

# MUTUAL SECURITY PROGRAM

**Volume I**

**ESTIMATES**

**Fiscal Year 1955**

**Summary**

BEST AVAILABLE

A

MUTUAL SECURITY PROGRAM

TABLE OF CONTENTS

VOLUME I

	<u>Page No.</u>		<u>Page No.</u>
<b><u>SECTION I</u></b>			
Analysis of FY 1955 Appropriation Request . . . . .	2	World-Wide Summary of Obligations of Materiel by Major Category - Department of the Air Force . . . . .	26
Distribution of FY 1955 Program by Region, Country, Title and Function . . . . .	6	Interdepartmental Activities, OSD, Summary of Obligations by Activity . . . . .	27
Reduced Costs of Mutual Security Program - Chart . . . .	8	World-Wide Summary of Obligations of Training by Category . . . . .	28
<b><u>SECTION II</u></b>			
Estimated Obligations in FY 1955 and FY 1955 Appropriation Request . . . . .	9	Chapter 2 - Southeast Asia and the Western Pacific, and Direct Forces Support  Comparative Summary of Obligations by Activity . . .	29
Comparative Summary of Obligations by Titles, Function and Major Activity . . . . .	10	Chapter 3 - Defense Support  Comparative Summary of Obligations by Activity . . .	31
Surplus Agricultural Commodity Program in FY 1954 . . . .	16	Title II - Development Assistance  Comparative Summary of Obligations by Activity . . .	33
FY 1954 and FY 1955 Obligations by Function - Chart . . .	17	Title III - Technical Cooperation  Comparative Summary of Obligations by Activity . . .	35
Title I - Mutual Defense Assistance  Comparative Summary of Obligations by Chapters . . .	18	Title IV - Other Programs  Comparative Summary of Program Obligations . . . . .	37
Chapter 1 - Military Assistance  Obligations - World-Wide . . . . .	19	<b><u>SECTION III</u></b>	
World-Wide Summary of Obligations by Major Activity . . . . .	22	Analysis of Obligations and Expenditures Status of Obligations . . . . .	39
World-Wide Summary of Obligations of Materiel by Major Category for All Services . . . . .	23	Status of Expenditures . . . . .	40
World-Wide Summary of Obligations of Materiel by Major Category - Department of the Army . . . . .	24		
World-Wide Summary of Obligations of Materiel by Major Category - Department of the Navy . . . . .	25		

**AUTHORIZATION AND APPROPRIATION REQUEST**

## ANALYSIS OF 1955 APPROPRIATION REQUEST BY TITLE AND SECTION OF THE MUTUAL SECURITY ACT OF 1954

Title and Section	Executive Branch Request for Appropriation Authority	Action by House Foreign Affairs Com- mittee 6/24/54	Passed by House HR 9678 6/30/54	Appropriations Requests for FY 1955
<b>Title I - Mutual Defense Assistance:</b>				
<b>Chapter I - Military Assistance</b>				
Sec. 103 - General Authorization	1,430,300,000	1,430,300,000	1,430,300,000	1,430,300,000
Sec. 104 - Infrastructure	321,000,000 <sup>a/</sup>	321,000,000	321,000,000	122,700,000
Sec. 105 - Development of Weapons of Advanced Design	27,000,000	27,000,000	-	27,000,000
<b>Total Chapter I</b>	<b>1,778,300,000</b>	<b>1,778,300,000</b>	<b>1,751,300,000</b>	<b>1,580,000,000</b>
<b>Chapter II - Southeast Asia, and the Western Pacific, and Direct Forces Support:</b>				
Sec. 121 - Southeast Asia and the Western Pacific	800,000,000	800,000,000	800,000,000	800,000,000
Sec. 122 - Production for Forces Support	75,000,000	75,000,000	-	75,000,000
Sec. 123 - Common-Use Items	70,000,000	70,000,000	70,000,000	70,000,000
<b>Total Chapter II</b>	<b>945,000,000</b>	<b>945,000,000</b>	<b>870,000,000</b>	<b>945,000,000</b>
<b>Chapter III - Defense Support:</b>				
<b>Sec. 131 (b):</b>				
(1) Europe (excluding Greece and Turkey)	77,500,000	45,000,000	45,000,000	77,500,000
(2) Near East, Africa & South Asia (incl. Greece & Turkey)	61,850,000	81,850,000 <sup>c/</sup>	81,850,000 <sup>c/</sup>	81,850,000 <sup>c/</sup>
(3) Far East and the Pacific	84,060,000	96,430,000 <sup>d/</sup>	96,430,000 <sup>d/</sup>	96,430,000 <sup>d/</sup>
<b>Sec. 132:</b>				
(a) Korean Program	230,000,000	230,000,000	230,000,000	230,000,000
(c) United Nations Korean Reconstruction Agency	11,300,000	11,300,000	11,300,000	3,452,615
<b>Total Chapter III</b>	<b>464,710,000</b>	<b>464,580,000</b>	<b>464,580,000</b>	<b>489,232,615</b>
<b>TOTAL TITLE I</b>	<b>3,188,010,000</b>	<b>3,187,880,000</b>	<b>3,085,880,000</b>	<b>3,014,232,615</b>
<b>Title II - Development Assistance:</b>				
<b>Sec. 201 (a):</b>				
(1) Near East and Africa	160,000,000 <sup>b/</sup>	130,000,000	130,000,000	130,000,000
(2) South Asia	105,000,000	85,000,000 <sup>c/</sup>	85,000,000 <sup>c/</sup>	85,000,000 <sup>c/</sup>
(-) Far East and the Pacific	12,370,000	- <sup>d/</sup>	- <sup>d/</sup>	- <sup>d/</sup>
(3) American Republics	9,000,000	9,000,000	9,000,000	9,000,000
<b>TOTAL TITLE II</b>	<b>286,370,000</b>	<b>224,000,000</b>	<b>224,000,000</b>	<b>224,000,000</b>

<b>Title III - Technical Cooperation:</b>				
Sec. 303 - Authorization	112,070,000	112,070,000	112,070,000	112,070,000
Sec. 305 - Multilateral Technical Cooperation:				
(a) United Nations Expanded Program of Technical Assistance	17,958,000	17,958,000	17,958,000	17,958,000
(b) Organization of American States	1,500,000	1,500,000	1,500,000	1,500,000
<b>TOTAL TITLE III</b>	<b>131,528,000</b>	<b>131,528,000</b>	<b>131,528,000</b>	<b>131,528,000</b>
<b>Title IV - Other Programs:</b>				
Sec. 403 - Special Assistance in Joint Control Areas		25,000,000 <sup>e/</sup>	25,000,000 <sup>e/</sup>	-
Sec. 405 - Movement of Migrants and Refugees:				
(a) Intergovernmental Committee for European Migration (ICEM)	11,700,000	11,700,000	11,700,000	11,189,190
(c) United Nations Refugee Emergency Fund	500,000	500,000	500,000	500,000
Sec. 406 - Children's Welfare	13,500,000	13,500,000	13,500,000	13,500,000
Sec. 407 - Palestine Refugees in the Near East	-	30,000,000 <sup>f/</sup>	30,000,000 <sup>f/</sup>	-
Sec. 408 - North Atlantic Treaty Organization	3,200,000	3,200,000	3,200,000	3,200,000
Sec. 409 - Ocean Freight Charges	4,400,000	4,400,000	4,400,000	4,400,000
Sec. 410 - Control Act Expenses	1,300,000	1,300,000	1,300,000	1,300,000
Sec. 411 - Administrative Expenses (Other than Title I - Chapter 1)	35,900,000	35,900,000	35,900,000	35,241,000
<b>TOTAL TITLE IV</b>	<b>70,500,000</b>	<b>125,500,000</b>	<b>125,500,000</b>	<b>69,330,190</b>
<b>GRAND TOTAL - ALL TITLES</b>	<b>3,676,408,000</b>	<b>3,668,908,000</b>	<b>3,566,908,000</b>	<b>3,439,090,805</b>

- a/ Although \$321 million authority has been requested it was contemplated that only \$122.7 million appropriation would be requested for 1955.
- b/ Includes \$30 million authorization for UNWRA for which no appropriation is requested at this time; authorized under Title IV - Other Programs - Sec. 407 of House bill.
- c/ Change from Executive Branch request represents functional adjustment - no change in total funds, \$20 million added to Defense Support, Near East, Africa and S.A. and \$20 million excluded from Development Assistance - South Asia.
- d/ Change from Executive Branch request represents functional adjustment - no change in total funds, \$12,370,000 added to Defense Support, Far East and the Pacific and a similar amount excluded from Development Assistance - Far East and the Pacific.
- e/ In the Executive Branch authorization and appropriation request this item has been included in Chapter III - Defense Support - Europe, Sec. 131(b)(1).
- f/ In the Executive Branch authorization request this item was included in Title II - Development Assistance, Sec. 201(a)(1).

**DISTRIBUTION OF FY 1955 PROGRAM**

DISTRIBUTION OF FY 1955 PROGRAM

By Region, Country, Title and Function

(In millions of dollars)

Region and Country	Title I - Mutual Defense Assistance				Title II Development Assistance	Title III Technical Cooperation	Title IV Other Programs	Total	
	Chapter 1 Military Assistance	Chapter 2		Chapter 3 Defense Support					Title I Total
		S.E.Asia, the Western Pacific and Direct Forces Support							
<b>TOTAL, ALL REGIONS AND COUNTRIES</b>	1,580.0	945.0	489.3	3,014.3	224.0	131.5	69.3	3,439.1	
<b>EUROPE - TOTAL</b>	742.9	95.0	77.5	915.4				915.4	
Belgium-Luxembourg	26.4			26.4				26.4	
Denmark	11.9			11.9				11.9	
France	19.8			19.8				19.8	
Netherlands	28.4			28.4				28.4	
Norway	8.8			8.8				8.8	
Portugal	8.9			8.9				8.9	
Spain	73.7			73.7				73.7	
United Kingdom	162.6			162.6				162.6	
Undistributed by Country	402.5	95.0	77.5	575.0				575.0	
<b>NEAR EAST, AFRICA AND SOUTH ASIA - TOTAL</b>	181.2	25.0	81.9	288.1	215.0	66.0		569.1	
Afghanistan						1.6		1.6	
Egypt						4.4		4.4	
Ethiopia						1.5		1.5	
Greece			15.0	15.0				15.0	
India					85.0	19.5		104.5	
Iran						10.0		10.0	
Iraq						2.2		2.2	
Israel						1.4		1.4	
Jordan						2.2		2.2	
Lebanon						2.5		2.5	
Liberia						1.3		1.3	
Libya						1.4		1.4	
Nepal						0.8		0.8	
Pakistan			20.0	20.0		6.7		26.7	
Saudi Arabia						1.7		1.7	
Turkey		25.0	45.0	70.0				70.0	
Dependent Overseas Territories						5.4		5.4	
Undistributed by Country	181.2		1.9	183.1	130.0	3.4		316.5	
<b>PAR EAST - TOTAL</b>	583.6	825.0	329.9	1,738.5		22.5		1,761.0	
China (Formosa)		25.0	62.6	87.6		2.4		90.0	
Indochina	308.1	800.0	21.5	1,129.6		3.5		1,133.1	
Indonesia						4.0		4.0	
Korea			230.0	230.0				230.0	
Philippines			12.4	12.4		7.6		20.0	
Thailand						5.0		5.0	
Undistributed by Country	275.5			275.5				275.5	
UN Korean Reconstruction Agency (UNKRA)			3.4	3.4				3.4	

