
Gross National Product	2,925	2,984
Net Foreign Balance	440	462
Total Availabilities	2,885	2,922
Consumption - Amount	1,754	1,801
" - Percent of GNP	60.0	60.4
Investment (Private & Gov't) - Amount	827	787
" - Percent of GNP	28.3	26.4
Government Use of Resources	304	334
Non-Military	189	189
Military - Amount	115	145
" - Percent of GNP	3.9	4.9

GOLD AND DOLLAR TRANSACTIONS		
(Current Prices)	U.S. FY 1952	U.S. FY 1953
(\$ millions)		
Imports (f.o.b.)	157.0	142.1
Exports (f.o.b.)	79.95	68.0
U.S. Offshore Procurement Program	0.05	1.05
Other Receipts and Payments - Net	469.1	451.5
Net Balance of Payments	7.9	-21.5
METHOD OF FINANCING		
Use of Reserves	(-35.1)*	4.5
Use of Pipeline	28.0	10.0
U.S. Defense Support	15.0	7.0

*This represents accumulation of reserves of only \$5.8 mil. The balance is a conversion of \$29.3 mil. of medium-term securities (purchased in 5/0/51) into short-term securities which is reflected in Net Capital Operations.

DENMARK

Defense Program. The fiscal year 1953 defense expenditures were projected originally at \$152 million; with the indicated cut of \$6 million in defense support a reduction of at least \$10 million must be anticipated. Though gross national product will be reduced only slightly below the current fiscal year, even this reduced defense effort will cause a reduction in per capita consumption.

Economic Situation. Denmark has practically no mineral resources and lacks large scale heavy industries. The Danes must import much of the feedstuffs they require, partly from the dollar area. These are then converted, through the livestock herds, into butter, bacon, eggs, etc., for sale abroad, mainly to Western European customers. They also import nearly all other raw materials including almost the entire fuel supply. The dominating economic problem has been to finance the import of materials required by an expanding domestic economy. Since the end of 1949 the country has suffered from a substantial deterioration in the terms of trade.

A difficult economic problem has resulted from the fact that East-West trade restrictions have prevented Denmark from obtaining as much coal from Poland as in other postwar years. Therefore, Denmark has had to turn to other sources for its coal supply, the major source being the United States.

ICELAND

Because of its location, Iceland is of great strategic importance. While too small to participate directly in a force plan, it serves an important function as an air base and should be capable of earning sufficient exchange to pay for its necessary imports. Defense support funds will be utilized to complete an investment in fertilizer production facilities, in order that Iceland may become substantially self-supporting.

Denmark

INDEXES OF PRODUCTION			
	INDUSTRIAL		AGRICULTURAL
1938	100	Prewar	100
1947	117	1947/48	84
1948	130	1948/49	94
1949	139	1949/50	108
1950	153	1950/51	116
1951	157	1951/52	112

INDEXES OF PRICES		
	WHOLESALE	COST OF LIVING
1948	100	100
1949, September	101	101
1950, June	111	106
December	129	113
1951, June	154	(July) - 120
December	151	(Jan) - 122
1952, March	149	(Apr) - 122

FOREIGN TRADE			
(millions of \$ equivalents)	1949	1950	1951
IMPORTS, TOTAL VALUE (c.i.f.)	804	852	1,005
From United States	131	79	108
From OEEC Countries	502	612	715
From All Other Countries	171	161	182
EXPORTS, TOTAL VALUE (f.o.b.)	660	648	825
To United States	22	17	24
To OEEC Countries	531	532	634
To All Other Countries	107	99	167
VOLUME OF TRADE (Index 1948 = 100):			
Imports	128	163	153
Exports	129	171	192

GOVERNMENT FINANCES		
(millions of \$ equivalents)	U.S. FY 1952	U.S. FY 1953
REVENUE AND EXPENDITURE - CENTRAL GOV'T:		
Total Revenue	500	540
Total Expenditures	470	514
TAX RECEIPTS:		
All Levels of Government:		
Total Amount	676	714
Percent of GNP	18.6	18.6
Central Government:		
Total Amount	459	469
Percent of GNP	12.6	12.2
GROSS DEBT OUTSTANDING - CENTRAL GOV'T: Mar. 31	1951	1952
Total Amount	1,317	1,301
Percent of GNP	42.0	36.0

EMPLOYMENT, UNEMPLOYMENT AND HOURS WORKED		
	Mar 1952	Year ago
EMPLOYMENT:	-	-
UNEMPLOYMENT:		
Insured with Unions (Thousands)	106.5	94.7
HOURS WORKED WEEKLY:	-	-

GOLD AND SHORT-TERM DOLLAR ASSETS						
(\$ millions)						
Sept. 1949	June 1950	Dec. 1950	June 1951	Dec. 1951	March 1952	
64	67	76	76 ^{a/}	76 ^{a/}	70 ^{a/}	
^{a/} Exclusive of official gold holdings not publicly reported.						
AREA AND POPULATION						
					Prewar	End of 1951
Area (square miles)					-	16,576
Population (thousands)					3,780	4,310

USE OF RESOURCES		
(millions of \$ equivalents)	U.S. FY 1952 (Current Prices)	U.S. FY 1953 (FY 1952 Prices)
Gross National Product	3,826	3,820
Net Foreign Balance	-68	45
Total Availabilities	3,894	3,815
Consumption - Amount	2,741	2,657
" - Percent of GNP	71.6	69.6
Investment (Private & Gov't) - Amount	701	665
" - Percent of GNP	18.3	17.4
Government Use of Resources	452	493
Non-Military	355	351
Military - Amount	97	142
" - Percent of GNP	2.5	3.7

GOLD AND DOLLAR TRANSACTIONS		
(Current Prices)	U.S. FY 1952	U.S. FY 1953
(\$ millions)		
Imports (f.o.b.)	104.0	116.3
Exports (f.o.b.)	40.0	44.0
U.S. Offshore Procurement Program	0.1	1.9
Other Receipts and Payments - Net	419.8	435.9
Net Balance of Payments	-44.1	-34.5
METHOD OF FINANCING		
Use of Reserves	8.0	11.0
Use of Pipeline	13.1	9.5
U.S. Defense Support	23.0	14.0

Iceland

INDEXES OF PRODUCTION		
	INDUSTRIAL	AGRICULTURAL
1938	---	Prewar
1947	---	1947/48
1948	---	1948/49
1949	---	1949/50
1950	---	1950/51
1951	---	1951/52

INDEXES OF PRICES		
	WHOLESALE	COST OF LIVING
1948	---	100
1949, September	---	102
1950, June	---	119
December	---	139
1951, June	---	153
December	---	165
1952, March	---	171

FOREIGN TRADE			
(millions of \$ equivalents)	1949	1950	1951
IMPORTS, TOTAL VALUE (c.i.f.)	59	35	57
From United States	10	7	7
From OEEC Countries	36	16	32
From All Other Countries	13	12	18
EXPORTS, TOTAL VALUE (f.o.b.)	40	28	45
To United States	2	4	8
To OEEC Countries	34	17	26
To All Other Countries	4	7	11
VOLUME OF TRADE (Index 1948 = 100):			
Imports	93	71	-
Exports	79	76	-

GOVERNMENT FINANCES		
(millions of \$ equivalents)	U.S. FY 1952	U.S. FY 1953
REVENUE AND EXPENDITURE - CENTRAL GOV'T:		
Total Revenue	20	20
Total Expenditures	19	20
TAX RECEIPTS:		
All Levels of Government:		
Total Amount	-	-
Percent of GNP	-	-
Central Government:		
Total Amount	-	-
Percent of GNP	-	-
GROSS DEBT OUTSTANDING - CENTRAL GOV'T: Dec. 31	1949	1950
Total Amount	16	21
Percent of GNP	19.0	21.0

EMPLOYMENT, UNEMPLOYMENT AND HOURS WORKED	
	Year ago
EMPLOYMENT:	
N-O-T A-V-A-I-L-A-B-L-E	
UNEMPLOYMENT:	
HOURS WORKED WEEKLY:	

GOLD AND SHORT-TERM DOLLAR ASSETS					
(\$ millions)					
Sept. 1949	June 1950	Dec. 1950	June 1951	Dec. 1951	March 1952
4	3	3	3	5	

AREA AND POPULATION		
	Prewar	End of 1951
Area (square miles)	--	39,768
Population (thousands)	118	147

USE OF RESOURCES		
(millions of \$ equivalents)	U.S. FY 1952 (Current Prices)	U.S. FY 1953 (FY 1952 Prices)
Gross National Product	136	136
Net Foreign Balance	-7	-3
Total Availabilities	143	139
Consumption - Amount	94	93
- Percent of GNP	69.1	68.4
Investment (Private & Gov't) - Amount	37	33
- Percent of GNP	27.2	24.3
Government Use of Resources	12	13
Non-Military	12	13
Military - Amount	0	0
- Percent of GNP	0	0

GOLD AND DOLLAR TRANSACTIONS		
(\$ millions)	U.S. FY 1952	U.S. FY 1953
Imports (f.o.b.)	11.4	11.5
Exports (f.o.b.)	7.1	8.0
U.S. Offshore Procurement Program	--	--
Other Receipts and Payments - Net	-1.1	1.1
Net Balance of Payments	-5.4	-2.4
METHOD OF FINANCING		
Use of Reserves	(-0.8)*	0
Use of Pipeline	0.7	1.7
U.S. Defense Support	5.5	0.7
* Accumulation of Reserves		

GREECE

Defense Program. Defense expenditures are expected to be \$160 million in fiscal year 1953, more than 7 percent of gross national product. Defense production will be relatively small but mobilized military manpower will equal 10 divisions plus supporting service troops. Defense expenditures also include construction of necessary military highways, airfields, and port facilities.

Economic Situation. Greece has to import 95 percent of its energy requirements, two-thirds of its raw materials and one-fourth of its manufactured products. The re-institution of trade restrictions on the part of other Western European countries has reduced its major exports of tobacco and raisins.

The substantial recovery of Greek internal production since the autumn of 1949 has reduced the need for United States support from almost \$300 million in fiscal year 1949 to a projected level of about \$102 million in fiscal year 1953. This volume of defense support is essential, however, since over 35 percent of total estimated Greek imports for fiscal year 1953 are dependent on the receipt of U.S. defense support. Greater improvement in the import-export balance has been hindered by virtual discontinuance of trade with Eastern Europe.

TURKEY

Defense Program. Turkey has a strong defense force relative to its size. Military expenditures have totalled 30 to 40 percent of the general budget of the Central Government in every year since the war. Defense expenditures are projected at \$271 million in fiscal year 1953, or about 7 percent of gross national product, a high percentage in the light of the low standard of living in the country. Little industrial capacity exists for military production except for small arms and ammunition.

Economic Situation. One of the main limitations on Turkey's military effort is the difficulty in finding means to pay for essential imports, particularly from other countries of Europe. Large deficits with the European Payments Union (EPU) have been incurred, because of the sizeable increase in military, investment and consumption imports from the EPU area, while Turkish exports to the EPU area have lagged. It is anticipated, however, that Governmental measures to promote exports and restrict non-essential imports will prevent this imbalance from increasing.

United States defense support, now projected at \$49 million for fiscal year 1953, is required to make available the imports that Turkey needs -- including iron and steel, industrial chemicals and textiles from Europe, petroleum products and industrial equipment from the United States.

Greece

INDEXES OF PRODUCTION			
	INDUSTRIAL		AGRICULTURAL
1938	100	Prewar	100
1947	74	1947/48	85
1948	76	1948/49	82
1949	90	1949/50	106
1950	114	1950/51	92
1951	130	1951/52	109

INDEXES OF PRICES (NSA Mission Index)		
	WHOLESALE	COST OF LIVING
1948	100	100
1949, September	114	118
1950, June	110	124
December	128	138
1951, June	130	145
December	134	149
1952, March	142	164

FOREIGN TRADE			
(millions of \$ equivalents)	1949	1950	1951
IMPORTS, TOTAL VALUE (c.i.f.)	408	432	398
From United States	169	139	118
From OEEC Countries	166	208	207
From All Other Countries	73	85	73
EXPORTS, TOTAL VALUE (f.o.b.)	120	96	102
To United States	22	15	14
To OEEC Countries	75	66	74
To All Other Countries	23	15	14
VOLUME OF TRADE (index 1948 = 100):			
Imports	--	--	--
Exports	--	--	--

GOVERNMENT FINANCES		
(millions of \$ equivalents)	U.S. FY 1952	U.S. FY 1953
REVENUE AND EXPENDITURE - CENTRAL GOV'T:		
Total Revenue	392	396
Total Expenditures	629	517
TAX RECEIPTS:		
All Levels of Government:		
Total Amount	-	-
Percent of GNP	-	-
Central Government:		
Total Amount	370	
Percent of GNP	17.4	
GROSS DEBT OUTSTANDING - CENTRAL GOV'T: June 30	1950	1951
Total Amount	171	175
Percent of GNP	11.0	10.0

EMPLOYMENT, UNEMPLOYMENT AND HOURS WORKED	
	Year ago
EMPLOYMENT:	
UNEMPLOYMENT:	N-O-T A-V-A-I-L-A-B-L-E
HOURS WORKED WEEKLY:	

GOLD AND SHORT-TERM DOLLAR ASSETS					
(\$ millions)					
Sept. 1949	June 1950	Dec. 1950	June 1951	Dec. 1951	March 1952
30	44	36	44	49	49

AREA AND POPULATION		
	Prewar	End of 1951
Area (square miles)	--	52,218
Population (thousands)	7,180	7,670

USE OF RESOURCES		
(millions of \$ equivalents)	U.S. FY 1952 (Current Prices)	U.S. FY 1953 (FY 1952 Prices)
Gross National Product	2,126	2,140
Net Foreign Balance	-220	-144
Total Availabilities	2,346	2,284
Consumption - Amount	1,670	1,717
" - Percent of GNP	78.5	80.2
Investment (Private & Gov't) - Amount	255	172
" - Percent of GNP	12.0	8.0
Government Use of Resources	421	395
Non-Military	233	235
Military - Amount	188	160
" - Percent of GNP	8.8	7.5

GOLD AND DOLLAR TRANSACTIONS		
(\$ millions)	U.S. FY 1952	U.S. FY 1953
Imports (f.o.b.)	105.5	85.0
Exports (f.o.b.)	20.3	23.0
U. S. Offshore Procurement Program	0.1	1.6
Other Receipts and Payments - Net	-116.9	-61.883
Net Balance of Payments	-202.0	-122.283
METHOD OF FINANCING		
Use of Reserves	0	0
Use of Pipeline	20.0	20.0
U.S. Defense Support	182.0	102.283

Turkey

INDEXES OF PRODUCTION			
	INDUSTRIAL		AGRICULTURAL
1938	100	Prewar	100
1947	154	1947/48	96
1948	159	1948/49	124
1949	167	1949/50	111
1950	171	1950/51	120
1951	175	1951/52	137

INDEXES OF PRICES		
	WHOLESALE	COST OF LIVING
1948	100	100
1949, September	105	111
1950, June	92	104
December	101	102
1951, June	101	101
December	106	106
1952, March	104	108

FOREIGN TRADE			
(millions of \$ equivalents)	1949	1950	1951
IMPORTS, TOTAL VALUE (c.i.f.)	288	288	397
From United States	58	69	44
From OEEC Countries	134	143	268
From All Other Countries	96	76	85
EXPORTS, TOTAL VALUE (f.o.b.)	252	264	314
To United States	35	44	67
To OEEC Countries	138	165	181
To All Other Countries	79	55	66
VOLUME OF TRADE (index 1948 = 100):			
Imports	114	133	157
Exports	129	126	130

GOVERNMENT FINANCES		
(millions of \$ equivalents)	U.S. FY 1952	U.S. FY 1953
REVENUE AND EXPENDITURE - CENTRAL GOV'T:		
Total Revenue	608	655
Total Expenditures	764	764
TAX RECEIPTS:		
All Levels of Government:		
Total Amount	587	639
Percent of GNP	16.5	16.9
Central Government:		
Total Amount	448	500
Percent of GNP	12.6	13.2
GROSS DEBT OUTSTANDING - CENTRAL GOV'T: Dec. 31	1950	1951
Total Amount	576	581
Percent of GNP	17.9	16.4

EMPLOYMENT, UNEMPLOYMENT AND HOURS WORKED	
	Year ago
EMPLOYMENT:	
UNEMPLOYMENT: N-O-T A-Y-A-I-L-A-B-L-E	
HOURS WORKED WEEKLY:	

GOLD AND SHORT-TERM DOLLAR ASSETS						
(\$ millions)						
Sept. 1949	June 1950	Dec. 1950	June 1951	Dec. 1951	March 1952	
174	162	164	162	165	161	
AREA AND POPULATION						
					Prewar	End of 1951
Area (square miles)					--	296,185
Population (thousands)					17,200	21,500

USE OF RESOURCES		
(millions of \$ equivalents)	U.S. FY 1952 (Current Prices)	U.S. FY 1953 (FY 1952 Prices)
Gross National Product	3,727	3,828
Net Foreign Balance	-57	-39
Total Availabilities	3,784	3,867
Consumption - Amount	2,695	2,786
" - Percent of GNP	72.3	72.8
Investment (Private & Gov't) - Amount	403	401
" - Percent of GNP	10.8	10.5
Government Use of Resources	686	680
Non-Military	433	409
Military - Amount	253	271
" - Percent of GNP	6.8	7.1

GOLD AND DOLLAR TRANSACTIONS		
(Current Prices)	U.S. FY 1952	U.S. FY 1953
(\$ millions)		
Imports (f.o.b.)	85.0	82.0
Exports (f.o.b.)	90.0	89.0
U.S. Offshore Procurement Program	0,001	0,307
Other Receipts and Payments - Net	-86.5	-69.3
Net Balance of Payments	-81.5	-62.0
METHOD OF FINANCING		
Use of Reserves	1.5	0
Use of Pipeline	10.0	13.0
U.S. Defense Support	70.0	49.0

AUSTRIA

(Note: Austria is the only Title I country which will receive economic aid as distinct from defense support)

Current Situation. The significant economic facts in Austria are:

- a) A persistent balance of payments problem resulting from a scarcity of natural resources and under-development of existing resources.
- b) Severe internal inflation.
- c) The drain of Austrian resources by the USSR occupation authorities as the result of (1) unrequited exports from output of the 350 enterprises confiscated by the USSR under the pretext that these assets were German property, (2) failure of the Soviet-controlled enterprises to pay taxes.
- d) The deterioration of trade with Eastern Europe, upon which Austria was traditionally dependent.

United States economic aid is required to assist the Austrians in reorienting their economy toward closer association with the West, to resist attempts by the Soviet Union to disrupt the economy, and to permit further progress toward viability. The presence of the Soviet occupation troops on Austrian soil, and the terms of the occupation statute limit Austria's ability to contribute to Western defense.

The Need for Economic Aid. The improvement in the balance of payments has been retarded by the necessity of making a major readjustment of Austria's traditional trade pattern, as the result of the deterioration of East-West trade. The effect of the deterioration of trade with Eastern Europe may be illustrated by the fact that over half of Austria's estimated requirements for dollar imports in fiscal year 1953 are due to the necessity of importing from the United States three products formerly obtained from Eastern Europe -- bread grains, coarse grains and coal.

