U.S. TECHNICAL AND ECONOMIC ASSISTANCE IN THE FAR EAST

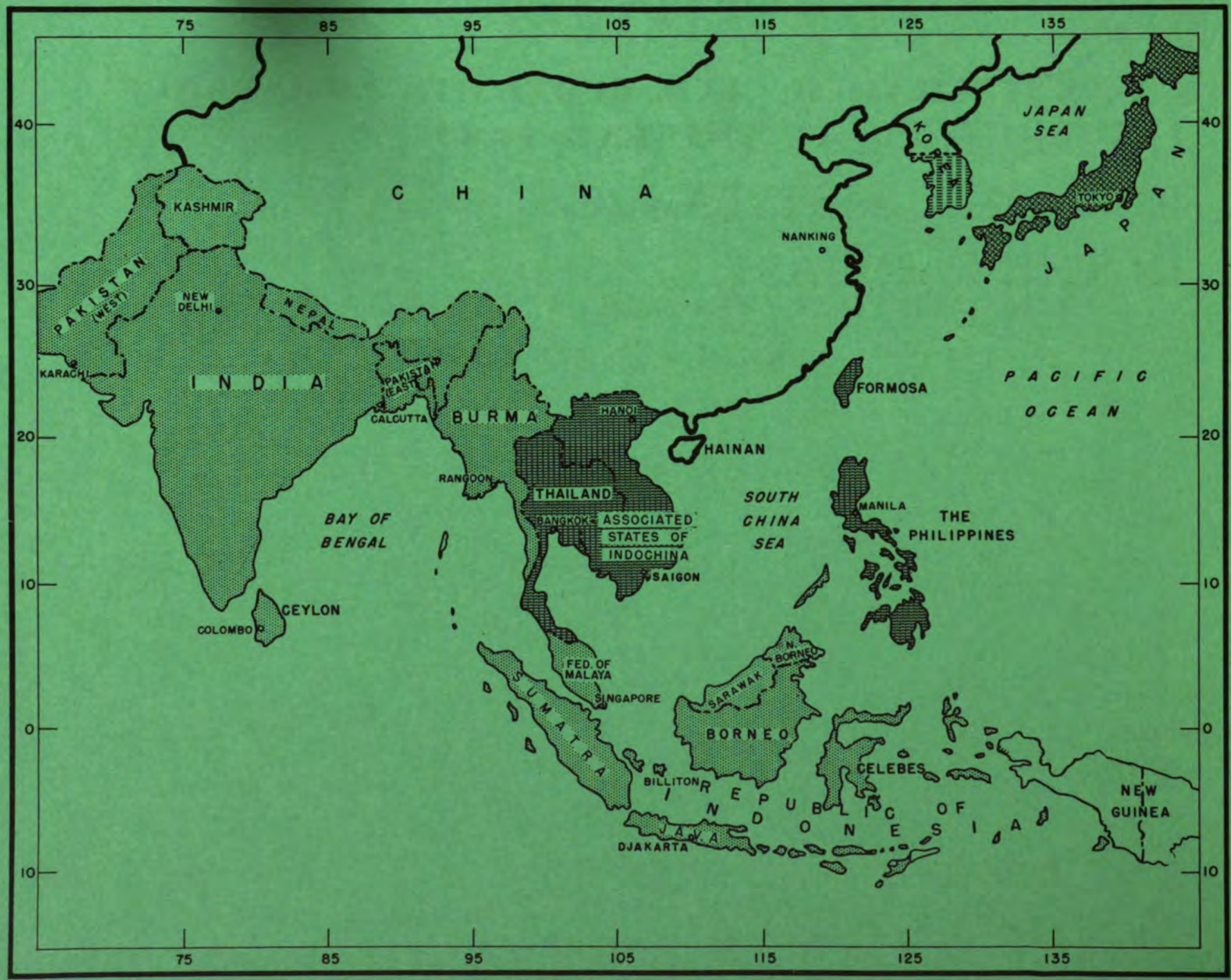
MAY 1953

a part of

THE MUTUAL SECURITY PROGRAM FOR *Fiscal Year 1954*

- ASSOCIATED STATES OF INDOCHINA
- CHINA Formosa
- PHILIPPINES
- THAILAND

Mutual Security Agency
Washington, D. C.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CHINA
KASHMIR
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NEW DELHI
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CALCUTTA
BURMA
RANGOON
HANOI
THAILAND
BANGKOK
ASSOCIATED STATES OF INDOCHINA
SAIGON
HAINAN
NANKING
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JAPAN SEA
JAPAN
TOKYO
FORMOSA
PACIFIC OCEAN
SOUTH CHINA SEA
MANILA
THE PHILIPPINES
BAY OF BENGAL
CEYLON
COLOMBO
FED. OF MALAYA
SINGAPORE
SUMATRA
N. BORNEO
SARAWAK
BORNEO
CELEBES
BILLITON
REPUBLIC OF INDONESIA
JAVA
DJAKARTA
NEW GUINEA

U. S. TECHNICAL AND ECONOMIC ASSISTANCE IN THE FAR EAST

a part of

THE MUTUAL SECURITY PROGRAM FOR FISCAL YEAR 1954

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Mutual Security Agency
Washington, D. C.

May, 1953

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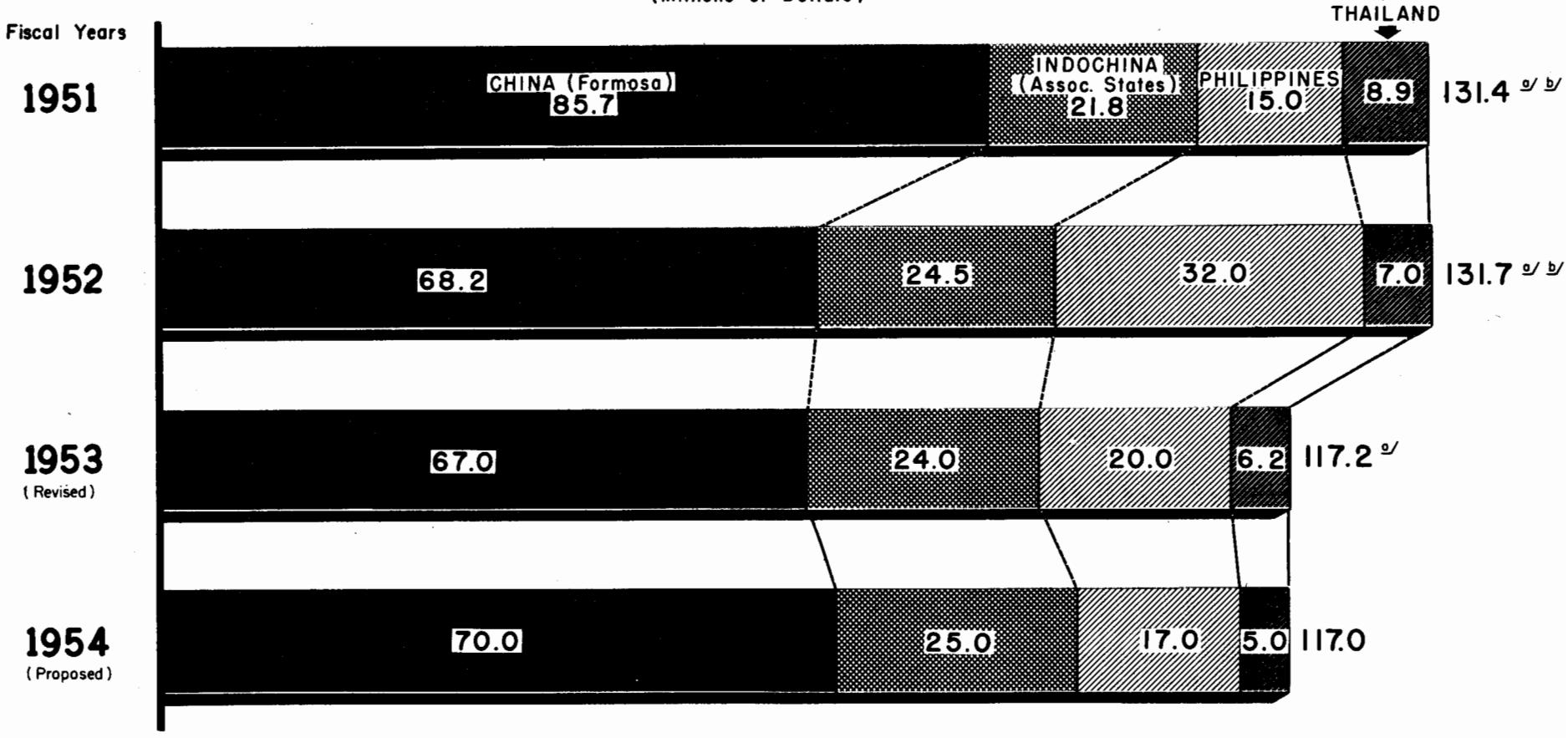
FAR EAST
COUNTRY PROGRAMS
FISCAL YEARS 1951 — 1954
(Exclusive of Direct Military Support -- Common-Use Items)
(Millions of Dollars)



a/ Excludes program costs not allocable by country (FY 1951, $246 thousand; FY 1952, $415 thousand; FY 1953, $500 thousand). Also excludes direct military support -- common-use items (FY 1951, $12.3 million (China): FY 1952, $13.3 million (China); FY 1953, $61.0 million ($30.5 million each China and Indochina).

b/ Includes deobligated funds accruing from prior fiscal years' China programs (FY 1951, $5.4 million; FY 1952, $0.5 million).

FAR EAST AREA

Associated States of Indochina, Formosa, Philippines and Thailand

SCOPE OF MSA PROGRAMS IN THE FAR EAST

The United States is currently extending military, as well as economic and technical assistance, under the Mutual Security Program to four of the countries in the Far East: the Associated States of Indochina, Formosa, the Philippines and Thailand. Other Asian nations for which assistance is requested are India, Pakistan, Afghanistan, Nepal and Indonesia.

These countries face grave threats to their continued freedom and independence. The communists are waging open warfare in Korea and Indochina, while fostering militant subversion - armed and unarmed - in all parts of the area. Since the defense of one country is intimately related to that of its neighbor, the fall of any one would menace the security of all. In all countries there is profound discontent, which can at any time flare up in violence and revolt, and this discontent will remain so long as most of Asia's peoples live in squalor, disease and ignorance. Such conditions offer the communists an opportunity for action which they have been quick to exploit, but these same conditions offer a challenge for effective action by the rest of the free world. The Mutual Security Program is the American response to that challenge.

The objective of the proposed economic and technical assistance programs is to help these countries develop the political and social stability and economic strength without which they can neither remain free themselves nor contribute to the collective economic strength and security of the free world. With the assistance of the United States, some of these countries have made significant progress toward this objective. Much remains to be done, but can be done only with continued support from this country.

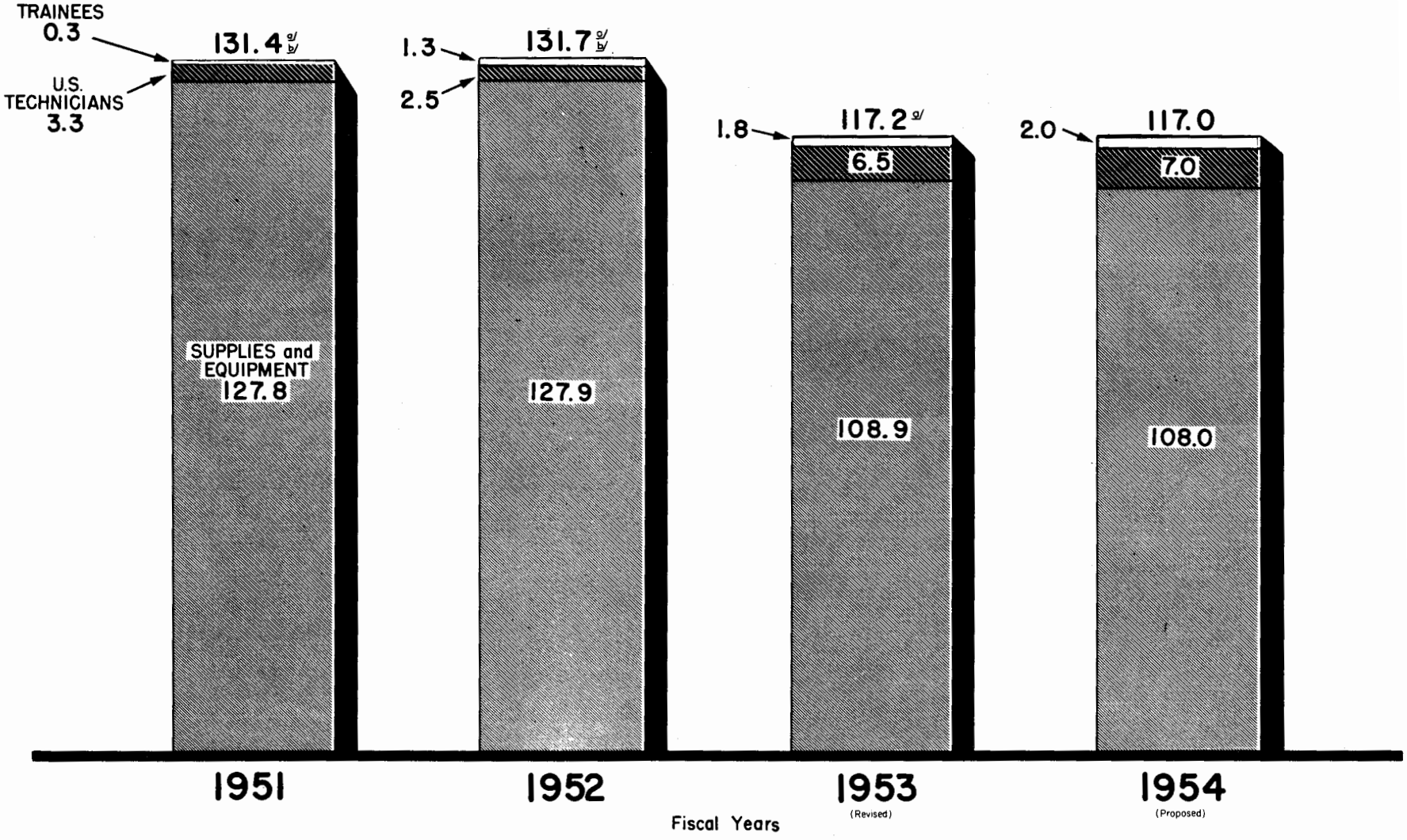
Economic weakness and political and social instability in most countries in the area arise from the shortage of managerial, technical and administrative personnel; insufficient revenues and savings; inadequate public services; widespread incidence of disease; inefficient production techniques and low productivity; limited work opportunities and lack of adequate production incentives; low per capita income; limited or outmoded equipment and facilities (including transportation), and inadequate capital or means of mobilizing capital for production purposes.

The solution to these deep-seated problems must depend primarily upon development of the human and material resources of the area. Economic and technical assistance from the United States, however, is necessary to help the Asian nations help themselves in achieving more effective utilization of their resources. For the Associated States of Indochina, economic and technical assistance is also required to provide support for the military effort and to help the Governments win popular backing for the war against the

FAR EAST AREA PROGRAMS

BY COST FACTORS

(Millions of Dollars)



a/ Excludes program costs not allocable by country (FY 1951, $246 thousand; FY 1952, $415 thousand; FY 1953, $500 thousand). Also excludes direct military support -- common-use items (FY 1951, $12.3 million (China); FY 1952, $13.3 million (China); FY 1953, $61.0 million ($30.5 million each China and Indochina).

b/ Includes deobligated funds accruing from prior fiscal years' China programs (FY 1951, $5.4 million; FY 1952, $0.5 million).

communist Viet Minh. In Formosa, the U.S. aid program must take into account the heavy financial and economic burden of the military forces maintained by the National Government. In all the Asian countries, however, political and social stability and economic strength are prerequisites to military strength, and to the capacity and determination of the people to maintain their independence.

The area as a whole, as well as the individual countries, must be strengthened. Critical shortages of food and other essential materials can only be met through an increase in production and trade. By expanding their trade with each other and with the rest of the free world, these countries can make good the loss of China's market and can contribute to each other's development. Japan, in particular, is dependent upon the countries of South and Southeast Asia for essential materials and markets and can, in turn, supply capital equipment and technical skills required for their development.

The inexperience of most Asian governments in the field of economic planning, their preoccupation with pressing internal problems, and lack of economic ties with each other in the past combine to hinder coordinated regional planning at the present time. As they gain in experience and knowledge, however, progress in regional planning may be anticipated. The United States is prepared to support such efforts. In the meantime, U.S. bilateral assistance to each of these countries takes into account both the requirements and the opportunities for regional development.

MSA programs in the Far East combine developmental projects with general economic assistance. In the main, the projects combine dollar-financed commodities, local currency, technical experts, and training in the U.S. and elsewhere. Only a small part of MSA assistance goes to finance balance-of-payments deficits (this occurs only in Formosa). The Indochina and Formosa programs also include commodity imports for relief, inflation control, and defense support.

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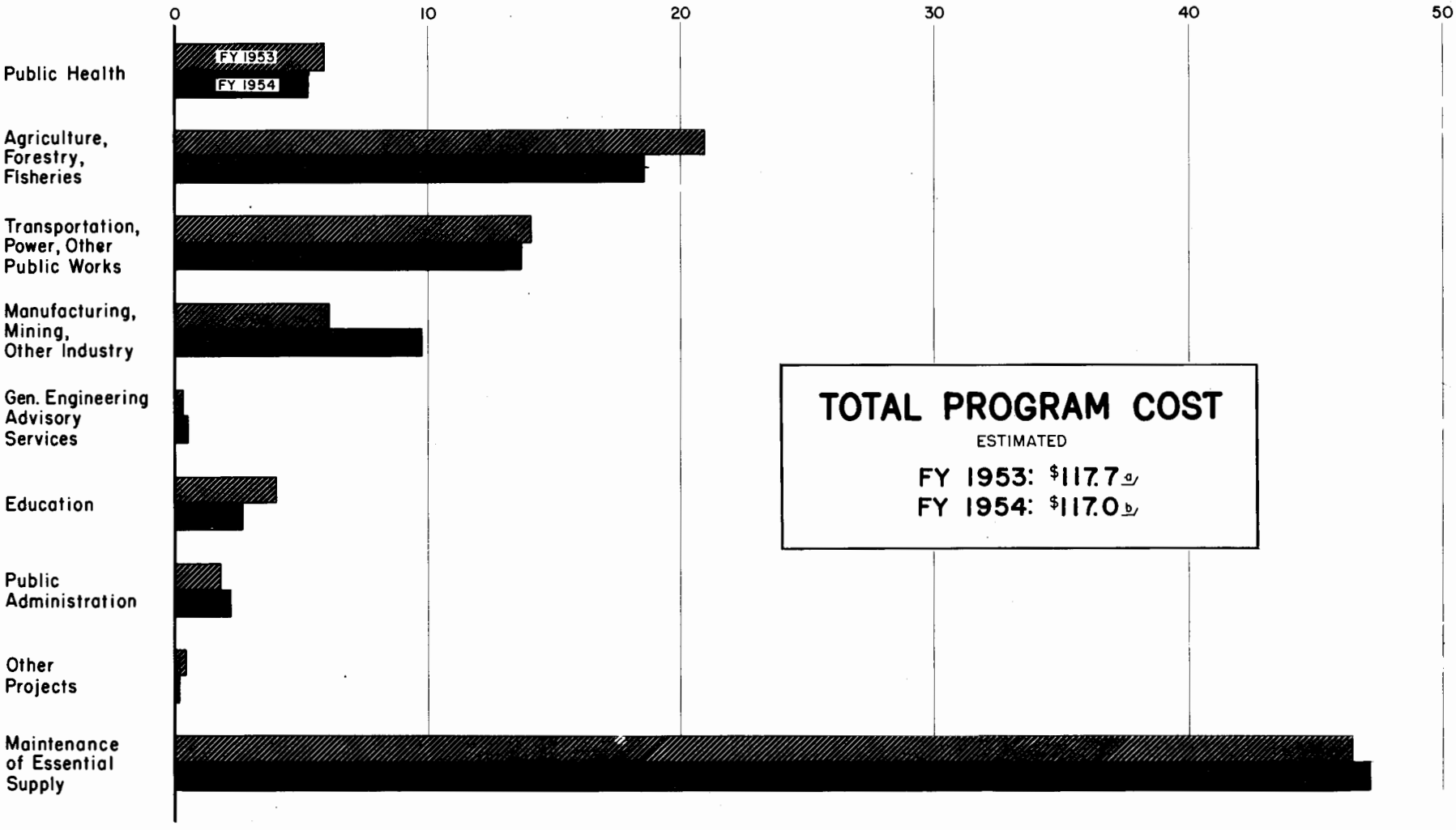
FAR EAST AREA

PERCENTAGE DISTRIBUTION BY MAJOR FIELD OF ACTIVITY



a/ Excludes $61.0 million direct military support (common-use items) -- $30.5 million each for China (Formosa) and Indochina (Assoc. States).
b/ Provision for direct military support (common-use items) -- included in Military Defense Assistance Program.

