PD-ACE-011

MUTUAL SECURITY PROGRAM

Volume II

●

Fiscal Year 1955

BEST AVAILABLE

A

MUTUAL SECURITY PROGRAM

TABLE OF CONTENTS

VOLUME II

SECTION III (Continued)

FAR EAST AND THE PACIFIC

Regional Data

	Page No.
Summary of Program by Function	345
Total Program - Chart	346
Regional Narrative Statement	347
Distribution of FY 1955 Program by Function and Country	350
Value of Mutual Defense Assistance Program (Materiel & Training)	351
Program Summary Excluding Mutual Defense Assistance - Chart	352
Total Programs Excluding Mutual Defense Assistance - Summary by Country	353
Regional Summary Excluding Mutual Defense Assistance - Chart	354
Technical Cooperation - Summary of Programs by Major Project Category	355
Technical Cooperation - Summary by Country and Major Cost Components	356
Far East - Foreign Trade and Export Prices	357
Far East - Key Exports	358

Individual Country Data

China (Formosa)	359
Indochina	371
Indonesia	389
Japan	397
Korea (Including UNKRA)	405
Philippines	417
Thailand	429

Other Programs

Burma	439

LATIN AMERICA

Regional Data

Summary of Programs by Function	441
Total Program - Chart	442
Regional Narrative Statement	443
Technical Cooperation - Regional Summary - Chart	450
Distribution of FY 1955 Program by Function and Country	451
Value of Mutual Defense Assistance Programs (Materiel and Training)	452
Technical Cooperation - Summary by Country and Major Cost Components	453
Technical Cooperation - Regional Summary - Chart	454
Technical Cooperation - Summary of Program by Major Activity	455
Latin America - Trade Summary - Chart	456
Distribution of U.S. Direct Private Investment - Chart	457

Individual Country Data

Bolivia	459
Brazil	467
Chile	475
Colombia	481
Costa Rica	487
Cuba	493

B

MUTUAL SECURITY PROGRAM

TABLE OF CONTENTS

VOLUME II

Page No.

SECTION III (Continued)

LATIN AMERICA

Individual Country Data (Continued)

Dominican Republic	499
Ecuador	505
El Salvador	511
Guatemala	517
Haiti	523
Honduras	529
Mexico	535
Nicaragua	541
Panama	547
Paraguay	553
Peru	559
Uruguay	567
Venezuela	573
Dependent Overseas Territories	579
Organization of American States	585
Undistributed by Country	589

Page No.

NON-REGIONAL PROGRAMS

Comparative Summary by Fiscal Year	593
Control Act Expenses (MDAC)	595
Escapee Program	597
Facilities Assistance	599
Intergovernmental Committee for European Migration (ICEM)	601
Mutual Special Weapons Planning	605
Contributions to NATO Civilian Headquarters	607
Voluntary Relief Shipment Subsidies	611
United Nations Children's Fund (UNICEF)	613
United Nations Expanded Program of Technical Assistance (UNTA)	617
Administration (Other Than Department of Defense)	623
Administration (Department of Defense only)	627
Basic Materials Development	629
Special Food Package Program	631
Non-Mutual Security Special Food Programs	633
Section 550 Sales Program in FY 1954	637

FAR EAST AND THE PACIFIC

Summary of Programs by Function

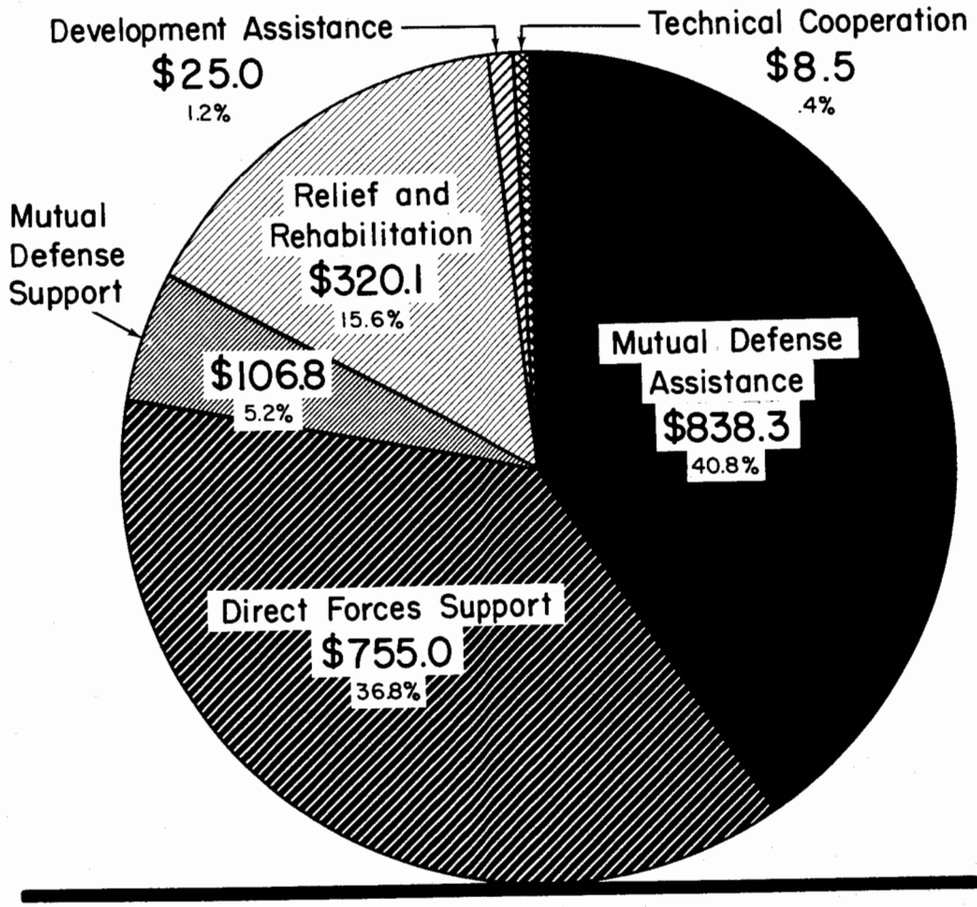
Function	Program FY 1950/54	Program FY 1954	Proposed FY 1955
Mutual Defense Assistance	2,489,700 a/	838,300 a/	583,600
of which financed by Section 550 sales proceeds		(45,000)	
	FY 1953		
Direct Forces Support	60,239	755,000	825,000
Mutual Defense Support	99,854 b/	106,822	84,060
of which financed by Section 550 sales proceeds	-	(5,000)	-
Relief and Rehabilitation	167,857	320,142	241,300
Development Assistance	17,929	25,000	12,370
of which financed by Section 550 sales proceeds	-	(10,000)	-
Technical Cooperation	17,390 c/	8,540	22,570
Less: Burma deobligations		-10,000	
Net FY 1954 obligations		-1,460	
Other Programs	-	60,000	-
Less: Section 550 sales proceeds included in OSP programs	-	-45,000	-
Less: Section 550 sales proceeds included in Mutual Defense Support and Development Assistance programs	-	-15,000	-
TOTAL FAR EAST AND THE PACIFIC	xx	2,043,804 a/	1,768,900

a/ Includes $77.2 million earmarked to cover Mutual Defense Assistance programs not fully developed.
b/ Includes $500 thousand Far East obligation not allocable by country.
c/ Includes Burma program of $6,712 thousand and $180 thousand domestic program costs allocable to Indonesia and Burma.

FAR EAST AND PACIFIC - TOTAL PROGRAM

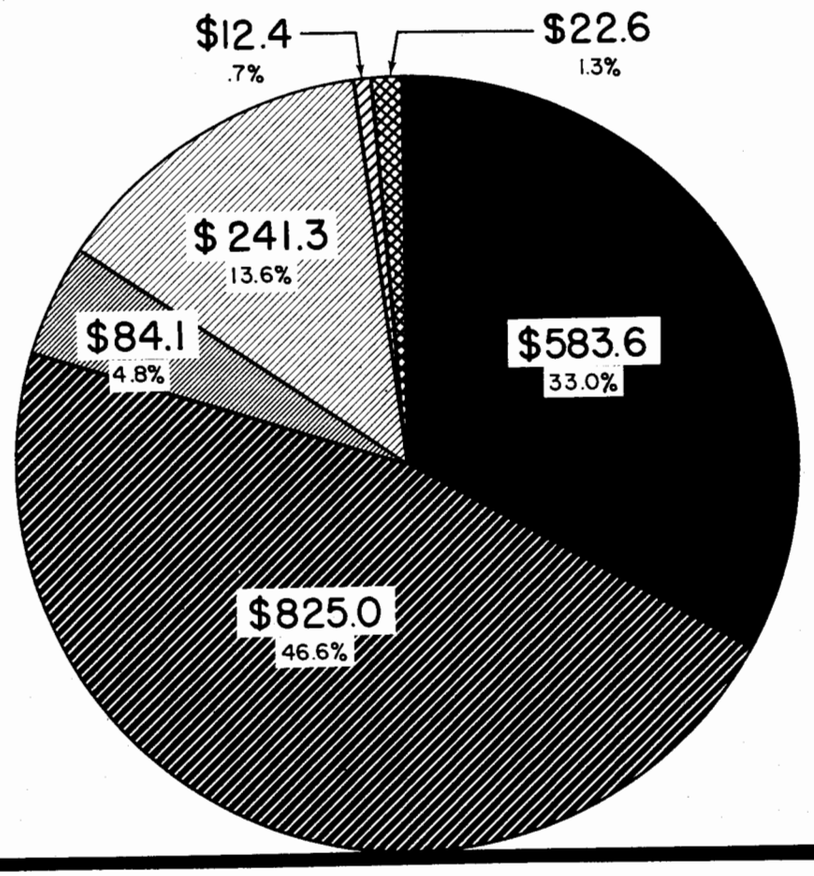
($ Millions)

F.Y. 1954



$2,043.8[a/]

F.Y. 1955



$1,768.9

a/ Components exceed this total by $10 million, as a result of a decrease in prior year Burma technical cooperation obligations.

FAR EAST AND THE PACIFIC

Regional Narrative Summary

The free nations of the Far East and the Pacific region are: The Republic of Korea, the Republic of China on Formosa, the Associated States of Indochina (Viet Nam, Cambodia and Laos), Japan, the Philippines, Thailand and Indonesia, Burma and Malaya. Present plans call for the provision of one or more forms of assistance in FY 1955 under the Mutual Security Program to all of foregoing nations except Burma and Malaya.

Importance of the Area to U.S.

These nations comprise the front line of defense against Communist aggression in the Far East. Extending over thousands of miles, inhabited by more than 285 million people and containing vast natural resources, they constitute a substantial part of the strength of the free world. Accordingly, the preservation and strengthening of free governments and institutions throughout this region, as well as the continued adherence of these nations to the free world, are of great consequence to the security of the United States. Conversely, if the Soviet Union and Communist China were able to gain control over the natural resources, strategic positions and manpower of this area, the adverse consequences would be incalculable; for the Communists then would not only control an extremely large part of the world's population and resources, but would be in a position to damage seriously the economy and security of the western world.

United States Objectives

Major United States objectives with respect to the Far East are: To prevent any country in the region from passing into the Communist orbit; to assist the free countries to develop the will and ability to resist Communism from within and without; to develop, in selected non-Communist nations, sufficient military power to maintain internal security and discourage Communist military aggression; to assist the governments in their efforts to achieve political and economic stability by measures designed to enlist the support of their own people as well as to earn the respect of other countries of the free world; and to assist in the development of self-supporting economies under independent, representative governments. These guidelines generally determine the nature and scope of MSP activities in the area.

Current Situation

Control over mainland China provides the Communists not only with a large army and pool of man power, but also with a vast area from which both direct armed aggression and subversive infiltration can be conducted. The Chinese Communist Army is a major factor in the Far East and a continuing threat to the other Asian countries. As long as Communist China's ties with the USSR remain as close as they are now, this Army will continue to be an asset to the Kremlin in its world-wide aims.

Although there has been a cessation of hostilities in Korea, Communist aggression continues in Indochina and represents one of the most serious present threats to the free world. Communist-inspired guerrilla warfare is still a menace to the security of other parts of the Far East. Throughout the region the Communists are fostering subversion, dissidence and revolt.

Most of the nations of the Far East are newly independent and still in the process of acquiring experience in the art of self-government. The instability inherent in this process, and disorder and confusion--attributable both to the war's aftermath and to Soviet-inspired and directed aggravation makes these nations attractive targets for the Communist aggressors.

The governments of these nations are confronted with difficult and basic political, military, economic and social problems. Even if the Communist threat were not ever-present, many of these problems would exist and would not be susceptible to easy and immediate solution. War has brought devastation to large areas and forced many of the inhabitants to live in desperate circumstances. The military forces of these free countries lack much of the equipment and training essential for self-defense. In most nations there is a shortage of skilled managerial, technical and administrative personnel.

The chief resources now available to most of these countries are a rudimentary agriculture and the production of raw materials. Except for Japan, their industrial development is slight, productivity levels are generally low, and techniques frequently inefficient. For the most part per capita incomes are meager. Many of the economies are extremely vulnerable to

Regional Narrative Summary (Continued)

fluctuations in the prices of the basic raw materials which they export. Financial resources, including government revenues and reserves of foreign exchange, are generally inadequate to enable the governments to cope decisively with these and other problems.

Of all the Far East nations, Japan possesses the most advanced industry and the greatest reservoir of technical skills and commercial experience. Thus, it should be able, while working toward a solution of its own problems, to contribute not only to the strengthening of the over-all military position of the free nations of the Pacific but also to raising living standards in the area. At the same time these very factors make Japan a primary target of Communist aggression.

The free nations to the east and south of the mainland controlled by Communist China have a common interest in preserving the peace and maintaining their independence, but they also have differing attitudes toward Communism and Communist China. Some, whose fear of the evils of colonialism is almost as strong as their fear of the dangers of Communism, have recognized the Chinese Communist regime, and thus seek to avoid becoming involved in controversies between the rest of the free world and the Communist bloc. In contrast to neutralist Burma and Indonesia are the strongly anti-Communist nations of Viet Nam, Cambodia and Laos, Thailand, the Philippines, Korea and the Government of the Republic of China on Formosa.

One of the things which these nations have in common is a recognition of the importance of the role of the United States in the determination of whether their future existence will be a peaceful and prosperous one. Each of them views the foreign policy of the United States and the activities of the United States abroad in this light. Measures proposed by the United States, and programs(undertaken with United States assistance) which appear to contribute to their stability and welfare and afford a promise of removing the causes of tension and unrest, attract the interest and the support of the governments and people of Asia, and reinforce their ties with the U.S. and the rest of the free world. Our economic assistance--and in many cases our military programs--are essential to the success of efforts to support of Asian governments, to reduce the attraction of Communist blandishments and illusory promises, and to enable the people in the free nations to resist the Communist conspiracy.

Through their own efforts individual countries of the region are seeking to advance their political, military, economic and social stability. Outside help is needed to facilitate and intensify these efforts, however, and the several governments in the region are availing themselves of U.S. assistance in many forms, particularly that afforded through the Mutual Security Program.

Assistance Under the Mutual Security Program

Several types of assistance are provided under the Mutual Security Program. They include mutual defense assistance, mutual defense support, direct forces support, technical cooperation, and development assistance. The country programs, however, are formulated and implemented as entities, with achievement of U.S. objectives dependent upon balance among the various interdependent program elements.

The achievement of U.S. objectives in Formosa requires funds not only for support of the defense effort, but also technical cooperation. Even though the war effort is paramount in the case of Indochina, attainment of U.S. objectives there requires that a foundation be laid for future development and this involves some technical cooperation. The Thailand and Indonesia programs have more restricted objectives - seeking to bring about better utilization of local resources, largely or entirely through technical cooperation. Attainment of our comprehensive objectives in Korea, which includes a strengthening of the large armed forces and substantial progress toward economic development and reconstruction requires assistance in large amounts. Achievement of our objectives in the Philippines depends in part upon technical cooperation, although some development funds are needed to promote economic expansion.

The following countries in the Far East are currently receiving military assistance under the MDA Program: The Associated States of Indochina - (Viet Nam, Cambodia, and Laos), Formosa,

Regional Narrative Summary (Continued)

Philippines, Thailand, and Japan. The amounts and types of assistance provided vary greatly, however, depending upon the nature and extent of the problems individual nations face. As part of the MDA Program, off-shore procurement contracts have been placed in the Far East, and an expansion of this activity is planned for FY 1955 (particularly in Japan and Formosa.) Military assistance to the forces of the Republic of Korea is furnished from U.S. Department of Defense appropriation, and MDAP assistance is limited to training.

Indochina requires the largest share of the military equipment programmed for the Far East and every effort has been made to furnish the materiel required by the forces of the French Union and the Associated States for the successful conduct of the war against the Viet Minh.

Progress in achieving desired military assistance objectives in the Far East has been comparatively slow. The members of the armed forces in that region lack experience in the use and maintenance of complex modern equipment. A vigorous training program was, and still is, necessary to instruct them in the use and maintenance of the equipment furnished.

With the instruction and guidance of the U.S. Military Assistance Advisory Groups, the armed forces of the several Far East nations are slowly emerging as effective fighting forces. When the armed forces of today are compared with those in existence prior to MDAP support, the results already achieved are substantial.

Because of the major struggle with Communism, some of the countries in the Far East, notably Korea, Formosa and Indochina, have military establishments larger than those countries can support without outside assistance. The U.S. is providing most of the needed assistance as part of its policy of opposition to Communist objectives.

FAR EAST AND THE PACIFIC

DISTRIBUTION OF FY 1955 PROGRAM

By Function and Country

(In thousands of dollars)

Country	Mutual Defense Assistance	Direct Forces Support	Mutual Defense Support	Relief and Rehabilitation	Development Assistance	Technical Cooperation	Other Programs	Total
China (Formosa)	-	25,000	62,575	-	-	2,425	-	-
Indochina (Associated States)	308,000	800,000	21,485	-	-	3,515	-	1,133,000
Indonesia	-	-	-	-	-	4,000	-	-
Japan	-	-	-	-	-	-	-	-
Korea	-	-	-	241,300b/	-	-	-	-
Philippines	-	-	-	-	12,370	7,630	-	-
Thailand	-	-	-	-	-	5,000	-	-
Undistributed by country	275,600a/	-	-	-	-	-	-	635,900
TOTAL	583,600	825,000	84,060	241,300	12,370	22,570	-	1,768,900

a/ Data for Mutual Defense Assistance distribution by country is classified information.

a/ Excludes originally programmed amounts for direct military support funded by the Department of Defense (DEPTAR) or $52 million; Sundry United Nations Contributions (SUN) of $15 million and $120 million of ROK foreign exchange estimated to be available for program purposes. In addition, a reappropriation will be requested of $10.7 million which is currently assumed to be unobligated as of June 30, 1954.

Country or Area - FAR EAST AND PACIFIC

DEPARTMENT OF DEFENSE
MDAP

VALUE OF MILITARY ASSISTANCE PROGRAMS CHARGEABLE TO APPROPRIATIONS (Millions of Dollars)

	FY 1950-54	FY 1954	Proposed FY 1955	FY 1950-55
TOTAL	$ 2,410.7	$ 759.3	$ 583.6	$ 2,994.4
Materiel	2,228.2	661.2	491.1	2,719.3
Equipment and Supplies	(2,177.7)	(656.4)	(481.0)	(2,658.7)
Other Materiel Charges	(50.5)	(4.9)	(10.1)	(60.6)
Training b/	36.8	18.4	20.7	57.6
Other (Specify) Spec. Mil. Support	30.0	30.0	30.0	60.0
Other a/	115.7	49.6	41.8	157.6

VALUE OF PROGRAMS FOR EQUIPMENT AND SUPPLIES (Millions of Dollars)

	FY 1950-54 Program				FY 1954 Program		Proposed FY 1955 Program	
	Shipped		To be Shipped					
	Charged to Approp.	Excess	Chargeable to Approp.	Excess	Chargeable to Approp.	Excess	Chargeable to Approp.	Excess
TOTAL	$ 1,092.6	$ 86.5	$ 1,080.2	$ 30.6	$ 651.5	$ 14.5	$ 481.0	$ 9.9
Army	771.4	44.6	641.3 *	6.7	407.4 *	-	262.9	-
Navy	137.6	8.2	130.9	18.7	63.3	12.8	87.5	9.9
Air Force	183.6	33.7	308.0 **	5.2	180.8 **	1.7	130.6	-

TRAINING PROGRAMS - U. S. AND OVERSEAS (Value in Thousands of Dollars)

	FY 1950-54 Program					Proposed FY 1955 Program	
	Spaces Programmed	Value	Spaces Completed	Value	Spaces in Training	Spaces Programmed	Value
Total - Formal Training	8,488	$ 24,940.8	5,780	$ 14,470.9	1,199	13,105	$13,838.2
Other Training	-	11,838.2	-	4,322.1	-	-	6,898.0
Army - Formal Training	4,393	14,885.1	2,736	8,704.1	525	1,865	6,629.1
Other Training	-	6,901.4	-	2,725.8	-	-	4,066.1
Navy - Formal Training	2,308	2,052.7	1,648	957.8	506	2,070	3,291.3
Other Training	-	2,175.8	-	664.3	-	-	1,074.7
AF - Formal Training	1,787	8,003.0	1,396	4,809.0	168	9,170	3,917.8
Other Training	-	2,761.0	-	932.0	-	-	1,757.2

NOTE: Totals based on unrounded figures hence may vary from totals of rounded amounts.

Programs 31 Mar 54; Progress 31 Dec 53

* Does not include recent downward revision of $.3 million in Thailand program.

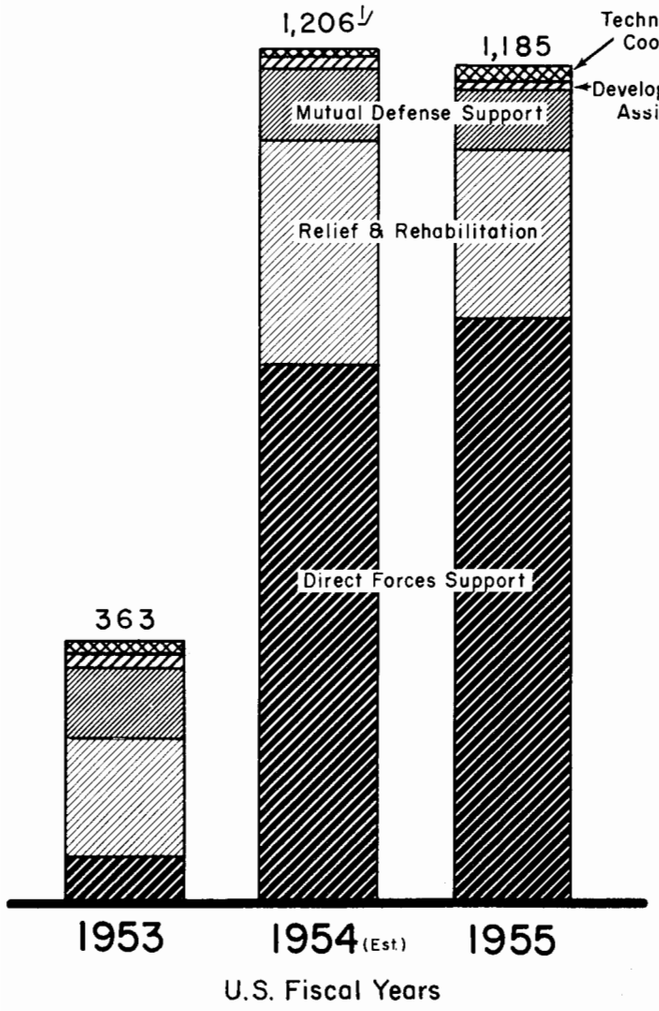
** Excludes $5.2 million additional AF Program for Indo-China.

FAR EAST AND PACIFIC

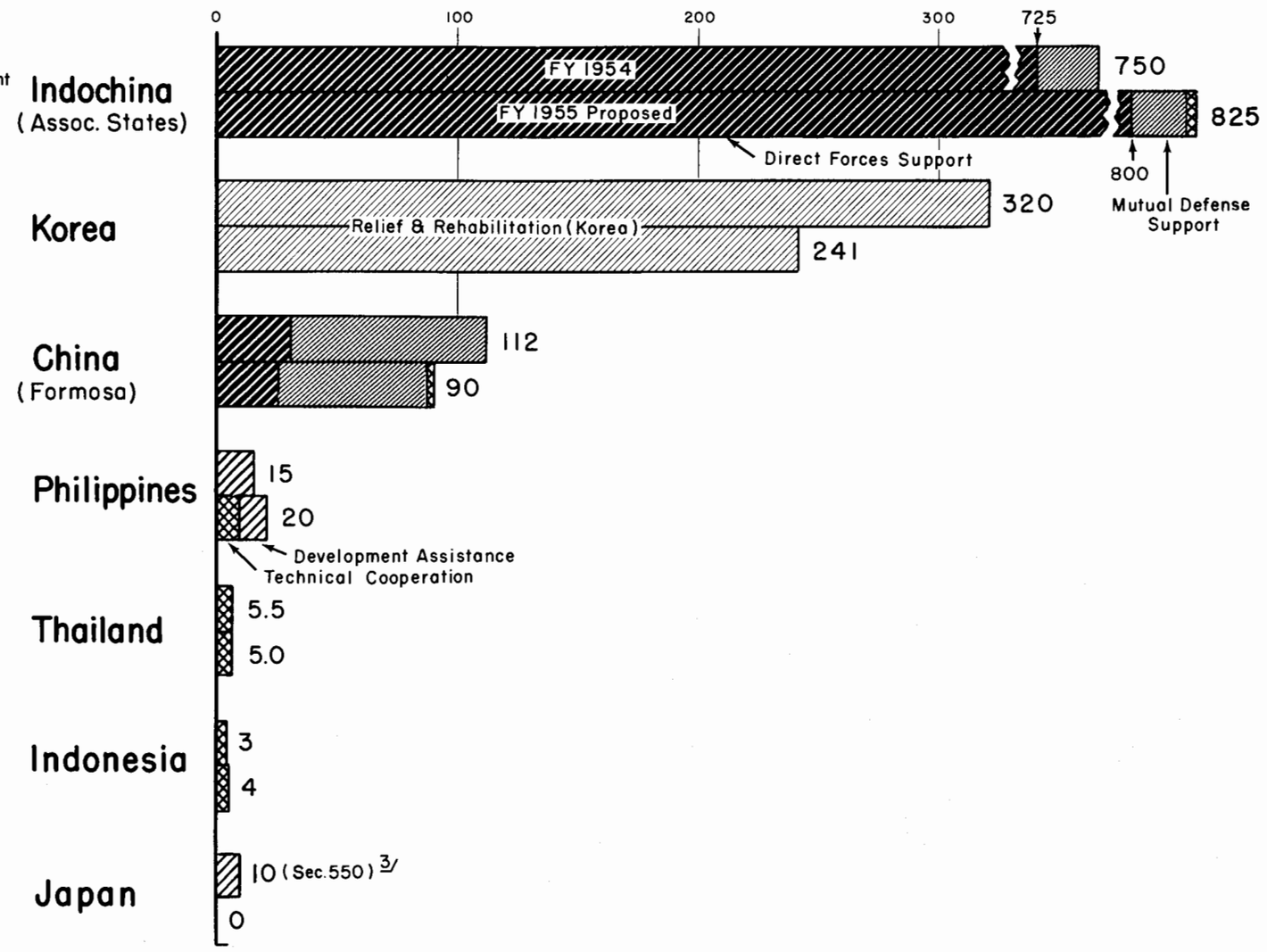
PROGRAM SUMMARY (Excluding Mutual Defense Assistance)

($ Millions)

THE TREND



COUNTRY PROGRAMS 2/



1/ Components exceed this total by $10 million, as a result of a decrease in prior year Burma technical cooperation obligations.
2/ Country detail excludes deobligations of $10 million for Burma in FY 1954. No Burma program for FY 1955.
3/ Local currency proceeds used for development assistance.

FAR EAST AND THE PACIFIC

ALL PROGRAMS, EXCLUDING MUTUAL DEFENSE ASSISTANCE

Summary of Programs by Country

(In thousands of dollars)

Country	Program FY 1953	Program FY 1954	Proposed FY 1955
Burma	6,712	-10,000[a]	-
China (Formosa)	105,500	111,822 (5,000)*	90,000
Indochina (Associated States)	54,093[b]	750,000	825,000
Indonesia	4,035	3,000	4,000
Japan	-	10,000 (10,000)*	-
Korea (including U. S. Contribution to UNKRA)[c]	167,857	320,142	241,300[d]
Philippines	17,929	15,000	20,000
Thailand	6,463	5,540	5,000
Undistributed by Country	680	-	-
TOTAL PROGRAMS	363,269	1,205,504 (15,000)*	1,185,300

* Figures in parentheses represent Section 550 sales proceeds included in country program figures.

a/ The Burma program was discontinued as of 30 June 1953. Approximately $10.0 million of prior fiscal years' obligations will be deobligated during FY 1954.

b/ Includes $30,116 thousand direct military support (common-use items). In FY 1954 and FY 1955 direct military support (common-use items) is included in Mutual Defense Assistance programs.

c/ Excludes non-U.S. contributions to UNKRA, direct military support (common-use items), sundry United Nations Voluntary Relief Agency Contributions, and ROK foreign exchange available for program purposes.

d/ In addition, a reappropriation will be requested of $10.7 million which is currently assumed to be unobligated as of June 30, 1954.

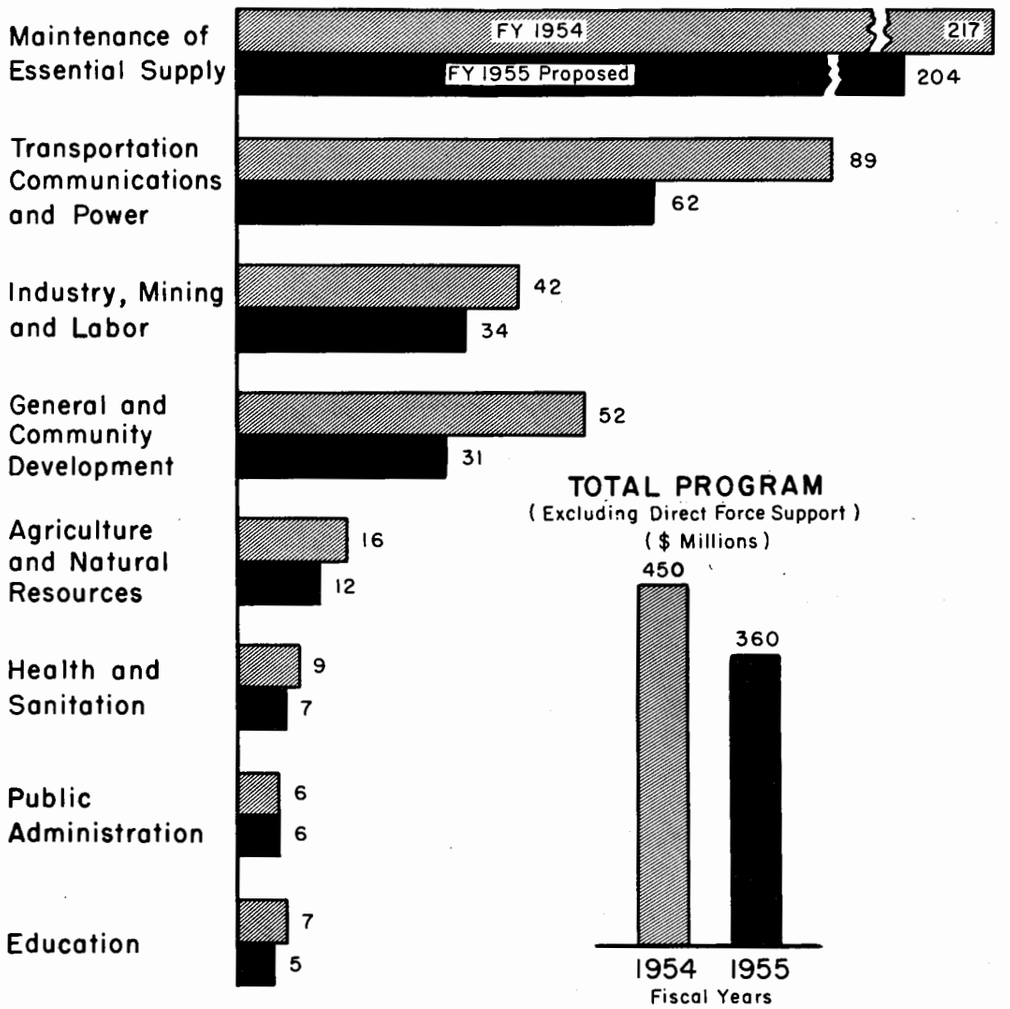
FAR EAST AND PACIFIC

REGIONAL SUMMARY (Excluding Mutual Defense Assistance)

($ Millions)

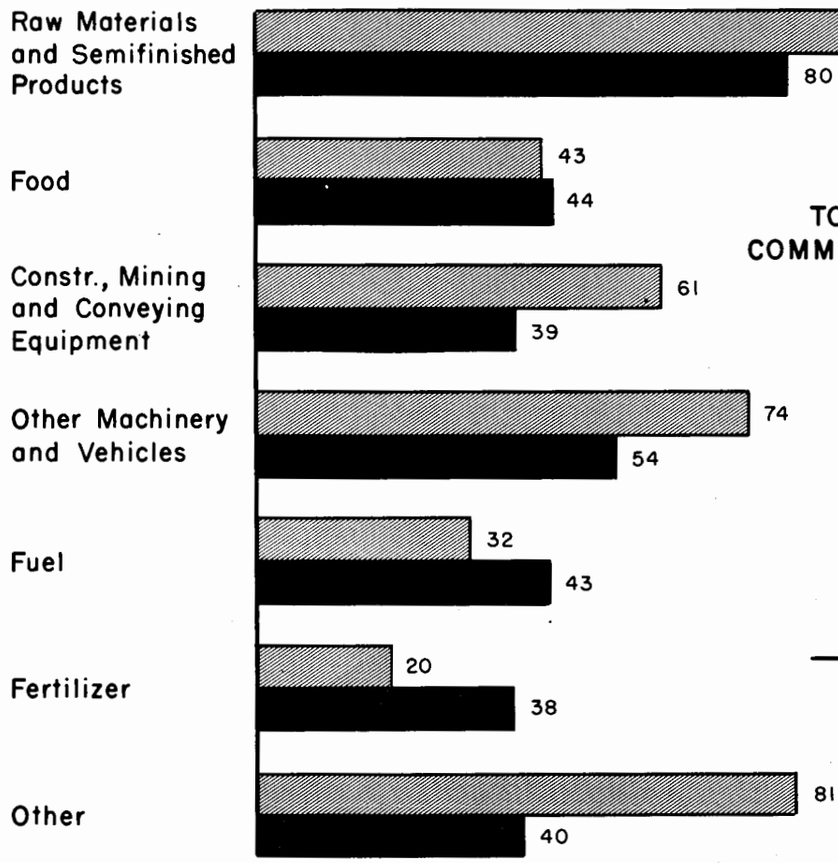
PROGRAM, BY ACTIVITY, ALL COUNTRIES

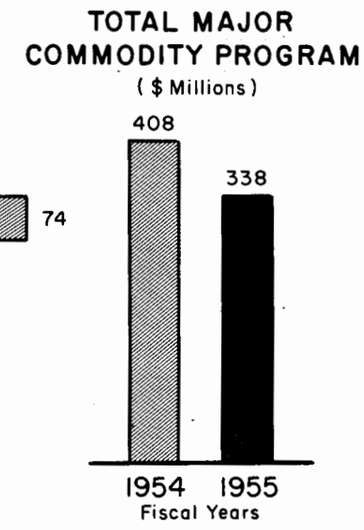
(Excluding Direct Forces Support)



MAJOR COMMODITY PROGRAMS

(China (Formosa), Indochina and Korea Only) a/





a/ The Korean program includes only FOA and CRIK.

FAR EAST AND THE PACIFIC

TECHNICAL COOPERATION

Summary of Programs by Major Project Category

(In thousands of dollars)

Major Project Category	Program FY 1953	Program FY 1954	Proposed FY 1955
1. Agriculture and Natural Resources	2,817	2,345	4,740
2. Health and Sanitation	2,345	3,140	5,660
3. Education	1,284	985	3,370
4. Transportation, Communications and Power	1,478	473	1,625
5. Industry, Mining and Labor	1,200	342	2,435
6. Public Administration	452	605	3,220
7. General and Community Development	956	650	1,520
8. Maintenance of Essential Supply	-34 a/	-	-
9. Undistributed by Activity (including Burma)	6,892	-10,000	-
TOTAL PROGRAM	17,390	- 1,460	22,570

a/ Reflects credit for ocean freight not allocable by activity field.

FAR EAST AND THE PACIFIC

TECHNICAL COOPERATION

Summary by Country and Major Cost Components

(In thousands of dollars)

Country	Programs							
			FY 1955					
				Supplies and Equipment	U. S. Technicians		Trainees	
	FY 1953	FY 1954	Total		No. of Persons	Cost	No. of Persons	Cost
Burma	6,712	-10,000 a/	-	-	-	-	-	-
China (Formosa)	b/	b/	2,425	715	74	1,020	139	690
Indochina (Assoc. States)	b/	b/	3,515	1,860	109	1,485	69	170
Indonesia	4,035	3,000	4,000	935	129	2,020	216	1,045
Philippines	c/	c/	7,630	3,663	254	2,888	275	1,079
Thailand	6,463	5,540	5,000	2,405	115	1,580	203	1,015
Undistributed by Country	180	-	-	-	-	-	-	-
Total	17,390	-1,460	22,570	9,578	681	8,993	902	3,999

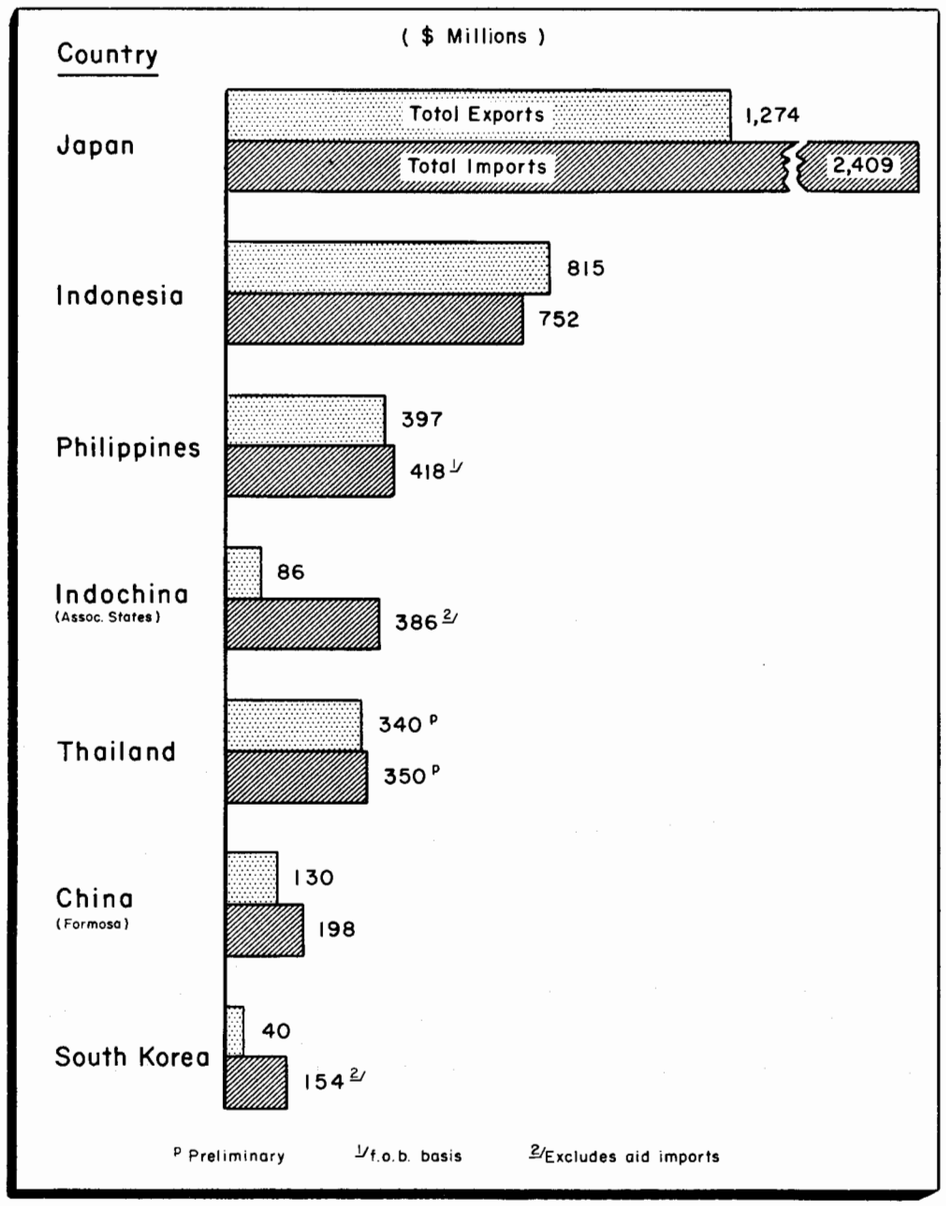
a/ The Burma program was discontinued as of 30 June 1953. Approximately $10.0 million of prior fiscal years' obligations will be deobligated during FY 1954 and applied to other Far East programs.

b/ In FYs 1953 and 1954, program was authorized and implemented as an integrated economic and technical assistance and defense support program.

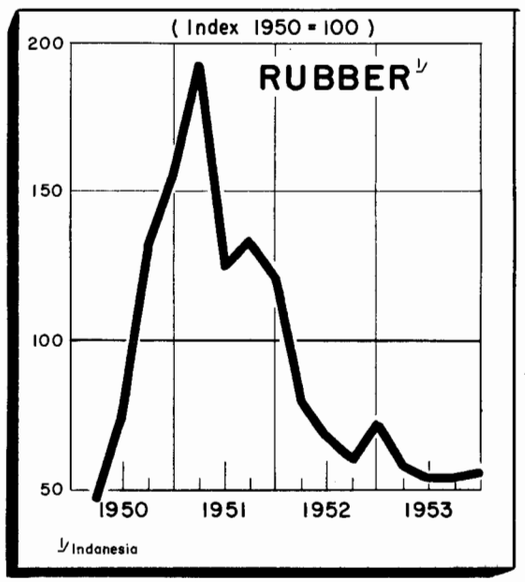
c/ In FYs 1953 and 1954, program was authorized and implemented as an integrated economic and technical assistance program.

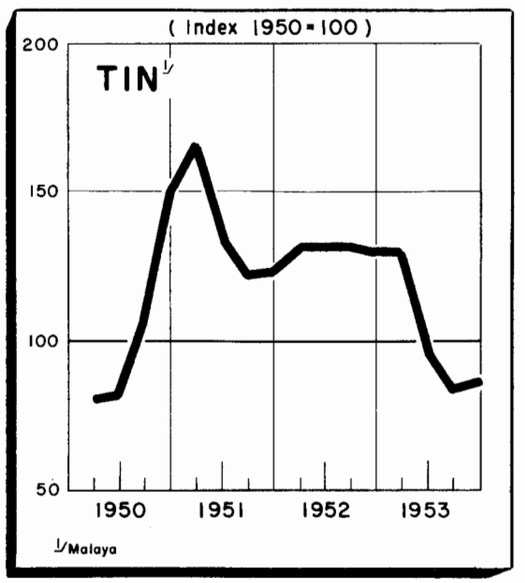
FAR EAST-FOREIGN TRADE AND EXPORT PRICES

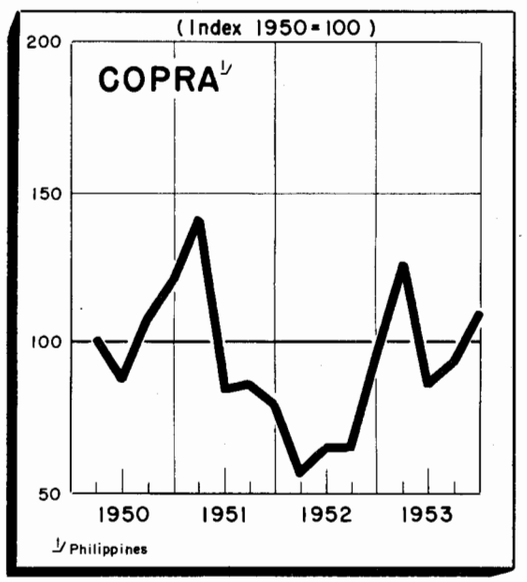
FOREIGN TRADE IN 1953

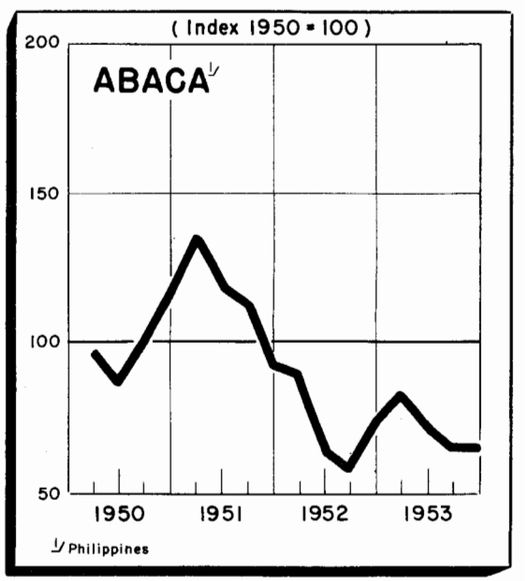


PRICES OF PRINCIPAL EXPORT COMMODITIES



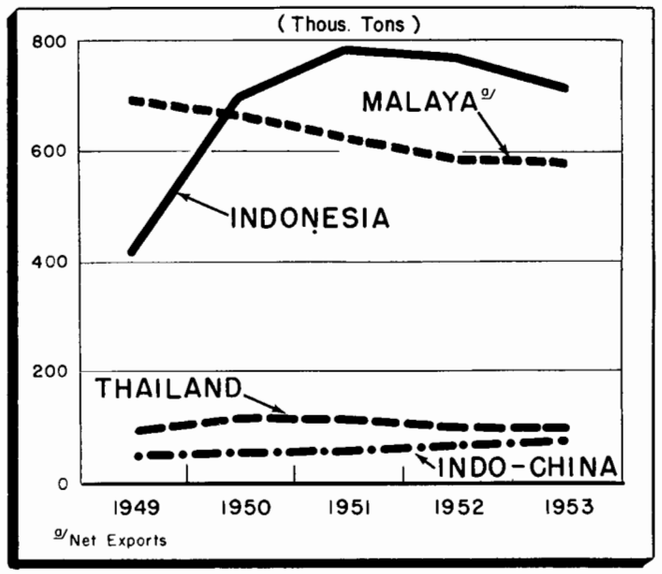




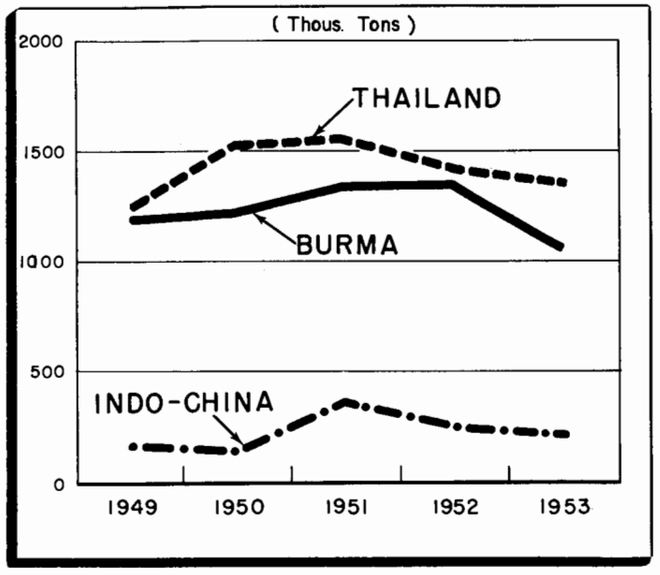


FAR EAST-KEY EXPORTS

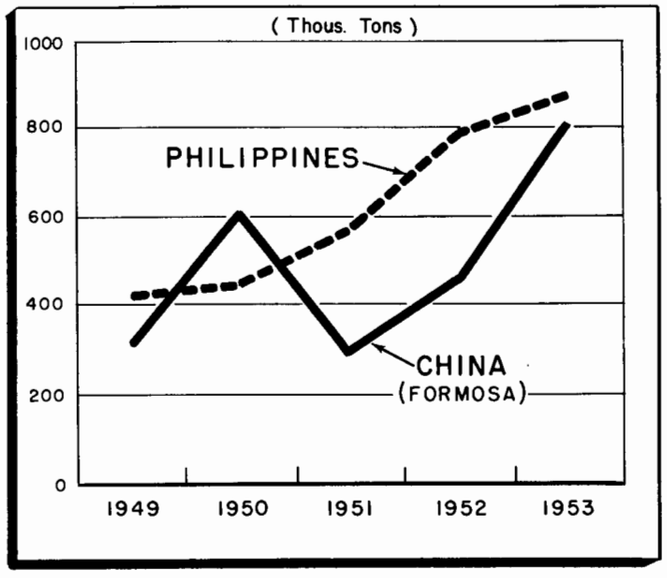
RUBBER



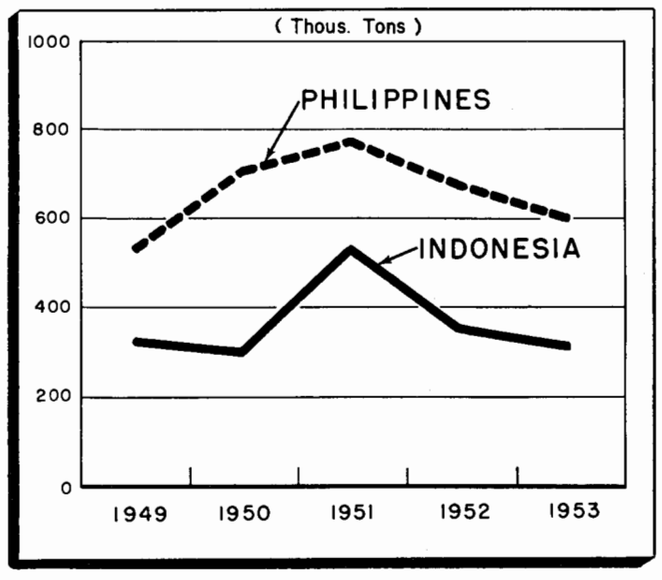
RICE



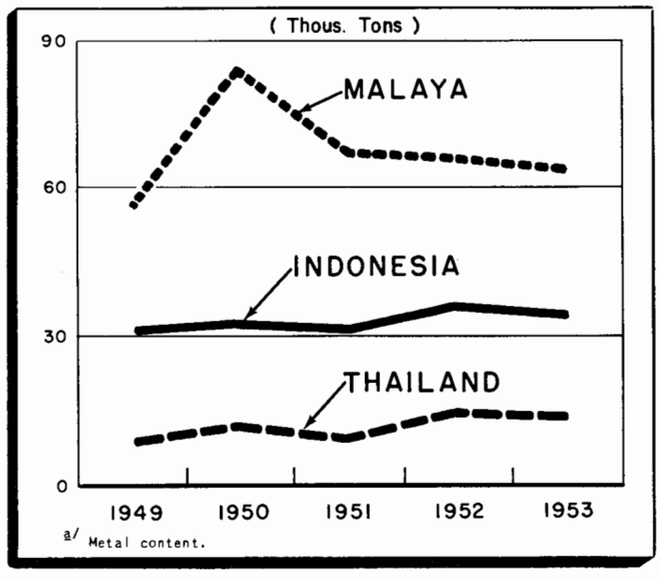
SUGAR



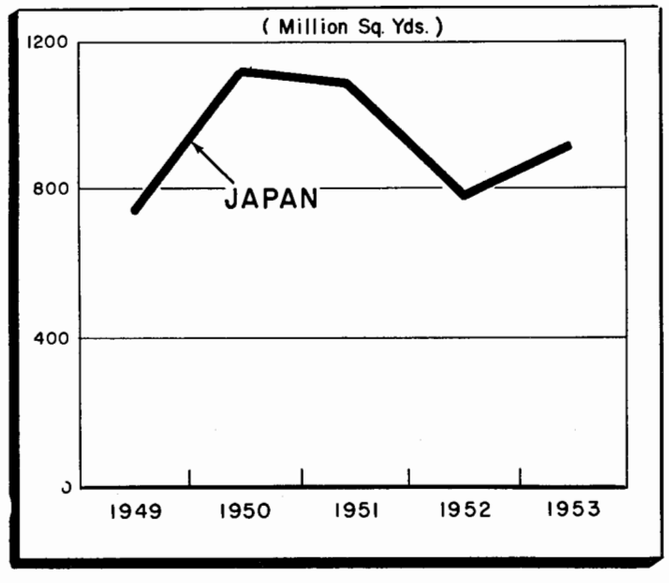
COPRA



TIN a/



COTTON FABRICS



CHINA (FORMOSA)

BASIC STATISTICS

Area	14,000 square miles
Population	9,900,000 (1953)
Population Density	710 per square mile
Annual Population Growth	2.4 percent
Agricultural Land	26 percent of total area
Agricultural Land Per Capita	0.2 acres
Main Crops	Rice, sugar, sweet potatoes, bananas, and tea
Main Industries	Fertilizers, fishing, cement, paper and textiles

Main Exports (1953)

	Mill. US$	% of Total Exports
Sugar	90	69
Rice	11	8
Tea	7	5

Main Occupations	Agriculture 57%; Manufacturing 10%; Comm. & Transportation 10%; Other 23%
Per Capita Caloric Intake	Approx. 2150 calories. Diet deficient in animal protein
Average Life Expectancy	Approx. 45 in 1951
Infant Mortality Rate	35 deaths per 1,000 live births
Medical Services	One physician per 2,600 persons
Literacy Rate	Approx. 65 percent
Teachers	380 per 100,000
Railroads	2,800 miles
Roads	10,600 miles
Motor Vehicles, licensed	9,100 in 1951
Significant Basic Resources	Feathers and down, waterfowl - provided 9 percent of U. S. supply; coking coal

* 1953 data largely preliminary or estimated
n.a. - Not available.
a Crop year beginning in year stated.
b Prewar average.
c 1937.
d Postwar data represent exchange transactions. Imports include U.S. financed nonmilitary aid goods.
e U.S. Customs data, except 1938 which is Formosan data.
f End of year or month stated.
g Bank of Taiwan and Central Bank of China.