Austria

INDEXES OF PRODUCTION			
	INDUSTRIAL		AGRICULTURAL
1938	100	Prewar	100
1947	--	1947/48	66
1948	85	1948/49	72
1949	113	1949/50	80
1950	134	1950/51	90
1951	151	1951/52	97

INDEXES OF PRICES		
	WHOLESALE	COST OF LIVING
1948	100	100
1949, September	133	136
1950, June	155	141
December	180	158
1951, June	222	173
December	259	220
1952, March	254	217

FOREIGN TRADE			
(millions of \$ equivalents)	1949	1950	1951
IMPORTS, TOTAL VALUE (c.i.f.)	594	483	653
From United States	183	121	145
From OEEC Countries	232	226	375
From All Other Countries	179	136	133
EXPORTS, TOTAL VALUE (f.o.b.)	286	326	454
To United States	9	17	27
To OEEC Countries	162	189	288
To All Other Countries	115	120	139
VOLUME OF TRADE (Index 1948 = 100):			
Imports	188	190	212
Exports	124	187	204

GOVERNMENT FINANCES		
(millions of \$ equivalents)	U.S. FY 1952	U.S. FY 1953
REVENUE AND EXPENDITURE - CENTRAL GOV'T:		
Total Revenue	816	825
Total Expenditures	990	970
TAX RECEIPTS:		
All Levels of Government:		
Total Amount	800	-
Percent of GNP	31.0	-
Central Government:		
Total Amount	579	-
Percent of GNP	22.4	-
GROSS DEBT OUTSTANDING - CENTRAL GOV'T: Dec. 31	1949	1950
Total Amount	593	621
Percent of GNP	34.0	31.0

EMPLOYMENT, UNEMPLOYMENT AND HOURS WORKED		
		Year ago
EMPLOYMENT:		
Total, excl. Agriculture - 1948 = 100 -- (Dec. 1951)	101	99
UNEMPLOYMENT:		
Registered at Exchanges (Thousands) -- (Mar. 1952)	190.3	161.2
HOURS WORKED WEEKLY:		

GOLD AND SHORT-TERM DOLLAR ASSETS					
(\$ millions)					
Sept. 1949	June 1950	Dec. 1950	June 1951	Dec. 1951	March 1952
92	85	92	94	107	106

AREA AND POPULATION	
	End of 1951
Area (square miles)	32,375
Population (thousands)	6,880

USE OF RESOURCES		
(millions of \$ equivalents)	U.S. FY 1952 (Current Prices)	U.S. FY 1953 (FY 1952 Prices)
Gross National Product	3,045	3,085
Net Foreign Balance	-117	-60
Total Availabilities	3,162	3,145
Consumption - Amount	2,132	2,164
- Percent of GNP	70.0	70.1
Investment (Private & Gov't) - Amount	630	578
- Percent of GNP	20.7	18.7
Government Use of Resources	400	403
Non-Military	379	380
Military - Amount (Occupation Costs)	21	23
- Percent of GNP	0.7	0.7

GOLD AND DOLLAR TRANSACTIONS		
(\$ millions)	U.S. FY 1952	U.S. FY 1953
Imports (f.o.b.)	126.0	115.6
Exports (f.o.b.)	42.0	43.0
U.S. Offshore Procurement Program	--	--
Other Receipts and Payments - Net	-45.5	40.2
Net Balance of Payments	-129.5	-72.4
METHOD OF FINANCING		
Use of Reserves	0	0
Use of Pipeline	9.5	11.4
U.S. Economic Aid	120.0	61.0

YUGOSLAVIA

Defense Program. Yugoslavia is devoting a greater share of its resources to defense than any of the Western European nations. It has budgeted \$670 million for defense expenditures during 1952. This is 77 percent of the Central Government budget and is estimated to represent about one-fifth of gross national product. Yugoslavia's combination of relatively low consumption levels and primitive economic development does not provide the resilience required to support the expansion and improvement of the defense establishment planned by the Yugoslav Government. Imports directly and indirectly associated with the military program, exclusive of end-items, have nearly doubled and now represent a major share of the country's total imports.

Economic Situation. Yugoslavia is a predominantly agricultural country; about two-thirds of its population of 16.6 million are dependent on agriculture for a livelihood. Timber production and the mining and processing of non-ferrous metals are the main industrial activities, although there is small production of coal, steel, cement, glass, textiles, and other miscellaneous manufactures. Exports consist chiefly of agricultural products, timber, and non-ferrous metals. Imports are mainly textiles, machinery, iron and steel, fuel and chemicals. The standard of living is relatively low, comparable with Greece.

Economic assistance required to permit Yugoslavia to carry its heavy defense burdens, and to survive the economic shock resulting from its rupture with the Soviet bloc, is given to Yugoslavia jointly by the United States, the United Kingdom and France. The illustrative defense support figure originally submitted to the Congress (\$78 million) was designed to meet the United States share of the minimum requirement for such assistance estimated by representatives of the three countries. This estimate was calculated on the assumption that the Yugoslav Government would continue and even intensify its tight restrictions on civilian consumption levels, in order to divert the country's resources to the fullest extent possible to maintain its defense effort. The indicated reduction to \$55 million will reduce the availability of raw materials — cotton, coke for the metallurgical and mechanical industries, iron and steel, etc. — essential to defense production and to maintain minimum civilian consumption standards.

PRODUCTIVITY AND TECHNICAL ASSISTANCE

COMPARATIVE OBLIGATIONS BY FIELD OF ACTIVITY

<u>Field of Activity</u>	<u>Actual FY 1951</u>	<u>Estimated FY 1952</u>	<u>Illustrative FY 1953</u>
Industrial Production and Labor Relations	\$ 7,751,780	\$ 7,550,000	\$ 7,500,000
Industrial Productivity Tools	-	2,000,000	a/
Agricultural Production	2,031,752	2,300,000	2,000,000
Improvement of Distribution and Encouragement of Competitive Enterprise	406,818 ^{b/}	280,000	500,000
Improvement of Transportation and Communications	649,565	655,500	650,000
Government Administration and Finance	780,194	750,000	600,000
Development of Overseas Territories	632,688	200,000	1,500,000 ✓ X
Tourism	31,620	-	-
Operation Costs	<u>1,048,878</u>	<u>2,320,000</u>	<u>2,750,000^{c/}</u>
TOTAL	\$13,333,295	\$16,055,500	\$15,500,000

a/ To be financed from country aid funds.

b/ The major portion of these obligations was for marketing projects which have been discontinued.

c/ Includes funds for additional engineers, labor specialists, and other employees hired to spearhead the Productivity Drive overseas. Approximately 200 such Americans will be needed in Europe at an annual rate of \$1,500,000. These people are being recruited in FY 1952.

PRODUCTIVITY AND TECHNICAL ASSISTANCE PROGRAM

The Western European countries have long recognized that they must raise their industrial and agricultural productivity. With the rearmament program this need has become even more pressing. The Organization for European Economic Cooperation countries recently resolved to raise productivity by 5 percent a year over the next five years. An important means to achieve this goal is a concerted productivity drive. The purpose of Mutual Security Agency's Productivity and Technical Assistance Program is to assist the Western Europeans in this effort.

A high productivity rate is a compound of many factors: Besides equipment it requires a large market, vigorous and well-trained management, and, above all, good management-labor relations which give the worker an incentive to raise production because he knows that he will get a fair share of the increased output. Western Europe has been lagging behind in all the factors that make for a high productivity rate. As a result, productivity over the last 50 years has risen at an average of 1 or 2 percent per year in Europe as against 3 percent per year in the United States. Productivity per manhour in the United States is now estimated to be about three to four times higher than in Europe.

In recognition of the varying stages of industrialization among the Western European countries, Mutual Security Agency will concentrate primary attention under the industrial productivity drive in six principal countries: Austria, Belgium, France, the Federal Republic of Germany, Italy, and the Netherlands. Special intensive programs are being developed for each of these countries, adapted to local industrial and commercial customs, designed to (1) stimulate productivity, (2) improve marketing and distribution practices, (3) reduce restrictive and monopolistic trade practices, (4) improve the status of the worker both as to conditions of employment and earnings, (5) offer the consumer a wide choice of goods at lower prices, and (6) sharpen public attention on the necessity for obtaining higher productivity and increased total production. With respect to the United Kingdom, the type of program begun by the Anglo-American Council on Productivity will be continued with a few modifications.

The objectives of the agricultural production program include: Improvements in land utilization and management, organization of extension services, seed improvement, and feed and livestock improvement. With respect to the dependent overseas territories, emphasis will be on increased agricultural production, improvements in public health, and greater utilization of basic resources.

In implementing the program, Mutual Security Agency will encourage each European country to (a) develop a strong productivity agency comprising business, labor, management and agricultural representatives; (b) provide adequate local currency for the program to include funds for information, education and training, expert assistance to individual firms, and credit under reasonable terms for productivity improvement; and (c) adopt necessary legislation to remove obstacles to high productivity.

The program next fiscal year will include sending to Europe about 200 American engineers, labor specialists, and other employees to spearhead the Productivity Drive and some 500 United States experts to work on specific industrial and agricultural problems. Furthermore, about 3,000 Europeans with responsible positions in industry, agriculture, labor and government will come to the United States to study United States methods first hand, and some 1,000 younger Europeans with leadership potential will be brought for in-plant training, study and observation. To be furnished also are visual aids, special analyses of United States experience, industrial films, periodicals, etc.

A total of \$15.5 million is programmed for this purpose. In addition, it is intended to expend \$10.4 million equivalent in local currency from the United States (10%) portion of counterpart funds. Technical assistance projects are joint undertakings of the Western European countries and the Mutual Security Agency. It is estimated that the Europeans must expend between \$30 million and \$40 million equivalent in local currency to obtain the services available under the program. Furthermore, the European countries will make substantial amounts of local currency available to support productivity agencies, provide loans for productivity improvement, and to generally support the productivity drive.

Note: Experience shows that relatively small amounts of supplementary equipment, such as power hand tools, materials handling equipment, etc., frequently enable European firms to obtain major increases in productivity. Often these productivity tools are obtainable only in the United States. To make it possible for European firms to obtain dollar financing for such tools and to demonstrate the comparative ease with which an aggressive firm can raise its productivity, Mutual Security Agency will earmark limited funds (not more than \$20 million) from general defense support funds next fiscal year for the specific purpose of financing the imports of such auxiliary equipment.

BASIC MATERIALS DEVELOPMENT

Actual Obligations FY 1951	Estimated Obligations FY 1952	Estimated Obligations FY 1953
\$7,064,108	\$11,480,658	\$19,000,000

On August 28, 1951, the Defense Materials Procurement Agency (DMPA) was established by Executive Order with authority and direction under programs certified by the Defense Production Administrator to procure and expand the production of strategic materials at home and abroad, as a vital part of the United States mobilization effort. In order to avoid duplication and to derive the full benefit of specialization contemplated by the establishment of DMPA, the operating responsibilities of Mutual Security Agency (MSA) for this program, involving advances repayable in materials to the United States, under Section 514 of the Mutual Security Act of 1951 were delegated by interagency agreement of November 30, 1951, to that Agency.

There remains, however, under Section 514 of the Mutual Security Act of 1952, the necessity to provide assistance to initiate and expedite the production and flow of basic materials in order to reduce the drain on United States resources and to assure the production of adequate supplies of essential raw materials for the collective defense of the free world. This program will be carried out by MSA in accordance with an understanding with DMPA that DMPA will continue to have responsibility for procuring and increasing the supply of strategic materials for the United States use and MSA will confine its activities to (a) developing increased production of basic materials to meet the requirements of friendly countries for their security effort, and (b) providing for ancillary transportation, port, and similar projects to increase the total flow of such materials. MSA intends in addition to make available to DMPA substantial amounts of local currency from the United States (10%) portion of counterpart funds for increasing the supply of strategic materials for the United States.

MSA has, for review, a large list of materials development and mining support projects located in Europe and in its overseas territories.

This list has been furnished to Export-Import Bank and DMPA to determine which projects are eligible for financing from funds available to them. MSA proposes to advance \$19 million for projects not eligible for financing by these Agencies but which will contribute most significantly to the increased production or flow of essential basic materials.

ASSISTANCE TO SPAIN

TITLE I

COMPARATIVE SUMMARY OF OBLIGATIONS

	<u>Actual</u> FY 1951	<u>Estimate</u> FY 1952	<u>Estimate</u> FY 1953
Total	\$ <u>17,200,000</u>	\$ <u>45,300,000</u>	\$ 125,000,000 <u>(25,000,000)</u> a/ <u>100,000,000</u>

GENERAL STATEMENT

Assistance to Spain was included in the 1952 Mutual Security Appropriation Act in the following language:

"For economic, technical, and military assistance, in the discretion of the President under the general objectives set forth in the declaration of policy contained in the titles of the Economic Cooperation Act of 1948 and the Mutual Security Act of 1951, for Spain, \$100,000,000."

Since it is unlikely that any significant amount of the \$100 million appropriation for economic, technical and military aid to Spain can be used during the remainder of the fiscal year 1952, Mutual Security legislation now before Congress contains the request that all unexpended balances be made available for assistance to Spain for the fiscal year 1953 under the same conditions as those quoted above from the Mutual Security Appropriation Act, 1952.

Preparations for negotiations with the Spanish Government for the use by the United States of military facilities in Spain began last fall when a military team and economic group were sent to Spain. Surveys were undertaken by these two groups and their reports were then made to the Joint Chiefs of Staff and the Mutual Security Agency respectively. The actual negotiations involving the use of the \$100 million already voted by the Congress for Spain, are currently under way. Draft texts of the proposed military and economic agreements have been submitted by the United States negotiators and are now being considered by the Spanish Government.

a/ Funds to be utilized pursuant to section 101(a) of the Mutual Security Act for assistance to Spain are included in the military assistance and defense support estimates in Title I. The respective amounts are not readily determinable at this time.

MILITARY ASSISTANCE, ECONOMIC ASSISTANCE AND TECHNICAL COOPERATION
 TITLE II - NEAR EAST AND AFRICA
 COMPARATIVE SUMMARY OF OBLIGATIONS BY FUNCTIONS AND ACTIVITIES

<u>FUNCTION and Activity</u>	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
<u>MILITARY ASSISTANCE</u>			
Materiel	\$ 294,719,191	\$ 395,689,799	\$ 615,107,732
Training	<u>2,482,598</u>	<u>8,757,042</u>	<u>7,018,973</u>
Total Direct Obligations (Military)	297,201,789	404,446,841	622,126,705
Add Reimbursable Obligations (Materiel)	852,162	1,035,000	1,035,000
Total Obligations	<u>298,053,951</u>	<u>405,481,841</u>	<u>623,161,705</u>
Deduct Carry-over from 1952			- 61,810,205
Deduct Reimbursable Obligations			<u>- 1,035,000</u>
Appropriation Request (Military)			<u>560,316,500</u>
<u>TECHNICAL COOPERATION</u>			
Bilateral Technical Cooperation	3,809,790	56,256,000	50,822,750
Deduct Carry-over from 1952			-
Appropriation Request			<u>50,822,750</u>
<u>PALESTINE REFUGEE PROGRAM</u>			
Deduct Carry-over from 1952	25,450,000	50,000,000	60,063,250
Appropriation Request			<u>60,063,250</u>
<u>RELIEF AND RESETTLEMENT OF REFUGEES ENTERING ISRAEL</u>			
Deduct Carry-over from 1952	-	50,000,000	70,228,000
Appropriation Request			<u>70,228,000</u>
<u>RECAPITULATION OF ALL FUNCTIONS AND ACTIVITIES</u>			
Total Direct Obligations	326,461,579	560,702,841	803,240,705
Add Reimbursable Obligations (Materiel)	852,162	1,035,000	1,035,000
Total Obligations	<u>327,313,741</u>	<u>561,737,841</u>	<u>804,275,705</u>
Deduct Carry-over from 1952			- 61,810,205
Deduct Reimbursable Obligations			<u>- 1,035,000</u>
Appropriation Request Title II			<u>741,430,500</u>

Note: Obligations have been adjusted by functions and title to conform with the appropriation structure proposed for 1953.

MILITARY ASSISTANCE
TITLE II - NEAR EAST AND AFRICA

COMPARATIVE SUMMARY OF OBLIGATIONS BY ACTIVITY

<u>Activity</u>	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
Materiel	\$295,571,353	\$396,724,799	\$616,142,732
Training	<u>2,482,598</u>	<u>8,757,042</u>	<u>7,018,973</u>
Total	<u>\$298,053,951</u>	<u>\$405,481,841</u>	<u>\$623,161,705</u>

GENERAL NARRATIVE STATEMENT

The fiscal year 1953 budget estimates for Title II provide in general for continuing the provision of materiel and training for Greece, Turkey and Iran to assist these countries in modernizing their forces and developing sufficient defensive capabilities to act as a deterrent to outside aggression. In addition, it will assist Greece and Iran in maintaining internal security and preventing dissident elements from gaining dominance.

The primary emphasis of the proposed programs is on modernization of equipment in the hands of the forces, maintenance of U. S. equipment on hand, training, and supplying of limited quantities of minimum essential initial issue of equipment for new units. The JCS screening criteria has been followed in the programming of requirements.

The admission of Greece and Turkey into NATO has resulted in knitting more closely together the ties of the free world in resisting Communist aggression. The forces of Greece and Turkey have demonstrated most effectively both their skill and their sincere interest in collective security by their part in the United Nations operations in Korea.

The program for Iran is based primarily on maintenance of internal security but with limited capacity to resist aggression. Training of forces is a major element in the program.

All requirements in the program are based on lists submitted by the U.S. missions in the country concerned.

MILITARY ASSISTANCE
TITLE II - NEAR EAST AND AFRICA
MATERIEL-COMPARATIVE SUMMARY OF OBLIGATIONS BY MAJOR CATEGORY

<u>MAJOR CATEGORY</u>	<u>Actual</u> <u>FY 1951</u>	<u>Obligations</u> <u>Estimate</u> <u>FY 1952</u>	<u>Estimate</u> <u>FY 1953</u>
Aircraft, Spare Parts, Aero Equip. & Supp.	\$ 36,001,107	\$128,625,195	\$199,716,110
Vessels	38,408,720	6,676,130	6,625,586
Vessel Equipment	4,688,714	4,493,903	3,668,896
Electronics & Other Signal Equip.	9,868,973	21,315,630	28,985,947
Ordnance Equip. & Supplies	131,012,516	135,373,308	286,234,603
Engineering Equip. & Supplies	22,588,341	9,712,785	10,668,611
QM Equipment & Supplies	11,540,098	57,659,100	26,344,898
Medical Equipment & Supplies	3,967,944	2,096,578	1,731,800
Chemical Equipment & Supplies	279,689	67,635	139,683
P.O.L.	1,097,962	63,286	-
Sub-Total (Materiel)	<u>259,454,064</u>	<u>366,083,550</u>	<u>564,116,134</u>
Repair & Rehab. of U.S.Excess	<u>6,906,646</u>	<u>3,839,808</u>	<u>395,018</u>
Total-Materiel,Rep.&Rehab.of US excess	<u>266,360,710</u>	<u>369,923,358</u>	<u>564,511,152</u>
Accessorial Costs	14,098,643	22,051,441	51,631,580
Construction	15,112,000	4,750,000	-
GRAND TOTAL - MATERIEL - TITLE II	<u>295,571,353</u> ^{a/}	<u>396,724,799</u>	<u>616,142,732</u>
Acquisition Cost of Excess Items (not included in total materiel estimate)	<u>20,451,006</u>	<u>13,762,859</u>	<u>347,312</u>
MATERIEL BY SERVICES:			
Army	160,767,443	174,411,445	309,297,167
Navy	71,807,830	27,624,798	23,356,317
Air Forces	<u>62,996,080</u>	<u>194,688,556</u>	<u>283,489,247</u>
Total	<u>295,571,353</u>	<u>396,724,799</u>	<u>616,142,732</u>

^{a/} Includes comparative transfer of \$7,197,957 from Title III

MILITARY ASSISTANCE
TITLE II - NEAR EAST AND AFRICA
TRAINING-COMPARATIVE SUMMARY OF OBLIGATIONS BY CATEGORY

CATEGORY	No. of spaces			Cost to U. S.		
	Actual	Estimate	Estimate	Actual	Estimate	Estimate
	<u>FY 1951</u>	<u>FY 1952</u>	<u>FY 1953</u>	<u>FY 1951.</u>	<u>FY 1952</u>	<u>FY 1953</u>
1. Formal Training ZI	1,113	2,880	702	\$1,977,120	\$4,021,876	\$2,644,820
2. Formal Training O/S	238	960	240	191,100	637,178	227,540
3. Mobile Training Teams	18	13	13	124,592	173,520	206,030
4. Technical Assistance	3	38	27	14,817	606,747	424,160
5. Training Aids ^{a/}	-	-	-	112,206	1,960,681	20,200
6. Miscellaneous Fund	-	-	-	62,763	236,412	84,020
7. Interpreters	-	-	-	-	-	-
8. Training Expenses of Mission (T)		861	1,182		1,120,628	3,412,203
Sub-Total	<u>1,372</u>	<u>4,752</u>	<u>2,164</u>	<u>2,482,598</u> ^{b/}	<u>8,757,042</u>	<u>7,018,973</u>
<u>Recapitulation by Services</u>						
Army ^{a/}	522	1,829	1,204	1,110,971	4,273,531	3,406,159
Navy	237	1,903	374	333,577	2,335,731	619,214
Air Forces ^{a/}	<u>613</u>	<u>1,020</u>	<u>586</u>	<u>1,038,050</u>	<u>2,147,780</u>	<u>2,993,600</u>
Total	<u>1,372</u>	<u>4,752</u>	<u>2,164</u>	<u>2,482,598</u>	<u>8,757,042</u>	<u>7,018,973</u>

a/ AF & Army Training Aids reflected in Materiel Program.

b/ Includes comparative transfer of \$37,833 from Title III.