MSA OBJECTIVES IN THE FAR EAST

THE PRIMARY OBJECTIVE of MSA technical and economic assistance programs in the Far East is to help the participating countries develop the will and the economic and military capacity to remain free, and to contribute to the collective strength and security of the free world.

ATTAINING THE OBJECTIVE involves helping people and Governments to help themselves.

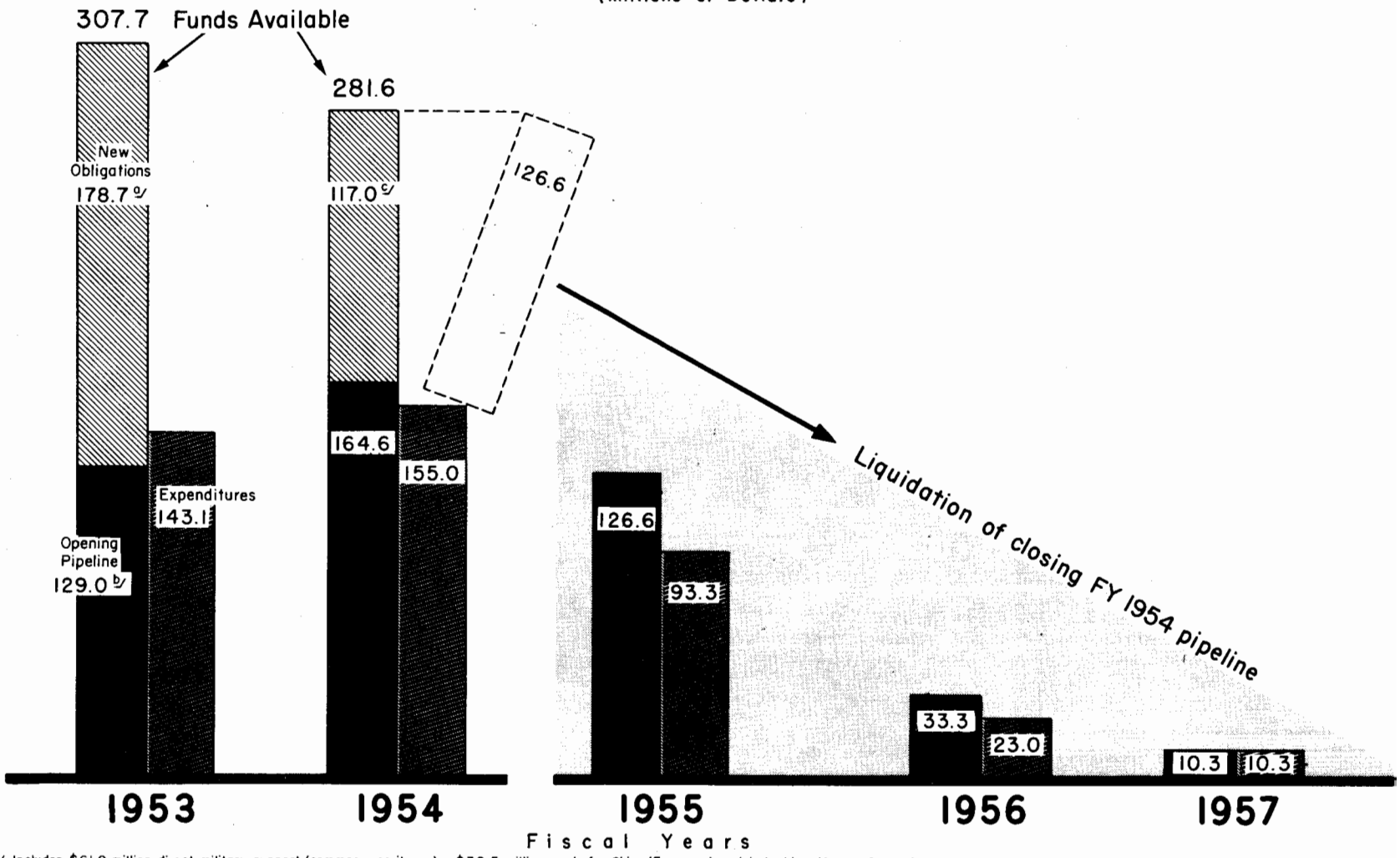
THIS MEANS --	FOR EXAMPLE BY --
a. Strong, stable governments, increasingly able to discharge essential governmental functions and to command the confidence and support of their people in the face of determined communist subversion. (This is the prime requisite on which the other factors below heavily depend).	a. Bringing tangible benefits to the common people (land reform, minimum wages, rural credit). Strengthening government administration and public services (public health, public education, training of local experts, agricultural extension, communications, etc.). Protection for the rural people in the Indochina battle-zone from whom the Viet Minh extort food and conscripts, thereby depriving the communists of their support among the villagers.
b. A build-up of military and internal security forces to a level at which they can stamp out armed insurrection and discourage external aggression.	b. "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 -- in the form of more food and more effective use of their resources -- sufficient to meet the reasonable expectations of the people and to support adequate military forces.	c. 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 communist drive into Southeast Asia.	d. Tangible help plus friendly American attitudes.
e. Expanded 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.	e. Mineral surveys, plant disease control, access roads, etc.

Each country has different specific problems, which call for appropriate variations in each program. These are set forth in the individual country sections that follow.

FAR EAST AREA

OBLIGATIONS EXPENDITURES AND PIPELINE

(Millions of Dollars)



a/ Includes $61.0 million direct military support (common-use items)--$30.5 million each for China (Formosa) and Indochina (Assoc. States).

b/ Includes $7.3 million residual balance China (Formosa) FY 1951 and FY 1952 direct military support programs.

c/ Provision for direct military support (common-use items) included in Military Defense Assistance Program.

DEVELOPMENT AND LIQUIDATION OF PIPELINE

The interval between the time when funds for supplies and equipment are obligated and the time when expenditure of such funds is reflected in MSA records generally extends from 4 to 18 months, and in certain instances for even a longer period, depending upon the type of supplies or equipment and the method of procurement. The interval between obligation and expenditure for technical assistance experts and trainees is considerably shorter.

Approximately 20 percent of a fiscal year's obligations for *supplies and equipment* results in expenditures in the same year. These expenditures are, in general, against obligations for bulk and off-the-shelf commodities. Approximately 65 percent of a fiscal year's obligations results in expenditures in the subsequent year; generally against obligations for fabricated and manufactured commodities. The remaining obligations which are largely for commodities requiring special fabrication, result in expenditures in the second and third fiscal years after obligation.

Approximately 80 percent of obligations for *U.S. technicians and trainees* requires expenditure in the same fiscal year, with the remaining 20 percent expended in the following year. The obligational authority proposed for FY 1954 was accordingly determined on the basis of (a) required expenditures for technical assistance (balance of FY 1953 plus FY 1954), bulk and off-the-shelf commodities, and other short-term commitments necessary to carry on country programs at a minimum level consistent with stated policies and objectives, and (b) the pipeline that has to be developed in FY 1954 in order to carry forward such programs, assuming continued assistance and some new obligational authority on a declining scale in succeeding years.

The various stages of the "procurement pipeline" are as follows:

1. Pre-Obligation Stages

The initial stage in planning dollar aid for any fiscal year is the preparation of an "illustrative" program which is the basis for MSA presentation to the Bureau of the Budget and eventually to the Congress. After funds have been appropriated the "illustrative" program is converted by the Participating Country (PC), with the assistance of the Mission, into an operational program containing detailed cost data. The operational program must then be approved by the MSA Mission and MSA/W. Until revised, the operational program is the standard reference document for subsequent procurement action.

2. Obligation of Funds for Supplies and Equipment

The PC prepares firm requests (FRs) for procurement under the operational program. The FRs are screened by the MSA Mission to insure that they: (a) agree with the operational program, (b) conform to MSA procurement policy, and (c) provide the necessary information or specifications to form a basis for procurement action. The Mission must also assure itself that the participating government is prepared to move forward with implementation within a reasonable time after the Procurement Authorization has been issued.

The FRs are then forwarded to MSA/W for review of specifications and conformance with area policy. If

FAR EAST AREA

OBLIGATIONS, EXPENDITURES AND PIPELINE[a]

Fiscal Year 1953 and 1954 Programs

(Millions of Dollars)

	TOTAL	ECONOMIC AID PROGRAM	COMMON-USE PROGRAM
FY 1953			
Unliquidated Obligations 7/1/52	129.0	121.7	7.3[b]
New Obligational Authority	178.7	117.7[c]	61.0
Total Available for Expenditure	307.7	239.4	68.3
Estimated Expenditures[d]	143.1	128.1	15.0
Estimated Unliquidated Obligations 6/30/53	164.6	111.3	53.3
FY 1954			
Unliquidated Obligations 7/1/53	164.6	111.3	53.3
New Obligational Authority	117.0	117.0	--
Total Available for Expenditure	281.6	228.3	53.3
Estimated Expenditures[d]	155.0	115.0	40.0
Estimated Unliquidated Obligations 6/30/54	126.6	113.3	13.3
Liquidation of Estimated Unliquidated Obligations existing as of 6/30/54			
Estimated Expenditures: FY 1955	93.3	80.0	13.3
: FY 1956	23.0	23.0	--
: FY 1957	10.3	10.3	--

[a] Pipeline is the equivalent of unliquidated obligations.

[b] Residual balance of China direct military support (common-use) programs: $12.3 million in FY 1951 and $13.3 million in FY 1952.

[c] Includes $0.5 million program costs not allocable by country (principally technical assistance administration and back-up by MSA/W and Washington offices of U. S. agencies). Programmed separately in FY 1953; included within individual country magnitudes in FY 1954.

[d] Includes expenditures applicable to prior fiscal years' obligations.

[e] Direct military support (common-use items) will be included in the Military Defense Assistance Program in FY 1954.

the FR is approved by MSA/W, the Procurement Authorization (PA) is issued. The PA constitutes the obligation stage for program funds.

3. Procurement and Expenditures for Supplies and Equipment

After issuance of the PA, procurement may take one of four main forms, depending upon the type of commodity and the particular PC's procurement arrangements - (a) through a U.S. Government procurement agency, (b) through individual government bureaus of the PC, (c) through a central procurement agency of the PC, and (d) through commercial importers operating in normal trade channels. Procurement through a U.S. procurement agency is undertaken only in cases where adequate procurement machinery does not exist in the PC, or for certain commodities which, by law, must be procured through a U.S. Government agency, e.g., commodities handled by the Commodity Credit Corporation. Use of the other three types of procurement is determined by the institutional arrangement within the PC and, to some extent, by the intended end-use of the commodity.

In cases where a U.S. Government agency is designated as procurement agent, MSA issues a joint Procurement Authorization and Purchase Requisition (PA/PR) to the appropriate U.S. Government procuring agency. On receipt, the agency usually procures through the open tender system which generally includes among its provisions a legal requirement that "Small Business" be fully informed of such intended procurement. After bids are opened, contracts are let. As much as 90 days may be consumed by the procuring agency from the time of receipt of a PA/PR until contracts are signed. Actual expenditures are made by the agency against funds previously advanced by MSA upon delivery of commodities for shipment. In some instances, the purchase contract may provide for inspection after installation prior to full payment. In general there may be a considerable lag before expenditures are reported to MSA.

In the case of procurement either directly by a PC agency or through commercial importers, the PA is issued directly to the PC which, in turn, arranges some form of sub-authorization including an import licensing procedure for the procurement of required commodities. Import licenses under a sub-authorization are usually good for one year. After import licenses are issued, the importer (government or private) completes negotiations with the supplier for the required commodities and arranges for necessary financing, including establishment of a letter of credit in favor of the supplier. This process may take from a few weeks to nearly the full life of the sub-authorization.

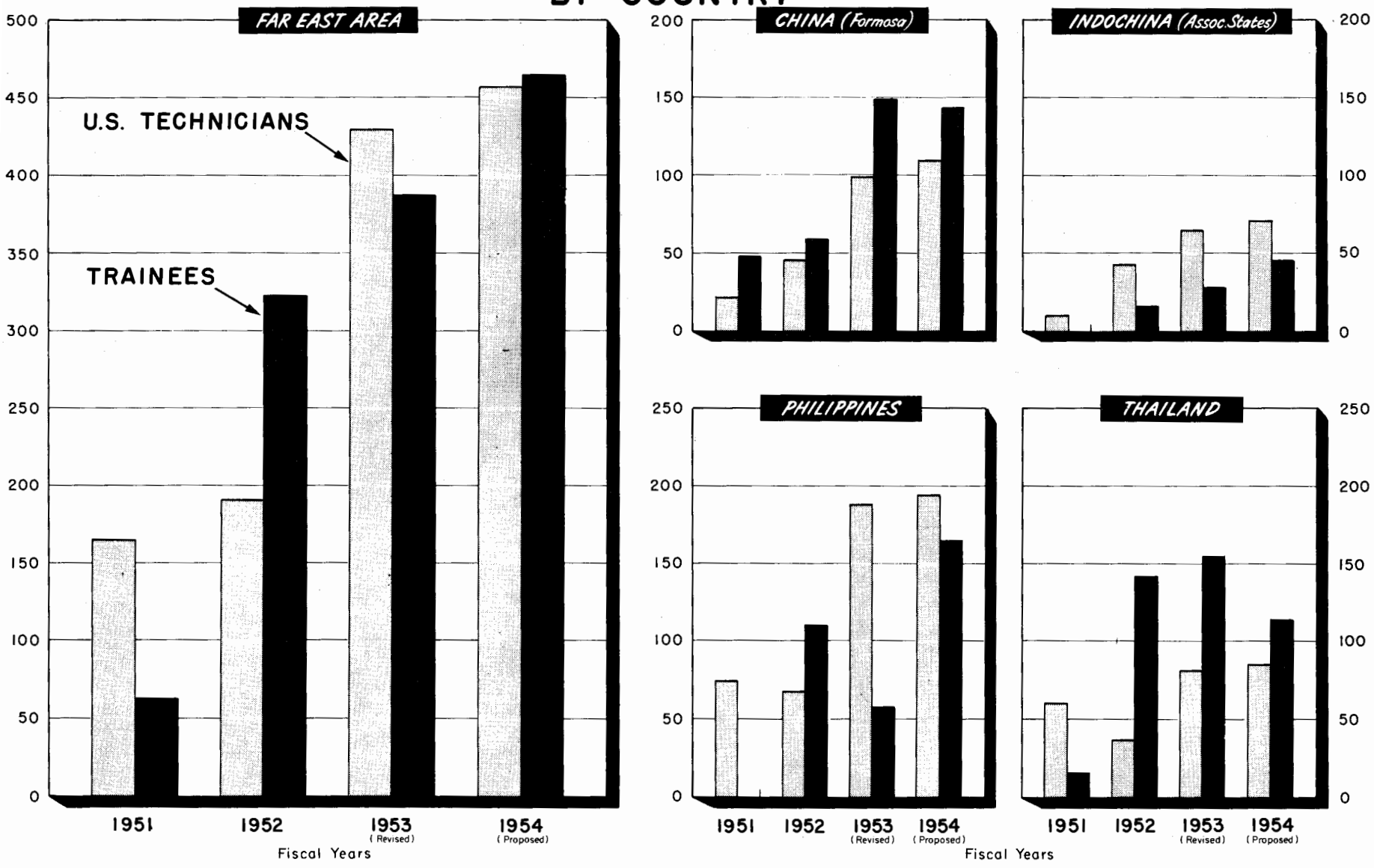
When the supplier delivers the commodities to shipside, or otherwise complies with the terms of the letter of credit, he presents the bill of lading to the bank designated by the credit instrument and receives payment. The bank then presents the billings to MSA, which arranges payment generally within 48 hours subject to a post-audit.

4. U.S. Technicians and Trainees

The procedures governing obligation of funds for U.S. technicians and trainees differ from those for commodities. U.S. technicians are selected, recruited, trained and processed in accordance with procedures similar to those for U.S. government employees. Trainees are selected by the PCs subject to the approval of the MSA Missions and MSA/W. Then MSA/W, either directly or through other government agencies and private contractors, arranges for the necessary training.

NUMBER OF U.S. TECHNICIANS[a] and TRAINEES

BY COUNTRY

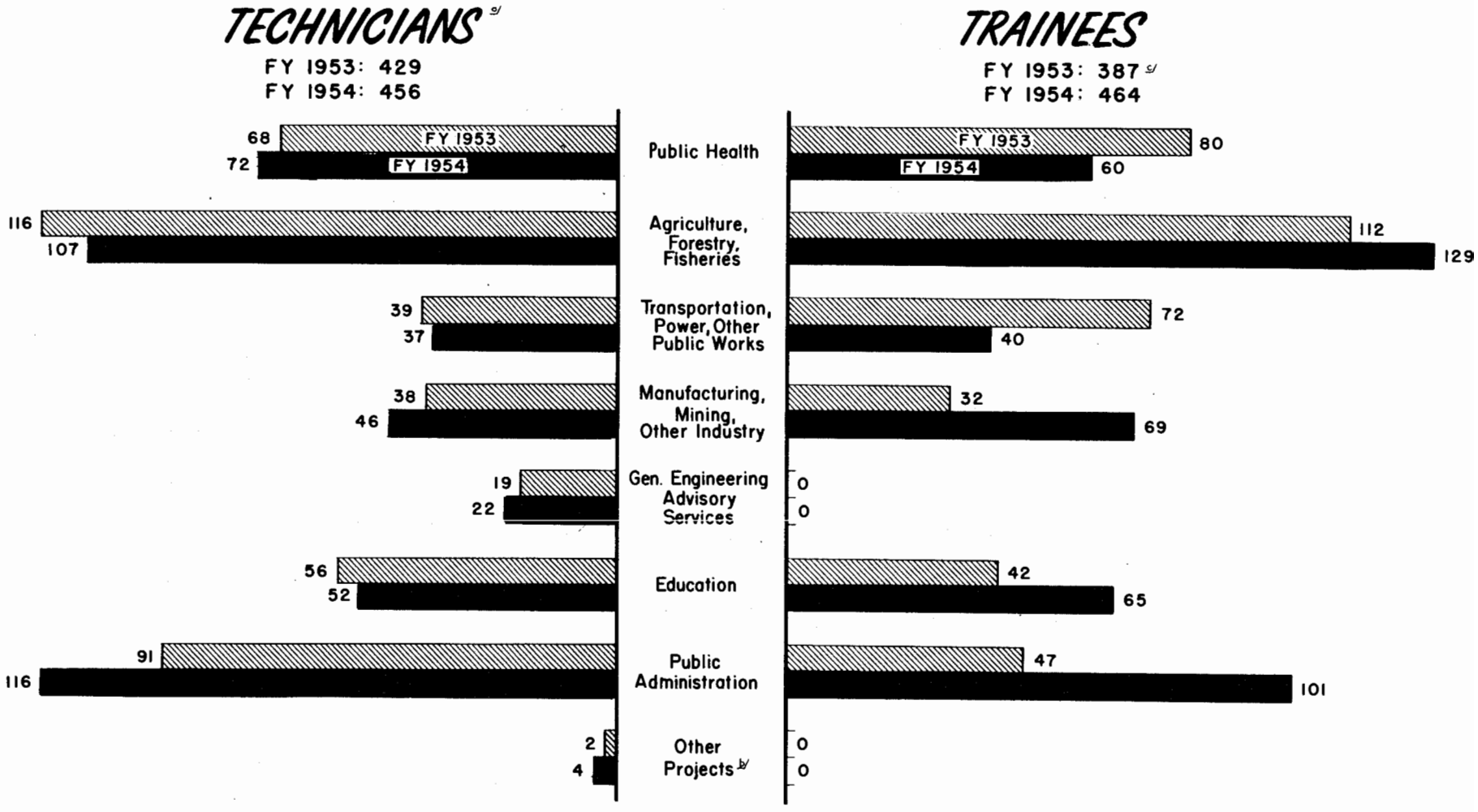


a/ Includes contract and non-contract personnel. Yield for full year and shorter periods.

FAR EAST AREA

U.S. TECHNICIANS and TRAINEES

BY MAJOR FIELD OF ACTIVITY



a/ Includes contract and non-contract personnel in field for full year and shorter periods.
b/ Resettlement and emergency war relief (Indochina only).
c/ Includes 2 trainees (China) on smokeless powder study.