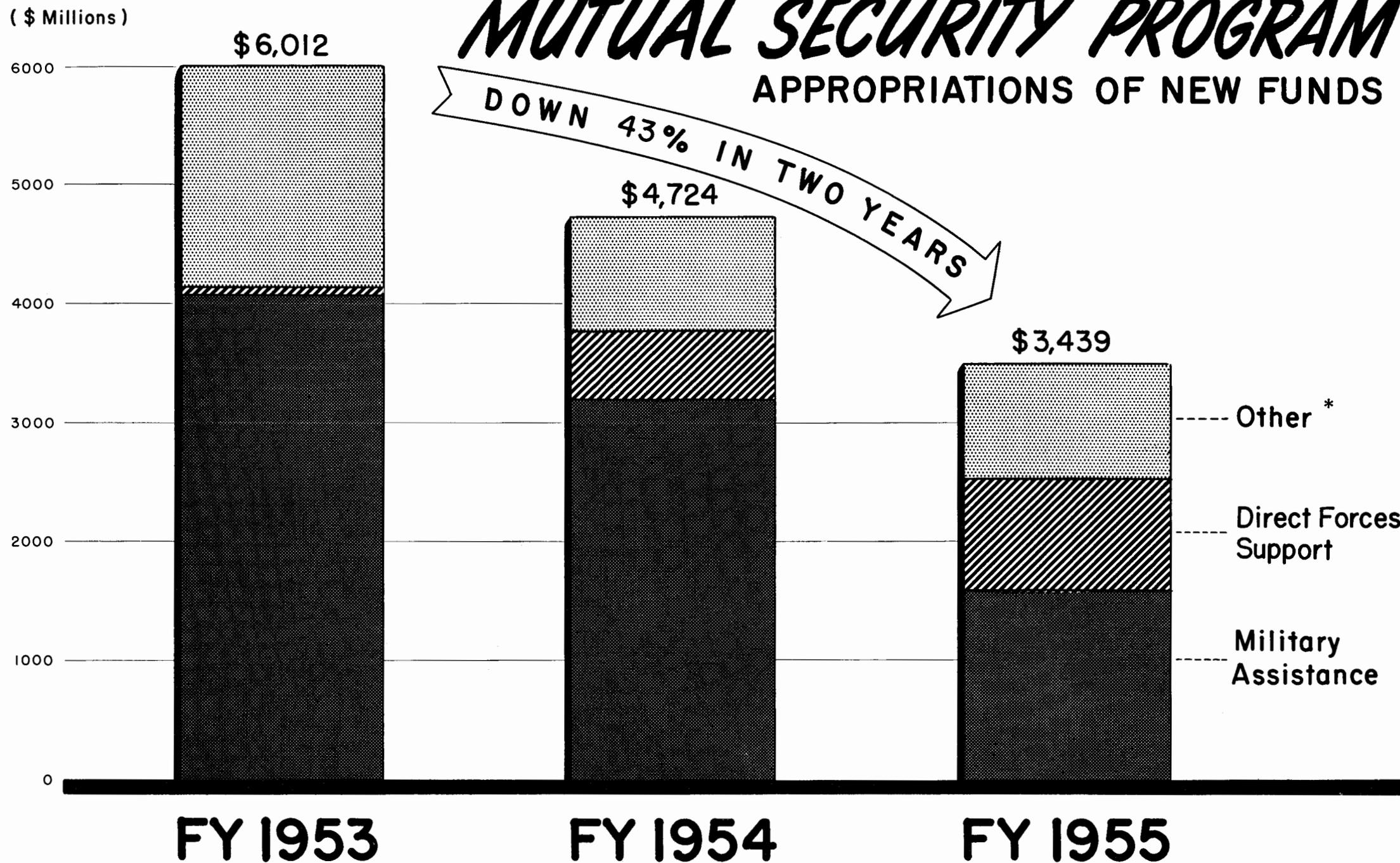
<u>LATIN AMERICA - TOTAL</u>	13.0	13.0	9.0	25.0	47.0
Bolivia			9.0	1.6	10.6
Brazil				3.6	3.6
Chile				1.5	1.5
Colombia				1.3	1.3
Costa Rica				0.9	0.9
Cuba				0.3	0.3
Dominican Republic				0.4	0.4
Ecuador				1.2	1.2
El Salvador				0.9	0.9
Guatemala				0.2	0.2
Haiti				1.1	1.1
Honduras				0.9	0.9
Mexico				1.0	1.0
Nicaragua				0.7	0.7
Panama				1.1	1.1
Paraguay				1.2	1.2
Peru				1.8	1.8
Uruguay				0.4	0.4
Venezuela				0.2	0.2
Dependent Overseas Territories				0.4	0.4
Undistributed by Country	13.0	13.0		2.8	15.8
Organization of American States (OAS)				1.5	1.5
<u>NON-REGIONAL PROGRAMS - TOTAL</u>	59.3	59.3		18.0	69.3
Weapons of Advanced Design	27.0	27.0			27.0
Administrative Expenses (Title I - Chapter 1)	25.8	25.8			25.8
United Nations Expanded Program of Technical Assistance (UNTA)				18.0	18.0
Intergovernmental Committee for European Migration (ICEM)					11.2
U.N. Refugee Emergency Fund					0.5
Children's Welfare					13.5
NATO (Civilian Headquarters)					3.2
Ocean Freight Charges (Voluntary Relief Shipments)					4.4
Control Act Expenses					1.3
Administrative Expenses (Other than Title I - Chapter 1)					35.2
Escapee Program	6.5	6.5			6.5

NOTE: Amounts in columns are derived from unrounded figures and do not in all cases add to the totals.

# REDUCED COSTS OF

# MUTUAL SECURITY PROGRAM

APPROPRIATIONS OF NEW FUNDS



Adjusted to reflect statutory transfers.

\* Defense Support, Development Assistance, Technical Cooperation, and Other.

MUTUAL SECURITY PROGRAM

Estimated Obligations in FY 1955 and FY 1955 Appropriation Request

Region	Title I - Mutual Defense Assistance				Title I Total	Title II Development Assistance	Title III Technical Cooperation	Title IV Other Programs	Total
	Chapter 1 Military Assistance	Chapter 2 SE Asia & the West. Pacific, and Direct Forces Support	Chapter 3 Defense Support						
Europe	xx	\$95,000,000	\$77,500,000	xx	-	-	\$3,200,000	xx	
Near East, Africa and South Asia	xx	25,000,000	81,850,000	xx	\$215,000,000	\$66,000,000	23,063,250	xx	
Far East and Pacific	xx	825,000,000	348,430,000	xx	-	22,570,000	-	xx	
American Republics and Non-Self-Governing Territories in the Western Hemisphere	xx	-	-	xx	9,000,000	25,000,000	-	xx	
Non-Regional	xx	-	-	xx	-	17,958,000	67,211,000	xx	
Total Direct Obligations	\$3,114,912,729	945,000,000	507,780,000	\$4,567,692,729	224,000,000	131,528,000	93,474,250	\$5,016,694,979	
Add Reimbursable Obligations	800,000	-	-	800,000	-	-	170,080	970,080	
Total Obligations	3,115,712,729	945,000,000	507,780,000	4,568,492,729	224,000,000	131,528,000	93,644,330	5,017,665,059	
Adjustments:									
Deduct: Reimbursable Obligations	-800,000	-	-	-800,000	-	-	-170,080	-970,080	
Unobligated Carryover from 1954	-2,539,392,283	-	-18,547,385	-2,557,939,668	-	-	-24,144,060	-2,582,083,728	
Add: Carried Forward for Obligation after 6/30/55	1,004,479,554	-	-	1,004,479,554	-	-	-	1,004,479,554	
Appropriation Request	1,580,000,000	945,000,000	489,232,615	3,014,232,615	224,000,000	131,528,000	69,330,190	3,439,090,805	



Sec. 122: <u>Production for Forces Support</u>			
U.K. Aircraft Manufacturing	-	85,000,000	75,000,000
Manufacturing in France	-	85,000,000	-
Total Direct Obligations	-	<u>170,000,000</u>	<u>75,000,000</u>
Deduct Carryover from 1954			-
Appropriation Request, Production for Forces Support			<u>75,000,000</u>
Sec. 123: <u>Common-Use Items</u>			
Total Direct Obligations	<u>37,423,000</u>	<u>64,581,564</u>	70,000,000
Deduct Carryover from 1954			-
Appropriation Request, Common-Use Items			<u>70,000,000</u>
<u>Recapitulation Chapter 2 - Southeast Asia and the Western Pacific, and Direct Forces Support</u>			
Total Direct Obligations	<u>37,423,000</u>	<u>979,581,564</u>	945,000,000
Deduct Carryover from 1954			-
Appropriation Request, Chapter 2 - Southeast Asia and the Western Pacific, and Direct Forces Support			<u>945,000,000</u>
<u>Chapter 3 - Defense Support</u>			
<u>General Authorizations:</u>			
Sec. 131(b)(1): <u>Europe (Excluding Greece and Turkey)</u>			
Country Program	1,226,750,406	172,161,319	70,000,000
Technical Exchange	21,041,252	13,614,754	7,500,000
EPU-U.S. Contribution	227,000	-	-
Austrian Dollar Diversion Recovered and Returned to Treasury	1,150,910	-	-
Total Direct Obligations	<u>1,249,169,568</u>	<u>185,776,073</u>	<u>77,500,000</u>
Add Reimbursable Obligations	7,168,700	2,524	-
Total Obligations	<u>1,256,338,268</u>	<u>185,778,597</u>	<u>77,500,000</u>
Deduct Carryover from 1954			-
Appropriation Request, Europe (Excluding Greece and Turkey)			<u>77,500,000</u>
Sec. 131(b)(2): <u>Near East (Including Greece and Turkey), Africa and South Asia</u>			
Country Program	166,366,402	80,502,117	80,000,000
Technical Exchange	4,732,398	3,134,692	1,850,000
Total Direct Obligations	<u>171,098,800</u>	<u>83,636,809</u>	<u>81,850,000</u>
Deduct Carryover from 1954			-
Appropriation Request, Near East (Including Greece & Turkey), Africa & South Asia			<u>81,850,000</u>
Sec. 131(b)(3): <u>Far East and the Pacific</u>			
Country Program	117,841,652	120,401,596	96,430,000
Other	-766,063	-	-
Total Direct Obligations	<u>117,075,589</u>	<u>120,401,596</u>	<u>96,430,000</u>
Deduct Carryover from 1954			-
Appropriation Request, Far East and the Pacific			<u>96,430,000</u>