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DEPARTMENT OF THE ARMY
 TITLE II - NEAR EAST AND AFRICA
 SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

<u>CATEGORY</u>	<u>Obligations</u>		
	<u>Actual</u> <u>FY 1951</u>	<u>Estimate</u> <u>FY 1952</u>	<u>Estimate</u> <u>FY 1953</u>
<u>ELECTRONICS & COMM SUPPLIES & EQUIP</u>	\$ 9,312,816	\$ 20,110,171	\$ 20,834,423
<u>ORDNANCE EQUIPMENT & SUPPLIES</u>	<u>121,184,351</u>	<u>120,241,151</u>	<u>240,093,493</u>
Tanks & Combat Vehicles	20,901,683	16,346,116	29,755,294
Motor Transport Vehicles	43,641,528	30,588,101	84,650,183
Small Arms & Machine Guns	4,123,689	8,060,514	8,904,808
Artillery & Fire Control	7,210,175	15,751,365	18,522,768
Small Arms & MG Ammunition	5,725,086	4,048,195	3,179,801
Artillery Ammunition	30,446,789	30,289,371	73,255,856
Bombs, Rockets & Misc Ammunition	8,820,263	2,713,740	7,018,132
Miscellaneous Ordnance	278,434	12,063,183	13,634,508
Aircraft & Aeronautical Supplies	36,704	380,066	1,172,143
<u>ENGINEERING EQUIPMENT & SUPPLIES</u>	7,124,946	4,128,829	5,464,668
<u>QUARTERMASTER EQUIPMENT & SUPPLIES</u>	8,059,060	16,204,804	5,899,062
<u>TRANSPORTATION EQUIPMENT & SUPPLIES</u>	-	-	129,021

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DEPARTMENT OF THE ARMY
 TITLE II - NEAR EAST AND AFRICA
 SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

<u>CATEGORY</u>	<u>OBLIGATIONS</u>		
	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
<u>MEDICAL EQUIPMENT & SUPPLIES</u>	\$ 3,852,014	\$ 1,993,946	\$ 1,731,799
<u>CHEMICAL EQUIPMENT & SUPPLIES</u>	279,689	67,635	139,683
<u>ADJUTANT GENERAL SUPPLIES</u>	-	-	-
SUB-TOTAL (MATERIEL)	<u>149,812,876</u>	<u>162,746,536</u>	<u>274,292,149</u>
<u>REPAIR & REHABILITATION OF EXCESS</u>	<u>2,048,412</u>	<u>64,909</u>	<u>253,018</u>
TOTAL - MATERIEL & REPAIR & REHABILITATION OF EXCESS	<u>151,861,288</u>	<u>162,811,445</u>	<u>274,545,167</u>
<u>ACCESSORIAL COSTS</u>			
Packing, Handling & Crating	1,841,947	4,640,000	12,163,200
Inland Transportation	2,511,918	4,640,000	12,163,200
Ocean Transportation	<u>4,552,290</u>	<u>2,320,000</u>	<u>10,425,600</u>
TOTAL ACCESSORIAL COSTS	<u>8,906,155</u>	<u>11,600,000</u>	<u>34,752,000</u>
GRAND TOTAL - MATERIEL TITLE II	<u>160,767,443</u> a/	<u>174,411,445</u>	<u>309,297,167</u>
ACQUISITION COST OF EXCESS ITEMS (Not included in total materiel estimate)	<u>571,119</u>	<u>49,278</u>	<u>308,050</u>

a/ Includes comparative transfer of 7,133,955 from Title III.

DEPARTMENT OF THE NAVY
 TITLE II - NEAR EAST AND AFRICA
 SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

CATEGORY	Obligations		
	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
<u>VESSELS</u>	\$ 38,408,720	\$ 6,676,130	\$ 6,625,587
Combatant	29,376,120	2,847,074	1,951,752
Mincraft	1,824,600	875,966	47,632
Miscellaneous	7,208,000	2,953,090	4,626,203
<u>VESSEL EQUIPMENT</u>	<u>4,688,714</u>	<u>4,493,904</u>	<u>3,668,896</u>
Minesweeping Gear	452,669	695,297	671,191
Spare Parts	1,256,505	924,344	61,990
Electronics	1,929,092	2,069,584	1,739,930
Other Vessel Equipment	1,050,448	804,679	1,195,785
<u>AIRCRAFT & AERONAUTICAL EQUIPMENT</u>	<u>-</u>	<u>-</u>	<u>75,441</u>
Aircraft and Aircraft Spares	-	-	75,441
<u>ORDNANCE EQUIPMENT AND SUPPLIES</u>	<u>8,258,364</u>	<u>4,616,098</u>	<u>8,058,552</u>
Naval Guns	398,111	1,063,427	340,114
Artillery Ammunition	1,395,074	1,835,163	3,001,127
Bombs and Rockets	2,093,058	1,261,972	2,933,520
Miscellaneous Ordnance	4,372,121	455,536	1,783,791
<u>ENGINEERING EQUIPMENT AND SUPPLIES</u>	<u>11,044,827</u>	<u>2,583,621</u>	<u>1,272,870</u>

DEPARTMENT OF THE NAVY
 TITLE II - NEAR EAST AND AFRICA
 SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

CATEGORY	Obligations		
	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
<u>QUARTERMASTER EQUIPMENT & SUPPLIES & NGS</u>	\$ 3,407,781	\$ 2,292,787	\$ 938,391
Clothing & NGS	3,407,781	1,801,787	938,391
Subsistence		491,000	-
P.O.L - Other than Aircraft	596,398	63,286	-
<u>MEDICAL EQUIPMENT & SUPPLIES</u>	<u>115,930</u>	<u>102,632</u>	<u>-</u>
SUB-TOTAL (MATERIEL)	\$ 66,520,734	\$ 20,828,458	20,639,737
<u>REPAIR & REHABILITATION OF EXCESS</u>	<u>4,858,234</u>	<u>3,774,899</u>	<u>142,000</u>
TOTAL - MATERIEL & REPAIR & REHABILITATION OF EXCESS	<u>\$ 71,378,968</u>	<u>\$ 24,603,357</u>	<u>20,781,737</u>
<u>ACCESSORIAL COSTS</u>			
Packing, Handling, Crating & Direct Operating Expenses	201,650	1,209,703	1,134,580
Inland Transportation	126,188	1,214,774	960,000
Ocean Transportation	<u>101,024</u>	<u>596,964</u>	<u>480,000</u>
TOTAL ACCESSORIAL COSTS	<u>428,862</u>	<u>3,021,441</u>	<u>2,574,580</u>
GRAND TOTAL (MATERIEL)	<u>\$ 71,807,830</u>	<u>\$ 27,624,798</u>	<u>23,356,317</u>
ACQUISITION COST OF EXCESS ITEMS (Not included in total materiel estimate)	<u>\$ 19,875,621</u>	<u>\$ 13,713,581</u>	<u>39,262</u>

DEPARTMENT OF THE AIR FORCE
 TITLE II - NEAR EAST AND AFRICA
 SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

CATEGORY	Obligations		
	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
Aircraft Complete with Spares	\$ 36,001,107	\$ 128,625,194	\$ 199,640,669
Electronics & Communications Equipment & Spares	556,157	1,205,459	8,151,522
Ground Powered & Marine Equipment & Spares	4,418,568	3,000,335	3,931,074
Weapons & Spares	-	4,938,340	11,241,281
General Equipment & Spares	73,257	36,665,509	19,168,145
Bombs, Rockets & Miscellaneous Ammunition	1,569,801	5,577,719	26,712,256
P.O.L. for Aircraft	501,564	-	-
Training Equipment, Maintenance Parts & Supplies	-	2,496,000	339,301
Sub-Total	<u>43,120,454</u>	<u>182,508,556</u>	<u>269,184,248</u>
Total End Item	\$ 43,120,454	\$ 182,508,556	269,184,248

DEPARTMENT OF THE AIR FORCE
 TITLE II - NEAR EAST AND AFRICA
 SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

<u>CATEGORY</u>	<u>Obligations</u>		
	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
<u>ACCESSORIAL CHARGES</u>			
Inland Transportation	\$ 1,401,002	\$ 1,659,000	\$3,215,000
Ocean and Air Transportation	2,447,883	3,937,000	4,922,000
Depot Operations	914,741	1,834,000	6,168,000
Construction	<u>15,112,000</u>	<u>4,750,000</u>	<u>-</u>
GRAND TOTAL - MATERIEL	<u>\$ 62,996,080 (a)</u>	<u>\$194,688,556</u>	<u>283,489,248</u>
ACQUISITION COST OF EXCESS ITEMS (Not included in total Materiel estimate)	<u>4,266</u>	<u>-</u>	<u>-</u>

(a) Includes comparative transfer of \$64,002 from Title III

ECONOMIC ASSISTANCE AND TECHNICAL COOPERATION

TITLE II - NEAR EAST AND AFRICA

COMPARATIVE SUMMARY OF OBLIGATIONS BY ACTIVITIES

Activity	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
1. <u>TECHNICAL COOPERATION</u>			
Bilateral Technical Cooperation	\$ 3,809,790	\$ 56,256,000 ^{a/}	\$ 50,822,750 ✓
2. <u>PALESTINE REFUGEE PROGRAM</u>	25,450,000	50,000,000	60,063,250
3. <u>RELIEF AND RESETTLEMENT OF REFUGEES</u> <u>ENTERING ISRAEL</u>	--	50,000,000	70,228,000
Total Obligations	<u>\$29,259,790</u>	<u>\$156,256,000</u>	<u>\$181,114,000</u>

^{a/} Includes economic assistance program for Jordan.

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ECONOMIC ASSISTANCE AND TECHNICAL COOPERATION
TITLE II - NEAR EAST AND AFRICA

NARRATIVE SUMMARY STATEMENT

The area under Title II includes the Arab States (Egypt, Iraq, Jordan, Lebanon, Saudi Arabia, Syria, Yemen), Independent Africa (Ethiopia, Liberia, Libya), Iran and Israel. Together, the twelve countries have a population of approximately 78,000,000. It would be difficult to exaggerate the strategic importance of these countries in relation to world affairs today. They occupy the great land bridge between the Eurasian heart-land and Africa, and lie athwart the most important land, sea and air communication lines between East and West. They produce vital raw materials, the most important of which is petroleum, required for the defense of the free world.

This vital area today stands at historical crossroads. During the years immediately ahead, the explosive social and political forces everywhere present will be channeled toward reform, progress and a western outlook, or they will plunge the area into revolutionary chaos. An imaginative, hard-hitting grass roots Point 4 Program can measurably strengthen the hand of the moderate political leaders who want evolutionary progress. For this reason, the technical cooperation program constitutes an essential instrument of United States policy for this vital area.

The technical cooperation program proposed for FY 1953 totals \$50.8 million. In addition, there are proposed two special programs, one in the amount of \$60 million for the relief and resettlement of Arab Palestine refugees, and another in the amount of \$70 million for the relief and resettlement of refugees entering Israel.

The budget authorized by the Congress for the FY 1952 technical cooperation program was for \$56,256,000. This permitted the development for the first time of a program commensurate with the magnitude of the problem and the importance of the Near East and Africa. The purpose of the Technical Cooperation Program of \$50.8 million proposed for FY 1953 is to enable the U.S. to continue at approximately the same rate, the program initiated in FY 1952.

The basic problems which underlie the explosive political and social situation in almost all of the countries of the Near East and Africa is the all-pervading poverty, ignorance, and disease in which a large majority of the population, especially that of the rural areas, lives. The problem of all-pervading poverty has its roots in the low productivity of rural and urban workers, resulting from the prevalence of ignorance, hunger and disease--and thus is completed a vicious circle.

The technical cooperation program proposed for FY 1953 is designed to break that vicious circle.

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providing precisely the type of assistance which the countries of the area need in their economic development. Approximately sixty per cent of the total amount requested will be used to help them in increasing their food production. The program will do this by assisting them in developing their basic agricultural services in extension and experimentation. It will also provide essential assistance in land reclamation and irrigation development. The Point 4 Program itself is not set up to finance large scale construction, but it can provide the engineering and other technical services which will enable the Near East and African countries to finance these developments themselves, from one source or another.

Although the largest segment of the program will provide assistance to the countries of the area in solving their immediate problem of food production, other elements of national development, such as basic educational and health services, are also included. These basic services are normally the prerequisite of sound long range economic development, and must be built up if self-sustaining forces of development are to be generated in underdeveloped countries. For that reason, the program proposed for FY 1953 includes cooperation in industrial development, public administration and economic development planning, as well as in agriculture, health and sanitation, and education.

The specific activities included in the program range all the way from a broad scale rural improvement program, such as the one in Iran, which includes agricultural development, livestock improvement, environmental sanitation, disease and pest control and related activities, to the assignment of a single technician to advise on the organization of a Government Department. In most instances, integrated action programs in specific fields such as health, education, and agriculture have been organized, and the tendency has been to avoid isolated, unrelated projects. Inevitably, as the program develops, the substantive programs must be integrated into effective country programs. In the field of agriculture, the present programs are concentrating on the development of effective extension services, capable of giving technical guidance to the farmers on the ground. In the field of health and sanitation, the present programs emphasize environmental sanitation and health centers, through which endemic disease prevention and control can be effected. In the field of education, the tendency is to concentrate on the development of national primary and vocational education systems, with strong emphasis on teacher training. In all the programs, the objective is to create a situation in which American and local technicians working together are able to develop and apply new solutions to old problems. They are attempting to do this in a way which will permit the host Government to continue, on a permanent basis and with its own resources, the program initiated by virtue of technical cooperation.

The programs now underway in the Near East and Africa were planned jointly in the field by American and local technicians working together in each of the countries. Out of that field planned program has been projected the program proposed for FY 1953. It will continue and develop the activities initiated in FY 1952. It reflects only the most urgent economic development needs of the various countries. The extension of this cooperation is required to enable the countries of the area to maintain and strengthen their pro-Western orientation.

TECHNICAL COOPERATION

TITLE II - NEAR EAST AND AFRICA
 COMPARATIVE SUMMARY OF OBLIGATIONS BY COUNTRY
 (In thousands of dollars)

Country	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
<u>ARAB STATES</u>	<u>\$557.5</u>	<u>\$12,931.</u>	<u>\$21,717.</u>
Egypt	103.0	670.	4,911. 3.0
Iraq	23.4	856.	1,276. 1.6
Jordan	132.7	5,070.	3,757. 3.0
Lebanon	113.0	3,872.	3,974. 3.0
Saudi Arabia	97.3	463.	647. 2.0
Syria	88.1	2,000.	6,921. 8.2
Yemen	-	-	231. 2.50
<u>INDEPENDENT AFRICA</u>	<u>992.9</u>	<u>4,430.</u>	<u>3,234.</u>
Ethiopia (Eritrea)	50.0	1,238.	924. 1.250
Liberia	785.5	1,506.	1,155. 1.250
Libya	157.4	1,686.	1,155. 1.250
<u>IRAN</u>	<u>1,460.4</u>	<u>23,450.</u>	<u>23,100.</u>
<u>ISRAEL</u>	<u>96.3</u>	<u>14,950.</u>	<u>2,772.</u>
<u>REGIONAL</u>	<u>702.7</u>	<u>495.</u>	<u>--</u>
Total Obligations	<u>\$ 3,809.8</u>	<u>\$ 56,256.</u>	<u>\$ 50,823.</u>

Reversal: 1.697
 2.887
 1.780

TECHNICAL COOPERATION

TITLE II - NEAR EAST AND AFRICA

COMPARATIVE SUMMARY OF OBLIGATIONS BY MAJOR PROJECT CATEGORY
(In thousands of dollars)

Major Project Category	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
1. Agriculture, Forestry and Fisheries	\$ 653.5	\$ 15,634.	\$15,290.
2. Health and Sanitation	600.	7,180.	8,955.
3. Natural Resources, Public Works and Transportation	887.8	8,678.	13,087.
4. Education	986.4	3,969.	2,846.
5. Industry, Handicraft and Housing	33.6	11,480.	5,988.
6. Public Administration and Government Services	36.	443.	1,949.
7. Joint Economic Commissions and Surveys	612.5	2,472.	2,708.
8. Maintenance of Essential Supplies	-	6,400.	-
Total Obligations	\$ <u>3,809.8</u>	\$ <u>56,256.</u>	\$ <u>50,823.</u>

TECHNICAL COOPERATION

TITLE II - NEAR EAST AND AFRICA
FISCAL YEAR 1953

SUMMARY BY COUNTRY AND MAJOR PROJECT CATEGORY
(In Thousands of Dollars)

COUNTRY	Total U.S. Cost	(1) Agricul., Forestry and Fisheries	(2) Health and Sanitation	(3) Nat.Res., Pub.Wks.,& Trans.	(4) Educ- ation	(5) Indus., Handi- craft & Housing	(6) Pub.Adm. & Govt. Services	(7) Jt.Comm. & Econ. Survey
<u>ARAB STATES</u>	<u>\$21,717</u>	<u>\$7,128</u>	<u>\$4,164</u>	<u>\$5,103</u>	<u>\$1,745</u>	<u>\$1,218</u>	<u>\$1,174</u>	<u>\$1,180</u>
Egypt	4,911	923	1,469	699	602	446	452	320
Iraq	1,276	381	172	350	148	--	30	195
Jordan	3,757	675	714	1,121	381	584	149	133
Lebanon	3,974	1,442	510	1,285	263	188	76	210
Saudi Arabia	647	174	164	88	45	--	93	83
Syria	6,921	3,454	1,037	1,511	306	--	374	239
Yemen	231	79	98	54	--	--	--	--
<u>INDEPENDENT AFRICA</u>	<u>\$3,234</u>	<u>\$ 939</u>	<u>\$ 807</u>	<u>\$ 476</u>	<u>\$ 333</u>	<u>\$ 31</u>	<u>\$147</u>	<u>\$501</u>
Ethiopia	924	352	222	129	62	31	30	98
Liberia	1,155	242	379	184	15	--	117	218
Libya	1,155	345	206	163	256	--	--	185
<u>IRAN</u>	<u>\$23,100</u>	<u>\$6,023</u>	<u>\$3,514</u>	<u>\$7,366</u>	<u>\$768</u>	<u>\$4,523</u>	<u>\$387</u>	<u>\$519</u>
<u>ISRAEL</u>	<u>2,772</u>	<u>1,200</u>	<u>470</u>	<u>137</u>	<u>--</u>	<u>216</u>	<u>241</u>	<u>508</u>
Total Obligation	<u>\$ 50,823</u>	<u>\$ 15,290</u>	<u>\$ 8,955</u>	<u>\$ 13,087</u>	<u>\$ 2,846</u>	<u>\$ 5,988</u>	<u>\$ 1,949</u>	<u>\$ 2,708</u>

TECHNICAL COOPERATION
TITLE II-- NEAR EAST AND AFRICA
FISCAL YEAR 1953

SUMMARY BY COUNTRY AND MAJOR COST COMPONENTS
(In thousands of dollars)

Country	Total	Supplies & Equipment	Local Costs	Total Service Cost	SERVICES			
					U.S. Technicians		Trainees	
					No. of Persons	Cost	No. of Persons	Cost
<u>ARAB STATES</u>	<u>\$21,717</u>	<u>\$ 6,997</u>	<u>\$6,485</u>	<u>\$8,235</u>	<u>420</u>	<u>\$6,100</u>	<u>427</u>	<u>\$2,135</u>
Egypt	4,911	1,314	2,100	1,497	80	1,162	67	335
Iraq	1,276	301	--	975	53	770	41	205
Jordan	3,757	1,040	1,185	1,532	70	1,017	103	515
Lebanon	3,974	1,293	1,100	1,581	91	1,321	52	260
Saudi Arabia	647	192	--	455	25	365	18	90
Syria	6,921	2,762	2,100	2,059	93	1,349	142	710
Yemen	231	95	--	136	8	116	4	20
<u>INDEPENDENT AFRICA</u>	<u>3,234</u>	<u>705</u>	<u>142</u>	<u>2,387</u>	<u>158</u>	<u>2,295</u>	<u>26</u>	<u>92</u>
Ethiopia	924	190	--	734	49	712	9	22
Liberia	1,155	88	25	1,042	68	987	14	55
Libya	1,155	427	117	611	41	596	3	15
<u>IRAN</u>	<u>23,100</u>	<u>10,328</u>	<u>8,985</u>	<u>3,787</u>	<u>220</u>	<u>3,192</u>	<u>119</u>	<u>595</u>
<u>ISRAEL</u>	<u>2,772</u>	<u>1,308</u>	<u>--</u>	<u>1,464</u>	<u>75</u>	<u>1,089</u>	<u>75</u>	<u>375</u>
<u>Total Obligations</u>	<u>50,823</u>	<u>19,338</u>	<u>15,612</u>	<u>15,873</u>	<u>873</u>	<u>12,676</u>	<u>647</u>	<u>3,197</u>