ACTUAL COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1951 CONSOLIDATED PROGRAM

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST	NO. OF PERSONS	DOLLAR COST
ECONOMIC AID PROGRAM							
1. Public Health	$ 6,434	$ 5,801	$ 633	44	$ 583	9	$ 50
2. Agriculture, Forestry, Fisheries	35,838	35,144[a]	694	41	593	23	101
3. Transportation, Power, Other Public Works	22,480	22,040	440	27	416	5	24
4. Manufacturing, Mining, Other Industry	1,441	1,022	419	12	405	4	14
5. General Engineering Advisory Services	884[b]	--	884	14	884	--	--
6. Education	474	348	126	3	75	16	51
7. Public Administration	688	328	360	23	336	5	24
8. Other Projects[c]	646	646	--	--	--	--	--
9. Maintenance of Essential Supply	62,532[d]	62,532	--	--	--	--	--
TOTAL COST OF ECONOMIC AID PROGRAM	$131,417[e]	$127,861[f]	$3,556	164	$3,292	62	$264
DIRECT MILITARY SUPPORT PROGRAM (Common-use Items)	12,323	12,323[g]	--	--	--	--	--
TOTAL COST, COMBINED PROGRAMS	$143,740	$140,184	$3,556	164	$3,292	62	$264

a/ Includes $25.7 million fertilizer imports which yield sales proceeds (China only).

b/ Total fiscal year cost of contract with U.S. engineering firm (China only). Includes field fee, cost of back-up provided by home office, administrative and overhead expenses, etc., in addition to pay of field personnel.

c/ Emergency war relief (Indochina only). Includes food, blankets, medicines, and materials for clothing and temporary housing for refugees.

d/ Requisites for production and other essential civilian supplies imported for commercial resale.

e/ Includes $246,000 of program costs not allocable by country (excluded from both cost factor and activity field distributions). Also includes $36,000 FY 1950 MDAP funds (Indochina) and $5.4 million of deobligated funds accruing from prior fiscal years' China programs.

f/ Includes $88.1 million of salable commodities as follows: China, $73.0 million (activity field 9, $47.3 million plus $25.7 million fertilizer in activity field 2); Indochina, $11.6 million (activity field 9); and Philippines, $3.5 million (activity field 2).

g/ China only. Includes imports of bread grains, petroleum products, military engineering and medical supplies, cotton for military textile requirements, plus shop equipment and components for military installations.

ACTUAL COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1952 CONSOLIDATED PROGRAM

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST	NO. OF PERSONS	DOLLAR COST
ECONOMIC AID PROGRAM							
1. Public Health	$ 10,646	$ 10,018	$ 628	29	$ 265	80	$ 363
2. Agriculture, Forestry, Fisheries	31,190	30,067 a/	1,123	63	778	99	345
3. Transportation, Power, Other Public Works	15,904	15,698	206	11	49	32	157
4. Manufacturing, Mining, Other Industry	3,202	3,084	118	7	(2)	33	120
5. General Engineering Advisory Services	500 b/	--	500	14	500	--	--
6. Education	2,266	1,984	282	10	181	28	101
7. Public Administration	1,687	794	893	56	719	50	174
8. Other Projects c/	302	302	--	--	--	--	--
9. Maintenance of Essential Supply	66,010 d/	66,010	--	--	--	--	--
TOTAL COST OF ECONOMIC AID PROGRAM	$131,707 e/	$127,957 f/	$3,750	190	$2,490	322	$1,260
DIRECT MILITARY SUPPORT PROGRAM (Common-use Items)	13,267	13,267 g/	--	--	--	--	--
TOTAL COST, COMBINED PROGRAMS	$144,974	$141,221	$3,750	190	$2,490	322	$1,260

( )Indicates decrease resulting from deobligation during FY 1952 against FY 1951 obligation.

a/ Includes $19.4 million fertilizer imports which yield sales proceeds (China, $16.5 million; Philippines, $2.9 million).

b/ Total fiscal year cost of contract with U.S. engineering firm (China only). Includes fixed fee, cost of back-up provided by home office, administrative and overhead expenses, etc., in addition to pay of field personnel.

c/ Emergency war relief (Indochina only). Includes food, blankets, medicines, and materials for clothing and temporary housing for refugees.

d/ Requisites for production and other essential civilian supplies imported for commercial resale.

e/ Includes $415,000 program costs not allocable by country (excluded from both cost factor and activity field distributions). Also includes $501,000 of deobligated funds accruing from prior fiscal years' China programs.

f/ Includes $85.5 million of salable commodities as follows: China, $57.2 million (activity field 9, $40.7 million plus $16.5 million fertilizer in activity field 2); Indochina, $16.7 million (activity field 9); and Philippines, $11.6 million (activity field 9, $8.6 million plus $2.9 million fertilizer in activity field 2).

g/ China only. Includes imports of bread grains, petroleum products, military engineering and medical supplies, cotton for military textile requirements, plus shop equipment and components for military installations.

ESTIMATED COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1953 CONSOLIDATED PROGRAM (Revised)

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST[a]	NO. OF PERSONS	DOLLAR COST[b]
ECONOMIC AID PROGRAM							
1. Public Health	$ 6,985	$ 5,733	$1,252	68	$ 854	80	$ 398
2. Agriculture, Forestry, Fisheries	24,860	22,984[c]	1,876	116	1,368	112	508
3. Transportation, Power, Other Public Works	16,705	15,170	1,535	39	1,182	72	353
4. Manufacturing, Mining, Other Industry	7,220	6,433	787	38	632	32	155
5. General Engineering Advisory Services	300[d]	—	300	19	300	—	—
6. Education	4,681	3,497	1,184	56	981	42	203
7. Public Administration	2,096	785	1,311	91	1,116	47	195
8. Other Projects[e]	500	470	30	2	30	—	—
9. Maintenance of Essential Supply	53,853[f]	53,853	10	—	—	—	—
TOTAL COST OF ECONOMIC AID PROGRAM	**$117,200[g]**	**$108,925[h]**	**$8,275**	**429[i]**	**$6,463**	**385**	**$1,812**
DIRECT MILITARY SUPPORT PROGRAM (Common-use Items)	**61,000[j]**	**60,990**	**10**	**--**	**--**	**2**	**10[k]**
TOTAL COST, COMBINED PROGRAMS	**$178,200**	**$169,915**	**$8,285**	**429**	**$6,463**	**387**	**$1,822**

a/ Calculated as follows: MSA foreign service and PHS personnel at $15,000 per man-year; contract personnel at stipulated or estimated cost per contract (estimates based on experience or other available cost data).

b/ Calculated at $5,000 per trainee for full year.

c/ Includes $16.7 million fertilizer imports which yield sales proceeds (China, $12.4 million; Philippines, $4.3 million).

d/ Total fiscal year cost of contract with U.S. engineering firm (China only). Includes fixed fee, cost of back-up provided by home office, administrative and overhead expenses, etc., in addition to pay of field personnel.

e/ Emergency war relief (Indochina only). Includes food, blankets, medicines, and materials for clothing and temporary housing for refugees.

f/ Requisites for production and other essential civilian supplies imported for commercial resale.

g/ Includes $500,000 program costs not allocable by country (excluded from both cost factor and activity field distributions).

h/ Includes $70.6 million of salable commodities as follows: China, $50.1 million (activity field 9, $37.7 million plus $12.4 million fertilizer in activity field 2); Indochina, $16.2 million (activity field 9); Philippines, $4.2 million ($4.3 million fertilizer in activity field 2 offset by credit of $100,000 in activity field 9).

i/ Includes contract and non-contract personnel in field for all or part of year. See comparable footnote on individual country tables for additional detail.

j/ China and Indochina, $30.5 million each. Includes imports of bread grains, petroleum products, military engineering and medical supplies, cotton for military textile requirements, plus shop equipment and components for military installations.

k/ Smokeless powder study (China only).

ESTIMATED COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1954 CONSOLIDATED PROGRAM (Proposed)

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST[a]	NO. OF PERSONS	DOLLAR COST[b]
1. Public Health	$6,110	$4,677	$1,433	72	$1,143	60	$ 290
2. Agriculture, Forestry, Fisheries	22,232	20,374[c]	1,858	107	1,263	129	595
3. Transportation, Power, Other Public Works	15,975	15,137	838	37	655	40	183
4. Manufacturing, Mining, Other Industry	11,228	10,045	1,183	46	903	69	280
5. General Engineering Advisory Services	590[d]	--	590	22	590	--	--
6. Education	3,140	1,988	1,152	52	855	65	297
7. Public Administration	2,537	609	1,928	116	1,538	101	390
8. Other Projects[e]	60	--	60	4	60	--	--
9. Maintenance of Essential Supply	55,128[f]	55,128	--	--	--	--	--
TOTAL COST OF PROGRAM	**$117,000[g]**	**$107,958[h]**	**$9,042**	**456[i]**	**$7,007**	**464**	**$2,035**

a/ Calculated as follows: MSA foreign service and PHS personnel at $15,000 per man-year; contract personnel at stipulated or estimated cost per contract (estimates based on experience or other available cost data).

b/ Calculated at $5,000 per trainee for full year.

c/ Includes $14.5 million fertilizer imports which yield sales proceeds (China, $12.0 million; Philippines, $2.5 million).

d/ Total fiscal year cost of contract with U.S. engineering firm (China only). Includes fixed fee, cost of back-up provided by home office, administrative and overhead costs, etc., in addition to pay of field personnel.

e/ Resettlement and emergency war relief (Indochina only).

f/ Requisites for production and other essential civilian supplies imported for commercial resale.

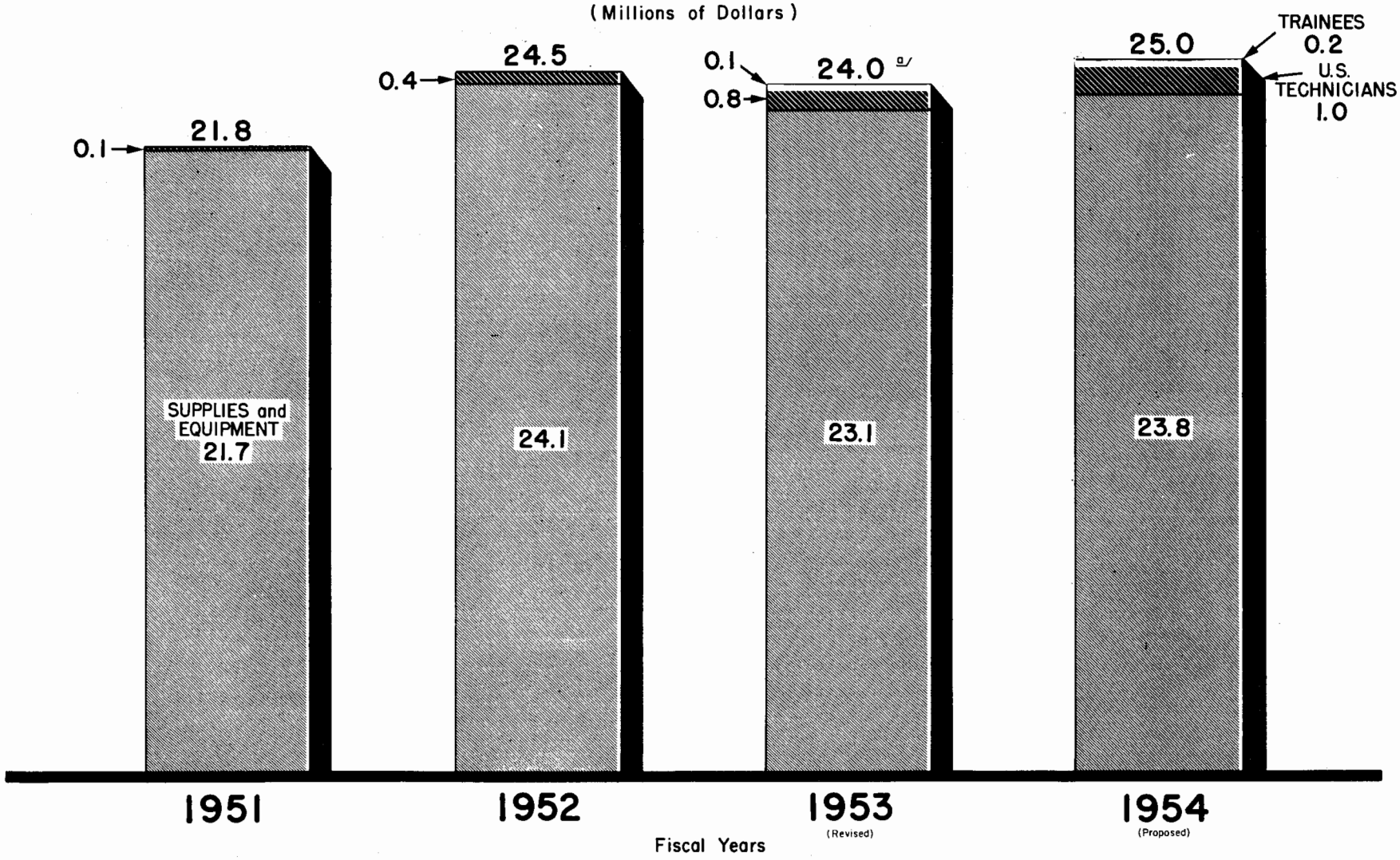
g/ Does not include, as in prior years, direct military support (common-use items) for China and Indochina. Such support is to be included in FY 1954 Military Defense Assistance Program.

h/ Includes $69.6 million of salable commodities as follows: China, $51.6 million (activity field 9, $39.6 million, plus $12.0 million fertilizer in activity field 2); Indochina, $15.5 million (activity field 9); Philippines, $2.5 million (fertilizer in activity field 2).

i/ Includes contract and non-contract personnel in field for all or part of year. See comparable footnote on individual country tables for additional detail.

INDOCHINA (Assoc. States)

COUNTRY PROGRAM BY COST FACTORS



a/ Excludes $30.5 million direct military support (common-use).

A. CURRENT SITUATION

Political

The seven-year war against the communist Viet Minh and the ever-present threat of Chinese invasion, condition every aspect of life in Indochina. The present political stalemate confronting the newly-established governments of Viet Nam, Cambodia and Laos is both a cause and an effect of the protracted hostilities. So long as the demands of war consume their resources, the governments cannot provide public services which would help to win them popular support; yet so long as they cannot win popular support they cannot end the war. There have, however, been some recent encouraging developments. The political situation in Viet Nam was somewhat improved during 1952 by the appointment of Nguyen Van Tam as Prime Minister and Nguyen Huu Tri as Governor of North Viet Nam, both intelligent and vigorous men. The first popular elections for municipal and village offices were held in January 1953. In Cambodia, improvement should follow the announced changes in the country's relationships with France.

Economic

Gradual economic improvement was registered over the past year, but production and consumption levels are still low, and public services are woefully inadequate. Progress is difficult in the face of war losses and dislocations, and the general shortage of competent administrators and skilled workers. Budgetary deficits are in prospect, despite increased revenues from customs receipts deriving from devaluation of the piaster, and a further sizable increase in budget expenditures in FY 1954 will result from the proposed military build-up. Increased prices of imports, combined with deficit financing and the customary tendency to hedge against price advances by hoarding, make the outlook clearly inflationary. It may therefore be expected that the standard of living for the urban population at least will be reduced.

Devaluation will result in a substantial increase in the amount of counterpart deposits. There is already evidence, however, that the post-devaluation rise in internal prices and costs will be substantial, thus counterbalancing to a large extent the increased availability of counterpart funds. Nonetheless, it is hoped that there will be some leeway for the expansion of MSA economic activities required to support the currently planned, all-out effort to achieve relative pacification within two years. Such expansion could not be undertaken prior to devaluation because of the shortage of counterpart. Moreover, a larger amount of dollars was not proposed for counterpart-generating purposes before devaluation, because of restrictions on the types of imports eligible for MSA financing and the limited capacity of the local economies to absorb such commodities.

Military

The threat of communist expansion in Asia is highlighted by the recent thrust into Laos. Anti-communist forces control urban centers but only limited parts of rural areas and lines of communication. If the military stalemate is not broken by a vigorous step-up in the French Union's military effort and appropriate economic measures, there is danger of political and military deterioration not only in Indochina, but throughout adjacent areas as well.

RELEVANT STATISTICS

	1938[a]	1951	1952
GENERAL:			
Area (1,000 square miles)	--	--	287
Vietnam	--	--	127
Laos	--	--	90
Cambodia	--	--	70
Population (millions)	23.5	28.5	--
PRODUCTION (1,000 metric tons):			
Rice (milled)	4,570.0[b]	3,810.2[c]	4,000.7[c]
Corn	568.1[b]	175.0[c]	175.0[c]
Coal	2,335.2	624.0	739.2[d]
INTERNATIONAL TRADE AND PAYMENTS:			
Total exports (millions of dollars)	82	135	77[e]
Total imports (millions of dollars)	56	305	270[e]
Commodity exports (1,000 metric tons):			
Rice	1,053.9	360.5	240.0
Rubber	58.0	53.1	61.4
Coal	1,580.8	203.3	--
United States trade (millions of dollars):			
Exports to the United States	7.1	14.5	13.8
Imports from the United States	3.1	26.6[f]	37.7[f]
Japanese trade (millions of dollars):			
Exports to Japan	2.5[g]	2.3	1.0[h]
Imports from Japan	1.6[g]	9.6	5.3[h]
Rate of exchange, piastres per United States dollar (official)	--	20.5	20.5
PRICES:			
Wholesale-price index (1949=100)	5	124[i]	138[i]
Cost-of-living index (1948=100):			
All items	2[j]	127[i]	151[i]
Food	2[j]	120[i]	155[i]
MONEY AND CREDIT (Millions of piasters):			
Currency in circulation	174[k]	6,511[k]	7,482[l]
Bank deposits	--	2,436[k]	2,958[l]

[a] Unless otherwise stated.
[b] Average annual production, 1935-39.
[c] Crop year ending in year stated.
[d] January-November.
[e] January-September.
[f] Includes MSA-financed imports; excludes special category types 1 and 2 (mainly military items).
[g] Includes Korea and Formosa.
[h] January-June.
[i] December average for year stated.
[j] 1939.
[k] Dec. 31 of year stated.
[l] Aug. 31, 1952.

B. OBJECTIVES OF THE MSA PROGRAM

The objectives of the U. S. economic aid program for Indochina are:

1. **To support the French and the Associated States in their military effort against the Communist Viet Minh** - MSA aid complements the U. S. Military Defense Assistance Program by providing logistical support to the French Union forces through the construction and repair of transportation and communications lines. Emergency relief provided by MSA facilitates the conduct of military operations by relieving military authorities of responsibility for the care of war refugees.

2. **To increase the effectiveness and broaden the popular support of the Associated States' Governments** - Shortages of both personnel and funds prevent these governments from providing adequate public services, with the result that they are best known to the people in the capacity of policeman and tax-collector. By enabling the Associated States to improve and expand health, agricultural and information services, MSA aid helps to counter this purely negative impression and to increase popular support of the anti-communist regime. At the same time, aid in these fields bolsters the Associated States' war-burdened economies by increasing the productivity of land and labor.

3. **To help provide greater security against communist raids in outlying regions** - Local currency is provided to finance the regrouping of unprotected villages into larger defensible units in order to prevent the Viet Minh from extorting food and forcibly levying conscripts from the rural population. This project complements the military effort by depriving the communists of their support among the people.

4. **To help increase the production of goods for civilian and military use and for export** - To help in the attainment of this objective the MSA program includes a variety of projects for expanding agricultural output, increasing power generation, and training skilled workers. It also provides essential imports required for industrial production.

C. PROGRESS IN SUPPORT OF OBJECTIVES

Despite the difficulties imposed by continuing hostilities, wartime destruction, the precarious financial condition of the Associated States, the shortage of trained personnel in both public and private sectors of the economy, and the complex quadripartite system of administration, the MSA program has achieved some significant results.

In direct support of military operations, reconstruction work has been completed on some 200 miles of highway of which the strategic road network in the Tonkin delta and the Saigon-Cap St. Jacques highway are most important; two major bridges and 200 small bridges have been rebuilt; air fields in Laos and North Viet Nam have been lengthened and repaired; ports, harbors and telecommunications have been improved.