MUTUAL SECURITY PROGRAM

Comparative Summary of Obligations by Titles, Function and Major Activity

Function and Activity	Actual FY 1953	Estimate FY 1954	Estimate FY 1955
Sec. 132: <u>Korean Program</u>			
Sec. 132(a): <u>Korean Bilateral Program</u>	\$ 126,166,535	\$ 280,253,209	\$ 230,000,000
Korean Emergency Food Relief	-	9,000,000	-
Total Direct Obligations	126,166,535	289,253,209	230,000,000
Add Reimbursable Obligations	940,951	3,602	-
Total Obligations	<u>127,107,486</u>	<u>289,256,811</u>	<u>230,000,000</u>
Deduct Carryover from 1954			-
Appropriation Request, General Authorization			<u>230,000,000</u>
Sec. 132(c): <u>United Nations Korean Reconstruction Agency (UNKRA)</u>			
Total Direct Obligations	<u>40,750,000</u>	<u>23,152,615</u>	22,000,000
Deduct Carryover from 1953			-18,547,385
Appropriation Request, UNKRA			<u>3,452,615</u>
<u>Recapitulation Chapter 3 - Defense Support</u>			
Total Direct Obligations	1,704,260,492	702,220,302	507,780,000
Add Reimbursable Obligations	8,109,651	6,126	-
Total Obligations	<u>1,712,370,143</u>	<u>702,226,428</u>	<u>507,780,000</u>
Deduct Carryover from 1954			-18,547,385
Appropriation Request, Chapter 3 - Defense Support			<u>489,232,615</u>
<u>Recapitulation Title I - Mutual Defense Assistance</u>			
Total Direct Obligations	4,377,273,971	3,561,826,530	4,567,692,729
Add Reimbursable Obligations	8,780,063	1,422,897	800,000
Total Obligations	<u>4,386,054,034</u>	<u>3,563,249,427</u>	<u>4,568,492,729</u>
Adjustments:			
Deduct: Reimbursable Obligations			-800,000
Unobligated Carryover from 1954			-2,557,939,668
Add Carried Forward for Obligation After June 30, 1955			1,004,479,554
Appropriation Request, Title I - Mutual Defense Assistance			<u>3,014,232,615</u>
<u>TITLE II - DEVELOPMENT ASSISTANCE</u>			
Sec. 201(a): <u>General Authorization</u>			
Sec. 201(a)(1): <u>Near East and Africa</u>			
Country Program (Total Direct Obligations)	<u>70,228,000</u>	<u>137,435,500</u>	130,000,000
Deduct Carryover from 1954			-
Appropriation Request, Near East and Africa			<u>130,000,000</u>

Sec. 201(a)(2):	<u>South Asia</u>			
	Country Program (Total Direct Obligations)	<u>1,500,000</u>	<u>60,500,000</u>	85,000,000
	Deduct Carryover from 1954			-
	Appropriation Request, South Asia			<u>85,000,000</u>
Sec. 201(2)(4):	<u>American Republics and Non-Self Governing Territories in the Western Hemisphere</u>			
	Country Program (Total Direct Obligations)	<u>-</u>	<u>4,420,000</u>	9,000,000
	Deduct Carryover from 1954			-
	Appropriation Request, American Republics and Non-Self Governing Territories in Western Hemisphere			<u>9,000,000</u>
	<u>Europe</u>			
	Coal Steel Community Loan (Total Direct Obligations)	<u>-</u>	<u>100,000,000</u>	-
	<u>Recapitulation Title II - Development Assistance</u>			
	Direct Obligations Incurred	<u>71,728,000</u>	<u>302,355,500</u>	224,000,000
	Deduct Carryover from 1954			-
	Appropriation Request, Title II - Development Assistance			<u>224,000,000</u>
<u>TITLE III - TECHNICAL COOPERATION</u>				
Sec. 303:	<u>General Authorization</u>			
	Total Direct Obligations	150,782,854	97,954,161	112,070,000
	Add Reimbursable Obligations	-	11,996	-
	Total Obligations	<u>150,782,854</u>	<u>97,966,157</u>	112,070,000
	Deduct Carryover from 1954			-
	Appropriation Request, General Authorization			<u>112,070,000</u>
Sec. 305:	<u>Multilateral Technical Cooperation</u>			
Sec. 305(a):	<u>United Nations Expanded Program of Technical Assistance (UNTA)</u>			
	Total Direct Obligations	<u>8,173,333</u>	<u>8,500,000</u>	17,958,000
	Deduct Carryover from 1954			-
	Appropriation Request, UNTA			<u>17,958,000</u>
Sec. 305(b):	<u>Organization of American States (OAS)</u>			
	Total Direct Obligations	<u>1,000,000</u>	<u>1,000,000</u>	1,500,000
	Deduct Carryover from 1954			-
	Appropriation Request, OAS			<u>1,500,000</u>
	<u>Recapitulation Title III - Technical Cooperation</u>			
	Total Direct Obligations	159,954,187	107,454,161	131,528,000
	Add Reimbursable Obligations	-	11,996	-
	Total Obligations	<u>159,954,187</u>	<u>107,466,157</u>	131,528,000
	Deduct Carryover from 1954			-
	Appropriation Request, Title III - Technical Cooperation			<u>131,528,000</u>

MUTUAL SECURITY PROGRAM

Comparative Summary of Obligations by Titles, Function and Major Activity

<u>Function and Activity</u>		<u>Actual FY 1953</u>	<u>Estimate FY 1954</u>	<u>Estimate FY 1955</u>
<u>TITLE IV - OTHER PROGRAMS</u>				
Sec. 405:	<u>Movement of Migrants and Refugees</u>			
Sec. 405(a):	<u>Intergovernmental Committee for European Migration (ICEM)</u>			
	Total Direct Obligations	\$ 8,190,000	\$ 6,989,190	\$ 11,700,000
	Deduct Carryover from 1954			-510,810
	Appropriation Request, ICEM			11,189,190
	<u>United Nations Refugee Emergency Fund (Appropriation Request)</u>	-	-	500,000
Sec. 406:	<u>Children's Welfare</u>			
	Contributions to United Nations Children's Fund (Total Direct Obligations)	6,666,667	9,814,333	13,500,000
	Deduct Carryover from 1954			-
	Appropriation Request, Children's Welfare			13,500,000
Sec. 407:	<u>Palestine Refugees in the Near East</u>			
	Contributions to United Nations Relief & Works Agency for Palestine Refugees (UNRWA)			
	Total Direct Obligations	16,000,000	15,000,000	23,063,250
	Deduct Carryover from 1954			-23,063,250
	Appropriation Request, UNRWA			-
Sec. 408:	<u>North Atlantic Treaty Organization</u>			
	Contributions to NATO International Civilian Headquarters (Total Direct Obligations)	1,375,609	1,169,000	3,200,000
	Deduct Carryover from 1954			-
	Appropriation Request, NATO Civilian Headquarters			3,200,000
Sec. 409:	<u>Ocean Freight Charges</u>			
	Ocean Freight - Voluntary Relief Subsidies (Total Direct Obligations)	2,191,078	7,325,000	4,400,000
	Deduct Carryover from 1954			-
	Appropriation Request, Ocean Freight - Voluntary Relief Subsidies			4,400,000
Sec. 410:	<u>Control Act Expenses</u>			
	Total Direct Obligations	718,771	1,077,980	1,300,000
	Add Reimbursable Obligations	55,240	59,330	59,330
	Total Obligations	774,011	1,137,310	1,359,330
	Deduct: Reimbursable Obligations			-59,330
	Carryover from 1954			-
	Appropriation Request, Control Act Expenses			1,300,000

*Handwritten notes:*  
 1. 100,000  
 2. 100,000  
 3. 100,000

Sec. 411:	<u>Administrative Expenses (Other than Title I, Chapter 1)</u>			
	Total Direct Obligations	49,234,827	34,152,351	35,241,000
	Add Reimbursable Obligations	1,055,604	874,370	110,750
	Total Obligations	<u>50,290,431</u>	<u>35,026,721</u>	<u>35,351,750</u>
	Deduct: Reimbursable Obligations			-110,750
	Carryover from 1954			-
	Appropriation Request, Administrative Expenses (Other than Title I, Chap. 1)			<u>35,241,000</u>
Sec. 412:	<u>Strategic Materials</u>			
	Total Direct Obligations	<u>26,597,455</u>	<u>11,224,534</u>	570,000
	Deduct Carryover from 1954			-570,000
	Appropriation Request, Strategic Materials			-
	<u>Section 550 Sales Program</u>			
	Total Direct Obligations	-	<u>245,385,000</u>	-
	<u>Special Programs</u>			
	Total Direct Obligations	<u>512,539</u>	<u>33,715,000</u>	-
	<u>Recapitulation Title IV - Other Programs</u>			
	Total Direct Obligations	111,486,946	365,852,388	93,474,250
	Add Reimbursable Obligations	1,110,844	933,700	170,080
	Total Obligations	<u>112,597,790</u>	<u>366,786,088</u>	<u>93,644,330</u>
	Deduct: Reimbursable Obligations			-170,080
	Carryover from 1954			-24,144,060
	Appropriation Request, Title IV - Other Programs			<u>69,330,190</u>
<hr/>				
<u>RECAPITULATION - ALL TITLES</u>				
	Total Direct Obligations	4,720,443,104	4,337,488,579	5,016,694,979
	Add Reimbursable Obligations	9,890,907	2,368,593	970,080
	Total Obligations	<u>4,730,334,011</u>	<u>4,339,857,172</u>	<u>5,017,665,059</u>
	Adjustments:			
	Deduct: Reimbursable Obligations			-970,080
	Carryover from 1954			-2,582,083,728
	Add Carried Forward for Obligation After June 30, 1955			<u>1,004,479,554</u>
	 GRAND TOTAL APPROPRIATION REQUEST - MUTUAL SECURITY PROGRAM			 <u>3,439,090,805</u>