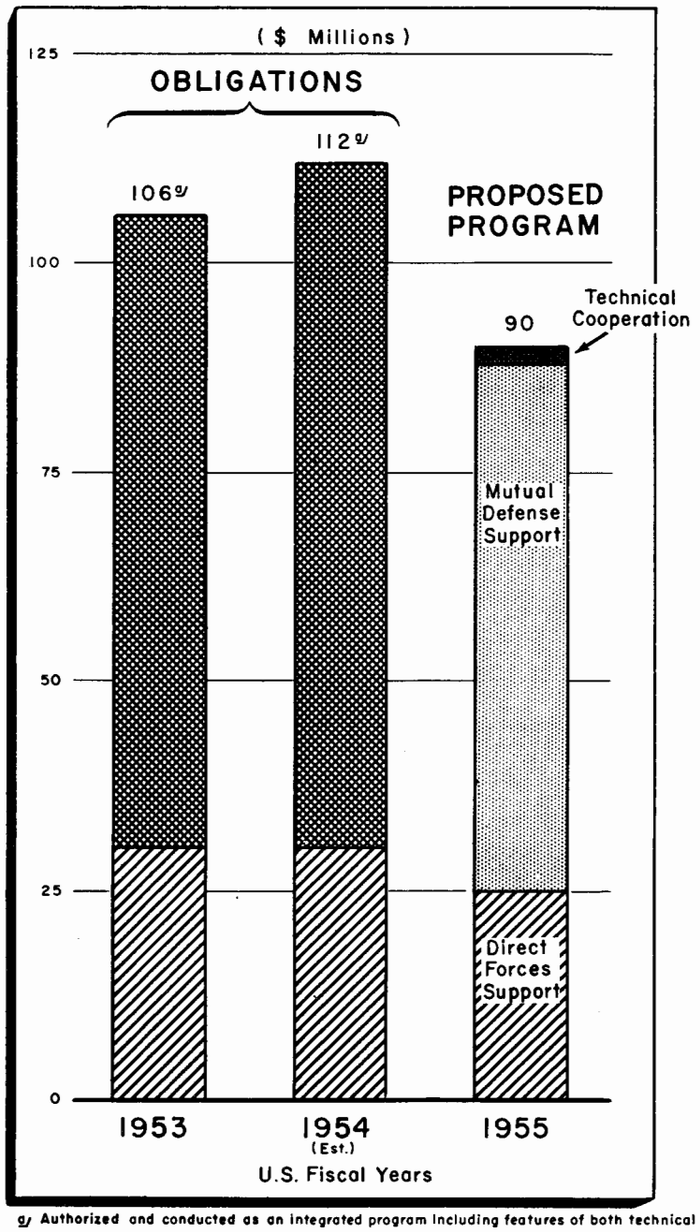
SELECTED ANNUAL STATISTICS

Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Agricultural Production[a]	1935-39 = 100	100[b]	83	102	93
Sugar, centrifugal[a]	1,000 MT	1,125[b]	542	892	700
Rice, rough[a]	"	1,744[b]	2,013	2,069	2,150
Sweet potatoes	"	1,726	2,021	2,090	2,060
Fish catch	"	90	104	122	131
Industrial Production	1941 = 100	79[c]	92	111	140
Electricity	Mill. KWH	696	1,292	1,382	1,564
FOREIGN TRADE					
Exports f.o.b.[d]	Mill. US$	130	93	120	130
Imports c.i.f.[d]	"	104	149	219	204
Balance[d]	"	26	-56	-99	-74
Trade with U.S.[e]					
Exports to U.S.	Mill. US$	1	6	6	7
Imports from U.S.	"	1	41	59	82
Key Exports:					
Sugar	1,000 MT	1,001	284	460	802
Rice	"	647	85	105	59
Bananas	"	141	27	43	23
Tea	"	10.3	11.3	9.3	10.4
FINANCIAL					
Wholesale Prices	1952 = 100		82	100	109
Cost of Living	"		77	100	118
Money Supply[f]	Mill. NT$		1,280	1,766	2,571
Central & Provincial Gov't Finances					
Revenue[i]	Mill. US$		128	170	205
Expenditure	"		138	176	206
Surplus (+) or Deficit (-)	"		-10	-6	-1[j]
Exchange Rates[f]	NT$ per US$				
Selling: Certificate	"		15.65	15.65	15.65
Hong Kong Rate	"			23.95	27.07

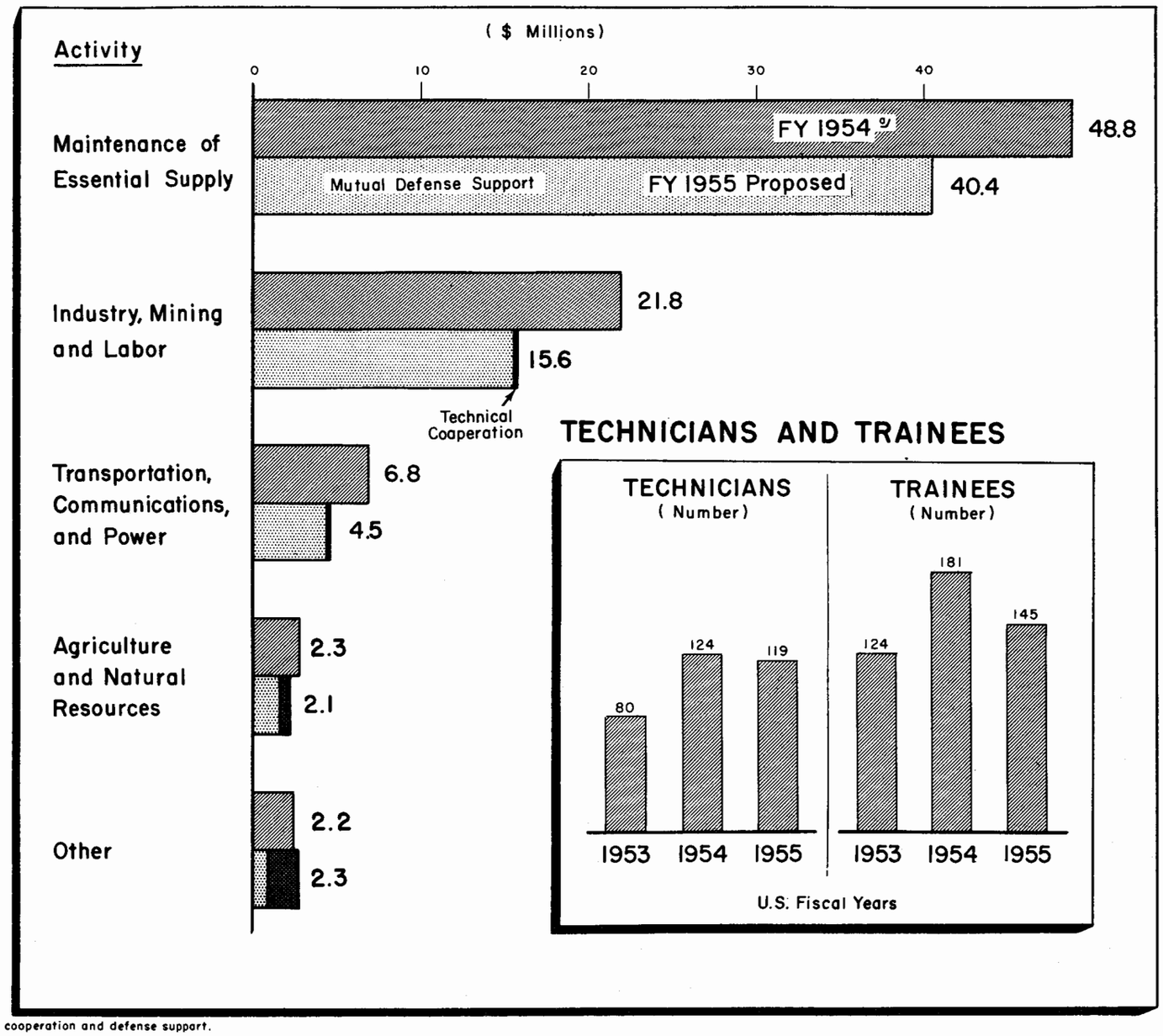
i Includes budgetary and extrabudgetary counterpart fund withdrawals.
j Budget estimate; later information indicates actual deficit will be considerably larger.

CHINA (Formosa)

TOTAL PROGRAM (Non-MDAP)



PROGRAMMED FUNDS BY ACTIVITY (Excluding Direct Forces Support)



g/ Authorized and conducted as an integrated program including features of both technical cooperation and defense support.

FAR EAST AND THE PACIFIC

Country: CHINA (FORMOSA)

INDIVIDUAL COUNTRY DATA

Summary of Program by Function

(In thousands of dollars)

Function	Programs		
	FY 1950/54	FY 1954	Proposed FY 1955
Mutual Defense Assistance	a/	a/	a/
	FY 1953		
Direct Forces Support	30,123	30,000	25,000
Mutual Defense Support	75,377b/	81,822	62,575
of which financed by Section 550 sales proceeds	-	(5,000)	-
Technical Cooperation	-	-	2,425c/
Section 550 Sales Program	-	10,000	-
Less: Section 550 Sales Proceeds included in OSP programs	-	-5,000	-
Section 550 Sales Proceeds included in Defense Support Program	-	-5,000	-
Total Country Program	xx	xx	xx

a/ Data for Mutual Defense Assistance distribution by country is classified information.

b/ Authorized and conducted as an integrated program including features of technical cooperation and defense support.

c/ Does not include applicable dollar cost of salable commodities which generate the necessary local currency support. All such salable commodity imports are included under Mutual Defense Support.

General Narrative Statement

Importance of Formosa to the U.S.

Formosa is important to American security interests in the Far East because it forms an important link in the off-shore defense line stretching from Japan down through the Philippines, and serves as a rallying point for freedom-loving Chinese.

Current Situation

The dominant fact in Formosa is that its productive facilities are inadequate to support the economy without outside assistance. This is due primarily to the heavy requirements of a large military establishment and a rapidly growing population. Production, although much increased during the past four years, has not kept pace with increasing demand.

Export earnings currently fall far short of covering import requirements; the large balance-of-payments deficits are being financed by FOA aid. High military costs, consuming nearly 60 percent of the combined Provincial and Central Government's budget, would result in serious budgetary deficits if it were not for the fact that many projects are financed by counterpart funds, generated by aid supplies. These activities result in expansion of the volume of currency in circulation. Unless this is matched by a corresponding increase in available goods and services, it will lead to price inflation and be a continuing threat to economic stability.

Formosa's main economic problems are:

a. to maintain economic stability in the face of inflationary pressures,

b. to supply the goods and services needed by a large military establishment and a growing population, and

c. to bring about the investment of sufficient resources in productive facilities to hasten progress toward self-support.

MUTUAL DEFENSE ASSISTANCE PROGRAM

The objective of the Mutual Defense Assistance Program is to develop the potential of an army capable of defending Formosa.

MDAP assistance has transformed the Chinese forces into the rudiments of a modern fighting unit. MDAP deliveries in the last 12 months have been accelerated and are continuing in substantial quantities. As a result of MDAP support the U.S. has been able to exert more influence in good training practices and better organization.

Army

When the MDAP Program started the Chinese Army had practically no capability for offense or defense. With the receipt of equipment from the U.S. and a progressive and vigorous training program the combat divisions now provide a significant deterrent to any Chinese Communist move to invade Formosa. Previously approved materiel programs are providing substantial amounts of unit equipment toward meeting the deficiencies of the approved ground forces together with war reserves of ammunition and maintenance equipment. In FY 1955, funds will be utilized to program additional items of unit equipment for the forces. Equipment on hand will be maintained and items consumed through attrition will be replaced. Further additions to the levels of war reserves will also be made.

Navy

At the beginning of MDAP the Chinese Navy was in very poor materiel condition and, in most other aspects, ineffective

General Narrative Statement (Continued)

as a military force. The condition of most of the larger ships and some of the smaller ones is now satisfactory. MDAP materiel aid and assistance in maintenance, training, organization and planning, has greatly improved operational readiness of these vessels. However, much remains to be done. The Navy is short on technical knowledge and maintenance ability. However, guns are well cared for and recently great progress in hull maintenance in most ships has been observed. Machinery, fire control, and electronics maintenance is improving. The MDA programs for the Navy through FY 1954 are providing substantial amounts of equipment including a number of patrol and assault craft, together with ammunition, spare parts and harbor defense materiel. In FY 1955, funds will be used to continue the previously-programmed buildup.

Air Force

An Air Force Bomber Group was formed last year. It received and accomplished transition into jet aircraft and should in the near future become operationally combat ready upon completion of combat crew training. Improvement was made in the combat effectiveness of all of the other air groups. The anti-aircraft artillery command and the communications wing improved slightly with the arrival of MDAP shipments. The MDA Air Force programs through FY 1954 provided a large number of aircraft---fighter-bombers, reconnaissance, day-fighters, and others---both propeller-driven and jet. In FY 1955 forces previously equipped through MDAP will be sustained through provision of maintenance equipment. In addition, the funds requested will support a modernization program which will gradually phase out currently obsolete aircraft.

Programs Other Than Mutual Defense Assistance

Specific FOA program objectives are:

a. To help maintain stable internal conditions and thus provide a sound economic foundation for local support of the military effort.
b. To provide direct support to the military effort through financing (1) portions of the local costs of projects sponsored by the U.S. Military Assistance Group, and (2) the dollar and local costs of certain other facilities required for both military and civilian purposes.
c. To assist in increasing Formosa's capacity for economic self-support.
d. To assist the Chinese Government to improve its public institutions and administrative practices.

Program funds made available for Formosa from FY 1951 through FY 1954 will total $396.8 million 1/, including direct forces support amounting to $85.8 million.

Prior to FY 1954, the danger of inflation made it necessary to use the bulk of available FOA funds for imports of consumer goods and industrial raw materials. These imports served the dual purpose of (a) supplying needed consumer goods and raw materials for industry, which the Chinese could not finance out of their own foreign exchange, and (b) generating counterpart funds to help the Government finance certain local currency expenditures without excessive inflation. This aid succeeded in mitigating the serious inflation found at the time the program began. During 1953 wholesale prices rose 16 percent, as contrasted with a 91 percent increase during 1950. Other beneficial effects are seen in substantial increases in the production of rice and other agricultural products, and in the output of industries operating at or near capacity during 1953. These have reduced the need to import essential consumer goods and have increased exports.

In absolute terms, production has risen above prewar levels. In 1953, industrial production rose to an index figure of 140 as compared with 100 in 1941. Agricultural production in 1952-53 rose to an index of 102 as compared with prewar. In per capita terms, however, production is below prewar because of the influx of a million and a half troops and civilians from the mainland plus an increase in the local Formosan population of nearly two and a half million. These increases have raised the population from 5.7 million persons in 1937 to nearly 10.0 million in 1953.

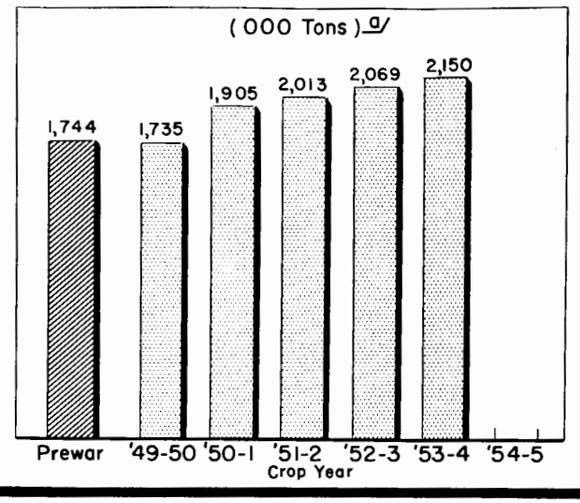
Compared to levels in 1949 striking gains, both absolute and per capita, have been achieved in production. Firm power capacity has increased from 149,000 KW in 1949 to 271,000

1/ During FY 1949 and FY 1950, FOA (then ECA) aid to Formosa, as a part of economic assistance to China under the China Aid Act of 1948, totaled approximately $27 million.

CHINA (Formosa)

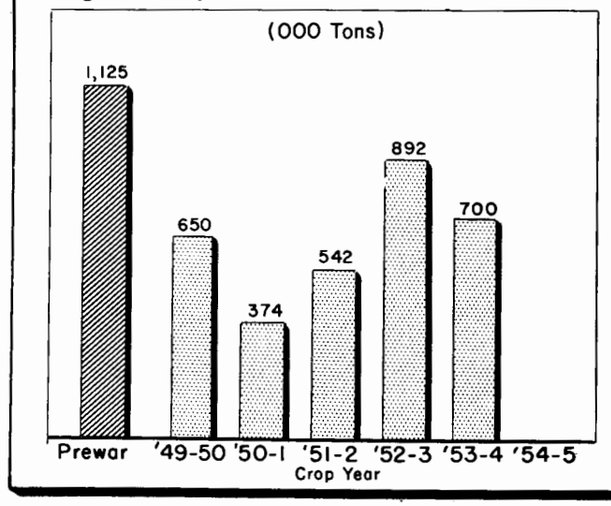
ECONOMIC INDICATORS

Rice Output Gains Moderately

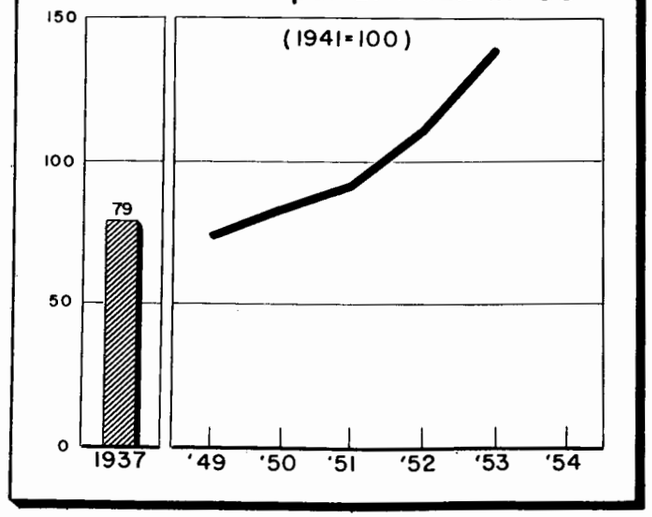


a/ Rough rice

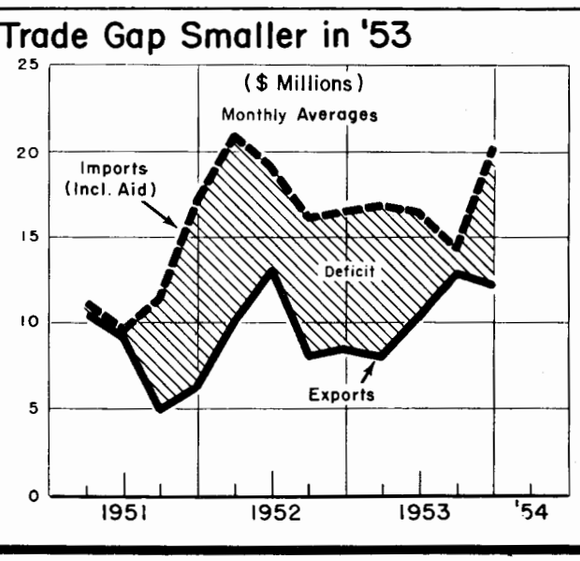
Sugar Output Under Prewar



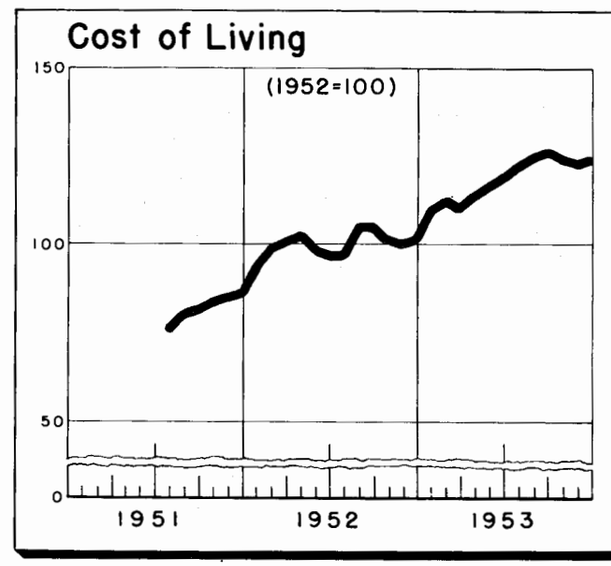
Industrial Output at Peak in '53



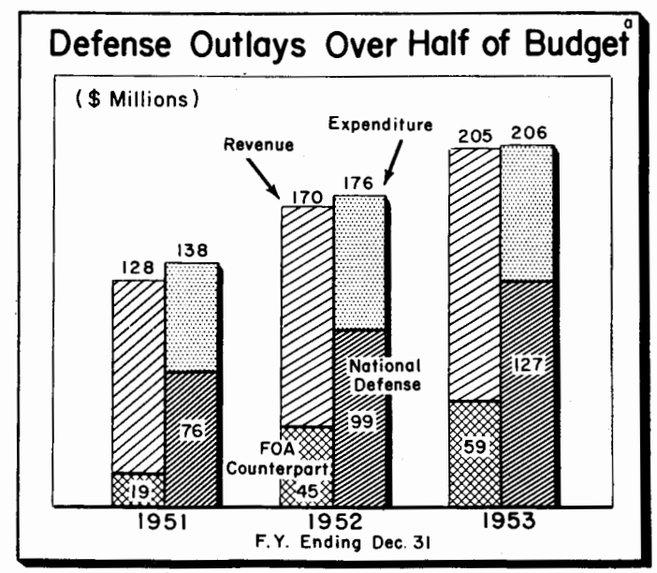
Trade Gap Smaller in '53



Cost of Living



Defense Outlays Over Half of Budget[a]



[a] Central & Provincial Gov'ts.

General Narrative Statement (Continued)

KW in 1953 - 52 percent above the prewar Japanese peak. Rice production has increased steadily and in 1953 reached an all-time record of about 1.7 million tons. The production of textiles has increased five-fold since 1950, permitting Formosa to meet its entire current requirements for military uniforms as well as to satisfy nearly all civilian requirements.

The improved economic situation--higher production levels, rising exports, and a retarded price inflation--made it possible in FY 1954 to increase substantially the allocation of FOA aid funds for development of power, transportation, and industrial facilities. Outside assistance for capital development is required because (a) a faster rate of investment is the only means of further increasing per capita production and thereby achieving progress toward self-support (even of keeping abreast of the rapid population growth and increasing military requirements), and (b) available Chinese resources for this purpose are inadequate.

Counterpart funds and dollar aid have been used to improve the clothing, equipment and rations of the Chinese armed forces. Over $5 million in offshore procurement contracts were placed with Chinese arsenals during 1953 for the production of small arms and ammunition.

Technical Cooperation has assisted the program of the Joint Commission on Rural Reconstruction (JCRR) and other programs improving agriculture, public health, education and public administration. Surveys have shown that approximately 95 percent of the rural people of Formosa know of American assistance to these programs and have felt their benefit. These programs have contributed materially to the peace and order now prevailing within Formosa, as well as to the marked increase in production that has benefited so materially the overall economy and the defense effort.

For FY 1955 it is proposed that $90 million be made available for the Formosa program. These funds will be used as follows: Direct Forces Support, $25.0 million; Mutual Defense Support, $62.6 million; and Technical Cooperation, $2.4 million. As described in greater detail below, all activities - irrespective of functional category - also will receive considerable support from counterpart funds, as a local currency supplement to the direct dollar aid shown above.

Direct Forces Support - $25.0 million

Funds in this category will be used to finance civilian-type imports required by the Formosan forces to supplement the military equipment and technical assistance furnished under the MDAP, and to assure its effective utilization. Items to be included will be used in the construction of warehouses, barracks, training centers, transportation facilities, airfields and revetments for jet and conventional aircraft. Also included will be imports of raw materials for the local manufacture of certain types of ammunition and small arms. Petroleum products for aircraft, ships, and combat vehicles will be supplied.

Mutual Defense Support - $62.6 million

These funds will supplement foreign exchange resources of the Chinese Government. They will be used to assure an adequate supply of consumer goods, industrial raw materials and capital goods and services.

Of the total funds requested within this category, $38.2 million will be used to finance industrial raw materials, such as phosphate rock to manufacture calcium superphosphate, soy beans for cake and edible oils, raw cotton to manufacture textiles, and lubricating oils for manufacturing industries, railways, busses and power generation. A small amount, $0.5 million will be used to improve harbor, railway, and telecommunications systems, which are essential to effective support of the military establishment. The balance will be used as follows: $0.3 million for improved irrigation and fishing facilities, $4.0 million for power and shipbuilding, and $15.5 million for the expansion of industries already established. (These are chemical fertilizer, paper and pulp, lumbering, sugar refining, chemicals, rubber processing and metals, and the mining of copper, gold, bituminous coal and coke.) A further $0.7 million is for the services of a U.S. firm of consulting engineers. The balance of $3.4 million

General Narrative Statement (Continued)

is for rehabilitation and replacement equipment.

FOA aid to industrial development in FY 1955, provided in this program, is expected to be particularly effective because it is geared to Chinese assurances, which FOA believes are within their capabilities, that the Government will further improve its economic planning, take steps to establish a favorable climate for private foreign and domestic investment, and increase the efficiency of presently Government-owned industries.

Technical Cooperation - $2.4 million:

The funds requested in this category will finance the cost of experts in the fields of agriculture, public health, education and public administration; small quantities of supplies and equipment for demonstration purposes; and a trainee program in the United States for about 145 persons. In addition to the dollar funds indicated above for the technical cooperation component, a substantial amount of counterpart funds is made available in support of its activities, as detailed later. An important purpose of this program is to help the government and the people of Formosa to help themselves, by giving aid to their efforts to establish fundamental programs affecting the general welfare in such fields as agriculture, health, education, public administration, and industry. Help in specific projects has been given to improve agricultural production through the adoption of better techniques; to control malaria, tuberculosis and other diseases; to improve technical education, as a companion measure aiding industrial development; and to improve public administration, bringing about more effective budgeting, taxation, and expenditure controls.

Counterpart Funds:

FOA-financed commodity imports develop counterpart funds which augment Chinese Government resources for essential military and civilian expenditures. For such expenditures during FY 1955 it is estimated that a total equivalent of $93.7 million in counterpart funds will be needed. Part of these funds will be developed through sale of commodities financed by FOA in FY 1955. Part will be derived from corresponding programs of prior fiscal years, and from repayment of loans previously made from counterpart funds. The $93.7 million equivalent in local currency will be used during FY 1955 as follows:

	Amount (million $ equivalent)	Percent of Total
Direct Forces Support	56.0	60
Mutual Defense Support	29.7	31
Technical Cooperation	8.0	9
Total	93.7	100

China's Part in Program

The Chinese are devoting 80 percent of their national budget and nearly 60 percent of the combined National and Provincial Governments' budgetary resources to the military effort. They are increasingly assuming the administration and costs of American-sponsored technical assistance projects in such fields as health, education, and rural development. A new foreign investment law is nearing enactment, which it is hoped will improve the climate for private investment sufficiently to attract U.S. and other private capital.

Relationship of the Program to UN Projects in Formosa

Several projects are being carried out in Formosa by certain UN specialized agencies - the UN Educational, Scientific and Cultural Organization (UNESCO); the World Health Organization (WHO); and the United Nations Children's Welfare Fund (UNICEF). These projects are coordinated with the U.S.-assisted education and public health programs. Two of the UN projects in the fields of malaria and tuberculosis control are conducted jointly with the Joint Commission on Rural Reconstruction (JCRR).

FAR EAST AND THE PACIFIC — Country: CHINA (FORMOSA)

INDIVIDUAL COUNTRY DATA FOR ALL PROGRAMS, EXCLUDING MUTUAL DEFENSE ASSISTANCE

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies & Equipment	Services				Local Costs
			U. S. Technicians		Trainees		
			No. of Persons	Cost	No. of Persons	Cost	
Direct Forces Support							
1953	30,123	30,118	-	-	2	5	-
1954	30,000	29,825	7	90	24	85	-
1955	25,000	24,970	1	15	6	15	-
Mutual Defense Support							
1953	75,377[a]	73,912	80	690	122	775	-
1954	81,822(5,000)*	74,247	117	1,870	157	705	5,000(5,000)*
1955	62,575	61,600	44	975	-	-	-
Technical Cooperation							
1953	-	-	-	-	-	-	-
1954	-	-	-	-	-	-	-
1955	2,425[b]	715	74	1,020	139	690	-
Total All Programs							
1953	105,500	104,030	80	690	124	780	-
1954	111,822(5,000)*	104,072	124	1,960	181	790	5,000(5,000)*
1955	90,000	87,285	119	2,010	145	705	-

* Figures in parenthesis represent Section 550 Sales proceeds (included in country program figures) which the U.S. will grant to Formosa for Defense Support purposes.

a/ Authorized and conducted as an integrated program, including features of technical cooperation and defense support.

b/ Does not include applicable dollar cost of salable commodities which generate the necessary local currency support. All such salable commodity imports are included under Mutual Defense Support.

FAR EAST AND THE PACIFIC

Country: CHINA (FORMOSA)

INDIVIDUAL COUNTRY DATA FOR ALL PROGRAMS, EXCLUDING MUTUAL DEFENSE ASSISTANCE

Summary by Major Project Category

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp. Communications & Power	(5) Industry Mining & Labor	(6) Public Admin.	(7) General and Community Development	(8) Maintenance of Essential Supply	(9) Direct Military Support (Common-Use)
Direct Forces Support										
1953	30,123	-	-	-	-	-	-	-	-	30,123
1954	30,000	-	-	-	-	-	-	-	-	30,000
1955	25,000	-	-	-	-	-	-	-	-	25,000
Mutual Defense Support										
1953	75,377[a]	14,908[b]	528	410	7,542	5,710	212	300	45,767	-
1954	81,822[a](5,000)*	2,290	595	485	6,760	21,790	485	600	48,817	-
1955	62,575	1,575	-	-	4,415	15,515	-	650	40,420	-
Technical Cooperation										
1953	-	-	-	-	-	-	-	-	-	-
1954	-	-	-	-	-	-	-	-	-	-
1955	2,425[c]	545	250	870	75	125	560	-	-	-
Total All Programs										
1953	105,500	14,908	528	410	7,542	5,710	212	300	45,767	30,123
1954	111,822(5,000)*	2,290	595	485	6,760	21,790	485	600	48,817	30,000
1955	90,000	2,120	250	870	4,490	15,640	560	650	40,420	25,000

a/ Authorized and conducted as an integrated program, including features of technical cooperation and defense support.
b/ Includes fertilizer imports which yield sales proceeds as follows: FY 1953, $14,365; FY 1954, $460; FY 1955, $1,200.
c/ Does not include applicable dollar cost of salable commodities which generate the necessary local currency support. All such salable commodity imports are included under Mutual Defense Support.
Figures in parenthesis represent Section 550 sales proceeds included in country program figures.

FAR EAST AND THE PACIFIC

Country: CHINA (FORMOSA)

INDIVIDUAL COUNTRY DATA FOR ALL PROGRAMS, EXCLUDING MUTUAL DEFENSE ASSISTANCE

Commodity Breakdown

(In thousands of dollars)

Commodity Detail	Programs								
	FY 1953	FY 1954				FY 1955			
		Mutual Defense Support	Direct Forces Support	Total	Section 550 Sales	Direct Forces Support	Mutual Defense Support	Technical Coop.	Total
Food, Feed and Fertilizer	38,380	15,235	5,950	21,185	10,000	2,200	24,745	-	26,945
Fertilizer	14,365	460	-	460	-	-	1,200	-	1,200
Food	24,015	14,775	5,950	20,725	10,000	2,200	23,545	-	25,745
Fuel	5,585	-	4,305	4,305	-	7,120	-	-	7,120
Raw Materials and Semi-Finished Products	34,965	28,935	9,735	38,670	-	8,530	17,225	10	25,765
Iron & Steel Mill Materials and Products	5,550	3,390	1,335	4,725	-	4,100	1,900	-	6,000
Medicinal & Pharmaceutical Preparations	525	210	1,480	1,690	-	2,230	-	-	2,230
Pesticides	245	280	-	280	-	-	-	10	10
Other	28,645	25,055	6,920	31,975	-	2,200	15,325	-	17,525
Machinery and Vehicles	18,210	20,355	6,615	26,970	-	6,600	15,775	70	22,445
Construction,Mining,Conveying Equip.	775	1,170	145	1,315	-	-	1,400	-	1,400
Electrical Apparatus,Generators & Motors	5,510	5,015	990	6,005	-	200	4,010	70	4,280
Industrial Machinery	9,465	10,540	2,815	13,355	-	1,400	7,985	-	9,385
Tractors (Non-agricultural)	-	-	-	-	-	-	-	-	-
Motor Vehicles, Engines & Parts	940	965	2,050	3,015	-	5,000	850	-	5,850
Agricultural Machinery	30	495	-	495	-	-	5	-	5
Other	1,490	2,170	615	2,785	-	-	1,525	-	1,525
Miscellaneous	6,890	9,722	3,220	12,942	-	520	3,855	635	5,010
Scientific & Professional Instruments	320	860	705	1,565	-	300	490	375	1,165
Misc.Iron and Steel Manufacturers	115	4,965	-	4,965	-	220	2,840	5	3,065
Misc.Commodities for Educ.& Scientific Use	190	670	225	895	-	-	225	255	480
Other (Incl. Ocean Freight, NEC)	6,265	3,227	2,290	5,517	-	-	300	-	300
TOTAL	104,030[a]	74,247	29,825	104,072	20,000[b]	24,970	61,600	715	87,285

a/ Includes $30,118 thousand direct military support (common-use items) subsequently shown under Direct Forces Support.
b/ Includes $5.0 million, the local proceeds of which are programmed for OSP and $5.0 million, the local proceeds of which are used for other military and defense support purposes.

BASIC STATISTICS

Area	272,000 Square Miles
Population	28,000,000 - (1952)
Population Density	102 per Square Mile
Agricultural Land	15 percent of total area
Agricultural Land Per Capita.	0.8 acres
Main Crops	Rice, corn, rubber and fish
Main Industries	Cement, coal and textiles
Main Exports (1952):	Mill. U. S. $ / % of Total Exports
Rice	39 / 33
Rubber	42 / 36
Main Occupations	Agriculture and fishing
Per Capita GNP	Roughly estimated at $85 in 1952 (conversion rate 35 peastres per $)
Per Capita Caloric Intake	2070 calories. Rice and fish are a major part of the diet
Average Life Expectancy	30 years in Cambodia
Medical Services	One physician per 59,000 36 hospital beds per 100,000
Literacy Rate	15 percent
Teachers	50 per 100,000
Railroads	900 miles (prewar 2100 miles)
Roads	Prewar 16,600 miles
Waterways	Possesses an efficient inland waterway system
Significant Basic Resources	Rubber, natural - produced 3 percent of free world output in 1952; provided 2 percent of US supply in 1952

SELECTED ANNUAL STATISTICS

Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Rice, rough[a]	1000 MT	6530[b]	5810	5940	6120
Rubber	"	61	53	64	72
Coal	"	2335	638	859	810
Cement	"	266	212	223	284
FOREIGN TRADE					
Exports f.o.b.	Mill. US $	81	135	117	86
Imports c.i.f.[c]	"	56	305	449	386
Balance	"	25	-170	-332	-300
Trade with U.S.[d]					
Exports to U.S.	Mill. US $	7	14	14	17
Imports from U.S.	"	3	27	38	37
Key Exports:					
Rubber	1000 MT	58	54	63	75
Rice and derivatives	"	1054	356	245	210
Corn	"	548	64	29	
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill. US $			50	
Private Financing	"			-	
Official Financing	"			-50	
Errors and Omissions	"			-	
FINANCIAL					
Wholesale Prices: Saigon-Cholon	1949=100	5	117	132	152
Cost of Living: Saigon	"	2[e]	116	142	181
Currency in circulation[f]	Mill. Piastres	174	6511	7672	8921[g]
Official Reserves[f]					
Francs	Mill. US $			33	46
Exchange Rates[f]					
Selling	Piastres per $	3.52	20.58	20.58	35.00

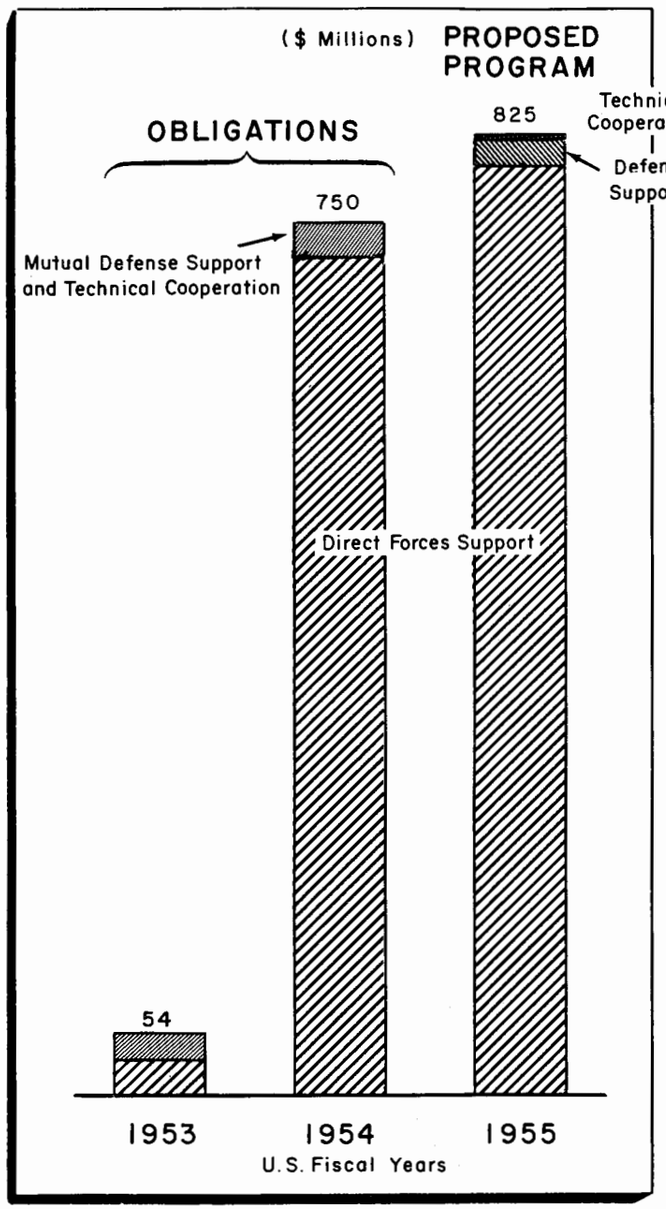
* 1953 data largely preliminary or estimated.

a Crop year beginning in year stated.
b Prewar average.
c Excludes US - financed imports.
d US Customs data.
e 1939.
f End of year or month stated.
g November.
h Consolidated statement of the budgets of the Associated States

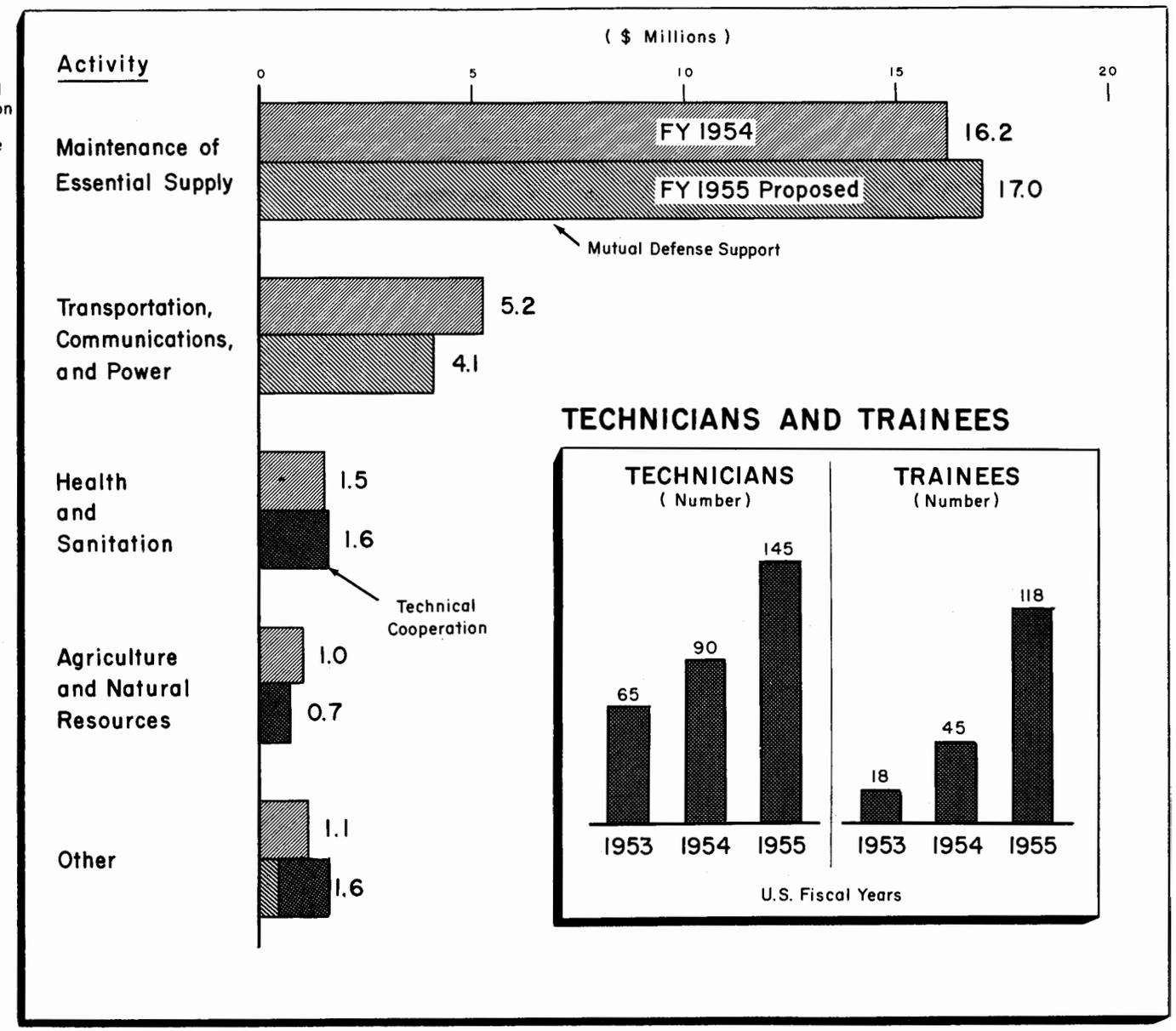
PREVIOUS PAGE BLANK

INDOCHINA (Associated States)

TOTAL PROGRAM



PROGRAMMED FUNDS BY ACTIVITY (Excluding Direct Forces Support)



FAR EAST AND THE PACIFIC

Country: INDOCHINA (ASSOC. STATES)

INDIVIDUAL COUNTRY DATA

Summary of Program by Functions

(In thousands of dollars)

Function	Programs		
	FY 1950/54	FY 1954	Proposed FY 1955
Mutual Defense Assistance	1,246,100	347,900	308,000
	FY 1953		
Direct Forces Support	30,116 a/	725,000	800,000
Mutual Defense Support	23,977 b/	25,000 b/	21,485
Technical Cooperation	-	-	3,515 c/
Total Country Program	xx	1,097,900	1,133,000

a/ Represents direct military support (common-use items) which was funded in FY 1953 from economic assistance funds. Comparable programs in FY 1954 and FY 1955 are included in the Mutual Defense Assistance figures.

b/ Authorized and conducted as an integrated program, including features of both technical cooperation and defense support.

c/ Does not include applicable dollar cost of salable commodities which generate the necessary local currency support. All such salable commodity imports are included under Mutual Defense Support.

General Narrative Statement

Introduction

The principle interest of the United States in Indochina is successful resistance to the communist aggression, now in its eighth year. Success in this effort may save all South East Asia -- with its one hundred seventy million people, its vast resources of raw materials and potential markets, and its important geographical contribution to the defense and security of the United States -- from falling into communist hands. Some of the reasons for the program, the level of expenditures under it, and our relationships with the French and the Associated States can be presented more satisfactorily in oral testimony, and will be taken up during hearings. However, the importance and complexity of the situation in Indochina appears to justify the following rather extensive background statement.

Background Statement

Navarre Plan -- Last summer the French Government informed the United States that the new French commander in Indochina, General Navarre, had worked out a program which would lead to the breaking up of the principal Communist forces in Indochina within two years, and to the eventual pacification of the area under the free and independent governments of Vietnam, Laos and Cambodia. He required certain reinforcements from France, which have been or are shortly expected to be made available, as well as assurance that the necessary financial support would be available to continue the build-up of the indigenous Indochinese forces. These latter forces are expected to swing the balance in the active fighting, as well as assume responsibility for pacification.

The military program undertaken by General Navarre for the conduct of the war is designed to break the organized Communist aggression by the end of the 1955 fighting season and thereby reduce the fighting to guerrilla warfare which could, in 1956, be met for the most part by national forces of the three Associated States.

Under the command of General Navarre are the regular French Union ground forces in Indochina which aggregate more than 430,000 men about equally divided between the French Expeditionary Corps (70,000 French, 50,000 Africans, 20,000 Foreign Legion, 60,000 Vietnamese) and the Associated States national armies (200,000 Vietnamese, 30,000 Laotians and Cambodians). The French Air Force and Navy provide an additional 20,000 troops. Casualties on the French Union side during the seven years of fighting in Indochina have amounted to more than 130,000 in killed, missing and wounded, of which 50,000 are French and Foreign Legion troops, 20,000 Africans and 60,000 Indochinese.

U.S. AID IN FY 1954 FOR MUTUAL DEFENSE ASSISTANCE AND DIRECT FORCES SUPPORT

The U.S. Government was convinced that the Navarre Plan for victory in Indochina was feasible and offered a reasonable chance of success. The National Security Council and the Joint Chiefs of Staff endorsed the Navarre program and recommended to the President that additional financial assistance be provided to assure its realization. After consultation with the Congress, the President approved the provision of up to $385 million from FY 1954 Mutual Defense Assistance funds to help finance a portion of the costs of the Associated States forces during 1954. The Congress had already authorized $400 million (in Section 304 of the Mutual Security Act of 1953) to help support the forces in Indochina during 1954 and these funds will be applied primarily to support the French Expeditionary Corps. An agreement regarding the purpose and application of the total $785 million was signed with the French Government on September 29, 1953, and a further memorandum of understanding on administrative procedures was signed on March 1, 1954. Summaries of these two agreements are attached as Tabs A and B.

General Narrative Statement (Continued)

The table below indicates the total estimated cost of the war in Indochina for 1954. The total war cost estimated at $1,987 million will be financed from three sources: (1) from the indigenous financial resources of France and the Associated States, (2) from U.S. financial support to France and the Associated States, and (3) by the direct shipment from the United States of military supplies (under MDAP) for Indochina. The explanation of the MDAP program for Indochina follows later. The U.S. financial support for French forces will be devoted mostly to the procurement, largely in France, of goods and services for such forces.

Total cost and financing of the war for 1954

	Equivalents	
Costs	Billion francs	Million dollars
French Expeditionary Corps	242	691
French Air Force in Indochina	40	115
French Navy in Far Eastern waters	20	57
Rotation of troops	13	37
Total French forces	315	900
Total Associated States forces	195	557
U.S. end-items (ammunition and equipment, etc.)		
Original program for fiscal 1954 ($300 million)		
Estimated ad hoc requirements ($200 million)		
Common-use program ($30 million)		
Total end-items	185	530
Total cost of the war	695	1,987
Financing		
Financed by France and Associated States (34%)	235	672
Financed by U.S. (66%)		
Support of French forces ($400 million) 140		
Support of A.S. forces ($385 million) 135		
End-item aid (estimated $530 million) 185		
Total U.S. financing	460	1,315
Total financing of the war	695	1,987

Support for the Associated States forces will be devoted not only to procurement of requirements in both France and Indochina for these forces, but to the financing of construction for the forces as well as a portion of their pay and maintenance. The precise items to which the $785 million in FY 1954 financial support will be applied of course will not be known until reimbursement is made, but the funds will be applied in accordance with the procedures agreed upon in the memorandum of understanding of March 1954, described in attachment B.

The over-all figure of 242 billion francs estimated cost of the French Expeditionary Corps has been presented to the French Parliament, which has approved the French budget in this amount. In its presentation to Parliament, as well as in its discussions with U.S. authorities, the French Government has set forth in great detail the components of such costs. The French Government has also prepared a detailed breakdown of cost estimates for the Associated States forces, showing the components of the over-all figure of 195 billion francs.

The French Government has also made a detailed presentation to the U.S. of the requirements for the air and naval as well as ground forces in Indochina. These estimates cannot take fully into account the relatively slight changes in stated requirements which will arise from the requests by General Navarre in the course of the year for reinforcements in men and supplies. He of course makes such requests to the French Government for supplies from France as well as to the U.S. for supplementary MDAP support. The table on total cost of the war in 1954 (included earlier in the text) includes an estimate of the amount of such supplementary MDAP supplies which will probably have to be programmed and funded in the course of FY 1954 over and above the original MDAP program for Indochina. It is anticipated that a similar situation will exist with regard to MDAP supplies in FY 1955.

In accordance with the aid agreements with France referred to above, a further study has been under way of the total cost of the forces and operations in Indochina, to determine whether there may be room for savings in the estimates, and which might accrue to the U.S. in accordance with the agreements mentioned above.

General Narrative Statement (Continued)

The aid agreements also provide for some reduction in the $385 million by the application to this program of certain of the counterpart accruing in 1954 from previous defense support aid to France.

U.S. aid proposed for FY 1955 for Mutual Defense Assistance and Direct Forces Support

For 1955 it has been estimated that total requirements for French forces in Indochina may decline (but only if it is possible to reduce slightly the size of the French Expeditionary Corps, as the national forces of the Associated States expand). For the Associated States forces, total costs may increase by a somewhat larger amount. These estimates are also under study and it is hoped that by the end of the present fighting season in Indochina it may be possible to determine more precisely what the requirements for 1955 will be. On the basis of information at hand, it is considered that the U.S. contribution required for Direct Forces Support for the military effort in Indochina in 1955 will probably be at least on the same order as in FY 1954, and it is proposed that $800 million be authorized for this purpose. Provision of this amount, as in the case of the FY 1954 funds, will depend upon further detailed investigation of the actual costs of the war and of progress in building up the Associated States forces. No funds would be paid out, of course, except on the basis of fully documented expenditures.

The table below indicates the total estimated cost of the war in Indochina for 1955. It includes the only estimate now available for MDAP assistance in FY 1955, subject to upward revision probably on the same order as is the case in FY 1954. Discussion of the MDAP program for both 1954 and 1955 will be found elsewhere. It should be emphasized, however, that one of the purposes of the study now under way on the entire cost of the war is to assure to the extent practicable that there is no duplication between the military supplies provided under MDAP and the military supplies secured from France and financed out of the $800 million requested as for Direct Forces Support for FY 1955.

Total cost and financing of the war for 1955

	Equivalents	
Costs	Billion francs	Million dollars
French Expeditionary Corps	235	672
French Air Force in Indochina	39	111
French Navy in Far Eastern waters	18	51
Rotation of troops	13	37
Total French forces	305	871
Total Associated States Forces	220	629
U.S. end-items (estimated $308 million*)	108	308
Total cost of the war	633	1,808
Financing		
Financed by France and Associated States	245	700
Financed by U.S.		
Direct Forces Support ($800 million)		
End-item aid ($308 million*)		
Total U.S. financing	388	1,108
Total financing of the war	635	1,808

* Subject to revision.

The request for $800 million indicated above is based upon the belief of the Executive Branch:

(a) that an end to active fighting in Indochina cannot be expected before the end of the 1954/55 fighting season, with mopping-up activities continuing for some months thereafter;

(b) that there appears to be little or no likelihood that either the French or Associated States will be able to increase to any appreciable degree their own financial contributions to the war because of continuing budgetary demands on the already high levels of revenues being collected;

General Narrative Statement (Continued)

(c) that the cost estimates for the Indochina war, currently being reviewed, are reasonably correct, and

(d) that this amount should therefore be authorized to demonstrate to the Governments of France and the Associated States that the U.S. is not slackening in its support of their combined war effort in Indochina.

Political independence for Indochina (Associated States)

The French Government realized that the campaign to defeat the forces of Communism in Indochina has its political as well as military aspects. The declaration by the French Government on July 3, 1953, therefore proposed negotiations offering complete sovereignty to each of the Associated States. The text of the July 3 declaration is attached as Tab C.

Laos has already negotiated a treaty (which entered into force on October 22, 1953) affirming its complete independence and voluntary adherence to the French Union. Delays in bilateral discussions between the other two states and France arose from certain internal political difficulties in Vietnam and Cambodia. The Vietnamese Government began negotiations with the French early in March 1954. These should lead to a treaty relationship similar to the one agreed upon by France and Laos.

MUTUAL DEFENSE ASSISTANCE PROGRAM

Program Objectives

The United States provides grant military assistance to Indochina in order to strengthen the combined capability of the French and non-Communist indigenous forces by providing increased aid on a high priority basis for French units and those of the Associated States. Such aid will be limited to that military materiel and training, beyond the capability of France to supply, which is essential (1) to assist the forces of France and the Associated States to reestablish control of all of Indochina; and (2) for the development of indigenous armed forces which will subsequently be capable of maintaining internal security without assistance from the French units.