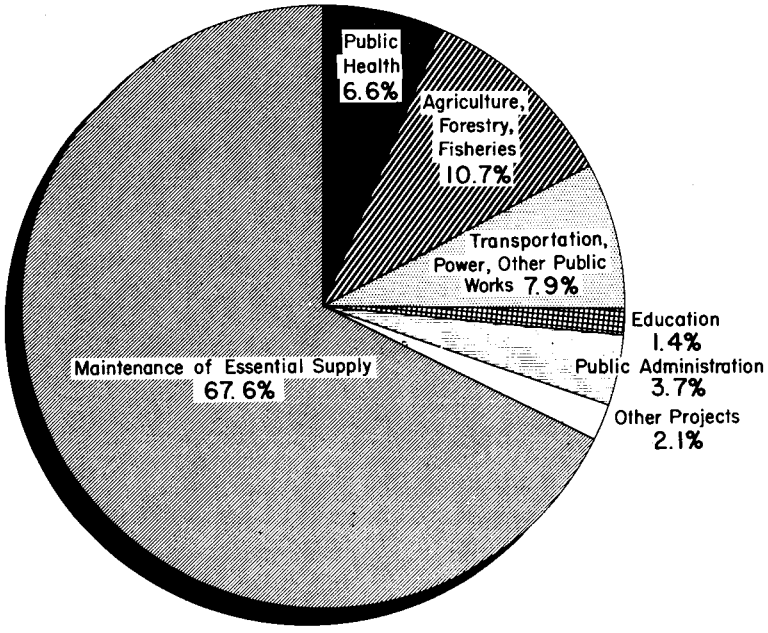
Direct relief has been given to about 1,200,000 war refugees. Projects to resettle refugees on farms and to provide tools to displaced artisans have directly contributed to improving security. MSA support has enabled the Viet Nam Government to undertake a pilot project to aid in the pacification of the Tonkin delta. If this project succeeds in preventing communist raids upon the farming people, it will be followed by perhaps ten more similar projects in FY 1954, and may be an important factor in breaking the military stalemate.

The program has provided important help toward strengthening the ability of the governments to expand needed activities in health, agriculture, public works

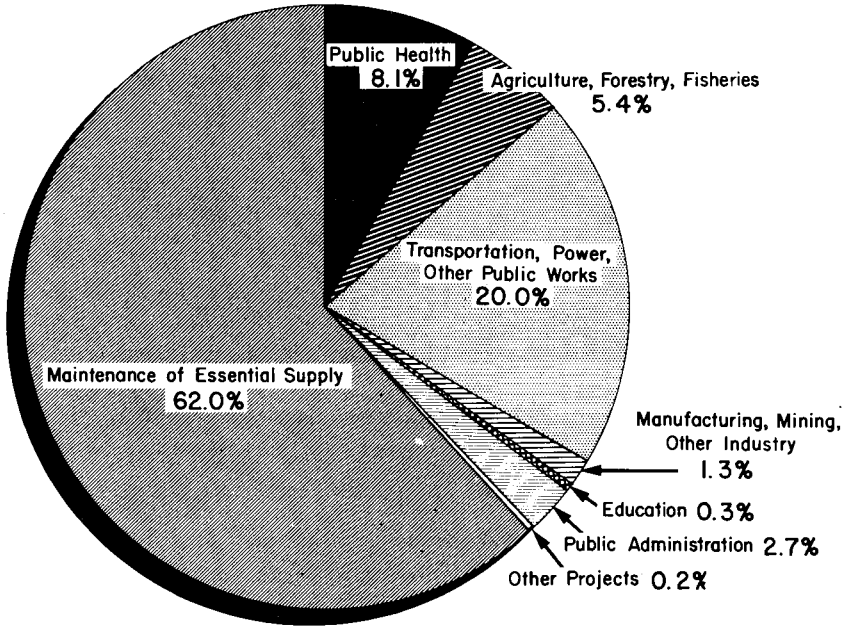
INDOCHINA (Assoc. States)

PERCENTAGE DISTRIBUTION BY MAJOR FIELD OF ACTIVITY

FY
1953



FY
1954



TOTAL PROGRAM COST

(Exclusive of direct military support -- common-use items)

$ 24 MILLION
(Revised)

$ 25 MILLION
(Proposed)

and education. MSA-financed public health activities have included: successful impact programs against widespread diseases such as malaria, trachoma and yaws; establishment of over 1,800 rural dispensaries serving a population of roughly 4,000,000; provision of 1,500 wells to provide pure water sources for villagers; improvement of sanitation facilities and re-equipment of war-damaged hospitals. More important in the long run are the projects to help build an adequate public health system by training doctors, nurses and technicians. To date the public health training program has provided 1,600 local first-aid personnel to staff village dispensaries, almost 100 foremen or supervisors to handle the construction of sanitary wells, and a substantial number of nurses and technicians.

Although affected by the limited number of areas secure enough to justify permanent installations, the MSA program has contributed substantially toward increasing agricultural production and improving rural conditions. Over 21,000 tons of fertilizer have been distributed to 500,000 families. Cultivators report an average increase in yields of more than 30 percent in the case of rice and 50 percent in the case of other crops. Current irrigation projects provide water for more than 100,000 acres and upon completion, will increase yields by at least 25 percent. MSA also provides support for agricultural extension services, rural credit institutions and farmer cooperatives.

Aid to education has stressed rehabilitation of war-damaged schools and support of the mass literacy campaign which over the past two years has taught over 500,000 people to read and write. Vocational education activities are helping to meet the pressing need for skilled workers and craftsmen by increasing the effectiveness of vocational training. In the field of public works, MSA has sponsored development of urban waterworks and a low-cost housing project to help provide for the influx of war refugees.

Both agricultural and industrial production have been spurred by the MSA-financed highway and waterway programs which facilitate access to markets. Industrial production has been further aided by MSA-financed commercial imports of raw materials, such as cotton, petroleum and industrial equipment.

D. CURRENT AND ANTICIPATED PROBLEMS

The first problem is to win the war and to pacify the country. The war cannot be won by military means alone. The economy must also be strengthened and the Governments of the Associated States still have to win the confidence and support of their people. To do this they must provide effective administration and public services. Achievement of the needed economic progress and political strength will be impeded not only by the war, but by the following non-military factors as well:

1. **Basic Economic and Institutional Deficiencies -** Support of the military effort and the development of more effective and popular government are handicapped by the following fundamental difficulties: new and inexperienced government organizations; lack of trained personnel both in government service and in the private economy; low level of literacy; relatively low standards of national health; breaks in lines of communication; inadequate rural credit institutions; limited means of transportation and low levels of production.

2. **Precarious Financial Stability -** Devaluation poses new problems. Impending inflationary price rises threaten standards of living. There is evidence of strong public reaction which could weaken support for

the governments as well as result in widespread hoarding. The Governments of the Associated States in turn are critical of the French action on devaluation. Already extended government budgets are now called upon to bear still heavier military burdens. Greater independence, and consequently increased responsibilities for the Associated States, will result from probable further concessions by France.

3. **Other Problems** - A special problem is the provision of the basic agreements between France and the Associated States limiting use of non-French experts. It is also handicapped by the necessity to operate on a quadripartite basis with the three States and representatives of France. Land tenure problems are serious in parts of Viet Nam but steps are being taken to meet them.

* * * * * * *

OBLIGATIONS, EXPENDITURES AND PIPELINE[a]

Fiscal Year 1953 and 1954 Programs

(Millions of Dollars)

	TOTAL	ECONOMIC AID PROGRAM	COMMON-USE PROGRAM
FY 1953			
Unliquidated Obligations 7/1/52	21.5	21.5	--
New Obligational Authority	54.5	24.0	30.5
Total Available for Expenditure	76.0	45.5	30.5
Estimated Expenditures[b]	22.6	20.1	2.5
Estimated Unliquidated Obligations 6/30/53	53.4	25.4	28.0
FY 1954			
Unliquidated Obligations 7/1/53	53.4	25.4	28.0
New Obligational Authority[c]	25.0	25.0	--
Total Available for Expenditure	78.4	50.4	28.0
Estimated Expenditures[b]	40.4	20.4	20.0
Estimated Unliquidated Obligations 6/30/54	38.0	30.0	8.0
Liquidation of Estimated Unliquidated Obligations existing as of 6/30/54			
Estimated Expenditures: FY 1955	28.0	20.0	8.0
: FY 1956	7.0	7.0	--
: FY 1957	3.0	3.0	--

[a] Pipeline is the equivalent of unliquidated obligations.

[b] Includes expenditures applicable to prior fiscal years' obligations.

[c] Direct military support (common-use items) will be included in the Military Defense Assistance Program in FY 1954.

INDOCHINA (Assoc. States)

ACTUAL COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1951 PROGRAM

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST	NO. OF PERSONS	DOLLAR COST
1. Public Health	$3,730 a/	$3,658	$ 72	8	$ 72	--	$ --
2. Agriculture, Forestry, Fisheries	1,637	1,619 b/	18	1	18	--	--
3. Transportation, Power, Other Public Works	3,787	3,787	--	--	--	--	--
4. Manufacturing, Mining, Other Industry	--	--	--	--	--	--	--
5. General Engineering Advisory Services	--	--	--	--	--	--	--
6. Education	91	91	--	--	--	--	--
7. Public Administration	334	328	6	1	6	--	--
8. Other Projects c/	646	646	--	--	--	--	--
9. Maintenance of Essential Supply	11,605	11,605 d/	--	--	--	--	--
TOTAL COST OF PROGRAM	**$21,830**	**$21,734**	**$ 96**	**10**	**$ 96**	**--**	**$ --**

a/ Includes $36,000 FY 1950 MDAP funds.

b/ Includes $638,000 of fertilizer imports for demonstration purposes.

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

d/ Requisites for production and other essential civilian supplies imported for commercial resale (total of salable commodities in program).

ACTUAL COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1952 PROGRAM

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST	NO. OF PERSONS	DOLLAR COST
1. Public Health	$ 2,861	$ 2,717	$144	13	$144	--	$ --
2. Agriculture, Forestry, Fisheries	850	761	89	8	63	11	26
3. Transportation, Power, Other Public Works	2,581	2,546	35	6	35	--	--
4. Manufacturing, Mining, Other Industry	19	--	19	1	11	4	8
5. General Engineering Advisory Services	--	--	--	--	--	--	--
6. Education	272	267	5	2	5	--	--
7. Public Administration	880	734	146	12	146	--	--
8. Other Projects[a]	302	302	--	--	--	--	--
9. Maintenance of Essential Supply	16,735	16,735[b]	--	--	--	--	--
TOTAL COST OF PROGRAM	**$24,500**	**$24,062**	**$438**	**42**	**$404**	**15**	**$34**

a/ Emergency war relief. Includes food, blankets, medicines, and materials for clothing and temporary housing for refugees.

b/ Requisites for production and other essential civilian supplies imported for commercial resale (total of salable commodities in program). Includes also $2.5 million for ocean freight not allocable by activity fields but largely applicable to salable imports.

ESTIMATED COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1953 PROGRAM (Revised)

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST[a]	NO. OF PERSONS	DOLLAR COST[b]
ECONOMIC AID PROGRAM							
1. Public Health	$ 1,590	$ 1,295	$ 295	22	$ 270	5	$ 25
2. Agriculture, Forestry, Fisheries	2,560	2,340[c]	220	14	180	8	40
3. Transportation, Power, Other Public Works	1,900	1,830	70	3	45	5	25
4. Manufacturing, Mining, Other Industry	--	--	--	--	--	--	--
5. General Engineering Advisory Services	--	--	--	--	--	--	--
6. Education	345	305	40	2	15	5	25
7. Public Administration	875	585	290	20	270	4	20
8. Other Projects[d]	500	470	30	2	30	--	--
9. Maintenance of Essential Supply	16,230	16,230[e]	--	--	--	--	--
TOTAL COST OF ECONOMIC AID PROGRAM	**$24,000**	**$23,055**	**$ 945**	**63[f]**	**$ 810[g]**	**27**	**$ 135**
DIRECT MILITARY SUPPORT PROGRAM (Common-use Items)	**30,500**	**30,500**	**--**	**--**	**--**	**--**	**--**
TOTAL COST, COMBINED PROGRAMS	**$54,500**	**$53,555**	**$ 945**	**63**	**$ 810**	**27**	**$ 135**

a/ Calculated as follows: MSA foreign service and PHS personnel at $15,000 per man-year; contract personnel at stipulated or estimated cost per contract (estimates based on experience or other available cost data).

b/ Calculated at $5,000 per trainee per annum.

c/ Includes $530,000 fertilizer imports for demonstration purposes.

d/ Emergency war relief. Includes food, blankets, medicines, and materials for clothing and temporary housing for refugees.

e/ Requisites for production and other essential civilian supplies imported for commercial resale (total of salable commodities in program).

f/ Total of personnel in field during course of year -- 47 for full year and 16 for shorter periods. As of 30 June 1953, however, program personnel will total only 50 (the employment target for that date).

g/ Includes $104,000 for aeronautical services (including crew of 5), furnished under contract. Cost apportioned as follows: Public Health, $83,000; Public Administration, $21,000. Required for safe transport of supplies and personnel associated with MSA-financed projects.

ESTIMATED COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1954 PROGRAM (Proposed)

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST[a]	NO. OF PERSONS	DOLLAR COST[b]
1. Public Health	$ 2,021	$ 1,592	$ 429	26	$404	5	$ 25
2. Agriculture, Forestry, Fisheries	1,345	1,025	320	14	195	25	125
3. Transportation, Power, Other Public Works	5,000	4,900	100	6	75	5	25
4. Manufacturing, Mining, Other Industry	325	300	25	1	15	2	10
5. General Engineering Advisory Services	--	--	--	--	--	--	--
6. Education	80	10	70	3	45	5	25
7. Public Administration	669	474	195	16	180	3	15
8. Other Projects[c]	60	--	60	4	60	--	--
9. Maintenance of Essential Supply	15,500	15,500[d]	--	--	--	--	--
TOTAL COST OF PROGRAM	**$25,000[e]**	**$23,801**	**$1,199**	**70[f]**	**$974[g]**	**45**	**$225**

a/ Calculated as follows: MSA foreign service and PHS personnel at $15,000 per man-year; contract personnel at stipulated or estimated cost per contract (estimates based on experience or other available cost data).

b/ Calculated at $5,000 per trainee per year.

c/ Resettlement and emergency war relief.

d/ Requisites for production and other essential civilian supplies imported for commercial resale (total of salable commodities in program).

e/ Economic aid program only. Does not include direct military support (common-use items). Such support is to be included in FY 1954 Military Defense Assistance Program.

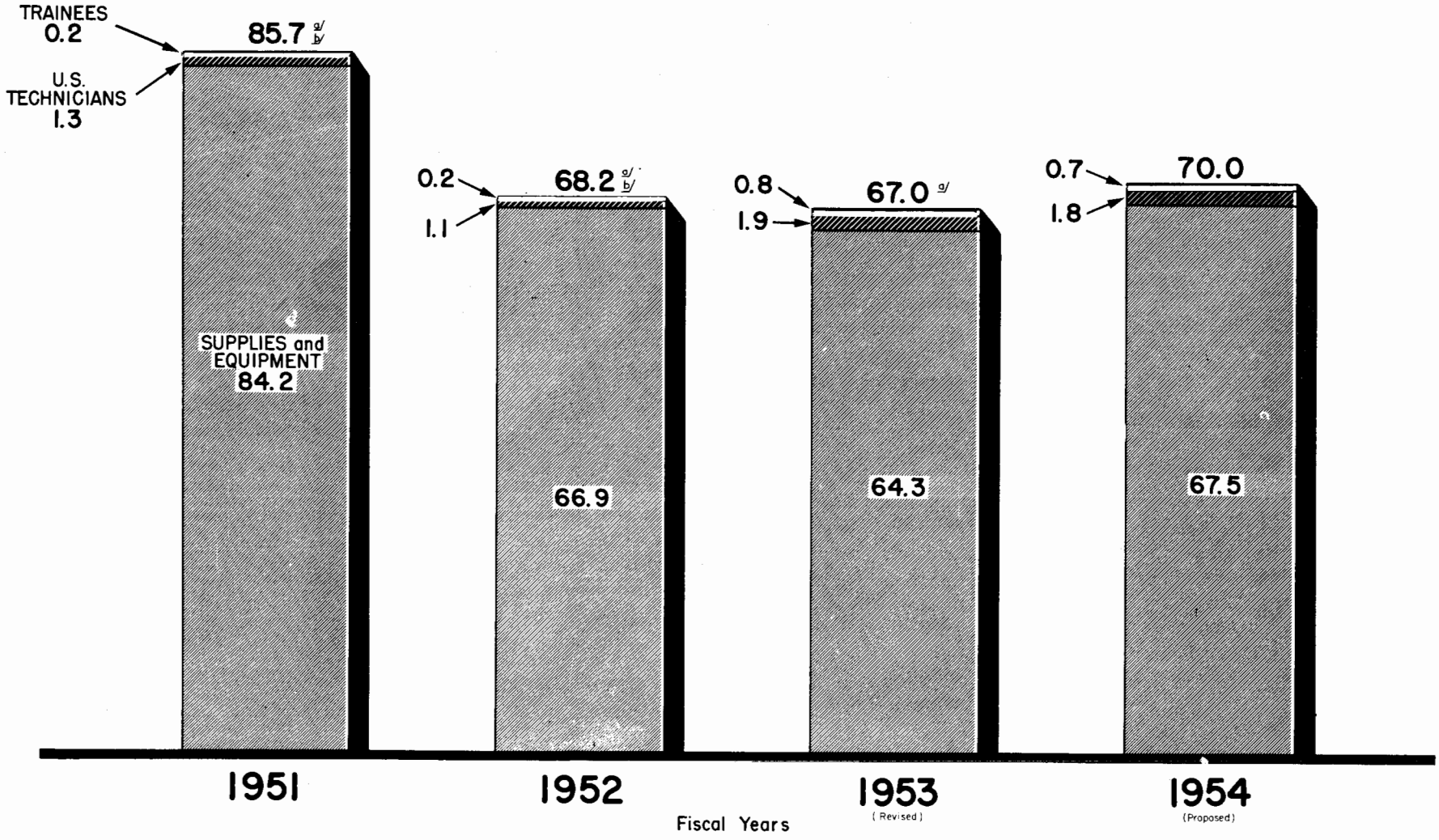
f/ Total of personnel in field during course of year -- 51 for full year and 19 for shorter periods.

g/ Includes $104,000 for aeronautical services (including crew of 5), furnished under contract. Charged entirely to Public Health. Balance - $870,000 - reflects mean average employment permitted under personnel targets set for 30 June 1953 and 30 June 1954 (50 and 70, respectively).

CHINA (Formosa)

COUNTRY PROGRAM BY COST FACTORS

(Millions of Dollars)



a/ Excludes direct military support (common-use) as follows: FY 1951, $12.3 million; FY 1952, $13.3 million; FY 1953, $30.5 million.

b/ Includes deobligated funds accruing from prior fiscal years' China programs (FY 1951, $5.4 million; FY 1952, $0.5 million).

A. CURRENT SITUATION IN FORMOSA

Political

The National Government of the Republic of China arrived from the mainland in December 1949. Since that time political improvements have been achieved affecting the electoral system, fiscal management and, in particular, the distribution of land holdings. Morale on the Island is rated good to excellent and little threat exists to governmental authority from either internal communist uprisings or Formosan independence movements.

Economic

The economic situation gives the general impression of progress, including production gains generally exceeding prewar peaks under the Japanese administration. Despite high military cost, inflation has been controlled due largely to counterpart support of the budget. Offsetting these gains, however, interest rates continue at over five percent per month and radical price fluctuations indicate underlying weaknesses. In addition, the prevailing impression in Formosa regarding the likelihood of hostilities has recently brought about a domestic demand for rice, with a consequent lessening of export earnings. The support of 550,000 troops and the general military build-up result in continuing high military costs which remain a serious threat to the economy, consuming 85 percent of National Government revenues.

Military

Military equipment and training assistance are furnished to the National Government under supervision of the U. S. Military Assistance Advisory Group. Largely as a result of this program there has been considerable improvement in combat efficiency since 1951 through standardization of weapons, uniform tactical doctrine, and better equipment and training.

B. OBJECTIVES OF THE MSA PROGRAM

The objectives of the MSA program are to support the Chinese Government in achieving:

1. **Economic Stability** - Control of inflation is a prerequisite to progress in other fields and is necessary to assure orderly processes of budgeting and taxation, mobilization of domestic and foreign capital, and the distribution of commodities for internal consumption and export.

2. **Support of the U. S. Military Effort** - This support, which complements the U. S. Military Defense Assistance Program, takes three forms. First, counterpart financing of local projects recommended by the MAAG. Second, furnishing of counterpart funds to cover government budget deficits arising from high military costs. Third, financing and construction of "joint-use" facilities (required for both military and civilian use), such as highway bridges, harbors, railways and power plants.