MUTUAL SECURITY

TITLE II - NEAR EAST AND AFRICA

ECONOMIC STATISTICS - 1950 UNLESS OTHERWISE INDICATED

Country	GENERAL		INCOME Per Capita Income (dollars)	INTERNATIONAL TRADE AND PAYMENTS					PUBLIC FINANCE Gross External Public Debt 1951 (Mil. of dollars)	
	Area (Sq. miles)	Population (Thousands)		Daily Per Capita Food Consumption Calories	Total Exports	Total Imports	Exports to U.S.	Imports from U.S.		Foreign Exchange Reserves
					(Millions of dollars)					
Egypt	386	20,439	2,410	\$ 121	\$ 503.7	\$ 610.9	\$ 36.3	\$ 44.3	\$ 778.0 <u>d/</u>	\$ 3.0
Ethiopia	410	15	1,770	40	27.5	30.0	3.5	30.0	6.9	15.0
Iran	630	18,772	1,988 <u>b/</u>	85	528.5	286.8	6.3	89.2	196.0 <u>d/</u>	23.0 <u>d/</u>
Iraq	168 <u>c/</u>	5,100 <u>c/</u>	1,839 <u>c/</u>	85	50.0 <u>c/</u>	163.2 <u>c/</u>	2.0 <u>c/</u>	18.6 <u>c/</u>	23.1 <u>d/</u>	17.0 <u>d/</u>
Israel	8	1,554 <u>d/</u>	2,227 <u>d/</u>	720	35.3	287.3	8.3	105.5	7.7	112.0
Jordan	35	619	*	98	12.6	36.4	*	1.4	*	*
Lebanon	4	1,257	2,521 <u>d/</u>	125	25.9	143.3 <u>d/</u>	2.7 <u>d/</u>	16.7	39.5	7.0
Liberia	43	1,648 <u>c/</u>	*	40	16.3	10.4	13.9	7.4	6.1 <u>d/</u>	0.584 <u>c/</u>
Libya	679	1,124	1,500	40	9.3 <u>b/</u>	18.3 <u>b/</u>	0.1 <u>b/</u>	0.5 <u>b/</u>	0.5 <u>d/</u>	*
Saudi Arabia	610	6,000	*	40	*	85.0	*	35.0	7.9	*
Syria	72	3,227	2,521 <u>a/</u>	108	57.2	89.6	6.3	*	11.8	22.0
Yemen	75	4,500	*	40	*	*	*	*	*	*

* Data not available.

a/ 1947 c/ 1949
b/ 1948 d/ 1951

ECONOMIC AND TECHNICAL ASSISTANCE
TITLE II - NEAR EAST AND AFRICA

UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST

COMPARATIVE SUMMARY OF OBLIGATIONS

GENERAL PLANNING BUDGET - FISCAL YEAR 1953

	<u>Actual FY 1951</u>	<u>Estimated FY 1952</u>	<u>Estimated FY 1953</u>
1. Relief Services	\$ 42,502,777 a/	\$ 27,000,000	\$ 18,000,000
2. Reintegration Operations	<u>2,478,150 a/</u>	<u>52,000,000</u>	<u>100,000,000</u>
Total Obligations	<u>44,980,927</u>	<u>79,000,000</u>	<u>118,000,000</u>
United States Share of Contributions	25,450,000 b/	50,000,000	60,063,250

a/ Obligations shown are for the period May 1, 1950 through June 30, 1951, the first period of operation of the United Nations Relief and Works Agency for Palestine Refugees in the Near East.

b/ Actual fiscal year 1951 contribution. For the period May 1, 1950 through June 30, 1951, the United States contributed \$27,450,000.

GENERAL NARRATIVE STATEMENT ON THE PALESTINE REFUGEE PROGRAM

The major portion of the \$60 million requested in this appropriation is to enable the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) to continue with the re-establishment of a substantial percentage of over 800,000 Arab refugees from Palestine who have been receiving aid in the form of direct relief, or of works projects, through United Nations agencies since December 1948. The proposed solution for this problem, as determined by the United Nations General Assembly, is to find homes and employment opportunities for these destitute and homeless people. [During fiscal year 1952 some progress was achieved in this direction. The over-all plan of the Agency calls for the reintegration of 150,000 refugee families, representing almost the entire refugee population,

into the Near Eastern economy. Some 90,000 of these families are of rural background and might be resettled on the land at a cost of \$1,900 per family. The remaining 60,000 families made their living in urban and village communities in Palestine where the wage-earning members were skilled and semi-skilled workers and artisans. Training and placement services will be used to help these people to find work opportunities as they arise. This aspect of the program will, according to present estimates, cost on the average about \$500 per family.

A three-year \$250,000,000 program (July 1, 1951 to June 30, 1954) to carry out the reintegration plans of the Agency was approved by the Sixth General Assembly of the United Nations. Commitments under this reintegration program may reach \$50 million for the first year ending June 30, 1952, \$100 million the second year, and \$50 million the third year. If so, the United Nations Relief and Works Agency has estimated that relief expenditures might be cut from \$27 million in fiscal year 1952 to \$18 million in fiscal year 1953. The cut in relief presupposes that reintegration projects and other expanding enterprises in the Arab States will provide continuing employment for many thousands now destitute.

From the beginning of the original United Nations Relief Program in 1948 to the end of 1951, total governmental contributions and pledges amounted to \$153 million. Forty-three nations have contributed either cash, services or supplies. Of this total, the United States contributions and pledges amount to \$93,450,000, or 61 per cent. For the fiscal year 1953, the sum of \$60,063,250 has been authorized to enable the United States to pay its share of a proposed total budget of \$118 million. In view of the magnitude of the \$250 million three-year program and the difficulties in raising this large sum, it is possible that the contribution of the United States to the program may rise to a larger percentage than in the past. However, it is intended that the United States contribution should in no case exceed 70 per cent of the total contributions of other governments and that payments will be made on the integration program only to the extent that such payments will ensure progress toward reduction in the relief rolls.

The alleviation of the refugee problem in the Near East is a major objective of the United States policy. The present plans of the United Nations Relief and Works Agency for Palestine Refugees offer the best hope for the settlement of the problem and are consonant with United States interest in, and desires for, the improvement of political and economic conditions in the Near East.

ECONOMIC AND TECHNICAL ASSISTANCE
TITLE II - NEAR EAST AND AFRICA

RELIEF AND RESETTLEMENT OF REFUGEES COMING INTO ISRAEL

COMPARATIVE SUMMARY OF OBLIGATIONS BY MAJOR PROJECT CATEGORY

(thousands of dollars)

<u>Major Project Category</u>	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
1. Agriculture, Forestry and Fisheries	-	\$ 12,000	\$ 23,100
2. Health and Sanitation	-	-	1,000
3. Natural Resources, Public Works & Transportation	-	2,200	5,000
4. Education	-	-	-
5. Industry, Handicraft and Housing	-	11,300	15,400
6. Public Administration & Government Services	-	-	-
7. Joint Economic Commissions & Surveys	-	-	-
8. Maintenance of Essential Supplies	-	<u>24,500</u>	<u>25,728</u>
Total	-	<u>50,000</u>	<u>70,228</u>

NARRATIVE STATEMENT

The emergency aid program of \$70.2 million is designed to meet the minimum needs of Israel for immediate relief and absorption into its economy of its tremendous refugee population. The amount requested, viewed in conjunction with all other sources of exchange available to Israel, will not allow any relaxation of Israel's present severe austerity program. Approximately \$25.7 million of the total \$70.2 million requested is for foods, fibers, fodders and fuel for relief needs; approximately \$16.4 million is for housing and similar projects designed to remove over 200,000 refugees from tents and huts into decent conditions; the remaining \$28.1 million is designated for projects in industry and agriculture to provide the means of self-support for these people. The latter programs are integrated with the bilateral technical cooperation program to insure the efficient and proper use of the emergency aid requested. In addition to joint U.S. - Israel framing of the programs for utilizing the technical assistance and emergency aid funds, the U.S. will have joint control over the Israel pound counterpart to be deposited against the emergency aid, thus insuring the maximum use of local resources in complementing the dollar assistance.

TITLE III
ASIA AND THE PACIFIC

MILITARY ASSISTANCE, ECONOMIC ASSISTANCE AND TECHNICAL COOPERATION

COMPARATIVE SUMMARY OF OBLIGATIONS BY FUNCTIONS AND ACTIVITIES

<u>FUNCTION and Activity</u>	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
<u>MILITARY ASSISTANCE</u>			
Materiel	\$ 409,004,241	\$ 756,384,061	\$ 604,597,159
Training	<u>1,481,550</u>	<u>8,953,588</u>	<u>7,712,990</u>
Total Direct Obligations	<u>410,485,791</u>	<u>765,337,649</u>	612,310,149
Deduct Carry-over from 1952			- 47,502,649
Appropriation Request			<u>564,807,500</u>
<u>SPECIAL TECHNICAL and ECONOMIC ASSISTANCE, excluding UNKRA (Under MUTUAL SECURITY AGENCY)</u>			
Special Technical and Economic Assistance	138,637,549	144,650,000	191,200,000
Basic Materials Development	<u>-</u>	<u>-</u>	<u>11,578,250</u>
Total Obligations	138,637,549	144,650,000	202,778,250
Deduct Carry-over from 1952			-
Appropriation Request			<u>202,778,250</u>
<u>TECHNICAL COOPERATION, excluding UNKRA (Under STATE DEPARTMENT)</u>			
Bilateral Technical Cooperation	<u>24,602,747</u>	<u>87,793,000</u>	118,634,250
Deduct Carry-over from 1952			-
Appropriation Request			<u>118,634,250</u>
Total Obligations (Economic Assist. & Tech. Coop. excl. UNKRA)	<u>163,240,296</u>	<u>232,443,000</u>	321,412,500
Deduct Carry-over from 1952			-
Appropriation Request			<u>321,412,500</u>
Total Obligations - Military, Special Technical and Economic Assistance and Technical Cooperation	<u>573,726,087</u>	<u>997,780,649</u>	933,722,649
Deduct Carry-over from 1952			- 47,502,649
Total Appropriation Request - Military, Special Technical and Economic Assistance and Technical Cooperation, excluding UNKRA			<u>886,220,000</u>
<u>UNITED NATIONS KOREAN RECONSTRUCTION AGENCY</u>			
Total Obligations	<u>37,727,036</u>	<u>10,000,000</u>	86,465,882
Deduct Carry-over from 1952			- 41,465,882
Appropriation Request			<u>45,000,000</u>
<u>RECAPITULATION OF ALL FUNCTIONS AND ACTIVITIES</u>			
Total Obligations	<u>611,453,123</u>	<u>1,007,780,649</u>	1,020,188,531
Deduct Carry-over from 1952			- 88,968,531
Appropriation Request - Title III - including UNKRA			<u>931,220,000</u>

Note: Obligations have been adjusted by function and title to conform with the appropriation structure proposed for 1953.

MILITARY ASSISTANCE
TITLE III - ASIA AND THE PACIFIC

COMPARATIVE SUMMARY OF OBLIGATIONS BY ACTIVITY

<u>Activity</u>	<u>Actual</u> <u>FY 1951</u>	<u>Estimate</u> <u>FY 1952</u>	<u>Estimate</u> <u>FY 1953</u>
Materiel	\$409,004,241	\$756,384,061	\$ 604,597,159
Training	<u>1,481,550</u>	<u>8,953,588</u>	<u>7,712,990</u>
Total	<u>\$410,485,791</u>	<u>\$765,337,649</u>	<u>612,310,149</u>

GENERAL NARRATIVE STATEMENT

The fiscal year 1953 estimates are based on approved JCS force basis for Indochina, National Government Republic of China, the Phillipines and Thailand. The programs will continue to provide military equipment and training and will assist these countries in developing defense forces that will enable them to maintain internal security as well as discourage external aggression by strengthening the military capabilities of the area. The programs are based on lists of equipment deficiencies submitted by the MAAGs. In the case of Indochina, items which can be furnished by the French have been screened out of the program.

Emphasis has been placed on provision of maintenance for equipment already on hand including that furnished under prior year programs.

MILITARY ASSISTANCE
TITLE III - ASIA AND PACIFIC
MATERIEL-COMPARATIVE SUMMARY OF OBLIGATIONS BY MAJOR CATEGORY

<u>MAJOR CATEGORY</u>	<u>Obligations</u>		
	<u>Actual</u> <u>FY 1951</u>	<u>Estimate</u> <u>FY 1952</u>	<u>Estimate</u> <u>FY 1953</u>
Aircraft, Spare Parts, Aero Equip & Supp.	\$ 54,657,370	\$ 95,706,956	\$ 50,300,697
Vessels	36,393,831	24,362,646	56,066,691
Vessel Equipment	4,813,600	5,362,587	4,142,111
Electronics & Other Signal Equipment	20,335,320	52,483,389	21,205,821
Ordnance Equipment & Supplies	244,408,751	472,854,304	372,373,644
Engineering Equipment & Supplies	18,275,146	25,091,193	6,956,434
QM Equipment and Supplies	2,879,478	33,451,413	8,785,895
Medical Equipment and Supplies	1,781,588	5,760,095	84,046
Chemical Equipment and Supplies	292,177	717,562	678,391
Adjutant General Supplies	-	47,500	27,544
Marine Corps Equipment and Supplies	2,810,288	-	-
POL	895,647	16,234	-
Sub-total (Materiel)	<u>387,543,196</u>	<u>715,853,879</u>	<u>520,621,274</u>
Repair & Rehabilitation of U.S. Excess	<u>6,610,472</u>	<u>5,250,860</u>	<u>1,802,767</u>
Total-Materiel, Rep & Rehab of U.S. Excess	<u>394,153,668</u>	<u>721,104,739</u>	<u>522,424,041</u>
Accessorial Costs	13,475,573	35,279,322	82,173,118
Construction	<u>1,375,000</u>	-	-
GRAND TOTAL - MATERIEL - TITLE III	<u>409,004,241 a/</u>	<u>756,384,061</u>	<u>604,597,159</u>
Acquisition Cost of Excess Items (Not included in Materiel estimate)	<u>20,294,238</u>	<u>38,811,942</u>	<u>4,322,600</u>
MATERIEL BY SERVICES:			
Army	262,321,530	462,779,834	418,698,814
Navy	70,825,294	54,012,740	107,609,513
Air Force	<u>75,857,417</u>	<u>239,591,487</u>	<u>78,288,832</u>
TOTAL	<u>409,004,241</u>	<u>756,384,061</u>	<u>604,597,159</u>

a/ Excludes comparative transfer of \$7,197,957 to Title II

MILITARY ASSISTANCE
TITLE III - ASIA AND PACIFIC
TRAINING-COMPARATIVE SUMMARY OF OBLIGATIONS BY CATEGORY

CATEGORY	No. of Spaces			Cost to U. S.		
	Actual	Estimate	Estimate	Actual	Estimate	Estimate
	FY 1951	FY 1952	FY 1953	FY 1951	FY 1952	FY 1953
Formal Training Z1	839	2,186	2,040	\$1,398,999	\$6,320,427	\$5,062,140
Formal Training O/S	-	200	200	-	5,000	5,000
Mobile Training Teams	6	48	31	19,956	445,096	484,790
Technical Assistance	-	31	12	-	458,830	189,000
Training Aids <u>a/</u>	-	-	-	45,629	724,916	455,000
Miscellaneous Fund	-	-	-	16,966	163,720	126,070
Interpreters	-	-	-	-	-	-
Training Expenses of Mission (T)	-	572	502	-	835,599	1,390,990
Total Training - Title III	<u>845</u>	<u>3,037</u>	<u>2,785</u>	<u>1,481,550</u> ^{b/}	<u>8,953,588</u>	<u>7,712,990</u>
<u>Recapitulation by Services</u>						
Army <u>a/</u>	105	1,552	1,061	443,117	4,892,453	3,000,000
Navy	515	631	779	397,520	928,315	1,215,090
Air Force	<u>225</u>	<u>854</u>	<u>945</u>	<u>640,913</u>	<u>3,132,820</u>	<u>3,497,900</u>
Total	<u>845</u>	<u>3,037</u>	<u>2,785</u>	<u>1,481,550</u>	<u>8,953,588</u>	<u>7,712,990</u>

a/ AF & Army Training Aids reflected in Materiel Program

b/ Excludes comparative transfer of \$37,833 to Title II

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DEPARTMENT OF THE ARMY
 TITLE III - ASIA AND PACIFIC
 SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

CATEGORY	Obligations		
	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
<u>ELECTRONICS & COMM SUPPLIES & EQUIP</u>	\$ 20,319,921	\$ 38,054,696	\$ 16,472,848
<u>ORDNANCE EQUIPMENT & SUPPLIES</u>	212,461,165	387,042,101	333,610,973
Tanks & Combat Vehicles	36,345,734	36,317,765	46,686,363
Motor Transport Vehicles	73,067,130	75,422,106	39,884,789
Small Arms & Machine Guns	13,477,795	21,294,431	21,572,185
Artillery & Fire Control	8,569,080	24,299,024	16,855,308
Small Arms & MG Ammunition	6,509,217	61,431,317	31,335,273
Artillery Ammunition	65,473,077	148,788,068	171,567,994
Bombs, Rockets & Misc Ammunition	8,998,159	12,794,179	5,315,168
Miscellaneous Ordnance	-	6,671,211	393,893
Aircraft & Aeronautical Supplies	20,973	24,000	-
<u>ENGINEERING EQUIPMENT & SUPPLIES</u>	16,565,973	11,282,496	5,488,934
<u>QUARTERMASTER EQUIPMENT & SUPPLIES</u>	1,806,715	3,247,807	1,571,311
<u>VESSEL EQUIPMENT</u>	294,500	-	-

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DEPARTMENT OF THE ARMY
TITLE III - ASIA AND PACIFIC
SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

CATEGORY	Obligations		
	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
<u>MEDICAL EQUIPMENT & SUPPLIES</u>	\$ 1,755,173	\$ 5,668,651	\$ 84,046
<u>CHEMICAL EQUIPMENT & SUPPLIES</u>	292,177	717,562	678,391
<u>ADJUTANT GENERAL SUPPLIES</u>	-	47,500	27,544
SUB-TOTAL (MATERIEL)	<u>253,495,624</u>	<u>446,060,813</u>	<u>\$357,934,047</u>
<u>REPAIR & REHABILITATION OF EXCESS</u>	<u>2,666,445</u>	<u>2,210,266</u>	<u>1,376,767</u>
TOTAL - MATERIEL & REPAIR & REHABILITATION OF EXCESS	<u>256,162,069</u>	<u>448,271,079</u>	<u>\$359,310,814</u>
<u>ACCESSORIAL COSTS</u>			
Packing, Handling & Crating	2,050,014	2,949,705	20,785,800
Inland Transportation	2,091,417	2,949,705	20,785,800
Ocean Transportation	<u>2,018,030</u>	<u>8,609,345</u>	<u>17,816,400</u>
TOTAL ACCESSORIAL COSTS	<u>6,159,461</u>	<u>14,508,755</u>	<u>\$ 59,388,000</u>
GRAND TOTAL - MATERIEL - Title III	<u>262,321,530 a/</u>	<u>462,779,834</u>	<u>\$418,698,814</u>
ACQUISITION COST OF EXCESS ITEMS (Not included in total materiel estimate)	<u>10,629,883</u>	<u>27,499,585</u>	<u>4,204,814</u>

a/ Excludes comparative transfer of \$7,133,955 to Title II.