Progress to Date

The French and the Associated States Forces have received MDAP equipment in increasing amounts since 1950. Build-up of the Associated States armies, in accordance with the Navarre Plan, is being accomplished with American equipment and American financing, and is shifting the manpower advantage away from the Communists.

The Army MDA Programs for Indochina have provided initial unit equipment for forces of agreed size. In addition, maintenance equipment has been supplied, and because of the special combat conditions which have prevailed, and which have distinguished this program from others, substantial amounts of ammunition and equipment for combat reserves have also been provided.

Six schools have been organized for non-commissioned officers, while specialists are being assigned to French units for on-the-job training. As a result of the Navarre Plan, the French agreed to recruit 55 light battalions, with the understanding that America would provide the arms and equipment and the financial support required. That program is on schedule, and by spring of this year all of these 55 battalions will be "operative" and available for use.

In 1950 the French Navy in Indochina consisted of about 40 major vessels and some 200 landing craft. The majority of these landing craft were American-built and turned over to the French at the end of World War II. Through MDAP the French have been able to replace the obsolete craft and to place in a fully operational condition all those vessels and landing craft unemployed for lack of spare parts.

The Department of the Air Force under the MDA Program has provided the French Air Force in Indochina with sufficient materiel and equipment to develop a modern Air Force and to modernize their facilities, their communications, and their logistic support agencies. In recent weeks actions have been taken to expedite delivery of certain especially crucial items, such as B-26 aircraft.

General Narrative Statement (Continued)

The FY 1955 and Previous Programs

The FY 1950-54 MDA Program provided selected items of initial unit equipment, ammunition, and maintenance support for the French and Associated States armies; coastal escorts and minesweepers, amphibious ships, landing and river patrol craft, shore-based naval aircraft, and maintenance support and ammunition for the French Navy; and F-8F, B-26, C-47, and H-19 aircraft (including maintenance support and ammunition) for the French Air Force.

The FY 1955 program is planned to provide combat attrition replacements of aircraft, vessels, vehicles, and equipment of all kinds, replenishment of ammunition, maintenance support and follow-on supply for major items of equipment already on hand. In addition, it will provide equipment that is necessary to the support of the Navarre Plan for the build-up of the Associated States Forces and the successful prosecution of the war.

Government of France and Associated States Participation in Program.

In 1953 the French Government approved the Navarre Plan and, having made this decision, earnestly and conscientiously assisted the Associated States in the build-up, equipping and training of the Light Battalions in phase with the Navarre concept.

Last spring, the French, in order to alleviate the shortage of transport pilots, contracted with Civil Air Transport for the services of flight crews to support their air transport operations. Again in February 1954, the French signed another contract with Civil Air Transport for similar services during the current fighting season.

Direct Military Support Programs

In FY 1954, the Department of the Army administered a $30,000,000 direct military support program in Indochina from funds appropriated to and administered by Defense. (The program in FY 1953 had been carried out with funds appropriated for non-military purposes, but allocated to Defense for programming and procurement.) The principal items furnished in FY 1954 were aviation gasoline, airfield landing mats, air navigation aids, road and airfield construction equipment, civilian type spare parts, and shop equipment.

In FY 1955, another military support program of $30,000,000 is planned. The item content is not firm because the French Union Forces have not yet submitted firm requirements.

MUTUAL DEFENSE SUPPORT AND TECHNICAL COOPERATION PROGRAM

FOA assistance to the Associated States from FY 1950 through FY 1954 amounts to approximately $96.0 million*. Over half of these funds financed the importation of civilian commodities essential to the maintenance of production. The piaster proceeds - counterpart funds - resulting from the sale of these commodities, defrayed the local currency costs of FOA-assisted projects which could not otherwise have been financed by the States' already overburdened budgets.

Approximately one-fourth of total dollar funds and one-half of total counterpart accruals during the period provided direct support to the military effort by maintaining and improving transportation facilities, and by pacification activities including emergency relief and other assistance for war refugees. Most of the remaining funds were used for strengthening the public services and increasing popular support of the Associated States' Governments through health and sanitation projects and assistance to agriculture. A small amount was programmed for education and public administration assistance.

* Excludes $30.1 million for Direct Military Support "Common-Use" items in FY 1953, the programming and procurement of which was handled by the Department of Defense and financed from Economic and Technical Assistance appropriations.

General Narrative Statement (Continued)

In direct support of the military effort, FOA has financed imports of asphalt and construction equipment, and has provided the necessary technical guidance for the repair and improvement of more than 1,500 KM of roads. FOA also has helped improve the three principal ports handling military cargoes (Saigon, Haiphong and Tourane), as well as airfield installations at Vientiane and Luang Prabang. These latter have been of considerable tactical assistance in the repulsion of Communist attacks.

FOA assistance for relief and rehabilitation has freed the French Union and National armed forces from a large share of the refugee burden in liberated areas. More than two million refugees in 50 villages have received assistance in the form of emergency supplies, medical treatment and shelter, as well as through the establishment of schools and community and health centers. Refugee farmers have been settled on abandoned or government-owned land; other displaced persons have been assisted toward self-support through cottage industry supplies or jobs on public works projects. Emergency relief was extended to flood victims at Hue in 1953 and more recently to 25,000 victims of the Communist drive in Laos. Fifteen GAMO Teams -- Groupment Administrative Mobile Operational -- similar to military government groups utilized by U.S. Armed Forces in World War II have been provided with vehicles and radio equipment to assist them in establishing effective governmental control and security in areas liberated by military operations.

Important indirect assistance has been provided to the military effort by FOA activities designed primarily to help the Governments of the Associated States achieve the popular support they must have to win the war. For example, FOA has cooperated with the Governments of the Associated States in public health activities which have reached over 50 percent of the population in controlled areas, with the result that malaria has been virtually eliminated from the Delta regions. Further, with U.S. help over 1,000 teachers have been trained and over one million persons have been made literate. FOA agricultural projects have served the dual purpose of increasing food production and improving the economic status of the farmer.

In addition to helping the governments provide some tangible evidence of their interest in the welfare of the people, FOA has provided equipment and technical advice in developing informational media needed to combat the incessant barrage of Viet Minh propaganda and to win positive popular support.

Compared with military assistance to the Associated States, the magnitude of the FOA programs has been small. Without such outside assistance, however, most of these essential military-support and public-service activities could not have been undertaken, because of the serious shortage of tax revenues and dollars available to the Associated States.

The FY 1955 Program

The FY 1955 program request for Mutual Defense Support and Technical Cooperation, remains at $25 million -- the same amount as in FY 1954 but slightly more than in FY 1953. About four-fifths of the total proposed for FY 1955, or $21.5 million, is to be used for mutual defense support, the remainder, $3.5 million, for technical cooperation.

MUTUAL DEFENSE SUPPORT

The funds programmed for mutual defense support will be concentrated on highest priority needs. Substantial assistance will be given to the improvement of transportation and communications facilities needed by the military. Increased imports of road-building equipment and asphalt, together with substantial counterpart support, will speed up the repair and construction of strategic highways, harbors and airfields.

To broaden the pacification program, FOA support of relief and rehabilitation activities will be expanded. Larger amounts of equipment will be supplied to GAMO teams, and substantial counterpart assistance will be provided for more immediate aid to refugees, particularly in North Viet Nam and other war-torn areas. Assistance to the States' psychological warfare activities will be coordinated with other relief and pacification activities.

General Narrative Statement (Continued)

In order to maintain production of essential goods and services, it is proposed to use about $17 million of the total assistance requested for FY 1955 for imports of fuel, fertilizer, machinery and replacement parts for domestic sale. The local currency proceeds (counterpart funds) will provide the internal financing for both defense support and technical cooperation projects.

Technical Cooperation

It is proposed to use approximately one-fifth, or $3.5 million*, of total FY 1955 dollar aid requested in programs of technical cooperation -- primarily on continuing projects in the fields of Agriculture, Health and Sanitation, Education, Industry and Public Administration. As compared with FY 1954, decreased emphasis is planned on fertilizer distribution, provision of hospital equipment, sanitary wells, municipal water systems, and equipment for project support and informational activities. On the other hand, larger amounts are programmed for rural health centers and first aid stations, technical education, industrial training, teacher training and community education. University contracts will be utilized when appropriate. All technical cooperation projects will be coordinated so as to maximize the effectiveness of the pacification program in recently liberated areas.

Associated States Governments' Participation in Program

Despite the generally expanded military effort of the Associated States and their limited budgetary resources, their financial participation in FOA programs has increased. In 1952 and 1953, the States appropriated amounts equivalent to or in excess of U.S. grants to help defray the local costs of highway, bridge and port construction projects included in the FOA program. In 1953 the Government of Viet Nam contributed about 40 percent of the internal costs of irrigation works. Both the Cambodian and Viethamese Governments contributed substantially to the initial financing of an agricultural credit program, sparked by FOA to provide low interest, short-term crop loans. In addition, the Associated States have been absorbing the administrative costs of a number of FOA-sponsored activities in various fields as well as the operating costs of the mobile information units provided by FOA.

Beyond the support given FOA projects, the Associated States have increased appropriations for expanded activity in allied fields, for example, highway construction, irrigation, rice improvement, adult education, public information and preventive medical services.

Further encouragement is to be found in the establishment of ministries responsible for economic development and in the enactment of legislation fundamental to social and economic change, particularly in the fields of labor and agrarian reform. While these measures have yet to show profound effects, they are evidence of the desire of the Associated States to promote economic and social development.

Relation of FOA Program to United Nations Projects in Indochina

UN activities in the Associated States have been undertaken by WHO, FAO, UNESCO and UNICEF. UN advisers on power development and trade promotion have not been directly associated with specific FOA projects. A number of other UN activities, however, are coordinated with FOA projects. In these instances, FOA has generally furnished the supplies and equipment while the UN agencies have provided technical advice.

Projects in which FOA and the specialized UN agencies have cooperated include: (1) agricultural development plans and the organization of agricultural services; (2) training of forestry service personnel; (3) development of a rural education program; (4) malaria and insect control; (5) maternal and child health care; (6) teacher training; (7) yaws control; (8) public health administration; (9) hospital planning, and (10) tuberculosis control.

* Direct dollar costs only; an additional $12 million of local currency funds will be required for internal costs. The latter will be met largely from counterpart funds derived from the sale of dollar-financed imports arriving during FY 1955, from FY 1955 and prior fiscal years' Defense Support programs.

General Narrative Statement (Continued)

Following are the Tabs referred to in the text:

Tab A Summary of September 29, 1953 agreement

Tab B Summary of memorandum of understanding dated March 1, 1954

Tab C French Government declaration of July 3, 1953

TAB A

Summary of September 29, 1953 aid agreement with France

Following are the essential provisions of the exchange of letters of September 29, 1953, providing additional assistance to France in support of the war in Indochina.

French undertakings

1. France is resolved to apply fully its declaration of July 3, 1953, regarding the independence of the three Associated States.

2. The French Government is determined to make every effort to break up and destroy the regular enemy forces in Indochina.

3. The purpose of additional aid requested by the French Government is to enable it to put into effect its plans for the intensified prosecution of the war, and for supporting and increasing the Associated States forces. The French plans also include a temporary increase in the French forces in Indochina.

4. The French Government will continue to exchange information and views on the above matters with the U.S., without of course detracting from the exclusive French responsibility for the conduct of the war.

5. The increased French effort in Indochina will not entail any basic or permanent alteration in French Government plans and programs for its NATO forces.

Provisions governing U.S. aid

1. The additional U.S. aid of up to $385 million is in support of the French plans referred to above.

2. The additional $385 million is over and above the $485 million in aid already earmarked for France from fiscal 1954 funds ($400 million for Indochina and $85 million for French NATO forces).

3. Certain counterpart funds otherwise uncommitted and accruing during calendar 1954 from fiscal 1953 and prior U.S. aid programs will be counted as part of the $385 million in additional aid. The exact amount of such counterpart is not known, but will be determined as the year proceeds.

4. Provision is made for a review of the cost estimates of the operations in Indochina in 1954, and for discussion between the two governments on areas of possible savings in the program.

5. Provision is made whereby the French Government will provide the U.S. Government with all appropriate information regarding the type and amount of expenditures necessitated by the Indochina military program. The detailed procedures under which U.S. aid is made available were to be worked out later [and are embodied in a separate Memorandum of Understanding, described elsewhere].

6. Provision is made that should the French plans prove incapable of execution or should other unforeseen circumstances arise, the United States would not consider itself, insofar as the additional aid referred to above is concerned, committed beyond the amount which had already been made available to the French Government, and would consult urgently with the French Government as to the future course of action.

General Narrative Statement (Continued)

TAB B

Memorandum of Understanding on Administration of Indochina Aid Program

The procedures under which the $785 million FY 1954 program for support of the forces in Indochina are administered are set forth in a memorandum of understanding agreed to by the U.S. and France on March 1, 1954. This elaboration on administrative procedures was provided for in the basic aid agreement of September 29, 1953, described elsewhere. The principal provisions of the memorandum of understanding are outlined below.

Application of Aid

The $785 million is to be applied by reimbursing the French Government for a portion of the fiscal 1954 expenditures on the French Expeditionary Corps, Air Force and Navy in Indochina, and on the Associated States forces. The total cost of these forces has been estimated by the French Government at about $1,425 million. Expenditures on the French forces are included within the French budget properly speaking, and are subject to regulations governing expenditures of French budget appropriations. Expenditures on the Associated States forces (other than those financed by the Associated States themselves) are made through a Special Account of the French Treasury and are subject to regulations governing such accounts. Expenditures made only in accordance with such regulations will be reimbursed from the U.S. aid program. A list of eligible chapters in the French and Associated States military budgets for 1954 was agreed upon, and the French Government will ask the U.S. to reimburse only expenditures made by it, or by the Associated States Governments, from such budget chapters. At the same time a list of categories and items of specifically identifiable military expenditures was agreed upon as ineligible for U.S. financing.

French procedures

Within the framework of the public accounting regulations and practices governing French public expenditures (including contracting regulations designed to obtain the lowest possible price) the French Government provides an Individual Payment Certificate (IPC) in the case of each expenditure for which reimbursement from U.S. aid is requested. The IPC's contain all the essential information on a French Government payment voucher, with additional information to meet certain specified U.S. requirements. The IPC's are submitted for all expenditures on behalf of the forces in Indochina for which reimbursement is sought. Instructions to all French paymasters on the preparation of IPC's were issued at the end of 1953.

U.S. screening

Administration of this memorandum and the review of costs referred to below are the primary responsibility of the FOA Mission to France (USOM/F). The French Government submits IPC's which it considers properly reimbursable to the USOM/F either directly or through the U.S. Combined Group in Saigon. Screening of expenditures in Indochina on behalf of the Associated States forces is undertaken in Saigon by the U.S. group and the results of this screening are reported to the USOM/F, for coordination with the screening in Paris of expenditures in France on behalf of the Associated States forces as well as all expenditures on behalf of the French forces in Indochina.

Reimbursement

The U.S. group in Saigon and the USOM/F examine the IPC's submitted to them to determine their eligibility and indicate if any may not be acceptable and the reasons therefor. The net amount of reimbursement requests submitted and accepted are then paid by the USOM/F (1) by dollar checks drawn to the

General Narrative Statement (Continued)

order of the French Treasury, (2) (a) by withdrawal of certain counterpart specified in the September 1953 agreement which is to be counted against the $385 million aid program, or (b) by application of sales proceeds accruing under the Section 550 program under negotiation for Indochina which is financed out of the $385 million. Provisional reimbursement may be made to the French Government on the basis of a one-line certification of expenditure, subject to the submission and approval of detailed documentation as soon as it becomes available, at which time any necessary adjustments or refunds would be made in dollars. Such provisional reimbursements will not exceed $20 million a month (or $50 million total) against expenditures in Indochina for the Associated States forces, and will at no time exceed $80 million for the entire program. The dollar amounts requested for reimbursement will be computed from francs or piasters at the rates of exchange current at the time when the expenditures are made.

Costing study

A joint review and refinement of the costs of the above programs is being carried forward by representatives of the U.S. and French Governments. If reductions are appropriate and savings realized by the U.S. by the end of the year, any necessary refunds will be given in dollars with respect to U.S. aid payments already made.

U.S. audit and reports

U.S. representatives in both Saigon and Paris may make field checks on the utilization of U.S. aid and have the right to examine pertinent accounts and documentation (such as contracts, invoices, certificates of services rendered or of the receipt in proper quantity and quality and of the delivery of goods to warehouse or military depot, etc.) during the period through April 1958. The French authorities will provide to the U.S. periodic statistical reports on procurement of all materiel and equipment for the forces in Indochina, whether financed by the U.S. or not, and will provide any additional special reports on the utilization of U.S. aid which may be required to enable the U.S. to meet the requirements of its foreign aid legislation.

Section 524

The recapture by the U.S. of any surplus or excess equipment and material for Indochina financed by means of the $785 million aid program, will be covered by the agreement on redistributable and excess property being negotiated with France.

Amendments

The two governments will consult on any amendments or modifications necessary in this memorandum, particularly if any new U.S. legislative provisions must be taken into account. Any disputes arising under the provisions of the memorandum will be discussed through normal diplomatic channels.

TAB C Declaration by the French Government on July 3, 1953

The Council of Ministers of the French Republic has met and examined the relations of France with the Associated States of Indochina.

It considers that the time has come to adapt the accords concluded by them with France to the status that they have been able to acquire with France's entire support in the community of free peoples.

Respectful of national traditions and of human liberties, France in course of a cooperation soon a century-old has led Cambodia, Laos and Vietnam to full blossoming of their personality and has maintained their national unity.

By the accords of 1949, France has recognized their independence and they have accepted association with France in the French Union.

The Government of the Republic desires to make today this solemn declaration.

General Narrative Statement (Continued)

During the interval of four years which has passed since signature of the accords, the brotherhood of arms has affirmed itself more between the armies of French Union and the national armies of the Associated States,thanks, to the development of the latter, who take each day a part more important against the common enemy.

At the same time, the civil institutions of the three nations have been put in a position to assume the ensemble of powers incumbent on modern states, while international recognition of their governments has extended to a majority of countries who constitute the United Nations.

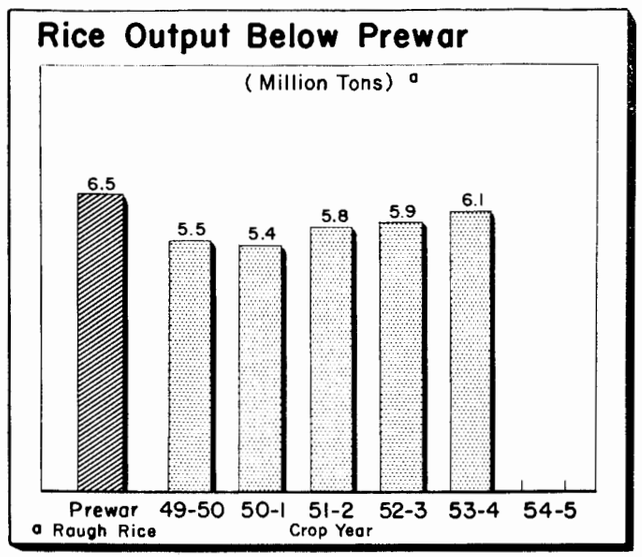
France believes that, under these conditions, there is ground for perfecting the independence and sovereignty of the Associated States in assuring, in agreement with each one of three interested governments, the transfer of powers that France had still retained in the interest of the States themselves by reason of the perilous circumstances arising from a state of war.

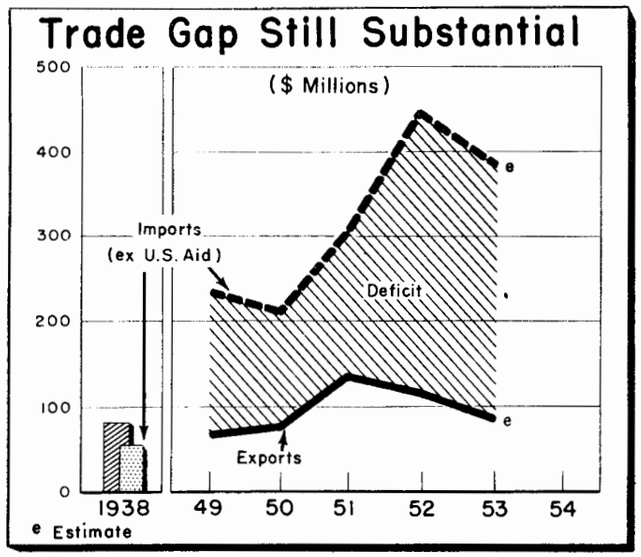
The French Government has decided to invite each one of the three governments to come to an agreement with it on the settlement of the questions that each one of them will consider it ought to pose in economic, financial, judicial, military and political fields, in the respect and the safeguard of the legitimate interests of each of the contracting parties.

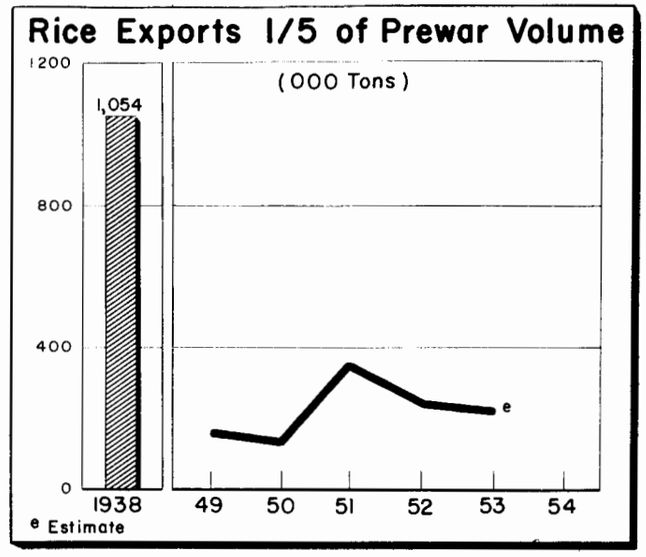
The Government of the Republic expressed the wish that an agreement on these different points will tighten the bonds of friendship which unite France and the Associated States in the French Union.

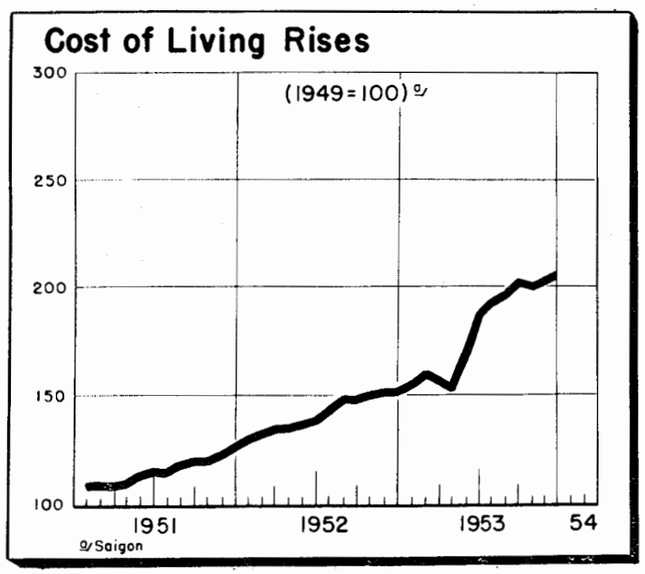
INDOCHINA (Associated States)

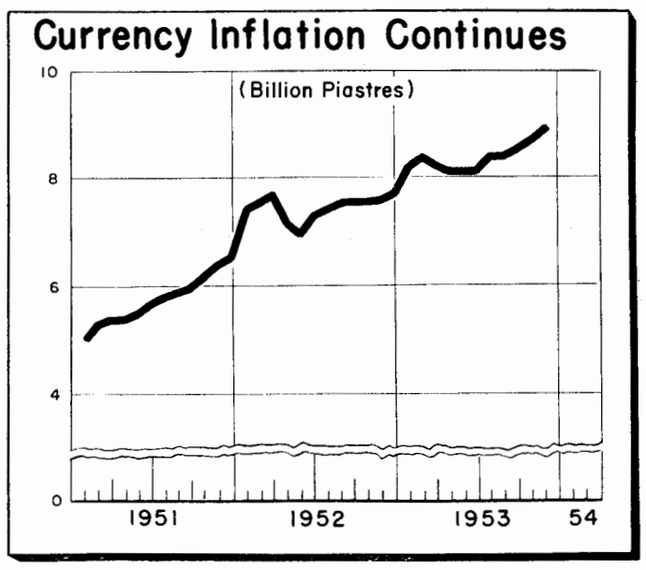
ECONOMIC INDICATORS

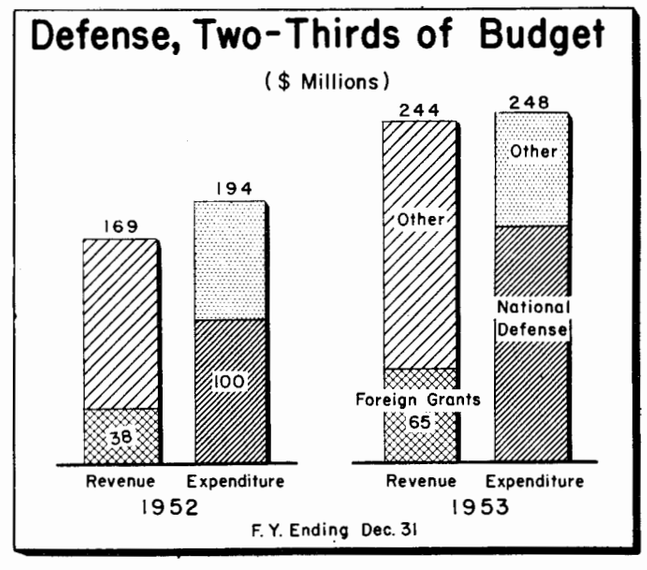












INDIVIDUAL COUNTRY DATA FOR ALL PROGRAMS, EXCLUDING MUTUAL DEFENSE ASSISTANCE

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies & Equipment	Services			
			U. S. Technicians		Trainees	
			No. of Persons	Cost	No. of Persons	Cost
Direct Forces Support						
1953	30,116	30,116	-	-	-	-
1954	725,000	725,000	-	-	-	-
1955	800,000	800,000	-	-	-	-
Mutual Defense Support						
1953	23,977[a]	23,397	65	529	18	51
1954	25,000[a]	23,990	90	930	45	80
1955	21,485	20,995	36	375	49	115
Technical Cooperation						
1953	-	-	-	-	-	-
1954	-	-	-	-	-	-
1955	3,515[b]	1,860	109	1,485	69	170
Total All Programs						
1953	54,093	53,513	65	529	18	51
1954	750,000	748,990	90	930	45	80
1955	825,000	822,855	145	1,860	118	285

a/ Authorized and conducted as an integrated program, including features of both technical cooperation and defense support.
b/ Does not include applicable dollar cost of salable commodities which generate the necessary local currency support. All such salable commodity imports are included under Mutual Defense Support.

FAR EAST AND THE PACIFIC — Country: INDOCHINA (ASSOC. STATES)

INDIVIDUAL COUNTRY DATA - FOR ALL PROGRAMS, EXCLUDING MUTUAL DEFENSE ASSISTANCE

Summary by Major Project Category

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp. Communications & Power	(5) Industry, Mining & Labor	(6) Public Admin.	(7) General and Community Development	(8) Maintenance of Essential Supply	(9) Indochina Forces Support
Direct Forces Support										
1953	30,116	-	-	-	-	-	-	-	-	30,116
1954	725,000	-	-	-	-	-	-	-	-	725,000
1955	800,000	-	-	-	-	-	-	-	-	800,000
Mutual Defense Support										
1953	23,977[a]	1,307	683	8	3,214	(10)	28	680	18,067	-
1954	25,000[a]	1,000	1,505	150	5,215	-	675	255	16,200	-
1955	21,485	-	-	-	4,085	-	-	400	17,000	-
Technical Cooperation										
1953	-	-	-	-	-	-	-	-	-	-
1954	-	-	-	-	-	-	-	-	-	-
1955	3,515[b]	720	1,560	330	-	105	800	-	-	-
Total All Programs										
1953	54,093	1,307	683	8	3,214	(10)	28	680	18,067	30,116
1954	750,000	1,000	1,505	150	5,215	-	675	255	16,200	725,000
1955	825,000	720	1,560	330	4,085	105	800	400	17,000	800,000

( ) Denotes credit.

a/ Authorized and conducted as an integrated program, including features of both technical cooperation and defense support.

b/ Does not include applicable dollar cost of salable commodities which generate the necessary local currency support. All such salable commodity imports are included under Mutual Defense Support.

FAR EAST AND THE PACIFIC — Country: INDOCHINA (ASSOC. STATES)

INDIVIDUAL COUNTRY DATA - FOR ALL PROGRAMS, EXCLUDING MUTUAL DEFENSE ASSISTANCE

Commodity Breakdown

(In thousands of dollars)

Commodity Detail	Programs					
	FY 1953 a/		FY 1954a/	FY 1955		
	Direct Forces Support	Mutual Defense Support	Mutual Defense Support	Mutual Defense Support	Technical Cooperation	Total
Food, Feed and Fertilizer	-	725	600	520	280	800
Fertilizer	-	700	600	220	280	500
Food	-	25	-	300	-	300
Fuel	2,171	8,044	8,500	9,500	-	9,500
Raw Materials and Semi-finished Products	7,242	3,193	3,370	3,600	405	4,005
Iron & Steel Mill Materials and Products	3,229	121	60	-	-	-
Medicinal & Pharmaceutical Preparations	203	127	535	300	175	475
Pesticides	300	200	275	-	230	230
Other	3,510	2,745	2,500	3,300	-	3,300
Machinery and Vehicles	14,649	11,011	8,850	4,950	640	5,590
Construction, Mining, Conveying Equip.	2,746	3,354	2,220	1,250	-	1,250
Electrical Apparatus, Generators & Motors	2,314	1,926	830	300	195	495
Industrial Machinery	3,857	73	740	600	80	680
Tractors (Non-agricultural)	-	505	640	600	60	660
Motor Vehicles, Engines & Parts	4,866	2,589	1,132	1,000	265	1,265
Agricultural Machinery	18	552	219	100	40	140
Other	848	2,012	3,069	1,100	-	1,100
Miscellaneous	6,054	424	2,670	2,425	535	2,960
Scientific & Professional Instruments	1,772	(272)	200	-	230	230
Misc. Iron and Steel Manufacturers	1,232	(72)	-	355	-	355
Misc. Commodities for Educ. & Scientific Use	-	95	170	-	305	305
Other (Incl. Ocean Freight, NEC)	3,050	673	2,300	2,070	-	2,070
TOTAL	30,116	23,397	23,990	20,995	1,860	22,855

( ) Net deobligation during FY 1953 applicable to prior fiscal years' obligations.

a/ Authorized and conducted as an integrated program, including features of both technical cooperation and defense support.

BASIC STATISTICS

Area	576,000 square miles
Population	78,000,000 (1952)
Population Density	Java and Madura - Approx 1040 per square mile Other Islands - Approx 44 per square mile
Annual Population Growth	1.6 percent
Agricultural Land	6 percent of total area; in Java & Madura, Approx 65%
Agricultural Land Per Capita	0.4 acres
Main Crops	Rubber, copra, rice, corn, sweet potatoes, cassava, sugar, palm Kernels, soybeans
Main Industries	Textiles, hard fibers, rubber goods, cement, petroleum, tin mining

Main Exports (1953)	Mill. U. S. $	% of Total Exports
Rubber	270	33
Petroleum & Prod	201	25
Tin	80	10
Copra	57	7

Main Occupations	Agriculture 75%; Other 25%
Per Capita GNP	Roughly estimated at $66 in 1952 (conversion rate 11.4 rupiah per U. S. dollar)
Per Capita Caloric Intake	2030 calories
Average Life Expectancy	32 years
Infant Mortality Rate	200-300 deaths per 1000 live births
Medical Services	1 physician per 70,000 persons 85 hospital beds per 100,000 persons
Literacy Rate	Approx. 55% of adult population
Teachers	130 per 100,000
Railroads	Approx. 4,000 miles
Roads	Approx. 43,000 miles
Motor Vehicles	Approx. 60,000 in 1951

SIGNIFICANT BASIC RESOURCES

Material	% of Known Free World Reserves	Production as % of Free World Output in 1952	% of U. S. Supply from this Source
Tin (mine production)	20	20	22
Petroleum	2#	small	-
Rubber, natural	-	30##	39
Bauxite	1	4	
Abaca	-		7
Sisal (inc. henequin)	-		6
Kapok	-		62
Palm oil and kernels	-		27
Quinine & quinidine	-		95-100

In prewar years approximately 85% of the world's supply of black and white pepper came from Indonesia.

Including New Guinea and Borneo.

Exports as a percent of free world exports.

a Crop year beginning in year stated. b Prewar average.
g End of year or month stated. h March. i November.

INDONESIA

SELECTED ANNUAL STATISTICS

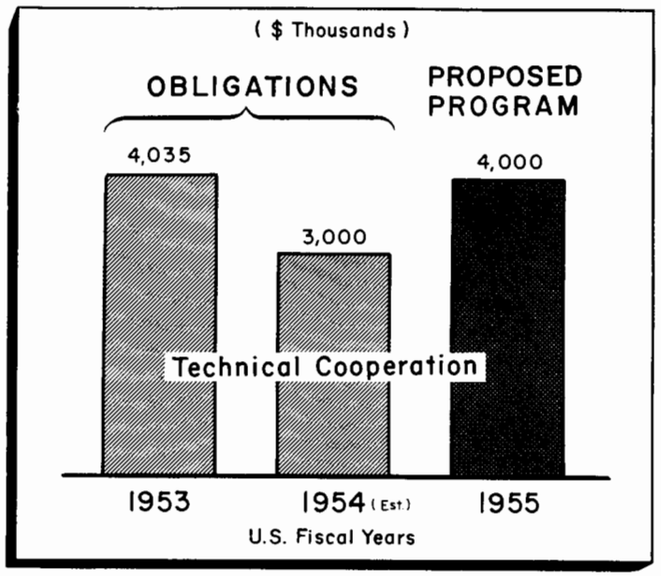
Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Agricultural Production[a]	1935-39=100	100[b]	112	116	114
Rice, rough[a]	1000 MT	9,583[b]	9,900	10,460	10,430
Copra & coconut oil (as copra)	"	1,320[b]	1,137	947	
Rubber	"	324	818	757	714
Petroleum, crude	"	7,392	7,440	8,520	10,000
Tin Concentrates (metal content)	"	30.2	31.5	35.5	33.7
FOREIGN TRADE					
Exports, f.o.b.	Mill. US$	381	1,258	986	815
Imports, c.i.f.	"	275	842	972	752
Balance	"	106	416	14	63
Trade with U.S.[c]					
Exports to U.S.	Mill. US$	69	266	276	215
Imports from U.S.	"	28	162	132	104
Key Exports:					
Rubber	1000 MT	320	793	768	705
Petroleum & Products	"	6,068	6,068	7,417	9,602
Copra	"	565	525	343	305
Tin Ore	"	19	45	51	49
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill. US$		218	-161	-160
Private Financing	"		-10	-5	-5
Official Financing	"		-130	68	143
Errors and Omissions	"		-78	98	22
FINANCIAL					
Wholesale Prices: Imports[d]	1948=100	14	349	331	346[e]
Cost of Living: Food[d]	"	8[f]	189	199	211
Commodity Prices					
Rubber Prices	$ per 100 lbs	11.9	55.5	27.9	20.6
Copra Prices	"	1.60	9.04	6.21	8.56
Money Supply[g]	Mill. Rupiah	420[h]	5,132	6,719	7,501[i]
Central Bank Reserves[g]	Mill. US$	72	511	314	212
Gold	"	65	280	235	145
Foreign Exchange	"	7	231	79	67
Other Banks: Foreign Exchange[g]	"		81	78	55[i]
Total	"		592	392	265[i]
Central Government Debt[g,k]	Mill. US$		671	1,036	
Central Gov't Finances[k]					
Revenue	Mill. US$		973	921	780
Expenditure	"		863	1,384	955
Surplus (+) or Deficit (-)	"		+110	-463	-175
Exchange Rates[g]					
Official Selling	Rupiah per US$	1.84	3.81[j]	11.70[j]	11.70[j]
Curb Rate	"		16.50	22.00	25.25

* 1953 data largely preliminary or estimated.

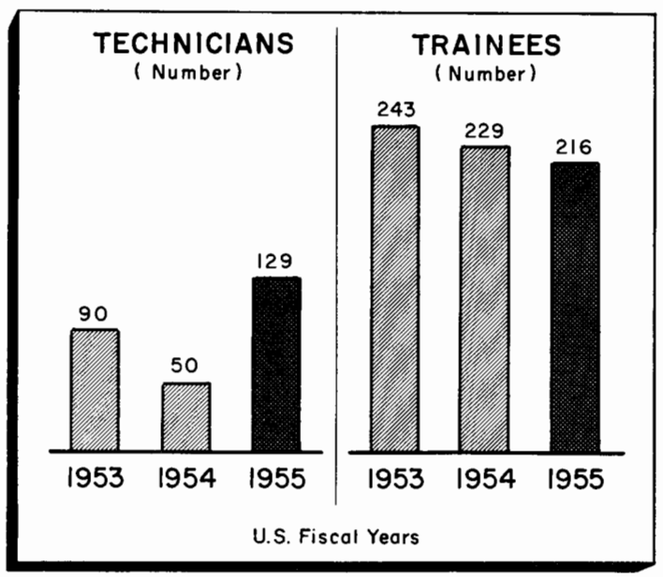
c U. S. Customs data. d Djakarta. e January-September. f July.
j Multiple exchange rates in effect. k Converted at rate of 11.4 rupiah per US$.

INDONESIA

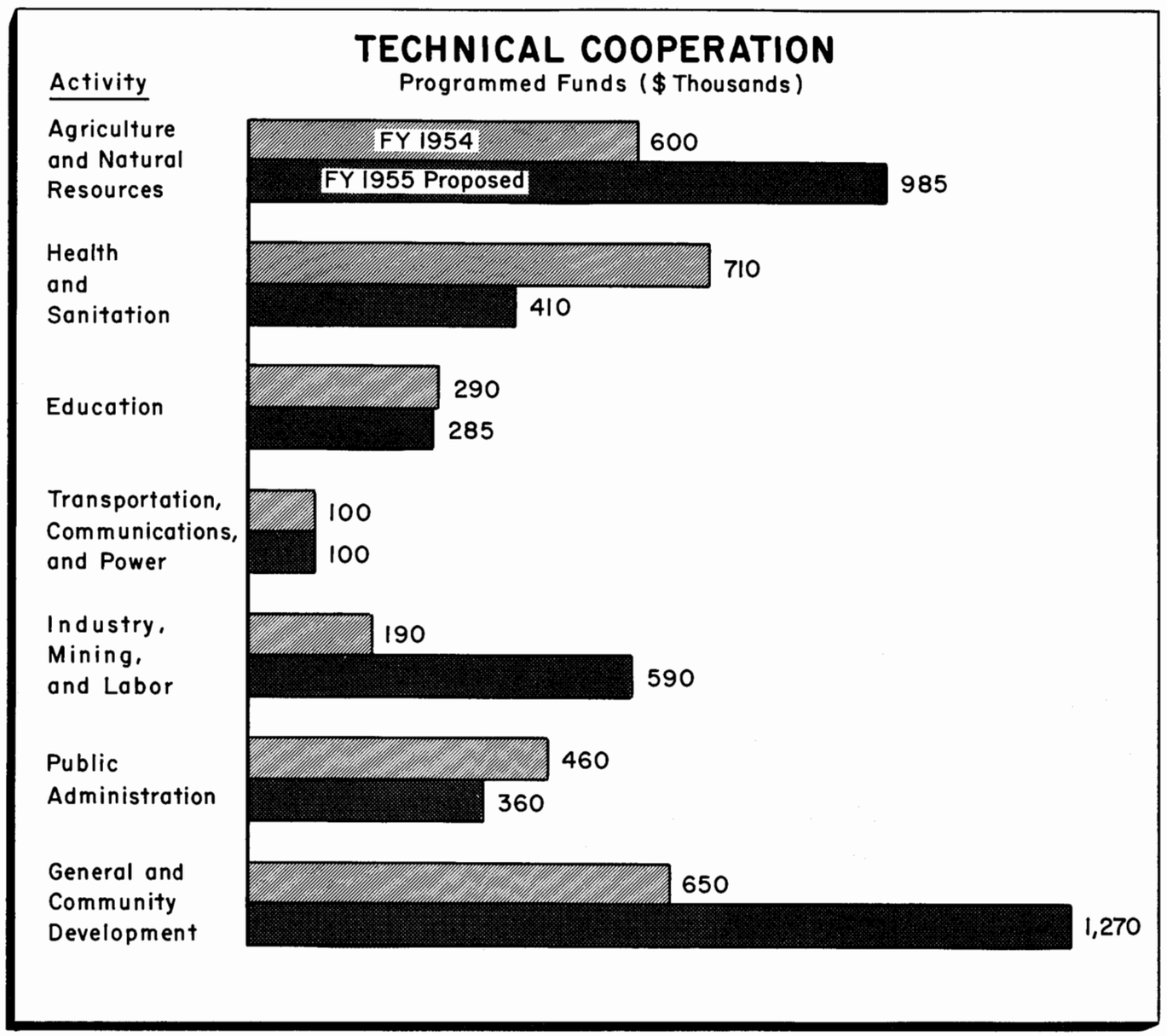
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



FAR EAST AND THE PACIFIC

Country: INDONESIA

INDIVIDUAL COUNTRY DATA

Summary of Program by Functions

(In thousands of dollars)

Function	Program		
	FY 1950/54	FY 1954	Proposed FY 1955
Mutual Defense Assistance	a/	a/	a/
	FY 1953		
Technical Cooperation	4,035	3,000	4,000
Total Country Program	xx	xx	xx

a/ Data for Mutual Defense Assistance distribution by country is classified information.

General Narrative Statement

Importance of Indonesia to the U. S.

Indonesia is important to the United States because: (1) it extends more than 3,000 miles across the approaches between the Pacific and Indian Oceans, and between Asia and Australia; (2) with a population of 80 million, it is the second most populous non-Communist nation in the Far East; (3) it is a principal world producer of rubber and tin and the principal Far East source of petroleum; and (4) its loss to Communist domination would immediately increase the threat to other countries of the area - the Philippines, Thailand, Austrailia and Malaya - and greatly strengthen the Communist bloc through what it would gain in strategic position, manpower, and economic resources.

Current Situation

The Republic of Indonesia is hampered in its economic development by recurrent cabinet crises, depredations by marauding armed gangs, and an economy largely dependent on the world market for tin and rubber.

On the political side, the two parties with the largest representation in Parliament, the Masjumi (Moslem) party and the PNI (Nationalist) party, vie for leadership in the government and for influence over the numerous minor parties. The Communist Party, which controls a major bloc of votes in Parliament, is currently supporting the PNI against the Masjumi and the Socialist Parties. The PNI controls a bare majority in the Parliament under a coalition of nationalists and minor religious and leftist parties, but receives Communist support to strengthen that majority. All parties are preparing for Indonesia's first general elections, now scheduled for early 1955, but uncertain as to both exact timing and outcome.

General Narrative Statement (Continued)

The Communists do not have important armed groups at their disposal. The more numerous of the armed bands which plague security, in parts of West and Central Java, South Celebes, and North Sumatra (Atjeh), are composed of fanatic Moslems dedicated to achieving a Moslem state by force.

Factionalism in the army has hampered reorganization of the armed forces. Technical improvement of the military forces has been seriously curtailed by the termination, through mutual consent, of the Netherlands Military Mission at the end of 1953. Indonesia is reportedly seeking qualified military instructors who can be hired on individual contract.

Both the political and security situations in Indonesia have been adversely affected during the past year by budgetary difficulties and foreign exchange shortages, chiefly attributable to low prices for tin and rubber, especially the latter. More than half of Indonesia's foreign exchange and much of the government's revenues are derived from rubber exports. Marked reductions in rubber and tin prices during 1952 and 1953 led to large balance-of-payments deficits ($68 million in 1952 and about $143 million in 1953). The Indonesian Government has of necessity drastically restricted imports, yet foreign exchange and gold reserves have declined to a level only slightly in excess of the present legal minimum for internal currency support. Government revenues have declined sharply, and unemployment and labor unrest are increasing.

The government has been under ever-increasing pressure from leftist factions to reorient Indonesia's trade toward the Communist bloc in order to develop new markets for rubber and tin, the sale of which are vital to the country's economy. Communist China was included in a group of countries of both hemispheres recently visited by an Indonesian Trade Delegation. At the end of November 1953, Indonesia signed a Trade Agreement with Communist China which included rubber on the list of items in which trade is contemplated. The Indonesian Prime Minister has expressed his support for any moves which may be taken within the UN to relax the UN embargo against Communist China.

The United States Foreign Operations Administration program, in providing technical assistance to Indonesia, cannot be expected to effect any great or sudden relief for the country's budgetary problems or its difficulties in rubber. However, by assisting in the increase of technical competence, the program increases Indonesia's ability to solve its own problems.

TECHNICAL COOPERATION PROGRAM

Objectives

The general objectives of the FOA program are to assist the Republic of Indonesia to make better use of its resources and to improve the standard of living of its people, thereby contributing to its greater social, economic and political stability.

Specifically, the FOA program is directed toward helping Indonesia to:

a. Increase food production and improve the quality of its export products.

b. Develop programs and services advancing the living condititions of the people, related to agricultural extension, public health, technical and vocational education, labor administration, and rural credit.

c. Improve public administration, including the planning and execution of projects for development of the country's resources.

d. Diversify the economy - with particular emphasis on the production, where economic, of items now imported, thereby reducing the drain on available foreign exchange.

General Narrative Statement (Continued)

Progress to Date

Under the Marshall Plan, the ECA allocated over $100 million to the Netherlands for economic assistance to the Netherlands East Indies, in order to help support the Indonesian economy until local production could be restored and to provide capital goods essential to economic rehabilitation. Subsequent to the establishment of the Republic of Indonesia, the United States has made available to the new nation technical and economic assistance aggregating $23 million - $16 million in fiscal years 1951 and 1952 and substantially smaller amounts in fiscal years 1953 and 1954.

Of the total assistance provided through fiscal year 1952, 80 percent was used to finance the importation of commodities needed for specific projects and the remaining 20 percent for technical services. U.S. financing of a contract with J. G. White Engineering Co. has helped the Indonesian Government to restore its transportation facilities and to develop economically sound plans for industrial and mining development.

U.S. -financed imports of hand tools, irrigation pumps and fertilizer contributed to an increase in rice production. Indonesia has reduced its import requirements from 750,000 metric tons in 1952 to an estimated 350,000 metric tons in 1953. Experiments conducted by U.S. technicians demonstrated practical means of increasing corn yields by as much as 60 to 80 percent. Residual spraying with DDT protected almost two million people from malaria and opened to settlement and cultivation agricultural areas otherwise not usable. A school was established for training teachers of nursing.

Six development and training Institutes were equipped to provide guidance to small industries, and 20 "centrals" for assisting cottage industries were provided with equipment. One of these - the ceramics "induk" at Plered - has doubled the daily earnings of cottage workers and, by producing china of a quality competitive with imported ware, is helping the Indonesian Government save annually an estimated $1 million in foreign exchange.

The smaller programs for FY 1953 and FY 1954 have placed greater emphasis on technical assistance and training, with minimum supporting supplies and equipment. This shift of emphasis was possible because of progress already made in restoring production and the sizable pipeline of supplies and equipment already ordered. It reflected also the Indonesian Government's conviction that the country's lack of technical and administrative skills was the major obstacle to more rapid economic progress.

Major emphasis has been placed on increasing agricultural and fisheries production, the training of public health personnel, malaria control, and the expansion of vocational and industrial training facilities. FOA has continued to finance the engineering services of J. G. White Engineering Co. for the Indonesian Government.

Under the conditions of instability which have prevailed in Indonesia since independence, progress has been slow. So serious is the lack of trained personnel that the country could not continue, unaided, activities of the type necessary to overcome these basic economic deficiencies. Technical cooperation thus remains a high priority need if Indonesia is to carry forward its plans for more effective use of its own economic resources.

The FY 1955 Program

The proposed magnitude of the technical cooperation program in Indonesia for FY 1955 is $4 million, with about three-quarters of the total required for the services of U.S. technicians and supporting supplies and equipment and a quarter for training grants.

Assistance will be concentrated on projects offering the greatest contribution to program objectives particularly those which will help strengthen non-Communist elements within the country. Major projects included in the FY 1955 program are described below.

General Narrative Statement (Continued)

In support of the Indonesian Government's effort to increase the quantity and quality of agricultural products, technical assistance for crop production and improvement and land clearance projects will be continued and expanded, and small quantities of supplies provided. Further assistance will be furnished for fisheries development.

To foster government efforts to diversify the economy, additional support will be provided to the industrial extension service for assistance to handicraft and small private industries.

Aid in the field of health and sanitation will be concentrated largely on malaria control, medical education, and the training of nurses. U.S. technicians, including university contract personnel paid from prior years' funds, will continue to be furnished for technical education, and for labor administration and labor productivity projects. Assistance generally will be directed toward improving government services.

A contract will be executed for the continuation of general engineering advice to the Indonesian Government in planning transportation, hydroelectric and other long-range development projects, and in improving Indonesia's railways, harbor facilities, metal working and other industries.

Indonesia's Contribution to the Cooperative Program

Indonesia deposits counterpart commensurate in value to the landed cost of commodities received under the technical cooperation program. In addition, the Indonesian Government has paid all local costs of FOA-assisted projects. It has further provided personnel to work with U.S. technicians and has paid the salaries and allowances of Indonesians selected to receive training in the United States. Local housing for U.S. technicians and other needed facilities have also been provided.

Relationship with United Nations' Technical Assistance Projects

U.S., UN and Indonesian officials regularly coordinate their respective programs to ensure that there will be no duplication of effort and that available resources will be applied to best possible advantage. The UN and its specialized agencies had authorized 65 positions for Indonesia as of the close of calendar year 1953; 55 of these were filled, including 16 ICAO personnel (International Civil Aviation Organization), 10 UN/TAA specialists in industrial management, and 14 health experts provided by WHO.

Although in certain instances the UN and FOA assist in the same general fields, duplication of effort is avoided by concentrating on different technical problems or different geographical areas.

FAR EAST AND THE PACIFIC

Country: INDONESIA

INDIVIDUAL COUNTRY DATA FOR ALL PROGRAMS, EXCLUDING MUTUAL DEFENSE ASSISTANCE

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies & Equipment	Services			
			U. S. Technicians		Trainees	
			No. of Persons	Cost	No. of Persons	Cost
Technical Cooperation						
1953	4,035	1,298	90	1,563	243	1,174
1954	3,000	1,054	50	870	229	1,076
1955	4,000	935	129	2,020	216	1,045

Summary by Major Project Category

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp., Communications & Power	(5) Industry, Mining & Labor	(6) Public Admin.	(7) General and Community Development	(8) Maintenance of Essential Supply
Technical Cooperation									
1953	4,035	1,178	548	551	105	374	323	956	-
1954	3,000	600	710	290	100	190	460	650	-
1955	4,000	985	410	285	100	590	360	1,270	-

BASIC STATISTICS

Area	142,000 square miles
Population	87,000,000 (1953)
Population Density	610 per square mile
Annual Population Growth	1.7 percent
Agricultural Land	18 percent of total area
Agricultural Land Per Capita	0.2 acres
Main Crops	Rice, wheat, barley, soybeans, potatoes, fish, raw silk, fruit
Main Industries	Textiles, steel, coal and iron mining, chemicals, fishing, petroleum, shipping

Main Exports (1953)	Mill. US$	% of Total Experts
Cotton Fabrics	179	14
Iron & Steel	139	11
Rayon Fabrics	73	6
Fish & Shellfish	61	5
Chemicals	62	5
Raw Silk	43	3

Labor Force (14 yrs. & over)	39.1 millions in December 1953
Main Occupations	Agriculture and forestry 47%; Manufacturing 17%; Trade, finance and real estate 14%; Other 22%
Unemployment	0.8% of labor force in December 1953
Per Capita GNP	$199 (Conversion rate 360 yen per $) GNP Components: Agriculture 23%; Industry & mining 33%; Commerce, transportation & communications 24% Other 20%
Per Capita Caloric Intake	2100 calories
Average Life Expectancy	56 years in 1949-50
Infant Mortality Rate	48 deaths per 1000 live births in 1952
Medical Services	One physician per 1200 persons and 330 hospital beds per 100,000 persons
Literacy Rate	Over 95 percent of population
Teachers	790 per 100,000 population
Railroads	17,200 miles of main track
Roads	515,000 miles
Motor Vehicles	Approx. 600,000 in 1952
Merchant Fleet	2.3 million tons in 1952

SIGNIFICANT BASIC RESOURCES

Material	% of Known Free World Reserves	Production as % of Free World Output in 1950	% of U.S. Supply from this Source in 1952
Manganese		0.4	-
Sulphur	10	8	-
Iodine			20
Silk waste	-		53

Japan's known natural resources of minerals and petroleum are not large in relation to its needs. Before the war Japan imported more than half of its pig iron, and also considerable quantities of iron ore and coking coal. Iron ore is presently being obtained from India, Malaya, Portuguese India and the Philippines.