3. **Increased Capacity for Self-Support** - MSA policy is to make possible the reduction or termination of economic aid through planned development of industry and agriculture.

C. PROGRESS IN SUPPORT OF OBJECTIVES

Largely as a result of the MSA program, marked improvement has been registered in the economic situa-

RELEVANT STATISTICS

	1938[a]	1951	1952
GENERAL:			
Area (1,000 square miles)	--	--	13.1
Population (millions)	5.7	9.2	9.5[b]
PRODUCTION:			
Rice, milled (1,000 metric tons)	1,220.9[c]	1,333.6[d]	1,570.1[b,d]
Sugar, centrifugal (1,000 metric tons)	1,124.9[c]	553.4[d]	725.8[d]
Fertilizer (1,000 metric tons)	27	110	154
Cotton cloth (million yards)	6.0[e]	56.6	89.3
Cotton yarn (1,000 metric tons)	.4[e]	7.2	13.6
INTERNATIONAL TRADE AND PAYMENTS:			
Total exports (millions of United States dollars)	129.9[f]	93.1[g]	119.5[g]
Total imports (millions of United States dollars)	104.3[f]	84.3[g,h]	109.1[g,h]
Commodity exports (1,000 metric tons):			
Rice	649.0	84.9	105.3
Sugar	996.4	283.5	459.5
United States trade (millions of United States dollars):			
Exports to the United States	1.2	6.0	5.7
Imports from the United States	.7	41.1[i]	59.3[i]
Japanese trade (millions of United States dollars):			
Exports to Japan	119.5[f,j]	38.8[g]	64.9[g]
Imports from Japan	93.3[f,j]	39.9[g]	49.9[g]
Rates of exchange (Taiwan dollars per United States dollar):[k]			
Official	--	10.30[l]	10.30[l]
Certificate	--	15.65[l]	15.65[l]
PRICES:			
Wholesale, general (June 1949=100)	35	523[m]	541[m]
PUBLIC FINANCE (national and provincial):			
Deficit (millions of New Taiwan dollars)	--	159	97
MONEY AND CREDIT (millions of New Taiwan dollars):			
Total currency in circulation	--	512.9[l]	748.5[l]
Total deposits	--	1,122.6[l]	1,949.0[l]

[a] Unless otherwise stated.
[b] Estimate.
[c] 1935-39 average.
[d] Crop year beginning in year stated.
[e] 1947.
[f] Derived from Japanese trade data.
[g] Bank of Taiwan exchange settlement figures.
[h] Excludes MSA-financed imports.
[i] Includes MSA-financed imports; excludes special category types 1 and 2 (mainly military items).
[j] Includes Korea.
[k] Selling rate.
[l] Dec. 31 of year stated.
[m] December of year stated.

tion over recent months. From April 1952 through December 1952 prices fell for the first time and since then have been relatively stable, as compared with 1950-1951. As a result of improved tax collections, counterpart support and careful MAAG/MSA scrutiny of expenditures, the budget for 1952 was brought into relative balance. Export earnings in 1952 reached a postwar peak of $120 million.

Production of major agricultural crops (except sugar) is above peak levels reached during the Japanese occupation. Rice production is at record levels, 1,570,000 tons, due largely to MSA-financed fertilizer, improved seed, and expanded acreage. A program of land reform is well advanced.

Industrial production in 1952 was 106 percent of 1941. Fertilizer production is 150,000 tons against 38,000 tons in 1948 and is higher than the Japanese peak of 34,000 tons. Mining is 82 percent of the level reached under Japanese occupation, but this represents a sizable gain from production in 1950 which was only 56 percent of the prewar base. Freight loadings, both truck and railway, exceed previous records. Power capacity is 231,000 KW, compared with only 80,000 KW in 1946.

In support of the military program MSA has built (1) one Jet airfield and is completing another, (2) a 6,500 foot steel highway bridge to permit all-weather north-south traffic for the first time, (3) barracks to permit the National Government of the Republic of China to evacuate troops from temples, schools, city halls, etc., and (4) has improved arsenal production to permit contracts for offshore procurement.

D. CURRENT AND ANTICIPATED PROBLEMS

1. **Budget Deficit** - The high cost of maintaining the existing troop strength of 550,000 men results in military expenditures amounting to 85 percent of the national government, 50 percent of combined central and provincial government, and more than 45 percent of total expenditures of all levels of government. The government budget for 1953 contains over-optimistic estimates of certain revenue items (particularly profits from the sale of foreign exchange derived from rice and sugar exports), and fails to take into account certain unadmitted or "hidden" expenditures (such as the cost of military rice). Because of these unrealistic factors, the budget contains a small estimated surplus for the year, with the help of MSA counterpart aid. If achieved, this surplus would eliminate the deficit cash balance obtaining at the end of 1952 which is temporarily financed by the Bank of Taiwan. For the reasons outlined above, however, there is almost no possibility that a genuine budgetary surplus can materialize.

2. **Underdevelopment and Undermaintenance** - Much of MSA aid has been used to compensate for the war damage and under-maintenance during and since the war. A considerable burden has been imposed on the economy through the arrival of 1.4 million refugees (including troops) who are not making a contribution to the economy in terms of production. Only as these problems are solved, can MSA take substantial strides toward strengthening the economy.

3. **Unfavorable Climate for Foreign Investment** - The state of war tension in the Far East has not made Formosa attractive from the standpoint of capital investment. Steps thus far taken to improve the climate for investment are considered inadequate.

4. **Improved Export Trade** - Military considerations have recently created a low level of rice exports. The world surplus of sugar and low prices have injured

Formosa's principal export industry. (Sugar accounted for about 58 percent of export earnings in 1952, but may fall below that this year despite the bumper crop.)

5. **Slowness of Governmental Assumption of Responsibility -** Shortage of local currency, lack of middle and lower-level trained personnel, preoccupation with military considerations, etc. -- all impede the National Government of the Republic of China in its efforts to take more responsibility.

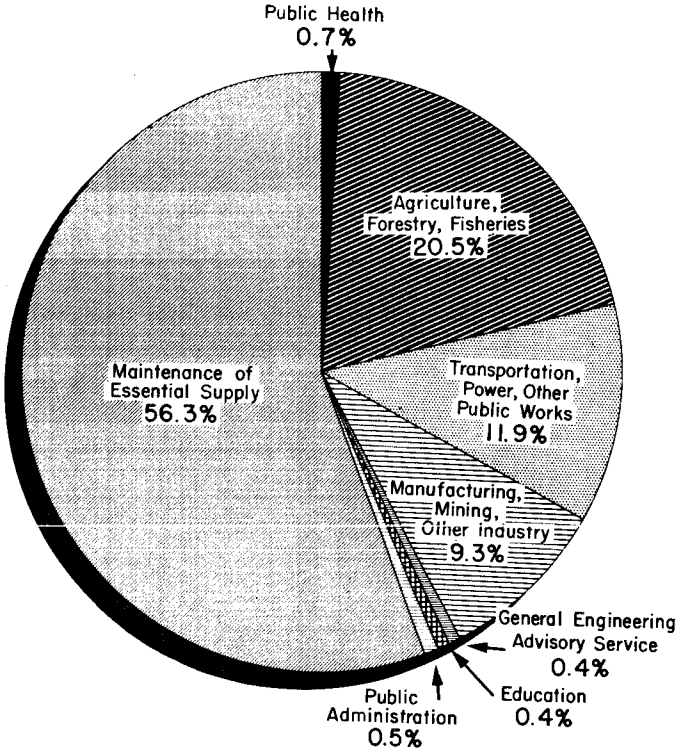
6. **Arrivals of End-items and Capital Equipment -** Procurement of military end-items and capital equipment for economic development projects, with funds provided out of appropriations for past years, will result in an increase in the volume of arrivals during the next fiscal year. To assure the proper utilization of these vitally important goods, there must be timely provision of funds to meet the local costs of installations. A significant amount of counterpart funds is required for this purpose.

* * * * * * *

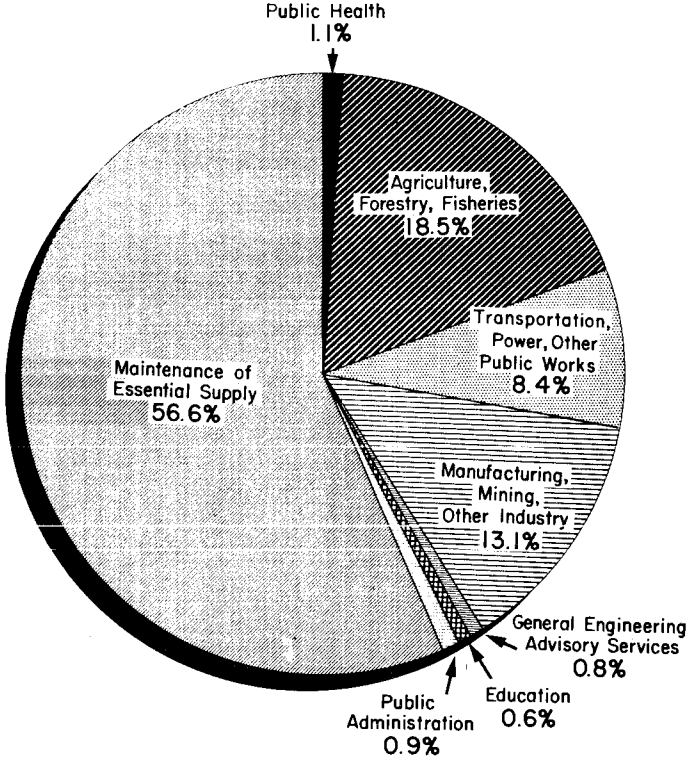
CHINA (Formosa)

PERCENTAGE DISTRIBUTION BY MAJOR FIELD OF ACTIVITY

FY
1953



FY
1954



TOTAL PROGRAM COST

(Exclusive of direct military support--common-use items)

$ 67 MILLION
(Revised)

$ 70 MILLION
(Proposed)

OBLIGATIONS, EXPENDITURES AND PIPELINE[a]

Fiscal Year 1953 and 1954 Programs

(Millions of Dollars)

	TOTAL	ECONOMIC AID PROGRAM	COMMON-USE PROGRAM
FY 1953			
Unliquidated Obligations 7/1/52	63.5	56.2	7.3[b]
New Obligational Authority	97.5	67.0	30.5
Total Available for Expenditure	161.0	123.2	37.8
Estimated Expenditures[c]	90.0	77.5	12.5
Estimated Unliquidated Obligations 6/30/53	71.0	45.7	25.3
FY 1954			
Unliquidated Obligations 7/1/53	71.0	45.7	25.3
New Obligational Authority[d]	70.0	70.0	--
Total Available for Expenditure	141.0	115.7	25.3
Estimated Expenditures[c]	83.7	63.7	20.0
Estimated Unliquidated Obligations 6/30/54	57.3	52.0	5.3
Liquidation of Estimated Unliquidated Obligations existing as of 6/30/54			
Estimated Expenditures: FY 1955	45.0	40.0	5.3
: FY 1956	8.0	8.0	--
: FY 1957	4.0	4.0	--

[a] Pipeline is the equivalent of unliquidated obligations.
[b] Residual balance of direct military support (common-use) programs: $12.3 million in FY 1951 and $13.3 million in FY 1952.
[c] Includes expenditures applicable to prior fiscal years' obligations.
[d] Direct military support (common-use items) will be included in the Military Defense Assistance Program in FY 1954.

CHINA (Formosa)

PROGRAM COST BY MAJOR FIELDS OF ACTIVITY

for

FISCAL YEARS 1951 THROUGH 1954

is shown in the

FOLLOWING TABLES

CHINA (Formosa)

ACTUAL COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1951 PROGRAM

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST	NO. OF PERSONS	DOLLAR COST
ECONOMIC AID PROGRAM							
1. Public Health	$ 50	$ --	$ 50	2	$ 11	8	$ 39
2. Agriculture, Forestry, Fisheries	26,011	25,837 a/	174	5	115	12	59
3. Transportation, Power, Other Public Works	11,083	11,044	39	--	15	5	24
4. Manufacturing, Mining, Other Industry	285	--	285	--	275 b/	2	10
5. General Engineering Advisory Services	884	--	884	14 c/	884 d/	--	--
6. Education	81	--	81	--	30 e/	16	51
7. Public Administration	24	--	24	--	--	5	24
8. Other Projects	--	--	--	--	--	--	--
9. Maintenance of Essential Supply	47,293	47,293 f/	--	--	--	--	--
TOTAL COST OF ECONOMIC AID PROGRAM	**$85,711 g/**	**$84,174 h/**	**$1,537**	**21**	**$1,330**	**48**	**$207**
DIRECT MILITARY SUPPORT PROGRAM (Common-use Items)	**12,323**	**12,323 i/**	**--**	**--**	**--**	**--**	**--**
TOTAL COST, COMBINED PROGRAMS	**$98,034**	**$96,497**	**$1,537**	**21**	**$1,330**	**48**	**$207**

a/ Includes $25.7 million of fertilizer imports which yield sales proceeds.
b/ Lump sum cost of engineering contracts.
c/ Field personnel only.
d/ FY 1951 cost of contract with U.S. engineering firm. Includes fixed fee, cost of back-up provided by home office, administrative and overhead expenses, etc., in addition to pay of field personnel.
e/ Includes administrative support and back-up as well as production cost of JCRR documentary film.
f/ Requisites for production and other essential civilian supplies imported for resale.
g/ Includes (in Maintenance of Essential Supply) $5.4 million of deobligated funds accruing from prior years' China programs.
h/ Includes $73.0 million of salable commodities (activity field 9 plus fertilizer in activity field 2).
i/ Includes imports of bread grains, petroleum products, military engineering and medical supplies, cotton for military textile requirements, plus shop equipment and other components for military installations.

ACTUAL COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1952 PROGRAM

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST	NO. OF PERSONS	DOLLAR COST
ECONOMIC AID PROGRAM							
1. Public Health	$ 249	$ 186	$ 63	3	$ 39	6	$ 24
2. Agriculture, Forestry, Fisheries	16,789	16,510 a/	279	10	180	27 b/	99
3. Transportation, Power, Other Public Works	6,958	6,900	58	1	15	12	43
4. Manufacturing, Mining, Other Industry	2,655	2,586	69	3	37	8	32
5. General Engineering Advisory Services	500	--	500	14 c/	500 d/	--	--
6. Education	22	--	22	1	7	3	15
7. Public Administration	349	--	349	13	339	2	10
8. Other Projects	--	--	--	--	--	--	--
9. Maintenance of Essential Supply	40,691	40,691 e/	--	--	--	--	--
TOTAL COST OF ECONOMIC AID PROGRAM	$68,213 f/	$66,873 g/	$1,340	45	$1,117	58	$223
DIRECT MILITARY SUPPORT PROGRAM (Common-use Items)	13,267	13,267 h/	--	--	--	--	--
TOTAL COST, COMBINED PROGRAMS	$81,480	$80,140	$1,340	45	$1,117	58	$223

a/ Includes $16.5 million of fertilizer imports which yield sales proceeds.
b/ Includes 8 trainees assigned to JCRR Public Health Program.
c/ Field personnel only.
d/ FY 1952 cost of contract with U.S. engineering firm. Includes fixed fee, cost of back-up provided by home office, administrative and overhead expenses, etc., in addition to pay of field personnel.
e/ Requisites for production and other essential civilian supplies imported for resale.
f/ Includes (in Maintenance of Essential Supply) $501,000 of deobligated funds accruing from prior fiscal years' China programs.
g/ Includes $57.2 million of salable commodities (activity field 9 plus fertilizer in activity field 2).
h/ Includes imports of bread grains, petroleum products, military engineering and medical supplies, cotton for military textile requirements, plus shop equipment and components for military installations.

CHINA (Formosa)

ESTIMATED COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1953 PROGRAM (Revised)

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST a/	NO. OF PERSONS	DOLLAR COST b/
ECONOMIC AID PROGRAM							
1. Public Health	$ 490	$ 311	$ 179	6	$ 54	$ 25	$ 125
2. Agriculture, Forestry, Fisheries	13,715	13,307 c/	408	23	228	36	180
3. Transportation, Power, Other Public Works	7,985	6,925	1,060	11	855	41	205
4. Manufacturing, Mining, Other Industry	6,215	6,058	157	6	42	23	115
5. General Engineering Advisory Services	300	--	300	19 d/	300 e/	--	--
6. Education	236	--	236	9	191	9	45
7. Public Administration	336	--	336	25	271	13	65
8. Other Projects	--	--	--	--	--	--	--
9. Maintenance of Essential Supply	37,723	37,723 f/	--	--	--	--	--
TOTAL COST OF ECONOMIC AID PROGRAM	**$67,000**	**$64,324 g/**	**$2,676**	**99 h/**	**$ 1,941**	**147**	**$ 735**
DIRECT MILITARY SUPPORT PROGRAM (Common-Use Items)	**30,500**	**30,490 i/**	**10**	**--**	**--**	**2**	**10 j/**
TOTAL COST, COMBINED PROGRAMS	**$97,500**	**$94,814**	**$2,686**	**99**	**$ 1,941**	**149**	**$ 745**

a/ Calculated as follows: MSA foreign service and PHS personnel at $15,000 per man-year; contract personnel at stipulated or estimated cost per contract (estimates based on experience or other available cost data).

b/ Calculated at $5,000 per trainee for full year.

c/ Includes $12.4 million of fertilizer imports which yield sales proceeds.

d/ Field personnel only.

e/ Estimated FY 1953 cost of contract with U.S. engineering firm. Includes fixed fee, back-up provided by home office, administrative and overhead expenses, etc., in addition to pay of field personnel.

f/ Requisites for production and other essential civilian supplies imported for local sale.

g/ Includes $50.1 million of salable commodities -- $37.7 million in activity field 9 plus $12.4 million fertilizer in activity field 2.

h/ Includes 39 contract and 60 non-contract personnel in field during course of year -- 28 for full year and 32 for shorter periods. As of 30 June 1953, however, contract and non-contract personnel combined will total only 76 -- four short of employment target for that date.

i/ Includes imports of bread grains, petroleum products, military engineering and medical supplies, cotton for military textile requirements, plus shop equipment and components for military installations.

j/ Smokeless powder study.

ESTIMATED COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1954 PROGRAM (Proposed)

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST[a]	NO. OF PERSONS	DOLLAR COST[b]
1. Public Health	$ 740	$ 466	$ 274	11	$ 194	16	$ 80
2. Agriculture, Forestry, Fisheries	12,930	12,488[c]	442	21	272	34	170
3. Transportation, Power, Other Public Works	5,885	5,810	75	1	5	14	70
4. Manufacturing, Mining, Other Industry	9,165	8,962	203	7	98	21	105
5. General Engineering Advisory Services	590	--	590	22[d]	590[e]	--	--
6. Education	410	125	285	9	195	18	90
7. Public Administration	653	--	653	38	453	40	200
8. Other Projects	--	--	--	--	--	--	--
9. Maintenance of Essential Supply	39,627	39,627[f]	--	--	--	--	--
TOTAL COST OF PROGRAM	**$70,000[g]**	**$67,478[h]**	**$2,552**	**109[i]**	**$1,807[j]**	**143**	**$ 715**

a/ Calculated as follows: MSA foreign service and PHS personnel at $15,000 per man-year; contract personnel at stipulated or estimated cost per contract (estimates based on experience or other available cost data).

b/ Calculated at $5,000 per trainee for full year.

c/ Includes $12.0 million of fertilizer imports which yield sales proceeds.

d/ Field personnel only.

e/ Estimated FY 1954 cost of contract with U.S. engineering firm. Includes fixed fee, back-up provided by home office, administrative and overhead expenses, etc., in addition to pay of field personnel.

f/ Requisites for production and other essential civilian supplies imported for local sale.

g/ Economic aid program only. Does not include, as in prior years, direct military support (common-use items). Such support is to be included in FY 1954 Military Defense Assistance Program.