DEPARTMENT OF THE NAVY
 TITLE III - ASIA AND PACIFIC
 SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

<u>CATEGORY</u>	<u>Obligations</u>		
	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
<u>VESSELS</u>	<u>\$ 36,393,831</u>	<u>\$24,362,646</u>	<u>\$56,066,691</u>
Mincraft	-	-	21,121,196
Miscellaneous	36,393,831	24,362,646	34,945,495
<u>VESSEL EQUIPMENT</u>	<u>4,519,100</u>	<u>5,362,587</u>	<u>4,142,111</u>
Minesweeping Gear	20,394	63,994	418,668
Spare Parts	2,340,369	2,993,928	347,227
Electronics	1,441,365	1,532,425	1,103,463
Other Vessel Equipment	716,972	772,240	2,272,753
<u>AIRCRAFT & AERONAUTICAL EQUIPMENT</u>	<u>6,764,994</u>	<u>1,515,598</u>	<u>2,409,074</u>
Aircraft and Aircraft Spares	6,697,495	1,410,511	2,176,186
Other Aeronautical Equipment	67,499	105,087	232,888
<u>ORDNANCE EQUIPMENT AND SUPPLIES</u>	<u>15,973,623</u>	<u>11,283,616</u>	<u>31,432,210</u>
Naval Guns	1,291,307	1,574,811	475,505
Artillery Ammunition	9,509,852	2,834,745	10,540,787
Bombs and Rockets	3,277,610	3,770,692	3,220,685
Miscellaneous Ordnance	1,894,854	3,103,368	17,195,233

DEPARTMENT OF THE NAVY
 TITLE III - ASIA AND THE PACIFIC
 SUMMARY FY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

<u>CATEGORY</u>	<u>Obligations</u>		
	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
<u>ENGINEERING EQUIPMENT AND SUPPLIES</u>	\$1,473,777	\$1,772,510	\$ 749,520
<u>QUARTERMASTER EQUIPMENT & SUPPLIES & NGS</u>	1,006,258	158,315	191,789
<u>P.O.L. (Other than Aircraft)</u>	6,912	5,225	-
<u>MEDICAL EQUIPMENT & SUPPLIES</u>	26,415	91,444	-
<u>MARINE CORPS EQUIPMENT & SUPPLIES</u>	2,810,288	-	-
SUB-TOTAL (MATERIEL)	<u>68,975,198</u>	<u>44,551,941</u>	<u>94,991,395</u>
<u>REPAIR & REHABILITATION OF EXCESS</u>	<u>813,050</u>	<u>13,090</u>	<u>426,000</u>
TOTAL - MATERIEL & REPAIR & REHABILITATION OF EXCESS	<u>69,788,248</u>	<u>44,565,031</u>	<u>95,417,395</u>
<u>ACCESSORIAL COSTS</u>			
Packing, Handling & Crating	241,667	3,583,323	4,992,118
Inland Transportation	81,653	3,796,690	4,800,000
Ocean Transportation	<u>713,726</u>	<u>2,067,696</u>	<u>2,400,000</u>
Total Accessorial Costs	<u>1,037,046</u>	<u>9,447,709</u>	<u>12,192,118</u>
GRAND TOTAL (MATERIEL)	<u>70,825,294</u>	<u>54,012,740</u>	<u>107,609,513</u>
ACQUISITION COST OF EXCESS ITEMS (Not included in total material estimate)	<u>2,199,974</u>	<u>275,396</u>	<u>117,786</u>

DEPARTMENT OF THE AIR FORCE

TITLE III - ASIA AND PACIFIC

SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

<u>CATEGORY</u>	<u>OBLIGATIONS</u>		
	<u>Actual FY1951</u>	<u>Estimate FY1952</u>	<u>Estimate FY1953</u>
Aircraft Complete with Spares	\$47,892,376	\$94,191,358	\$ 47,891,623
Electronics & Communications Equipment and Spares	15,399	14,428,693	4,732,973
Ground Powered & Marine Equipment & Spares	235,396	12,036,187	717,980
Weapons & Spares	-	2,195,241	1,573,680
General Equipment & Spares	66,505	24,310,638	6,715,220
Bombs, Rockets & Miscellaneous Ammunition	15,973,963	72,333,346	5,756,782
POL for Aircraft	888,735	11,009	-
Training Equipment, Maintenance Parts & Supplies	<u>-</u>	<u>5,734,653</u>	<u>307,574</u>
Sub-total	65,072,374	225,241,125	67,695,832
Repair & Rehab. of Excess Materiel	<u>3,130,977</u>	<u>3,027,504</u>	<u>-</u>
Total End Items	68,203,351	228,268,629	67,695,832

DEPARTMENT OF THE AIR FORCE

TITLE III - ASIA AND PACIFIC

SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

<u>CATEGORY</u>	<u>Obligations</u>		
	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
<u>ACCESSORIAL CHARGES</u>			
Inland Transportation	\$ 261,819	\$ 1,185,222	\$2,639,000
Ocean and Air Transportation	4,991,263	2,345,830	5,627,000
Depot Operations	1,025,984	7,791,806	2,327,000
Construction	<u>1,375,000</u>	<u>-</u>	<u>-</u>
GRAND TOTAL - MATERIEL - TITLE III	75,857,417 (a)	239,591,487	78,288,832
ACQUISITION COST OF EXCESS ITEMS (Not included in total Materiel estimate)	<u>7,464,381</u>	<u>11,036,961</u>	<u>-</u>

(a) Excludes comparative transfer of \$64,002 to Title II

ECONOMIC AND TECHNICAL ASSISTANCE
TITLE III - ASIA AND PACIFIC

COMPARATIVE SUMMARY OF OBLIGATIONS BY ACTIVITY
(In thousands of dollars)

<u>FUNCTION and Activity</u>	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
<u>SPECIAL TECHNICAL and ECONOMIC ASSISTANCE, excluding UNKRA (Under Mutual Security Agency)</u>			
Special Technical and Economic Assistance	\$138,637.6	\$144,650.0	\$191,200.0
Basic Materials Development	<u> -</u>	<u> -</u>	<u>11,578.3</u>
Total obligations	138,637.6	144,650.0	202,778.3
<u>TECHNICAL COOPERATION, excluding UNKRA (Under State Department)</u>			
Bilateral Technical Cooperation	<u>24,602.7</u>	<u>87,793.0</u> ✓	<u>118,634.2</u> †
Total obligations Special Technical and Economic Assistance, and Technical Cooperation, excluding UNKRA	<u>163,240.3</u>	<u>232,443.0</u>	<u>321,412.5</u>
<u>UNITED NATIONS KOREAN RECONSTRUCTION AGENCY</u>	<u>37,727.0</u> a/	<u>10,000.0</u>	<u>86,465.9</u> ✓

a/ Obligations from Assistance to Korea appropriation; reflected herein
for comparative purposes only.

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SPECIAL TECHNICAL AND ECONOMIC ASSISTANCE
TITLE III - ASIA AND PACIFIC
COMPARATIVE SUMMARY OF OBLIGATIONS BY COUNTRY AND ACTIVITY

(In thousands of dollars)

Country	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
<u>Special Technical and Economic Assistance</u>			
China (Formosa)	\$ 92,550.0 a/	\$ 81,000.0 a/	\$ 100,500.0 a/
Indochina (Assoc. States)	21,823.0	24,500.0	56,500.0 b/
Philippines	15,087.0	32,000.0	28,000.0
Thailand	8,932.0	7,000.0	6,200.0
Undistributed by country	<u>246.0</u>	<u>150.0</u>	<u>-</u>
Sub-Total	138,638.0	144,650.0	191,200.0
Basic Materials Development (Undistributed)	<u>-</u>	<u>-</u>	<u>11,578.3</u>
Total Obligations	<u>138,638.0</u>	<u>144,650.0</u>	<u>202,778.3</u>

a/ Includes direct military support (common-use items) as follows: FY'51 \$12,500 thousand; FY'52 \$12,725 thousand; FY'53 \$30,500 thousand.

b/ Includes \$30,500 thousand for direct military support (common-use items).

SPECIAL TECHNICAL AND ECONOMIC ASSISTANCE
TITLE III - ASIA AND PACIFIC

GENERAL NARRATIVE STATEMENT FOR
SPECIAL TECHNICAL AND ECONOMIC ASSISTANCE PROGRAM

The area of Southeast Asia, the Philippines and Formosa is crucial from the standpoint of the security of free and independent nations - the front line of defense against Communist aggression in Asia. Its location at the Pacific-Indian Ocean crossroads underscores its strategic significance.

Communist aggression in part of this area is not merely a threat, but an actuality: a shooting war is under way in the Associated States of Indochina, as in Korea to the north. Neighboring countries must reckon with Communist-fostered insurgency, banditry, and other threats to internal security, as well as the possibility of invasion.

The economic importance of this area is likewise great. The rice exported by Burma, by Thailand, and normally by the Associated States of Indochina is needed to feed Japan, the Philippines, Malaya, Indonesia, India, and Ceylon. From this area (counting in Malaya, as well as Indonesia and Burma) come 60 percent of the world's supply of tin, 95 percent of its natural rubber, 90 percent of its copra; it contains the only important petroleum reserve between the Persian Gulf and California; it produces important quantities of such other commodities as Manila hemp (abaca), quinine, sugar, tea, and pepper, and has substantial resources of nickel, bauxite, manganese, tungsten, cobalt, chromite, and other minerals. Expansion of trade between these countries and Japan would be mutually beneficial, bringing Japan raw materials for its industrial economy and bringing the countries of Southeast Asia not only manufactured consumer goods but also capital goods to help them diversify and industrialize their economies.

Why United States Technical and Economic Assistance Is Needed

1. Most of the governments in this whole area are newly independent, and in all but Formosa there is a critical shortage of trained administrators and technicians. Damage from war and insurgency has been heavy and much of it is still unrepaired. In spite of large latent resources, standards of living are low - in many areas below prewar. (Average per capita income is less than \$50 per year.)

2. An economic and social revolution is under way. Nationalism dominates Asian thought and action. At the same time, national independence was expected to better conditions of life for the people of Asia. There is a "revolution of rising expectations".

3. The Kremlin works unceasingly to exploit the gap between these rising expectations and what the governments, in their difficult circumstances, are able to deliver.

These salient facts about Southeast Asia add up to a need for United States technical and economic aid, a need which is not only great but urgent, if the United States goals of peace, stability, and progress - rather than deterioration, strife, and chaos - are to be achieved in this part of the world. The sum requested for fiscal year 1953 for the four countries in which programs will continue to be administered by the Mutual Security Agency - Formosa, Indochina, Philippines, and Thailand - is \$202.8 million, broken down by country and object of expenditure as shown in the accompanying tables.

Objectives and Methods of Assistance. Each country has different specific problems, calling for varying program emphasis in each country program. The primary objective, however, is to help the countries of Southeast Asia build the economic foundations of their existence as independent nations. Keys to this are:

a. Strong, stable governments, increasingly able to discharge essential governmental functions and command popular support. This is the prime requisite, on which the other factors, below, heavily depend. The United States helps these governments to help themselves by giving them assistance in strengthening administration and public services and in bringing immediate, tangible benefits to the common people (through land reform, minimum wages, rural credit, etc.).

b. Supporting the build-up of military and internal-security forces. Each of the four countries is asking for and receiving United States military assistance. The support takes the form of "common-use" imports, joint-use transport facilities, etc. - to increase and sustain military strength, and to buttress the economic foundations under that strength.

c. Economic progress - more food and more use of the resources they have. This involves economic stabilization; reconstruction, rehabilitation; increased output of goods, additional productive work opportunities; laying foundations for economic development.

d. Closer ties of friendship and mutual support linking these governments and people with other free and independent nations and enabling them to resist the Kremlin drive into Southeast Asia. Such ties can be forged by tangible help plus friendly, American attitudes.

e. Helping in the development and export of materials needed by the rest of the free world, within the scope of the programs and to the extent consistent with the programs' primary objective.

The Programs. The Formosa program is exceptional among Mutual Security Agency (MSA) Far East programs in (a) the extent to which it directly or indirectly supports the military effort, and (b) the extent to which it involves the supplying of commodities, as a requirement for maintaining the stability which is essential on military as well as other grounds. Nearly one-third of the funds requested will be used to finance "common-use" imports for the use of the military (petroleum

products, uniform and bedding materials and food for troops, supplies entering into construction of military installations, equipment for military hospitals, etc.). Some 60 percent will consist of commodities, including fertilizer, vitally needed by the civilian economy; the sales proceeds help finance a vigorous anti-inflation program, in connection with which MSA also participates actively in the work of the Economic Stabilization Board. Through the work of the Joint Commission on Rural Reconstruction help will continue to be given to the farmers on tenure problems and rural health as well as on various aspects of agricultural production. The remaining funds available will be used to assist the rehabilitation and further development of basic utilities, and to a minor extent of manufacturing industries, so as to provide the means of making the island less dependent on United States financial aid.

The program in the Associated States of Indochina will for the first time in fiscal year 1953 include a "common-use" program in direct support of the military, this component accounting for slightly more than half of the total funds requested. The regular economic component will also continue to support the military operation in a number of ways, especially through advice and assistance in the reconstruction of port facilities, roads, bridges, irrigation works, etc., and through provision of food, medicine, clothing, and job opportunities to refugees from war zones. The major purpose of the economic program is to help the governments of the Associated States gain wider popular support by enlarging the scope and restoring and increasing the effectiveness of government services to the people - particularly in health, agriculture, and education. In view of the impossibility at present of meeting the program's local currency costs from the governments' own budgets, substantial quantities of needed raw materials and equipment will be imported through commercial channels, with the proceeds of sale furnishing the necessary counterpart.

The programs in the Philippines and Thailand are essentially programs designed to lay a sound basis for economic development through technical assistance plus limited amounts of supplies as required to make the technical assistance effective and secure a substantial improvement of the general situation with the speed that the situation demands. Chief emphasis in these programs is on agriculture, forestry, and fisheries; on public health; and on basic utilities such as roads, railways, ports, and power. Included also are projects in education; in handicrafts, small pilot plants, and minerals exploration; and in public administration. Some salable commodities will be supplied to help generate counterpart in the Philippines. Both programs will give collateral support to United States military assistance programs by way of funds allocated to joint-use facilities such as roads.

SPECIAL TECHNICAL AND ECONOMIC ASSISTANCE
TITLE III - ASIA AND PACIFIC

SPECIAL TECHNICAL AND ECONOMIC ASSISTANCE PROGRAM
COMPARATIVE SUMMARY OF OBLIGATIONS BY MAJOR PROJECT CATEGORY

(In thousands of dollars)

Major Project Category	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
1. Public Health	6,643 ^{a/}	10,225 ^{b/}	10,995
2. Agriculture, Forestry, Fisheries	30,032	34,105	32,770
3. Transportation, Power, Other Public Works	22,964	14,808	10,715
4. Handicraft and Manufacturing, Mining, Other Industry	3,132	4,646	3,150
5. General Engineering Advisory Services	884 ^{c/}	650 ^{c/}	690 ^{c/}
6. Education	287	1,851	2,635
7. Public Administration	738	1,860	2,560
8. Other Projects ^{d/}	1,195	400	500
9. Maintenance of Essential Supply ^{e/}	<u>72,763</u>	<u>76,105</u>	<u>127,185</u>
Sub-Total	138,638 ^{a/}	144,650 ^{b/}	191,200
Basic Materials Development	-	-	<u>11,578.3</u>
Total Obligations	<u>138,638</u>	<u>144,650</u>	<u>202,778.3</u>

^{a/} Includes \$246 thousand of program funds not allocated by country.

^{b/} Includes \$150 thousand of program funds not allocated by country.

^{c/} Total fiscal year cost of contract with U.S. engineering firm in Formosa.

^{d/} Emergency war relief in Indochina. Includes food, clothing, blankets, medicines and temporary housing for refugees.

^{e/} Requisites for production and other essential civilian supplies plus imports for direct military support -- \$12,500 thousand in FY'51 (Formosa); \$12,725 thousand in FY'52 (Formosa); and \$61,000 thousand in FY'53 (Formosa and Indochina each \$30,500 thousand).

SPECIAL TECHNICAL AND ECONOMIC ASSISTANCE
TITLE III - ASIA AND PACIFIC

SPECIAL TECHNICAL AND ECONOMIC ASSISTANCE PROGRAM
FISCAL YEAR 1953
SUMMARY BY COUNTRY AND MAJOR PROJECT CATEGORY

(In thousands of dollars)

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Total U.S. Cost	Public Health	Agric., Forest- ry, Fish- eries	Transp., Power, Other Pub. Wks.	Handicraft & Mfg., Min- ing, Other Industry	General Eng. Advisory Serv.	Educa- tion	Public Admin- istration	Other Proj- ects	Mainte- nance of Essential Supply
China (Formosa)	\$ 100,500 ^{a/}	\$ 160	\$17,075	\$ 3,050	\$1,285	\$690 ^{b/}	\$ 20	\$ 345	\$ -	\$ 77,875
Indochina (Assoc.States)	56,500 ^{a/}	4,390	3,215	2,185	500	-	400	1,000	500 ^{c/}	44,310
Philippines	28,000	4,270	10,625	4,855	775	-	1,485	990	-	5,000
Thailand	6,200	2,175	1,855	625	590	-	730	225	-	-
Sub-Total	\$ 191,200 ^{a/}	\$10,995	\$32,770	\$10,715	\$3,150	\$690	\$2,635	\$2,560	\$500	\$127,185
Basic Materials Development (Undistributed)	11,578.3									
Total Obligations	\$ 202,778.3									

^{a/} Includes direct military support (common-use items) as follows: Formosa, \$30,500 thousand; Indochina, \$30,500 thousand; total, \$61,000 thousand.

^{b/} Total fiscal year cost of contract with U. S. engineering firm.

^{c/} Emergency war relief. Includes food, clothing, blankets, medicines and temporary housing for refugees.

SPECIAL TECHNICAL AND ECONOMIC ASSISTANCE
 TITLE III - ASIA AND PACIFIC
 SPECIAL TECHNICAL AND ECONOMIC ASSISTANCE PROGRAM
 FISCAL YEAR 1953
 SUMMARY OF ESTIMATED DOLLAR COST OF PROGRAM
 BY COUNTRY AND MAJOR COST COMPONENTS

(In thousands of dollars)

Country	Total	Supplies and Equipment	Total Service Cost	Services			
				U.S. Technicians No. of Persons	Cost	Trainees No. of Persons	Cost
China (Formosa)	\$100,500 ^{a/}	\$ 98,900	\$1,600	77	\$1,350	50	\$ 250
Indochina (Assoc. States)	56,500 ^{a/}	54,855	1,645	98	1,470	35	175
Philippines	28,000	24,155	3,845	218	2,890	191	955
Thailand	<u>6,200</u>	<u>3,878</u>	<u>2,322</u>	<u>104</u>	<u>1,657</u>	<u>133</u>	<u>665</u>
Sub-Total	<u>\$191,200^{a/}</u>	<u>\$181,788</u>	<u>\$9,412</u>	<u>497</u>	<u>\$7,367^{b/}</u>	<u>409</u>	<u>\$2,045</u>
Basic Materials Development (Undistributed)	<u>11,578.3</u>						
<u>Total Obligations</u>	<u>\$202,778.3</u> ^{a/}						

a/ Includes direct military support (common-use items) as follows: Formosa, \$30,500 thousand; Indochina, \$30,500 thousand; total, \$61,000 thousand.

b/ Includes cost of engineering advisory and other contracts.

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TECHNICAL COOPERATION
TITLE III - ASIA AND PACIFIC
COMPARATIVE SUMMARY OF OBLIGATIONS BY COUNTRY AND ACTIVITY

(In thousands of dollars)

Country	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
<u>Bilateral Technical Cooperation</u>			
Afghanistan	\$ 64.1	\$ 309.2	\$ 539.2
Burma	10,784.0	14,000.0	12,133.0
Ceylon	35.2	18.2	303.0
India	5,193.8	54,565.0	77,517.0
Indonesia	7,975.0	8,000.0	5,392.0
Malaya	1.4	-	-
Nepal	35.1	116.6	169.0
Pakistan	448.6	10,778.0	22,581.0
Regional	<u>65.5</u>	<u>6.0</u>	<u>-</u>
Total Obligations	<u>24,602.7</u>	<u>87,793.0</u>	<u>118,634.2</u>

c/ Includes \$4,500 thousand for India grain sorghum program financed from China Area Aid funds - not bilateral technical cooperation.

TECHNICAL COOPERATION
TITLE III - ASIA AND PACIFIC
NARRATIVE SUMMARY FOR
BILATERAL TECHNICAL COOPERATION

South Asia is the largest and most important area remaining on the vast Asian land mass which is not under communist control. Of the five countries comprising the area, India, Ceylon and Pakistan have only recently acquired their independence. The area is within the orbit of Communist Russian or Communist Chinese power ambitions. The location of the region and its important manpower and material resources make it of vital interest to the free world and the United States particularly. The region is strategically situated astride the Pacific and Indian Ocean lines of communication between the Near East and the Far East. It is in the U.S. interest to maintain political stability in the region and to create greater economic strength as a necessary condition for political stability.

The level of living in these countries is desperately low, with the average income per person considerably less than \$70 in all cases. The people are aware of the need for economic development if their wretched conditions are to improve and they are demanding this development from their governments. Any shortcomings in meeting these demands are even now being exploited by the Communists. Failure to meet the developments goals set by present governments will be the most powerful tools that could be provided to communism in this area. That the Communists will make use of these tools was convincingly demonstrated in the last Indian elections, when the drought stricken and hungry south of India gave them unexpected voting support. In India, the cornerstone of this area, measurable results will have to be achieved in less than five years or the next elections may result in equal and decisive communist gains throughout the country.

The governments of South Asia are fully aware of the need for economic development and of the dangers to their countries if they should fail to provide it. All of them are using their available resources and are going heavily into debt in order to achieve the necessary rate of economic development.

United States assistance plays a small but vital part in the development of South Asia. Our millions of dollars are being matched by hundreds of millions raised by the countries themselves; our hundreds of technicians by thousands of technicians that they themselves provide. U.S. aid, however, furnishes the technicians, the training, and the small amounts of equipment which cannot be obtained by the countries themselves and which are necessary if their great efforts are not to fail.

In all of South Asia the program supported by the U.S. is designed to reach the minimum necessary goals in the field of food production. The programs are centered around this primary purpose, basic to the political stability in the area.