SECTION 550 LOCAL CURRENCY PROGRAM

Source of Dollar Funds and Planned Use of Local Currency

(In thousands of dollars)

Country	Source of Dollar Funds-1954			Planned Use of Local Currency (In Dollar Equivalents)				Total
	MDAP	Other	Total	Military Assistance <sup>a/</sup>	Defense Support	Development Assistance	Technical Cooperation	
Afghanistan		1,450	1,450			1,450		1,450
Finland	5,000		5,000					b/
Formosa	5,000	5,000	10,000	5,000	5,000			10,000
France	10,850	5,000	15,850	10,850		4,000 <sup>c/</sup>	1,000 <sup>c/</sup>	15,850
Germany	10,000	5,000	15,000		19,000 <sup>d/</sup>			19,000 <sup>d/</sup>
Greece					1,000 <sup>e/</sup>			1,000 <sup>e/</sup>
Israel		1,200	1,200			1,200		1,200
Italy	18,200	300	18,500	18,200			300 <sup>c/</sup>	18,500
Japan	50,000		50,000	40,000		10,000		50,000
Netherlands	4,000		4,000		4,000			4,000
Norway	2,335		2,335	2,335				2,335
Spain		14,800	14,800		14,800			14,800
United Kingdom	67,250	5,000	72,250		60,000 <sup>e/</sup>	4,000 <sup>c/</sup>	1,000 <sup>c/</sup>	65,000 <sup>f/</sup>
Yugoslavia	35,000		35,000	5,000	30,000			35,000
<b>Total</b>	<b>207,635</b>	<b>37,750</b>	<b>245,385</b>	<b>81,385</b>	<b>133,800</b>	<b>20,650</b>	<b>2,300</b>	<b>238,135<sup>f/</sup></b>

<sup>a/</sup> Available for OSP contracts, deliveries against which may go to other countries.

<sup>b/</sup> Local currency proceeds of Section 550 sales to Finland tentatively programmed for purchase of Finnish commodities for Greece (\$1 million) and for relief of Berlin refugees (\$4 million).

<sup>c/</sup> For Dependent Overseas Territories.

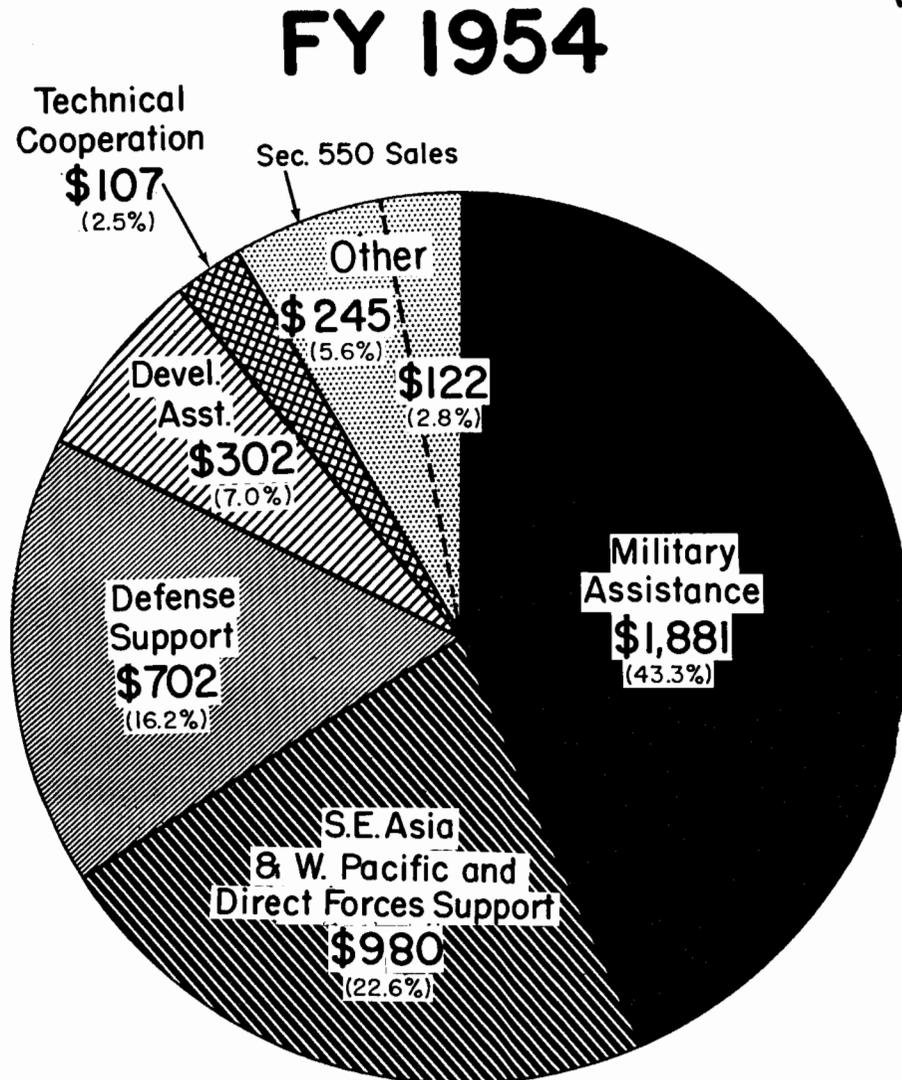
<sup>d/</sup> Includes \$4 million of local currency proceeds from Section 550 sales to Finland.

<sup>e/</sup> Represents local currency proceeds from Section 550 sales to Finland.

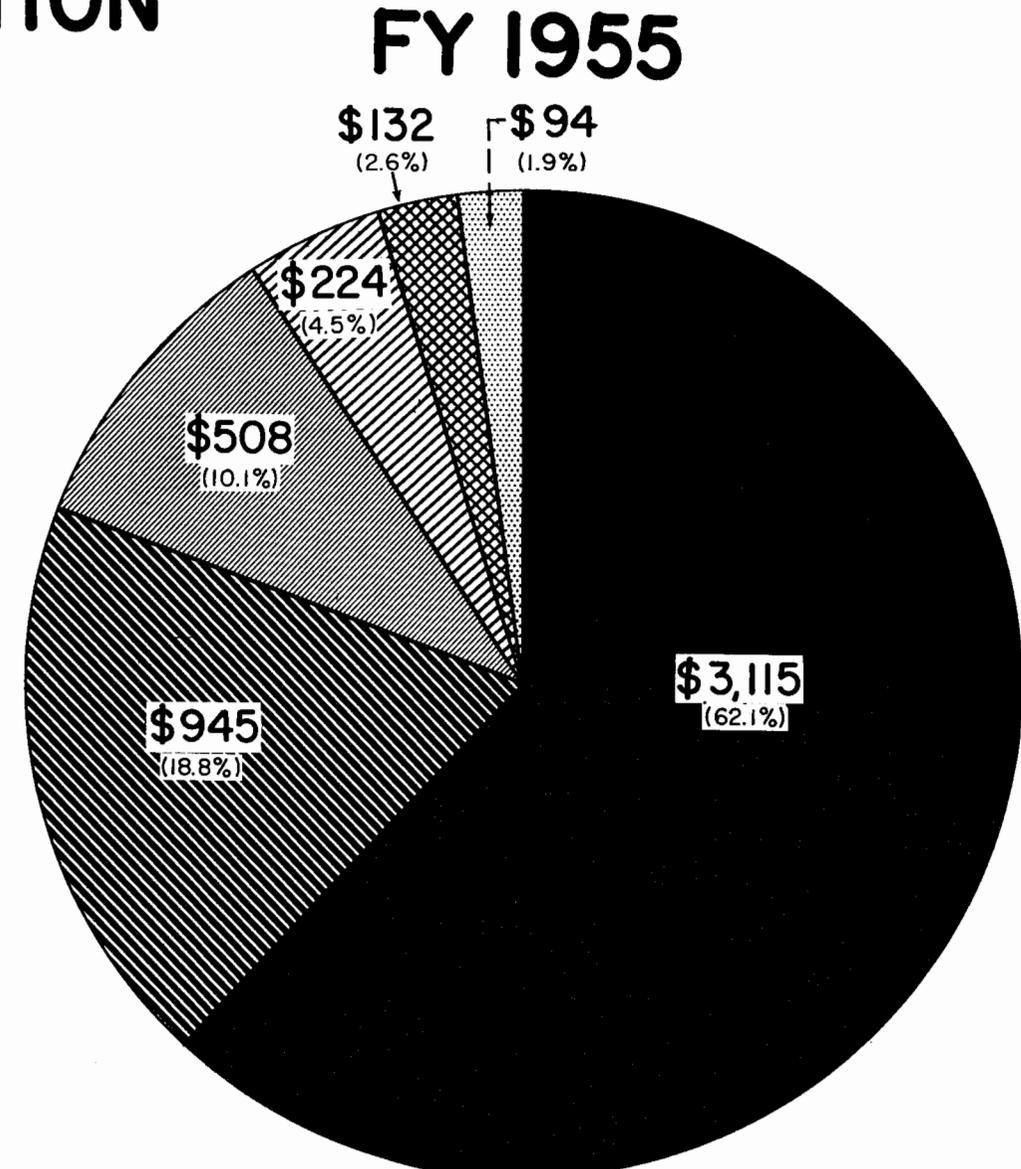
<sup>f/</sup> Local currency sales proceeds of the Section 550 sales program are \$7.250 thousand less than the U.S. dollar cost of the commodities.

# FY 1954 AND FY 1955 OBLIGATIONS

BY FUNCTION  
(\$ Millions)



**\$4,340**  
Million



**\$5,018**  
Million

TITLE I - MUTUAL DEFENSE ASSISTANCE

Comparative Summary of Obligations by Chapters

Chapters	Obligations		
	Actual FY 1953	Estimate FY 1954	Estimate FY 1955
1. Military Assistance	\$ 2,635,590,479	\$ 1,880,024,664	\$ 3,114,912,729
2. Southeast Asia and the Western Pacific, and Direct Forces Support	37,423,000	979,581,564	945,000,000
3. Defense Support	<u>1,704,260,492</u>	<u>702,220,302</u>	<u>507,780,000</u>
Total Direct Obligations	4,377,273,971	3,561,826,530	4,567,692,729
Add Reimbursable Obligations	<u>8,780,063</u>	<u>1,422,897</u>	<u>800,000</u>
Total Obligations Title I Mutual Defense Assistance	<u>4,386,054,034</u>	<u>3,563,249,427</u>	<u>4,568,492,729</u>

TITLE I - MILITARY ASSISTANCE

Obligations - World-wide

Area	Obligations		
	Actual FY 1953	Estimate FY 1954	Estimate FY 1955
World-wide	2,636,260,891	1,881,441,435	3,115,712,729

General Statement

The Military Assistance Program is authorized by Chapter I, Title I, of the Mutual Security Act of 1954 (Public Law , approved ). This chapter restates, with amendments, the Mutual Defense Assistance Act of 1949, as amended, and provides authorization for new appropriations, under three heads -- military assistance, infrastructure, and development of weapons of advanced design -- to be consolidated with the unexpended balances of previous appropriations for Military Assistance and for the Mutual Special Weapons Program contained in the Mutual Security Appropriations Act, 1954.