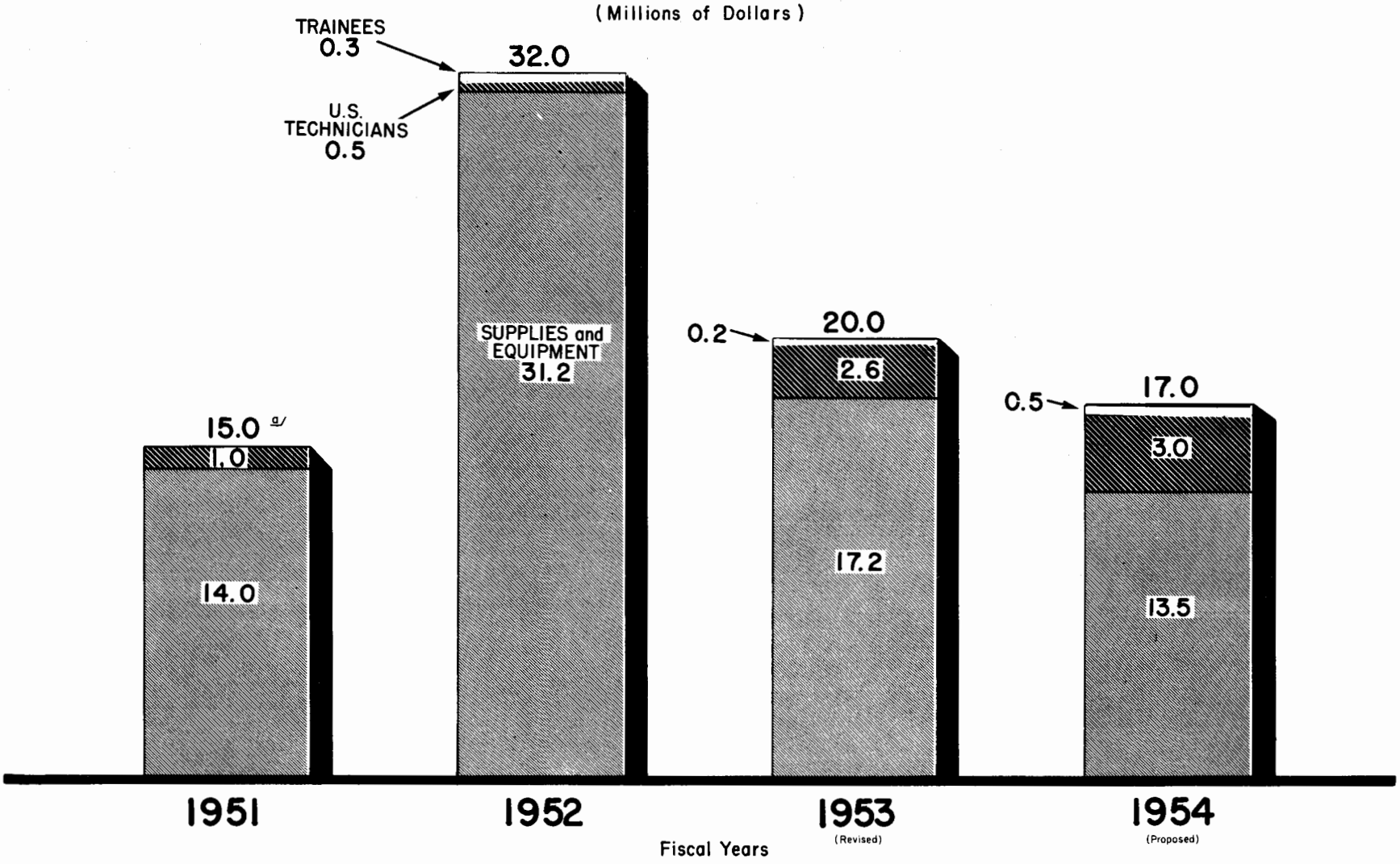
h/ Includes $51.6 million of salable commodities, $39.6 million in activity field 9, plus $12.0 million fertilizer in activity field 2.

i/ Includes 45 contract and 64 non-contract personnel in field during course of year -- 49 for full year and 15 for shorter periods. As of 30 June 1954, however, contract and non-contract personnel combined will total only 88 - the employment target for that date.

j/ Includes $810,000 for non-contract and $997,000 for contract field personnel (salaries, home office back-up, and administrative support). Aggregate cost reflects mean average employment permitted under personnel targets set for 30 June 1953 and 30 June 1954 (80 and 88, respectively).

PHILIPPINES

COUNTRY PROGRAM BY COST FACTORS



a/ Program initiated April 1951.

A. CURRENT SITUATION

Political

The Philippine political scene will be dominated for some time by the national elections scheduled for November of this year. The problems of the pre-election campaign and the post-election inauguration of a new administration, or reorganization of the present one to accommodate new alignments, will continue to pre-occupy the Government.

Economic

As a result of emergency tax measures adopted in 1951, revenue collections more than doubled between 1950 and 1952 with budgetary balance achieved in 1952. Continuation of a balanced budget in FY 1953 and FY 1954 depends upon extension of these emergency taxes, most of which expire on December 31, 1953. Bills providing for such extensions have been strongly recommended by the Philippine Administration to the Congress. The level of budgetary revenues and expenditures is still too low to provide effective government services while maintaining expenditures for defense.

The index of Philippine production in 1951 rose to 12 percent above the 1937 level, but the population increased 34 percent during the same period. Nevertheless, increasing availabilities of goods plus improved fiscal management have stabilized price levels.

The Philippines' foreign exchange position will remain tight in FY 1954, with equilibrium in payments dependent upon continued import and exchange controls and upon substantial U. S. Government expenditures (including veterans' payments), other than economic assistance.

Military

The Philippine Army has materially improved internal security conditions during the past two years. A permanent solution requires the correction of the basic causes of dissidence, notably, the depressed economic conditions in over-populated rural areas. No major changes in the military situation are anticipated during the coming year.

B. OBJECTIVES OF THE MSA PROGRAM

The objectives of the MSA program are to encourage and assist the Philippine Government in its efforts to:

1. **Formulate and execute a coordinated economic development program** which will provide for reduced dependence on a few export crops, increased private participation in national development, broadened economic opportunities, and greater real income for depressed elements of the population.

2. **Stimulate production of food crops** (especially rice and corn) and the establishment of economically sound foreign exchange saving and earning industries.

3. **Strengthen the foundations of a democratic economy** by improving the status of the "farmer-on-the-land", labor relations and productivity, and by extending public health services and education, with principal emphasis on vocational training.

4. **Improve the efficiency of public administration.**

RELEVANT STATISTICS

	1938[a]	1951	1952
GENERAL:			
Area (1,000 square miles)	.....	.....	115.6
Population (Millions)	15.8	20.2	20.6
Percent literate	.....	.....	50.0
NATIONAL INCOME (millions of pesos)	**4,350[b]**	**7,586**	.....
PRODUCTION:			
Manufacturing (1937 = 100)	109.1	126.0	.....
Mining (1937 = 100)	129.4	73.1	.....
Selected commodities (1,000 metric tons):			
Rice (milled)	1,498.5[c]	1,980.9[d]	2,133.4[d]
Sugar, centrifugal	959.8[c]	973.4[d]	1,129.5[d]
Iron Ore	920.4	888.0	1,167.6
Cement	166.8	298.8	310.8
INTERNATIONAL TRADE AND PAYMENTS:			
Total exports (millions of United States dollars)	116.4	400.8	348.0
Total imports (millions of United States dollars)	132.6	479.4	426.6
Commodity exports (1,000 metric tons):			
Copra	342.1	772.2	662.2
Sugar, centrifugal	868.3	623.9	856.3
Abaca, unmanufactured	141.3	135.6	109.1
United States trade (millions of dollars):			
Exports to the United States	94.2	283.7	235.9
Imports from the United States	86.5	350.4[e]	282.8[e]
Japanese trade (millions of dollars):			
Exports to Japan	7.5[f]	30.0	30.4[g]
Imports from Japan	12.7[f]	33.0	14.5[g]
Total foreign-exchange and gold reserves (in equivalent of millions of dollars)	.....	318.0[h]	308.0[h]
Rate of exchange, pesos per United States dollar (official)	.....	.....	2.015
PRICES:			
Wholesale-price index (1948 = 100)	20	85	75
Cost-of-living index (1948 = 100):			
All items	25	99	95
Food	24	94	90
PUBLIC FINANCE: DEFICIT (-) OR SURPLUS (+) (millions of pesos)	.....	**-20**	**+88**
MONEY AND CREDIT (millions of pesos):			
Currency in circulation	141[h]	639[h]	624[h]
Deposit money	73[h]	414[h]	457[h]

[a] Unless otherwise stated.
[b] 1946.
[c] Average annual production 1935-39.
[d] Crop year beginning in year stated.
[e] Includes MSA-financed imports; excludes special category types 1 and 2 (mainly military items).
[f] Includes Formosa.
[g] January-September only.
[h] Dec. 31 of year stated.

5. **Improve fiscal operations and increase revenues** to provide more adequate appropriations for defense and economic development, and achieve a sound international payments position.

6. **Encourage private investment** in productive industrial enterprises through measures to mobilize domestic capital and to attract private foreign investors.

C. PROGRESS IN SUPPORT OF OBJECTIVES

Since ECA/MSA began operations in the Philippines just two years ago, U. S. aid has been primarily directed to key projects which would provide the greatest stimulation to economic development for the least expenditure of funds.

Some of the more outstanding program accomplishments are discussed below.

In the Agricultural field - Production increases, which this year resulted in near self-sufficiency in rice, are in substantial measure attributable to MSA assistance to fertilizer distribution and cereal crop investment projects, and to the agricultural extension service. Construction is under way on four gravity irrigation projects to irrigate 115,000 acres, and plans are ready for a fifth to irrigate 70,000 acres. Approximately 700,000 acres of public land have been subdivided into 25,000 farms and 20,000 home lots. At the College of Agriculture and the Central Experiment Station, enrollment has increased from around 400 in 1950-51 to more than 900 in 1952-53.

In the field of Public Health - Equipment to rehabilitate 35 provincial hospitals is now being distributed. MSA-financed equipment and supplies are currently being used by 17 malaria control teams; and 11 more teams are being trained. Twenty-six rural health units will begin operations in June 1953.

In Transportation and Public Works - Road-building and earth-moving equipment, ordered early in the program, has arrived and actual construction has begun on roads and bridges which will facilitate the development of areas newly opened for settlement, particularly in Mindanao. Eight river control projects are also under construction.

In Mining - Surveys have been undertaken with MSA assistance to determine the extent of Philippine coal and mineral resources.

In the Education field - Eleven industrial and agricultural vocational schools have been rehabilitated and bids have been invited to equip 22 more.

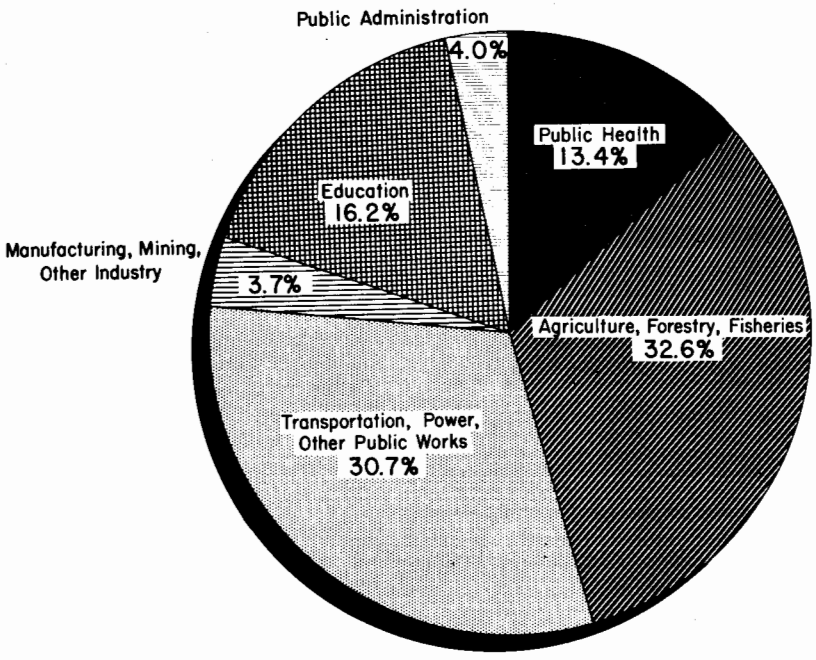
In Public Administration - An institute has been established to provide instruction for students planning to enter the civil service, and in-service training for present government employees. Improved tax enforcement and new tax measures, which were carried out with MSA technical assistance, stabilized the government's financial position and resulted in more than doubling tax revenues between FY 1950 and 1952.

The Philippine Government has appropriated funds for more adequate government services, and the principle has been established that all recurring peso expenses of MSA projects will be included in the regular budget of the government to assure continuance of these activities after termination of U. S. assistance.

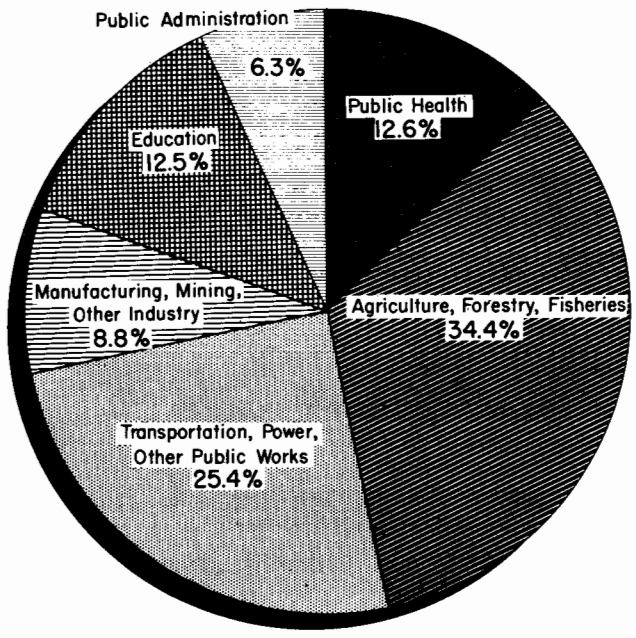
PHILIPPINES

PERCENTAGE DISTRIBUTION BY MAJOR FIELD OF ACTIVITY

FY
1953



FY
1954



TOTAL PROGRAM COST

$ 20 MILLION
(Revised)

$ 17 MILLION
(Proposed)

In many instances, the Philippines is supporting substantial development activities similar to those stressed by MSA, such as provision for additional power-generating capacity, using its own funds and loans from the Export-Import Bank.

The Philippine Congress has appropriated 75 million pesos for deposit to the counterpart fund and 8 million pesos for overhead costs of MSA projects. An additional appropriation of 25 million pesos has been requested for counterpart and 8 million more for project overhead in the Philippines FY 1954 budget.

D. CURRENT AND ANTICIPATED PROBLEMS

1. **Political and Administrative Stalemate** - While no major administrative improvements can be anticipated in the Philippines until after the election, it is expected that present development projects can move forward without interruption.

2. **Internal Insecurity** - Guerrilla activity has been reduced, but the basic cause of dissidence - depressed economic conditions in rural areas - needs to be corrected before permanent political and social stability can be attained.

3. **Inadequate Food Production** - While food production has increased substantially, further progress is needed to permit not only foreign exchange savings but a more satisfactory level of local consumption.

4. **Low Levels of Investment** - Improvement in the Philippines' foreign exchange position is contingent to a considerable extent upon expanded industrial activity which, in turn, requires increased investment either foreign or domestic. To date, conditions in the Philippines have not been made sufficiently attractive to invite foreign investment on a large scale and the mobilization of domestic capital has also lagged.

5. **Insufficient Government Revenues** - Internal financial stability has been achieved, but at a level of budgetary expenditures still inadequate to provide effective government services while maintaining the present military build-up. Revenues need to be increased by improved tax legislation and more effective collection methods.

6. **Other Problems** - Despite the U. S. assistance program and economic gains, the following problems also remain to be solved: diversification and expansion of exports, unemployment in cities and underemployment on farms, increase of national income, fuller utilization of resources, land-tenure adjustment, and improvement of basic transportation facilities.

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PHILIPPINES

OBLIGATIONS, EXPENDITURES AND PIPELINE[a]

Fiscal Year 1953 and 1954 Programs

(Millions of Dollars)

FY 1953	
Unliquidated Obligations 7/1/52	35.0
New Obligational Authority	20.0
Total Available for Expenditure	55.0
Estimated Expenditures[b]	24.0
Estimated Unliquidated Obligations 6/30/53	31.0
FY 1954	
Unliquidated Obligations 7/1/53	31.0
New Obligational Authority	17.0
Total Available for Expenditure	48.0
Estimated Expenditures[b]	24.0
Estimated Unliquidated Obligations 6/30/54	24.0
Liquidation of Estimated Unliquidated Obligations existing as of 6/30/54	
Estimated Expenditures: FY 1955	15.0
: FY 1956	6.0
: FY 1957	3.0

[a] Pipeline is the equivalent of unliquidated obligations.

[b] Includes expenditures applicable to prior fiscal years' obligations.

PHILIPPINES

PROGRAM COST BY MAJOR FIELDS OF ACTIVITY

for

FISCAL YEARS 1951 THROUGH 1954

is shown in the

FOLLOWING TABLES

ACTUAL COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1951 PROGRAM

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST	NO. OF PERSONS	DOLLAR COST
1. Public Health	$ 596	$ 546	$ 50	4	$ 50	--	$ --
2. Agriculture, Forestry, Fisheries	6,037	5,792[a]	245	18	245	--	--
3. Transportation, Power, Other Public Works	3,678	3,423	255	17	255	--	--
4. Manufacturing, Mining, Other Industry	534	434	100	10	100	--	--
5. General Engineering Advisory Services	--	--	--	--	--	--	--
6. Education	302	257	45	3	45	--	--
7. Public Administration	330	--	330	22	330	--	--
8. Other Projects	--	--	--	--	--	--	--
9. Maintenance of Essential Supply	3,523	3,523[b]	--	--	--	--	--
TOTAL COST OF PROGRAM	**$15,000**	**$13,975**	**$1,025**	**74**	**$1,025**	**--**	**$ --**

a/ Includes $3.4 million of fertilizer imports -- none for commercial resale.
b/ Requisites for production imported for commercial resale. Comprises total of salable commodities in program.

ACTUAL COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1952 PROGRAM

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST	NO. OF PERSONS	DOLLAR COST
1. Public Health	$ 5,042	$ 4,905	$137	13	$ 90	14	$ 47
2. Agriculture, Forestry, Fisheries	10,615	10,259 a/	356	26	257 b/	32	99
3. Transportation, Power, Other Public Works	5,789	5,796	(7)	--	(27)	4	20
4. Manufacturing, Mining, Other Industry	71	94	(23)	--	(55)	10	32
5. General Engineering Advisory Services	--	--	--	--	--	--	--
6. Education	1,503	1,461	42	--	(18)	18	60
7. Public Administration	337	60	277	28	204 c/	30	73
8. Other Projects	--	--	--	--	--	--	--
9. Maintenance of Essential Supply	8,643	8,643 d/	--	--	--	--	--
TOTAL COST OF PROGRAM	**$32,000**	**$31,218**	**$782**	**67**	**$451**	**108**	**$331 e/**

( ) Indicates decrease resulting from deobligation during FY 1952 against FY 1951 obligation.

a/ Includes $3.7 million of fertilizer imports -- $2.9 million for commercial resale and balance for demonstration purposes.

b/ Includes $225,000 initial cost for Los Banos-Cornell contract.

c/ Includes $170,000 initial cost under University of Philippines-Michigan contract for assistance in establishing a Public Administration Training Institute.

d/ Requisites for production imported for commercial resale. This item and fertilizer for commercial resale (included in activity field 2) comprise total of salable commodities in program.

e/ Covers six-months period of training (or less) for approximately half of total trainees; balance for full year.

ESTIMATED COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1953 PROGRAM (Revised)

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST[a]	NO. OF PERSONS	DOLLAR COST[b]
1. Public Health	$ 2,680	$ 2,452	$ 228	18	$ 195	7	$ 33
2. Agriculture, Forestry, Fisheries	6,510	5,822[c]	688	50	645	17	43
3. Transportation, Power, Other Public Works	6,140	5,940	200	19	192	3	8
4. Manufacturing, Mining, Other Industry	745	165	580	31	575	2	5
5. General Engineering Advisory Services	--	--	--	--	--	--	--
6. Education	3,235	2,697	538	25	505	8	33
7. Public Administration	790	200	590	44	530	20	60
8. Other Projects	--	--	--	--	--	--	--
9. Maintenance of Essential Supply	(100)	(100)	--	--	--	--	--
TOTAL COST OF PROGRAM	**$20,000**	**$17,176**	**$2,824**	**187[d]**	**$2,642[e]**	**57[f]**	**$182**

( ) Indicates decrease resulting from deobligation during FY 1953 against prior fiscal years' obligations.

a/ Calculated as follows: MSA foreign service and PHS personnel at $15,000 per man-year; contract personnel at stipulated or estimated cost per contract (estimates based on experience or other available cost data).

b/ Calculated at $5,000 per trainee for full year.

c/ Includes $4.3 million of fertilizer imports which yield sales proceeds.

d/ Includes 36 contract and 151 non-contract personnel in field during course of year -- 71 for full year and 80 for shorter periods. As of 30 June 1953, however, non-contract personnel will total only 109 (employment target for that date).

e/ Includes $1.1 million for pay of contract field personnel plus home office back-up and administrative support.

f/ Includes 41 trainees for six months each; balance for full year.