SELECTED ANNUAL STATISTICS

Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Rice, rough[a]	1000 MT	12,153[b]	11,238	12,333	10,247
Wheat[a]	"	1,360[b]	1,490	1,537	1,347
Pig Iron & Ferro-alloys	"	2,676	3,228	3,588	4,656
Coal	Mill. MT	49	43	43	46
Woven Cotton Fabrics	Mill. Sq. Meters	2,756	1,822	1,872	2,350
Industrial Production	1948=100	162	193	213	250
FOREIGN TRADE					
Exports, f.o.b.	Mill. US$	767[c]	1,354	1,273	1,274
Imports, c.i.f.	"	759[c]	1,995	2,028	2,410
Balance	"	8[c]	-641	-755	-1,136
Trade with U.S.[d]					
Exports to U.S.	Mill. US$	127	205	229	262
Imports from U.S.	"	240	598	622	669
Key Exports:					
Cotton Fabrics	Mill. Sq. Yds.	2,274	1,092	762	914
Rayon Fabrics	"	517	295	303	374
Semi-Fabricated Steel & Alloy Steel	1000 MT	672	950	1,499	816
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill. US$		158	190	-175
Private Financing	"		50	65	22
Official Financing	"		-217	-258	95
Errors and Omissions	"		9	3	58
FINANCIAL					
Wholesale Prices	1948=100	1	268	273	277
Cost of Living	"		143	150	160
Wholesale Textile Prices	"	1	364	290	280
Money Supply[f]	Bill. Yen	8	1,048	1,264	1,259[g]
Government Reserves[f]	Mill. US$	26	924	1,051	844
Gold	"	11	10	16	18
Foreign Exchange	"	15	914	1,035	826
Banks: Foreign Exchange[f]	"	37[h]	2[h]	114	173
Short-Term Dollar Assets in U.S.Banks[f]	"	165[i]	596	808	828
Central Government Debt[j]	Mill. US$	37	1,540	1,790	1,831[k]
Central Gov't. Finances[l]					
Revenue	Mill. US$			2,317	2,683
Expenditure	"			2,736	3,242
Surplus (+) or Deficit (-)	"			-419	-559[m]
Exchange Rates[f]					
Selling	Yen per $	3.70	361	361	360.8

* 1953 data largely preliminary or estimated.
[a]Crop year beginning in year stated. [b]Prewar average. [c]Exclusive of trade with Formosa. [d]U.S. Customs data. [f]End of year or month stated. [g]November. [h]Excludes Bank of Japan. [i]1939. [j]As of March 31 of year stated. [k]August. [l]Fiscal year ending March of year stated; budget data. [m]Budget data for 1954 show a deficit of - $717 millions.

PREVIOUS PAGE BLANK

FAR EAST AND THE PACIFIC

Country: JAPAN

INDIVIDUAL COUNTRY DATA

Summary of Program by Function

(In thousands of dollars)

Function	Programs FY 1950/54	FY 1954	Proposed FY 1955
Mutual Defense Assistance	a/	a/	a/
	FY 1953		
Development Assistance	-	10,000 b/	-
of which financed by Section 550 sales proceeds	-	(10,000)	-
Section 550 Sales program	-	50,000	-
Less: Section 550 sales proceeds included in OSP programs	-	-40,000	-
Section 550 sales proceeds included in development assistance program	-	-10,000	-
TOTAL	xx	xx	xx

a/ Data for Mutual Defense Assistance distribution by country is classified information.
b/ For assistance to Japanese industry and the Japanese economy in general.

General Narrative Statement

Importance of Japan to the U. S.

Of all the Far Eastern nations Japan possesses the most advanced industry and the greatest reservoir of technical skills and commercial experience. Thus, it should be able, while working toward a solution of its own problems, to contribute not only to the strengthening of the over-all military position of the free nations of the Pacific but also to raising living standards in that area.

General Narrative Statement (Continued)

Current Situation

The foreign policy of Japan is based on the assumption that continued cooperation with the United States and other free nations is the best guarantee of Japan's independence and national self-interest. There is general awareness that Japan constitutes a primary target for Communist aggression in the Far East and that at present U. S. military power in that area represents the only major deterrent to such aggression. The Japanese also recognize that there is a far greater chance of developing a viable economy in cooperation with the free world than in association with the Soviet bloc, where economic intercourse would be geared to Soviet objectives and not to Japan's interest.

The basic stability of Japan's political and social institutions and the conservative inclinations of the Japanese people make it unlikely that there will be a sudden and radical change in the present democratic pattern of political organization in the country.

The establishment of a firm understanding among the conservative political groups has finally permitted the Government to move slowly forward toward a gradual expansion of Japan's defense forces and officially to recognize the mission of these forces as one which includes defense as well as maintenance of internal order. Opposition to rearmament remains strong in left wing and other circles.

Economically, in spite of some favorable indications, Japan faces difficult problems. Japanese industry and agriculture have recovered rapidly since the war. There has been some accumulation of foreign exchange reserves. Per capita consumption already approximates prewar standards, although housing conditions are still inadequate. These gains, however, obscure the basic weakness in Japan's economy - the fact that it is probably the most densely populated country in the world in relation to available natural resources. Since the prewar years, this problem has been complicated by further population increases, by the loss of overseas territories and by the denial of access to the nearby Asiatic mainland which supplied Japan with much of its requirements for bulk raw materials and foodstuffs.

This loss, and the limited availability of foodstuffs and raw materials from non-dollar areas, has caused Japan to turn increasingly to the dollar area, and particularly to the United States, for necessary imports. At the same time, the country suffers from changes in the pattern of world trade which have severely curtailed the markets for raw silk and for cotton textiles, commodities which have always constituted a large proportion of Japanese exports.

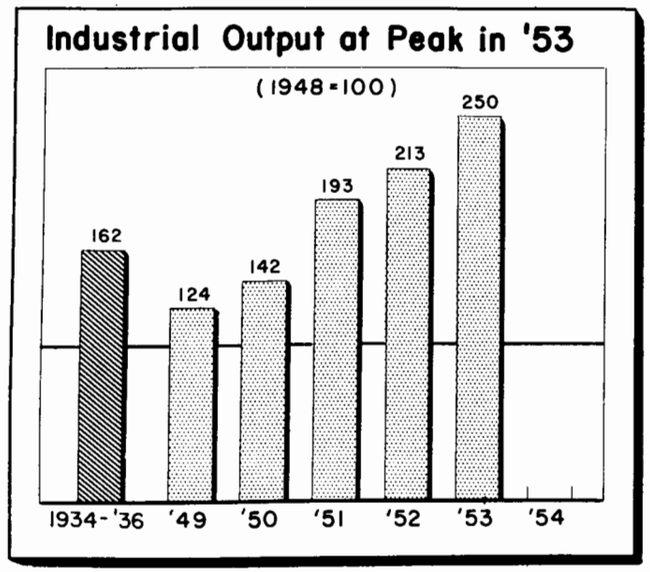
In the postwar years, huge trade deficits have been covered by U. S. aid and various extraordinary dollar expenditures in Japan. The United States expended about $2 billion during the occupation for economic assistance to Japan, mostly for government and relief in occupied areas (GARIOA). These appropriations ceased in 1951, but in recent years they have been more than replaced by (1) U. S. procurement of goods and services to support forces in Japan and Korea, (2) personal dollar outlays in Japan by U. S. personnel, primarily military, and (3) Mutual Security Program purchases. In 1953, Japan received from these sources a dollar income of about $800 million. Without this income, it is estimated that the balance-of-payments deficit would have virtually exhausted Japanese foreign exchange reserves.

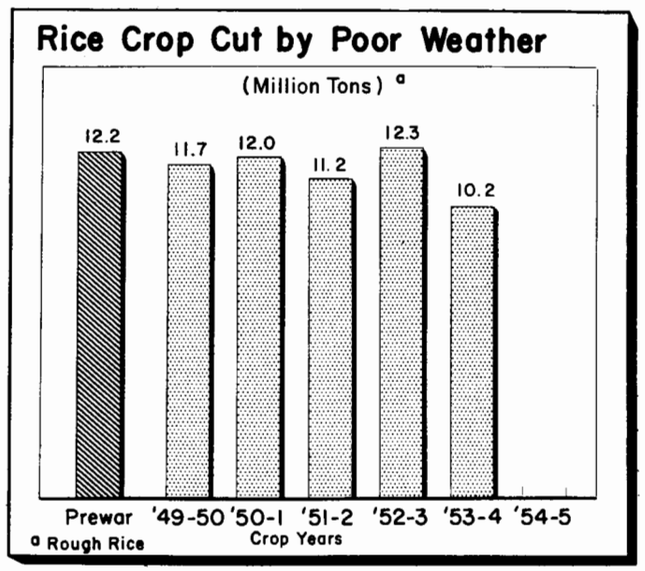
MUTUAL DEFENSE ASSISTANCE PROGRAM

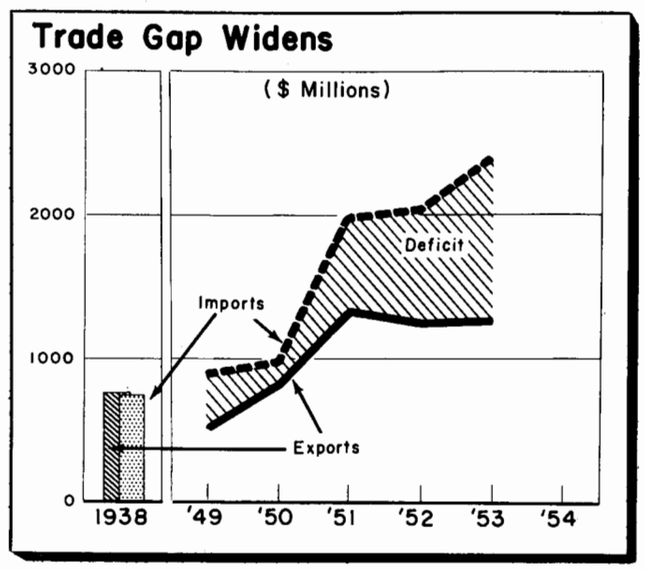
The purpose of the MDAP in Japan is to hasten the organization, training and equipping of Japanese forces capable of maintaining internal security and of contributing effectively to the security of Japan against external aggression. A further purpose of strengthening Japanese forces is to permit redeployment of certain U. S. forces.

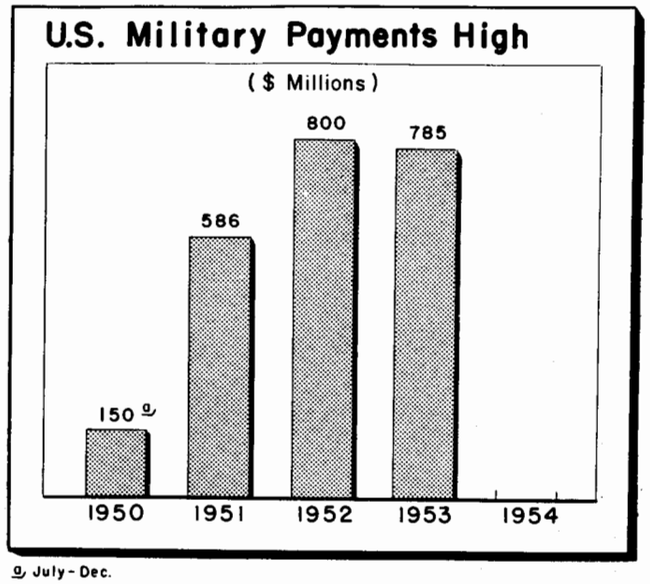
During and immediately following the occupation of Japan, the U. S. provided military equipment to the Japanese National

JAPAN
ECONOMIC INDICATORS

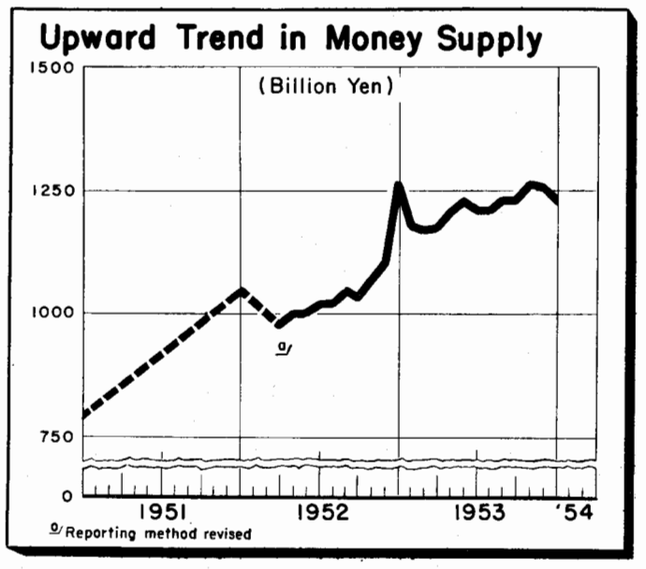


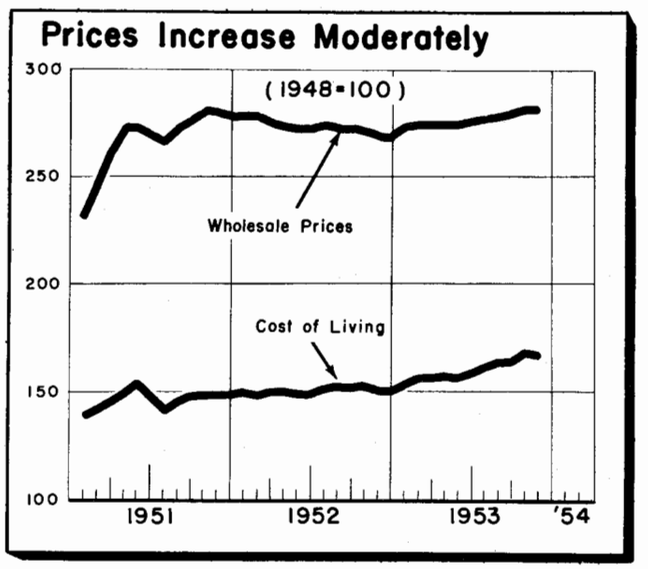






g/ July-Dec.





General Narrative Statement (Continued)

Safety Force on a loan basis. Title to this equipment is retained by the U. S. It is proposed that the MSP legislation for FY 1955 authorize transfer of title to Japan.

When the Peace Treaty came into effect, it became appropriate that military assistance provided Japan should be through the MSP as with other sovereign nations. Therefore, authority for military aid to Japan was included in the MSP for FY 1954. The military bilateral agreement required by the Mutual Security Act has been negotiated and was signed March 8, 1954. Upon its ratification by the Diet, the U. S. will establish a Military Assistance Advisory Group in Japan and will commence delivery of the materiel authorized for the FY 1954 program. When this program is put into effect, it will be used to provide maintenance items for materiel procured out of 1950-53 Army appropriations which has been lent to Japan and for which authority to transfer title will be requested. For these reasons it is proposed that past appropriations be carried over for use in FY 1955.

During this past year there has been no appreciable change in the size of Japan's military power, but the U. S. has trained them in the use of the equipment lent to them. The Japanese have cooperated in this program and have agreed to pay all travel and maintenance costs to train their personnel in U. S. Army schools.

The Navy FY 1954 program, action on which has also been awaiting the outcome of the negotiations, will provide some small coastal craft as well as naval training aircraft. In FY 1955, it is proposed that this program be augmented.

There is as yet no approved FY 1954 Air Force Program for Japan. Until adequate numbers of trained personnel are available, the air force program will have to proceed at a relatively slow pace.

Japanese Participation

The Japanese Government is now prepared, in its fiscal year beginning April 1, 1954, to increase the strength of its defense forces (Headquarters, Ground, Naval and Air). The Japanese Government also intends to construct naval vessels, initiate a naval air (coastal patrol) program, and establish an air force with the necessary flying and technical schools. The Japanese Government will also establish a reserve force. It has submitted legislation to the Diet to change the name of the National Safety Agency to the Defense Agency and to enlarge the mission of its forces to include specific responsibility for defense against external aggression. This legislation would authorize also the establishment of an air force and a national defense council to advise the Prime Minister on defense policies.

In addition to the contribution which Japan is making to the task of raising and equipping its own forces, Japanese industry is contributing to the defense build-up in the Far East through Offshore Procurement contracts. Under MDAP, approximately $9 million of such contracts were placed in Japan in FY 1952, about $23 million in FY 1953, and it is planned to place around an additional $100 million in the current fiscal year. Offshore procurement in Japan serves to expand and modernize key defense plants, and the dollar earnings from OSP ease Japan's payments problems.

Technical and Development Assistance

No program of technical or development assistance is now operating in Japan. However, under the provisions of Setion 550 of the Mutual Security Act of 1951, as amended, a Purchase Agreement between the Governments of Japan and the United States was signed in Tokyo on March 8, 1954. Ratification of the agreement is before the Japanese Diet.

General Narrative Statement (Continued)

Under the terms of the Purchase Agreement, transactions totaling 50 million U. S. dollars are contemplated during the year ending June 30, 1954. At present, it appears that Japan will take the total value in wheat and barley. Japan will deposit the yen equivalent value of these commodities in a special U. S. Government account in the Bank of Japan. Eighty percent of these yen funds will be used by the U. S. to procure, under the offshore procurement program, goods and services in Japan in support of the MDAP. The remaining twenty percent will be used to assist Japanese defense industries and in other ways to increase Japan's defense capabilities.

Consideration is being given to the use of a small part of these yen funds, and a limited amount of dollar funds out of the current year's appropriation, for the support of a technical exchange program. Its purpose would be to help Japanese industries speed up the process of improving their production techniques and management methods, as a means of helping them solve their serious international financial problem by increased trade.

FAR EAST AND THE PACIFIC — Country: JAPAN

INDIVIDUAL COUNTRY DATA FOR ALL PROGRAMS, EXCLUDING MUTUAL DEFENSE ASSISTANCE

Total Commodity Program Including Section 550 Sales

(In thousands of dollars)

	Programs						
	FY 1953	FY 1954			FY 1955		
Commodity Detail		Mutual Defense Support	Section 550 Sales	Total	Mutual Defense Support	Technical Cooperation	Total
Food, Feed and Fertilizer	-	-	50,000 a/	50,000	-	-	-
Fertilizer	-	-	-	-	-	-	-
Food	-	-	50,000	50,000	-	-	-
Fuel	-	-	-	-	-	-	-
Raw Materials and Semi-Finished Products	-	-	-	-	-	-	-
Iron & Steel Mill Materials and Products							
Medicinal & Pharmaceutical Preparations							
Pesticides							
Other							
Machinery and Vehicles	-	-	-	-	-	-	-
Construction, Mining, Conveying Equip.							
Electrical Apparatus, Generators & Motors							
Industrial Machinery							
Tractors (Non-agricultural)							
Motor Vehicles, Engines & Parts							
Agricultural Machinery							
Other							
Miscellaneous	-	-	-	-	-	-	-
Scientific & Professional Instruments							
Misc. Iron and Steel Manufacturers							
Misc. Commodities for Educ. & Scientific Use							
Other (Incl. Ocean Freight, NEC)							
TOTAL	-	-	50,000	50,000	-	-	-

a/Local currency proceeds of which are programmed as follows: (a) $40 million for OSP and (b) $10 million for assistance to Japanese industry and the Japanese economy in general.

KOREA

BASIC STATISTICS

Area	34,000 square miles
Population	22,000,000 (1952)
Population Density	630 per square mile
Annual Population Growth	1.7 percent
Agricultural Land	23 percent of area
Agricultural Land Per Capita	0.3 acres
Main Crops	Rice, barley, soybeans, wheat, millet, tobacco and cotton
Main Industries	Textiles, coal and tungsten mining, rubber shoes, fishing, power
Main Exports (1953)	Tungsten (68% of total exports), seaweed, fish, graphite
Labor Force	8.2 millions in 1952
Main Occupations	Agriculture 75%; Security Forces 6%; Other 19%
Per Capita GNP	$64 in 1952 (conversion rate 180 hwan per $)
Per Capita Caloric Intake	About 1500 calories in 1953
Average Life Expectancy	37 years
Medical Services	One physician per 3400 persons in 1953
Teachers (Primary Grades)	180 per 100,000 population
Railroads	2,200 miles in 1949
Roads	12,000 miles in 1949

SIGNIFICANT BASIC RESOURCES

Material	Production as % of Free World Output	% of U.S.Supply From This Source in 1952
Tungsten	6.3	12
Graphite	8.3	
Bismuth	5.5	

The Sang Dong mine contains one of the world's largest tungsten deposits. Some molybdenum has been found in Korea.

SELECTED ANNUAL STATISTICS

Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Agricultural Production[a]	1935-39=100	100[b]	72	83	95
Rice, rough[a]	1000 MT	3,062[b]	2,558	2,903	3,400
Cotton yarn	"		6	10	13
Tungsten	"		1	4	7
Coal, anthracite	"	227	112	577	866
Electricity	Mill.KWH		315	634	736
FOREIGN TRADE					
Exports	Mill.US$	250		28[c]	40[c]
Imports	"	300		54[c,d]	154[c,d]
Balance	"	-50		-26	-114[c]
Trade with U.S.[e]					
Exports to U.S	Mill.US$		4	18	30
Imports from U.S	"		45	94	94
Key Exports:					
Tungsten	Mill.US$	2.8[f]		16.5[c]	27.0[c]
Graphite	"	1.0[f]		0.7[c]	0.6[c]
Laver (seaweed)	"	1.9[f]		0.8[c]	1.0[c]
Fish	"	5.0[f]		0.7[c]	0.9[c]
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill.US$			-120	-170
Private Financing	"			4	20
Official Financing	"			114	147
Errors and Omissions	"			2	3
FINANCIAL					
Wholesale Prices: Seoul[g]	1949 = 100		985	2,132	2,690
Cost of Living	"		1,076	2,651	3,852
Money Supply[h]	Bill.Hwan		6.5	12.1	26.5
Foreign Exchange Reserves[h,i]	Mill.US$		41.3	87.2	115.8
Gold and Dollars	"			87.0	115.6
Other Currencies	"			0.2	0.2
Central Government Debt	Mill.US$				28.5
Central Government Finances[j]					
Revenue	Mill.US$		30.8	82.5	145.5
Expenditure	"		32.6	101.9	396.7
Surplus (+) or Deficit (-)	"		-1.8	-19.4	-251.2
Exchange Rates[h]					
Official Selling	Hwan per $		60	60	180
Curb Rate:					
Greenbacks	"		105	257	395
Military Pay certificate	"		74	175	300

* 1953 data largely preliminary or estimated.

a Crop year beginning in year stated. b Prewar average.
c Exchange settlement figures. d Excludes aid imports.
e U. S. Customs data. f All Korea
g Pusan from 1951 to August 1953. h End of year or month stated
i Government, Bank of Korea, and "private account" reserves held in Bank of Korea. j Fiscal year beginning April in year stated. Data exclude foreign aid.

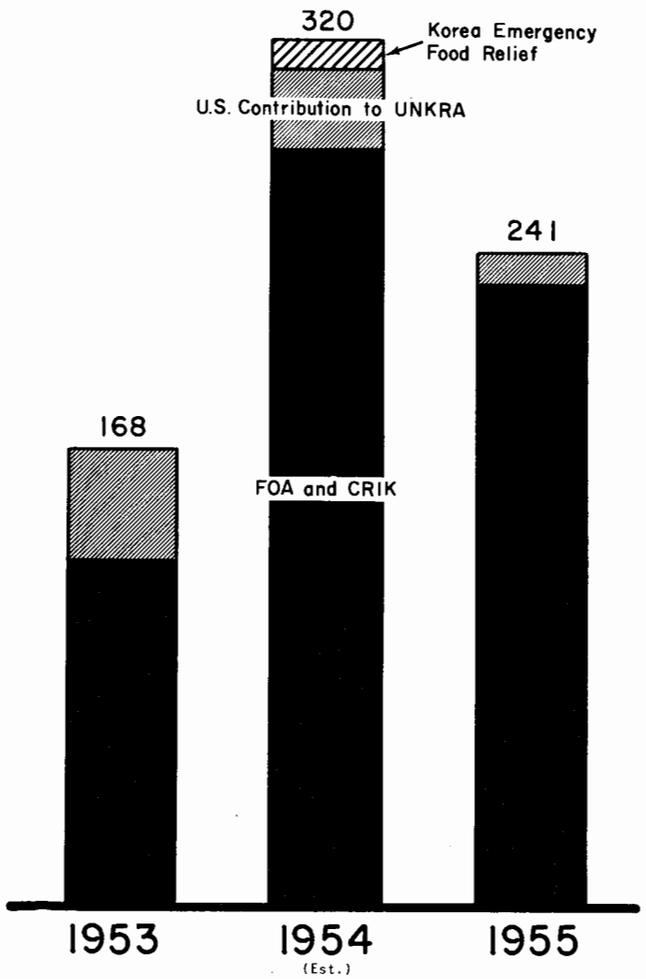
PREVIOUS PAGE BLANK

KOREA

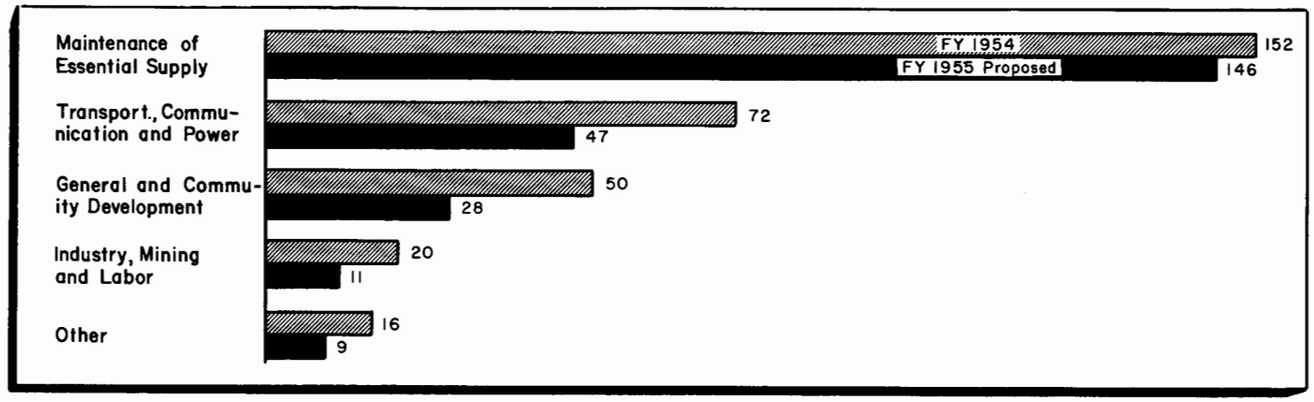
RELIEF AND REHABILITATION PROGRAM

($ Millions)

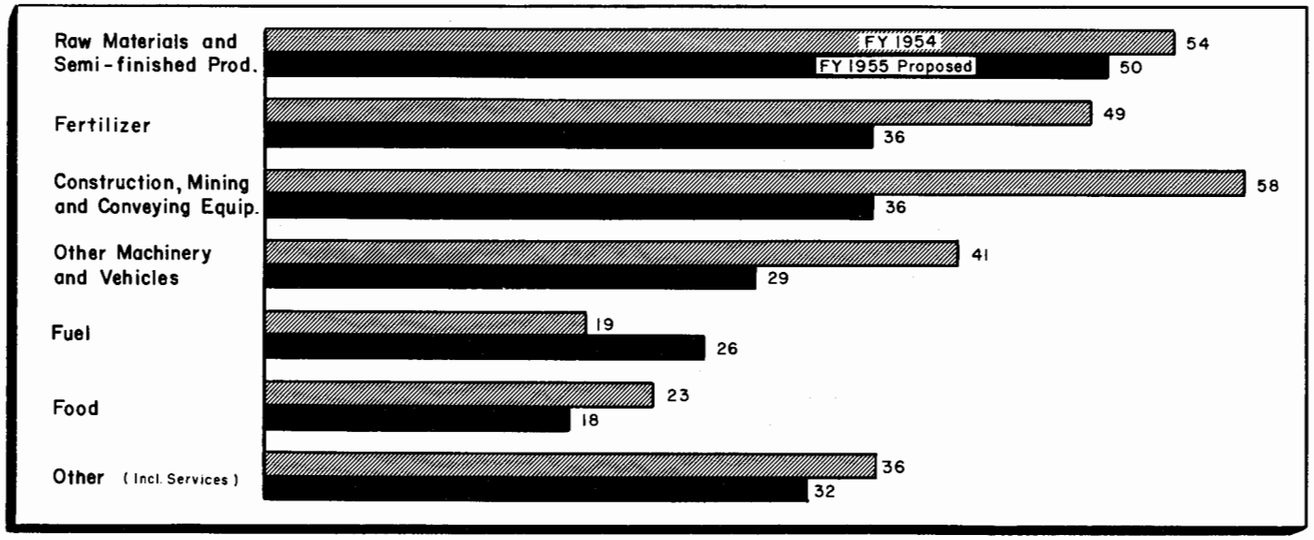
TOTAL PROGRAM



PROGRAMMED FUNDS, BY ACTIVITY[1/]



COMMODITY PROGRAM[2/] Note Different Scales



1/ Excludes Korean Emergency Food Relief Program and unobligated balances from FY 1954 funds for contribution to UNKRA.
2/ FOA and CRIK Programs only.

FAR EAST AND THE PACIFIC

Country: KOREA (Including UNKRA)

INDIVIDUAL COUNTRY DATA

Summary of Program by Function

(In millions of dollars)

Function	Programs		
	FY 1953	FY 1954	Proposed FY 1955
Mutual Defense Assistance	a/	a/	a/
Relief and Rehabilitation			
a. Korea	127.1 b/	280.1 b/	230.0 b/
b. U.S. Contributions to United Nations Korean Reconstruction Agency (UNKRA)	40.8	30.0	22.0
Less: Estimated unobligated balances from FY 1954 applied as savings			-10.7
New Authorization Requested			11.3
c. Korean Emergency Food Relief		10.0	
Total Country Program	xx	xx c/	xx d/

a/ Data for Mutual Defense Assistance distribution by country is classified information.

b/ Reflects CRIK funds only in FY 1953. Amounts shown for FY 1954 and FY 1955 reflect combined FOA and CRIK programmed amounts.

c/ Program revised 3 March 1954. Excludes originally programmed amounts for direct military support from Department of Army funds (DEPTAR), $81 million; Sundry United Nations Contributions (SUN), $28 million; and ROK foreign exchange of $122 million estimated to be available for program purposes.

d/ Program revised 3 March 1954. Excludes originally proposed estimates for direct military support (DEPTAR) of $52 million; Sundry United Nations Contributions (SUN) of $15 million and ROK foreign exchange of $120 million estimated to be available for program purposes.

General Narrative Statement

Importance of the Republic of Korea (ROK) to the United States

It is essential to the security interests of the United States that the Republic of Korea remain free and independent, and that its ability to resist Communist aggression or subversion be maintained, because (1) Far Eastern countries and nations throughout the world are watching United States and United Nations efforts in Korea which is a symbol of our ability and determination to resist further Soviet aggression and to restore a war-ravaged ally to economic health; (2) it possesses the largest non-Communist Army in Asia and thus stands as a strong deterrent to Communist aggression; (3) the security of Japan, so important to United States strategic interests, would be endangered by Communist domination of South Korea; and (4) the loss of Korea to Communism would cause serious damage to United States' prestige, especially in Asia.

MUTUAL DEFENSE ASSISTANCE PROGRAM

The primary U.S. objective with respect to the armed forces of the Republic of Korea (ROK) is to assist these forces to become sufficiently strong to take over an increasing share of the defense of Korea. However, although there is a Mutual Defense Assistance Agreement with the Government of the United States, dating from January 1950, the U.S. assistance in support of this objective since the outbreak of hostilities in June of 1950, with the exception of limited training aid, has been provided directly by the Military Departments out of their own appropriations.

US/UN RELIEF AND REHABILITATION PROGRAM

Importance of and Need for the Program

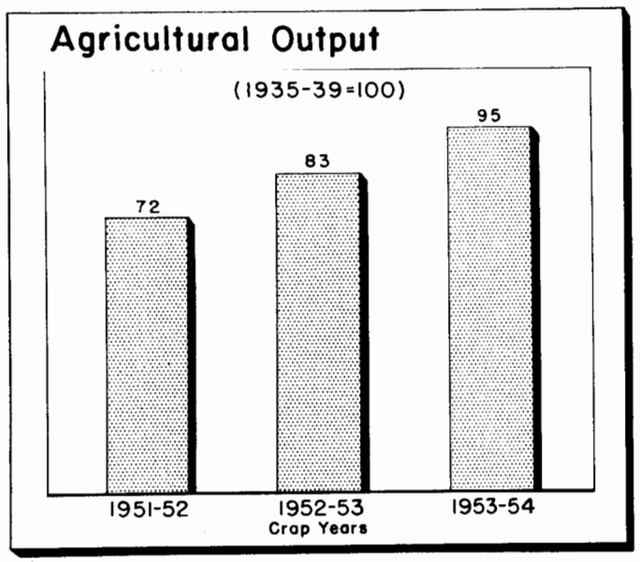
Since the Korean armistice the Communists have shifted their strategy against the Republic of Korea from a military campaign to economic and political pressure. The economic reconstruction of the Republic of Korea has accordingly assumed tremendous immediate importance, an importance which has taken on new significance and urgency in view of the extraordinary relief and rehabilitation efforts of the USSR and Communist China in North Korea. This reconstruction of the Republic of Korea must be undertaken in the face of very great economic and political obstacles, and quick or easy success from our efforts cannot be expected.

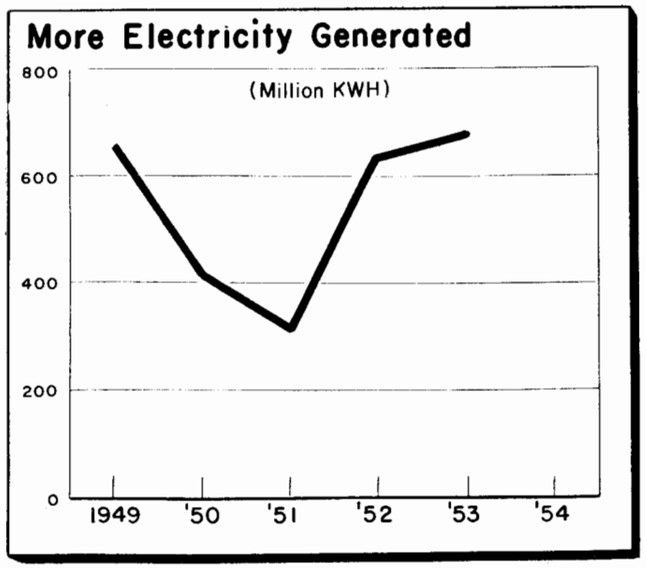
The South Korean economy is basically agricultural, with about 75 percent of its 22 million population engaged in rice-farming and related activities. Division at the 38th parallel in 1945 cut off South Korea's light industry and rice production from North Korea's hydroelectric power, fertilizer, lumber, minerals, and heavy industry. The repatriation of Japanese administrators and technicians increased the difficulties of administering the government and managing industry. The Communist invasion in June 1950 turned South Korea into a battlefield with resulting large-scale destruction of its industry, public utilities, government buildings, housing and crops, and displaced about one-fourth of its population.

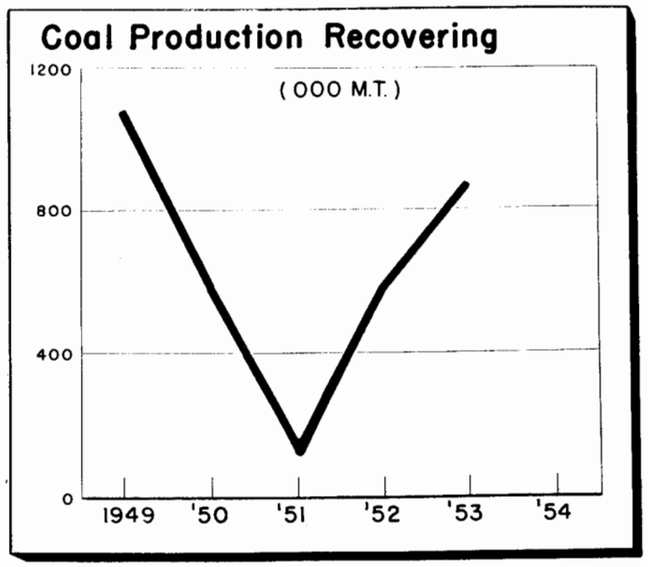
Although active hostilities have ceased, the Republic of Korea is still burdened with a defense effort which far exceeds its economic capabilities. Outside sources must therefore continue to support a major portion of the country's current defense requirements. Estimated U.S.-U.N. economic assistance in FY 1954, exclusive of military end-items, represents somewhat more than 20 percent of Korea's own gross national product.

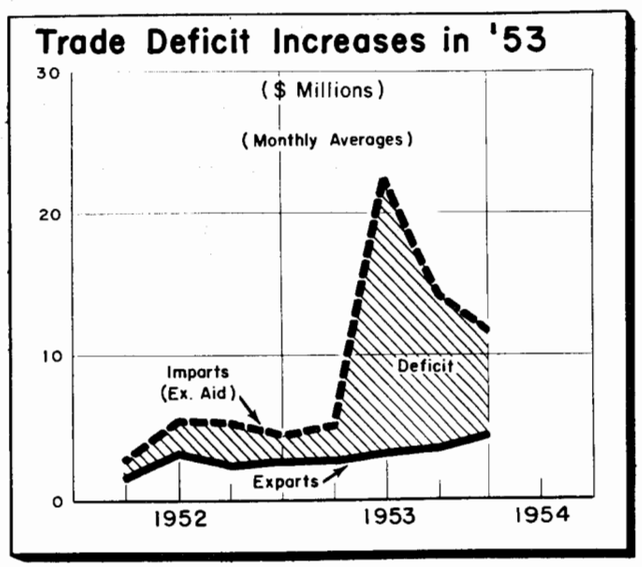
KOREA

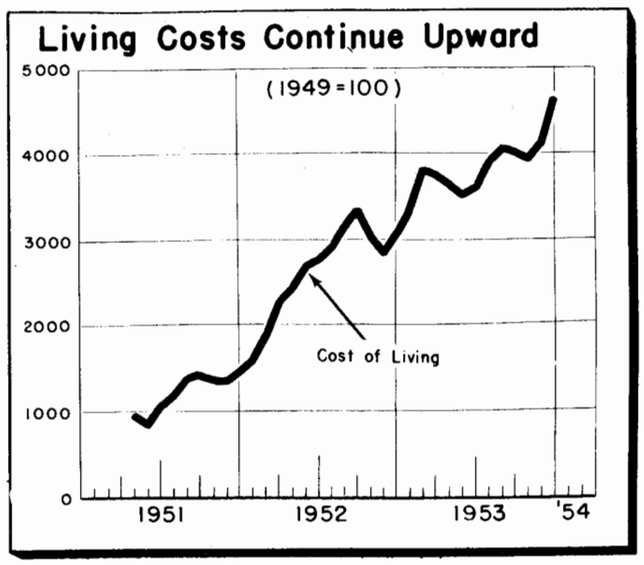
ECONOMIC INDICATORS

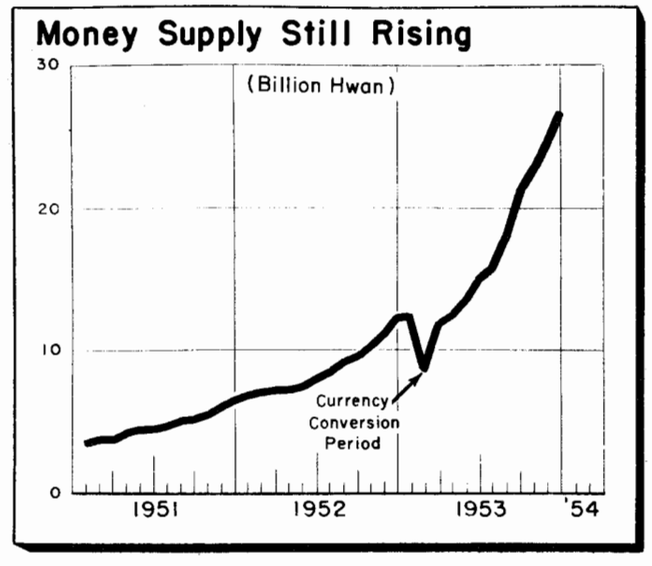












General Narrative Statement (Continued)

Objectives of the Program

The long-range objective of the US/UN program in Korea is to develop a viable economy which will make it possible to (a) achieve a standard of living approximating that of 1949-50, and (b) support a military force adequate for the defense of Korea.

In support of this long-term objective, the US/UN program is directed toward helping the Korean Government to:

a. Raise the standard of living to the minimum level required for adequate working efficiency.

b. Counteract inflationary pressures arising from the defense effort and the development program.

c. Develop, through training, the skilled manpower required for increased effectiveness of government administration and for restoration and expansion of production.

d. Increase production at a pace consistent with financial stability, ability to organize, and availability of trained manpower - with primary emphasis on (1) restoration of agricultural production, (2) rehabilitation of manufacturing plants and mines, particularly coal, and (3) rehabilitation and expansion of the electric power system.

e. Develop the transportation system to the minimum level required for movement of imports and domestically produced civilian and military goods.

f. Give the Korean people confidence in their own future and in the future of their country.

Administrative Organization of the Program

The economic assistance program for Korea represents a coordinated effort on the part of the Government of the Republic of Korea, the United States Government, and the United Nations. The program is administered in Korea as a joint effort by a Combined Economic Board which has the Prime Minister of Korea as the Korean representative and as the United States representative, the Economic Coordinator for Korea. The latter is a staff member of the Commander-in-Chief of the United Nations Command, and also a representative of the Foreign Operations Administration.

The Economic Coordinator is responsible for insuring that the total program financed from whatever source, is integrated, sound and represents no duplication in procurement effort. Specifically, he coordinates the FOA and UNKRA programs and the relief activities of the U.S. Army (Korean Civil Assistance Command -- KCAC). The program is carried forward under the following general administrative arrangements: (1) The Unified Command in Washington is responsible for overall direction, establishment of fiscal and economic policies; (2) the Department of the Army through the Civilian Relief in Korea (CRIK) program, and the Korean Civil Assistance Command (KCAC) is currently responsible for programming the general area of health, relief and welfare, public works, agriculture, transportation, power and communications; (3) The United Nations Korean Reconstruction Agency (UNKRA) is responsible for education, housing, fisheries, irrigation, forestry, flood control, industry and mining; (4) The Department of the Army is responsible for the Armed Forces Assistance to Korea (AFAK) program and for direct military support to the ROK Army; (5) Voluntary agencies and UN agencies make contributions to Korea; and (6) The Republic of Korea contributes through the use of its own foreign exchange funds for essential imports and the provision of its governmental facilities.

General Narrative Statement (Continued)

With respect to the Republic of Korea contribution to the US/UN program, the volume of its military expenditures (70 percent of the budget) necessarily limits the ability of the Republic of Korea to contribute financially to the support of economic development activities. Notwithstanding, the ROK has undertaken to deposit local currency counterpart funds equivalent to the dollar landed cost of goods and services provided under the FOA program (the equivalent of $7,700,000 has already been deposited in the counterpart account and is available to finance the hwan costs of the technical assistance and investment programs).

The United Nations Korean Reconstruction Agency

The United Nations Korean Reconstruction Agency (UNKRA) was established by the General Assembly of the United Nations in December 1950 "to assist the Korean people to relieve the sufferings and to repair the devastation caused by aggression". The U.S. representatives in the General Assembly pledged, subject to the approval of the Congress, $162.5 million as the United States share (65 percent) of the initial $250 million target budget of UNKRA. As of March 19, 1954 the U.S. had contributed a total of $65,750,000 of its pledge as compared with $36,862,671 contributed by the 32 other member governments.

UNKRA is under the direction of Lt. General John B. Coulter, U.S.A. Ret. who, as its Agent General, reports directly to the General Assembly of the U. N. The United States is a member of the UNKRA Advisory Committee which advises the Agency General with respect to "major financial, procurement, distribution and other economic problems pertaining to his planning and operations". The program of UNKRA is coordinated with the United States bilateral program of economic assistance to Korea by the Economic Coordinator serving on the staff of the United Nations Command.

The proposed UNKRA program calls for the obligation of $45 million in FY 1954 and $50 million in FY 1955. To enable the U.S. to contribute to the latter program in accordance with the agreed percentage formula (65 percent of total country contributions), there is requested: (1) authority to carry over and to utilize in FY 1955 the anticipated unobligated balance of the fiscal year 1954 appropriation, which balance is presently estimated as being $10.7 million; and (2) authorization and appropriation of $11.3 million in additional new obligational authority. Affirmative Congressional action on this request would result in the availability of $22 million for a U.S. contribution to UNKRA in FY 1955.

Progress to Date

The United States has assisted the economy of South Korea since the surrender of the Japanese forces in August, 1945. From then through June, 1954 such assistance will amount to almost $1.4 billion, exclusive of direct costs of the U.S. war effort in Korea and U.S. support to the ROK Army. During the period of active hostilities, from June, 1950 to July, 1953, U.S. economic aid was provided primarily to prevent "disease and unrest" in areas under control of the U.N. forces. In late 1952, however, the rehabilitation and reconstruction activities of the Department of the Army and the United Nations Korean Reconstruction Agency (UNKRA) laid the groundwork for a more extensive economic aid program in 1953.

Measured against the chaotic situation of 1952, there were impressive gains in some sectors during 1953. Wholesale prices rose only 25 percent in 1953, as compared with 100 percent the year before, largely because of the substantial volume of imports collectively financed by the Department of the Army under the Civilian Relief in Korea (CRIK) program, by UNKRA and FOA, and by the Republic of Korea with its own foreign exchange. The importation, with U.S. or U.N. funds, of such basic raw and finished materials as raw cotton, petroleum products, fertilizer, rubber, lumber and cement enabled some industries to show large increases in output over 1952. On a per capita basis, however, production levels in 1952-1953 were about 25 percent below the 1949-50 level.

U.S. and U.N. economic assistance was largely responsible for keeping inflation within manageable limits during calendar year 1953. The currency reform in February 1953, increased availability

General Narrative Statement (Continued)

of imported consumer goods, especially grain, during the spring and early summer months, the end of active warfare in July, the record rice harvest and, finally, the announcement of a four-year, $1 billion foreign assistance program of reconstruction and rehabilitation were the main factors, real and psychological, contributing to the slackening of inflationary forces in 1953. However, the basic elements for a resurgence of uncontrollable inflation are still present. Strong inflationary forces include huge military expenditures (70 percent of the national budget), substantial outlays for reconstruction and expansion of industry, low levels of production of basic consumer goods, inadequate imports, and the breakdown of distribution and credit facilities.

Due largely to favorable weather and U.S.-financed imports of fertilizer, rice production increased 17 percent over 1952. The net grain deficit has thus been eliminated, although imports of cheaper wheat and barley are continuing in order to permit the export of rice which commands a higher price.

Electric power generation increased from 315 million KWH in 1951 to 736 million KWH in 1953, which is 12 percent above 1949 production.

Coal production rose from 112,000 metric tons in 1941 to 860,000 metric tons in 1953. Despite this increase, total production is still approximately 20 percent below the 1949 level.

Production of cotton yarn increased from 800 metric tons per month in 1952 to 1,100 metric tons per month in 1953, a level about 3 percent higher than 1949.

Living conditions of the Korean people have been improved by US/UN activities in public health, education and relief, but standards in 1953 were still below those of 1949.

Despite these encouraging gains, the Korean economy as a whole remains in a precarious state. Production increases thus far achieved fall far short of levels needed for support of the planned military buildup, assuming even a bare subsistence standard of living for the population.

The FY 1955 Program

The magnitude of total US/UN assistance proposed for FY 1955 - excluding all forms of U.S. direct military support - is $280 million, as compared with $325 million in FY 1954. As noted above, the UNKRA-financed portion of the total program has been increased from $45 million in FY 1954 to $50 million in FY 1955, of which the anticipated U.S. contribution will be $22 million. The U.S. bilateral program, including the program previously carried out under the CRIK appropriation, is estimated as requiring $230 million.

The composition of the FY 1955 program has been influenced, in large measure, by the anticipated increase in inflationary pressures. In order to maintain economic stability, which is basic to progress toward other objectives, provision is made in FY 1955 for increasing the proportion of funds reserved for the financing of commodities to be imported for sale in the local market. In addition to siphoning off purchasing power through domestic sale of FOA-financed imports, the proposed program further reduces the inflation potential by cutting the planned investment component from $112 million in FY 1954 to $98 million in FY 1955. ROK efforts to increase tax revenues, reduce non-essential governmental expenditures and control credit will supplement these program measures to curb inflation.

In view ofthe current increase in ROK military expenditures, however, it is probable that stabilization measures possible within the present scope of the relief and rehabilitation program will not be sufficient to close the inflationary gap. It may therefore be necessary to increase direct U.S. support to the ROK Army.

Although reduced in amount and necessarily limited by considerations related to economic stability, the FY 1955 program continues activities designed to increase production in the important sectors of the economy. After inflationary forces

General Narrative Statement (Continued)

have been brought under control, however, such investment-type activities will have to be substantially increased if the program is to achieve its primary objective of strengthening the Korean economy to the point where it can support an adequate military force and still afford tolerable living standards for its people.

During FY 1955 primary emphasis will be placed on:

a. Increased agricultural production through irrigation construction, fisheries rehabilitation, increased fertilizer imports, and agricultural extension activities.

b. Continued rehabilitation of destroyed textile mills and new plant construction to produce such items as cement, paper and fertilizer, which must now be imported. Coal and metal mine development will be stressed in order to decrease imports of coal and increase exports of valuable minerals, such as tungsten, which currently is a major contributor to the country's foreign exchange earnings.

c. Continued rehabilitation and expansion of existing power facilities needed to provide firm power capacity for expanding industrial production, including fertilizer.

The FY 1955 program also provides for the continuation of present plans for rehabilitating and constructing transportation facilities important to the army and the civilian economy. Funds are programmed for rehabilitation of the rail system, including the construction of spurs and vital links now missing. Some funds also are provided for port and harbor rehabilitation, the purchase of adequate coastwise cargo vessels, and the repair of main highway bridges.

The technical cooperation aspects of the program are directly related to the objectives of improving government administration, increasing production, and raising the caliber of the armed forces. As proposed, technical cooperation will be expanded in the fields of agriculture, public health, education, power, transportation, communications, public works, industry, mining and several aspects of public administration, including fiscal management and procurement. Some technical guidance will be directly provided by US/UN staff members. To the extent feasible, however, such aid will be provided through contracts with private engineering and management firms, land grant colleges, and foundations.

Although production increases in both agriculture and industry and progress made in the resettlement program have lowered relief needs, some funds will still be required to prevent disease and unrest that would interfere with military effectiveness and political stability. The direct relief component, however, has been reduced from $30.7 million in FY 1954 to $20 million in FY 1955.

FAR EAST AND THE PACIFIC
INDIVIDUAL COUNTRY DATA
Summary by Major Cost Components
(In thousands of dollars)

Country: KOREA (including UNKRA)

Funding Source by Fiscal Year	Total	Supplies & Equipment	Proposed FY 1955 Programs — Services — Technicians — No. of Persons	Technicians — Cost a/	Trainees — No. of Persons	Trainees — Cost a/
Foreign Operations Administration (FOA)						
1953	-	-	-	-	-	-
1954	199,500	199,440	-	-	12	60
1955	230,000 a/	227,290	125	1,880	166	830
Civilian Relief in Korea (CRIK)						
1953	127,107 b/	127,107	-	-	-	-
1954	80,642 b/	80,642	-	-	-	-
1955	- a/	-	-	-	-	-
Total						
1953	127,107	127,107	-	-	-	-
1954	280,142	280,082	-	-	12	60
1955	230,000	227,290	125	1,880	166	830
United Nations Korean Relief Admin. (UNKRA)						
1953	51,818 b/	51,818	-	-	-	-
of which U. S. contribution	(40,750)					
1954	45,000	40,460	226	4,540	-	-
of which U. S. contribution	(30,000)					
1955	50,000	46,320	178	3,560	24	120
of which U. S. contribution	(22,000)					
Total All Funding Sources						
1953	178,925	178,925	-	-	-	-
1954	325,142	320,542 c/	226	4,540	12	60
1955	280,000 d/	273,610	303	5,440	190	950

a/ Program formerly funded from the appropriation, "Civilian Relief in Korea", is merged with the proposed FOA program for FY 1955.
b/ Breakdown by cost factors not available; however, preponderantly was programmed for supplies and equipment.
c/ Excludes Korean Emergency Food Relief.
d/ Excludes direct military support (common-use items), Sundry United Nations voluntary relief agency contributions and ROK foreign exchange financed imports.

Country: KOREA (including UNKRA)

FAR EAST AND THE PACIFIC
INDIVIDUAL COUNTRY DATA
Summary by Major Project Category
(In thousands of dollars)

Funding source by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp., Communications & Power	(5) Industry Mining & Labor	(6) Public Administration	(7) General and Community Development	(8) Maintenance of Essential Supply	(9) Other
Foreign Operations Administration(FOA)										
1953	-	-	-	-	-	-	-	-	-	-
1954	199,500 d/	900	-	-	70,100	8,800	2,060	-	117,640	-
1955	230,000 d/	2,130	-	-	46,950	5,900	2,480	27,150	145,390	-
Civilian Relief in Korea(CRIK)										
1953	127,107	503	2,299	90	1,201	4,187	-	6,503	92,598	19,726 b/
1954	80,642 a/	500	700	-	1,100	-	-	45,700	32,642	-
1955	-	-	-	-	-	-	-	-	-	-
TOTAL										
1953	127,107	503	2,299	90	1,201	4,187	-	6,503	92,598	19,726
1954	280,142	1,400	700	-	71,200	8,800	2,060	45,700	150,282	-
1955	230,000	2,130	-	-	46,950	5,900	2,480	27,150	145,390	-
United Nations Korean Relief Administration (UNKRA)										
1953	51,818	3,919	1,156	6,070	8,059	6,160	-	799	22,370	3,285 c/
of which US contribution	(40,750)									
1954	45,000	6,640	2,150	4,900	970	17,050	-	6,490	3,250	3,550 c/
of which US contribution	(30,000)									
1955	50,000	7,650	5,080	5,320	-	20,500	-	3,750	4,200	3,500 c/
of which US contribution	(22,000)									
Total All Funding Sources										
1953	178,925	4,422	3,455	6,160	9,260	10,347	-	7,302	114,968	23,011
1954	325,142 d/	8,040	2,850	4,900	72,170	25,850	2,060	52,190	153,532 e/	3,550
1955	280,000 d/	9,780	5,080	5,320	46,950	26,400	2,480	30,900	149,590	3,500

a/ Program formerly from CRIK appropriations merged with proposed FOA program for FY 1955.
b/ Represents "Storage, Ocean Transportation and Miscellaneous." (Ocean Transportation was $19.1 million, balance was Storage and Miscellaneous.)
c/ Personnel and administration cost.
d/ Excludes direct military support (common-use items), Sundry United Nations voluntary relief agency contributions and ROK foreign exchange financed imports.
e/ Excludes Korean Emergency Food Relief.