The appropriations requested cover the area in which Department of Defense is responsible for the administration of programs under the Mutual Security Act of 1954. The request includes the full amount of \$1,430,300,000 (including use of an estimated \$150,000,000 in local currency derived from operations under Title IV), as authorized for military assistance under Section 103(a) of the Mutual Security Act of 1954; \$122,700,000 of the \$321 million authorized for appropriation for infrastructure, Section 104, and the full amount of \$27 million authorized for development of weapons of advanced design, Section 105. The estimates shown for obligation for fiscal year 1953 and 1954 include these programs, which are separately identified in this submission.

The amounts proposed for appropriation in fiscal year 1955, are requested to be made available until expended and cover all programs and activities planned to be carried out within that period and include provision to cover commitments as well as obligations, which comprise the entire value of materiel and training programs proposed for approval during that period. The amount of the appropriations available for these purposes during fiscal year 1953 and 1954 are compared with the estimate for fiscal year 1955 in the following table:

	(In millions of dollars)		
	1953	1954	1955
Military Assistance	4,516.2	2,293.3	1,430.3
Infrastructure	(140.0)*	150.0	122.7
Mutual Special Weapons Programs	-	50.0	27.0
Total	4,516.2	2,493.3	1,580.0

\* Not a Mutual Security appropriation and not included in total. The sum shown is from the appropriation "Military Construction, Foreign Countries, Office of the Secretary of Defense" (Supplemental Appropriation Act, P.L. 547, Chapter 9, Title I, approved July 15, 1952).

## TITLE I - MILITARY ASSISTANCE

### General Statement (Continued)

The obligations estimated for fiscal year 1954 are based upon examination of schedules covering actual obligations and commitments through April 30, with an estimate of the amount which could be expected to be reduced to contract, direct expenditure or firm order during the last two months. The amount of the estimate is therefore a sum of detailed schedules and might reasonably be over-stated, since slippage in such schedules often occurs. In this connection, it should be noted that the period of active implementation by the Service Departments for the fiscal year 1954 program averaged less than five months. This resulted from the necessity to work out completely revised programs to reflect the adjustments and transfers of funds appropriated for military assistance to other programs covered under the Mutual Security Act. As a direct result, the first substantial obligations for fiscal year 1954 programs, as distinct from carry-over of previous programs, were not recorded until April.

The appropriation requested in this submission includes an estimated carry-over of \$1,085.9 million at June 30, 1955, after the application of local currencies obtained under Section 550 valued at \$81.4 million, all of which is fully committed on the basis of programs approved but largely to be obligated during the first four months of the following fiscal year. Certain amounts within the carry-over - particularly sums reserved for portions of the construction of ships and aircraft throughout the life of the construction period - would be obligated at later dates, but existing law requires that the total estimated cost must be funded at the time the first contracts are placed for any part of the total construction. The funds so reserved are considered committed. Funds also are reserved - committed - to pay for materiel not under contract but under order for delivery from service stocks or from production financed from military appropriations. Although such sums are committed, they cannot be obligated until the materiel is completed and available and in condition to ship to the MDAP recipient countries.

Unexpended balances of Military Assistance appropriations requested for extension into fiscal year 1955, together with new appropriations requested for all the purposes of military assistance under the Mutual Security Act of 1954 are proposed to remain available until expended. Under the terms of Section 403(a) of the Mutual Defense Assistance Act, which are restated in Section 522 of the Mutual Security Act of 1954, MDAP funds allocated to the Department of Defense for purposes for which appropriations for the Department of Defense are available without fiscal limitation - which includes funds for major procurement, shipbuilding, aircraft and related procurement, and military construction - have been available until expended. Section 522(c) would require extended availability to cover items other than those for which military appropriations are available until expended, for which the Services must undertake production or procurement subject to reimbursement from military assistance funds. This carries with it a requirement that funds from which reimbursement is to be made shall be available at the time when production must be paid for. Since the time at which such reimbursements may be made is the time at which obligations are incurred (under the ruling covering use of military assistance funds in the decision of the Comptroller General to the Secretary of Defense dated April 7, 1953), it would not be possible to obligate one-year appropriations during the period they were available, and without such obligation, there would be no way to assure the agency which had obligated its own funds to procure MDAP materiel, that MDAP funds would be available for reimbursement at the time of delivery.

Obligations estimated for NATO Infrastructure are computed as of the time at which the commitment previously made by this Government in international agreement is reduced to a precise approval by authorizing construction on a project-by-project basis. This authority for construction is accomplished by a unanimous vote of an international committee with U. S. membership. It is made only when the committee is satisfied that the working plans are feasible and the cost estimates represent sound

## TITLE I - MILITARY ASSISTANCE

### General Statement (Continued)

engineering analysis. The Infrastructure Program - through which are constructed airfields, supporting fuel facilities, communication facilities, aircraft warning centers, operational training areas and other military public works required to make NATO forces operationally effective - represents programs aggregating \$2,058.2 million. Of this total the United States is committed by its agreements to pay approximately \$780 million. The amount which the United States pays as its share is, under terms of bilateral agreements with each of these countries, free of certain internal taxes which their armed services consistently pay to their governments.

Of the total previously made available to Department of Defense for its portion of the Military Assistance Appropriations, which correspond to the activities covered by the Military Assistance Programs in the Mutual Security Act of 1954, it is estimated that \$2,539.4 million will remain unobligated on June 30, 1954 and that the unexpended balances will then be \$7,801.9 million, both exclusive of the equivalent of \$81.4 million available in foreign currencies under the Section 550 program. Of the total unexpended, approximately \$246 million is for infrastructure now under construction or approved internationally for construction. Approximately \$200 million represents the unpaid balances of transportation bills and miscellaneous operating and administrative expenses and the unpaid portion of the costs of training foreign nationals in U. S. service schools.

The remaining \$7.4 billion is for materiel, of which approximately \$2.5 billion has been scheduled since April 1952 to come from offshore procurement, mostly from European countries. The balance is for tanks, aircraft, naval vessels, ammunition and other military materiel scheduled to come from sources within the United States, almost all during the next two years.

The total amount available to cover these programs, plus the requested additional appropriation, is required to pay the

costs of this materiel, and additional programmed training and operating and administrative costs for fiscal year 1955.

Included in the amounts shown in these estimates in addition to local currency purchased in the usual way through the Treasury Department, is local currency to be received from three sources generated under the programs for carrying out Mutual Security activities. First, in most of the countries receiving grant military assistance, the expenses of Military Assistance Advisory Groups (MAAGs) within the country, and expenses of mobile training teams payable within the country, are paid from contributions which the recipient government makes to the United States and are limited to this purpose. Second, in certain areas where there is a large amount of U. S. owned counterpart local currency generated by economic assistance programs, such funds are utilized to pay local expenses. Third, included in the resources with which to provide for the procurement of materiel outside of the United States, in addition to an estimated \$150 million to be provided through Title IV of the Mutual Security Act of 1954, is a total of \$81.4 million to be made available to the Department of Defense in fiscal year 1955 from receipts of local currency paid for U. S. surplus agricultural commodities provided by purchase from appropriations made for Mutual Security to foreign countries in accordance with Section 550 of the Mutual Security Act of 1951, as amended.

In utilizing local currency for administrative and operating expenses, it should be noted that unit costs are higher than where dollars are used. Certain services available to the United States Government from dollar sources provide substantially lower prices for travel, transportation, communications and supplies than are available in using currency of other nations. On the other hand, to the extent to which these currencies are used, the cost to U. S. taxpayers is reduced by the amount which would otherwise require dollars. Therefore, even though book charges show higher unit costs, it is proposed to utilize such currencies.

TITLE I - CHAPTER 1 - MILITARY ASSISTANCE

World-wide Summary of Obligations by Major Activity

Activity	Obligations		
	Actual FY 1953	Estimate FY 1954	Estimate FY 1955
<u>General Authorization</u>			
Materiel	\$2,144,944,740	\$1,432,251,732	\$2,563,509,616
Training	110,311,984	91,277,536	114,753,113
Packing, Handling, Crating and Transportation	202,826,239	154,117,640	197,600,000
Facilities Assistance	-	35,075,000	31,925,000
NATO (International Military Headquarters)	9,091,094	8,050,000	4,600,000
Standing Group	357,147	360,000	400,000
Administration (For Title I - Chapter 1)	23,714,398	20,816,043	25,800,000
Escapees	3,186,590	7,500,000	6,500,000
Special Projects	1,400,000	-2,840,000	-
Total Direct Obligations - General Authorizations	2,495,832,192	1,746,607,951	2,945,087,729
Reimbursable Obligations	670,412	1,416,771	800,000
Total Obligations - General Authorizations	2,496,502,604	1,748,024,722	2,945,887,729
Infrastructure	139,758,287	111,241,713	115,000,000
Development of Weapons of Advanced Design	-	22,175,000	54,825,000
Total Chapter 1	2,636,260,891	1,881,441,435	3,115,712,729

Definition

Programs within this classification are designed to provide the military equipment and training which are required by certain friendly countries in order to develop or maintain specific military, para-military or police units at a given level of effectiveness. The policy reason for undertaking any such program derives in each instance from the existence of two facts: (1) the importance of the units involved to the defense of the United States or to the defense, or to the protection against internal subversion, of an area which is important to the security interests of the United States and (2) the inability of the recipient country to create or to support such units adequately without the equipment and training provided. Military Assistance programs almost invariably have an exclusively military or directly related security purpose,

even though it is lack of economic strength on the part of the recipient country which makes the extension of such assistance necessary.