ESTIMATED COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1954 PROGRAM (Proposed)

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST[a]	NO. OF PERSONS	DOLLAR COST[b]
1. Public Health	$ 2,140	$ 1,875	$ 265	14	$ 180	19	$ 85
2. Agriculture, Forestry, Fisheries	5,855	5,349[c]	506	44	431	25	75
3. Transportation, Power, Other Public Works	4,315	3,842	473	22	455	7	18
4. Manufacturing, Mining, Other Industry	1,495	585	910	37	775	40	135
5. General Engineering Advisory Services	--	--	--	--	--	--	--
6. Education	2,120	1,708	412	20	315	25	97
7. Public Administration	1,075	135	940	57	815	48	125
8. Other Projects	--	--	--	--	--	--	--
9. Maintenance of Essential Supply	--	--	--	--	--	--	--
TOTAL COST OF PROGRAM	**$17,000**	**$13,494**	**$3,506**	**194[d]**	**$2,971[e]**	**164[f]**	**$535**

a/ Calculated as follows: MSA foreign service and PHS personnel at $15,000 per man-year; contract personnel at stipulated or estimated cost per contract (estimates based on experience or other available cost data).

b/ Calculated at $5,000 per trainee for full year.

c/ Includes $2.5 million fertilizer imports which yield sales proceeds.

d/ Includes an estimated 66 contract and 128 non-contract personnel in field during course of year -- 86 for full year and 42 for shorter periods. As of 30 June 1954, however, non-contract personnel will total only 95 (the employment target for that date).

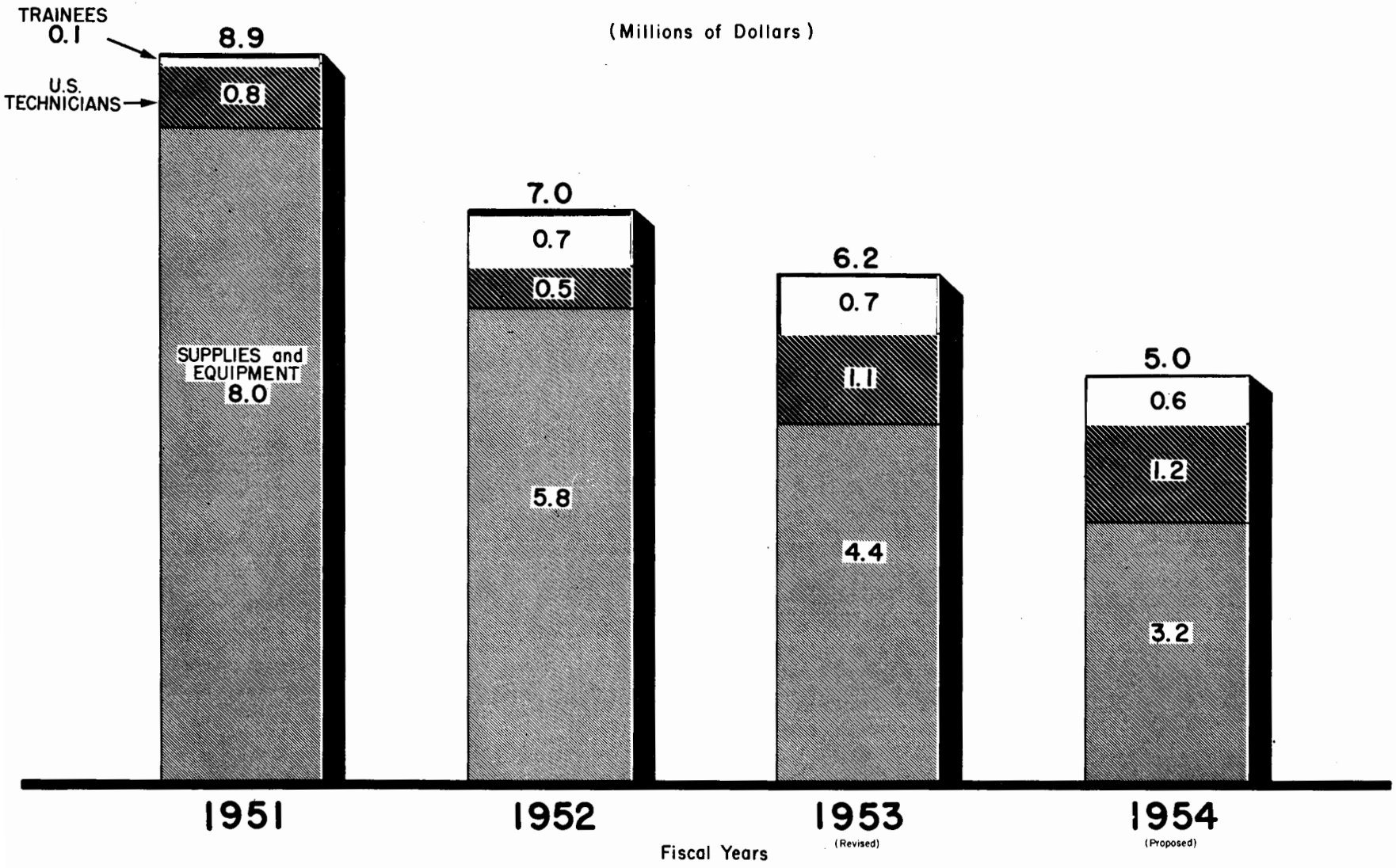
e/ Includes $1.6 million for non-contract and slightly less than $1.4 million for contract field personnel (salaries, home office back-up, and administrative support). Non-contract personnel cost reflects mean average employment permitted under targets set for 30 June 1953 and 30 June 1954 (109 and 95, respectively).

f/ Includes 127 trainees for six months each; balance for full year.

THAILAND

COUNTRY PROGRAM BY COST FACTORS

(Millions of Dollars)



THAILAND

A. CURRENT SITUATION

Political

The recent communist thrust into Laos, which borders northeastern Thailand, will dominate the overall Thai situation in FY 1954. This new threat assumes a more menacing aspect in the Thai mind in view of the establishment of a communist-sponsored "Free Thai Government" in the Chinese Province of Yunnan.

Northeast Thailand constitutes an economic depression area, where the population might be more easily disaffected than in other parts of the country. During the last few years 50,000 to 60,000 anti-French refugees from Viet Nam have increased the political instability of this region.

Economic

The balance of payments, which had formerly been favorable, became adverse in 1952 and will in all probability remain so during 1953.

The national budget has shown increasingly serious deficits in recent years due to necessary and entirely justifiable expenditures for defense, economic development, and salary increases for underpaid civil servants.

Additional expenditures required as a result of the new communist threat will now result in a far greater deficit in FY 1953 than was originally forecast. Expenditures for the Thai armed forces and national Police will almost certainly increase. It may also be found advisable to step up existing plans for the improvement of strategic transportation and communication facilities, and for economic development of the northeastern provinces.

Military

Thailand is menaced by communist raids and possible invasion on two fronts - first, along the exposed Laotian border; second, along its southern frontier which has frequently been violated by Malayan Chinese communists seeking escape from the British.

Through the Mutual Defense Assistance Program - the United States is helping to equip, train and reorganize Thailand's army, navy and air force. When this process is completed it is anticipated that Thailand can defend itself from attack by its immediate neighbors. At the present time, however, the country's military position remains critical.

B. OBJECTIVES OF THE MSA PROGRAM

The overall aim of U. S. economic aid to Thailand is to bolster the country's economy, thereby increasing its political stability and enabling it to bear the burden of an accelerated military build-up.

The present FY 1954 program is directed toward helping the Thai to:

1. Expand agricultural production, especially the output of rice.
2. Improve currently inadequate services in the fields of public health, education, public administration, transportation and power.

RELEVANT STATISTICS

	1938[a]	1951[a]	1952
GENERAL:			
Area (1,000 square miles)	--	--	200
Population (millions)	14.8	18.8	19.2
Percent literate	--	--	30-40
INCOME: NATIONAL INCOME (billion baht)	**767[b]**	**23,377[d]**	**--**
PRODUCTION OF SELECTED COMMODITIES (1,000 metric tons):	[c]	--	--
Rice (milled)	3,044.5[e]	5,080.3[f]	4,889.8[f]
Corn	4.3[e]	7.0[f]	25.4[f]
Sugar, raw centrifugal	19.1[e]	31.8[f]	31.8[f]
Cement	92.4	229.2	247.2
INTERNATIONAL TRADE AND PAYMENTS:			
Total exports (millions of baht)	204	4,476	3.529[g]
Total imports (millions of baht)	132	3,708	5,081[g]
Commodity exports (1,000 metric tons):			
Rice	1,324.8[h]	1,628.4	1,428.4
Rubber	42.4[i]	110.6	99.4
Tin concentrates	13.5	8.8	13.9
Wolfram ore	--	1.4	1.4
United States trade (millions of dollars):			
Exports to the United States	.3	137.4	98.6
Imports from the United States	3.3	49.6	58.0
Japanese trade (millions of dollars):			
Exports to Japan	1.5[j]	52.1	29.8[k]
Imports from Japan	8.4[j]	45.2	13.1[k]
Total foreign-exchange and gold reserves (in equivalent of millions of dollars)	--	325	323
Official selling rate	2.18[l]	12.55[l]	12.55[l]
Free rate	--	22.08[l]	16.69[l]
PRICES:			
Wholesale-price index (1948=100)	6[b]	107[m]	114[n]
Cost-of-living index (1948=100)	8[b]	106[m]	122[m]
PUBLIC FINANCE: DEFICIT (millions of baht)	**--**	**470**	**1,162**
MONEY AND CREDIT (millions of baht):			
Currency in circulation	145[l]	3,757[l]	3.604[o]
Deposit money	51[l]	1,413[l]	1,347[o]

[a] Unless otherwise stated.
[b] Fiscal year beginning Apr. 1 of year stated.
[c] Excludes income from construction.
[d] 1950.
[e] Average annual production 1935-39.
[f] Crop year beginning in year stated.
[g] January-November.
[h] 1936-40 average.
[i] 1939.
[j] Includes Korea and Formosa.
[k] January-June.
[l] Dec. 31 of year stated.
[m] Average for December of year stated.
[n] Average for November 1952.
[o] June 30, 1952.

3. Develop the economically depressed northeast provinces.
4. Formulate a general economic development program designed to secure broader economic opportunities for the Thai people through more effective development of the country's natural resources.

Prior to the recent heightening of communist activity in Southeast Asia, it was thought that program objectives could be effectively accomplished with new obligations of only $5 million in FY 1954 and with continued moderate assistance over a number of years in order to encourage fuller utilization of Thailand's own resources. The program now proposed was developed on this basis. The recent communist invasion of Laos and its effect on Thailand is now under study in order to determine whether this new development will necessitate a change in program emphasis, the establishment of broader objectives and goals, and a corresponding increase in the level of U. S. economic assistance in FY 1954.

C. PROGRESS IN SUPPORT OF OBJECTIVES

In view of the relatively limited funds available ECA/MSA programs have been aimed at helping the Thai to redress some of the more glaring deficiencies in their present economic and administrative organization.

In the Northeast 85,000 acres have been irrigated by canal excavation and 28,000 acres by "tank" irrigation systems, suggested by MSA experts. An additional 8,000 acres are watered by MSA-supplied pumping units mounted on Thai Government trucks, while larger pumping units, mounted on Thai river barges, water 30,000 acres near the Burma border. Work has started on a project for ditching and diking somewhat over one million acres within five years. Improved strains of rice seed have been selected by practical experiments and are now being multiplied for distribution to farmers.

In 1953 three million people, living in highly malarious areas, will be protected by DDT spraying of homes. The malaria-control program is conducted by Thai personnel trained and equipped by MSA. Help has been given to strengthen the country's two medical schools, and a Field Demonstration and Training Center has been established for in-service and pre-service training of Thai public health personnel.

As a result of MSA assistance to railway repair shops more than 1,100 freight cars were repaired in 1952, compared to only 271 in 1949. Equipment financed by MSA has helped to construct, maintain and repair over 1,500 kilometers of Thailand's 5,000 kilometers of highways. Encouraged by this demonstration, the Thai have procured over $2 million in modern equipment with their own funds and have established a new heavy equipment maintenance and operation school suggested by U.S. experts. In 1951 MSA financed a large hopper dredge to help in dredging the bar obstructing access to Bangkok Port.

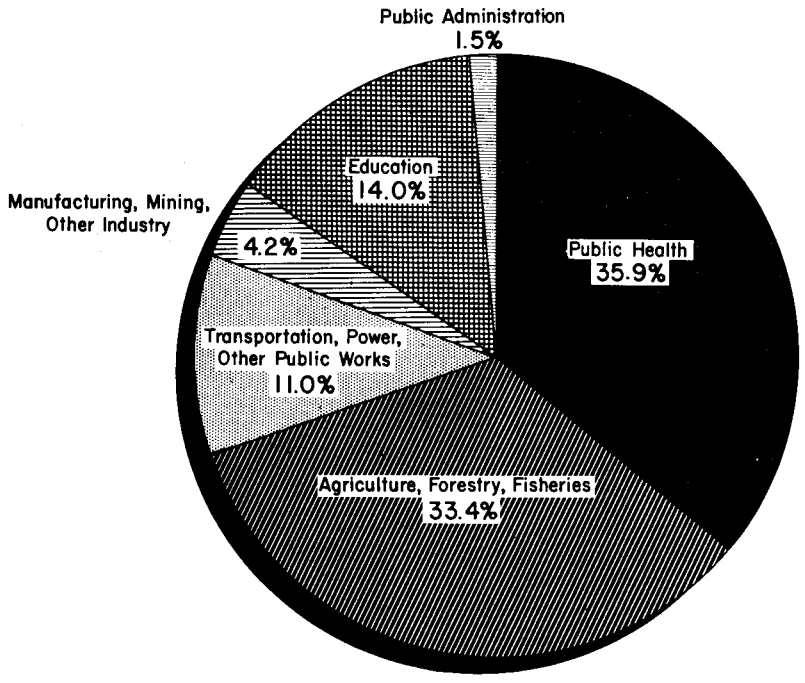
Electric generators, furnished for demonstration purposes, have ended periodic power shortages in the capital and enabled the central railway shops to operate full time. Pilot lignite mining and briquetting operations have demonstrated to the Thai that their extensive lignite deposits can produce an adequate fuel for railroads, power production, factories and homes.

A Technical Institute has been established in Bangkok while technical assistance and some power tools have been furnished for existing trade schools. MSA-financed laboratory equipment and in-service training of key personnel have helped to improve the still inadequate teacher training facilities.

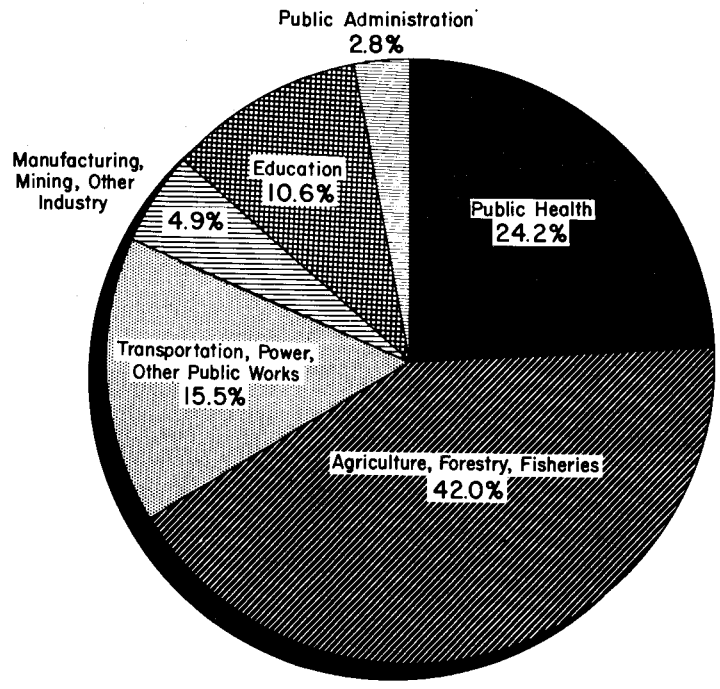
THAILAND

PERCENTAGE DISTRIBUTION BY MAJOR FIELD OF ACTIVITY

FY
1953



FY
1954



TOTAL PROGRAM COST

$6.2 MILLION
(Revised)

$5.0 MILLION
(Proposed)

As a result of a public administration survey financed by MSA, the Thai Ministry of Finance has requested two American experts to assist in implementing the team's recommendations in the field of revenue administration.

The estimated local currency cost of the MSA-assisted projects originally programmed for FY 1953 was the equivalent of $12.5 million, of which the Thai Government agreed to provide $5 million from counterpart funds and the balance from the country's own budget. The Thai Government has enthusiastically supported the program by assigning competent Thai to work on MSA-assisted projects, selecting well-qualified candidates for MSA trainee programs, and by financing the training of additional technicians with its own funds.

During the past few years Thailand has appropriated increasing amounts for development projects financed entirely with its own funds. While only 415 million baht were spent for such investments in 1949, the 1953 budget provides 1.2 billion baht for this purpose. Particularly large sums are earmarked for those fields to which ECA/MSA has paid special attention - railroads, highway construction and power.

D. CURRENT AND ANTICIPATED PROBLEMS

1. **Inadequate Incentive for Rice Production** - Increased production and export of rice continue to be handicapped by the Thai Government's rice policy under which the farmer receives for his product an amount considerably below world market prices.

2. **Budget Deficit** - Insignificant in 1950, budget deficits have become increasingly larger from 1951 through 1953. This is due to very large expenditures for defense and internal security forces, expenditures for economic development and for salary increases to underpaid civil servants. Further increases in expenditures are anticipated as a result of the new communist threat.

3. **Stepped-up Communist Activity** - The effect that the recent communist invasion of Laos may have toward discouraging the spirit of Thai enterprise and initiative in all fields of the economy cannot yet be assessed.

4. **Other Problems** - Thailand's other major economic problems may be summarized as follows: (a) lack of trained personnel and up-to-date equipment in all lines of endeavor; (b) inefficient administrative practices; and (c) an unfavorable balance of payments.

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OBLIGATIONS, EXPENDITURES AND PIPELINE[a]

Fiscal Year 1953 and 1954 Programs

(Millions of Dollars)

FY 1953	
Unliquidated Obligations 7/1/52	9.0
New Obligational Authority	6.2
Total Available for Expenditure	15.2
Estimated Expenditures[b]	6.0
Estimated Unliquidated Obligations 6/30/53	9.2
FY 1954	
Unliquidated Obligations 7/1/53	9.2
New Obligational Authority	5.0
Total Available for Expenditure	14.2
Estimated Expenditures[b]	6.9
Estimated Unliquidated Obligations 6/30/54	7.3
Liquidation of Estimated Unliquidated Obligations existing as of 6/30/54	
Estimated Expenditures: FY 1955	5.0
: FY 1956	2.0
: FY 1957	0.3

[a] Pipeline is the equivalent of unliquidated obligations.

[b] Includes expenditures applicable to prior fiscal years' obligations.

THAILAND

PROGRAM COST BY MAJOR FIELDS OF ACTIVITY

for

FISCAL YEARS 1951 THROUGH 1954

is shown in the

FOLLOWING TABLES

ACTUAL COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1951 PROGRAM

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST	NO. OF PERSONS	DOLLAR COST
1. Public Health	$2,058	$1,597	$461	30	$450	1	$11
2. Agriculture, Forestry, Fisheries	2,153	1,896	257	17	215	11	42
3. Transportation, Power, Other Public Works	3,932	3,786	146	10	146[a]	--	--
4. Manufacturing, Mining, Other Industry	622	588	34	2	30	2	4
5. General Engineering Advisory Services	--	--	--	--	--	--	--
6. Education	--	--	--	--	--	--	--
7. Public Administration	--	--	--	--	--	--	--
8. Other Projects	--	--	--	--	--	--	--
9. Maintenance of Essential Supply	--	--	--	--	--	--	--
TOTAL COST OF PROGRAM	**$8,876[b]**	**$7,978[b]**	**$898**	**59**	**$841**	**14**	**$57**

[a] Includes $40,000 for contract with U.S. engineering firm.
[b] Includes $111,000 for ocean freight not allocable by activity fields.