INDIA - The program in India is designed to help that country raise its food production sufficiently to increase the diet of the average Indian by a few ounces of food grain a day. The heart of the program is an integrated attack on the problems of Indian farmers, through 155 rural development areas. With each area averaging 200,000 people, the program in FY 1953 will directly reach 30 million, of whom about 10 million were also included in FY 1952 program.

Seventeen thousand Indians will work with about 500 U.S. technicians to introduce new techniques and new tools to the India farmer. Most of these U.S. and Indian technicians will be engaged in what we would call agricultural extension.

In addition the U.S. will help furnish the tools to make the demonstration work of the extension service effective. Water, fertilizer, simple tools, and improved seeds are as integral a part of the program as know-how.

Activities in fields other than agriculture are designed directly to strengthen the village development program and through it to contribute to increased food supply. Assistance in controlling malaria and other debilitating diseases is necessary if the Indian farmer is to have the energy for putting improved practices into effect. Some assistance will be rendered to village shops if they are to produce the agricultural implements required by the community development program. Other projects will strengthen the educational institutions that will have to provide the trained Indian manpower which will permit India to continue and expand its economic development efforts when U.S. aid decreases and ceases.

United States assistance in each community development project will be reduced gradually until at the end of four years each project will be supported entirely from Indian resources.

PAKISTAN - In Pakistan, as in India, the primary objective of the program is an increase in food production. Community development projects initiated in FY 1952 will be continued and expanded in FY 1953. The development of Pakistan's water resources to provide irrigation water and of its education facilities to provide trained manpower are important aspects of a program designed to increase food production.

AFGHANISTAN - In Afghanistan, U.S. assistance will be designed primarily to aid the Afghan Government with the problems arising from the settlement of the Helmand Valley. Vast areas of land are being brought under irrigation and cultivation from Afghanistan's own efforts and a small amount of U.S. aid can be vital in solving the problems attendant on such a huge development effort.

NEPAL - In Nepal, a small agricultural extension and mineral survey program will be continued.

CEYLON - In Ceylon it is expected that a program would concentrate on an increase in food production.

Burma and Indonesia

Like the major countries of South Asia, Burma and Indonesia are newly independent nations whose people are clamoring for the expected fruits of independence. In both countries the vast economic, political and administrative problems of nationhood have borne heavily on societies which sorely lack trained and experienced technicians and administrators. In both countries, per capita income is among the lowest in the world, and real per capita output is substantially below pre war levels. In this context, the major objectives of U.S. assistance are to strengthen public services and lay a sound basis for economic development and growth.

BURMA - To contribute to these objectives, the assistance program in Burma for FY 1953 concentrates on strengthening public services and facilities in the fields of agriculture, public health and education. Projects in these fields comprise nearly 60% of total dollar outlays. In addition emphasis will be given to assistance designed to rehabilitate transportation facilities and to stimulate the growth of small scale industry.

INDONESIA - Similarly, in Indonesia, primary emphasis is given to projects in the fields of agriculture, public health, education and public administration which together constitute about 80% of total outlays, and to modernization and rehabilitation of indigenous small industry.

In both Burma and Indonesia funds are included to finance general engineering advisory contracts between the host government and a private American firm.

TECHNICAL COOPERATION
 TITLE III - ASIA AND PACIFIC
 BILATERAL TECHNICAL COOPERATION PROGRAM a/

COMPARATIVE SUMMARY OF OBLIGATIONS BY MAJOR PROJECT CATEGORY (Illustrative)

(In thousands of dollars)

MAJOR PROJECT CATEGORY	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
1. Agriculture, Forestry and Fisheries	\$ 4,914.3	\$ 42,933.0	\$ 51,599.0
2. Health and Sanitation	4,702.7	6,467.7	10,054.0
3. Natural Resources, Public Works & Transportation	3,783.8	12,336.3	18,998.2
4. Education	435.5	3,666.0	5,217.0
5. Industry, Handicraft and Housing	1,573.1	16,360.0	29,361.0
6. Public Administration & Government Service	563.3	1,593.5	1,648.0
7. Joint Economic Commission and Surveys <u>b/</u>	1,500.0	1,936.5	1,757.0
8. Maintenance of Essential Supply <u>c/</u>	<u>7,130.0</u> <u>d/</u>	<u>2,500.0</u>	-
Total	<u>24,602.7</u>	<u>87,793.0</u>	<u>118,634.2</u>

a/ For comparative purposes, includes Burma and Indonesia programs for FY 1951 and FY 1952 as well as for FY 1953.

b/ Includes general engineering advisory services for Indonesia and Burma.

c/ Includes essential producers' and consumers' goods for Burma in FY 1951 (\$2,630 thousand) and FY 1952 (\$2,500 thousand).

d/ India grain sorghum program (\$4,500 thousand) financed from China Area Aid Funds - not bilateral technical cooperation.

TECHNICAL COOPERATION
 TITLE III - ASIA AND PACIFIC
 BILATERAL TECHNICAL COOPERATION PROGRAM
 FISCAL YEAR - 1953
 SUMMARY BY COUNTRY AND MAJOR PROJECT CATEGORY
 (In thousands of dollars)

Country	Total U.S. Cost	(1) Agricul., Forestry & Fisheries	(2) Health & Sani- tation	(3) Nat. Res. Pub. Works & Trans.	(4) Education	(5) Ind. Hand. & Housing	(6) Pub. Adm. & Govt. Services	(7) Jnt. Econ. Com & Survey
Afghanistan	\$539.2	\$149.0	\$89.0	\$227.2	\$25.0	-	-	\$49.0
Ceylon	303.0	130.0	-	104.0	20.0	\$18.0	-	31.0
India	77,517.0	35,533.0	4,469.0	12,878.0	2,932.0	20,797.0	156.0	752.0
Nepal	169.0	91.0	39.0	13.0	-	-	-	26.0
Pakistan	22,581.0	10,416.0	2,401.0	3,164.0	125.0	5,671.0	137.0	667.0
Burma	12,133.0	3,910.0	1,891.0	2,512.0	1,220.0	2,100.0	500.0	-
Indonesia	<u>5,392.0</u>	<u>1,370.0</u>	<u>1,165.0</u>	<u>100.0</u>	<u>895.0</u>	<u>775.0</u>	<u>855.0</u>	<u>232.0</u>
Total	<u>118,634.2</u>	<u>51,599.0</u>	<u>10,054.0</u>	<u>18,998.2</u>	<u>5,217.0</u>	<u>29,361.0</u>	<u>1,648.0</u>	<u>1,757.0</u>

TECHNICAL COOPERATION
TITLE III - ASIA AND PACIFIC
BILATERAL TECHNICAL COOPERATION PROGRAM
FISCAL YEAR 1953

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

(In thousands of dollars)

Country	Total	Supplies a/ & Equipment	Total Service Cost	Services		Trainees	
				U.S. Technicians No. of Persons	Cost	No. of Persons	Cost
Afghanistan	539.2	158.75	380.5	26	265.5	23	115.0
Ceylon	303.0	51.0	252.0	14	182.0	14	70.0
India	77,517.0	69,741.0	7,776.0	467	6,071.0	341	1,705.0
Nepal	169.0	13.0	156.0	12	156.0	-	-
Pakistan	22,581.0	19,897.0	2,684.0	168	2,184.0	100	500.0
Burma	12,133.0	9,928.0	2,205.0	107	1,775.0	86	430.0
Indonesia	<u>5,392.0</u>	<u>3,697.0</u>	<u>1,695.0</u>	<u>85</u>	<u>1,005.0</u>	<u>138</u>	<u>690.0</u>
Total Obligations	<u>118,634.2</u>	<u>103,485.75</u>	<u>15,148.5</u>	<u>879</u>	<u>11,638.5</u>	<u>702</u>	<u>3,510.0</u>

a/ Includes projects carried out under contract with private firms or institutions. The cost of technicians is not shown separately but is listed under supplies and equipment.

MUTUAL SECURITY

TITLE III - ASIA AND PACIFIC

ECONOMIC STATISTICS - 1950 UNLESS OTHERWISE INDICATED

Country	GENERAL		Daily Per Capita Food Consumption Calories	INCOME Per Capita Income (dollars)	INTERNATIONAL TRADE AND PAYMENTS					PUBLIC FINANCE Gross External Public Debt 1951 (Mil. of dollars)
	Area (Sq. miles)	Population (Thousands)			Total Exports	Total Imports (Millions of dollars)	Exports to U.S.	Imports from U.S.	Foreign Exchange Reserves (1951)	
Indo-China	287.0	28.5 c/	2,040 a/	\$ *	\$ 74.0	\$ 210.7	\$ 11.0	\$ 9.0	\$ *	\$ *
Burma	262.0	19.0	*	34 c/	139.0	91.0	0.8	1.0	153.0	*
China (Formosa)	13.1	9.0 c/	*	*	90.2 c/	150.3 c/	3.5	23.0	*	*
Indonesia	583.0	74.0 c/	*	40	777.0	401.0	157.0	79.0	447.0	*
Philippines	115.6	20.3 c/	*	116	330.6	356.1	236.0	235.0	304.0	*
Thailand	200.0	18.5 c/	*	46	270.0	195.0	75.2	25.0	356.0	*
Afghanistan	251.0	12.0	*	50 b/	37.8	20.1	21.4	4.0	47.0	*
Ceylon	25.0	7.5	1,977 a/	67 b/	327.0	244.0	66.0	6.4	149.0	125.4
India	1,221.0	356.9 c/	1,660	57 b/	1,265.0	1,187.0	259.1	212.5	1,888.0	468.0
Nepal	54.0	7.0	*	*	12.4	8.4	*	*	*	*
Pakistan	366.0	75.7 c/	1,822 b/	51 b/	590.7	412.8	31.4	30.4	631.0	*

* Data not available.

b/ 1949

a/ 1948

c/ 1951

UNITED NATIONS KOREAN RECONSTRUCTION AGENCY (UNKRA) - TITLE III

GENERAL PLANNING BUDGET OF UNKRA - FISCAL YEAR 1953
(In thousands of dollars)

	<u>Estimate</u> <u>FY 1953</u>
1. <u>Relief and Sustaining Commodity Imports, Including \$44,300.0 Freight</u>	\$174,469.0
2. <u>Rehabilitation</u>	
Housing	7,775.0
Public Health, Educational and Welfare Facilities	
Hospitals	2,000.0
Schools	6,000.0
Public Buildings	8,980.0
Orphanages	584.0
Industry	
Agriculture	3,980.0
Fisheries	3,887.0
Power	8,000.0
Shipping and Internal Transportation	7,145.0
Mining	
Coal	2,625.0
Other	1,755.0
Textiles	5,000.0
Other Industries	1,420.0
3. <u>Education and Welfare Services</u>	
Educational Equipment	1,880.0
Vocational Training	500.0
Medical Education and Equipment	955.0
Physical Rehabilitation	600.0
Other Technical Assistance Projects	500.0
4. <u>Operational Personnel and Establishment Costs</u>	4,107.0
5. <u>Administrative Costs</u>	2,975.0
Completed Portion of program in prior year	<u>4,863.0</u>
Total UNKRA Budget	<u>250,000.0</u>
United States pledge by U. S. United Nations representatives	162,500.0
U. S. Contribution 1952 (Actual)	<u>10,000.0</u>
Balance U. S. unfulfilled pledge	152,500.0
Deduct 1952 Carry-over (estimated)	\$41,465.9
Deduct Army Pipeline (estimated)	<u>66,034.1</u>
Total deduction	<u>107,500.0</u>
Appropriation request - 1953	<u>45,000.0</u>

Note: UNKRA was established on Dec. 1, 1950. In FY 1951, disbursements were principally for program planning, operational personnel and establishment costs, and transportation of personnel to Korea.

GENERAL NARRATIVE STATEMENT

UNITED NATIONS KOREAN RECONSTRUCTION AGENCY (UNKRA)

A. Funds Requested

The United States representatives in the General Assembly of the United Nations have pledged, subject to approval of the Congress \$162.5 million as the United States share of the initial \$250 million program of UNKRA. For FY 1952, the Congress authorized and appropriated as a contribution to UNKRA the unobligated balances of the appropriations theretofore made and available to Korea under authority of the Far Eastern Economic Assistance Act of 1950, as amended (22 U.S.C. 1543, 1551, 1552). These balances have now been determined to be \$51.5 million; and \$10 million has been disbursed to UNKRA under this appropriation, leaving an unobligated balance of \$41.5 million. Also for FY 1952, the Congress authorized, but did not appropriate, an additional \$45 million.

The present request is threefold: (1) authorization to carry over the unobligated balance of the FY 1952 appropriation, which balance is \$41.5 million; (2) appropriation of the \$45 million which was authorized but not appropriated for FY 1952; and (3) authorization for the United States Department of the Army to make available toward the United States contribution to UNKRA, at the time when that Agency assumes full responsibility for relief and rehabilitation in Korea, civilian relief supplies in the Army pipeline to Korea of a value of \$66 million.

The estimated FY 1953 commitments of UNKRA are based upon a general planning budget presented by the Agent General of UNKRA to his Advisory Committee and approved with the agreement (1) that the major part of the estimated expenditures would be made as soon as the military circumstances permitted full scale operations by UNKRA and (2) that operational programs would be submitted to the Advisory Committee in advance of implementation. However, as the plan of expenditures is based upon Korean absorptive capacity, and not upon the cost of completely restoring the war-damaged economy (which would be far beyond the financial capacity of UNKRA to accomplish) it is improbable that there will be major changes in emphasis in the program although specific items will be adjusted to meet current needs.

B. The Need for Aid

The military aggression against the Republic of Korea has caused vast damage to its economy resulting in the necessity that economic assistance be furnished to enable the Korean people to survive the ravages of warfare. The over-all purpose of UNKRA's economic assistance program is to help the Korean people in their own efforts to provide the basic necessities of life and to achieve, to the extent possible, a self-sustaining economy.

C. Administration of Program and Method of Accomplishing Objectives

UNKRA was established by resolution of the United Nations General Assembly on December 1, 1950. The program of UNKRA is administered by the Agent General, J. Donald Kingsley, a United States citizen, who has previously done outstanding work in important executive positions in United States Government Agencies and has also served as Director General of the International Refugee Organization. Administrative offices are maintained in New York and Washington, and operational offices are maintained in Korea. The United Nations resolution established an Advisory Committee to advise the Agent General with regard to major financial, procurement, distribution and other economic problems pertaining to his planning and operations. The Advisory Committee is composed of representatives of the United States, the United Kingdom, Canada, India and Uruguay. The Representative of the United States is Isador Lubin and the Deputy United States Representative is Graham R. Hall, who is also Special Assistant to the Assistant Secretary of State for United Nations Affairs.

D. Relation to United States Objectives

The objectives of the United States with respect to the Republic of Korea are: (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. The strategic importance of a free Korea to the mutual security of the free nations of the world is obvious. The United States objectives can best be secured by providing, through its contribution to UNKRA, the funds needed to furnish the minimum assistance required to keep the Korean people alive and to sustain their economy on the minimum basis under which the nation can survive as a free country.

The responsibility for furnishing relief and rehabilitation in Korea should be shared through the multilateral United Nations program of UNKRA; otherwise the United States may feel called upon to carry the entire burden; if the United States does not fulfill its pledge, other countries will not fulfill their pledges. The immediate need for full-scale operation of the UNKRA program, which will arise as soon as hostilities cease, must be provided for by appropriation now. As soon as military circumstances permit, the Agency must receive large funds for immediate commitment toward building up its own pipeline of relief supplies to dovetail into and to succeed the Army pipeline.

MILITARY ASSISTANCE AND TECHNICAL COOPERATION
 TITLE IV - AMERICAN REPUBLICS
 COMPARATIVE SUMMARY OF OBLIGATIONS BY FUNCTIONS AND ACTIVITIES

<u>FUNCTIONS and Activity</u>	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
<u>MILITARY ASSISTANCE</u>			
Materiel	\$ -	\$24,601,674	\$67,175,748
Training	<u>-</u>	<u>2,000,000</u>	<u>2,058,328</u>
Total Direct Obligations (Military)	-	26,601,674	69,234,076
Deduct Carry-over from 1952			<u>- 11,548,326</u>
Appropriation Request (Military)			57,685,750
<u>TECHNICAL COOPERATION</u>			
Bilateral Technical Cooperation	9,371,590	19,860,877	20,329,000
Deduct Carry-over from 1952			<u>-</u>
Appropriation Request			<u>20,329,000</u>
<u>RECAPITULATION OF ALL FUNCTIONS AND ACTIVITIES</u>			
Total Obligations	<u>9,371,590</u>	<u>46,462,551</u>	<u>89,563,076</u>
Deduct Carry-over from 1952			<u>- 11,548,326</u>
Total Appropriation Request			<u>78,014,750</u>

Note: Obligations have been adjusted by function and title to conform with the Appropriations Structure proposed for 1953.

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**MILITARY ASSISTANCE
TITLE IV - AMERICAN REPUBLICS**

COMPARATIVE SUMMARY OF OBLIGATIONS BY ACTIVITY

<u>ACTIVITY</u>	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
Material	-	\$24,601,674	\$67,175,748
Training	-	<u>2,000,000</u>	<u>2,058,328</u>
Total		<u>26,601,674</u>	<u>69,234,076</u>

GENERAL NARRATIVE STATEMENT

The programs submitted for the American Republics are illustrative in nature. They provide major items of equipment, ammunition, spare parts for equipment programmed and for equipment on hand, as well as training in the United States and recipient countries.

United States survey teams are currently negotiating with the various countries to ascertain firm requirements for the defense missions tentatively allocated by the Joint Chiefs of Staff.

MILITARY ASSISTANCE
TITLE IV - AMERICAN REPUBLICS
MATERIEL-COMPARATIVE SUMMARY OF OBLIGATIONS BY MAJOR CATEGORY

MAJOR CATEGORY	Actual FY 1951	Obligations	
		Estimate FY 1952	Estimate FY 1953
Aircraft, Spare Parts, Aero Equip & Supp	-	\$ 8,000,000	\$ 13,770,351
Vessels	-	-	-
Vessel Equipment	-	3,454,251	3,647,011
Electronics & Other Signal Equipment	-	1,641,669	4,689,142
Ordnance Equipment & Supplies	-	10,159,754	40,126,421
Engineering Equip. & Supplies	-	189,808	814,631
QM Equip. and Supplies	-	6,192	-
Medical Equipment and Supplies	-	-	-
Chemical Equipment and Supplies	-	-	-
Adjutant General Supplies	-	-	-
Sub-total (Materiel)	-	23,451,674	63,047,556
Repair & Rehabilitation of U.S. Excess	-	-	-
Total-Materiel, Repair & Rehab. of US Exc.	-	23,451,674	63,047,556
Accessorial Costs	-	1,150,000	4,128,192
GRAND TOTAL - TITLE IV	-	24,601,674	67,175,748
Acquisition Cost of Excess Items (Not included in Materiel estimate)	-	52,612,000	-
<u>MATERIEL BY SERVICES:</u>			
Army	-	9,840,000	44,970,701
Navy	-	5,991,674	7,934,696
Air Force	-	8,770,000	14,270,351
TOTAL	-	24,601,674	67,175,748

MILITARY ASSISTANCE
TITLE IV - AMERICAN REPUBLICS
TRAINING-COMPARATIVE SUMMARY OF OBLIGATIONS BY CATEGORY

General Category	No. of Spaces			Cost to U.S.		
	Actual FY 1951	Estimate FY 1952	Estimate FY 1953	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
1. Formal Training ZI	-	-	-	-	-	\$ -
2. Formal Training O/S	-	-	-	-	-	-
3. Mobile Training Teams	-	20	79	-	\$ 50,420	334,808
4. Technical Assistance	-	-	39	-	-	453,520
5. Training Aids (a)	-	-	-	-	1,949,580	1,270,000
6. Miscellaneous Fund	-	-	-	-	-	-
7. Interpreters	-	-	-	-	-	-
8. Training Expenses of Mission (T)	-	-	-	-	-	-
Total	-	20	118	-	2,000,000	\$2,058,328
 <u>Recapitulation by Services</u>						
Army	-	-	50	-	-	500,000
Navy	-	20	33	-	2,000,000	1,358,328
Air Forces	-	-	35	-	-	200,000
Total	-	20	118	-	2,000,000	2,058,328

(a) AF & Army Training Aids reflected in Materiel Program.