FAR EAST AND THE PACIFIC

Country: KOREA

INDIVIDUAL COUNTRY DATA

RELIEF AND REHABILITATION EXCLUDING UNKRA AND KOREAN EMERGENCY FOOD RELIEF

Commodity Breakdown

(In thousands of dollars)

Commodity Detail	FY 1953	Programs FY 1954 FOA	FY 1954 CRIK	FY 1954 TOTAL	FY 1955
Food, Feed and Fertilizer	75,140	34,510	37,100	71,610	54,020
Food	55,997	15,510	7,200	22,710	18,020
Fertilizer	19,143	19,000	29,900	48,900	36,000
Fuel	9,844	10,500	8,700	19,200	26,000
Raw Materials and Semi-Finished Products	10,963	35,690	18,000	53,690	49,670
Iron & Steel Mill Materials and Products	-	2,300	-	2,300	500
Medicinal & Pharmaceutical Preparations	2,299	2,600	4,200	6,800	3,190
Pesticides	503	500	500	1,000	850
Other	8,161	30,290	13,300	43,590	45,130
Machinery and Vehicles	3,828	98,130	1,100	99,230	65,090
Construction, Mining, Conveying Equipment	1,271	57,400	400	57,800	36,190
Electrical Apparatus, Generators & Motors	1,268	10,600	700	11,300	5,600
Industrial Machinery	89	1,300	-	1,300	4,300
Tractors (Non-agricultural)	-	1,000	-	1,000	-
Motor Vehicles, Engines & Parts	1,200	5,730	-	5,730	2,000
Agricultural Machinery	-	-	-	-	-
Other	-	22,100	-	22,100	17,000
Miscellaneous	27,332	20,610	15,742	36,352	32,510
Scientific & Professional Instruments	-	200	-	200	-
Miscellaneous Iron and Steel Manufacturers	-	2,000	-	2,000	3,000
Miscellaneous Commodities for Educ. & Scientific Use	90	900	-	900	4,460
Other (Incl. Ocean Freight, NEC)	27,242[a]/	17,510	15,742 a/	33,252	25,050
TOTAL	127,107	199,440	80,642	280,082	227,290

a/ Includes costs of trainees and technicians, for which breakdown is not available.

PHILIPPINES

BASIC STATISTICS

Area	116,000 square miles
Population	21,000,000 (1953)
Population Density	181 per square mile
Annual Population Growth	1.9 percent
Agricultural Land	22 percent of land area
Agricultural Land Per Capita	0.8 acres
Main Crops	Rice, copra, coconut oil, corn, abaca, sugar, tobacco
Main Industries	Sugar refining; lumbering; gold, iron and chromium mining; cement production

Main Exports (Jan-Nov.1953)	Mill. U.S.$	% of Total Exports
Copra	104	29
Sugar	90	25
Abaca	35	10
Logs, lumber, & timber	29	8

Labor Force	7.8 millions
Main Occupations	Agriculture 68%; Mfg. 7%; Personal Services 5%; Other 20%
Unemployment & Underemployment	Approx. 1/3 of labor force
Per Capita GNP	$196 in 1952 (conversion rate 2 pesos per $1) of which Agriculture 43%; Industry & Mining 19%; Comm., transp. & commun. 12%; Other 26%
Per Capita Caloric Intake	2,060 calories
Life Expectancy	42 years in 1953 (est.)
Infant Mortality Rate	104 deaths per 1,000 live births
Medical Services	1 physician per 9,000 persons
Literacy Rate	65% in 1953 (est.)
Teachers	410 per 100,000 population
Railroads	Approx. 700 miles
Roads	16,000 miles
Registered Motor Vehicles	106,000 in 1951

SIGNIFICANT BASIC RESOURCES

Material	Production as % of Free World Output in 1952	% of U.S. Supply from This Source
Abaca		69
Coconut Oil & Copra		52
Chromite	21	32

Eighty-three percent of U.S. refractory grade chromite comes from the Philippines. Reserves of chromite are among the most extensive in the world. There are also sizeable reserves of submarginal metallurgical chromite.

SELECTED ANNUAL STATISTICS

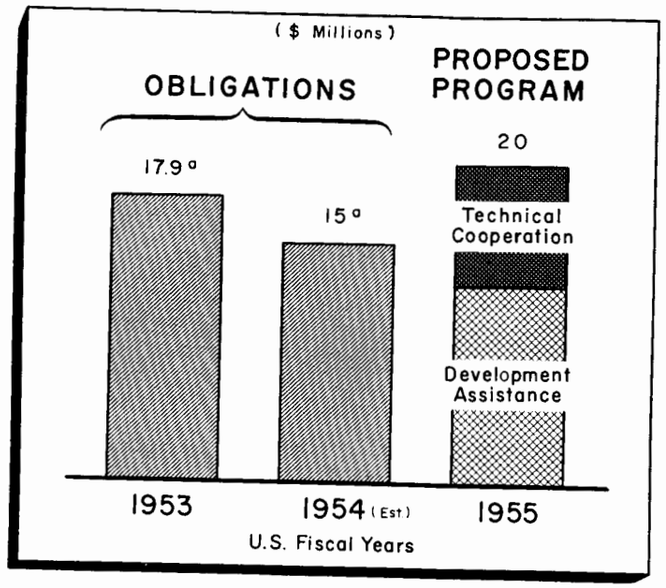
Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Agricultural Production[a]	1935-39=100	100[b]	119	122	125
Rice, rough[a]	1000 MT	2,141[b]	2,830	3,144	3,238
Corn	"	399[b]	757	721	760
Abaca	"	169[b]	126	112	108
Sugar, centrifugal	"	960[b]	976	1,020	1,197
Copra & coconut oil (as copra)	"	656[b]	1,002	903	830
FOREIGN TRADE					
Exports, fob	Mill. US$	117	410	352	397
Imports, fob	"	133	481	421	418
Balance	"	-16	-71	-69	-21
Trade with U.S.[c]					
Exports to U.S.	Mill. US$	94	284	236	276
Imports from U.S.	"	86	350	283	351
Key Exports:					
Copra	1000 MT	342	772	671	600
Sugar, centrifugal	"	868	567	793	870
Abaca	"	141	128	110	114
Coconut Oil	"	166	78	81	67
Logs, timber, & lumber	Mill.bd.ft.	206[b]	266	326	520
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill. US$		-90	-53	-22
Private Financing	"		13	24	4
Official Financing	"		61	15	39
Errors and Omissions	"		16	14	-21
FINANCIAL					
Wholesale Prices	1949 = 100		109	100	99
Cost of Living	1948 = 100	25	97	93	88
Commodity Prices					
Copra Prices	$ per 100#	1.36	8.19	5.58	8.30
Abaca Prices	"	2.54	22.30	13.93	13.82
Money Supply[d]	Mill.Pesos	214	1,053	1,082	1,066[e]
Central Bank Reserves[d]	Mill. US$		247	244	240
Gold	"		7	9	9
Foreign Exchange	"		240	235	231
Other Bank Holdings[d]	"		72	81	66
Total[d]	"		319	325	306
Central Government Debt[f]	Mill. US$		463	316	435
Central Gov't. Finances[g]					
Revenue	Mill. US$		253	364	352
Expenditure	"		263	328	324
Surplus (+) or Deficit (-)	"		-10	+36	+28
Exchange Rates[d]					
Selling: Without Tax	Mill. US$	2.01	2.02	2.02	2.02

* 1953 data largely preliminary or estimated.

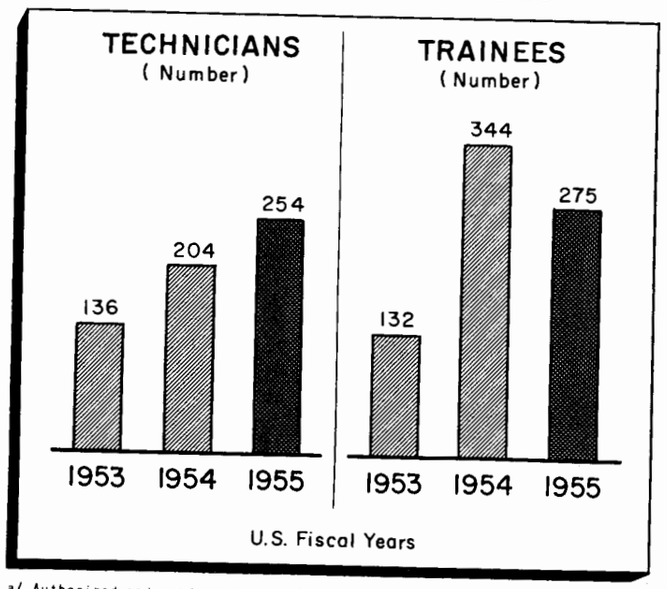
[a] Crop year beginning in year stated. [b] Prewar average.
[c] U.S. Customs data. [d] End of year or month stated. [e] October.
[f] As of June 30 of year stated.
[g] Fiscal year ending June 30 of year stated; excludes debt retirement.

PHILIPPINES

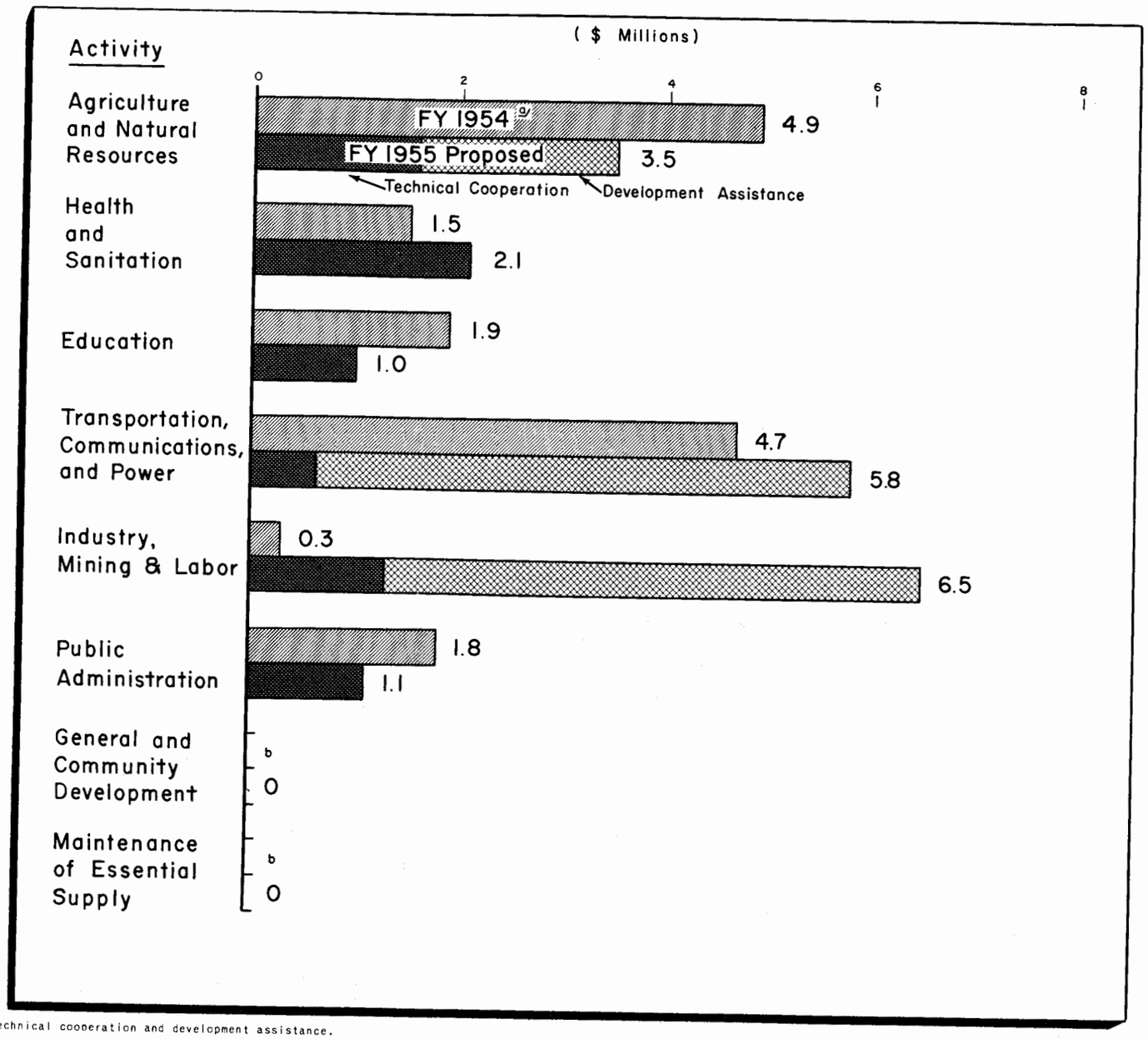
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



a/ Authorized and conducted as an integrated program including features of both technical cooperation and development assistance.
b/ Small deobligations in FY 1954.

FAR EAST AND THE PACIFIC

Country: PHILIPPINES

INDIVIDUAL COUNTRY DATA

Summary of Program by Function

(In thousands of dollars)

Function	Programs		
	FY 1950/54	FY 1954	Proposed FY 1955
Mutual Defense Assistance	a/	a/	a/
	FY 1953		
Development Assistance	17,929 b/	15,000 b/	12,370
Technical Cooperation	-	-	7,630
Total Country Program	xx	xx	xx

a/ Data for Mutual Defense Assistance distributions by country is classified information.
b/ Authorized and conducted as an integrated program, including features of both technical cooperation and development assistance.

General Narrative Statement

Importance of the Philippines to the U.S.

The Philippines are a principal link in the United States defense perimeter in the Far East and the Pacific and the site of important U. S. naval and air installations. Existence of the Philippines as an independent, sovereign nation and its political and economic progress demonstrate to other Asians the value of a democratic political system. In addition, the Philippines represent concrete evidence of the United States' attitude of encouraging the assumption of the responsibilities of independence. The Philippines are our principal source of copra and Manila hemp, and an important source of chrome.

Current Situation

The Philippine people last November chose Ramon Magsaysay as President by an overwhelming majority. During his few months in office President Magsaysay has reiterated his determination to provide the Philippines with honest, efficient government and to improve living conditions for the Philippine people; and he has taken specific steps in this direction. He enjoys widespread popular support.

The Communist-led Hukbong Mapagpalaya ng Bayan (Huk), which constituted a grave threat to the country in 1950, has been reduced to less than one-third of its former strength. After the failure of recent negotiations for surrender of the Huk, the Philippine Armed Forces late in February 1954 launched a vigorous new attack on principal Huk units.

The Philippine Government has traditionally supported the United States and the countries of the free world in matters arising within the United Nations. A Philippine battalion

General Narrative Statement (Continued)

combat team was sent to Korea early in the conflict and a similar unit is still stationed there with the United Nations Forces. No fundamental change in Philippine foreign policy is expected under the Magsaysay Administration. Close and friendly relations with the United States prevail.

The Philippine economy, which is predominantly agricultural, is not developing fast enough to meet the needs of the population. Unemployment and underemployment constitute a serious problem. Productivity is low, and customary investment practices seriously limit investment in productive industry. The financial situation has shown considerable stability over the past two years, but budgetary deficits are in prospect for both FY 1954 and FY 1955. To support expanding public services, which are now being partially financed by counterpart funds, increased revenues are needed, and this is not possible on a permanent basis except with increased production and rising national income. Balance-of-payments deficits continue, despite considerable expenditures by the United States in the Philippines. The fluctuation of prices of traditional export products limits foreign exchange earnings.

MUTUAL DEFENSE ASSISTANCE PROGRAM

The mutual defense assistance program is designed to provide materiel and training to the armed forces of the Philippines to enable them to maintain internal security and, eventually, to eliminate all effective Huk forces. It is intended also to increase capabilities for defense against external attack.

Army

The Philippine Army has shown definite and steady improvement since the beginning of MDAP. The yardstick by which this Army may be measured is its performance against the Huks. From a serious threat to the stability of the government in 1949-50, the Huks during the past 3 years have been reduced by the Army to a condition of relative impotence.

Employment of all major combat units in the anti-dissident campaign has handicapped organized and continuous training. The net result is that the Philippine Army has completed only individual and small unit training. Because of the experience gained in the anti-dissident campaign, the Army is considered capable of coping with any internal military threat to the security of the country. The success which has been achieved in operations against the Huks in 1953 will probably lead to early implementation of the plan for the reorganization and training of the Army. Equipment delivered to date for the most part has been put to use without delay by units operating in the anti-dissident campaign. Maintenance at the present time is below U.S. standards; however, encouraging improvements are becoming evident. This deficiency is recognized and corrective measures are stressed in all echelons.

Navy

At the present time the Philippine Navy is essentially composed of World War II surplus vessels. The fact that these vessels are still capable of performing their assigned missions is to a large extent a result of MDAP. Vessel equipment, spare parts and even general stores have been furnished and facilities at Subic Bay for repair of highly technical equipment have all been provided through MDAP. It would definitely have been beyond the capacity of the Philippine Navy budget to have maintained the present ships in full operating condition.

Personnel trained under the MDA training program have been largely responsible for the improved operation of ships and the extent of self-maintenance which the Philippine Navy has been able to accomplish. It is mainly because of MDAP furnished parts and equipment that the Philippine Navy is able to accomplish 75% of its own normal maintenance and repair. Ship maintenance in this area is hampered by high humidity and excessive marine growth and requires a great deal of experience as well as money to be properly carried out. The Philippine Navy is hampered in proper end-item utilization by the foregoing plus insufficient funds and difficulties in procuring suitable spare parts. MDAP has greatly assisted in the procurement of spare parts since there is no indigenous production and practically all parts come from the U.S. It is believed that all equipment programmed through FY 1954 will be effectively utilized.

General Narrative Statement (Continued)

The Philippine Navy is adequate and effective in providing water-borne support to the armed forces for anti-dissident and normal peacetime operations and to carry out its law enforcement activities.

Air Force

All of the aircraft and primary equipment now on hand in the Philippine Air Force was provided by MDAP or "turnover" to the PAF subsequent to World War II. The PAF is considered capable of effectively utilizing the equipment provided to date and that programmed but not yet delivered. The Philippine Air Force is properly organized and equipped (or programmed to be equipped) to perform its mission of ground support of Army operations against dissidents.

The FY 1955 and Previous Programs

The FY 1950-54 MDA Program provided major items of equipment for the Philippine Army battalion combat teams; gun boats, minesweepers, patrol boats, landing craft, PBY aircraft and equipment for the modernization of ships and of non-MDAP origin already in the possession of the Philippine Navy; F-51, C-47, H-19 and L-5 aircraft for the Philippine Air Force.

In addition, students were sent to schools in continental United States and considerable training was accomplished in the Philippines by JUSMAG personnel.

The FY 1955 program is planned to provide deficiencies in unit equipment for the Army, additional modernization and maintenance equipment for the Navy, additional trainer aircraft for the Air Force, and additional training for all three services.

The Government of the Philippines' Participation in Program

Defense production, as it is known in the U. S., is practically non-existent in the Philippines. Manufacturing plants capable of producing hard goods do not exist. The National Development Company, an agency of the Philippine Government, produces clothing materials and other yard goods required by the armed forces. The majority of raw materials are imported from the U.S. All clothing and personal items are being produced locally.

TECHNICAL COOPERATION AND DEVELOPMENT ASSISTANCE PROGRAMS

The objectives of the FOA program are based on the recommendations of the U. S. Economic Survey (Bell) Mission and the Quirino-Foster Agreement of 1950. They are to encourage and assist the Philippine Government in its efforts to:

a. Formulate and execute a coordinated economic development program designed to improve the country's balance-of-payments position, increase private participation in national development, broaden economic opportunities, and increase the per capita real income.

b. Strengthen the foundations of a democratic economy by improving the status of the farmer and of labor.

c. Encourage private investment, especially in small and medium-scale enterprises.

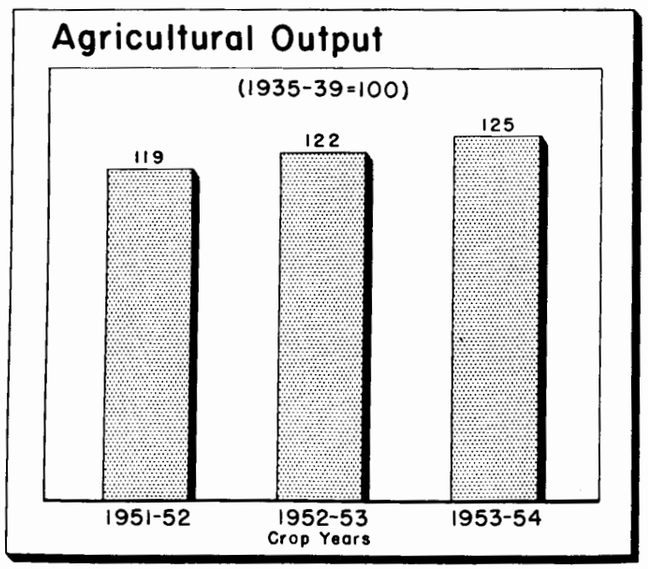
d. Improve the effectiveness of public administration, especially of fiscal operations and revenue collections, to permit more adequate and effective appropriations for defense, essential public services and economic development.

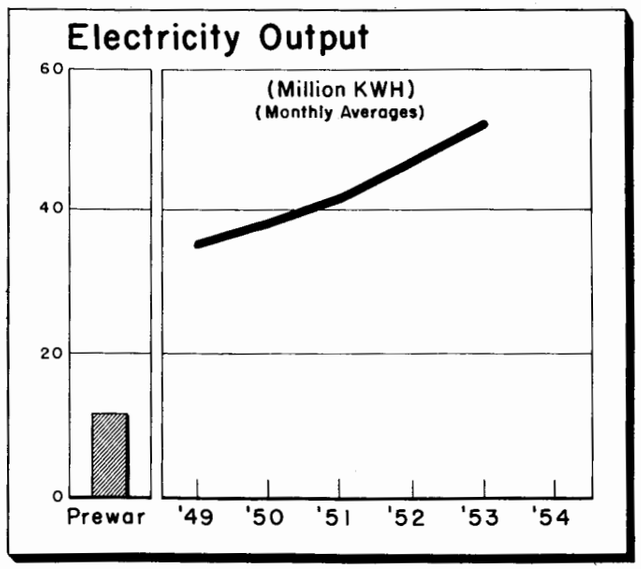
e. Increase and diversify agricultural production, particularly of food crops.

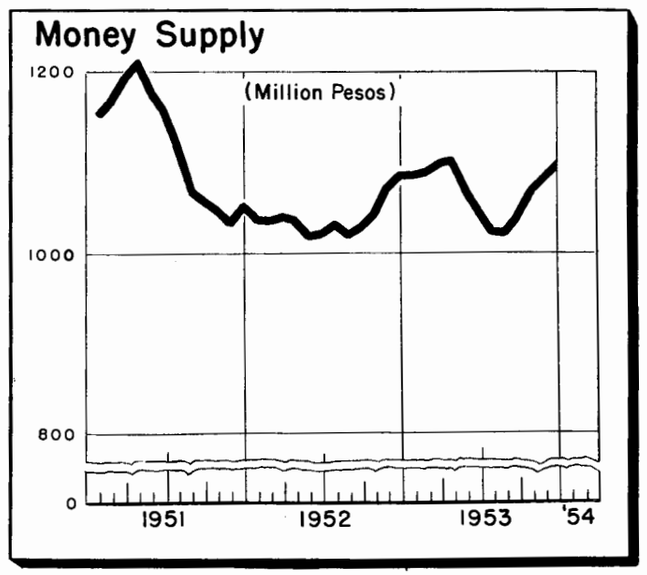
Funds allocated to the Philippines under technical cooperation and development assistance programs through FY 1954 will amount to $80 million. These programs placed greatest emphasis on agricultural development and the improvement of basic public facilities, such as transportation. Other major amounts have been concentrated on rural health and improvement, and vocational education. Progress already made toward program objectives is illustrated by the accomplishments specified below.

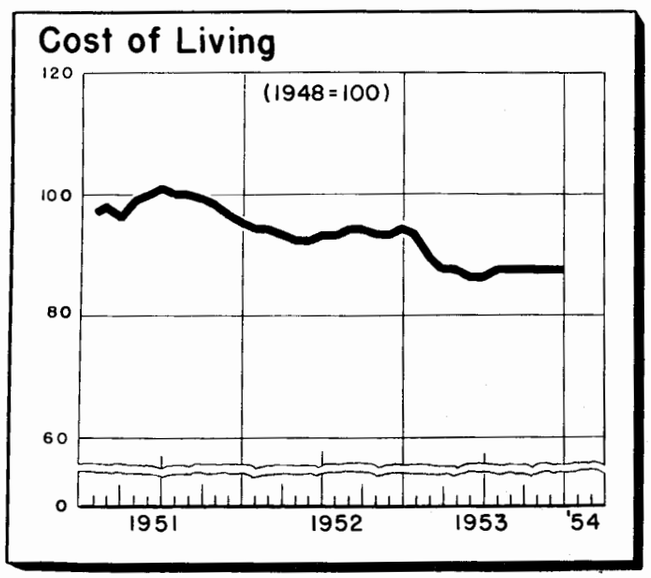
Agricultural production has been increased by irrigation projects, fertilizer imports, improved seed, and technical

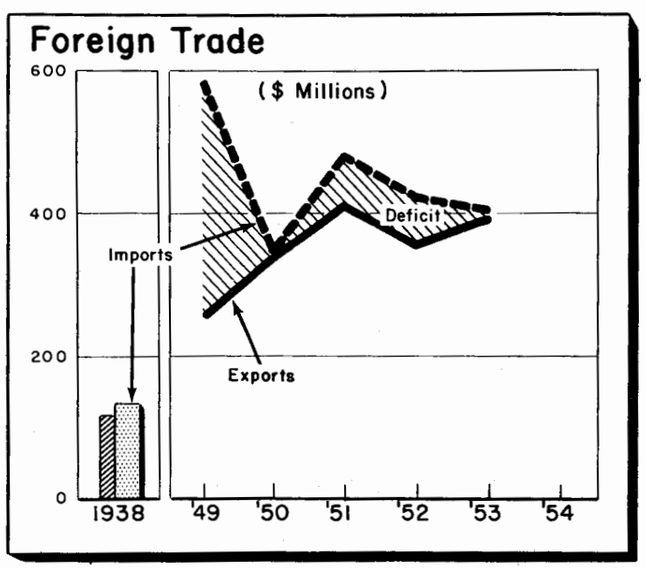
PHILIPPINES
ECONOMIC INDICATORS

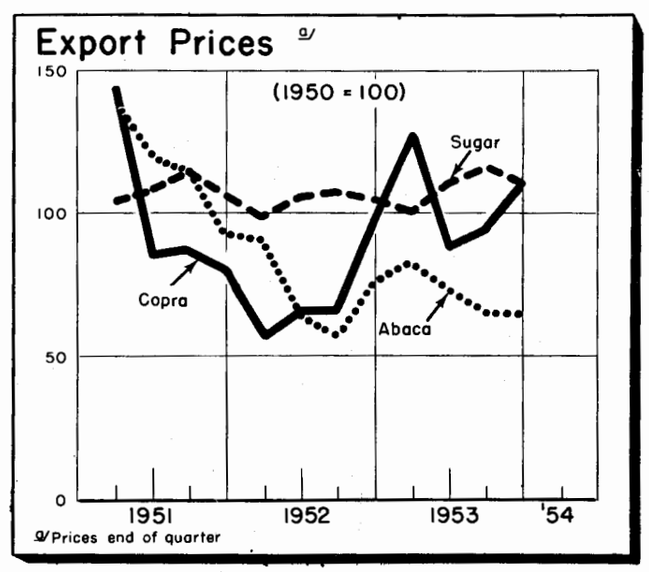












General Narrative Statement (Continued)

assistance furnished through the FOA program. Forty-one irrigation pumps are now in operation and 22 more are being installed. Five major gravity irrigation projects to serve over 200,000 acres are under construction In 1953, for the first time in recent history, the Philippines found it unnecessary to import rice.

Resettlement from overpopulated areas and cultivation of new land on the major island of Mindanao have been furthered by the classification of over 1.2 million acres, the subdivision of 900,000 acres into 43,000 farm and 11,000 home lots, and FOA-financing of a major management contract to reorganize the Bureau of Lands, helping to accelerate title issuance. Assistance is being brought directly to the farmer through a newly established agricultural extension service and the organization of 20 private rural banks and 110 cooperatives to make credit available at reasonable rates and improve marketing methods.

A six-year malaria control program is in operation to eliminate this disease as a major public health hazard. Thirty field teams have sprayed 220,000 houses, giving protection to more than one million people. Equipment and technical assistance have been provided toward rehabilitating fifty-three provincial hospitals; 81 rural health units have been established, and 400 medical cabinets provided. Thirty-two village wells to provide potable water have been completed and 59 more are under construction. Educational contracts are under way between American universities and the Agriculture, Public Administration, Engineering, Education, and Business Administration Colleges of the University of the Philippines.

Major surveys and core drilling are now being carried out, with FOA assistance, in order to assess and develop the coal and mineral resources of the Philippines. An Industrial Guarantee and Loan Fund, using counterpart pesos, has been established as a stimulus to local capital. Basic facilities and other prerequisites for economic expansion and private investment are being improved; these include roads, river control, technical education, and rural health. Hydroelectric power facilities are being developed by the Philippines with their own funds, supplemented by a $20 million Export-Import Bank loan. These activities are aimed at providing conditions favorable to an increase of private investment in development enterprises.

Public administration is being improved by technical cooperation directed toward bettering government operations in such fields as finance, trade, personnel administration, and organization and management. Under FOA-financed contracts, professional training in administration is being provided at the University of the Philippines, and the wage and classification structure of the government is being surveyed.

Finally, substantial steps have been taken by the Philippine Government toward the formulation and execution of a coordinated development program. The National Economic Council (NEC) has been reactivated and legislation has been proposed for the reorganization of economic activities. A comprehensive plan for economic development is scheduled to be completed next October. Meanwhile, FOA-assisted projects have helped correct basic weaknesses identified by the Bell Mission.

The FY 1955 Program

The total amount proposed for the FY 1955 program is $20 million. The new political situation in the Philippines provides an opportunity to accelerate progress toward using the country's resources to maximum advantage in meeting the needs of the people.

In addition to continuing support to major projects in the FY 1954 program, in FY 1955 increased emphasis will be placed on encouragement to private investment in small and medium-sized industry to produce goods needed by the people, to increase employment, and to improve the country's foreign exchange position. For that purpose it is essential, as in previous years, that the U. S. provide not only technical cooperation but limited funds to help set this development in motion.

Technical Cooperation

This component of the proposed program amounts to $7.6 million, or 38 percent of the total. Particular attention will be given to measures designed to induce greater investment

General Narrative Statement (Continued)

of private domestic and foreign capital in productive enterprises. Technical and engineering services will be provided to survey mineral and other natural resources, developing information which will facilitate the investment of private funds and greater use of loans. Technical specialists also will be made available to advise on the establishment and expansion of small economically sound manufacturing industries, particularly those processing local raw materials. Existing mining surveys will be expanded to include materials testing and utilization. Projects successfully underway in other fields will be continued.

Agricultural diversification will be stimulated through technical services related to the extension service, soil conservation, livestock production, and technical education. Health conditions will be improved through aid to expanded well construction and the continuation of malaria control and rural health activities. Contract and technical expert services for professional and vocational training will be maintained. Technical assistance to public administration will expand, in accordance with President Magsaysay's emphasis on improving governmental methods and practices, including the modernization of budget and accounting methods. FOA will finance a university contract for training in labor-management relations.

Development Assistance

To complement the technical cooperation program in accelerating the process of development, an additional $12.4 million is requested to help finance expansion of basic public works facilities. This is prerequisite to investment of private capital, and will afford a direct stimulus to private investment in essential enterprises.

Increased production and private investment, and improvement of rural conditions are dependent upon better transportation, power, irrigation and other basic facilities of a public works type. Since the inception of the Philippine program in 1951, substantial assistance to the development of such facilities has been given. However, the Philippine Government is already supporting this type of project to the limit of its budgetary capacity. Loans for these purposes have been small because the projects are generally not self-liquidating and because peso support is limited. U. S. assistance is proposed for such purposes as: gravity irrigation for an additional 80,000 acres; continued support to road and bridge construction to accelerate movement of goods and settlement of new land; improvement of harbor facilities to cut costs and increase the speed of vital water transportation; and for multiple purpose development projects to help develop the power, irrigation, flood control, and water supply potentials of key river valleys. These are projects already planned but which require some marginal dollar financing; the major costs will be in pesos most of which the Philippine Government has already provided.

However, the development of basic facilities is not enough to induce adequate investment of Philippine private capital. It is proposed in the FY 1955 program to give direct stimulus to private capital growth and investment in such a manner as to supplement Philippine Government resources for peso support to basic facilities development. There are private entrepreneurs who have pesos but cannot obtain adequate foreign exchange because of restrictive government controls. It is therefore proposed to finance limited imports of essential industrial equipment for sale to private entrepreneurs to help them establish or expand small industries. Consideration will be given to industries (a) developing local minerals, forest products and other raw materials for export; (b) processing such materials for further industrial use or manufacture of consumer goods; or (c) producing primary industrial items such as construction materials, chemicals, and ceramics. As a by-product of this assistance, the pesos generated by sale of the imported equipment will be used to supplement limited Philippine capacity to finance basic facilities expansion. This special assistance to private capital development will be made contingent upon satisfactory action by the Philippine Government toward completing and carrying out its own comprehensive program designed to achieve these same purposes, including more active steps to secure loans and attract domestic and foreign private investment.

Government of the Republic of the Philippines Participation in the Program

The Philippine Government has consistently appropriated funds to the counterpart fund well beyond actual deposit requirements. Some 120 million pesos (US $60 million) have been appropriated, although only 57 million pesos were required for deposit.

General Narrative Statement (Continued)

An additional 10 million pesos are included in President Magsaysay's budget request for FY 1955 to provide for future requirements.

Over and above counterpart appropriations, the Philippine Government in FY 1953, and again in FY 1954, appropriated nearly 8 million pesos for direct project costs, in addition to increased appropriations for other projects in fields directly related to FOA-assisted activities. In FY 1955 the Philippines plan to assume increased responsibility for the continuing local costs of projects previously begun with FOA assistance, and their FY 1955 budget requests include special appropriations of 47 million pesos in direct support of the FOA program. The total Philippine contribution during FY 1955 from all sources, excluding counterpart, is estimated at 90 million pesos plus significant increases in regular appropriations for agriculture (including land settlement), health, education and public works.

Other contributions for purposes receiving FOA assistance are given through such measures as enactment of the Highway Act to assure better utilization of FOA-financed equipment and Philippine tax funds; appropriations to administer the minimum wage law, the new Industrial Peace Act, the agricultural extension service, and the Agricultural Credit and Cooperative Financing Administration; and by President Magsaysay's express policy to encourage rural community "self-help" financing of such local projects as wells, health units, and access roads.

United Nations Technical Assistance Activities

Approximately $350,000 is expected to be available to the Philippines through United Nations sources in FY 1954. Projects of its specialized agencies are carefully coordinated with FOA-assisted activities. Projects to which both the U. N. and the U. S. contribute include malaria control, where U. N. research supplements, and has established the validity of, the broad-scale spraying program assisted by FOA; schistosomiasis research, to which FOA has made a minor contribution of specialized equipment and counterpart funds; and community school development, where a U. N. demonstration center supplements FOA-assisted curriculum development and teacher training projects. All these efforts are mutually complementary and do not result in competition or duplication.

FAR EAST AND THE PACIFIC

Country: PHILIPPINES

INDIVIDUAL COUNTRY DATA FOR ALL PROGRAMS, EXCLUDING MUTUAL DEFENSE ASSISTANCE

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies & Equipment	Services			
			U. S. Technicians		Trainees	
			No. of Persons	Cost	No. of Persons	Cost
Technical Cooperation						
1953	-	-	-	-	-	-
1954	-	-	-	-	-	-
1955	7,630	3,663	254	2,888	275	1,079
Development Assistance						
1953	17,929[a/]	15,124	136	2,243	132	562
1954	15,000[a/]	10,458	204	3,196	344	1,346
1955	12,370	12,370	-	-	-	-
Total All Programs						
1953	17,929	15,124	136	2,243	132	562
1954	15,000	10,458	204	3,196	344	1,346
1955	20,000	16,033	254	2,888	275	1,079

a/ Authorized and conducted as an integrated program, including features of both technical cooperation and development assistance.

FAR EAST AND THE PACIFIC

Country: PHILIPPINES

INDIVIDUAL COUNTRY DATA FOR ALL PROGRAMS, EXCLUDING MUTUAL DEFENSE ASSISTANCE

Summary by Major Project Category

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp., Communications & Power	(5) Industry, Mining & Labor	(6) Public Admin.	(7) General and Community Development	(8) Maintenance of Essential Supply
Technical Cooperation									
1953	-	-	-	-	-	-	-	-	-
1954	-	-	-	-	-	-	-	-	-
1955	7,630	1,560	2,115	980	610	1,280	1,085	-	-
Development Assistance									
1953	17,929[a/]	4,872	2,431	3,345	6,713	567	684	(404)	(279)
1954	15,000[a/]	4,925	1,480	1,860	4,710	290	1,845	(24)	(86)
1955	12,370	1,960	-	-	5,195	5,215	-	-	-
Total All Programs									
1953	17,929	4,872	2,431	3,345	6,713	567	684	(404)	(279)
1954	15,000	4,925	1,480	1,860	4,710	290	1,845	(24)	(86)
1955	20,000	3,520	2,115	980	5,805	6,495	1,085	-	-

( ) Net deobligation during FY's 1953 and 1954 applicable to prior fiscal years' obligations.

a/ Authorized and conducted as an integrated program, including features of both technical cooperation and development assistance.

FAR EAST AND THE PACIFIC

Country: PHILIPPINES

INDIVIDUAL COUNTRY DATA FOR ALL PROGRAMS, EXCLUDING MUTUAL DEFENSE ASSISTANCE

Commodity Breakdown

(In thousands of dollars)

Commodity Detail	FY 1953[a]	FY 1954[a]	Programs FY 1955 Technical Cooperation	FY 1955 Development Assistance	FY 1955 Total
Food, Feed and Fertilizer	4,260	1,378	99	-	99
Fertilizer	4,250	1,268	-	-	-
Food	10	110	99	-	99
Fuel	-	-	-	-	-
Raw Materials and Semi-finished Products	1,900	2,747	1,562	2,872	4,434
Iron & Steel Mill Materials and Products	415	2,336	970	2,703	3,673
Medicinal & Pharmaceutical Preparations	405	269	254	-	254
Pesticides	1,035	96	320	-	320
Other	45	46	18	169	187
Machinery and Vehicles	7,960	4,176	1,162	8,015	9,177
Construction, Mining, Conveying Equip.	1,125	2,201	270	1,855	2,125
Electrical Apparatus, Generators & Motors	530	28	30	2,410	2,440
Industrial Machinery	1,215	574	380	1,855	2,235
Tractors (Non-agricultural)	2,355	45	-	15	15
Motor Vehicles, Engines & Parts	1,220	747	258	315	573
Agricultural Machinery	585	69	117	80	197
Other	930	512	107	1,485	1,592
Miscellaneous	1,004	2,157	840	1,483	2,323
Scientific & Professional Instruments	400	607	300	350	650
Misc. Iron and Steel Manufacturers	(290)	890	133	800	933
Misc. Commodities for Educ. & Scientific Use	480	469	241	10	251
Other (Incl. Ocean Freight, NEC)	414	191	166	323	489
TOTAL	15,124	10,458	3,663	12,370	16,033

( ) denotes credit.

a/ Authorized and conducted as an integrated program, including features of both technical cooperation and development assistance.

BASIC STATISTICS

Area	198,000 square miles
Population	19,600,000 (1953)
Population Density	98 per square mile
Annual Population Growth	1.9 percent
Agricultural Land	About 9 percent of total area
Main Crops	Rice (93% of total cultivated area in 1951), rubber, peanuts, fruits, coconuts, tobacco, sugar, mung beans, fish.
Main Industries	Rice, saw milling, sugar refining, tobacco & cement mfg.

Main Exports (1952)	Mill. U. S. $	% of Total Exports
Rice	236	65
Rubber	58	16
Tin	25	7

Labor Force (14 yrs. & over)	9 millions in 1947
Main Occupations	Agriculture, forestry, and fishing (85%); other (15%)
Per Capita GNP	$78 in 1952 (conversion rate 20.88 Baht per US $) of which Agriculture, 53%; Industry & Mining, 16%; Commerce, Transportation & Communications 20%; Other, 11%.
Average Life Expectancy	49 years in 1947-48
Infant Mortality Rate	62 deaths per 1,000 live births in 1950.
Literacy Rate	Approximately 50%.
Teachers	438 per 100,000 population in 1949
Railroads	Approximately 2,100 miles.
Roads	Approximately 4,000 miles.

SIGNIFICANT BASIC RESOURCES

Material	% of Known Free World Reserves.	Production as % of Free World Output in 1952	% of U.S. Supply from This Source
Shellac	-		21
Rubber, natural	-	7**	14
Tin	16	6	4
Tungsten		2	4

* 1953 data largely preliminary or estimated.
** Exports as a percentage of free world exports.

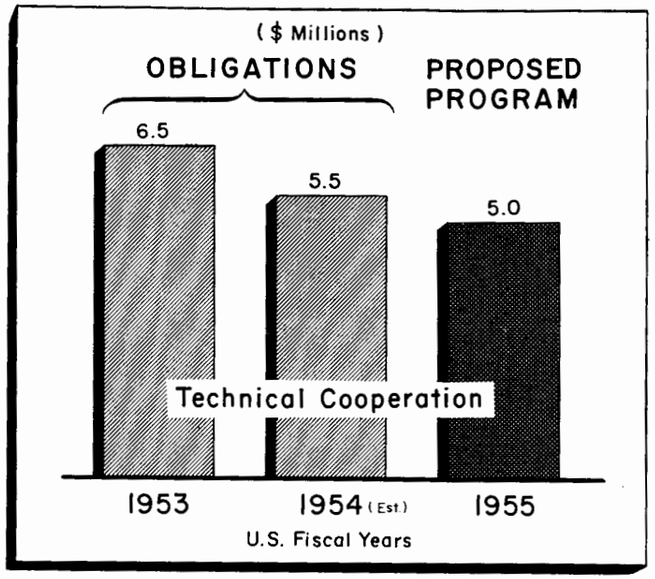
a Crop year beginning in year stated. b Prewar average.
c U.S. Customs data. d 11 months. e April 1938-Mar. 1939.
f End of year or month stated. g Does not exclude currency held in commercial banks, approximately 7-9% of total.
h October. i Converted at rate of 20.88 baht per U.S. $.

SELECTED ANNUAL STATISTICS

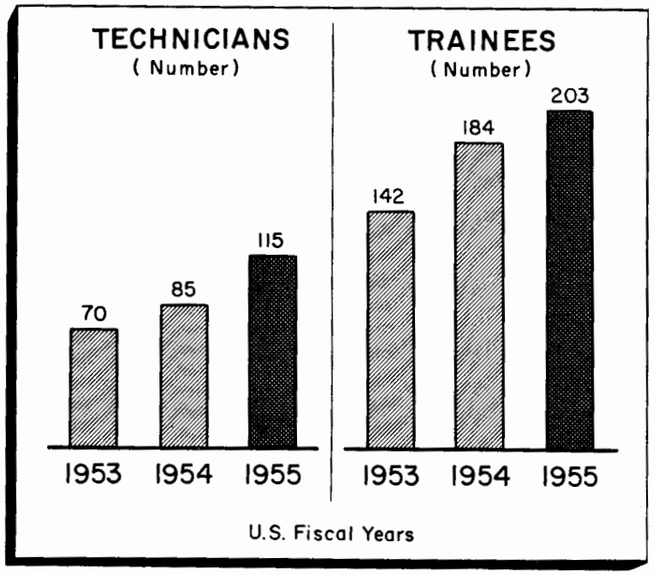
Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Agricultural Production[a]	1935-39=100	100[b]	178	162	181
Rice, rough[a]	1000 MT	4,349[b]	7,325	6,602	7,700
Rubber	"	42	111	100	100
Tin, in concentrates (metal content)	"	15	10	10	10
FOREIGN TRADE					
Exports	Mill.US$	89	396	361	340
Imports	"	57	276	341	350
Balance	"	32	120	20	-10
Trade with U.S [c]					
Exports to U.S.	Mill.US$	0.3	137	99	70
Imports from U.S.	"	3.3	50	58	57
Key Exports					
Rice	1000 MT	1,325[b]	1,555	1,428	1,350
Rubber (including latex)	"	47	111	99	97
Tin (metal content)	"	13.5	8.8	13.9	13
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill.US$		88	-13	-50
Private Financing	"		-9	-10	-10
Official Financing	"		-67	13	50
Errors and Omissions	"		-12	10	10
FINANCIAL					
Wholesale Prices: Bangkok	1948 = 100	6	104	109	103[d]
Cost of Living: Bangkok	"	8[e]	110	123	134[d]
Wholesale Rice Price	"	5	92	98	90[d]
Currency in Circulation [fg]	Mill.Baht		4,014	3,948	4,178[h]
Central Bank Reserves[f]	Mill.US$	49	288	334	292
Gold		-	113	113	113
Dollars		-	86	172	158
Sterling		49	89	49	21
Central Government Debt[fi]	Mill.US$		95	143	
Central Gov't. Finances[i]					
Revenue	Mill.US$		118	162	202
Expenditure	"		156	208	254
Surplus (/) or Deficit (-)	"		-38	-46	-52
Exchange Rates[f]					
Official Selling	Baht per US$	2.34	12.55	12.55	12.55
Free	"		22.08	16.69	21.16

THAILAND

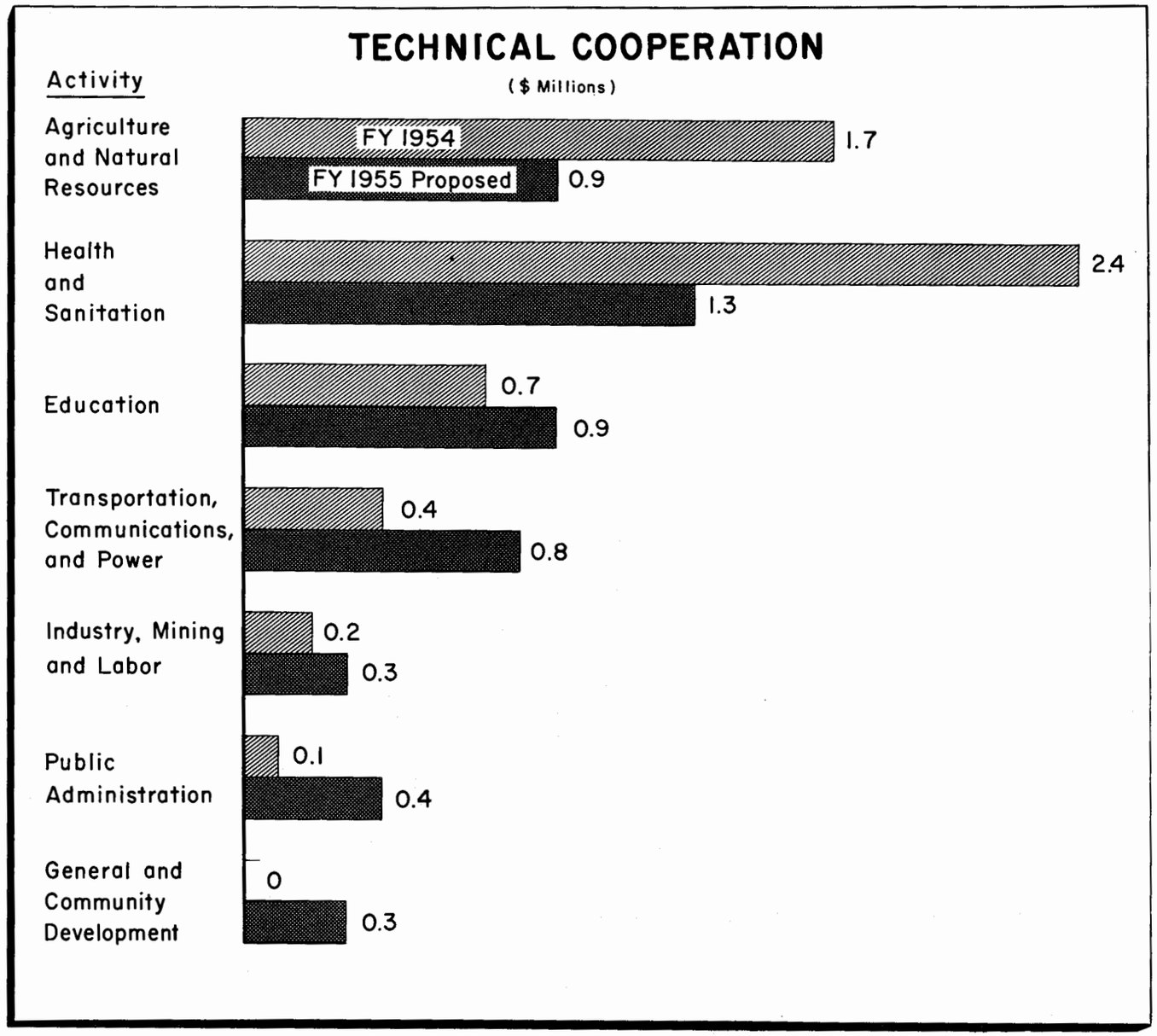
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



FAR EAST AND THE PACIFIC

Country: THAILAND

INDIVIDUAL COUNTRY DATA

Summary of Program by Function

(In thousands of dollars)

Function	Programs		
	FY 1950/54	FY 1954	Proposed FY 1955
Mutual Defense Assistance	a/	a/	a/
	FY 1953		
Technical Cooperation	6,463	5,540	5,000
Total Country Program	xx	xx	xx

a/ Data for Mutual Defense Assistance distribution by country is classified information.

General Narrative Statement

Importance of Thailand to the U. S.

Thailand is an area of relative peace and quiet situated in the heart of the Indochina peninsula. However, if, for any reason, it should succumb to Communist pressure, the consequences for the free world could be disastrous. Communist influence and Communist forces would then have by-passed and out-flanked the Associated States of Indochina and would be on the border of Malaya, capable of directly supporting, and increasing the activities of the Communist guerrillas who have been waging war against the Malayan Government since 1948. Such a development would also be likely materially to trip the already precarious balance in Indochina toward Communism, and its ultimate economic effects would probably have to be measured in terms of the loss to the free world of the rice of Burma, Thailand and Indochina, and of other products from Southeast Asia, such as rubber, tin and tungsten.

Current Situation

The present Government of Thailand appears to be in firm control of the country and able to provide a quality of governmental administration which is satisfactory to the majority of the Thai people. Although the form of government is that of a Constitutional Monarchy, power is exercised by a few strong individuals and no political opposition appears to disturb their control. The Government orientation to the free world has been evidenced by its participation in the United Nations action in Korea and by its willingness to cooperate with the free world in opposition to Communism in other specific ways. No change in this orientation is likely even if there should be some internal change in leadership of the governing group.

Thailand's major problem with Communism, aside from the presence of Communist influence and Communist foes on its

General Narrative Statement (Continued)

borders, arises from the existance of Communists among its large minority groups. About three million Chinese and over 40,000 Vietnamese reside in Thailand. Most of the Vietnamese are located in northwestern Thailand, adjacent to the Associated States of Indochina, and Communists among them are in a position to support infiltration. Moreover, the Communist element among the Chinese is highly organized and active. The Thai Government has taken measures to observe and control Communist activities. It also has a working arrangement with the British authorities in Malaya for policing Chinese Communist guerrillas operating along the Thai-Malayan borders.

Economically, the mass of the Thai population, which has been accustomed to subsistence living, is better off than before World War II because of the high prices which have been received for rice. Even so, the standard of living remains low, and for many is hardly above the subsistence level, despite the country's relatively abundant natural resources and food surplus. The economy in general is sound, but the fiscal position of the Thai Government has worsened during the past year with decreases in the prices of rice, rubber, tin, tungsten, teak, and other export products. Budget deficits are mounting, with the 1953 deficit approximately $50 million in a budget of $254 million. Losses of foreign exchange appear to be increasing rapidly, amounting to about $50 million in 1953. Measures have been initiated to adjust Thailand's fiscal policies in consonance with the lowered world market prices of its principal exports.

The rate of progress on plans and programs for economic development and social improvement is seriously retarded by a general lack of skills and of managerial and executive talent. Other factors retarding Thailand's progress are inefficient public administration, inadequate transportation and communications facilities, and the lack of an effective program for mobilizing domestic savings and attracting foreign investment..

MUTUAL DEFENSE ASSISTANCE PROGRAM

It is considered that the Royal Thai Army is capable of maintaining internal security. Thailand, with the assistance being provided under MDAP, should be able to resist invasion from border states unless direct participation by Communist China or some other large nation is involved. Effectiveness is hampered by inadequate communications and lack of an all-weather road net.

Since the inception of MDAP in Thailand, the following improvements have been noted throughout the branches and services of the Army: (1) Training has progressed through the return of students trained in the continental U. S.; (2) a proper proportion of these personnel are being employed as instructors in service schools and in tactical units; (3) the establishment of schools and conduct of courses for the development of specialists required for high echelon operation and maintenance of vehicles, armament, electronic and engineering equipment; (4) an increased knowledge and understanding by all commanders of the need for proper maintenance and use of military equipment.