This classification also includes the following programs which, although not falling strictly within the definition above, are closely akin to, and have customarily been treated in conjunction with, military end-item and training programs; the provision of machine tools and other production equipment required for the production of increased military equipment abroad (facilities assistance); contributions to certain international military organizations (SHAPE and the Standing Group of NATO) for their operating and administrative expenses and for the construction or equipping of military facilities (infrastructure); assistance in the development or production for foreign forces of non-nuclear weapons of advanced design.

MILITARY ASSISTANCE

World-Wide Summary of Obligations of Materiel by Major Category for All Services

<u>Category</u>	<u>Actual FY 1953</u>	<u>Estimate FY 1954</u>	<u>Estimate FY 1955</u>
<u>Equipment and Supplies:</u>			
Aircraft, Spare Parts and Aero Equip. and Supplies	864,821,127	148,444,111	682,400,000
Vessels	253,626,042	78,597,627	162,800,000
Vessel Equipment	293,491	21,344,587	20,450,000
Electronics and Other Signal Equipment	192,013,636	109,236,179	219,700,000
Ordnance Equipment and Supplies	637,378,857	916,317,994	1,221,300,000
Engineering Equipment and Supplies	81,166,518	53,832,207	72,800,000
Quartermaster Equipment and Supplies	34,845,558	52,350,661	68,251,750
Transportation Equipment and Supplies	- 110,893	2,400,000	500,000
Medical Equipment and Supplies	1,281,520	1,709,553	2,200,000
POL	3,578,859	799,692	10,000,000
Other and Miscellaneous	15,228,956	17,917,488	30,700,000
<u>Total - Equipment and Supplies</u>	<u>2,084,123,671</u>	<u>1,402,950,099</u>	<u>2,491,101,750</u>
<u>Military Support Program</u>	<u>30,116,000</u>	<u>21,020,000</u>	<u>34,980,000</u>
<u>Other Materiel Charges:</u>			
Repair and Rehabilitation of Excess Materiel	10,705,019	5,231,633	5,600,000
Preproduction Costs	19,831,165	1,150,000	7,900,000
Selected Aircraft Costs	-	-	23,307,866
OSP Offices	168,885	1,900,000	620,000
<u>Total - Other Materiel Charges</u>	<u>30,705,069</u>	<u>8,281,633</u>	<u>37,427,866</u>
<u>Grand Total - Materiel</u>	<u>2,144,944,740</u>	<u>1,432,251,732</u>	<u>2,563,509,616</u>
<u>Acquisition Cost of Excess Items</u> (not included in total materiel estimate)	<u>27,445,648</u>	<u>24,999,776</u>	<u>13,112,600</u>

MILITARY ASSISTANCE

DEPARTMENT OF THE ARMY

World-wide Summary of Obligations of Materiel Program by Major Category

Category	Actual FY 1953	Obligations Revised Estimate FY 1954	Estimate FY 1955
<u>Equipment and Supplies:</u>			
<u>Aircraft and Aeronautical Supplies</u>	1,479,306	4,500,000	2,800,000
<u>Electronics and Comm. Supplies and Equipment</u>	152,159,956	54,500,000	78,000,000
<u>Ordnance Equipment and Supplies:</u>			
Tanks and Combat Vehicles	627,064,608	828,440,000	1,045,800,000
Motor Transport Vehicles	-117,328,966	320,500,000	250,000,000
Small Arms and Machine Guns	40,905,201	118,500,000	115,000,000
Artillery and Fire Control	19,584,110	50,000,000	25,800,000
Small Arms and MG Ammunition	-24,988,207	73,650,000	85,000,000
Artillery Ammunition	60,773,093	35,800,000	48,000,000
Bombs, Rockets and Misc. Ammunition	560,885,134	201,300,000	485,000,000
Miscellaneous Ordnance	65,189,946	21,500,000	24,500,000
	22,044,297	7,190,000	12,500,000
Engineering Equipment and Supplies	55,092,518	47,700,000	55,000,000
Quartermaster Equipment and Supplies	3,280,807	18,500,000	2,750,000
Transportation Equipment and Supplies	-110,893	2,400,000	500,000
Medical Equipment and Supplies	1,312,835	1,800,000	2,200,000
Chemical Equipment and Supplies	517,372	950,000	650,000
Training Aids	105,345	600,000	2,100,000
Adjutant General Supplies	69,477	14,700	450,000
OSP Expenses	-	1,900,000	620,000
<u>TOTAL - Equipment and Supplies</u>	<u>840,971,331</u>	<u>961,304,700</u>	<u>1,190,870,000</u>
<u>Military Support Program</u>	30,116,000	21,020,000	34,980,000
<u>Other Materiel Charges:</u>			
Repair and Rehabilitation of Excess Materiel	4,414,700	1,994,848	-
Preproduction Costs	2,317	950,000	6,300,000
Selected Aircraft Costs	-	-	-
<u>TOTAL - Other Materiel Charges</u>	<u>4,417,017</u>	<u>2,944,848</u>	<u>6,300,000</u>
<u>GRAND TOTAL - Materiel</u>	<u>875,504,348</u>	<u>985,269,548</u>	<u>1,232,150,000</u>
<u>Acquisition Cost of Excess Items</u> (Not included in Total Materiel Estimate)	-	2,100,000	-

**MILITARY ASSISTANCE**  
**DEPARTMENT OF THE NAVY**  
World-wide Summary of Obligations of Materiel Program by Major Category

Category	Actual FY 1953	OBLIGATIONS Revised Estimate FY 1954	Estimate FY 1955
<b>Equipment and Supplies:</b>			
<u>Aircraft and Aeronautical Equipment</u>	49,171,724	68,569,111	84,600,000
Aircraft and Aircraft Spares	52,860,277	47,558,743	72,500,000
Other Aeronautical Equipment	-3,688,553	21,010,368	12,100,000
<u>Vessels</u>	253,626,042	78,597,627	162,800,000
Combatant	20,754,647	24,434,117	33,000,000
Minecraft	201,181,884	36,202,673	90,500,000
Miscellaneous	31,689,511	17,960,837	39,300,000
<u>Vessel Equipment</u>	-8,832,689	31,030,766	37,150,000
Minesweeping Gear	- 573,228	987,119	2,900,000
Spare Parts	3,760,056	10,050,405	10,050,000
Electronics	-9,126,180	9,686,179	16,700,000
Other Vessel Equipment	-2,893,337	10,307,063	7,500,000
<u>Ordnance Equipment and Supplies</u>	6,053,096	55,077,994	74,100,000
Naval Guns	-2,421,849	11,591,958	10,500,000
Artillery Ammunition	17,333,861	15,504,430	27,500,000
Bombs and Rockets	-4,223,755	16,730,101	17,500,000
Miscellaneous Ordnance	-4,635,161	11,251,505	18,600,000
<u>Engineering Equipment and Supplies</u>	578,270	2,432,207	2,800,000
<u>Quartermaster Equipment and Supplies and NGS</u>	- 539,959	57,225	1,750
Clothing and NGS	- 539,959	57,225	1,750
Subsistence	-	-	-
<u>POL</u>	- 27,431	- 308	-
<u>Medical Equipment and Supplies</u>	- 31,315	- 90,447	-
<u>Marine Corps Equipment</u>	2,135,852	9,952,788	15,600,000
<u>Total - Equipment and Supplies</u>	302,133,590	245,626,963	377,051,750
<b>Military Support Program</b>			
<u>Other Materiel Charges:</u>			
Repair and Rehabilitation of Excess Materiel	3,427,567	536,785	3,400,000
Preproduction Costs	-	-	-
Selected Aircraft Costs	-	-	-
OSP Offices	168,885	-	-
<u>Total - Other Materiel Charges</u>	3,596,452	536,785	3,400,000
<u>Grand Total - Materiel</u>	305,730,042	246,163,748	380,451,750
<u>Acquisition Cost of Excess Items</u> (Not included in Total Materiel Estimate)	27,445,648	18,799,776	9,912,600

MILITARY ASSISTANCE

DEPARTMENT OF THE AIR FORCE

World-wide Summary of Obligations of Materiel Program by Major Category

Category	Obligations		
	Actual FY 1953	Estimate FY 1954	Estimate FY 1955
<u>Equipment &amp; Supplies:</u>			
Aircraft Complete with Spares	814,170,097	75,375,000	595,000,000
Electronics and Communications Equipment and Spares	48,979,860	45,050,000	125,000,000
Ground Powered & Marine Equipment & Spares	25,495,730	3,700,000	15,000,000
Weapons & Spares	14,648,913	-	22,400,000
General Equipment & Spares	32,104,710	33,793,436	65,500,000
Bombs, Rockets & Misc. Ammunition	-10,387,760	32,800,000	79,000,000
POL for Aircraft	3,606,290	800,000	10,000,000
POL for Other than Aircraft	-	-	-
Training Equipment, Maintenance Parts & Supplies	12,400,910	6,400,000	11,900,000
Total - Equipment & Supplies	941,018,750	197,918,436	923,800,000
<u>Military Support Program</u>	-	-	-
<u>Other Materiel Charges</u>			
Repair and Rehabilitation of Excess Materiel	2,862,752	2,700,000	2,200,000
Preproduction Costs	19,828,848	200,000	1,600,000
Selected Aircraft Costs	-	-	23,307,866
OSP Offices	-	-	-
Total - Other Materiel Charges	22,691,600	2,900,000	27,107,866
Grand Total - Materiel	963,710,350	200,818,436	950,907,866
<u>Acquisition Cost of Excess Items</u> (Not included in Total Materiel Estimate)	-	4,100,000	3,200,000

MILITARY ASSISTANCE

OFFICE OF THE SECRETARY OF DEFENSE

INTERDEPARTMENTAL ACTIVITIES

Summary of Obligations by Activity

Activity	Actual FY 1953	Revised Estimate FY 1954	Estimate FY 1955
Facilities Assistance Program	-	75,000	-
NATO Military Headquarters	9,091,094	8,050,000	4,600,000
OSD	(8,889,379)	(7,852,650)	(4,293,000)
Army	(201,715)	(197,350)	(307,000)
NATO Standing Group	357,147	360,000	400,000
Escapee Program	3,186,590	7,500,000	6,500,000
Special Projects	1,400,000	-2,840,000	-
OSD	(1,600,000)	(-2,924,000)	-
Other	(-200,000)	(84,000)	-
State Department Support - Accessorial	674,811	715,000	-
Department of Defense Administration	23,714,398	20,816,043	25,800,000
Infrastructure	139,758,287*	111,000,000 241,713*	115,000,000
Development of Weapons of Advanced Design	-	22,175,000	54,825,000
Total Obligations	178,182,327	168,092,756	207,125,000

\* Obligations shown are from the appropriation "Military Construction Foreign Countries, Office of the Secretary of Defense" (Supplemental Appropriation Act, 1953 -- Chapter IX, Public Law 547, Approved July 15, 1952).