TITLE IV - AMERICAN REPUBLICS
DEPARTMENT OF THE ARMY
SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

CATEGORY	Obligations		
	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
<u>ELECTRONICS & COMM SUPPLIES & EQUIP</u>	-	\$ 1,641,669	\$ 4,689,142
<u>ORDNANCE EQUIPMENT & SUPPLIES</u>	-	<u>7,968,523</u>	<u>36,346,928</u>
Tanks & Combat Vehicles	-	1,096,421	11,343,243
Motor Transport Vehicles	-	1,904,547	7,458,398
Small Arms & Machine Guns	-	424,867	1,261,593
Artillery & Fire Control	-	1,630,551	10,071,964
Small Arms & MG Ammunition	-	1,190,737	441,511
Artillery Ammunition	-	1,532,760	4,921,359
Bombs, Rockets & Misc Ammunition	-	186,600	531,200
Miscellaneous Ordnance	-	2,040	317,660
Aircraft & Aeronautical Supplies	-	-	-
<u>ENGINEERING EQUIPMENT & SUPPLIES</u>	-	189,808	814,631
<u>QUARTERMASTER EQUIPMENT & SUPPLIES</u>	-	-	-
<u>SUB-TOTAL-MATERIEL-TITLE IV</u>	-	<u>\$ 9,800,000</u>	<u>\$ 41,850,701</u>

TITLE IV - AMERICAN REPUBLICS
DEPARTMENT OF THE ARMY
SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

<u>CATEGORY</u>	<u>Obligations</u>		
	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
<u>ACCESSORIAL COSTS</u>			
Packing, Handling & Crating	-	\$ 20,000	\$ 1,248,000
Inland Transportation	-	5,000	1,248,000
Ocean Transportation	-	<u>15,000</u>	<u>624,000</u>
TOTAL ACCESSORIAL COSTS	-	<u>40,000</u>	<u>3,120,000</u>
GRAND TOTAL - MATERIEL	-	<u>9,840,000</u>	<u>44,970,701</u>

DEPARTMENT OF THE NAVY
 TITLE IV - AMERICAN REPUBLICS
 SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

<u>CATEGORY</u>	<u>Obligations</u>		
	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
<u>VESSEL EQUIPMENT</u>	-	<u>\$ 3,454,251</u>	<u>\$ 3,647,011</u>
Minesweeping Gear	-	-	372,172
Spare Parts	-	839,642	137,863
Electronics	-	2,160,418	1,530,686
Other Vessel Equipment	-	454,191	1,606,290
<u>ORDNANCE EQUIPMENT AND SUPPLIES</u>	-	<u>2,191,231</u>	<u>3,779,493</u>
Naval Guns	-	300,900	654,185
Artillery Ammunition	-	603,916	727,199
Bombs and Rockets	-	381,619	543,386
Miscellaneous Ordnance	-	904,796	1,854,723
<u>QUARTERMASTER EQUIPMENT & SUPPLIES & NGS</u>	-	<u>6,192</u>	<u>-</u>
Clothing & NGS	-	<u>6,192</u>	<u>-</u>
<u>SUB-TOTAL (MATERIEL)</u>	<u>-</u>	<u>5,651,674</u>	<u>7,426,504</u>

DEPARTMENT OF THE NAVY
 TITLE IV - AMERICAN REPUBLICS
 SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

<u>CATEGORY</u>	Actual	Obligations	
	<u>FY 1951</u>	<u>Estimate</u> <u>FY 1952</u>	<u>Estimate</u> <u>FY 1953</u>
<u>ACCESSORIAL COSTS</u>			
Packing, Handling, Crating & Direct Operating Expenses	-	\$ 136,000	\$ 238,192
Inland Transportation	-	136,000	180,000
Ocean Transportation	-	<u>68,000</u>	<u>90,000</u>
TOTAL ACCESSORIAL COSTS	-	<u>340,000</u>	<u>508,192</u>
GRAND TOTAL (MATERIEL)	-	<u>5,991,674</u>	<u>7,934,696</u>
ACQUISITION COST OF EXCESS ITEMS (Not included in total materiel estimate)	-	<u>52,612,000</u>	<u>-</u>

DEPARTMENT OF THE AIR FORCE
 TITLE IV - AMERICAN REPUBLICS
 SUMMARY BY AGENCY - MATERIEL PROGRAM - COMPARATIVE ESTIMATES

<u>CATEGORY</u>	<u>Obligations</u>		
	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
<u>AIRCRAFT COMPLETE WITH SPARES</u>	-	\$ 8,000,000	\$ 13,770,351
TOTAL - MATERIEL	-	8,000,000	13,770,351
<u>ACCESSORIAL CHARGES</u>			
Inland Transportation	-	170,000	140,000
Ocean and Air Transportation	-	300,000	180,000
Depot Operations	-	300,000	180,000
TOTAL ACCESSORIAL COSTS	-	770,000	500,000
GRAND TOTAL - MATERIEL	-	8,770,000	14,270,351

TECHNICAL COOPERATION
 TITLE IV - AMERICAN REPUBLICS
 COMPARATIVE SUMMARY OF OBLIGATIONS BY ACTIVITIES

<u>Activity</u>	<u>Actual</u> <u>FY 1951</u>	<u>Estimate</u> <u>FY 1952</u>	<u>Estimate</u> <u>FY 1953</u>
1. Bilateral technical cooperation	<u>\$9,371,590</u>	<u>\$19,860,877</u>	<u>\$20,329,000</u>

Narrative Summary Statement 1953 Estimates

The United States share of the proposed technical cooperation programs for Latin America for the fiscal year ending June 30, 1953, is \$20,329 million. This amount provides for a continuation and slight expansion of the programs totaling \$19.9 million being carried out in the fiscal year ending June 30, 1952, under the supervision and direction of The Institute of Inter-American Affairs as the Latin American regional arm of the Technical Cooperation Administration.

The close relationship between the United States and the other American republics is evidenced by the fact that the Latin American republics were second only to Western Europe as a market for our exports and continue to supply a larger part of United States imports than any other trade area. Specifically, exports to the United States in the calendar year 1951 were approximately \$3.4 billion or approximately 31 percent of the U. S. total imports. Latin American imports from the United States in calendar year 1951 amounted to approximately \$3.7 billion representing about 50 percent of their total imports. Approximately one-third of all our exports go to Latin America. This represents an increase from the calendar year 1950 when the exports to the United States totalled about \$2.9 billion while the imports from the United States during this same year amounted to \$2.6 billion. The United States as well as the other American republics benefits from the economic development in Latin America.

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. 68 percent of the total tillable acreage is cultivated in the United States, but only 30 percent is cultivated in Latin America. The average life expectancy is low and three-fourths of the Latin American countries have illiteracy rates exceeding 50 percent. Efforts must be directed toward basic development in agriculture, health and education, as well as improving transportation and other facilities which are essential to economic development.

Programs are being carried on in nineteen of the Latin American countries through U. S. technical missions and by training qualified nationals in various technical fields. Working with and under the supervision of some five hundred American technicians are thousands of local nationals, employed by the Servicios. The idea is that the activities undertaken by the 34 Servicios should be carried on to an increasing degree by local nationals. Many such activities have already been turned over to the local governments to operate.

Although 70 percent of the people of Latin America earn their living from agriculture, productivity is low and accordingly it is appropriate that the largest single item in the Point Four program in Latin America be agriculture development. Thirty-six percent of the program for next year is in the field of agriculture, 22 percent will be devoted to health and sanitation, and 16 percent to education. The remaining 26 percent will provide for technical assistance in mining, industry, transportation, government administration, social services, housing, etc.

These programs stimulate, support, and complement the contributions to economic development in the Latin American countries through the activities of lending institutions and private investments.

The other American republics are contributing and participating actively in the operation of the programs. The local government contributions include not only direct cash payments to Servicios and to projects of U. S. Government agencies, but also contributions "in kind" such as land, buildings, equipment, services and livestock.

TECHNICAL COOPERATION

TITLE IV - AMERICAN REPUBLICS

COMPARATIVE SUMMARY OF OBLIGATIONS BY COUNTRY
(in thousands of dollars)

Country	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
Bolivia	\$ 502.8	\$ 1,495.0	\$ 1,356.0
Brazil	1,319.3	2,740.0	3,852.0
Chile	433.3	1,321.0	1,143.0
Colombia	298.7	781.0	773.0
Costa Rica	524.8	1,364.0	1,087.0
Cuba	67.6	182.0	257.0
Dominican Republic	123.2	287.0	316.0
Ecuador	577.3	1,407.0	1,276.0
El Salvador	215.1	587.0	709.0
Guatemala	274.0	229.0	219.0
Haiti	544.9	797.0	720.0
Honduras	271.0	712.0	794.0
Mexico	406.9	891.0	1,046.0
Nicaragua	221.4	669.0	840.0
Panama	451.2	1,004.0	993.0
Paraguay	678.4	1,676.0	1,121.0
Peru	1,417.8	1,874.0	1,966.0
Uruguay	186.9	436.0	495.0
Venezuela	200.2	156.0	159.0
Regional Projects	656.8	1,253.0	1,207.0
Total Obligation	\$ 9,371.6	\$ 19,861.0	\$ 20,329.0

Handwritten notes and calculations, including a large number '1010' and a vertical line with numbers '1010' and '1010' written vertically.

TECHNICAL COOPERATION

TITLE IV - AMERICAN REPUBLICS

COMPARATIVE SUMMARY OF OBLIGATIONS BY MAJOR PROJECT CATEGORY (Illustrative)

(In thousands of dollars)

Major Project Category	Actual FY 1951	Estimate FY 1952	Estimate FY 1953
1. Agriculture, Forestry and Fisheries	\$ 3,382.1	\$ 6,963.0	\$ 7,234.0
2. Health and Sanitation	3,151.8	4,753.0	4,372.0
3. Natural Resources, Public Works and Transportation	578.6	1,272.0	1,750.0
4. Education	1,426.8	3,705.0	3,223.0
5. Industry, Handicraft and Housing	190.3	427.0	785.0
6. Public Administration and Government Services	482.4	1,335.0	1,562.0
7. Joint Economic Commission and Surveys	159.6	1,406.0	1,403.0
	<u>\$ 9,371.6</u>	<u>\$ 19,861.0</u>	<u>\$ 20,329</u>

TECHNICAL COOPERATION
TITLE IV - AMERICAN REPUBLICS
FISCAL YEAR 1953
SUMMARY BY COUNTRY AND MAJOR PROJECT CATEGORY (ILLUSTRATIVE)
(in thousands of dollars)

Country	Total U.S. Cost	(1) Agricul., Forestry & Fisheries	(2) Health & Sanita- tion	(3) Nat'l Resources, Public Works & Transportation	(4) Educo.	(5) Indus. Han- dicraft & Housing	(6) Pub. Adm. & Govt. Services	(7) Jnt.Com. & Econ. Survey
Bolivia	\$1,356	509	295	158	298	21	35	40
Brazil	3,852	954	700	294	589	287	242	786
Chile	1,143	392	280	13	210	113	78	57
Colombia	773	204	269	158	18	30	55	39
Costa Rica	1,087	567	209	59	20	53	140	39
Cuba	257	204	-	23	-	-	30	-
Dominican Rep.	316	51	-	12	210	-	4	59
Ecuador	1,276	304	344	108	305	93	83	39
El Salvador	709	268	180	-	72	24	126	39
Guatemala	219	154	65	-	-	-	-	-
Haiti	720	367	231	-	8	-	75	39
Honduras	794	267	172	36	179	39	62	39
Mexico	1,046	275	282	244	118	-	88	39
Nicaragua	840	300	179	49	192	41	40	39
Panama	993	357	176	45	282	25	69	39
Paraguay	1,121	413	244	60	244	-	121	39
Peru	1,966	865	300	203	374	40	132	52
Uruguay	495	234	127	22	-	-	73	39
Venezuela	159	-	140	19	-	-	-	-
Regional Projects	1,207	549	179	247	104	19	109	-
TOTAL OBLIGATIONS	\$20,329	7,234	4,872	1,750	3,223	785	1,562	1,403

TECHNICAL COOPERATION
 TITLE IV - AMERICAN REPUBLICS
 SUMMARY OF ESTIMATED COLLAR COST OF ILLUSTRATIVE PROGRAM
 BY COUNTRY AND MAJOR COST COMPONENTS
 (In thousands of dollars)

Country	Total	Supplies & Equipment	Total Service Cost	Services			
				U.S. Technicians		Trainees	
				No. of Persons	Cost	No. of Persons	Cost
Bolivia	\$ 1,356	\$ 306	\$ 1,050	77	\$ 908	35	\$ 142
Brazil	3,852	1,119	2,733	188	2,277	117	456
Chile	1,143	493	650	46	563	22	87
Colombia	773	211	562	33	401	40	161
Costa Rica	1,087	287	800	49	656	36	144
Cuba	257	28	229	14	178	12	51
Dominican Rep.	316	92	224	16	188	9	36
Ecuador	1,276	300	976	62	803	42	173
El Salvador	709	79	630	41	486	36	144
Guatemala	219	12	207	14	207	--	74
Haiti	720	185	535	36	461	18	74
Honduras	794	299	495	35	430	22	65
Mexico	1,046	311	735	56	562	44	173
Nicaragua	840	214	626	47	562	16	64
Panama	993	346	647	43	528	29	119
Paraguay	1,121	323	798	58	736	15	62
Peru	1,966	585	1,381	92	1,123	62	258
Uruguay	495	139	356	22	271	24	85
Venezuela	159	23	136	9	117	5	19
Regional Projects	1,207	319	888	71	851	21	37
Total	\$20,329	\$5,671	\$14,658	1,009	\$12,308 ✓	605	\$2,350

MUTUAL SECURITY

TITLE IV - AMERICAN REPUBLICS

ECONOMIC STATISTICS - 1950 UNLESS OTHERWISE INDICATED

Country	GENERAL		Daily per Capita Food Consumption Calories	INCOME Per Capita Income (dollars) (1949)	INTERNATIONAL TRADE AND PAYMENTS					PUBLIC FINANCE Gross External Public Dept (Mil of dollars)
	Area (Sq.miles)	Population (Thousands)			Total Exports	Total Imports	Exports to U.S.	Imports from U.S.	Foreign Exchange Reserves (1951)	
Bolivia	413.0	3.0	*	\$ 60	\$ 94.1	\$ 55.8	\$ 65.7	\$ 23.6	\$ 50.7	\$ 100.0 a/
Brazil	3,288.0	52.1	2,390	110	1,346.5	1,097.9	734.3	379.1	560.0	301.0
Chile	286.0	5.8	2,400	190	293.7	247.9	153.3	118.5	56.9	159.0
Colombia	440.0	11.3	2,310	130	393.6	362.6	325.4	240.8	105.0	75.0
Costa Rica	20.0	0.8	*	130	34.7	46.0	24.6	30.9	8.7	29.0 b/
Cuba	44.0	5.3	2,780	300	642.0	515.0	379.7	407.5	408.0	73.0
Dominican Republic	19.0	2.1	*	70	83.5	32.0	36.5	32.0	29.7	.138 b/
Ecuador	106.0	3.1	*	40	64.4	41.6	35.7	27.8	30.8	43.0 b/
El Salvador	13.0	1.9	*	90	69.5	47.2	59.9	31.6	42.6	10.4 b/
Guatemala	42.0	2.8	*	80	67.6	71.2	60.2	48.7	33.5	1.1 b/
Haiti	11.0	3.1	*	40	38.5	36.2	21.5	27.6	10.7	1.0
Honduras	59.0	1.5	*	80	21.7	34.2	15.1	26.9	23.0	0.6
Mexico	760.0	25.4	2,050	120	501.4	509.0	433.2	429.6	246.0	347.0
Nicaragua	57.0	1.1	*	90	34.6	25.3	24.2	20.6	9.6	2.0
Panama	29.0	0.8	*	180	10.1	67.0	9.3	44.4	65.6	15.4 a/
Paraguay	157.0	1.4	*	80	54.3	27.5	1.7	6.4	19.1	7.0 a/
Peru	482.0	8.4	2,260	100	193.7	187.0	50.8	30.9	56.9	125.0 b/
Uruguay	72.0	2.4 a/	2,600	330	191.6	204.7	129.5	39.2	211.0	0.061
Venezuela	352.0	4.9	2,210	320	1,167.6	539.5	332.0	367.4	373.0	0.030

* Data not available

a/ 1949

b/ 1951

FUNCTIONAL DESCRIPTIONS OF MAJOR TYPES OF PROJECTS

1. Agriculture, Forestry and Fisheries. Programs in this field cover a great variety of projects. Emphasis has been given to agricultural extension activities. Other activities include assistance in soil conservation; irrigation; crop development; livestock improvement; insect and pest control campaigns; farm machinery operation; demonstration farms; and establishment of agricultural education systems and institutions. Research activities are carried on in some important agricultural regions to develop new seed varieties; test yields under various conditions, etcetera. An example of this type of activity is the regional rubber development program in the other American Republics where over-all coordination in research has resulted in standardization of research methods and plantings both at our regional stations in Costa Rica, Guatemala, and Haiti and at stations or cooperative plantings maintained by cooperators in other countries.

Fishing projects included investigations of fisheries resources; development of the fishery industry--improve methods of preservation, processing, distribution and marketing.

2. Health and Sanitation. The basic purpose of these programs is to improve health and nutritional standards of the population. Projects designed to bring under control such widespread and crippling illness as malaria, tuberculosis, trachoma and venereal diseases, as other disease control campaigns are used extensively. Operation of health centers, improvement of medical and nursing services, maternal and child health, and the operation of country-wide health education programs are also important in the health program. Sanitation programs include water supply and sewerage systems, and other sanitation works.
3. Natural Resources, Public Works and Transportation. Projects falling in this category are an important factor in both agricultural development and industrial development programs, since both mineral and water resources are included. Mineral development projects also afford an important contribution in adding to the supply of strategic materials for export. Geologic investigations, hydroelectric power, land reclamation, irrigation projects, and survey and mapping are other important activities in the field of natural resources. Transportation projects, particularly the establishment of road systems, railroad shipping and port development assist in getting produce to market centers.
4. Education. A basic condition to any real and lasting development program is education. With a few exceptions, the illiteracy rate is extremely high in Point 4 countries. Vocational education systems to expand opportunities for earning a living play an important role in the programs, along with improvement and extension of elementary education systems and the development of teacher-training systems.

5. Industry, Handicraft and Housing. Example of the type of project included in the technical cooperation program in this category include primarily the development of small and medium industries, marketing and distribution studies, assistance in labor problems, such as industrial safety and hygiene, development of labor standards, etc. Crafts and cottage industry projects are also included.

Assistance in housing covers projects from the development of building materials from native resources to city planning.

6. Public Administration and Government Services. Projects coming under this heading are directed towards improving government services. Improvements in budgetary methods and government finance, public administration and records, and collection and tabulation of statistics--vital, business, agriculture, labor and census are examples of activities included.
7. Joint Economic Commissions and Surveys. Joint Commissions are functioning in Brazil, Liberia and Paraguay. The primary objective of the Joint Commission is to insure the sound development of an over-all program. The Commission recommends the need for and the priority of individual development projects. The general direction of the entire program is also included in this category.

General economic surveys are made where insufficient information on which to undertake programs in the several fields is available.

ECONOMIC ASSISTANCE AND TECHNICAL COOPERATION
TITLE V

COMPARATIVE SUMMARY OF OBLIGATIONS BY ACTIVITY

<u>FUNCTION and Activity</u>	<u>Actual FY 1951</u>	<u>Estimate F Y 1952</u>	<u>Estimate FY 1953</u>
<u>TECHNICAL COOPERATION</u>			
Multilateral Technical Cooperation	\$13,007,500	\$12,400,000	\$15,708,750
Deduct Carry-over from 1952		<u> </u>	<u> </u>
Appropriation Request			<u>15,708,750</u>
<u>EMIGRATION OF SURPLUS MANPOWER</u>			
Deduct Carry-over from 1952	-	10,000,000	9,240,500
Appropriation Request			<u>9,240,500</u>
<u>OCEAN FREIGHT - VOLUNTARY RELIEF PACKAGES</u>			
Deduct Carry-over from 1952	4,178,266	2,843,610	2,587,500
Appropriation Request			<u>2,587,500</u>
<u>UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND</u>			
Deduct Carry-over from 1952	6,953,241	-	16,481,000 1/
Appropriation Request			<u>16,481,000</u>
<u>RECAPITULATION</u>			
Total Obligations Title V	<u>24,139,007</u>	<u>25,243,610</u>	44,017,750
Deduct Carry-over from 1952			<u> </u>
Total Appropriation Request - Title V			<u>44,017,750</u>

1/ This amount will be used by the United States under the "matching" proviso for contributions received during the period July 1, 1951 through December 31, 1953.