The Military Assistance Advisory Group has supervised the processing and allocation to the Thai forces of all equipment received to date. In general, units are activated by the time equipment arrives. The ability to perform field and depot maintenance is limited but marked improvement is expected in calendar year 1954.

The effect of MDAP upon the Royal Thai Navy has been to make it aware of the changes in naval warfare, new types of armament and equipment and the materiel deficiencies of the fleet. Under MDAP part of the fleet has been modernized and this has generated an enthusiasm in junior officers to learn new techniques and to become familiar with new equipment. Lack of training has been the major limiting factor.

Equipment provided to date is basic material required for the operation of units afloat.

When the MAAG first arrived in the fall of 1950, the Royal Thai Air Force was an air force in name only. It was equipped with

General Narrative Statement (Continued)

obsolescent aircraft and generally sub-standard pilots and support personnel. It then possessed virtually no combat capability. At present, although still a small service, the RTAF is a virile organization with a real combat potential. All pilot training and most ground personnel training are now conducted in RTAF schools by RTAF personnel. The RTAF will soon be capable of overhauling all aircraft engines which they possess. The RTAF has been able to utilize and maintain all aircraft provided to date. The utilization of the F-8F and C-47 aircraft furnished has been very satisfactory and flying hours have been equal to or higher than expected. In short, it is believed that MDAP funds which are being spent for equipment for the RTAF and for providing U. S. Air Force advisory personnel have produced excellent results during the past 3 years.

The FY 1955 and Previous Programs

The FY 1950-54 MDA Programs provided major items of equipment for the Royal Thai Army regimental combat teams; patrol craft, landing craft, and equipment for the modernization of ships already in possession of the Royal Thai Navy; F-8F, C-47 and T-6 trainer aircraft for the Toyal Thai Air Force.

In addition, Thai students were sent to schools in the continental United States and considerable training was accomplished in Thailand by MAAG personnel.

The FY 1955 program is planned to provide deficiencies in unit equipment for the Army, minesweepers for the Navy, more modern aircraft for the Air Force and additional training for all three services.

Government of Thailand Participation in Program

Thailand cannot produce the weapons and materials required for its armed forces. Furthermore, the economy of Thailand will not be able to provide through outside purchase all the weapons and materials necessary to equip its armed forces. It is believed, however, that upon completion of the current MDA Program, Thailand will be economically capable of maintaining and supporting its armed forces at present strength.

TECHNICAL COOPERATION PROGRAM

The aim of the technical cooperation program in Thailand is to help the Thai make better use of their own resources and to improve their standards of living, thereby increasing political stability and thus enabling the country to bear the burden of its military buildup and to resist Communist subversion from within. Specifically, the program is designed to help the Thai: (a) to develop the economically depressed Northeast provinces, merely making them more resistent to Communist penetration; (b) to improve the currently inadequate government services (health and sanitation, agricultural extension, education, transportation, etc.) and the efficiency of public administration; and (c) to expand agricultural production, with emphasis on improving efficiency and lowering costs of rice production.

FOA assistance to Thailand during the fiscal years 1951-54 amounted to approximately $27.9 million. Over 80 percent of the $22.3 million provided during the first three years of this program was used to finance supplies and equipment needed to launch joint U.S.-Thai development efforts in such fields as irrigation, fertilizer demonstration, hospital rehabilitation, malaria control, transportation, and power and lignite development. The FY 1954 program of $5.5 million, however, places major emphasis on the development of Thai Government services - agricultural extension, rural health, vocational training, and on the job training of mechanics and equipment operators - and on assistance which should accelerate the development of irrigation and water supply facilities in the arid N. E. provinces.

Quantitative measurement of accomplishments made possible by these FOA programs is difficult because of the long-range nature of most of the cooperative projects and the intangible nature of other results such as changes in attitudes, proficiency and skills. The following examples are typical, however, of progress to date:

Better varieties of rice seed showing promise of 30 percent more yield than standard varieties have been developed, and about 190,000 more acres of land have been placed under

General Narrative Statement (Continued)

irrigation. In the Northeast, 55 additional irrigation "tanks" (small reservoirs) are under construction. Fertilizer trials and demonstrations show promise of doubling and tripling rice yields on certain types of soil. Experiments with FOA-furnished Japanese fishing nets, which can be duplicated locally, indicate a saving in cost over presently used bamboo traps and increases up to 10 times -- in the amount of catch. A new small-scale private industry, the making of fish meal from waste fish, has been successfully introduced.

In 1953, three million people in highly malarious areas were protected by DDT spraying of homes. After three years of control operations in 14 districts, malaria has been virtually eliminated in these areas. Under an FOA-financed contract with Washington University, technical assistance has been provided to strengthen Thailand's two medical schools. 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 FOA assistance to railway repair shops, more than 1,100 freight cars were repaired during 1952 compared to only 271 in 1949. The Thai Government, with the help of U.S. technicians and equipment furnished by FOA, has established a new school for the in-service training of personnel in the operation and maintenance of heavy equipment.

A Technical Institute to accommodate 2,000 students has been established in Bangkok to train the many types of artisans needed for economic development; laboratory equipment and in-service training of key personnel have helped to improve the still inadequate teacher-training facilities; and the two leading universities in Thailand have been furnished technical assistance in engineering and business administration.

Two American tax experts are assisting the Thai Ministry of Finance in the field of revenue administration.

The catalytic effect of U.S. assistance is evident. Between 1949 and 1953 the Thai Government more than doubled appropriations for development projects similar to those demonstrated or recommended by FOA.

The FY 1955 Program

A $5 million program is proposed for FY 1955. Major emphasis will continue to be given to increasing rice yields per acre, developing agricultural extension and rural health services, and improving vocational, on-the-job, public health, and teacher training facilities - with special attention, as in FY 1954, to activities in the Northeastern provinces of the Kingdom.

The cost of services of U. S. technicians and training grants accounts for 52 percent of the total cost of the FY 1955 program, as compared with 35 percent for FY 1954. Smaller amounts are programmed in FY 1955 than in the prior year for projects in health and agriculture. Increased amounts are provided for vocational and professional training, public administration, and the training of Thai personnel to operate and maintain heavy equipment of the types required for projects which the Thai Government plans to finance with its own funds and loans from the IBRD. Limited assistance will be furnished to the Thai Government Resettlement projects and to its program for developing small industries.

Thailand Participation in Program

In FY 1955 it is estimated that Thailand will provide the equivalent of $13.1 million for the local support of joint technical cooperation activities -- $5.0 million from counterpart funds and $8.1 million in additional Thai budgetary support. Beyond the support given FOA projects, the Thai Government has appropriated increasing amounts for similar-type development projects financed entirely with its own funds. As compared with 415 million baht ($24.4 million) spent for such investments in 1949, the 1953 budget provided 934 million baht ($54.0 million) for this purpose.

Relationship to United Nations' Technical Assistance Projects

Current projects of the U.N. and its specialized agencies authorize a total of 64 technicians for Thailand; 41 of them were on duty at the end of calendar 1953. A coordinating committee in Bangkok reviews foreign assistance projects proposed by the various agencies of the Thai Government to assure that the most effective

General Narrative Statement (Continued)

use is made of aid available to the country under international and U.S. technical cooperation programs.

In general, the United Nations and specialized agencies furnish technical assistance in fields where technical advice is not provided by FOA, e.g., statistics, forestry, fundamental education, TB control, yaws control, maternal and child health, and civil aviation. In a few instances FOA and U.N. agencies are furnishing assistance in the same general field but in different technical specialties.

INDIVIDUAL COUNTRY DATA - FOR ALL PROGRAMS, EXCLUDING MUTUAL DEFENSE ASSISTANCE

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies & Equipment	Services			
			U. S. Technicians		Trainees	
			No. of Persons	Cost	No. of Persons	Cost
Technical Cooperation						
1953	6,463	4,659	70	1,057	142	747
1954	5,540	3,565	85	1,053	184	922
1955	5,000	2,405	115	1,580	203	1,015

Summary by Major Project Category

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp. Communications & Power	(5) Industry, Mining and Labor	(6) Public Admin.	(7) General and Community Development	(8) Maintenance of Essential Supply
Technical Cooperation									
1953	6,463	1,639	1,797	733	1,373	826	129	-	(34) a/
1954	5,540	1,745	2,430	695	373	152	145	-	-
1955	5,000	930	1,325	905	840	335	415	250	-

a/ Denotes credit applicable ocean freight not allocable by activity field.

FAR EAST AND THE PACIFIC

Country: THAILAND

INDIVIDUAL COUNTRY DATA - FOR ALL PROGRAMS, EXCLUDING MUTUAL DEFENSE ASSISTANCE

Commodity Breakdown

(In thousands of dollars)

Commodity Detail	Programs FY 1953	FY 1954	FY 1955 Technical Cooperation
Food, Feed and Fertilizer	455	-	-
Fertilizer	455	-	-
Food	-	-	-
Fuel	-	-	-
Raw Materials and Semi-Finished Products	165	373	90
Iron & Steel Mill Materials and Products	(50)	49	-
Medicinal & Pharmaceutical Preparations	(175)	198	30
Pesticides	350	126	60
Other	40	-	-
Machinery and Vehicles	3,360	1,991	1,676
Construction, Mining, Conveying Equipment	655	758	675
Electrical Apparatus, Generators & Motors	600	570	180
Industrial Machinery	1,170	385	530
Tractors (Non-agricultural)	85	-	-
Motor Vehicles, Engines & Parts	870	258	146
Agricultural Machinery	(50)	1	110
Other	30	19	35
Miscellaneous	679	1,201	639
Scientific & Professional Instruments	265	538	210
Miscellaneous Iron and Steel Manufacturers	40	250	35
Miscellaneous Commodities for Educational & Scientific Use	200	368	394
Other (Incl. Ocean Freight, NEC)	174	45	-
TOTAL	4,659	3,565	2,405

( ) Denotes deobligation applicable to prior fiscal years' obligations.

General Narrative Statement

No assistance is presently proposed for Burma in FY 1955. The U.S. and Burma had entered into an economic and technical agreement in 1950 and had started a group of projects of considerable importance to the growth of Burma. As was reported to the Congress last year, internal political developments led Burma to ask for the termination of the projects effective June 30, 1953. The Burmese asked, however, that deliveries be completed under outstanding obligations. The United States agreed to the termination request but withdrew approximately $12 million of the total of $31 million previously allocated to Burma. The "close-out" agreement negotiated with the Burmese Government provided for the cancellation of projects that were in initial stages of implementation and for the phase-out of the remainder in such a manner as to avoid waste and facilitate transfer to Burma of full responsibility for support of the activities involved. It was agreed that U.S. technicians in Burma should complete their assignments.

Burma is continuing to finance with its own funds many of the projects undertaken during the period of U.S. assistance and is providing funds for the extension of several contracts for U.S. technical and engineering services initially financed by FOA. The program close-out is being conducted in a friendly atmosphere.

A balance of about $2 1/2 million of the program remains to be delivered, mostly in the form of terminal payments on several large technical service contracts. Of the 114 personnel in Burma on March 17, 1953, when the termination request was received, 19 will remain on June 30, 1954. Of these, all but 3 are scheduled to depart by December 31, 1954.

PREVIOUS PAGE BLANK

BASIC STATISTICS

Area	261,000 square miles
Population	19,000,000 - (1953)
Population Density	73 per square mile
Annual Population Growth	1.0 percent
Agricultural Land	13 percent of total area
Agricultural Land Per Capita.	1.12 acres
Main Crops	Rice, peanuts, and cotton
Main Industries	Saw-milling, petroleum, textiles, and lumbering

Main Exports .....(FY 1952):	Mill. U. S. $	% of Total Exports
Rice	170	75
Cotton	12	5
Teak and Other Hardwoods	11	5

Main Occupations	Approximately 70% Agriculture; mainly rice cultivation
Per Capita GNP	$46 (conversion rate 4.672 Kyats per dollar)
Per Capita Caloric Intake	Adequate
Infant Mortality Rate	368 deaths per 1000 live births (Rangoon 1949)
Literacy Rate	Approximately 35% in 1953 (est.)
Teachers	50 per 100,000
Railroads	2,200 miles
Roads	11,000 miles of which 60% are improved
Motor Vehicles	25,300 (end of 1953). Military vehicles not included
Significant Basic Resources..	Tin - 6 percent of known free world reserves

SELECTED ANNUAL STATISTICS

Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Agricultural Production[a]	1935-39=100	100	78	93	95
Rice, rough[a]	1000 MT	7114[b]	5760	6400	6600
Peanuts, in shell[a]	"	174[b]	180	179	187
Cotton	"	21[b]	16	20	18
FOREIGN TRADE					
Exports f.o.b[c]	Mill. US$	181[d]	206	230	261
Imports c.i.f.[c]	"	79[d]	143	172	186
Balance	"	102[d]	163	58	75
Trade with U.S.[e]					
Exports to U.S.	Mill. US$	2.3	4.6	5.7	6.8
Imports from U.S.	"	0.2	1.8	3.1	4.9
Key Exports:					
Rice	1000 MT	2973[d]	1389	1180	1202
Cotton	"	17[d]	12	15	25
Rubber	"	10[d]	9	12	11
Teak and Other Hardwoods	Mil. Cu Ft	12[d]	3	3	
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill. US$		61	59	64[f]
Private Financing	"		-13	-11	-5[f]
Official Financing	"		-36	-43	-55[f]
Errors and Omissions	"		-12	-5	-4[f]
FINANCIAL					
Wholesale Prices: Rice	1948=100		101	109	108
Cost of Living: Rangoon	"	27[h]	112	107	105[g]
Export Price: Rice	$ per 100 lbs	1.24	5.25	6.61	6.88
Money Supply[i]	Mill. Kyats		607	641	828
Foreign Exchange Holdings[i]					
Monetary Authorities			157	198	208
Government			2	1	10[j]
Other Banks			7	10	15[k]
Total			166	209	237[j]
Of which: Sterling			154	188	209[j]
Central Government Debt[m]	Mill. US$		229	258	260
Central Gov't Finances[c]					
Revenue	Mill. US$	33[d]	113	128	165[l]
Expenditure	"	29[d]	94	160	211[l]
Surplus (+) or Deficit (-)	"	+4[d]	+19	-32	-46[l]
Exchange Rates[i]					
Official Selling	Kyats per $	2.89	4.80	4.77	4.78

* 1953 data largely preliminary or estimated.
a Crop year beginning in year stated.
b Prewar average.
c Fiscal year ending September 30 of year stated.
d Year beginning April.
e U.S. Customs data.
f January-June.
g 10 months.
h Excludes rent.
i End of year or month stated.
j October.
k November.
l Budget estimates.
m As of September 30.

LATIN AMERICA

Summary of Programs by Functions

(In thousands of dollars)

Function	Programs FY 1950/54	FY 1954	Proposed FY 1955
Mutual Defense Assistance	104,200.0	23,700.0	13,000.0*
	FY 1953		
Development Assistance	-	4,000.0[a/]	9,000.0
Technical Cooperation	17,953.8	25,342.0[b/]	25,000.0
Total Latin America	122,153.8	53,042.0	47,000.0

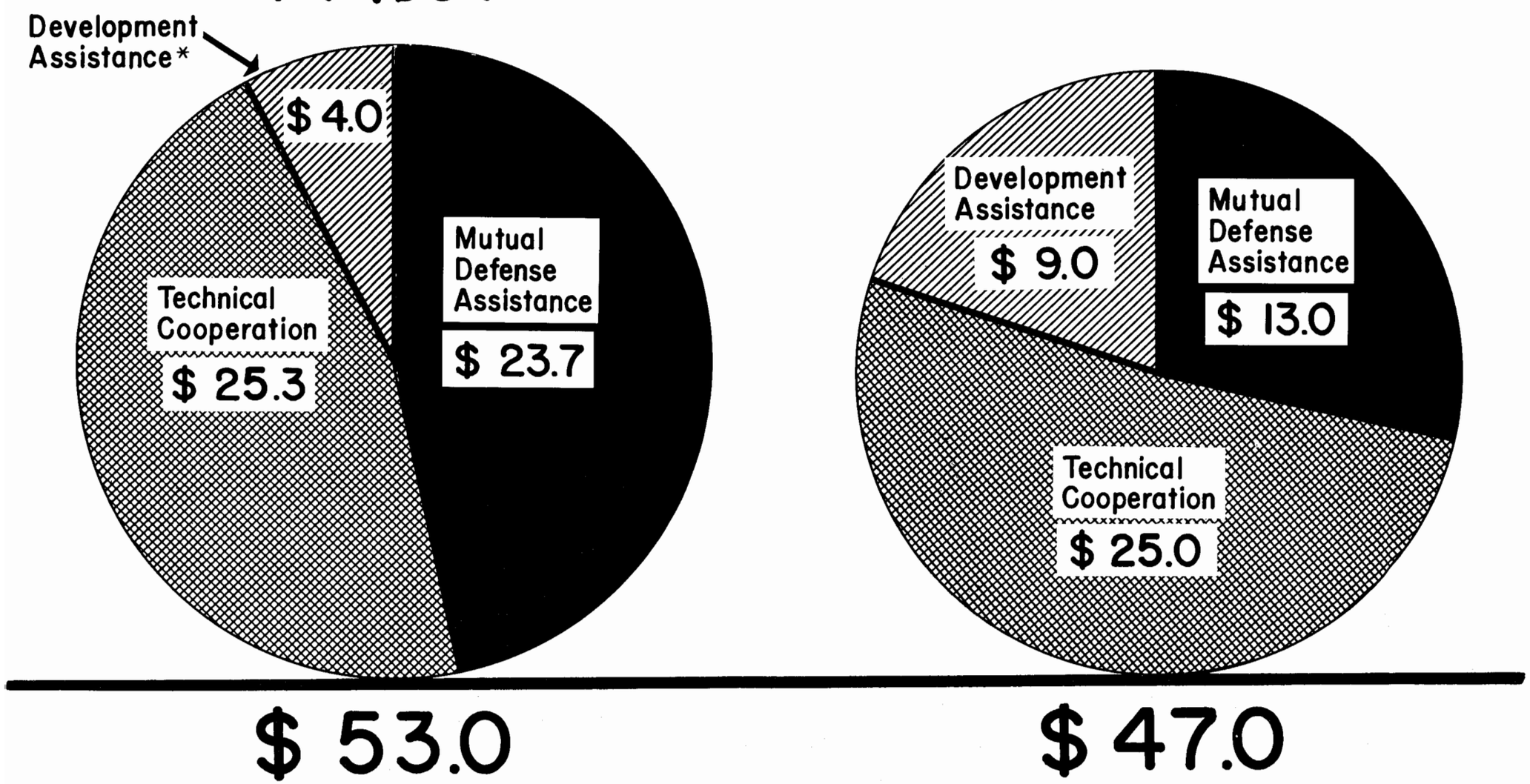
a/ In addition, $8,000 thousand worth of agricultural commodities from the Commodity Credit Corporation stocks were transferred to Bolivia under authority of P.L. 216, 83rd Congress, 1st Session.

b/ Includes programs financed through corporate account of the Institute of Inter-American Affairs. Includes multilateral technical cooperation.

* Total based on unrounded figures, hence varies from the total of rounded country amounts by $200 thousand.

LATIN AMERICA - TOTAL PROGRAM

($ Millions)



*Excludes $ 8 Million of surplus commodities under authority of P.L. 216 83d. Congress

LATIN AMERICA

Regional Narrative Statement

The program for Latin America for FY 1955 comprises the following:

(1) $23.5 million to continue technical cooperation with 19 of the Latin American Republics (all except Argentina) and with the Caribbean Dependent Overseas Territories. This technical cooperation will continue to be jointly planned, financed and operated by the United States and the government requesting the cooperation. Most of the operations will continue to be carried out through the instrumentality of organizations created within the ministries of the other governments, and generally referred to as "Servicios". There will also be increased reliance on contracts with universities and other private institutions in the United States for technical work.

(2) $9 million to provide development assistance to Bolivia as a continuation of the emergency program which began in FY 1954.

(3) $13 million to continue the grant military assistance program under which eight Latin American countries--Brazil, Chile, Colombia, Cuba, the Dominican Republic, Ecuador, Peru and Uruguay--have already entered into bilateral Military Assistance Agreements with the United States and under which negotiations for such agreements are now under way with several additional countries.

(4) $1.5 million as a U.S. contribution to the technical assistance activities of the Organization of American States.

Importance of the Area

The other American republics have, since the earliest days of their independence, been closely related to the United States. Geographic proximity has greatly increased our common interests and linked our security and welfare with that of our Latin American neighbors. The United States and the Latin American countries are participants in the oldest and, in some ways, the most effective regional organization of which this government is a member--the Organization of American States.

The other American republics have a combined area that is about 2 1/2 times that of the United States, a rapidly growing population which already exceeds that of the United States, and natural resources which could support a much higher level of agricultural and industrial activity. They have played, and are continuing to play, a major role in shaping world opinion. This may be illustrated by their strength in the United Nations where the way they cast their twenty votes on crucial issues is of very great importance.

Militarily and strategically, a Latin America friendly to the United States can be a source of great strength; if unfriendly, it could very adversely affect our national welfare. In the event of an emergency, Latin America could help materially in guarding vital inter-American lines of communication and shipping. It could, as in World War II, provide air and sea bases. It could, as Brazil and Mexico did in World War II and Colombia did in the struggle in Korea, supply forces trained in the use of standardized weapons.

The economic importance of Latin America is very great. Latin America is second only to Western Europe as a destination for United States exports. If military shipments are excluded, exports to Latin America are practically equal to those to Western Europe and only slightly less than those to Canada; and if exports financed by United States aid are also excluded, Latin America emerges as the larges commercial market for United States goods next to Canada.

Latin America is the principal source of imports into the United States. In addition to imports of such staples as coffee, sugar and bananas, United States security interests are firmly linked with raw materials which are available from the Latin American countries. Approximately 30 items on the U.S. stockpile list are imported from the area. In addition, we receive from Latin America a substantial portion of our imports of two raw materials, petroleum and iron ore, for which no stockpile as such has been established. For certain other metals, such as copper, the depletion of our own resources plus the fact that the largest

Regional Narrative Statement (Continued)

reserves in the free world are located in Latin America suggest an increased dependence on the area with the passage of time. From the strategic point of view, therefore, Latin American raw materials constitute an important contribution to the military potential of the free world and in the future the importance of the area in this respect is likely to increase substantially.

At the end of 1952 United States direct private investments in Latin America amounted to about $5.8 billion, or about 40 percent of the total United States direct private investments in all foreign countries and the largest amount of such investments in any major area of the world. In 1952 our income receipts from this private investment capital was about $600 million or 40 percent of such receipts from all areas. In addition to these long-term direct investments, there were indirect, private long-term investments in Latin America, such as the purchase of foreign government bonds, amounting to around $400 million, as well as $900 million in short-term investments.

There is a very rapid growth of population of the area. In 1950 the population of Latin America passed that of the United States for the first time since the colonial period. The present growth rate of 2.5 percent per year exceeds that of any major region of the world and is at least twice the world average. The importance of the area, from whatever point of view, will increase significantly during the next 25-50 years. It is also clear that the economic productivity of the area must be increased rapidly if the population is to be adequately fed, clothed and housed and economic and political instability are to be avoided.

Factors Limiting Development

Latin America is experiencing a social and economic revolution. It is moving toward the establishment of political, social and economic institutions whose character cannot at this time be clearly foreseen. A growing sense of extreme nationalism has developed in some countries. The allegation is widely believed that the highly industrial countries, especially the United States, are exploiting and draining off Latin America's wealth without benefit to the Latin American people. The situation is in many ways tailor-made for exploitation by the communists, who in one country appear to have increased their influence during the past year.

Economic conditions vary widely as between countries in Latin America but levels of living are generally low by United States standards. It is estimated that in 1952, for instance, the gross national product ranged from $62 per capita in Haiti to $688 per capita in Argentina, as compared with approximately $2,175 per capita in the United States. Health conditions are generally poor. The school systems of most Latin American countries do not provide a basic education for enough of their people to support a broad advance in technical training and economic development. Many of the countries still have illiteracy rates exceeding 50 percent.

Lack of transportation facilities, especially farm to market roads, is a great handicap to the economy. It has been estimated that in 1951 all of Latin America had only about 600,000 miles of roads of all types, only about 157,000 miles of paved and improved roads, and, as of January 1, 1953, only two million motor vehicles of all kinds.

Power facilities are seriously deficient in many of the countries. There has been no overall increase in the volume of goods for export since 1948, though this fact often has been obscured by the rise of prices.

Latin American countries have basically an agricultural economy but by United States standards their agricultural methods are often obsolete. Even with the increases in agricultural production which have been made in recent years, the output has never reached the point that it can be described as adequate for the ever increasing population. Especially for that reason, it is necessary for them to purchase some foodstuffs abroad, as well as manufactured goods. The availability of foreign exchange for such purchases often depends upon the export of a single product, and any wide fluctuation in the foreign market for that product has immediate internal repercussions. This problem is pointed up by the case of Bolivia where a sharp decline in the world price of tin during 1953 produced a serious economic crisis which prompted the United States to extend that country special assistance, primarily in the form of agricultural commodities, to avert economic chaos.

Latin America also faces many other difficulties in developing its potential for industrial and agricultural growth. Much of the physical environment is difficult and the climate is not too favorable. Most of the countries are faced with varying degrees of inflation. Deficit financing has been used to further economic development;

Regional Narrative Statement (Continued)

Productivity is generally low and must increase if economic development is to go forward. In many countries, a more friendly attitude toward private capital is essential if private investment is to be attracted, and the institution of more effective monetary and credit policies would further both the internal and external financial stability of a number of the countries.

Latin America's economic weaknesses are to a considerable extent responsible for the fact that the other American republics are not now in a position to assume a major part of the military responsibility for defending the free world. They produce little modern military equipment. Their armed forces are not yet sufficiently large or properly trained and do not have adequate equipment to carry a major burden of hemisphere defense. However, with limited United States assistance, Latin American countries have a capability for assuming a part of the burden of hemisphere defense, especially a capability and a desire to help defend certain strategic areas and important inter-American shipping lanes.

Attack on the Problem

Consistent with the report of Dr. Milton Eisenhower to the President on U.S. - Latin American relations, the United States desires to maintain cooperation among the governments of the American republics, to help strengthen understanding and appreciation of each other's problems and to assure the cooperation of the Latin American people and their governments with the United States and with the free world in meeting the threat of international communism. It is also the desire of the United States to assist the governments in Latin America in every appropriate way, consistent with our policy of non-intervention, to meet the threat of communist subversion.

The Latin American countries, as indicated earlier, have the human and natural resources for building much stronger and more prosperous countries. It is estimated that more than 90% of the funds now going into economic development in Latin America are their own funds, and that the combined annual national incomes of the Latin American countries amount to between 40 and 50 billion dollars. Latin American countries also have it within their power to do most of what is required for their further growth and development. Nevertheless, it is apparent that they need considerable assistance assistance from the outside, especially if the rate of their economic progress is to be materially increased.

The United States desires to help encourage economic development of Latin America. An economically strong Latin America will help provide a sound economic base within the Western Hemisphere upon which closer cooperation in all fields can be developed. The United States desires to develop a clearer understanding, on the part of the Latin American governments and people, of the constructive role which foreign private capital can and does play in improving the material lot of the worker and the consumer and to encourage the nations of Latin America to establish a favorable environment for such investment. We expect, in appropriate cases, to supplement the flow of private capital by governmental loans. We hope to help encourage private Latin American capital itself to play a larger role in the development of the area. We wish to encourage the continued production in Latin America of commodities on which our consumers, industries and defense effort depend. We also wish to develop and expand the market for U.S. exports in Latin America.

Outside assistance already going to Latin America includes a considerable amount of private direct United States investments, which have flowed into Latin America since the war at the average annual rate of about $250 million, or, if reinvested earnings are counted, at an annual rate of about $440 million. During the same period net lending by the Export-Import Bank and the International Bank (i.e., disbursements less repayments) has amounted to almost $100 million per annum, of which the Export-Import Bank has supplied about three-fourths.

United States expenditures on bilateral technical cooperation programs have been and continue to be small in relation to the amounts involved in private investments and loans mentioned above. It is estimated that total United States obligations for technical cooperation programs in Latin America during fiscal year 1954 will total $25.3 million. In addition to the technical assistance received from those bilateral programs, it should be noted that many Latin Americans receive technical training from United States private business, charitable and religious institutions. Other important sources of technical assistance are the Latin American programs of the Organization of American States and of the United Nations'

Regional Narrative Statement (Continued)

specialized agencies. Increased attention has been given to the problem of coordination between these and the bilateral programs.

In the field of military cooperation the strengthening of Latin America's forces to the degree necessary to enable them to assume a major part of the responsibility of defending the free world or even the Western Hemisphere is not, at present, a practical goal. With limited prior assistance from the United States in the way of equipment and training, however, there are specific tasks which they could discharge in the event of an emergency threatening the security of the hemisphere. The military aid component of the Program provides the means whereby they can become equipped to assume responsibility for and discharge these tasks.

The Program

Technical Cooperation

The bilateral technical cooperation programs, operated through the Institute of Inter-American Affairs, are designed to help the Latin American countries improve their basic public services and establish a better foundation for economic development. Through these programs, the United States works in partnership with the individual Latin American governments and their peoples in developing improved national systems of, and training technicians in, such fields as health, education and agriculture, as well as transportation, industry and public administration. The programs are inaugurated only at the request of Latin American governments. The partnership principles of joint planning, financing and operation of the programs are fostering the mutual understanding and respect between large and increasing numbers of Latin Americans and the people of the United States which are essential to our mutual security and prosperity.

During the period since the program was first placed in operation in 1942, Latin America has made very great economic progress. The gross national product has increased at the rate of about 5 percent per annum, which is approximately double the rate at which the population has increased, despite the fact that the population is now growing at a more rapid rate than the population of any other major area of the world. While this program has, of course, been responsible for only a small part of this progress, relatively small by comparison with the level of total economic activity in the area, its impact has been important and can be measured in terms of activity in the specific areas in which it is operating.

The beneficial effect of the training which the Latin Americans have received under the program is indicated by the fact that a very high proportion of the trainees who have come to the United States for study under the program are now in positions of leadership in their countries. For example, a study made last year of the 88 trainees who had come to the United States from El Salvador under the program showed that 4 were then Under Secretaries in ministries of the government; 27 were division chiefs of various ministries; several occupied other key positions in the government; 14 had become professional teachers in the universities; and 6 had opened private businesses.

The program has also helped to increase the flow of mutually beneficial trade between Latin America and the United States. It has meant an increased demand for United States goods such as pharmaceutical products, agricultural and industrial machinery, fertilizers and other products that are required as a result of improved health, education and living conditions in Latin America. For example, Peruvian capital and joint Peruvian-United States management, under the program, while creating a much needed farm machinery service for farmers in Peru have also helped create a multi-million dollar market in the United States for machinery manufactures. When the technical cooperation program was started in Peru ten years ago, there were less than 500 tractors; now Peru has 4,500 tractors along with equipment used with them; $4 1/2 million worth of United States farm machinery was sold in 1951 and in 1952 sales rose to $5 1/2 million. The machinery pool operated in Peru has been a major factor in this increased sale of farm machinery.

Under this same Peruvian program the increased demand which has been generated for insecticides has not only meant increased imports of insecticides from the United States but has furthered private enterprise in Peru by leading to the establishment of two branch plants of U.S. firms to manufacture insecticides locally.

An example of accomplishments in the health and sanitation field is provided by the program in Brazil which began in 1942 and has been very

Regional Narrative Statement (Continued)

successful, especially in the Amazon region where the Amazon Valley Health and Sanitation Project operates. For example, in the town of Camota, 80 miles above Belem on the Amazon, between 1942 and 1949 the death rate was reduced from 200 out of every thousand to 70 out of every thousand. The Amazon Valley Health and Sanitation Project, moreover, is a remarkable example of how the United States technical knowledge has been rendered successfully to another country. Initially run almost entirely by United States technicians, the project for the past two years has been run locally by Brazilians only, with participation by United States personnel limited only to planning in the Servicio headquarters in Rio and field inspection trips. An example in the educational field is offered by the work in Paraguay. In 1947 there were no vocational schools in the country. United States technicians helped to plan a school in Asuncion, to organize its curriculum, train its teaching staff and guide it in its first few years of operation. At first all instruction had to be given by U.S. instructors but now the school is staffed entirely by Paraguayans. Courses are offered in automotive mechanics, radio, refrigeration, carpentry, leather work, plumbing and blacksmithing. All graduates of this school have been employed immediately by Paraguayan industry.

Another example is shown by the agriculture program in Costa Rica. That country is now exporting increasing quantities of food items that it formerly had to import, such as corn, rice, and beans. While it cannot be said that these increases in production result primarily from the technical cooperation program, the assistance provided through the program, especially in establishing and operating agricultural extension services, has been an important factor in inspiring the Costa Ricans to make these achievements.

Contributions to Technical Cooperation (Bilateral) Programs

The contributions of Latin American countries have risen steadily, both in amount and in relation to the United States contribution, since 1942, when the Institute of Inter-American Affairs program was inaugurated.

Contributions to the program in Latin America are made in two principal ways: first, by means of cash deposited in jointly administered bank accounts to finance projects of Servicios and similar joint fund type operations--referred to herein as cash contributions; and, second, by paying for services and contributing property in direct support of the cooperative projects - referred to herein as contributions in kind.

Programs involving operations which can be carried out most effectively by joint fund (Servicio) type organizations require both cash contributions and contributions in kind. Neither joint fund type organizations nor cash deposits are appropriate and effective for accomplishing the purposes of many technical programs, and in those cases all the contributions must be in the form of contributions in kind.

United States contributions in kind include direct expenditures for (a) salaries and other expenses of technical missions; (b) purchasing and transferring by grant-in-kind the equipment and supplies provided for project demonstration purposes in non-joint fund type operations; (c) study grants to Latin American "trainees"; and (d) technical backstopping services (Domestic Program Costs) in the United States. In other words, contributions in kind comprise all United States direct expenditures (as distinguished from cash deposits in joint funds) on behalf of the program, except those for administration.

Host country contributions in kind include their direct expenditures for property and services constituting part of the joint undertaking; for example, the salaries paid to teachers, agricultural extension agents, nurses or doctors assigned to work with United States technicians in establishing a new facility or system under a cooperative project. There are many other direct expenditures which are essential for the success of the joint undertaking and which merit classification as a "contribution". On the other hand, there is a wide range of expenditures by the host country which further the objectives of the cooperative program but which are not clearly definable as part of the joint undertaking. A study is now under way for the purpose of making a better classification of such expenditures with respect to the degree to which they contribute to the program. The estimate given below of host country contributions in kind during fiscal year 1954 is based on reports as of March 19, 1954 showing the expenditures which United States Operations Missions classify as contributions to the cooperative program.

Regional Narrative Statement (Continued)

The estimated total of United States contributions during fiscal year 1954 is $24.3 million, of which $8.2 million represents cash contributions and $16.1 million represents contributions in kind. Estimated host country cash contributions are $41.8 million, and contributions in kind total $13.3 million.

The estimated United States contributions proposed for fiscal year 1955 are: $5.6 million in cash contributions and $17.9 million for contributions in kind. (The decrease in cash contributions from $8.2 million in fiscal year 1954 to $5.6 million in 1955 is due primarily to a special grant in 1954 of $1.9 million for the emergency food production program in Bolivia.) It is estimated that host country contributions in fiscal year 1955 will be at least as great as in fiscal year 1954.

The following table shows estimated cash contributions (deposits to joint funds) for fiscal year 1954:

COUNTRY	Cash Deposits in Joint Funds (in thousands of U.S. dollars)		Units of local Currency to U.S. $1.00[c]
	United States Contributions	Host Country Contributions	
1. BOLIVIA	2,246.0	3,088.5	190 bolivianos
2. BRAZIL	1,035.0	20,189.6	18.5 cruzeiros
3. CHILE	620.0	2,301.2	110 pesos
4. COLOMBIA	275.0	2,305.0	2.5 pesos
5. COSTA RICA	280.0	1,094.6	5.60 colones
6. CUBA	*	*	1.0 peso
7. DOM. REPUBLIC	25.0	52.1	1.0 peso
8. ECUADOR	345.0	755.2	15.15 sucres
9. EL SALVADOR	190.0	678.5	2.5 colones
10. GUATEMALA	*	*	1.0 quetzal
11. HAITI	395.0	538.0	5.0 gourdes
12. HONDURAS	620.0	1,862.6	2.0 lempiras
13. MEXICO	125.0	581.1	8.65 pesos
14. NICARAGUA	215.0	708.0	6.60 cordobas
15. PANAMA	288.0	1,281.0	1.0 balboas
16. PARAGUAY	484.0	1,860.0	15.0 guaranies
17. PERU	815.5	2,958.6	16.30 soles
18. URUGUAY	50.0	407.9	1.90 pesos
19 VENEZUELA	25.0	1,030.6	3.35 bolivares
20. DOTS	150.0	150.0	1.886 guilders Surinam
TOTAL	8,183.5[a]	41,842.5[b]	

* No joint funds in these programs.

a/ Excluded from this column is the value of equipment and supplies being purchased by the U.S. and transferred by grants-in-kind for project demonstration purposes. The total of such grants-in-kind is $162,000.

b/ National governments contribute approximately 70.4% of the total, and the remaining 29.6% is being contributed by state and local governments and private groups.

c/ The rates used for conversion of local currencies to U.S. dollars are official rates of exchange as reported by International Monetary Fund at the beginning of fiscal year 1954. Use of free market exchange rates would decrease to some extent the dollar value of host country contributions shown in the table; and, in a few cases such as Bolivia, Brazil, and Chile, the dollar value would be far less than the amounts shown above. However, much of the local currency contribution is used for purchasing in the host country goods and services whose prices do not rise and fall in relation to the fluctuation in dollar exchange rates.

Development Assistance (Bolivia)

Bolivia is the only Latin American country to which it is presently planned to provide development assistance.

The Bolivian program resulted from an emergency. Bolivia imports about 50 percent of its basic food requirements, relying upon the foreign exchange from its exports of minerals, principally tin, to pay for these imports. With the severe drop in the price of tin, and in order to prevent further economic deterioration, it was decided in the fall of 1953 to extend $9 million for assistance to Bolivia in the form of foodstuffs and development aid, and in March 1954 it was decided to add $3

Regional Narrative Statement (Continued)

million for more food which will be needed in the last half of the calendar year 1954. In addition to this $12 million, the United States contribution to the technical cooperation program for fiscal year 1954 was increased by $2 million to finance an emergency food production program designed to open up a new agricultural area in Bolivia and decrease its dependence on imported foodstuffs.

The purpose of the program is to assist Bolivia in meeting its minimum essential food requirements and apart from the alleviation of an emergency, to enable Bolivia to make some initial progress in agricultural diversification so that dependence on tin earnings may be lessened. Since the Bolivian plan for agricultural diversification and economic expansion cannot be expected to begin to show appreciable results before the end of calendar year 1955, and Bolivia's income from minerals exports is expected to be even less than in 1953, further aid in the amount of $9 million is proposed for fiscal year 1955. This will be used primarily for foodstuffs and also for the purchase of a limited amount of agricultural and industrial equipment and supplies required for the diversification program.

Mutual Defense Assistance Program

The purpose of the Mutual Defense Assistance Program to Latin America is to provide equipment required by selected units of certain Latin American republics to enable them to discharge specific military roles and missions assumed by such countries in the mutual defense of the Western Hemisphere. Countries which are now receiving equipment under this program are: Brazil, Chile, Colombia, Cuba, the Dominican Republic, Ecuador, Peru and Uruguay. Negotiations are under way with a number of additional countries.

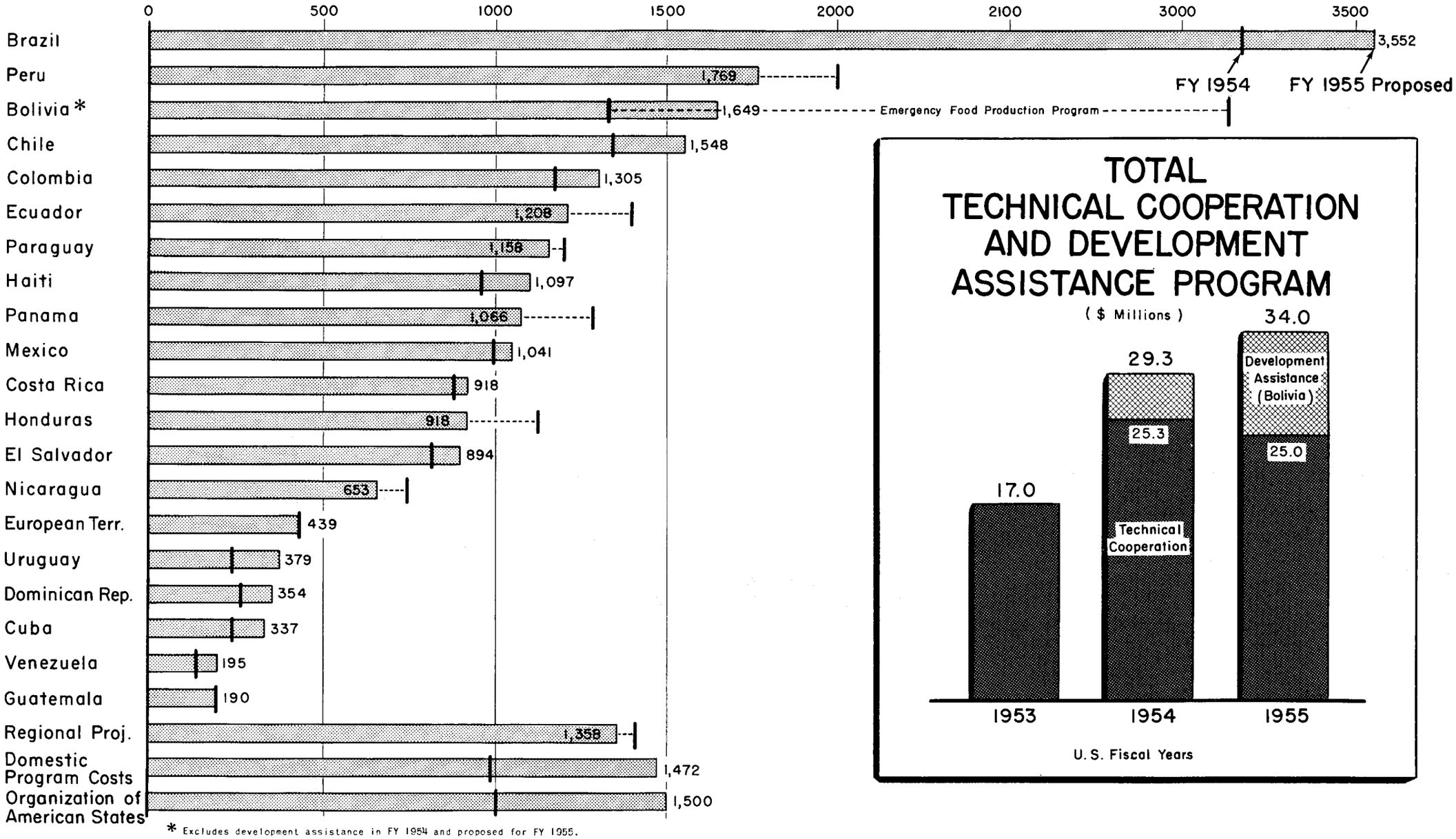
Prior to the initiation of this program the armed forces of the American republics were hampered by a lack of adequate facilities and a preponderance of obsolete military equipment. The military equipment furnished under the program has improved this situation in those units designated to perform certain missions in defense of the Western Hemisphere, and United States military personnel are helping to train the members of the armed forces of the Latin American countries involved in the use and maintenance of the equipment. The armed forces of the several countries have already demonstrated their ability to utilize and maintain the equipment delivered to them. The program is also helping to standardize military equipment in the units which the American republics have agreed to use in hemisphere defense missions and will thus simplify supply problems in the event that a serious military threat against the hemisphere should develop.

The appropriations provided for this program in previous years will, when fully expended, substantially complete the equipping phase of the program as presently planned. The funds requested for fiscal year 1955 are to be used primarily for maintaining equipment and for providing further training in its use.

LATIN AMERICA-REGIONAL SUMMARY

TECHNICAL COOPERATION

($ Thousands)



* Excludes development assistance in FY 1954 and proposed for FY 1955.

LATIN AMERICA

DISTRIBUTION OF FY 1955 PROGRAM

BY FUNCTION AND COUNTRY

(In thousands of dollars)

Country	Mutual Defense Assistance	Development Assistance	Technical Cooperation	Total
Bolivia		9,000.0	1,649.0	
Brazil		-	3,551.6	
Chile		-	1,548.0	
Colombia		-	1,304.8	
Costa Rica		-	918.0	
Cuba		-	337.1	
Dominican Republic		-	354.3	
Ecuador		-	1,208.4	
El Salvador		-	894.1	
Guatemala		-	190.4	
Haiti		-	1,096.7	
Honduras		-	917.6	
Mexico		-	1,041.2	
Nicaragua		-	652.5	
Panama		-	1,066.4	
Paraguay		-	1,158.1	
Peru		-	1,769.3	
Uruguay		-	379.0	
Venezuela		-	195.0	
DOT's		-	439.4	
Regional Projects		-	1,357.5	
Domestic Program Costs		-	1,471.6	
Subtotal	13,000.0*	9,000.0	23,500.0	45,500.0*
Organization of American States (OAS)	-	-	1,500.0	1,500.0
TOTAL	13,000.0*	9,000.0	25,000.0	47,000.0

* Data for Mutual Defense Assistance distribution by country is classified information.

Country or Area - LATIN AMERICA

DEPARTMENT OF DEFENSE
MDAP

VALUE OF MILITARY ASSISTANCE PROGRAMS CHARGEABLE TO APPROPRIATIONS (Millions of Dollars)

	FY 1950-54	FY 1954	Proposed FY 1955	FY 1950-55
TOTAL	$ 104.2	$ 23.7	$ 13.0	$ 117.2
Materiel	93.8	16.1	5.1	98.9
Equipment and Supplies	(87.2)	(14.7)	(3.8)	(91.0)
Other Materiel Charges	(6.6)	(1.4)	(1.3)	(7.8)
Training	5.5	3.7	2.9	8.4
Other (Specify)	-	-	-	-
Other	4.9	3.9	5.1	10.0

VALUE OF PROGRAMS FOR EQUIPMENT AND SUPPLIES (Millions of Dollars)

	FY 1950-54 Program				FY 1954 Program		Proposed FY 1955 Program	
	Shipped		To be Shipped					
	Charged to Approp.	Excess	Chargeable to Approp.	Excess	Chargeable to Approp.	Excess	Chargeable to Approp.	Excess
TOTAL	$ 20.8	$ 62.2	$ 66.4	$ 6.9	$ 14.7	$ 2.6	$ 3.8	$ 3.0
Army	14.0	.7	33.9	2.2	1.8	.2	1.0	-
Navy	3.5	52.8	14.3	-	6.5	-	1.2	-
Air Force	3.3	8.7	18.2	4.7	6.4	2.4	1.6	3.0

TRAINING PROGRAMS - U. S. AND OVERSEAS (Value in Thousands of Dollars)

	FY 1950-54 Program					Proposed FY 1955 Program	
	Spaces Programmed	Value	Spaces Completed	Value	Spaces in Training	Spaces Programmed	Value
Total - Formal Training	-	$ 55.0	-	$ -	-	488	$ 666.6
Other Training	-	5,410.1	-	1,129.7	-	-	2,231.0
Army - Formal Training	-	-	-	-	-	488	666.6
Other Training	-	377.2	-	-	-	-	1,333.4
Navy - Formal Training	-	55.0	-	-	-	-	-
Other Training	-	4,720.9	-	1,129.7	-	-	897.6
AF - Formal Training	-	-	-	-	-	-	-
Other Training	-	312.0	-	-	-	-	-

NOTE: Totals based on unrounded figures hence may vary from totals of rounded amounts.

Programs 31 Mar 54; Progress 31 Dec 53

LATIN AMERICA

TECHNICAL COOPERATION

Summary by Country and Major Cost Components

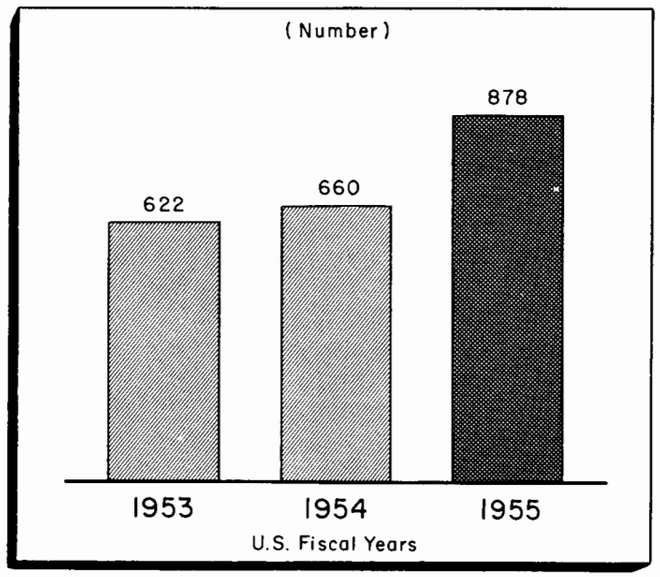
(In thousands of dollars)

	Programs		Proposed FY 1955 Program						
				Supplies, Equipment & Grants to Servicios	U.S. Technicians		Trainees		Local Costs
	FY 1953	FY 1954	Total		No. of Persons	Costs	No. of Persons	Costs	
Bolivia	1,287.3	3,333.9	1,649.0	560.0	58	760.8	43	151.1	177.1
Brazil	2,967.1	3,178.9	3,551.6	1,000.0	138	1,513.(	169	514.5	524.1
Chile	1,180.2	1,345.9	1,548.0	638.0	44	523.(	52	200.0	186.4
Colombia	869.5	1,176.9	1,304.8	325.0	53	487.(	70	220.3	272.5
Costa Rice	734.2	879.1	918.0	225.5	37	403.3	36	112.8	176.4
Cuba	202.3	238.7	337.1	25.0	15	236.3	10	37.6	38.2
Dominican Republic	268.0	265.0	354.3	20.0	16	196.5	20	60.0	77.8
Ecuador	1,045.8	1,398.7	1,208.4	410.0	42	523.6	40	130.8	144.0
El Salvador	628.1	813.8	894.1	130.0	48	612.5	20	61.5	90.1
Guatemala	205.9	192.6	190.4	-	10	101.4	-	-	89.0
Haiti	545.2	963.0	1,096.7	395.0	37	429.0	30	90.0	182.7
Honduras	629.2	1,122.6	917.6	310.0	34	360.6	22	62.3	184.7
Mexico	625.4	998.3	1,041.2	50.0	41	383.2	70	218.0	390.0
Nicaragua	572.1	739.2	652.5	150.0	30	443.4	13	39.6	19.5
Panama	657.1	1,287.7	1,066.4	260.0	47	467.9	31	106.0	232.5
Paraguay	1,031.2	1,202.4	1,158.1	342.0	45	551.8	37	137.3	127.0
Peru	1,624.0	2,004.0	1,769.3	605.0	64	704.6	78	227.2	232.5
Uruguay	132.2	232.7	379.0	100.0	15	188.9	15	54.6	35.5
Venezuela	99.9	135.2	195.0	25.0	8	134.0	2	6.0	30.0
DOTs	36.3	440.8	439.4	25.0	33	186.4	23	110.0	118.0
Regional Projects	1,002.7	1,409.6	1,357.5	11.0	63	937.9	-	-	408.6
Domestic Program Costs*	610.1	983.0	1,471.6	-	-	-	-	-	-
Subtotal	16,953.8	24,342.0	23,500.0	5,606.5	878	10.145.7	781	2,539.6	3,736.6
Organization of American States(OAS)	1,000.0	1,000.0	1,500.0						
TOTAL	17,953.8	25,342.0	25,000.0						

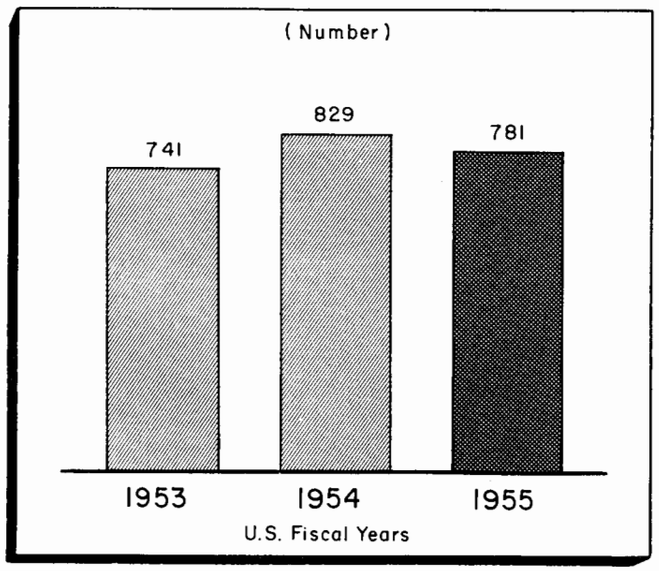
* Undistributed

LATIN AMERICA - REGIONAL SUMMARY

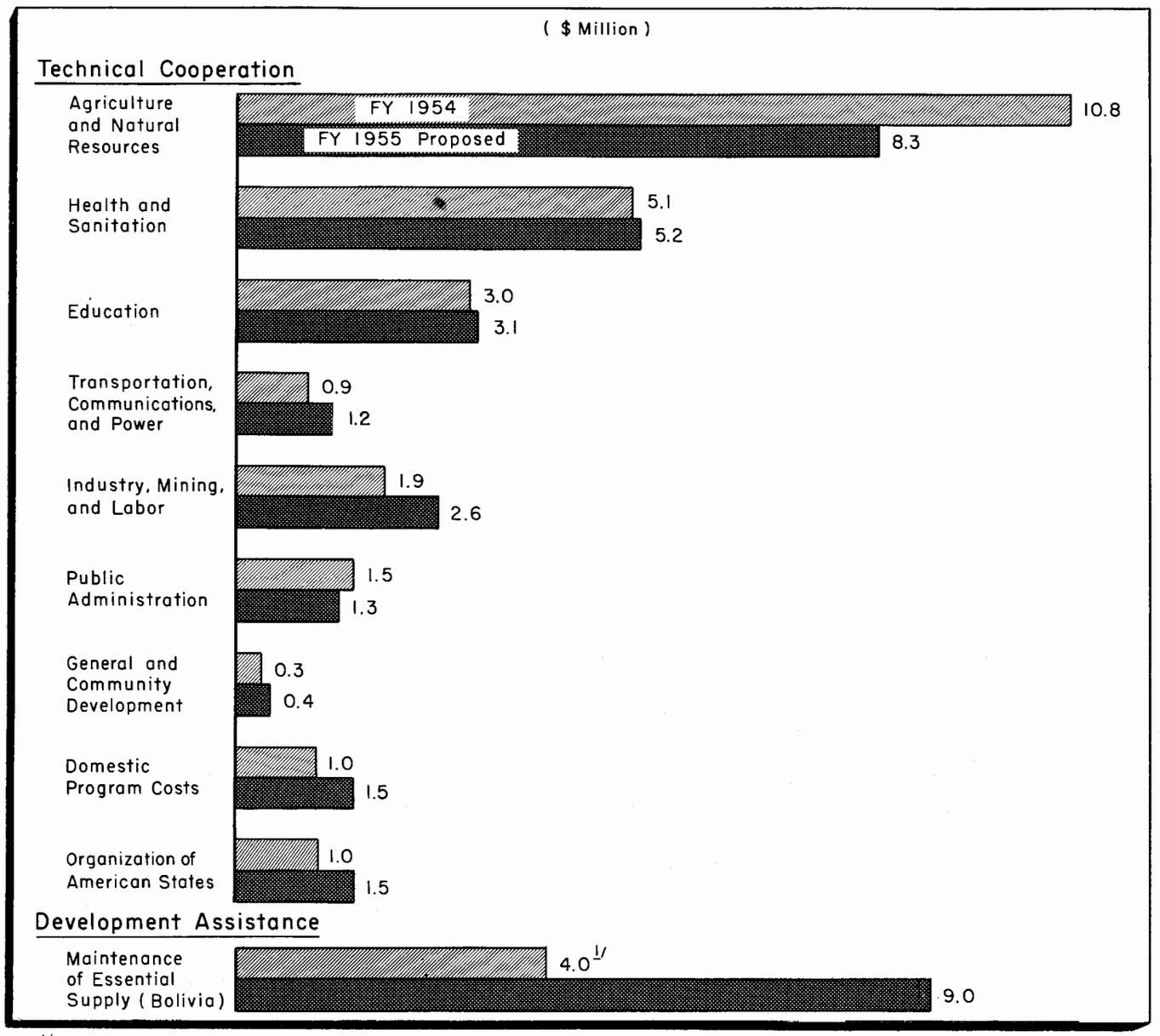
TECHNICIANS



TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



1/ In addition, $6 million of surplus agricultural commodities are scheduled for Bolivia under authority of P.L. 216, 83rd Congress.