MILITARY ASSISTANCE

World-wide Summary of Obligations of Training Program by Category

Category	No. of Spaces			Cost to U. S.		
	Actual FY 1953	Estimate FY 1954	Estimate FY 1955	Actual FY 1953	Estimate FY 1954	Estimate FY 1955
<u>Department of the Army</u>						
1. Formal Training ZI	2,259	2,996	4,039	6,134,622	8,526,988	10,985,540
2. Formal Training O/S	492	1,290	1,578	219,308	450,000	939,910
3. Mobile Training Teams (No. of Teams)	10	77	109	78,556	398,458	2,437,960
4. Technical Representatives (Man Years of Service)	4 45	- 114	- 100	- 494,545	- 869,790	- 1,900,000
5. Training Aids				622,685	-	-
6. Miscellaneous Fund (Includes Maneuvers MDA Divs)		2,996	4,039	-	-	3,963,200
7. Interpreters			5	-	-	25,000
8. Training Expenses of Mission (T) (Man years)	1,088	998	1,733	4,272,639	4,904,118	6,031,280
Total	xxx	xxx	xxx	11,822,355	15,149,354	26,282,890
<u>Department of the Navy</u>						
1. Formal Training ZI	6,639	7,651	4,584	3,383,845	16,865,187	15,794,287
2. Formal Training O/S	5	26	7	7,190	24,336	6,290
3. Mobile Training Teams (No. of Teams) (1-man team)	170	175	175	375,721	819,050	594,300
4. Technical Representatives (Man Years of Service)	44 (20)	18 (18)	25 (25)	320,000	288,450	401,250
5. Training Aids				(-182,286 cr)	4,719,921	4,078,820
6. Miscellaneous Fund				319,000	235,150	180,000
7. Interpreters						
8. Training Expenses of Mission (T) (Man years)	22	148	148	122,928	740,800	734,000
Total	xxx	xxx	xxx	4,346,398	23,692,894	21,788,947
<u>Department of the Air Force</u>						
1. Formal Training ZI	4,538	2,344	8,941	88,512,755	38,379,747	53,179,935
2. Formal Training O/S	580	847	19,233	1,556,150	1,925,830	3,046,223
3. Mobile Training Teams (No. of Teams)	80	140	1,195	883,016	2,222,310	3,553,753
4. Technical Representatives (Man years of Service)	140	393	273	2,338,432	8,173,129	5,595,365
5. Training Aids	-	-	-	-	-	-
6. Miscellaneous Fund	-	-	-	50,030	109,972	55,000
7. Training Support	9	25	-	33,080	107,500	106,000
8. Training Expenses of Mission (T) (Man years)	221	221	189	769,768	1,516,800	1,145,000
Total	xxx	xxx	xxx	94,143,231	52,435,288	66,681,276
GRAND TOTAL				110,311,984	91,277,536	114,753,113

TITLE I - CHAPTER 2 - SOUTHEAST ASIA AND THE WESTERN PACIFIC,  
AND DIRECT FORCES SUPPORT

Comparative Summary of Obligations by Activity

Activity	Obligations		
	Actual FY 1953	Estimate FY 1954	Estimate FY 1955
Southeast Asia and the Western Pacific	-	\$745,000,000	\$800,000,000
Production for Forces Support	-	170,000,000	75,000,000
Common-Use Items:			
Europe	-	-	20,000,000
Near East and Africa	\$ 7,300,000	34,581,564	25,000,000
Far East and Pacific	30,123,000	30,000,000	25,000,000
Total Common-Use Items	37,423,000	64,581,564	70,000,000
Total Obligations Chapter 2 - Southeast Asia and the Western Pacific, and Direct Forces Support	37,423,000	979,581,564	945,000,000

Definition

Programs within this classification are designed to give the military establishments of certain countries direct support which is additional to Military Assistance which these countries are also receiving. These programs provide, or finance the provision of, specific supplies, equipment and services which go directly into the hands of, or otherwise immediately benefit, military forces, but which either (1) are of a kind not ordinarily provided as, or (2) are financed or administered in a manner different from, Military Assistance.

The reason behind this program is the fact that the recipient country, even with the military equipment and training which it is receiving as Military Assistance, is unable to develop and maintain the size and kind of forces which are important from a standpoint of U.S. security without further help.

The purpose of this program is a military purpose - the support of military forces - and any economic benefits which may accrue to the recipient country as a result of the program are, however extensive or useful they may be, incidental to, rather than a primary reason for, the program.

TITLE I - CHAPTER 3 - DEFENSE SUPPORT

Comparative Summary of Obligations by Major Activity

Activity	Actual	Obligations	
	FY 1953	Estimate FY 1954	Estimate FY 1955
<u>General Authorization</u>			
Europe	\$1,249,169,568	\$185,776,073	\$77,500,000
Near East, Africa and South Asia	171,098,800	83,636,809	81,850,000
Far East and Pacific	117,075,589	120,401,596	96,430,000
	<u>1,537,343,957</u>	<u>389,814,478</u>	<u>255,780,000</u>
Total General Authorization			
<u>Korean Program</u>			
Korean Bilateral Program	126,166,535	280,253,209	230,000,000
United Nations Korean Reconstruction Agency (UNKRA)	40,750,000	23,152,615	22,000,000
Korean Emergency Food Relief	-	9,000,000	-
	<u>166,916,535</u>	<u>312,405,824</u>	<u>252,000,000</u>
Total Korean Program			
Total Direct Obligations	1,704,260,492	702,220,302	507,780,000
Add Reimbursable Obligations	8,109,651	6,126	-
Total Obligations Chapter 3 - Defense Support	<u>1,712,370,143</u>	<u>702,226,428</u>	<u>507,780,000</u>

Definition

Programs within this classification are designed to support the military efforts of certain countries which are receiving Military Assistance. Such support involves the provision of supplemental resources which a recipient country requires if it is to carry on a defense program of the size which U. S. policy regards as necessary.

The policy reason for Defense Support programs is the attainment of military objectives rather than the extension of any economic benefits which may also incidentally accrue to the recipient nation.

Defense Support (except for the qualified exceptions in the preceding paragraph) differs from Direct Forces Support

in the following respect: although both forms of assistance are designed to make possible the creation or maintenance of a certain level of military forces, Direct Forces Support does so by providing, or paying for, goods or services that physically (although sometimes in a different form) reach or benefit the forces involved, whereas Defense Support contributes to this objective more indirectly through providing resources which either (a) enable the recipient country to maintain a level of defense expenditures or undertake defense activities that would otherwise not be possible or (b) increase the recipient's capacity to do so in the future. The one form of assistance can be traced directly to a soldier who actually uses it or is served by it; the other form has its specific military impact as a country's economy is rendered capable of sustaining the desired enlargement of its defense burden.

TITLE II - DEVELOPMENT ASSISTANCE

Comparative Summary of Obligations by Major Activity

Activity	Obligations		
	Actual FY 1953	Estimate FY 1954	Estimate FY 1955
<u>General Authorization</u>			
Near East and Africa	\$70,228,000	\$137,435,500	\$130,000,000
South Asia	1,500,000	60,500,000	85,000,000
American Republics and Non-Self-Governing Territories in the Western Hemisphere	-	4,420,000	9,000,000
Total General Authorization	\$71,728,000	\$202,355,500	\$224,000,000
<u>Europe</u>			
Coal-Steel Community Loan	-	100,000,000	-
Total Obligations Title II Development Assistance	\$71,728,000	\$302,355,500	\$224,000,000

Definition

This term describes assistance given primarily to promote economic development or otherwise to create or maintain economic or political stability. The term includes programs designated in FY 1954 as "Special Economic Aid".

In most nations for which it is proposed, Development Assistance will supplement programs of Technical Cooperation by providing supplies, commodities or funds. Usually this type of assistance is required to make possible, or to accelerate, projects of activities which basic U. S. interest

requires to be undertaken and which, in the absence of such additional assistance, would not be undertaken or, if undertaken, would not be carried out at the rate required by U. S. foreign policy.

Development Assistance differs from defense support in that the former is immediately directed toward goals which are not primarily military in character, whereas the latter has as its first aim, and controlling justification, the attainment of military objectives.

TITLE III - TECHNICAL COOPERATION

Comparative Summary of Obligations by Major Activity

Activity	Obligations		
	Actual FY 1953	Estimate FY 1954	Estimate FY 1955
<u>General Authorization</u>			
Near East, Africa and South Asia	\$117,049,014	\$ 73,330,307	\$ 66,000,000
Far East and Pacific	16,694,710	101,580	22,570,000
American Republics and Non-Self-Governing Territories in the Western Hemisphere	17,039,130	24,522,274	23,500,000
<b>Total General Authorization</b>	<b>150,782,854</b>	<b>97,954,161</b>	<b>112,070,000</b>
<u>Multilateral Technical Cooperation</u>			
United Nations Expanded Program of Technical Assistance (UNTA)	8,171,333	8,500,000	17,958,000
Organization of American States (OAS)	1,000,000	1,000,000	1,500,000
<b>Total Multilateral Technical Cooperation</b>	<b>9,171,333</b>	<b>9,500,000</b>	<b>19,458,000</b>
<b>Total Direct Obligations</b>	<b>159,954,187</b>	<b>107,454,161</b>	<b>131,528,000</b>
Add Reimbursable Obligations		11,996	
<b>Total Obligations Title III - Technical Cooperation</b>	<b>\$159,954,187</b>	<b>\$107,466,157</b>	<b>\$131,528,000</b>

Definition

Technical Cooperation programs may be defined as programs for the sharing of our knowledge, experience, techniques and skills with the peoples of the less developed areas of the world for the purpose of helping them to further their economic development and increase their standards of living. These programs emphasize, and consist largely of teaching, training and the exchange of information, and they do not include the provision of supplies and equipment beyond those which are required for effective teaching and demonstration purposes. Moreover, except for these last mentioned purposes, they do not supply the capital which may often, if not always, be indispensable to the conversion of the knowledge, skills, techniques and experience which are thus provided into economic wealth, improved standards of living and other tangible benefits among the peoples of the recipient countries. To the extent that U.S. policy requires that such capital be supplied as a grant, the necessary assistance is included under the classification "Development Assistance." In such cases these two, separately identifiable forms of assistance join hands and complement one another in an integrated program directed toward a single common

objective.

The terms "technical assistance program," "Point IV program," "bilateral technical program" and other similar titles have sometimes been used in the past to describe programs in this classification. It should be added that such terms have also often been employed to identify assistance which, in addition to Technical Cooperation as defined above, included assistance of a different or more extensive nature which is covered in this presentation under the heading "Development Assistance."