MULTILATERAL TECHNICAL COOPERATION
COMPARATIVE SUMMARY OF OBLIGATIONS BY GEOGRAPHIC REGION

<u>Country</u>	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
1. Europe	\$ 342,000	\$ 325,000	\$ 735,000
2. Near East and Africa	3,751,500	3,557,000	4,596,750
3. Asia and the Pacific	4,914,000	4,668,000	5,240,000
4. Latin America			
United Nations Program	3,000,000	2,850,000	4,137,000
Organization of American States	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total	<u>\$13,007,500</u>	<u>\$12,400,000</u>	<u>\$15,708,750</u>

TITLE V
GENERAL NARRATIVE STATEMENT OF MULTILATERAL TECHNICAL ASSISTANCE

In accordance with the President's statement that Point IV "should be a cooperative enterprise in which all nations work together through the United Nations and its specialized agencies wherever practicable", 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 since their inception in 1950. Although the United Nations organizations had been rendering some technical assistance under their regular budgets prior to the establishment of the United Nations Expanded Program, such assistance to individual countries or specific regions had been limited because of other more general activities carried on by the agencies. The establishment of these multilateral technical assistance programs has enabled international organizations to make fuller use of their technical competence in the kind of assistance envisaged under Point IV.

During the first financial period of the United Nations Expanded Program (July 1, 1950-December 31, 1951) fifty-five nations pledged approximately \$20 million of which the United States pledge of \$12,007,500 represented approximately sixty per cent. As of December 31, 1951, \$17 million of the total had been committed under agreements signed by participating agencies with requesting governments and \$3 million had been set aside as a Special Reserve Fund to cover eventual liquidation costs and other emergency expenses. An additional \$12 million had also been conditionally committed under agreements made subject to the availability of funds in 1952. The 1952 program is being supported by sixty-three nations which have pledged a total of approximately \$19 million of which the United States pledge again represents approximately sixty per cent.

In order to continue the United Nations Expanded Program with a reasonable margin for growth in the third fiscal period, a moderate increase in new funds will be required in 1953. We believe that the United States should pledge approximately sixty per cent of these new funds in support of a program which carries out a fundamental principle of our Point IV policy. A United States contribution of \$14,708,750, as sixty per cent of total contributions, would allow a 1953 program of \$24.5 million. In addition to the funds contributed directly to the program by governments, recipient governments are now contributing an average of at least an equal amount in local currency expenditure.

In 1951, nineteen American republics pledged a total of \$1,278,571 to the Technical Cooperation Program of the Organization of American States. To date \$1,271,605 have been pledged by seventeen American republics to the 1952 program and additional pledges are expected. With respect to both years, the objective is that the United States pledge of up to \$1 million should not exceed approximately seventy per cent of total contributions. Five regional projects benefiting from nine to twenty countries in public health nursing, cooperatives, housing, aftosa control, and agricultural extension training were initiated in 1951. Eleven projects are included in the 1952 program extending into the fields of economics, education, social problems, public health services, and city planning. Details on the 1953 program are not yet available, but, on the basis of projects now under way or soon to be initiated, it is believed that a United States contribution of \$1 million to the 1953 program is consistent with our national interest in the American republics and western hemisphere relationships.

TITLE V

MULTILATERAL TECHNICAL COOPERATION

United Nations and Specialized Agencies by Geographic Region - 1953 Estimates

<u>Agency</u>	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>		<u>Title IV</u>	<u>Total</u>
	<u>Europe</u>	<u>Near East and Africa</u>	<u>South Asia</u>	<u>Pacific</u>	<u>American Republics</u>	
Food and Agriculture Organization	\$ 427,000	\$ 2,462,000	\$ 1,144,000	\$ 1,030,000	\$ 1,737,000	\$ 6,800,000
International Civil Aviation Organization	33,000	361,000	173,000	155,000	79,000	801,000
International Labor Organization	298,000	618,000	579,000	521,000	614,000	2,630,000
International Telecommunications Union	-	72,000	75,000	68,000	46,000	261,000
United Nations	168,000	1,171,000	887,000	799,000	2,351,000	5,376,000
United Nations Educational, Scientific and Cultural Organization	117,000	823,000	822,000	740,000	751,000	3,253,000
World Health Organization	183,000	2,082,000	841,000	757,000	1,269,000	5,132,000
World Meteorological Organization	-	72,000	75,000	68,000	46,000	261,000
Totals	<u>\$1,226,000</u>	<u>\$ 7,661,000</u>	<u>\$ 4,596,000</u>	<u>\$ 4,138,000</u>	<u>\$ 6,893,000</u>	<u>\$ 24,514,000</u>
U. S. Share (60%) - rounded figures						14,708,750
Organization of American States					<u>1,000,000</u>	<u>1,000,000</u>
Total Obligations					<u>-</u>	<u>\$ 15,708,750</u>

TITLE V

MULTILATERAL TECHNICAL COOPERATION
1953 ESTIMATES FOR UN AND SPECIALIZED AGENCIES

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

<u>MAJOR PROJECT CATEGORY</u>	<u>Technicians</u>		<u>Fellowships</u>		<u>Supplies & Materials</u>	<u>Total</u>
	<u>No.</u>	<u>Costs</u>	<u>No.</u>	<u>Costs</u>		
1. Agriculture, Forestry & Fisheries	268	\$3,296,400	291	\$ 931,200	\$1,854,400	\$6,082,000
2. Health and Sanitation	202	3,484,600	223	713,600	1,416,800	4,615,000
3. Natural Resources, Public Works, and Transportation	83	1,020,900	91	291,200	512,900	1,825,000
4. Education	93	1,143,900	101	323,200	581,900	2,049,000
5. Industry, Handicraft, Housing	135	1,660,500	145	464,000	835,500	2,960,000
6. Public Administration	174	2,140,200	186	595,200	593,600	3,329,000
7. Joint Economic Commissions and Surveys	56	688,800	47	150,400	117,800	957,000
Administrative Costs	-	-	-	-	-	2,697,000
Total	<u>1,011</u>	<u>\$12,435,300</u>	<u>1,084</u>	<u>\$3,468,800</u>	<u>\$5,912,900</u>	<u>\$24,514,000</u>

(U. S. Share 60% - \$14,708,750)

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TITLE V
 EMIGRATION OF SURPLUS MANPOWER
 COMPARATIVE SURVEY OF OBLIGATIONS

<u>Item</u>	<u>Actual</u> <u>FY 1951</u>	<u>Estimate</u> <u>FY 1952</u>	<u>Estimate</u> <u>FY 1953</u>
Emigration of Surplus Manpower	<u>-</u>	<u>\$10,000,000</u>	<u>\$ 9,240,500</u>

SUMMARY OF MOVEMENT OF MIGRANTS

<u>From</u>	<u>Number of Migrants</u>				<u>Number of Migrants</u>		
	<u>Actual</u> <u>FY 1951</u>	<u>Estimate</u> <u>FY 1952</u>	<u>Estimate</u> <u>FY 1953</u>		<u>Actual</u> <u>FY 1951</u>	<u>Estimate</u> <u>FY 1952</u>	<u>Estimate</u> <u>FY 1953</u>
Austria	-	16,000	13,000	Australia	-	25,000	40,000
Germany	-	67,000	65,000	Canada	-	40,000	52,000
Greece	-	4,000	8,000	Latin America	-	31,000	40,000
Italy and Trieste	-	35,000	36,000	New Zealand	-	3,000	4,000
Netherlands	-	15,000	15,000	United States	-	38,000 <u>a/</u>	2,000 <u>b/</u>
Other	-	-	3,000	Other	-	-	2,000
Total	<u>-</u>	<u>137,000</u>	<u>140,000</u>	Total	<u>-</u>	<u>137,000</u>	<u>140,000</u>

a/ Represents ethnic Germans and displaced persons from Germany and Austria entering the United States under the provisions of the Displaced Persons Act of 1948, as amended.

b/ Represents displaced persons entering the United States under Section 3(c) of the Displaced Persons Act of 1948, as amended. This Section of the Act expires June 30, 1954.

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EMIGRATION OF SURPLUS MANPOWER

GENERAL NARRATIVE STATEMENT

The Provisional Intergovernmental Committee for the Movement of Migrants from Europe (PICMME) was organized at Brussels in December 1951, to carry out the intent of the Congress as expressed in Title I, Section 101(a)(2) of the Mutual Security Act of 1951 which reads: "Provided that not to exceed \$10,000,000 of the funds made available pursuant to this paragraph may be utilized to effectuate the principles set forth in Section 115(e) of the Economic Cooperation Act (ECA) of 1948 as amended." The intent of Section 115(e) was to facilitate the movement of surplus manpower from Europe to other countries where such manpower could be utilized.

Sixteen governments established the Committee at Brussels and adopted plans to move 116,000 persons who would not otherwise be moved out of Europe in 1952 at an over-all cost of \$34,000,000. The Committee established headquarters at Geneva and began operations on February 1, 1952 using ten ships previously converted for this type of movement and transferred by the International Refugee Organization. In the period from February 1 to April 30, 1952 the Committee moved 32,000 migrants and refugees out of Europe. The Committee has 19 member governments at present: Australia, Austria, Belgium, Bolivia, Brazil, Canada, Chile, Denmark, France, Germany, Greece, Israel, Italy, Luxembourg, Netherlands, Paraguay, Switzerland, United States and Venezuela. Sweden, New Zealand and Norway are expected to join shortly.

The U.S. contribution for the current program is \$10,000,000. Contributions to the administrative expenditures of \$2,359,060 are obligatory upon member governments in accordance with an agreed percentage scale. The U.S. contribution to the administrative expenditures is 33-1/3%. Contributions to the operational expenditures are voluntary.

The costs of transport for a substantial number of the persons to be moved will be reimbursed to the Committee by the emigration and receiving countries. Some movements will be fully reimbursed, others partially reimbursed and the balance will take place at the expense of the Committee. The costs of processing migrants will be borne directly by the emigration countries and the costs of receiving them by receiving countries. These emigration and receiving countries will receive credits for these costs as contributions to the work of the Committee, although such contributions will not be paid in cash to the Committee. The Committee at its second session in February increased the estimate of numbers to be moved during the year to 137,000 and in consequence increased the original budget of approximately \$34,000,000 to \$41,350,660.

The program for 1953 calls for the movement of 140,000 migrants as compared with the planned movement of 137,000 in 1952. The principal difference in the program is a large reduction in the number of migrants to be moved to the U.S., with an attendant increase in those to be moved to Australia, Canada and Latin America. The completion in 1952 of the U. S. immigration program authorized under the Displaced Persons Act of 1948 as amended explains the reduction in movement to the U. S.

The appropriation of the \$9,240,500 authorized for 1953 will require a reduction in the United States contribution from the amount being contributed for 1952, even though the movement will have gained momentum and increased during 1953. The legislative history leading to U. S. participation in the Migration Committee in December 1951 indicates that the intent of Congress was to increase the movement of migrants from the excess population areas in Europe at as high a rate as possible.

When the U. S. contribution plan was accepted by the other governments at Brussels on December 8, 1951, only six months ago, none of the other governments had initiated the legislative processes required to complete their membership in the Committee and to make their financial contributions available for the ensuing period. They are now engaged in these legislative steps. The knowledge that the U. S. is continuing to support the Committee for another year at a similar level of contribution will assure the governments of continuing U. S. interest and will stimulate wider participation by other governments in the Committee.

TITLE V

OCEAN FREIGHT - VOLUNTARY RELIEF SUPPLIES AND PACKAGES

<u>Actual</u> <u>FY 1951</u>	<u>Estimate</u> <u>FY 1952</u>	<u>Estimate</u> <u>FY 1953</u>
\$4,178,266	✓ \$2,843,610	\$2,587,500

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: relief supplies and packages shipped by voluntary non-profit relief agencies, parcel post packages, and packages shipped by commercial freight.

The authorization request for the Mutual Security Program for fiscal 1953 permits extension of this program to provide for shipments of voluntary agencies to other areas of the free world than Europe and Free China.

Relief supplies shipped through the facilities of voluntary non-profit relief agencies have brought directly to the attention of the people in the recipient countries the humanitarian interest of Americans in the welfare of the free world, thereby complementing the Mutual Security Program and its objectives abroad. The shipment of individual gift packages by parcel post presents an opportunity for an individual in the United States to extend additional help on his own initiative. It provides a personalized touch that represents to the recipient a tangible proof of United States friendship and assistance.

The flow of voluntary relief supplies has been effectively stimulated by the provision of subsidies for the cost of ocean freight, supplemented by free transportation provided by the participating countries. Since the inception of the provision for subsidies in fiscal 1949, there has been a general downward trend in parcel post and bulk shipments of voluntary supplies. Improved economic conditions have resulted in the termination of the program for parcel post and voluntary bulk shipments to certain countries, appreciably reducing estimated expenditures in fiscal years 1952 and 1953 as compared to fiscal 1951.

TITLE V

OCEAN FREIGHT - VOLUNTARY RELIEF SUPPLIES AND PACKAGES

COMPARATIVE SUMMARY OF OBLIGATIONS

<u>Item</u>	<u>Value of Subsidy</u>		
	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
Parcel Post Packages	\$2,185,749	\$1,300,000	\$1,201,500
Voluntary Agencies	1,971,517	1,543,610	1,386,000
Through Commercial Channels	21,000	-	-
<u>Total</u>	<u>4,178,266</u>	<u>2,843,610</u>	<u>2,587,500</u>

COMPARATIVE SUMMARY OF WEIGHT OF SHIPMENTS

<u>Item</u>	<u>Weight in Pounds</u>		
	<u>Actual FY 1951</u>	<u>Estimate FY 1952</u>	<u>Estimate FY 1953</u>
Parcel Post Packages	42,584,300	29,545,400	27,305,000
Voluntary Agencies	157,000,000	122,924,000	110,373,000
Through Commercial Channels	1,735,462	-	-
<u>Total</u>	<u>201,319,762</u>	<u>152,469,400</u>	<u>137,678,000</u>

TITLE V

UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND

Obligation 1951 - \$6,953,241

1952 - None

1953 - \$16,481,000

The appropriation of \$16,481,000 ~~for the period ending June 30, 1953~~ is requested to enable the President to make contributions to the United Nations International Children's Emergency Fund (UNICEF). *April 27*

UNICEF was established by the General Assembly of the United Nations on December 11, 1946 through the passage of Resolution 57(1). The Fund was continued by the General Assembly for another three years on December 1, 1950, at its Fifth Session, through the adoption of Resolution 417 (V). The primary purpose of the Fund's program in the first years was to bring aid to the children of those countries of Europe who were the victims of aggression. During that period, a substantial portion of the Fund's resources were devoted to mass feeding. Under the new directive of 1950 the emphasis was shifted from mass feeding and Europe toward aiding children in the underdeveloped countries of Asia, Africa and Latin America, the objective being to improve the permanent child health and child welfare programs in these countries.

Accomplishments

Types of Aid Given. In the early days of the Fund the aid granted in the field of supplementary feeding provided diets of skim milk, whole milk for infants, fats, fish liver oils, and some meat products. Allocations for this type of aid, begun in December 1947, were practically discontinued by 1950 except in terms of demonstration projects and emergency assistance.

A continuing program of the Fund is the anti-tuberculosis vaccination program. Anti-tuberculosis campaigns began in Europe but have now been extended to Asia, Latin America, the Middle East and North Africa.

*Record to
changed*

*Alert witness
present language
changes*

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Not to be used

Raw materials such as cotton, wool and leather have been supplied for processing into clothing, blankets, layettes and shoes. Equipment and international advisory personnel have been supplied for child health centers and for training workers within the countries for maternal and child health services.

Insecticides, penicillin, vaccines, transport and sprayers have been supplied to aid projects for the control of communicable diseases, including pre-natal syphilis, malaria, yaws, diphtheria and whooping cough. Such simple but highly effective products as DDT, sulpha drugs and anti-biotics were completely lacking in the war-devastated countries, and are now either lacking or in extremely short supply in many of the underdeveloped countries.

The Fund has provided equipment for drying or pasteurizing local milk in order that the countries receiving assistance may serve children with free supplementary milk on a continuing basis.

The Fund has aided in the establishment of two permanent institutes, namely the International Children's Centre in Paris and an All India Institute of Hygiene and Public Health in Calcutta.

Number of Children Reached. Although it is difficult to estimate the total number of Children reached through the UNICEF program, a few examples show that it is large in proportion to the sums expended. The anti-tuberculosis campaign, begun with the help of the Scandinavian countries and now carried on with the help of World Health Organization, has reached 16,000,000 children in Europe alone from 1948 through 1951. Of these, 8,600,000 were vaccinated and millions more were reached in the North African and Eastern Mediterranean countries. In Ecuador, Mexico, India, Pakistan, Ceylon, Malaya and Singapore a combined total of nearly 10,000,000 were tested and over 4,000,000 vaccinated.

Totals for other UNICEF-WHO assisted campaigns likewise run into many millions. Campaigns against yaws, bejel and syphilis in Asia, the Eastern Mediterranean and Latin America are expected to reach 23,000,000 persons. The insect-control campaigns against malaria, typhus and other diseases will reach nearly 20,000,000. Various immunization programs will reach 1,250,000 and other miscellaneous

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project some 3,700,000. A completely accurate total cannot be given as the same child may benefit from more than one program. Also, UNICEF is aiding more than 400,000 children among the Arab refugees, 100,000 children in the drought-stricken area of Brazil and 75,000 children in the drought-stricken state of Madras, India.

Program

As mentioned above, the program of the Fund has shifted both in area and in type of project. The programs are now more concentrated in Asia, the Middle East and Latin America and the type of project has changed from mass feeding to more comprehensive maternal and child health activities. With respect to Europe, the Fund's resident missions in Hungary, Rumania, Bulgaria, Finland and Poland were terminated during 1950. The Fund's allocations for Albania and Communist China were suspended due to the failure of the authorities of these countries to meet the requirements of international agreements.

At the most recent Executive Board meeting of UNICEF (April 1952) allocations were approved totalling \$9,366,000. This action made the total allocated since June 30, 1951 \$18,916,000, leaving an additional \$11,084,000 to be allocated in order to carry out the program of estimated requirements (target budget) totalling \$30,000,000 adopted for the fiscal year 1951-52 by the Executive Board at its meeting May 22-24, 1951. Funds are needed in order that these allocations may be made.

The proposed total UNICEF target budget for the period July 1, 1952 to June 30, 1953 amounts to \$20,000,000 distributed as follows:

<u>By Area</u>		<u>By Project</u>	
Africa	\$1,710,000	Supplies and Equipment for Basic Maternal and Child Welfare Programs	\$2,375,000
Asia	4,630,000	Maternal and Child Welfare Training Programs	780,000
Eastern Mediterranean	1,850,000	Maternal and Child Welfare Mass Health Programs	5,090,000
Europe	750,000	Feeding, Including Milk Conservation	3,155,000
Latin America	2,460,000	Global Projects	500,000
Global Projects	500,000	Emergency Situations	4,000,000
Emergency Situations	4,000,000	Freight	2,100,000
Freight	2,100,000	Administration	<u>2,000,000</u>
Administration	<u>2,000,000</u>		
Total	20,000,000	Total	20,000,000

United States Interest

The basic humanitarian interest of the people of the United States in the work of UNICEF continues. Governments, particularly those of the underdeveloped countries, should be encouraged and strongly assisted in their efforts to meet the minimum medical and nutritional needs of their children. It is in the direct interest of the United States Government that it support international children's welfare activities under the terms of the General Assembly resolution continuing the Fund through December 31, 1953.

Basis of Estimate

Through September 14, 1951, the policy of the Fund by which a benefitting country makes its own contribution to activities within its territory has resulted; on the average, in every dollar of allocated funds being matched by approximately \$1.15 of receiving-country contributions. Since the last contribution by the United States 38 additional contributions or pledges (unmatched by the United States) totalling \$3,837,000 have been made. On the basis of the one-third of total contributions proviso appearing in the House bill, the United States would need \$9,705,300^{1/} to match these "external" contributions and pledges plus the receiving-country contributions at 115% of external contributions. It would require new pledges and contributions of only \$2,678,745 from other governments, together with receiving-country contributions at 115%, to require an additional \$6,775,650^{2/} from the United States, thereby completely utilizing the \$16,481,000 requested in this estimate. In view of the fact that the \$3,837,000 already contributed or pledged by other countries was received in 10 months (July 1951 to April 1952) it would not seem unreasonable to assume that in 20 months (May 1952 to December 1953) considerably more than the \$2,678,745 mentioned above would be contributed or pledged. Anything received from other governments above this amount would serve to reduce the percentage of United States contributions below the 33-1/3% prescribed by the House bill. It is believed that the amount of \$16,481,000 requested is justified as a manifestation of the interest of the United States in the program of UNICEF for the fiscal years 1952 and 1953.

- 1/ \$3,837,000 + 9,705,350 + 15,573,700 (115%) = \$29,116,050
33 1/3% of \$29,116,050 = \$9,705,350
- 2/ \$2,678,745 + 6,775,650 + 10,872,555 = \$20,326,950
33 1/3% of 20,326,950 = \$ 6,775,650