LATIN AMERICA

TECHNICAL COOPERATION

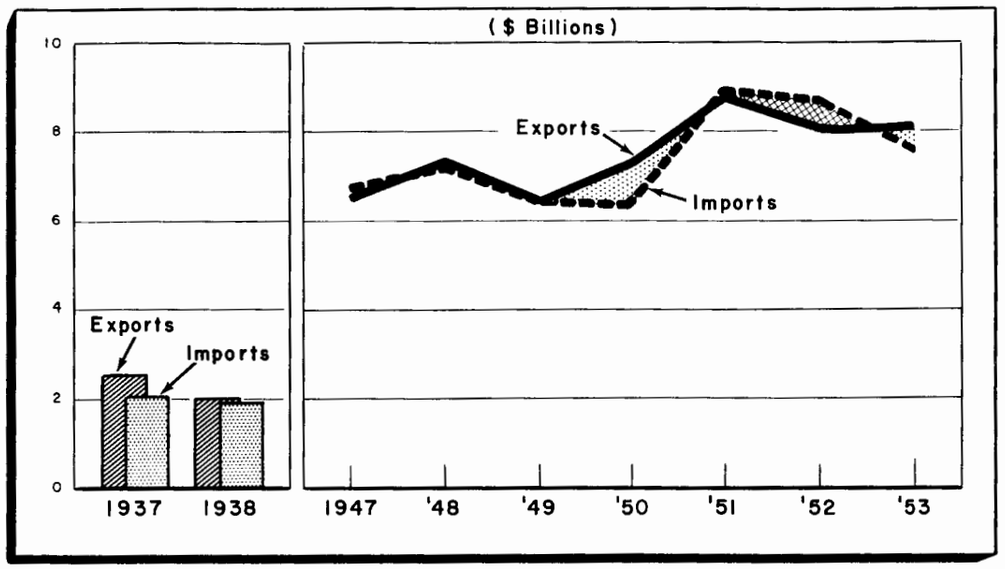
Summary of Program by Major Activity

(In thousands of dollars)

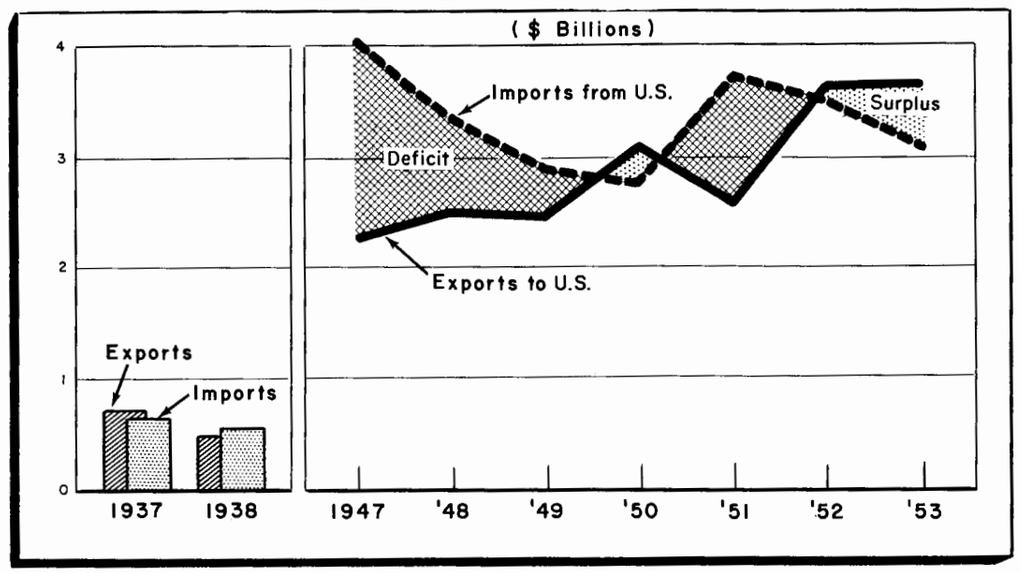
Major Project Category	Programs FY 1953	FY 1954	Proposed FY 1955
1. Agriculture and Natural Resources	6,230.8	10,768.0	8,267.4
2. Health and Sanitation	4,467.0	5,059.7	5,179.3
3. Education	1,861.7	2,991.6	3,088.4
4. Transportation, Communications, and Power	517.5	901.9	1,225.5
5. Industry, Mining and Labor	1,856.6	1,892.4	2.574.1
6. Public Administration	1,346.0	1,494.0	1,274.3
7. General and Community Development	64.1	251.4	419.4
8. Domestic Program Costs	610.1	983.0	1,471.6
Subtotal	16,953.8	24,342.0	23,500.0
Organization of American States (OAS)	1,000.0	1,000.0	1,500.0
Total Program	17,953.8	25,342.0	25,000.0

LATIN AMERICA-TRADE SUMMARY

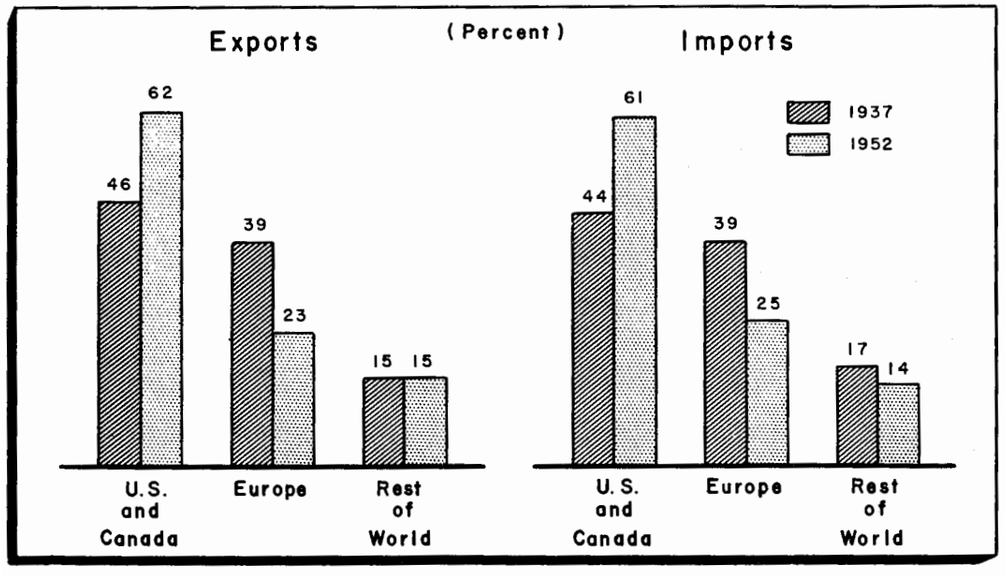
TOTAL TRADE



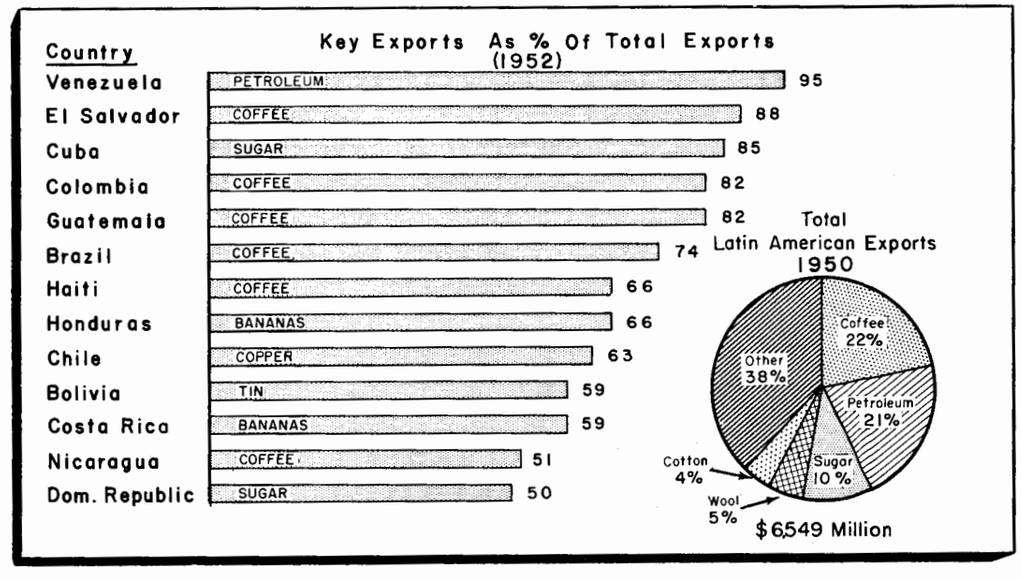
TRADE WITH THE UNITED STATES



DIRECTION OF TRADE



DEPENDENCE ON KEY EXPORTS



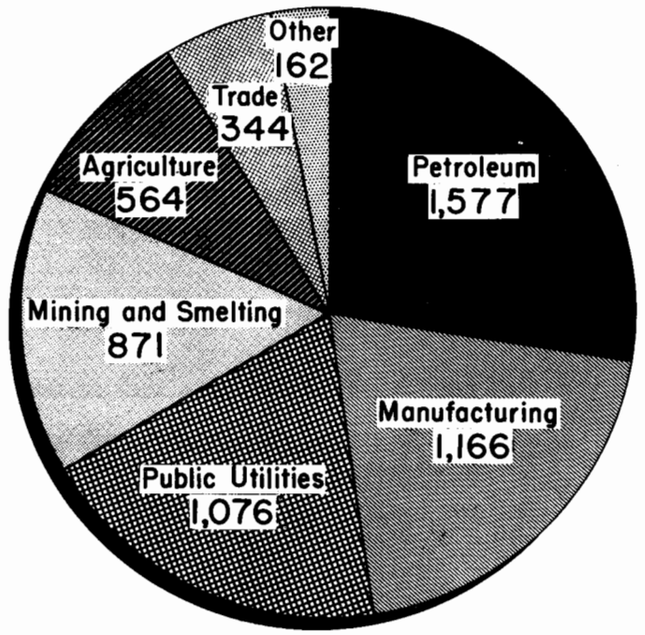
LATIN AMERICA

DISTRIBUTION OF U.S. DIRECT PRIVATE INVESTMENT

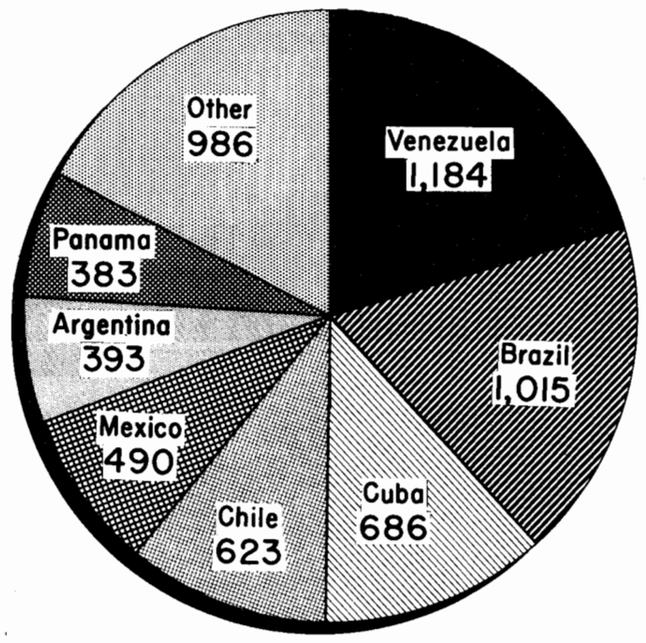
(TOTAL $5,760 MILLION AS OF DEC. 31, 1952)

(Millions of Dollars)

GENERALLY IN SECTORS OF IMPORTANCE TO ECONOMIC DEVELOPMENT



AND FAIRLY WELL SPREAD OUT AMONG COUNTRIES



BASIC STATISTICS

Area	419,470 square miles
Population	3,089,000 - (1952)
Population Density	7 per square mile
Annual Population Growth	1.2 percent
Agricultural Land	0.3 percent of total area
Agricultural Land Per Capita.	0.2 acres
Main Crops	Potatoes, corn, barley, yucca, livestock
Main Industries	Mining: tin, lead, zinc, antimony, tungsten, petroleum
Main Exports	Tin: Value about $82 million in 1952; 59 percent of total exports
Labor Force	1,760,000 economically active in 1949
Main Occupations	Agriculture 85%; mining 4% Other 11%
Per Capita GNP	$109 1952 in current prices; conversion rate 190 bolivians per US $
GNP Components	Agriculture 57%; Industry and Mining 16%; Commerce, Transp. & commun. 8%; Other 19%
Per Capita Caloric Intake	1612 calories
Infant Mortality Rate	127.2 deaths per 1,000 live births
Medical Services	1 physician per 4,750 persons 182 hospital beds per 100,000 persons
Literacy Rate	20 percent of population
Teachers (primary grades)	233 per 100,000 population
Railroads	1,599 miles
Roads	9,000 miles with 630 miles improved
Motor Vehicles	13,550

SIGNIFICANT BASIC RESOURCES

	Percent of World Reserves	Production as % of Free World Output	Percent of U.S. Supply
Antimony	14	26	30
Tin	8	20	17
Tungsten	2	7	9
Quinine	-		4

* 1953 data largely preliminary or estimated.
a Exports. b U.S. Customs data. c End of year or month stated.
d Tin price, N.Y. $.846 per lb. in January 1954. e Held by Bolivian banks; excludes foreign debt; conversion rate 190 Bs. per US$. f Multiple exchange rates in effect.
g Computed at the rate of 190 Bolivianos per US $.

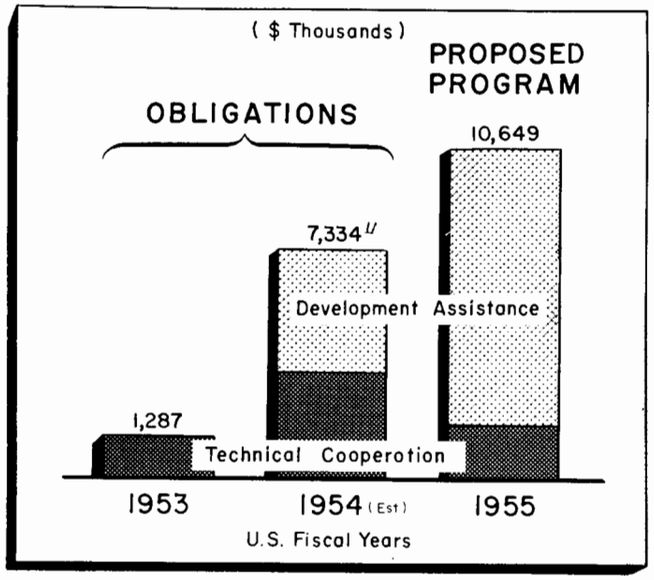
SELECTED ANNUAL STATISTICS

Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Tin concentrates (Met. cont.)[a]	1,000 MT	26	34	33	35
Petroleum, Crude	1,000 MT	18	68	69	59
FOREIGN TRADE					
Exports	Mill. US$	34	151	139	134
Imports	"	25	104	74	51
Balance	"	9	47	65	83
Trade with U.S.[b]					
Exports to U.S.	Mill. US$	0.8	51.3	55.8	62.4
Imports from U.S.	"	5.3	39.8	29.7	18.7
Key Exports: Tin Concent.(met cont)	1,000 MT	26	34	33	35
Lead ore (met. cont.)	1,000 MT	13	31	30	24
Zinc ore (met. cont.)	1,000 MT	11	30	36	15
Antimony	1,000 MT	9	12	10	6
Tungsten	1,000 MT	1.5	1.6	2.2	2.2
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill. US$		17.6	-32.6	
Private Financing	"		-2.6		
Official Financing	"		-6.1		
Errors and Omissions	"		-8.9		
FINANCIAL					
Cost of Living (La Paz)[c]	1948=100	19	189	247	624
Commodity Prices					
Tin, per lb. N.Y., average	US$	$.423	1.272	1.204	.95[d]
Lead, per lb. N.Y. average	"	.047	.175	.165	.135
Money Supply[b]	Mill. Bolivianos	452	6,633	9,757	15,186 (Sept)
Central Bank Reserves[c]	Mill. US$	4.7	31.6	28.7	24.7 (Aug)
Gold	"	3.4	22.8	20.8	20.8
Foreign Exchange	"	1.3	8.8	8.0	3.9
Other Banks	"	0.2	8.3	3.9	7.6 (Aug)
Total	"	4.9	40.0	32.6	32.2 (Aug)
Central Government Debt	Mill. US$[e]		15.9[e]	20.3[e]	
Central Government Finances					
Revenues	Mill. US$[g]	1.44	17.4	24.3	32.1
Expenditures	"	1.78	19.5	26.9	33.3
Surplus (+) or Deficit (-)	"	-0.34	-2.1	-2.6	-1.2
Exchange Rates[c]					
Official Selling	Bolivianos per US$	30	61[f]	61[f]	190
Free	"	-	-	-	720

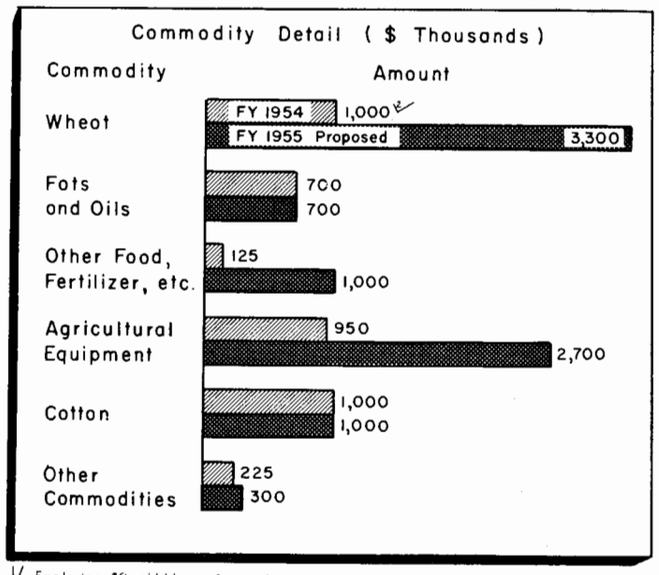
PREVIOUS PAGE BLANK

BOLIVIA

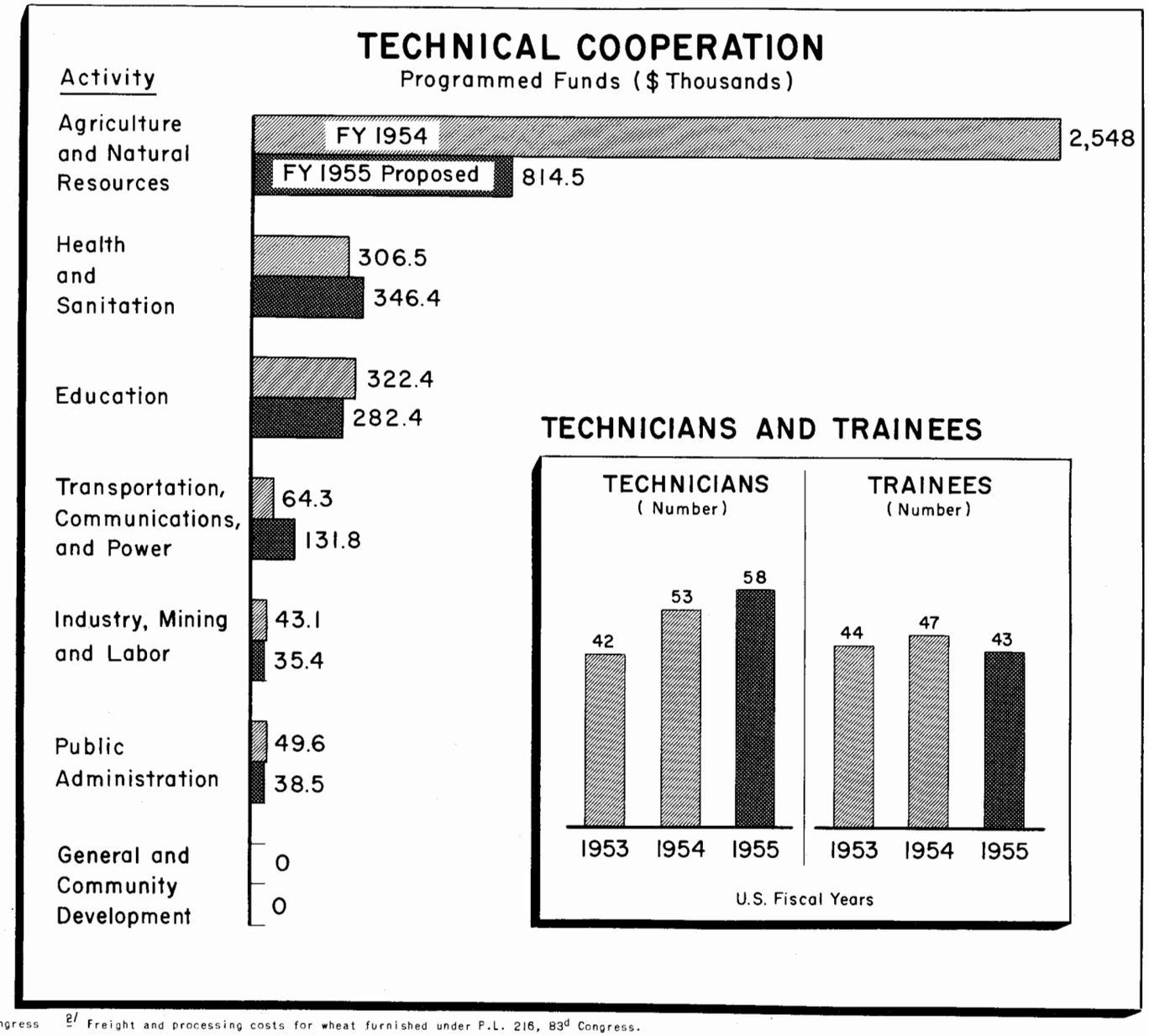
TOTAL PROGRAM



DEVELOPMENT ASSISTANCE



PROGRAMMED FUNDS, BY ACTIVITY



TECHNICIANS AND TRAINEES

1/ Excludes $8 million of surplus commodities under authority of P.L. 216, 83d Congress

2/ Freight and processing costs for wheat furnished under P.L. 216, 83d Congress.

LATIN AMERICA

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

Function	Programs		
	FY 1953	FY 1954	Proposed FY 1955
Development Assistance		4,000.0	9,000.0
Technical Cooperation	1,287.3	3,333.9	1,649.0
Total Country Program	1,287.3	7,333.9	10,649.0

General Narrative Statement

TECHNICAL COOPERATION PROGRAM

In FY 1955, as in FY 1954, the program in Bolivia is directed primarily toward increased agricultural production. Health and Education are the other two major fields of activity.

Agriculture - Natural Resources

The Agricultural Servicio program in Bolivia consists of two major phases, research and extension, augmented in 1953 by a special emergency food production grant. In FY 1954 the United States has provided $2,000,000 for expanded technical assistance in an emergency food production program. Of this amount, $1,865,000 is being used for agricultural developmental supplies and equipment such as fertilizers, pesticides, improved seed, simple farm implements and some heavy equipment for land clearance and preparation. $135,000 is being used for practical agricultural specialists to advise in the effective use of these supplies and equipment. This effort was not undertaken until after the fall 1953 planting season had begun, and accordingly, although limited production improvements are anticipated in current crops, significant improvements are not expected until the next crop season.

In the past, the emphasis was on research. Beginning in 1953, however, increased emphasis has been placed on extension and instruction in order to spread the information obtained through research.

Through the program, Cuban yellow dent corn was introduced in the Santa Cruz region. This new variety has more than doubled yields. Five of the most productive varieties of wheat have been selected from over 1,000 varieties tested. By 1955 the seed multiplication of these selected varieties will meet the needs of wheat growers. It was demonstrated that white grub and cutworm in potatoes can be largely prevented by periodic use of insecticides. This campaign reached over 3,000 farmers in December, 1953. The

General Narrative Statement (Continued)

Servicio developed a rapid method of pulping and drying coffee. Dairy cattle herds were improved by artificial insemination. In 1953 over 350 cows were so inseminated.

Agricultural Extension workers held more than 2,600 demonstrations and meetings which were attended by over 60,000 people. Extension workers made 3,765 farm and home visits, and 6,936 informational bulletins and circulars were distributed.

In addition to research and extension, a third agricultural activity was begun in fiscal year 1954 known as the Reimbursable Facilities and Services Project. Through this project 9 tractors were imported by the Servicio and made available to farmers for land clearing, etc. In addition, this project includes provision for importing and selling at cost to farmers, fertilizer, insecticides, pesticides, farm tools, agricultural machinery and other necessary items which cannot be obtained locally because of lack of foreign exchange.

In the fiscal year 1955 emphasis on agricultural production will be increased. The Reimbursable Facilities Project will be expanded, as will the agricultural extension program in order to assure effective utilization of the increased availability of agricultural supplies and equipment. Expanded activities of the Reimbursable Activities project will include the development and maintenance of machinery operating pools; development of a special livestock improvement project in the Beni Department to improve quality, control diseases, and improve pastures; development and maintenance of demonstration seed multiplication, livestock breeding center and machinery pool headquarters at Montero in the Department of Santa Cruz; and the development of other projects for increasing agricultural production. The demonstration farm at Montero is being developed in cooperation with the Health and Education Servicios.

Health and Sanitation

During the past year the total number of treatments or other attentions administered by the Health Servicio exceed 500,000. This included some 200,000 Bolivians examined, immunized, treated or otherwise cared for by the Servicio.

A six-month course for training nurses aides was given, and 18 girls were graduated. Eight sanitary inspectors were trained and assigned to various health centers. In addition to training Bolivians to carry out the cooperative health program, additions were made to the facilities utilized by the Servicio. A new health center began operation at Reyes in the frontier department of Benes. This brought the number of health centers to 13, plus three mobile units. Construction of a tuberculosis dispensary at Cochabamba was completed, and a new health Center and maternity hospital were partially finished. In La Paz construction was commenced on a new health center.

In 1955 it is planned to set up several additional health centers, particularly in the eastern lowlands, to supplement the Agricultural Servicio's activities there. An industrial hygiene laboratory will be initiated for operation by the Servicio. The nurses' aid training will be expanded.

Education

During the past year one of the two rural normal schools which had been established and operated by the Education Servicio was transferred to the Bolivian Government. The Servicio operates the Warizata Normal School, the only five-year teacher training school in Bolivia. In 1953 enrollment was 82 students but new construction will make a 50 percent increase possible in 1954.

Five Servicios operated demonstration schools for Indian people. Attendance was 5,300 children during the day and 1,000 adults attend night classes. In past years 49 schools and 4 normal schools have been turned over to the Bolivian Government for complete operation. In 1955, the Servicio will continue its teacher training program to spread improved methods of teaching among the 150 rural schools serviced by the five demonstration-teacher training schools.

In FY 1953 nine trainees returned from study in the U.S. and two from other Latin American countries. Six departed for study in the U.S. 172 teachers and 22 hygiene specialists

General Narrative Statement (Continued)

were given in-service training under supervision of the Education Servicio. Also, the Servicio in 1953 held a month-long seminar for teachers in Bolivian industrial schools. In 1955, continued emphasis will be placed on this type of training.

Civil Aviation

The CAA Mission continued its efforts to assist in raising the standards of service and safety of commercial air operations. Major efforts were devoted to teaching and examining flight and ground technicians of the major Bolivian airline. During 1953 all 29 pilots of this line were examined and certified according to CAA standards. Six mechanics, five control tower operators, 11 ground instructors and two dispatchers were also licensed. Assistance was provided to help the Bolivian Director General of Civil Aviation improve safety regulations. Construction was begun on the El Alto Airport Administration Building. This will be built in accordance with plans approved by CAA.

In 1955, the CAA Mission proposes to continue to train Bolivian air personnel to help establish a mechanic's school at Cochabamba, and to continue its general advisory service on all phases of Civil Aviation.

Public Roads

A highway technician is being sent to Bolivia to study land transportation problems and to make recommendations for a program suitable to the country's needs. The problems consist principally of adequate maintenance of present roads, improvement of the network and extension into areas now inaccessible. It is expected that a servicio-type organization within the Ministry of Public Works will result and that a pilot school for operation and maintenance of road machinery will be set up.

Mining

In view of the continued rising costs of tin production, diversification within the mineral sector of the Bolivian economy is desirable. The discovery of new mineral deposits would help considerably to increase foreign exchange revenues. It is planned to undertake general geological exploratory work to determine future mineral potential.

Public Administration

Public Service in Bolivia is characterized by a general low level of administrative competence and by high personnel turnover. Both of these problems seriously restrict its ability to conduct an economic development program. The proposed FY 1955 Technical Cooperation program will assist Bolivian organizations in their program to correct existing administrative and management ills.

Training

Approximately 43 persons in all fields of activity will receive grants for training in the United States in the proposed fiscal year 1955 program. Bolivians will also receive training in other Latin American countries and in-service on-the-job training while working with the technical cooperation program.

DEVELOPMENT ASSISTANCE

This program, initiated under a bilateral agreement on November 6, 1953, totaled $12,000,000 in FY 1954. It consisted of $8,000,000 for the transfer of food, primarily wheat, from the stocks of the Commodity Credit Corporation under the Famine Relief Act of 1953, and $4,000,000 for ocean freight and processing of this food and for the purchase of cotton, lard, and cottonseed oil. This latter sum also covered machinery for small agricultural processing plants, livestock improvement breeding stock, metal conduits for farm-to-market feeder roads, pumps and generators for irrigation, and other supplies and equipment for economic development. This program is expected to generate about 1.7 billion bolivianos in counterpart to cover local costs in the Bolivian economic development and diversification program.

Through February 1954 there had been shipped 16,000 tons of wheat, 5,500 tons of wheat flour, 575 tons of lard, 150 tons of cottonseed oil and 650 tons of cotton, much of which had been received. Surplus commodity shipments, begun at the end of November, are contracted for and will be delivered by the end of

General Narrative Statement (Continued)

August. The economic diversification program sponsored with counterpart funds should be well under way by the end of fiscal year 1954; and developmental supplies and equipment will be contracted for by that time.

Available information indicates that Bolivia's income from mineral exports will be too low to provide Bolivia during fiscal year 1955 with even the bare essentials of existence. Fiscal reforms and the economic development and diversification programs are too recent to achieve significant results by the end of fiscal year 1954. The calendar 1954 foreign exchange deficit is expected to be about the same as that in calendar 1953. $9.0 million for development assistance is proposed for fiscal year 1955.

LATIN AMERICA

Country: BOLIVIA

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION AND DEVELOPMENT ASSISTANCE

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies Equipment & Grants to Servicios	U. S. Technicians		Trainees		Local Costs
			No. of Persons	Cost	No. of Persons	Cost	
Technical Cooperation							
1953	1,287.3	557.5	42	462.4	44	144.8	122.6
1954	3,333.9	2,246.0	53	744.5	47	169.2	174.2
1955	1,649.0	560.0	58	760.8	43	151.1	177.1
Development Assistance							
1954	4,000.0[a/]	4,000.0	-	-	-	-	-
1955	9,000.0	9,000.0	-	-	-	-	-

Summary by Major Activity

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp. Communications, & Power	(5) Industry, Mining and Labor	(6) Public Admin.	(7) General and Community Development	(8) Maintenance of Essential Supply
Technical Cooperation									
1953	1,287.3	495.6	353.5	289.2	43.1	82.9	23.0	-	-
1954	3,333.9	2,548.0	306.5	322.4	64.3	43.1	49.6	-	-
1955	1,649.0	814.5	346.4	282.4	131.8	35.4	38.5	-	-
Development Assistance									
1954	4,000.0[a/]	-	-	-	-	-	-	-	4,000.0
1955	9,000.0	-	-	-	-	-	-	-	9,000.0

a/ In addition, $8,000.0 thousand worth of agricultural commodities from the Commodity Credit Corporation stocks were transferred to Bolivia under authority of P.L. 216, 83rd Congress, 1st Session.

INDIVIDUAL COUNTRY DATA - DEVELOPMENT ASSISTANCE

Commodity Program

Commodity Detail	FY 1953	FY 1954	FY 1955
Food, Feed and Fertilizer			
Wheat		1,000.0[a/]	3,300.0
Rice		-	500.0
Lard and cottonseed oil		700.0	700.0
Fertilizer		-	300.0
Pesticides, seed, breeding stock		125.0	200.0
Raw Materials and Semi-Finished Products			
Cotton		1,000.0	1,000.0
Machinery and Vehicles			
Agricultural:			
Light equipment, hand tools		100.0	900.0
Tractors, heavy equipment		300.0	1,000.0
Spare parts		-	300.0
Pumps, generators		350.0	350.0
Industrial:			
Food processing and preservation machinery, reinforcing steel		155.0	150.0
Spare parts		45.0	-
Miscellaneous			
Conduits and other supplies for feeder roads		210.0	200.0
Miscellaneous agricultural and industrial equipment		15.0	100.0
Total		4,000.0	9,000.0

a/ Costs of milling, bagging and ocean freight on wheat supplied to Bolivia from Commodity Credit Corporation stocks; P.L. 216, 83rd Congress, 1st session.

BASIC STATISTICS

Area	3,268,000 square miles
Population	55,772,000 (1953)
Population Density	17 per square mile
Annual Population Growth	2.4 percent
Agricultural Land	6 percent of total area
Agricultural Land Per Capita	2 acres
Main Crops	Coffee, cotton, corn, rice
Main Industries	Textiles, food processing, iron & steel, cement, leather, glass, paper
Main Exports	Coffee: Value about $1 billion in 1952; 74 percent of total exports
Labor Force	14,014,000 economically active in 1947
Main Occupations	Agriculture & forestry, 68%; Manufacturing, 10%; Commerce, 5%; Other 17%
Per Capita GNP	$242 (1952 in current prices; conversion rate 28.36 cruzeiro per U.S.$)
Per Capita Caloric Intake	2300 calories
Estimated Requirement	2450 calories
Average Life Expectancy	46 years
Infant Mortality Rate	107 deaths per 1,000 live births
Medical Services	1 physician per 2,700 persons. 313 hospital beds per 100,000 persons
Literacy Rate	50% of population
Teachers (primary grades)	217 per 100,000 population
Railroads	22,135 miles in 1949
Roads	161,000 miles with 37,030 miles improved
Motor Vehicles	564,381
Merchant Fleet, Tankers	171,000 gross tons
Dry Cargo	583,000 gross tons

SIGNIFICANT BASIC RESOURCES

Material	Percent of World Reserves	Production as Percent of Free World Output	Percent of U.S. Supply
Beryllium		39	39
Manganese (metallurgical)	9	2	8
Tantalite		52	15
Tungsten	2	5	5
Castor Bean & Oil	-		41
Mica (Strategic Grades)			20
Quartz Crystals			98

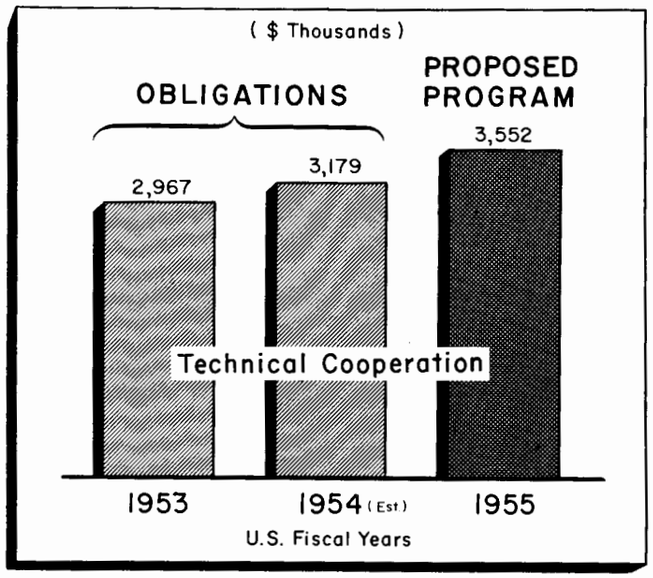
* 1953 data largely preliminary or estimated.
a Consumption in Sao Paulo and Rio de Janeiro. b Crop years beginning in year stated. c Prewar average. d U.S. Customs data. e Conversion rate 28.36 cruzeiros per US$.
f Average price January to June 1953. g End of year or month.
h Multiple exchange rates in effect ranging from 17-130 cruzeiros per US$.

SELECTED ANNUAL STATISTICS

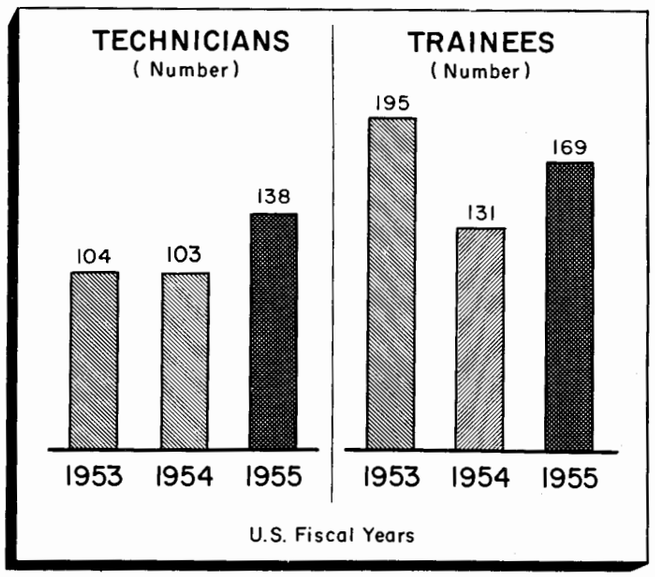
Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Industrial Production	1948 = 100	50	121	129	
Iron ore, 65 percent	1000 MT	368	1,320	1,561	1,410
Electricity[a]	Mill.KWH	1,122	2,988	3,084	3,069
Agricultural Production	1948 = 100	95	115	116	117
Coffee[b]	1000 MT	1,520[c]	1,111	1,150	1,100
Corn[b]	"	5,465[c]	5,918	5,715	6,000
FOREIGN TRADE					
Exports	Mill. US$	289	1,757	1,409	1,636
Imports	"	295	2,011	2,010	1,326
Balance	"	-6	-254	-601	/310
Trade with U.S.[d]					
Exports to U.S.	Mill.US$	97.9	910.6	308.4	768.4
Imports from U.S.	"	61.9	699.8	564.1	295.9
Key Exports:					
Coffee	1000 MT	1,027[c]	981	949	936
Cacao beans	"	120[c]	94	60	105
BALANCE OF PAYMENTS[e]					
Balance on Goods & Services	Mill.US$		-244	-410	
Private Financing	"		-9	6	
Official Financing & Deferred Payments	"		211	434	
Errors and Omissions	"		42	-30	
FINANCIAL					
Wholesale Prices	1948 = 100	27	154	171	190
Cost of Living (Sao Paulo)	"	23	113	133	162
Commodity Prices					
Coffee, 100 lbs., Santos	U.S.$	5.10	47.57	48.35	49.76[f]
Cacao, 100 lbs., Bahia	"	3.41	26.09	26.64	22.18[f]
Money Supply.[g]	Billion Cruzeiro	12.12	90.7	104.2	124.0
Central Bank Reserves.[g]	Mill.US$	59	514	525	640 Aug
Gold	"	32	317	317	317 Aug
Foreign Exchange	"	26	197	208	324 Aug
Other Bank Holdings.[g]	"	3	73	42	41 Aug
Total.[g]	"	62	587	567	681 Aug
Central Government Debt[g]	Mill.US$	693.1	895.9	894.1	
Central Gov't. Finances[e]					
Revenue	Mill.US$	136.8	967.1	1,083.9	1,209.3
Expenditure	"	167.0	867.7	1,003.6	1,199.1
Surplus (/) or Deficit (-)	"	-30.2	/99.4	/80.3	/10.2
Exchange Rates[g]	Cruzeiros				
Official Selling	per U.S.$	17.7	18.72	18.72	18.82[h]
Free	"	17.7	-	-	55.8

BRAZIL

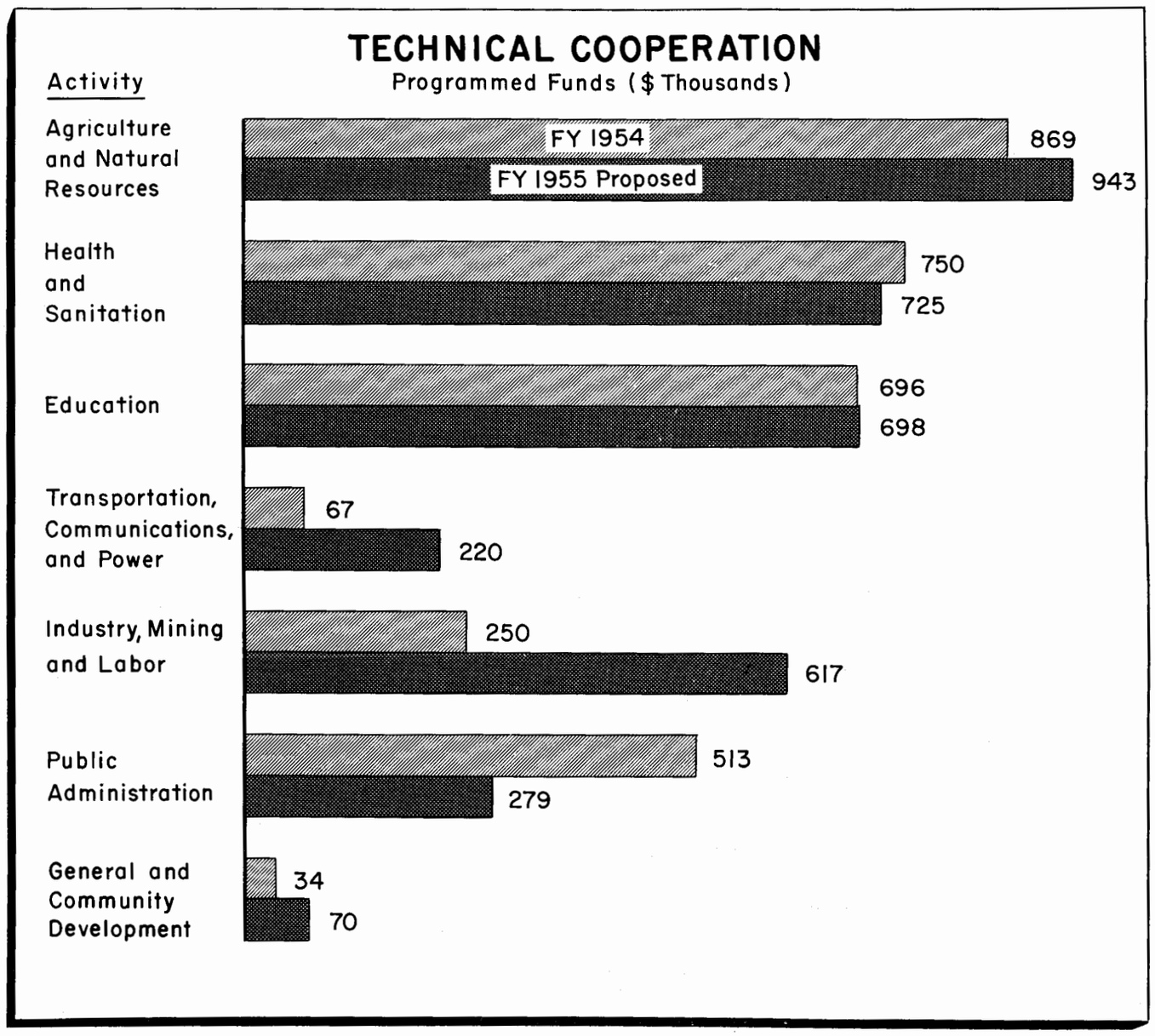
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



LATIN AMERICA

Country: BRAZIL

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

Function	Programs		
	FY 1950/54	FY 1954	Proposed FY 1955
Mutual Defense Assistance	a/	a/	a/
	FY 1953		
Technical Cooperation	2,967.1	3,178.9	3,551.6
Total Country Program	xx	xx	xx

a/ Data for Mutual Defense Assistance distribution by country is classified information.

General Narrative Statement

THE TECHNICAL COOPERATION PROGRAM

The technical cooperation program in Brazil has concentrated, until 1953, in the fields of health, education, and mineral resources surveys, with some attention to specialized agriculture problems. In 1953 and 1954, the program was broadened to include general agriculture, public administration and industrial productivity.

Agriculture and Natural Resources

The cooperative agricultural program is now carried out through a servicio established in June 1953.

(a) Rubber Development: The rapidly increasing demand for rubber in Brazil's expanding economy and the guidance of the American field technicians resulted, in 1953, in a redirecting of the rubber program. Emphasis is now being placed on the development of productive farm rubber plantings. The program is still limited because of a shortage of suitable planting material. However, technicians using planting material from Costa Rica, Haiti, and Brazil are establishing nurseries, multiplication gardens and experimental plantings not only in the Amazon area but also in other areas, particularly in Bahia.

(b) Cacao Improvement: Brazil produces (in the State of Bahia) about 17 percent of the world's cacao. Direct technical assistance has been given during the past year to the Instituto Agronomico de Leste (IAL), a federal Brazilian research institution, in organizing a selection program to locate superior cacao trees. By December, six months after the program was initiated, approximately 200 farms were visited and 45 promising trees located for testing at the experiment station. Technical assistance was also provided in laying out a budding nursery at IAL for the establishment of the promising cacao clones located during the selection program. A second nursery was established to receive rooted cacao cuttings of promising clones. These plants will serve as a source of propagative material for rapid multiplication of superior trees.

General Narrative Statement (Continued)

(c) Agricultural College Survey: Brazil has the largest number and in some respects the most advanced agricultural and veterinary colleges of any Latin American country. However, its 12 agricultural and 8 veterinary colleges enroll less than 1,800 college students and graduate only about 350 annually. In order to learn how these institutions can best serve Brazilian agriculture, a two-man commission consisting of one American and one Brazilian specialist visited all 20 institutions and surveyed their facilities and potentialities. Complete information on the number and source of students and faculty, total personnel, physical inventories, revenues and expenditures, operating capacity, needs and limiting factors and various other information are now available in the first over-all report of this nature on Brazilian colleges. The recommendations in this report should make a strong impact on legislators and agricultural leaders who are in position to improve these institutions.

In 1955, the proposed agricultural program will concentrate on providing guidance to Brazilian agricultural agencies, which have around 35,000 employees and a budget of $126 million. Major emphasis is being placed on agricultural development and training in its related fields. The Brazilian Government, recognizing the need for a shift from a too rapid industrial development, recently adopted measures which indicate emphasis on sound agricultural development. Cooperation is being given the Federal and state agencies to develop extension services, food storage, marketing, fishery resources, and to increase crop and livestock production. Problems of land usage, fruit culture, coffee and cacao, and the control of plant and animal diseases are receiving a degree of priority assistance, as well as demonstrations, sponsorship of mechanized units doing custom work for farmers, and extensive training programs for Federal and state extension workers covering farm machinery and tractor operation and maintenance (Faganda Ipanema), animal power, land clearing, irrigation, drainage, and soil conservation and rehabilitation.

Under a contract with Purdue University, two professors in extension and home economics are working with the Rural University of Minas Gerais.

The mission will continue to cooperate with agencies concerned with the food storage problem. A national plan for grain storage and related transportation needs is evolving.

Health, Welfare and Housing

The health activity which has been a cooperative program since 1942 has been shifting emphasis to certain types of activities which are either lacking or underdeveloped in Brazil but which are essential to long-term economic development. These include industrial hygiene, post-graduate nurse training, hospital architecture, promotion and development of state health services, public administration, public health dentistry, community collaboration with other technical cooperation programs, hospital administration, and special studies in infant diseases. During the past 10 years, Brazilian technical people have assumed much of the leadership of the cooperative program, so that the number of U. S. technicians has been reduced from 90 in 1944 to 35 in 1954. Of the 35 U. S. technicians, 23 are now cooperating exclusively on the new activities mentioned above. Brazilian technicians now completely handle the Amazon program which once had 35 U. S. technicians.

In the past year the joint U. S.-Brazil Health Program (SESP) among other activities entered into a contract agreement with the State of Ceara in developing a sanitary engineering service for that State; (SESP's relation to the State is patterned on the relationship of IIAA to the Ministry of Health of Brazil); provided a public health team to the State of Rio Grande de Sul to demonstrate the modern organization of a rural health program; developed a supervised self-help housing program financially supported by the Fundacao de Casa Popular; prepared a plan to transfer several small hospitals of SESP to local organizations; started a pilot study for fluoridation of a public water supply at Baixo Guandu, State of Espirito Santo, and joined

General Narrative Statement (Continued)

with a state, a country, and local villages to construct several village water systems.

In 1955, it is planned that the health program will continue to move into new areas and to increase Brazilian technical participation on older projects. At the same time, attention will be given to coordinate the work of the health program with the newly developed agricultural program.

Education

In the past year, industrial education has been emphasized. In a Training-Within-Industry program in Sao Paulo, and southern states, over 2,000 industrial foremen from small and medium establishments were trained directly through cooperative programs, and 151 instructors detailed by large industrial establishments were prepared to carry on this type of training in the plants of 104 different firms.

Occupational analyses were completed and the instructional materials developed, based on Brazilian occupational practices for large areas in eight occupations. Thousands of visual aids, mainly photographs and drawings, were prepared and included in this material, all of which is being published by the cooperative program in its own off-set printing office, for use in the Brazilian industrial schools.

A nation-wide, industry-wide survey of textile manufacturing was completed and, based on its findings, a set of recommendations were developed to cover a training program to prepare new workers and increase the occupational efficiency of employed workers at all levels. The recommendations were accepted by the National Board for the apprenticeship training.

A survey and replanning was completed for 12 school shops and vocational guidance programs were inaugurated in 10 schools of the federal system, with the primary aim of improving pupil selection and inaugurating follow-up procedures

In 1955, these projects will be continued with the addition of a rural elementary education program which is urgently needed. The program will include the establishment of a pilot normal school, in which a revised rural school curriculum will be worked out, stressing agriculture, home life education, hygiene, and simple manual skills. Two teacher workshops are to be established.

Industry and Mining

During 1953, in the field of mineral development and exploration, technical assistance furnished by a metallurgist from the U. S. Bureau of Mines stimulated Brazilian production of the following minerals necessary for national consumption and foreign trade: Manganese, mica, beryl, tantalite, columbite phosphate, tin, gypsum, tungsten, diamonds, limestone and coal. This was accomplished at the request of the Brazilian Department of Mines, by visiting the mining properties, studying the deposits, taking samples, and testing them in the Department's laboratories. This metallurgical laboratory work was done to stimulate field concentration practices, to improve recoveries and to reduce metallurgical losses so that properties could be more productive. In many instances the grade of product was improved, thereby reducing costs of transportation and final handling.