This classification also includes U.S. contributions to the multilaterally financed technical assistance programs of the Organization of American States (OAS) and the United Nations (UNTA), both of which engage in activities which are similar to, and which are coordinated with, U.S. bilateral Technical Cooperation programs. It does not include the Technical Exchange Program carried on in Europe, including Greece and Turkey.

TITLE IV - OTHER PROGRAMS

Comparative Summary of Program Obligations

Activity	Obligations		
	Actual FY 1953	Estimate FY 1954	Estimate FY 1955
1. Movement of Migrants and Refugees			
a. Intergovernmental Committee for European Migration (ICEM)	\$ 8,190,000	\$ 6,989,190	\$ 11,700,000
b. United Nations Refugee Emergency Fund	-	-	500,000
2. Children's Welfare	6,666,667	9,814,333	13,500,000
3. Palestine Refugees in the Near East	16,000,000	15,000,000	23,063,250
4. Contributions to NATO International Civilian Headquarters	1,375,609	1,169,000	3,200,000
5. Ocean Freight Charges	2,191,078	7,325,000	4,400,000
6. Control Act Expenses	718,771	1,077,980	1,300,000
7. Administrative Expenses (Other than for TITLE I, Chapter 1)	49,234,827	34,152,351	35,241,000
8. Section 550 Sales Program	-	245,385,000	-
9. Strategic Materials	26,597,455	11,224,534	570,000
10. Special Programs	512,539	33,715,000	-
Total Direct Obligations	111,486,946	365,852,388	93,474,250
Add Reimbursable Obligations	1,110,844	933,700	170,080
Total Obligations - TITLE IV - Other Programs	\$112,597,790	\$366,786,088	\$ 93,644,330

Definition

This classification includes programs which cannot properly be included in TITLES I to III.

MUTUAL SECURITY PROGRAM

STATUS OF OBLIGATIONS - SUMMARY BY FY 1954 APPROPRIATION STRUCTURE

(In millions of dollars)

	Actual Obligations FY 1953	Unobligated Balances June 30, 1953	New Appropriations FY 1954	Transfers out of MSP	Available for Obligation FY 1954	Actual Obligations July 1, 1953-May 31, 1954	Estimated Obligations June 1954	Estimated Obligations FY 1954	Estimated Unobligated Balances June 30, 1954
Military Assistance	2,473.4	2,046.7	3,136.2	-116.2	5,066.7	1,883.5	643.8	2,527.3	2,539.4
Defense	2,439.1				4,395.5	1,258.3	597.8	1,856.1	2,539.4
Other Agencies	34.3				671.2	625.2	46.0	671.2	
Mutual Defense Financing, Defense Support, Economic & Technical Assistance, Europe	1,386.7	116.1	255.6	-7.1	364.6	208.1	156.5	364.6	
Mutual Defense Financing, Manufacturing in France, Executive			85.0		85.0		85.0	85.0	
Mutual Defense Financing, Manufacturing in the United Kingdom, Executive			85.0		85.0		85.0	85.0	
Mutual Defense Financing, for Equipment, Materials and Services for Forces in the Associated States of Cambodia, Laos, and Vietnam, Executive			400.0		400.0	400.0		400.0	
Economic and Technical Assistance, Near East and Africa, Executive	52.4	1.2	33.8	-1.2	33.8	25.3	8.5	33.8	
Special Economic Assistance, Near East and Africa, Executive			147.0		147.0	118.5	28.5	147.0	
United Nations Relief and Works Agency	16.0	44.1			44.1	15.0	6.0	21.0	23.1
Relief and Resettlement of Refugees Entering Israel, Executive	70.2								
Economic and Technical Assistance, Defense Support, Asia and Pacific, Other Than Formosa and the Associated States of Cambodia, Laos and Vietnam, Executive	160.4	3.3	51.3	-2.1	52.5	36.3	16.2	52.5	
Mutual Defense Financing, Defense Support, Economic and Technical Assistance, Formosa and the Associated States of Cambodia, Laos and Vietnam, Executive	92.4	18.2	84.0	-0.4	101.8	91.7	10.1	101.8	
Special Economic Assistance, India and Pakistan, Executive			75.0		75.0	75.0		75.0	
China-Korea Student Program	0.7	1.8		-1.8					
China Area Aid Account (Treasury Allocation)	-0.7	0.7		-0.7		-2.4 <sup>a/</sup>	2.4 <sup>a/</sup>		
Contributions to United Nations Korean Reconstruction Agency, Executive	40.8	0.7	50.7	-0.7	50.7	15.0	17.2	32.2	18.5
Relief and Rehabilitation, Korea, Executive			200.0		200.0	116.8	83.2	200.0	
Technical Assistance, American Republics and Non-Self-Governing Territories of the Western Hemisphere, Executive	17.7	4.5	24.2		28.7	16.5	12.2	28.7	
Basic Materials Development, Executive			19.0		19.0	6.8	11.6	18.4	0.6
Movement of Migrants, Executive	9.2		7.5		7.5	5.0	2.0	7.0	0.5
Multilateral Technical Cooperation, Executive	9.2		9.5		9.5	9.5		9.5	
International Children's Welfare Work, Executive	6.7		9.8		9.8	9.8		9.8	
Ocean Freight, Voluntary Relief Shipments, Executive	2.3	0.2	1.6		1.8	1.8		1.8	
Administrative Expenses 1952-1954	37.7		56.3		56.3	48.1	8.2	56.3	
Defense	11.4		20.8		20.8	16.0	4.8	20.8	
Other Agencies	26.3		35.5		35.5	32.1	3.4	35.5	
GRAND TOTAL	4,375.1	2,237.5	4,731.5	-140.2	6,638.8	3,080.3	1,176.4	4,256.7	2,582.1
Defense	2,450.5				4,416.3	1,274.3	602.6	1,876.9	2,539.4
Other Agencies	1,924.6				2,222.5	1,806.0	573.8	2,379.8	42.7

<sup>a/</sup> Deobligation of prior year obligations returned to Treasury.

438

Revised 7/14/54

PREVIOUS PAGE BLANK

MUTUAL SECURITY PROGRAM

STATUS OF EXPENDITURES - SUMMARY BY FY 1954 APPROPRIATION STRUCTURE

(In millions of dollars)

	Actual Expenditures FY 1953	Unexpended Balances June 30, 1953	New Appropriations FY 1954	Transfers out of MSP	Available for Expenditure FY 1954	Actual Expenditures July 1, 1953-May 31, 1954	Estimated Expenditures June 1954	Estimated Expenditures FY 1954	Estimated Unexpended Balances June 30, 1954
Military Assistance	3,911.8	8,595.2	3,136.2	-116.2	11,615.2	3,090.1	335.8	3,425.9	8,189.3
Defense	3,788.5				10,865.0	2,854.3	285.3	3,139.6	7,725.1
Other Agencies	123.3				750.2	235.8	50.5	286.3	463.9
Mutual Defense Financing, Defense Support, Economic and Technical Assistance, Europe	1,374.4	1,130.1	255.6	-7.1	1,378.6	783.3	97.6	880.9	1,197.7
Mutual Defense Financing, Manufacturing in France, Executive			85.0		85.0				85.0
Mutual Defense Financing, Manufacturing in the United Kingdom, Executive			85.0		85.0				85.0
Mutual Defense Financing, for Equipment, Materials and Services for Forces in the Associated States of Cambodia, Laos, and Vietnam, Executive			400.0		400.0	12.4	12.6	25.0	375.0
Special Economic Assistance, Near East and Africa, Executive			147.0		147.0	44.6	15.4	60.0	87.0
Economic and Technical Assistance, Near East and Africa, Executive	31.4	53.4	33.8	-1.2	86.0	34.5	3.5	38.0	48.0
United Nations Relief and Works Agency, Executive	36.0	44.1			44.1	15.0		15.0	29.1
Relief and Resettlement of Refugees Entering Israel, Executive	58.9	11.3			11.3	9.1	0.3	9.4	1.9
Economic and Technical Assistance, Defense Support, Asia and Pacific, Other Than Formosa and the Associated States of Cambodia, Laos and Vietnam, Executive	111.7	156.2	51.3	-2.1	205.4	61.9	6.2	68.1	137.3
Mutual Defense Financing, Defense Support, Economic and Technical Assistance, Formosa and the Associated States of Cambodia, Laos and Vietnam, Executive	72.1	152.2	84.0	-0.4	235.8	92.9	12.3	105.2	130.6
Special Economic Assistance, India and Pakistan, Executive			75.0		75.0	2.7	7.3	10.0	65.0
China-Korea Student Program	0.9	3.0		-3.0					
China Area Aid Account (Treasury Allocation)	0.7	9.6		-0.7	8.9	-1.7 <sup>a/</sup>	1.7 <sup>a/</sup>		8.9
Contributions to United Nations Korean Reconstruction Agency, Executive	40.8	0.7	50.7	-0.7	50.7	15.0	17.2	32.2	18.5
Relief and Rehabilitation, Korea, Executive			200.0		200.0	19.8	15.8	35.6	164.4
Technical Assistance, American Republics and Non-Self-Governing Territories of the Western Hemisphere, Executive	19.8	13.2	24.2		37.4	16.3	4.6	20.9	16.5
Basic Materials Development, Executive			19.0		19.0				19.0
Movement of Migrants, Executive	4.6	4.6	7.5		12.1	6.0	1.2	7.2	4.9
Multilateral Technical Cooperation, Executive	6.3	2.9	9.5		12.4	11.6	0.1	11.7	0.7
International Children's Welfare Work, Executive	6.7		9.8		9.8	9.8		9.8	
Ocean Freight, Voluntary Relief Shipments, Executive	1.8	0.8	1.6		2.4	2.4		2.4	
Administrative Expenses 1952-1954	41.9	5.9	56.3		62.2	43.3	3.6	46.9	15.3
Defense	14.1	2.5	20.8		23.3	12.9	1.2	14.1	9.2
Other Agencies	27.8	3.4	35.5		38.9	30.4	2.4	32.8	6.1
GRAND TOTAL	5,719.8	10,183.2	4,731.5	-131.4	14,783.3	4,269.0	535.2	4,804.2	9,979.1
Defense	3,802.6				10,888.3	2,867.2	286.5	3,153.7	7,734.6
Other Agencies	1,917.2				3,895.0	1,401.8	248.7	1,650.5	2,244.5

<sup>a/</sup> Refund in May returned to Treasury.

Revised 7/14/54