ACTUAL COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1952 PROGRAM

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST	NO. OF PERSONS	DOLLAR COST
1. Public Health	$2,494	$2,210	$ 284	--	$ (8)[a]	60	$292
2. Agriculture, Forestry, Fisheries	2,936	2,537	399	19	278	29	121
3. Transportation, Power, Other Public Works	576	456	120	4	26	16	94
4. Manufacturing, Mining, Other Industry	457	404	53	3	5	11	48
5. General Engineering Advisory Services	--	--	--	--	--	--	--
6. Education	469	256	213	7	187	7	26
7. Public Administration	121	--	121	3	30	18	91
8. Other Projects	--	--	--	--	--	--	--
9. Maintenance of Essential Supply	--	--	--	--	--	--	--
TOTAL COST OF PROGRAM	**$6,994[b]**	**$5,804[b]**	**$1,190**	**36**	**$518**	**141**	**$672**

[a] Indicates decrease resulting from deobligation during FY 1952 against FY 1951 obligation.
[b] Includes credit of $59,000 against FY 1951 obligation for ocean freight not allocable by activity fields.

ESTIMATED COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1953 PROGRAM (Revised)

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST a/	NO. OF PERSONS	DOLLAR COST b/
1. Public Health	$2,225	$1,675	$ 550	22	$ 335 c/	43	$215
2. Agriculture, Forestry, Fisheries	2,075	1,515	560	29	315	51	245
3. Transportation, Power, Other Public Works	680	475	205	6	90	23	115
4. Manufacturing, Mining, Other Industry	260	210	50	1	15	7	35
5. General Engineering Advisory Services	--	--	--	--	--	--	--
6. Education	865	495	370	20	270	20	100
7. Public Administration	95	--	95	2	45 d/	10	50
8. Other Projects	--	--	--	--	--	--	--
9. Maintenance of Essential Supply	--	--	--	--	--	--	--
TOTAL COST OF PROGRAM	**$6,200**	**$4,370**	**$1,830**	**80 e/**	**$1,070**	**154 f/**	**$760**

a/ Calculated as follows: MSA foreign service and PHS personnel at $15,000 per man-year; contract personnel at stipulated or estimated cost per contract (estimates based on experience or other available cost data).

b/ Calculated at $5,000 per trainee for full year.

c/ Includes $125,000 for continuation of contract with Washington University of St. Louis.

d/ Includes pay of contract field personnel, home office back-up, and administrative support.

e/ Includes 6 contract and 74 non-contract personnel in field during course of year -- 53 for full year and 21 for periods of six months or less. As of 30 June 1953, however, contract and non-contract personnel combined will total 72 (the employment target for that date).

f/ Includes 2 trainees for period of eight months each; 6 for periods of six months or less; balance for full year.

ESTIMATED COST BY MAJOR FIELD OF ACTIVITY

(In thousands of dollars)

FISCAL YEAR 1954 PROGRAM (Proposed)

MAJOR FIELD OF ACTIVITY	DOLLAR COST			SERVICES			
				U.S. TECHNICIANS		TRAINEES	
	TOTAL	SUPPLIES & EQUIPMENT	SERVICES	NO. OF PERSONS	DOLLAR COST[a]	NO. OF PERSONS	DOLLAR COST[b]
1. Public Health	$1,210	$ 745	$ 465	21	$ 365[c]	20	$ 100
2. Agriculture, Forestry, Fisheries	2,100	1,510	590	28	365[d]	45	225
3. Transportation, Power, Other Public Works	775	585	190	8	120	14	70
4. Manufacturing, Mining, Other Industry	245	200	45	1	15	6	30
5. General Engineering Advisory Services	--	--	--	--	--	--	--
6. Education	530	145	385	20	300	17	85
7. Public Administration	140	--	140	5	90[e]	10	50
8. Other Projects	--	--	--	--	--	--	--
9. Maintenance of Essential Supply	--	--	--	--	--	--	--
TOTAL COST OF PROGRAM	**$5,000**	**$3,185**	**$1,815**	**83[f]**	**$1,255[g]**	**112**	**$ 560**

a/ Calculated as follows: MSA foreign service and PHS personnel at $15,000 per man-year; contract personnel at stipulated or estimated cost per contract (estimates based on experience or other available cost data).

b/ Calculated at $5,000 per trainee for full year.

c/ Includes $125,000 for continuation of contract with Washington University of St. Louis.

d/ Includes $50,000 for proposed contract with Oregon State College.

e/ Includes $45,000 for continuation of public administration contract.

f/ Includes 9 contract and 74 non-contract personnel in field during course of year -- 61 for full year and 13 for shorter periods. As of 30 June 1954, however, contract and non-contract personnel combined will total 73 (the employment target for that date).

g/ Includes slightly more than $1.0 million for non-contract and $220,000 for contract field personnel (salaries, home office back-up, and administrative support). Aggregate cost reflects mean average employment permitted under personnel targets set for 30 June 1953 and 30 June 1954 (72 and 73, respectively).

APPENDIX

Page

A. FAR EAST AREA — FISCAL YEAR 1953 OBLIGATION SUMMARY

BY COMMODITY BREAKDOWN AND COUNTRY OF DESTINATION 67

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FAR EAST AREA -- OBLIGATION SUMMARY

BY COMMODITY BREAKDOWN AND COUNTRY OF DESTINATION

FISCAL YEAR 1953

(July 1, 1952 - March 31, 1953[a])

(Thousands of Dollars)

COMMODITY GROUP	TOTAL	COUNTRY OF DESTINATION				GENERAL[b] ACCOUNT
		CHINA (FORMOSA)	INDOCHINA[c] ASSOCIATED STATES	PHILIPPINES	THAILAND	
GRAND TOTAL	**$125,685**	**$73,869**	**$37,415**	**$11,226**	**$3,024**	**$151**
Commodity Total	116,121	69,511	35,355	9,275	1,979	--
Food and Agricultural Commodities	48,688	41,142	3,477	3,615	454	--
Industrial Commodities	67,479	28,362	31,915	5,703	1,499	--
Unclassified Commodities	28	32	-30	--	26	--
Unclassified Commodity Reductions	-75	-25	-7	-43	--	--
Technical Services	169	652	-85	57	-50	-406
Technical Assistance	4,522	672	443	1,889	1,089	429
Ocean Freight	4,874	3,034	1,701	5	5	128
COMMODITY DETAIL						
FOOD, FEED, AND FERTILIZER	**32,975**	**28,274**	**614**	**3,632**	**454**	**--**
Fertilizer	17,506	12,831	598	3,624	452	--
Nitrogenous	*13,499*	*10,038*	*645*	*2,307*	*508*	--
Potash	*2,294*	*2,292*	--	--	*2*	--
Phosphate	*1,713*	*501*	*-47*	*1,317*	*-58*	--
Fats and Oils	8,992	8,967	25	--	--	--
Soybeans	*8,494*	*8,494*	--	--	--	--
Soybean Oil	*358*	*358*	--	--	--	--
Tallow	*115*	*115*	--	--	--	--
Linseed Oil	*25*	--	*25*	--	--	--
Bread Grains	5,755	5,755	--	--	--	--
Wheat	*3,660*	*3,660*	--	--	--	--
Wheat Flour	*2,095*	*2,095*	--	--	--	--
Fish and Fish Products, except Fish Oil and Meal	718	718	--	--	--	--
Meat (Live Animals for Slaughter)	13	--	--	13	--	--
Seeds, Other than Oilseeds	-1	3	-3	--	-1	--
Eggs	-2	--	--	-5	3	--
Sugar, Raw or Refined	-6	--	-6	--	--	--
FUEL	**11,840**	**4,437**	**7,403**	**--**	**--**	**--**
Petroleum and Products	11,840	4,437	7,403	--	--	--
RAW MATERIALS AND SEMIFINISHED PRODUCTS	**32,432**	**25,176**	**6,286**	**1,119**	**-149**	**--**
Raw Cotton, except Linters	15,743	12,859	2,885	-1	--	--
Fabricated Basic Textiles	8,532	8,444	35	57	-4	--
Iron and Steel Mill Materials and Products, including Ferro-alloys.	5,155	2,093	3,047	222	-208	--
Chemicals and Related Products	2,272	1,070	364	790	48	--
Pesticides	*1,232*	*236*	*294*	*513*	*189*	--
Medicinal and Pharmaceutical Preparations	*267*	*229*	*58*	*114*	*-134*	--
Industrial Chemicals, except Alcohol	*-102*	*-42*	*-59*	*1*	*-2*	--
Other	*876*	*647*	*71*	*163*	*-4*	--

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

[a] Data represent net authorizations during the period - increases less decreases; negative figures occur when the value of all decreases is greater than the value of all increases.

[b] For services provided by United States Public Health Service and Emergency Procurement Service, not assignable to a specific country.

[c] Includes $-1 thousand of Mutual Defense Assistance Program funds.

FAR EAST AREA -- OBLIGATION SUMMARY
BY COMMODITY BREAKDOWN AND COUNTRY OF DESTINATION
FISCAL YEAR 1953
(July 1, 1952 - March 31, 1953[a])
(Thousands of Dollars)

COMMODITY GROUP	TOTAL	COUNTRY OF DESTINATION				GENERAL[b] ACCOUNT
		CHINA (FORMOSA)	INDOCHINA[c] ASSOCIATED STATES	PHILIPPINES	THAILAND	
RAW MATERIALS AND SEMIFINISHED PRODUCTS - Continued						
Nonferrous Metals and Products	$ 548	$ 385	$ 150	$ 12	$ 1	$ --
Copper	*337*	*185*	*151*	--	*1*	--
Brass and Bronze	*150*	*169*	*-1*	*-18*	--	--
Lead	*143*	*115*	--	*28*	--	--
Aluminum	*3*	*3*	--	--	--	--
Tin	*-10*	*-12*	--	2	--	--
Zinc	*-118*	*-116*	--	-2	--	--
Other, Including Precious Metals	*43*	*41*	--	2	--	--
Pulp and Paper	465	468	-79	68	8	--
Hides, Skins, and Leather	340	352	--	-12	--	--
Metallic Ores and Concentrates	41	44	--	-3	--	--
Naval Stores	8	8	--	--	--	--
Lumber and Lumber Manufactures	-148	-149	--	1	--	--
Nonmetallic Minerals	-169	-44	-117	-15	6	--
Miscellaneous Fiber Products	-354	-355	--	1	--	--
MACHINERY AND VEHICLES	**34,222**	**11,176**	**17,327**	**4,218**	**1,501**	--
Machinery and Equipment	21,747	9,226	9,304	2,323	894	--
Construction, Mining, and Conveying Equipment	*4,823*	*3*	*3,466*	*1,138*	*216*	--
Electrical Apparatus, except Generators and Motors	*4,246*	*2,035*	*2,203*	*-68*	*76*	--
Generators and Motors	*3,427*	*1,469*	*1,706*	*119*	*133*	--
Engines and Turbines	*3,045*	*1,762*	*848*	*369*	*65*	--
Machine Tools	*1,469*	*760*	*171*	*328*	*210*	--
Metalworking Machinery, except Machine Tools	*74*	*13*	*-15*	*59*	*17*	--
Industrial Machinery, N.E.C.	*3,986*	*3,153*	*573*	*68*	*191*	--
Agricultural Machinery, except Tractors	*992*	*30*	*998*	*12*	*-47*	--
Tractors, All Types	*384*	--	*53*	*298*	*32*	--
Motor Vehicles, Engines, and Parts	8,903	751	6,590	960	602	--
Aircraft, Engines, and Parts	1,686	--	1,686	--	--	--
Other Transportation Equipment	1,885	1,199	-253	935	5	--
Railroad Transportation Equipment and Parts	*1,321*	*1,008*	*300*	--	*13*	--
Vessels and Equipment	*564*	*191*	*-553*	*935*	*-8*	--
MISCELLANEOUS AND UNCLASSIFIED	**4,652**	**447**	**3,726**	**306**	**172**	--
Scientific and Professional Instruments	1,717	77	1,552	36	53	--
Rubber and Rubber Products	1,400	316	913	171	--	--
Miscellaneous Industrial Commodities	1,619	47	1,320	157	94	--
Miscellaneous Iron and Steel Manufactures	*879*	*20*	*998*	*-96*	*-44*	--
Other	*740*	*27*	*322*	*253*	*138*	--
Miscellaneous Inedible Animal and Vegetable Products	-16	--	--	-16	--	--
Tobacco	-22	--	-22	--	--	--
Unclassified Commodities	28	32	-30	--	26	--
Unclassified Commodity Reductions	-75	-25	-7	-43	--	--

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

[a] Data represent net authorizations during the period - increases less decreases; negative figures occur when the value of all decreases is greater than the value of all increases.

[b] For services provided by United States Public Health Service and Emergency Procurement Service, not assignable to a specific country.

[c] Includes $-1 thousand of Mutual Defense Assistance Program funds.

FAR EAST AREA -- OBLIGATION SUMMARY
BY COMMODITY BREAKDOWN AND AREA OF SOURCE
FISCAL YEAR 1953
(July 1, 1952 - March 31, 1953[a])
(Thousands of Dollars)

COMMODITY GROUP	TOTAL	AREA OF SOURCE					WORLD-WIDE[b] SOURCE
		UNITED STATES	CANADA	LATIN AMERICA	EUROPEAN PARTICIPATING (OEEC) COUNTRIES	OTHER COUNTRIES	
GRAND TOTAL	$125,685[c]						
Commodity Total	116,121	$51,513	$2,841	$1,051	$17,812	$7,730	$35,248
Food and Agricultural Commodities	48,688	23,984	2,054	393	12,967	3,178	6,112
Industrial Commodities	67,479	27,475	787	658	4,841	4,582	29,136
Unclassified Commodities	28	54	--	--	4	-30	--
Unclassified Commodity Reductions	-75	*	*	*	*	*	*
Technical Services	169	169	--	--	--	--	--
Technical Assistance	4,522	4,522	--	--	--	--	--
Ocean Freight	4,874	*	*	*	*	*	*
COMMODITY DETAIL							
FOOD, FEED, AND FERTILIZER	**32,975**	**8,247**	**2,054**	**393**	**12,967**	**3,201**	**6,112**
Fertilizer	17,506	-6,506	836	--	12,967	4,097	6,112
Nitrogenous	*13,499*	*-8,200*	*836*	--	*11,375*	*4,097*	*5,390*
Potash	*2,294*	*1,812*	--	--	*482*	--	--
Phosphate	*1,713*	*-119*	--	--	*1,110*	--	*722*
Fats and Oils	8,992	8,992	--	--	--	--	--
Soybeans	*8,494*	*8,494*	--	--	--	--	--
Soybean Oil	*358*	*358*	--	--	--	--	--
Tallow	*115*	*115*	--	--	--	--	--
Linseed Oil	*25*	*25*	--	--	--	--	--
Bread Grains	5,755	5,755	--	--	--	--	--
Wheat	*3,660*	*3,660*	--	--	--	--	--
Wheat Flour	*2,095*	*2,095*	--	--	--	--	--
Fish and Fish Products, except Fish Oil and Meal	718	--	1,218	--	--	-500	--
Meat (Live Animals for Slaughter)	13	13	--	--	--	--	--
Seeds, Other than Oilseeds	-1	-4	--	--	--	3	--
Eggs	-2	-2	--	--	--	--	--
Sugar, Raw or Refined	-6	--	--	393	--	-399	--
FUEL	**11,840**	**7,780**	**--**	**180**	**--**	**3,367**	**513**
Petroleum and Products	11,840	7,780	--	180	--	3,367	513
RAW MATERIALS AND SEMIFINISHED PRODUCTS	**32,432**	**16,822**	**780**	**478**	**4,587**	**805**	**8,961**
Raw Cotton, except Linters	15,743	15,743	--	--	--	--	--
Fabricated Basic Textiles	8,532	-857	--	--	4,064	1,281	4,043
Iron and Steel Mill Materials and Products, including Ferro-alloys	5,155	1,680	685	--	67	-311	3,034
Chemicals and Related Products	2,272	878	--	--	340	-4	1,059
Pesticides	*1,232*	*932*	--	--	--	--	*300*
Medicinal and Pharmaceutical Preparations	*267*	*-594*	--	--	*340*	*12*	*509*
Industrial Chemicals, except Alcohol	*-102*	*-102*	--	--	--	--	--
Other	*876*	*642*	--	--	--	*-16*	*250*

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

[a] Data represent net authorizations during the period - increases less decreases; negative figures occur when the value of all decreases is greater than the value of all increases.

[b] Procurement authorizations issued with "World-Wide Source," except for the exclusion of the recipient country itself and the Communist-dominated areas. These authorizations will be identified as "World-Wide Source" until they are closed, at which time the actual source countries will be determined.

[c] Includes $-1 thousand for authorizations issued by ECA with Mutual Defense Assistance Program funds.

* Not available.

FAR EAST AREA -- OBLIGATION SUMMARY
BY COMMODITY BREAKDOWN AND AREA OF SOURCE
FISCAL YEAR 1953
(July 1, 1952 - March 31, 1953[a])
(Thousands of Dollars)

COMMODITY GROUP	TOTAL	AREA OF SOURCE					WORLD-WIDE[b] SOURCE
		UNITED STATES	CANADA	LATIN AMERICA	EUROPEAN PARTICIPATING (OEEC) COUNTRIES	OTHER COUNTRIES	
RAW MATERIALS AND SEMIFINISHED PRODUCTS - Continued							
Nonferrous Metals and Products	$ 548	$ -364	$95	$ --	$ 84	$ 57	$ 677
Copper	*337*	*-289*	--	--	*57*	*28*	*540*
Brass and Bronze	*150*	*-5*	--	--	--	*45*	*110*
Lead	*143*	*106*	*23*	--	--	*14*	--
Aluminum	*3*	*-69*	*72*	--	--	--	--
Tin	*-10*	*-5*	--	--	*26*	*-31*	--
Zinc	*-118*	*-118*	--	--	--	--	--
Other, Including Precious Metals	*43*	*16*	--	--	--	--	*27*
Pulp and Paper	465	384	--	--	7	19	55
Hides, Skins, and Leather	340	348	--	478	--	-486	--
Metallic Ores and Concentrates	41	-26	--	--	--	-10	77
Naval Stores	8	8	--	--	--	--	--
Lumber and Lumber Manufactures	-148	-556	--	--	--	408	--
Nonmetallic Minerals	-169	-62	--	--	25	-149	16
Miscellaneous Fiber Products	-354	-354	--	--	--	--	--
MACHINERY AND VEHICLES	**34,222**	**18,237**	**5**	**--**	**238**	**227**	**15,514**
Machinery and Equipment	21,747	14,071	5	--	18	131	7,522
Construction, Mining, and Conveying Equipment	*4,823*	*2,967*	--	--	*6*	*3*	*1,846*
Electrical Apparatus, except Generators and Motors	*4,246*	*1,964*	*5*	--	--	*2*	*2,275*
Generators and Motors	*3,427*	*1,719*	--	--	--	*-31*	*1,739*
Engines and Turbines	*3,045*	*2,330*	--	--	*7*	*8*	*700*
Machine Tools	*1,469*	*687*	--	--	--	--	*782*
Metalworking Machinery, except Machine Tools	*74*	*74*	--	--	--	--	--
Industrial Machinery, N.E.C.	*3,986*	*3,664*	--	--	*5*	*155*	*162*
Agricultural Machinery, except Tractors	*292*	*266*	--	--	--	*9*	*18*
Tractors, All Types	*384*	*399*	--	--	--	*-16*	--
Motor Vehicles, Engines, and Parts	8,903	3,291	--	--	-2	--	5,614
Aircraft, Engines, and Parts	1,686	-64	--	--	--	--	1,750
Other Transportation Equipment	1,885	940	--	--	221	97	628
Railroad Transportation Equipment and Parts	*1,321*	*800*	--	--	*221*	--	*300*
Vessels and Equipment	*564*	*140*	--	--	--	*97*	*328*
MISCELLANEOUS AND UNCLASSIFIED	**4,652**	**427**	**2**	**--**	**21**	**129**	**4,148**
Scientific and Professional Instruments	1,717	39	--	--	-39	46	1,670
Rubber and Rubber Products	1,400	327	2	--	1	--	1,070
Miscellaneous Industrial Commodities	1,619	21	--	--	54	136	1,408
Miscellaneous Iron and Steel Manufactures	*879*	*-325*	--	--	--	*130*	*1,074*
Other	*740*	*346*	--	--	*54*	*6*	*334*
Miscellaneous Inedible Animal and Vegetable Products	-16	8	--	--	--	-24	--
Tobacco	-22	-22	--	--	--	--	--
Unclassified Commodities	28	54	--	--	4	-30	--
Unclassified Commodity Reductions	-75	*	*	*	*	*	*

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

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* Not available.

STRENGTH FOR THE
FREE WORLD
FROM THE
UNITED STATES OF AMERICA

4863 5/18/53