Many small mining properties with limited capitalization were encouraged to improve hand concentration methods and the limited knowledge of mining technique was made more productive by direct instruction in ore extraction.

The year 1953 was one of the most productive from the point of view of geological progress since the study of the iron and manganese regions of the State of Minas Gerais was started by technicians of the U. S. Geological Survey and the Brazilian Department of Mines. Because of personnel additions to the Geological Survey party, investigations were conducted over a wider area than was possible during the earlier years of the project and Brazilian technicians can now tell interested

General Narrative Statement (Continued)

companies where they can best spend their time in checking iron and manganese possibilities, and where not to waste their time.

In 1955, it is proposed to place special emphasis on the problem of stepping up Brazilian interest in the development of geological surveys. Brazil has only 75 geologists as compared with 300 in Switzerland and 15,000 in the U. S. It is proposed to continue to cooperate in training young geologists, locally and in the United States, and to provide administrative guidance aimed at making geological work more attractive.

In the field of industrial productivity, the new program initiated in 1953 provided advisory services in such areas as: plant layout; machinery selection and maintenance; tool, material, and quality control systems; job evaluation and classification, productivity measurement, etc. and technical material was distributed by the program.

Public Administration

Progress was made in 1953 toward implementing the program of technical cooperation in public administration which was formulated by a group of Brazilian governmental and academic leaders in October 1952. A new School of Public Administration was created at the University of Minas Gerais and consulting services were rendered to governmental agencies in the State of Minas Gerais. A technician rendered assistance on a plan for the reorganization of the Medical Service of the Institute of Pensions and Retirements of Commercial Workers as the year ended. For these projects, five of the technicians have been obtained under a contract between FOA and the Public Administration Service of Chicago.

Before the end of 1955, it is expected that these and other projects will have reached the stage where they can be terminated or turned over to the host government.

In response to a request from the Getulio Vargas Foundation, a project agreement was signed for assistance in establishing the first university level school of business administration in Brazil (at Sao Paulo). Under a contract with Michigan State College, an initial survey was completed at the end of the year; the project is to begin early in 1954 under the guidance of business administration professors from Michigan State.

Transportation

The Joint Commission determined that railroad, highway and river transportation, together with port development and coastwise mapping, were among Brazil's fundamental needs. Projects were selected and studies made in those fields and loan applications have been prepared looking toward local and foreign financing. It is anticipated that a small technical staff will be needed in 1955 to advise and assist the Government in carrying out approved projects.

Economic Consultation

Tentatively, five highly specialized economists in transportation, power and private investment have been provided for in the FY 1955 Country Plan to cooperate with Brazil in the implementation of the loans and loan applications recommended and approved by the Joint Commission. As developed by the studies of the Abbink Mission in 1949 and the forthcoming Joint Commission report, the needs of Brazil for foreign technical and financial collaboration are both great and urgent. Brazil, it is believed, is becoming increasingly cognizant of the role of private capital in its development and U. S. participation toward this objective should result in an increased flow of foreign private investment (with accompanying managerial and technical skills) into Brazil.

MUTUAL DEFENSE ASSISTANCE PROGRAM

Progress to Date

It is too early as yet to judge the effects of the MDA Program on the Brazilian Army. The Army's cooperation and expressed eagerness of planning personnel to create outstanding units indicate that as the program progresses it will be possible to list significant improvements. At present there has been

General Narrative Statement (Continued)

insufficient time to utilize the end items provided in actual operations. The servicing and the care of such equipment in storage indicates that maintenance will be good. It is considered that the Brazilian Army can and will effectively utilize all equipment that may be provided under the presently authorized and recommended programs.

The first part of the Navy MDAP materiel was received in September 1953. It is a considered opinion of the MAAG that, with the training programs now in effect and given a sufficient period to acquire experience, all equipment can be expected to be operated and maintained satisfactorily. The country lacks a large reservoir of manpower suitable for rapid integration into the Naval service. Also, the industry of Brazil is not adequate to support both its civilian needs and its military needs.

The receipt of aircraft and related equipment has permitted the activation of new squadrons. Spare parts for aircraft are now arriving in sufficient quantity to place many unserviceable aircraft in a serviceable condition. The Air Force has the ability to operate, maintain and utilize all equipment provided to date. Some instruction is being given by members of the U.S. Air Force Section, JBUSMC, to Air Force personnel operating the electronics and communications equipment of the aircraft control and warning units. There is no doubt that the capabilities of the Air Force are increasing and that it is slowly becoming more effective through its own efforts and the MDA Program.

The FY 1955 and Previous Programs

The previous year programs have provided, within the availability of funds, selected items of equipment for Brazilian Army units, modernization equipment for Brazilian Naval vessels (some of which were furnished under Lend-Lease), B-17 and F-47 aircraft to the Brazilian Air Force, and training assistance to all three Services.

The FY 1955 program is planned to provide additional assistance as outlined above.

Government of Brazil Participation in Program

The Government of Brazil is furnishing rations, pay, uniforms, personal equipment, housing and medical facilities for the forces designated to assist in the defense of the Western Hemisphere.

LATIN AMERICA

Country: BRAZIL

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment & Grants to Servicios	U. S. Technicians		Trainees		Local Costs
			No. of Persons	Cost	No. of Persons	Cost	
Technical Cooperation							
1953	2,967.1	770.0	104	1,207.3	195	428.3	561.5
1954	3,178.9	1,035.0	103	1,108.1	131	454.6	581.2
1955	3,551.6	1,000.0	138	1,513.0	169	514.5	524.1

Summary by Major Activity

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp. Communications, & Power	(5) Industry, Mining and Labor	(6) Public Administration	(7) General and Community Development
Technical Cooperation								
1953	2,967.1	672.3	652.8	182.7	112.4	635.9	694.7	16.3
1954	3,178.9	869.2	750.3	696.2	67.0	249.7	512.8	33.7
1955	3,551.6	942.7	724.5	697.5	220.3	616.9	279.3	70.4

CHILE

BASIC STATISTICS

Area	286,000 square miles
Population	5,932,000 (1952)
Population Density	21 per square mile
Annual Population Growth	1.5 percent
Agricultural Land	26 percent of total area
Agricultural Land Per Capita	8 acres
Main Crops	Wheat, potatoes, rice, barley
Main Industries	Mining (copper & sodium nitrate) cement, textiles, food, beverages

Main Exports (1952)	Mill. U. S. $	% of Total Exports
Copper, ores and bars	286	63
Nitrate	59	13

Labor Force	1,704,000
Main Occupations	Agriculture, 35%; Manufacturing 20% Commerce & banking 10%; Mining 5%; Other 30%
Per Capita GNP	$336 (1952 in current prices; conversion rate 110 peso per US$)
GNP Components	Agriculture 17%; Industry & Mining 31%; Commerce, Transp.& Communication 22%; Other 30%
Per Capita Caloric Intake	2400 calories
Estimated Requirement	2640 calories
Average Life Expectancy	39 years
Infant Mortality Rate	134 deaths per 1,000 live births
Medical Services	1 physician per 1,800 persons; 582 hospital beds per 100,000 persons
Literacy Rate (10 yrs.& over)	72% of population
Railroads	6,596 miles
Roads	32,000 miles with 26,800 improved
Motor Vehicles	83,128
Merchant Fleet, Tankers	11,000 gross tons
Dry Cargo	173,000 gross tons

SIGNIFICANT BASIC RESOURCES

Material	Percent of World Resources	Production as Percent of Free World Output	Percent of U.S. Supply
Copper	30	16	23
Molybdenum		7	Negl.
Iodine			30

Chile produces approximately 2 million tons of nitrate per year, about 2/5 of which is shipped to the U.S. for use as fertilizer

SELECTED ANNUAL STATISTICS

Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Industrial Production	1948 = 100	61[a]	119	131	149 Oct
Coal Production[b]	1000 MT	2,044	2,211	2,172	2,322
Copper, Smelter production	"	338	360	383	337
Electricity	Mill.KWH	502	1,682	1,872	1,994
Meat, total	1000 MT	75	81	78	84
Wheat.[c]	"	859[d]	988	1,199	1,000
FOREIGN TRADE					
Exports	Mill.US$	131	371	454	411
Imports	"	103	329	371	336
Balance	"	/28	/42	/83	/75
Trade with U.S.[e]					
Exports to U.S.	Mill.US$	28.2	203.4	286.0	242.3
Imports from U.S.	"	24.6	165.9	130.0	97.9
Key Exports:					
Copper, ore and bars	1000 MT	356	332	345	352
Nitrate	"	1,573	1,598	1,321	1,160
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill.US$		-44.9	7.6	
Private Financing	"		43.3	35.5	
Official Financing	"		/1.7	-25.3	
Errors and Omissions	"		-0.1	-17.8	
FINANCIAL					
Wholesale Prices (Santiago)	1948 = 100	28	175	217	304(Oct)
Cost of Living (Santiago)	"	23	167	204	318(Nov)
Commodity Prices					
Copper, 100 pounds	U. S. $	10.43	25.96	32.72	35.50[f](Oct)
Money Supply[g]	Billion Pesos	2.11	24.4	33.1	42.5(Aug)
Central Bank Reserves[g]	Mill.US$	33.1	56.2	67.0	66.4
Gold	"	30.1	45.2	41.6	40.7
Foreign Exchange	"	3.0	11.1	25.4	25.7
Other Bank Holdings.[g]	"	4.9	19.4	25.6	32.8(Aug)
Amortization Fund	"	11.0	2.7	3.5	3.4(Aug)
Total	"	48.9	78.3	96.1	103.8(Aug)
Central Government Debt[g,h]	Mill.US$	35.1	77.5		
Central Gov't. Finances[h]					
Revenue	Mill.US$	14.9	236.4	264.3	431.4
Expenditure	"	15.9	240.1	252.1	417.7
Surplus (/) or Deficit (-)	"	-1.0	-3.7	/12.2	/13.7
Exchange Rates[g]	Pesos		60.10		
Official Selling	Per U.S.$	31.47	90.00	118.59	110.00
Free	"	31.47	92.60	128.50	220.00

* 1953 data largely preliminary or estimated.

a 1936-1938 b Includes lignite.

c Crop year beginning in year stated.

d Prewar average. e U. S. Customs data

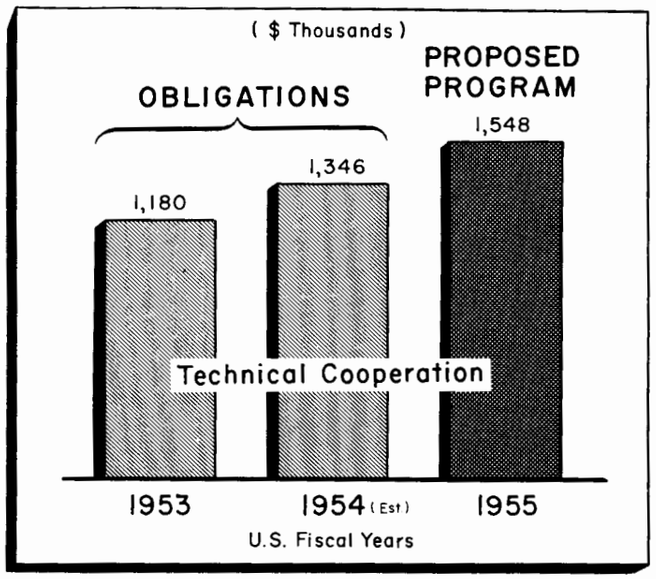
f Copper, 100 pounds, U.S. $29.80 in January 1954.

g As of the end of the year and/or month indicated.

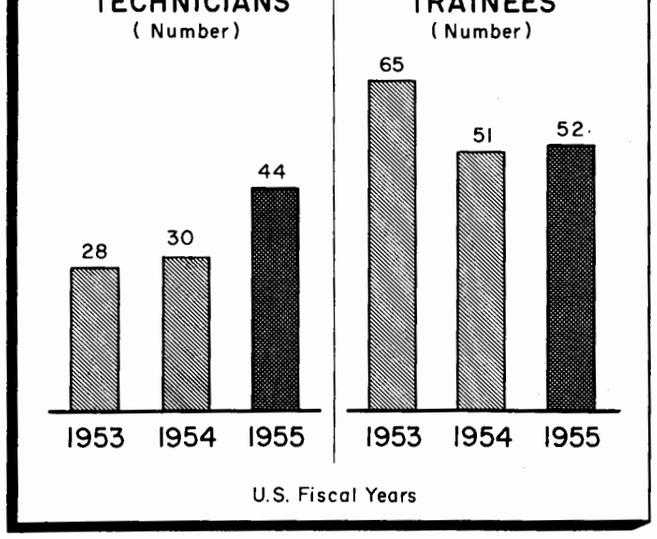
h Converted at the rate of 110 pesos per U.S.$.

CHILE

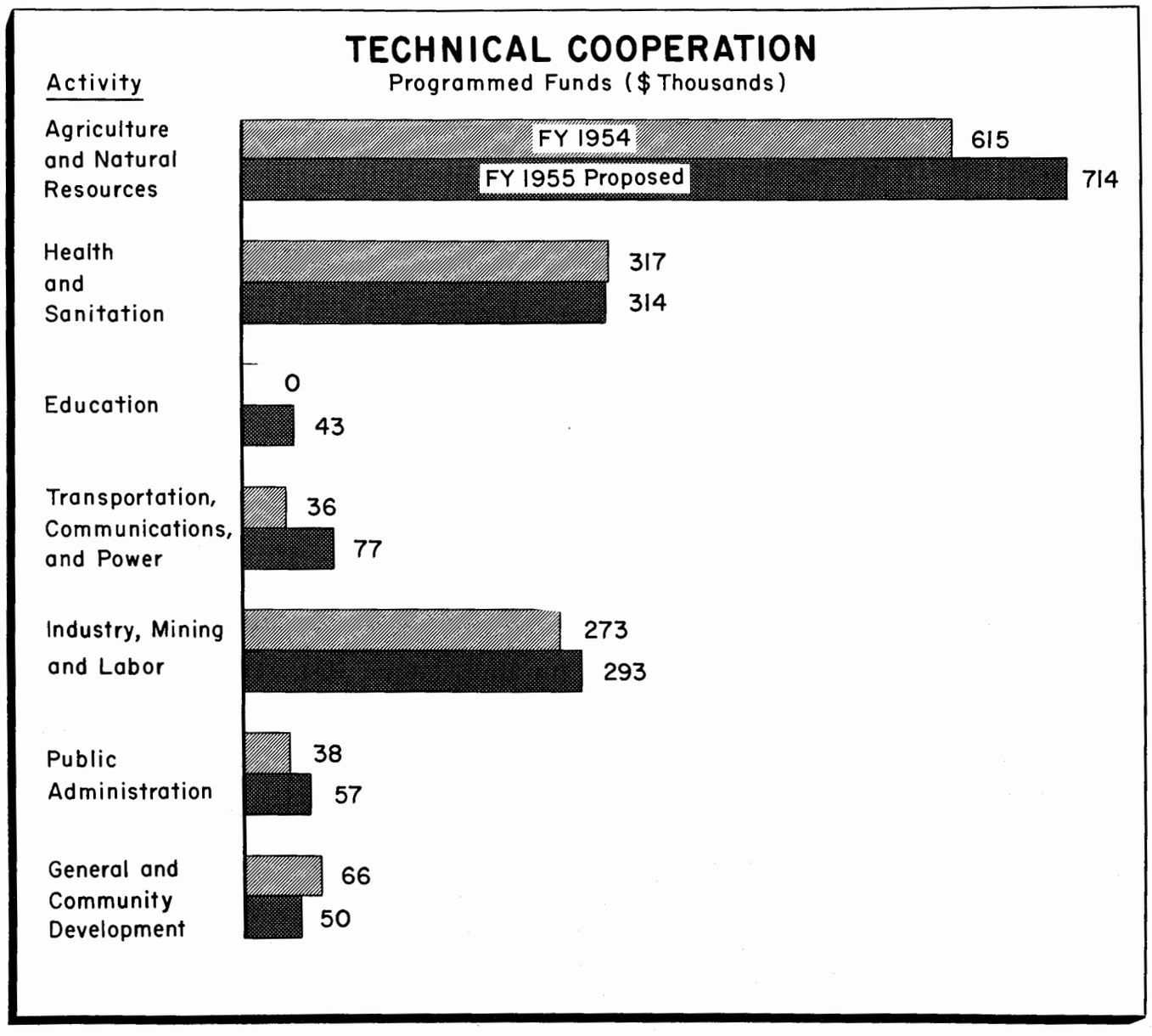
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



LATIN AMERICA

Country: CHILE

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function
(In thousands of dollars)

Function	Programs FY 1950/54	FY 1954	Proposed FY 1955
Mutual Defense Assistance	a/	a/	a/
Technical Cooperation	FY 1953 1,180.2	1,345.9	1,548.0
Total Country Program	xx	xx	xx

a/ Data for Mutual Defense Assistance distribution by country is classified information.

General Narrative Statement

THE TECHNICAL COOPERATION PROGRAM

The technical cooperation program in Chile, confined until FY 1953 almost exclusively to health and sanitation, now also includes and emphasizes a balanced attack on the other central problems of the country, particularly an effort to reduce the country's overdependence on the fluctuating earnings of a few industries. This is being attempted through (1) an increase in the production, and an improvement in the distribution, of food, (2) a general diversification of the country's industries, including the exploitation of a variety of its rich mineral deposits, and (3) a rise in the level of productivity.

Since the funds available for technical cooperation are small in relation to the size of Chile's problems, most phases of the program are being concentrated in a single, major demonstration effort in one region - three southern provinces surrounding the industrial seaport of Concepcion. This Model Area Development Plan, which constitutes the core of the FY 1954 and proposed FY 1955 programs, includes certain activities of U.N. agencies and private organizations. The advantages of, as well as the techniques for undertaking, balanced and integrated economic development are already apparent, and the Chilean Government is anxious to extend this program to other areas.

The eventual solution of the serious economic problems described above will require further mobilization of local capital and attraction, on a large scale, of foreign capital in addition to that which is already in the country - some $750 million in U.S. private investment and approximately $100 million in loans from the EXIMBANK and the International Bank (IBRD). Such success is dependent, too, upon the development of increased local capacity for effective public administration and management.

General Narrative Statement (Continued)

The agricultural-natural resources segment of the program which, in FY 1955, will claim $713.9 thousand out of a total program for the country of $1,548.0 thousand has in past emphasized these particular areas: increased production of wheat, currently a major import item, through the expansion of the acreage under planting, through improved varieties of seeds, the control of noxious weeds, and better fertilizer utilization; increased milk production through improvement of livestock strains, better animal sanitation, the introduction of improved management techniques, and the use of artificial insemination; the reclamation and increased utilization of land by the introduction of new measures of soil and water conservation designed to combat conditions of uneven rainfall, soil erosion, etc.; a survey of the nation's mineral resources.

Among the accomplishments in the agricultural field during the last four months of the 1953 calendar year were: 90,000 cattle vaccinated against hoof and mouth disease, 70,000 against hemoglubimuria; 4,000 cattle tested for brucellosis; 3,500 acres of wheat sprayed with weed-killer; an economic survey of 500 farms completed; special studies concluded on the utilization of the waters of the Nuble River and of the marketing facilities needed for Concepcion; a geological and construction materials map of the special developmental area two thirds completed; a tree nursery, with an expected production in the first year of 4 million plants, established; a Department of Conservation of Natural Resources, the first of its kind in South America, created as a result of soil conservation demonstrations; the National Biological Control Project for the control of crop and forest diseases established and developed to the point where it can now meet the requirements of other Latin American countries for supplies of ten different species of parasites and predators for crop diseases and insect control.

In FY 1955 many of the same general fields will be emphasized in the agricultural portion of the area development program.

The industry-labor portion of the program which began in April 1953 is directed toward broadening the scope and increasing the depth of industrialization in the country, and toward raising the level of productivity. Part of the FY 1955 effort in this area will carry forward the work of the industrial Servicio which has been in operation since April of last year and which, in conjunction with U.S. technicians employed on a contract basis from engineering firms, is engaged in training Chilean engineers who are furnishing engineering services on a fee basis to small and medium size industries. Foremen and supervisors are participating in regularly scheduled courses; 23 Chileans are now being trained as industrial engineers, cost accountants and production specialists.

The University of Chile has instituted a course in Time and Motion Study, and a non-profit Institute of Management Technique has been established. The latter is supported by a group of manufacturers and represents a possible vehicle through which many of the industrial Servicio's activities can eventually be turned over to private industry. Work in the same general areas will constitute a major part of the FY 1955 program, which will also continue to encourage and aid local interests to find private U.S. capital for industrial development and to help U.S. investors in locating opportunities for investment.

In the field of health and sanitation, programs have been in operation for more than a decade. The Cooperative Health Servicio has pioneered on a country-wide basis in the development of health facilities, the expansion of health education, the training of public health experts, the stimulation, through demonstration, of local activities in social welfare, industrial hygiene, and sanitation (water supply and sewage disposal). This Servicio has turned over to the Chilean Government for further development many projects which Chile is in a position to carry out without further assistance. For example, of the

General Narrative Statement (Continued)

29 projects operating in 1954, it is planned that 12 will be turned over by the end of the fiscal year. Among the recent accomplishments of this Servicio are these: Two health centers constructed; a dried milk plant built and now in operation; a suspension bridge capable of bringing water to a population of 14,000 completed and turned over to the Department of Public Works; and a sewage system installed in Huachipato. Industrial hygiene equipment was provided for Santiago and Concepcion, nursing consultation was furnished to all schools of nursing and sanitary engineering advice was made available in several areas.

In FY 1955 the bulk of the Servicio's resources will be directed toward selected phases of the Area Development Program (see Agriculture), particularly health training, nursing, public health administration, social service, the collection of vital statistics, the compilation of agricultural census data and the analysis of its relationship to health conditions within the area under development.

Other aspects of the FY 1955 program include: the initiation of plans for a Chilean vocational education program covering both agriculture and industry; the establishment, probably through a U.S. university contract with the University of Chile, of courses in public administration and management; and the continuation, under a three-party Joint Fund Agreement with the University of Chile and the Chilean Housing Agency, of a program of low-cost housing demonstrations, covering construction methods, building materials, methods of financing, etc.

MUTUAL DEFENSE ASSISTANCE PROGRAM

1. Progress to Date

All improvements in the Chilean Army are confined to the Armored Cavalry unit supported by MDAP. It is a new unit for the Chilean Army in every sense of the word and it is today the only modern or semi-modern unit in the Army. Its arming has been a tremendous boost to the morale of the whole Chilean Army. There can be no doubt as to the Chilean Army's willingness or ability to utilize the end items which have arrived to date. Maintenance instruction has been inaugurated by the Chief of the Army Section, MAAG, Chile and tremendous progress has been achieved. Further progress is expected as the result of the arrival of a training team in March 1954. The Chilean Army has hand-picked specialists for this unit and they have shown great aptitude.

The MDA equipment received by the Chilean Navy has been effectively used and there is every reason to believe that this effective utilization will continue in the furture.

The improvement in air units of the Chilean Air Force are considered to be due to the cooperative effort of the U.S. Air Force mission and the MAAG. The improvement of the supply procedures of the Air Force has been given impetus by the receipt of additional material. The equipment programmed for the Chilean Air Force can and will be effectively utilized. The Air Force will continue to improve in the right proportion to the receipt of military aid and advice of U.S.Air Force personnel.

2. The FY 1955 and Previous Programs

The previous year programs provided, within the availability of funds, selected items of ititial unit equipment for the Army, modernization equipment and maintenance support for the Navy, F-47, and PBY aircraft for the Air Force, and training assistance to all three Services.

The FY 1955 Program is planned to provide assistance along the above lines.

LATIN AMERICA

Country: CHILE

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment & Grants to Servicios	U. S. Technicians		Trainees		Local Costs
			No. of Persons	Cost	No. of Persons	Cost	
Technical Cooperation							
1953	1,180.2	620.0	28	338.5	65	164.7	57.0
1954	1,345.9	620.0	30	331.9	51	190.7	203.3
1955	1,548.0	638.0	44	523.6	52	200.0	186.4

Summary by Major Activity

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp. Communications, & Power	(5) Industry, Mining and Labor	(6) Public Administration	(7) General and Community Development
Technical Cooperation								
1953	1,180.2	455.8	399.1	19.0	2.5	249.6	54.2	-
1954	1,345.9	615.0	316.9	-	36.3	273.1	38.2	66.4
1955	1,548.0	713.9	314.1	43.1	77.3	292.5	57.3	49.8

BASIC STATISTICS

Area	439,000 square miles
Population	12,033,000 (1953)
Population Density	27 per square mile
Annual Population Growth	3.4 percent
Agricultural Land	36 percent of total area
Agricultural Land Per Capita	9 acres
Main Crops	Coffee, sugar, corn, potatoes, and bananas
Main Industries	Petroleum, coal, foodstuffs, textiles and beverages

Main Exports (1952)	Value Mill. US$	Percent of Total Exports
Coffee	388	82
Petroleum	76	16

Labor Force	2,645,000 economically active in 1950
Main Occupations	Agriculture, 66%; Manufacturing and Handicraft, 9%; Commerce, 6%; Other, 19%
Per Capita GNP	$231 (1952 in current prices; conversion rate 2.51 pesos per US$)
GNP Components	Agriculture, 43%; Industry & Mining, 20%; Commerce, Transportation & Commun., 16%; Other 21%
Per Capita Caloric Intake	2,400 calories
Estimated Requirement	2,550 calories
Average Life Expectancy	46 years
Infant Mortality Rate	86 deaths per 1,000 live births
Medical Services	1 physician per 3,350 persons; 300 hospital beds per 100,000 persons
Literacy Rate (10 yrs & over)	56 percent of population
Teachers (Primary grades)	164 per 100,000 population
Railroads	2,154 miles
Roads	11,000 miles with 8,470 improved
Motor Vehicles	83,800
Merchant Fleet, Tankers	4,000 gross tons
Dry Cargo	33,000 gross tons
Significant Basic Resources	Platinum; Colombia produces 6% of free world output of platinum group metals and provides 9% of U.S. supply of platinum

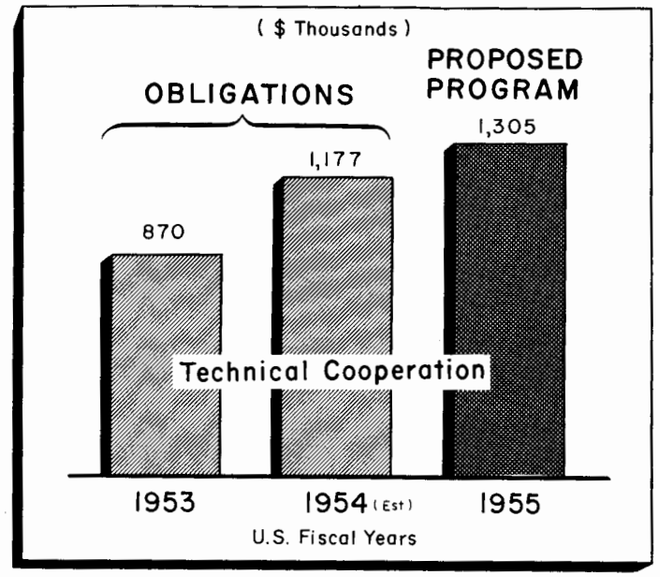
* 1953 data largely preliminary or estimated.
[a] Crop years.
[b] Average of crop years 1935/36 - 1939/40.
[c] U.S. Customs data.
[d] Prewar average.
[e] Coffee price in N.Y. $72.50 per 100 pounds in Jan. 1954.
[f] As of the end of the year and/or month indicated.
[g] As of Sept. 30, 1953.
[h] Converted at 2.51 pesos per US$.

SELECTED ANNUAL STATISTICS

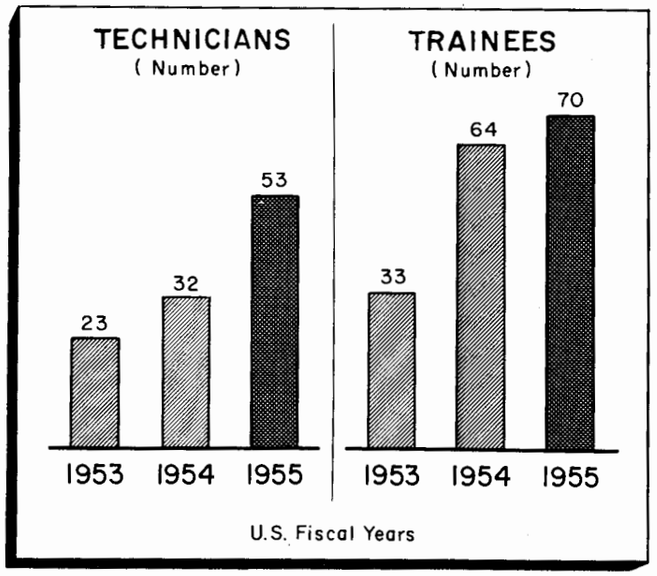
Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Petroleum, crude	1000 MT	2,972	5,408	5,448	5,548
Electricity	Mill. KWH	213	743	841	917
Coffee[a]	1000 MT	267[b]	344	339	339
Corn[a]	1000 MT	496[b]	845	928	1,001
Sugar, centrifugal, raw[a]	1000 MT	46[b]	164	233	141
FOREIGN TRADE					
Exports	Mill. US$	81	460	473	573
Imports	"	89	414	415	474
Balance	"	-8	/46	/58	/99
Trade with U.S.[c]					
Exports to U.S.	Mill. US$	49.3	362.1	383.9	465.5
Imports from U.S.	"	40.8	224.1	230.3	285.1
Key Exports: Coffee	1000 MT	283.3[d]	287.6	301.9	315.0
Petroleum	1000 MT	2,599	4,540	n.a.	
Bananas	1000 MT	169.5[d]	125.1	152.7	
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill. US$		-29.7	3.6	
Private Financing	"		25.3	-1.2	
Official Financing	"		-18.8	9.5	
Errors and Omissions	"		23.2	-11.9	
FINANCIAL					
Wholesale Prices (coffee)	1948=100	30	224	241	249
Cost of Living (Bogota)	"	40	140	137	147
Commodity Prices					
Coffee, 100 pounds, N.Y.	US$	7.80	54.30	54.12	58.46[e]
Money Supply[f]	Mill.Pesos	141.6	1,119.4	1,308.7	1,549.0
Central Bank Reserves[f]	Mill. US$	27	125	155	190
Gold		24	48		
Foreign Exchange		3	75		
Other Bank Holdings[f]		1	3	4	6
Central Government Debt[fh]	Mill. US$	70.9	225.9	213.9	229.9[g]
Central Gov't Finances[h]					
Revenue	Mill. US$	33.0	266.0	230.9	267.9
Expenditure	"	35.2	273.1	252.0	306.0
Surplus (/) or Deficit (-)	"	-2.2	-7.1	-21.1	-38.1
Exchange Rates[f]	Pesos per US$				
Official Selling		1.77	2.59	2.59	2.59
Free		-	-	-	3.17

COLOMBIA

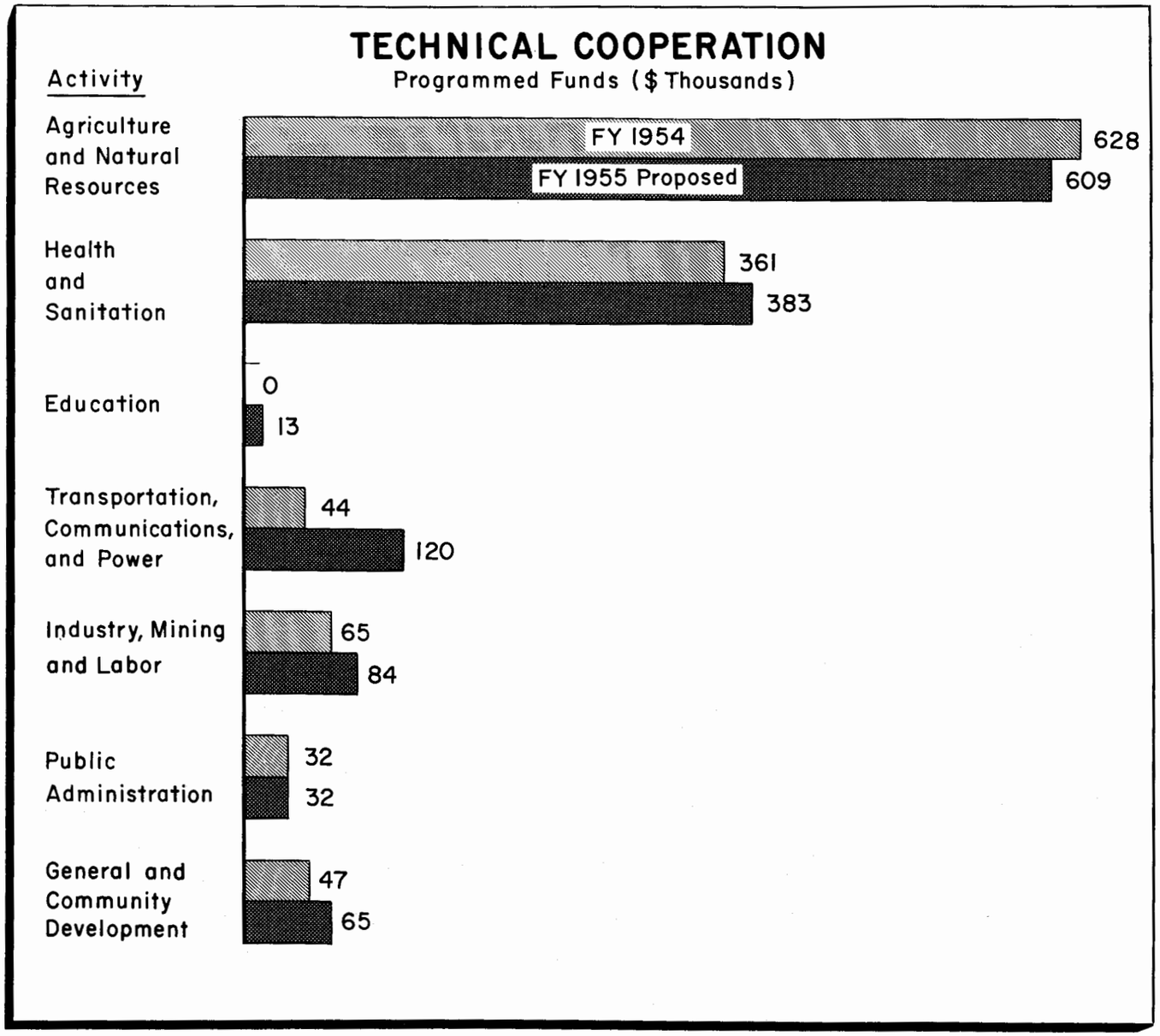
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



LATIN AMERICA

Country: COLOMBIA

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

Function	Program FY 1950/54	Program FY 1954	Program Proposed FY 1955
Mutual Defense Assistance	a/	a/	a/
	FY 1953		
Technical Cooperation	869.5	1,176.9	1,304.8
Total Country Program	xx	xx	xx

a/ Data for Mutual Defense Assistance distribution by country is classified information.

General Narrative Statement

TECHNICAL COOPERATION PROGRAM

The health and sanitation program has been in continuous operation for 11 years. Other phases of the program are more recent. An agricultural servicio was established in June of 1953, and during the period September through December 1953, agreements were signed for cooperation in development of the natural resources of Colombia, development of the coal resources of the Cauca Valley, development of water and electric power resources, and for a cooperative program in housing.

Agriculture and Natural Resources

In the past year a pilot extension service has been initiated in the Provinces of Boyaca to serve as a national model and a training center. Efficient irrigation practices and diversified crop production have been introduced at two large irrigation projects involving 50 thousand acres of land. Projects have been initiated for training of rural people in the operation and maintenance of farm machinery at approximately 30 rural centers and through a machinery demonstration program. Technical advice in forestry has been started. Seven professors assigned by Michigan State College are cooperating in improving the Palmira and Medellin Agricultural Colleges, with special attention to the coordination of research, education, and extension.

Health and Sanitation

Through 11 years of operation, public health facilities have become well established. The Barrio Ricuarte Center established by the health servicio operates as a model health center, extending facilities to approximately sixty thousand residents of Bogota. The National Superior School of Nursing established by the cooperative health servicio had graduated 143 nurses by February 1953. Over four hundred industrial plants have been visited in a survey of industrial hygiene conditions in Colombia. A technical staff of industrial hygienists has been assembled and

General Narrative Statement (Continued)

an industrial hygiene laboratory established. A national sanitary code prepared by the Public Health Engineering Division of the servicio was adopted by the Colombian Government in May 1953. Since initiation of the yaws control program some 120,000 of the estimated 150,000 yaws cases in Colombia have been treated and sources of infection eliminated. Successful campaigns have been underway for some time for control of endemic goiter, malaria, and yellow fever. A nutrition laboratory has made analyses of the basic food stuffs of Colombia as a foundation for public health education toward improving food habits. In FY 1955, these activities will continue with the addition of the participation of a U. S. Medical School to help in the improvement of medical education.

Transportation, Communications, and Power

Prior to the termination of the Civil Aeronautics program in January 1953, considerable progress had been made in the fields of air safety inspection, personnel licensing, airport engineering and design, communications and navigation aids. In FY 1955, it is anticipated one technician will be assigned as a general advisor and the regional pool in Panama will be used for further requirements. Cooperation has begun in power development through the services of a power-rate engineer and a hydrology engineer. Shortage of electric power is one serious drawback to development of industry in Colombia, and power-rate adjustment is fundamental to progress in this field.

Mining

Mining assistance has been concentrated in the Cauca Valley coal field with various geological studies and special help in planning a coal preparation-and-washing plant in Cali. A general survey has been made of mineral resources.

General Communications and Development

A housing economist has worked with the Colombia housing agency to help compile and interpret data from the 1950 housing census and to plan housing projects.

An expanded program in housing is contemplated, beginning in late FY 1954. According to present plans technical cooperation will be provided through a contract with a land grant college with particular competence in housing.

Training

Fifty-three training grants were awarded in FY 1952, 33 in FY 1953, and 64 are scheduled for FY 1954. Training is in all fields of program activities. Many trainees have returned to responsible positions in agencies of the Government of Colombia. The emphasis on training will continue in 1955.

MUTUAL DEFENSE ASSISTANCE PROGRAM

Progress to Date

Colombia's ability to utilize and maintain the Army equipment provided to date is seriously hampered by a lack of personnel. Equipment programmed is about 94 percent complete in end items. Replacement parts, etc., are about 35 percent complete.

Practically the total effectiveness of the Colombian Navy is directly attributable to MDAP. Their combat effectiveness will be increased by the training provided for enlisted personnel at the new technical schools being started at Barranquilla. These schools are almost entirely furnished under MDAP. Utilization of end items is excellent. Maintenance is improving and it is estimated that all equipment provided and to be provided can be adequately maintained with the help of the U.S. Naval training mission personnel. By FY 1955 the output of the technical training schools should provide many of the necessary maintenance personnel. The Colombian Navy has contributed patrol frigates to the United Nations effort in Korea.

The organization in the Colombian Air Force of the fighter squadron is a direct result of MDAP support. Training of pilots has been accelerated as a result of MDAP receipts and training made available under MDAP. This country has utilized all end item equipment received to date and can effectively utilize all programmed equipment. The capability of Colombia to organize and support the program is considered satisfactory and sufficient support units exist at this time.

General Narrative Statement (Continued)

The FY 1955 and Previous Programs

The previous year programs provided, within the availability of funds, selected items of unit equipment for the Army, modernization equipment for the Navy, F-47 and PBY aircraft for the Air Force, and training assistance to all three Services.

The FY 1955 program is planned to provide additional assistance along the above lines.

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment & Grants to Servicios	U. S. Technicians		Trainees		Local Costs
			No. of Persons	Cost	No. of Persons	Cost	
Technical Cooperation							
1953	869.5	220.2	23	337.6	33	68.8	242.9
1954	1,176.9	275.0	32	406.5	64	201.3	294.1
1955	1,304.8	325.0	53	487.0	70	220.3	272.5

Summary by Major Activity

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp. Communications, & Power	(5) Industry, Mining and Labor	(6) Public Administration	(7) General and Community Development
Technical Cooperation								
1953	869.5	454.5	316.0	-	24.4	39.0	27.2	8.4
1954	1,176.9	628.2	361.3	-	44.0	64.8	31.5	47.1
1955	1,304.8	609.4	382.8	12.6	119.9	83.8	31.5	64.8

BASIC STATISTICS

Area	20,000 square miles
Population	850,000 - (1952)
Population Density	43 per square mile
Annual Population Growth	3.1 percent
Agricultural Land	19 percent of total area
Agricultural Land Per Capita.	3 acres
Main Crops	Bananas, coffee beans, abaca sugar, corn, rice, beans
Main Industa es	Food, tobacco, beverages, textiles
Main Exports	Bananas: Value about $43 million in 1952; 59 percent of total exports
Per Capita GNP	$203(1952 in current prices; conversion rate 5.615 colones per U.S. $)
Average Life Expectancy	41 years
Infant Mortality Rate	80 deaths per 1,000 live births
Medical Services	1 physician per 3,200 persons 300 hospital beds per 100,000 persons
Literacy Rate (10 yrs. & over)	79 percent of population
Teachers (primary grades)	603 per 100,000 population
Railroads	408 miles
Roads	1000 miles with 980 miles improved
Motor Vehicles	8,763
Merchant Fleet, Tankers	9,000 gross tons
Dry Cargo	126,000 gross tons
Significant Basic Resources..	Cordage fibers - abaca; produces 2 percent of free world output and provides 9 percent of U.S. supply

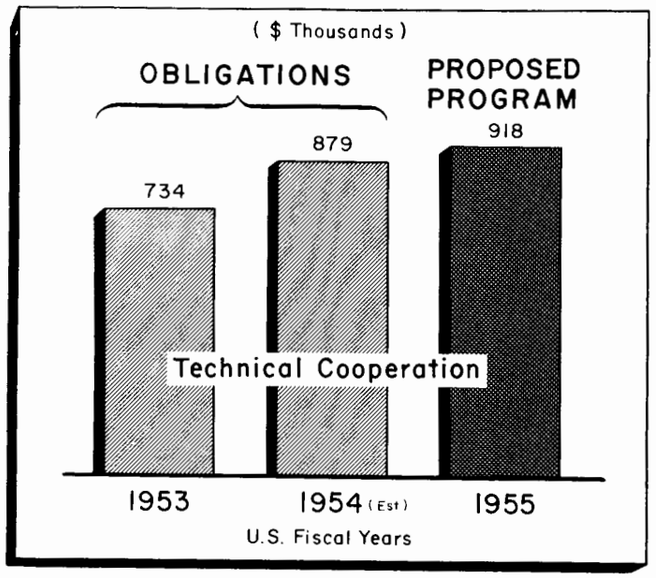
SELECTED ANNUAL STATISTICS

Item	Unit	1938	1951	1952	1953*
PRODUCTION[a]					
Coffee	1000 MT	23.4[b]	21.1	33.1	26.4
Rice (rough)	"	16.9[b]	34.2	40.4	38.6
Sugar, centrifugal, raw	"	8.2[b]	30.0	30.8	31.8
Cacao beans	"	6.5[b]	3.2	5.5	5.9
FOREIGN TRADE					
Exports	Mill. US $	9	63	73	76
Imports	"	13	56	68	74
Balance	"	-4	7	5	2
Trade with U.S.[c]					
Exports to U.S.	Mill. US $	4.1	27.8	31.0	34.9
Imports from U.S.	"	5.4	31.6	34.0	37.9
Key Exports: Bananas	1000 MT	114[b]	217	413	402
Coffee	"	21[b]	19	21	22.2
Cacao	"	6	5	8	-
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill. US $		-1.4	-6.6	
Private Financing	"		-2.4	-0.5	
Official Financing	"		-3.6	-4.2	
Errors and Omissions	"		7.4	11.3	
FINANCIAL					
Wholesale Prices	1948=100	43	115	104	99
Cost of Living (San Jose)	"	47	127	122	122
Commodity Prices					
Bananas, 100 lbs. N.Y. retail	US $	6.70	15.60	15.22	15.30
Money Supply[d]	Mill. Colones	49.2	221.8	262.5	288.4
Central Bank Reserves[d]	Mill. US $	1.26	8.21	14.56	17.66
Gold	"	0.20	2.06	2.06	2.05
Foreign Exchange	"	1.06	6.16	12.51	15.60
Other Bank Holdings[d]	"	1.48	3.02	3.26	2.87
Total[d]	"	2.74	11.23	17.82	20.53
Central Government Debt[d]	Mill. US $	24.68	65.36	65.63	
Central Gov't Finances					
Revenue	Mill. US $	6.68	28.51	33.75	32.36
Expenditure	"	6.47	25.02	29.42	32.36
Surplus (+) or Deficit (-)	"	+0.21	+3.49	+4.33	-
Exchange Rates[d]	Colones per US $				
Official Selling	"	5.62	5.67	5.67	5.67
Controlled Free	"	5.65	7.00	6.65	6.65

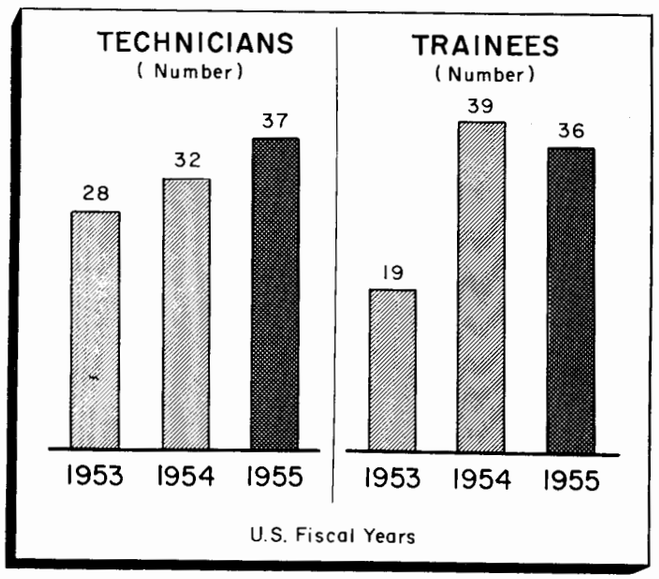
* 1953 data largely preliminary or estimated.
a Crop year beginning in year stated.
b Prewar average.
c U.S. Customs data.
d As of end of year or month indicated.

COSTA RICA

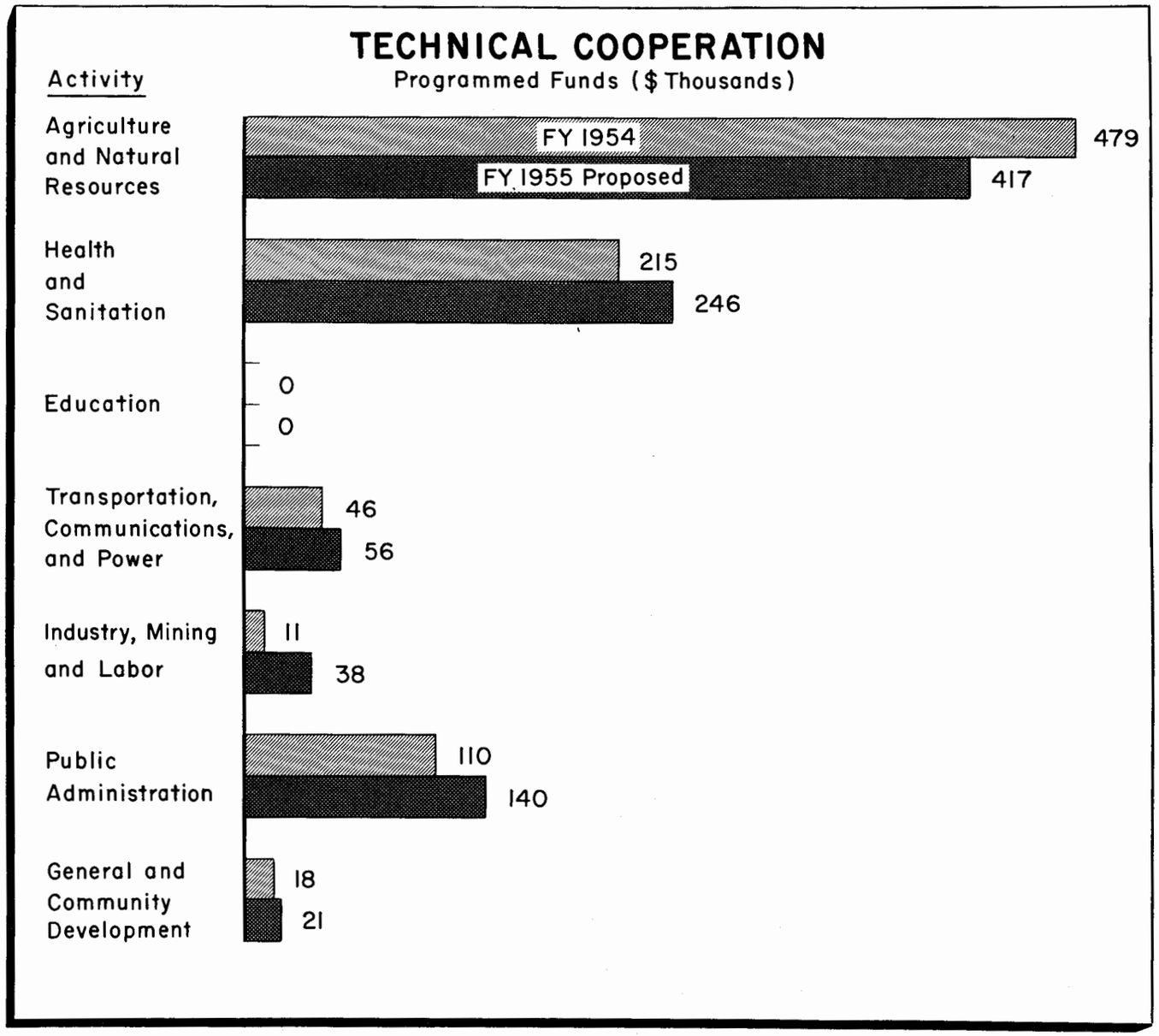
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



LATIN AMERICA

Country: COSTA RICA

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

Function	Programs		
	FY 1953	FY 1954	Proposed FY 1955
Technical Cooperation	734.2	879.1	918.0
Total Country Program	734.2	879.1	918.0

General Narrative Statement

TECHNICAL COOPERATION PROGRAM

The program in Costa Rica, basically agriculture and health, has been in progress since 1942. A series of projects have been taken over for full operation by the Costa Rican Government. It is possible, therefore, for the U.S. mission to move into new programs necessary to further general economic development. Officials of the present administration in the Costa Rican Government have stated that Costa Rica plans to finance most of its own program of economic development, but recognizes the need for and will encourage investment of foreign as well as local capital.

Agriculture and Natural Resources

A nation-wide agricultural extension service has been established. Staffed entirely with Costa Ricans it reaches rural people through 30 rural agencies and 158 4-S clubs. Through this extension service improved methods of production have been put into operation. Food production has been increased to the extent that many foods formerly imported--such as rice, corn and beans--are now exported, after local needs are met. As a result of improved methods of livestock production, cattle imports ceased in 1952, although local beef consumption increased. Wide use of home gardens and home preservation of food have improved the nutrition of rural people. In 1953, there were 93,305 visits by farmers to extension offices; 51,668 bulletins were distributed; agents made 26,370 farm visits. In 4-S clubs, 5,417 meetings were held; 14,000 demonstrations were conducted, with 13,270 home visits. Agricultural research has resulted in control of certain coffee diseases, which it is estimated will result in a 15 percent increase in coffee production. In Fiscal Year 1954 management was undertaken of a 535 acre farm at the site of a vocational school in Guanacaste. This provided additional facilities for practical field training of future farmers and agricultural leaders and a central site for demonstration of improved methods. Agricultural machinery pools operating through four centers cleared and prepared for cultivation 3,641 acres of land and trained local young men in operations and maintenance of equipment. The preliminary studies on irrigation and drainage of the Tempisque Valley were completed and plans made for the remaining technical surveys.

General Narrative Statement (Continued)

Future plans call for the transfer of the extension program to full operation and financing by the Costa Rican Government by the end of 1956; already all agents and supervisors are Costa Rican nationals. Machinery pool operations, now staffed entirely by Costa Ricans except for one U. S. Advisor, will expand in 1955. In 1957, this activity should be at a stage to be converted into a farmer cooperative organization.

Agricultural research has not been well developed in Costa Rica and in 1954 it is planned to develop a contract with a Land Grant College to provide advisory services to the Ministry and the local university in this field.

In the irrigation development project in Guanacaste, detailed plans will be completed by the end of 1955, and some demonstration projects should be feasible for establishment during the year.

It is planned to discontinue the large regional rubber research project in Costa Rica, operated entirely with U. S. funds, but Costa Rica will convert the farm to one of general research, including rubber. It is believed that the rubber research program can be established on cooperative lines, on a reduced operating scale.

Health and Sanitation

Prior to FY 1954 ten health centers had been constructed and seven centers belonging to the Ministry of Health had been rehabilitated. Two water supply systems were completed and cooperation was given to municipalities in operation of sewage treatment plants. During the present fiscal year three additional water supply systems have been nearly completed, and work has begun on two others. A slaughter house was completed for the province of Liberia and others begun in Paraiso and Atenas. The manufacture of sanitary privies and drainage sections continued during FY 1954. The garbage disposal problem of San Jose was solved by initiating sanitary land-fill operations and rebuilding the municipal incinerator.

The first fluoridation unit to be installed in Latin America was completed for the municipal water system of San Jose in August of 1953. A master-plan study of the hospitals at San Jose showed that additional new hospitals were not needed and thereby saved the Costa Rican Government a considerable amount of money and at the same time provided for efficient use of the existing hospital facilities.

In 1955 it is proposed to maintain the rural sanitary engineering service; more attention will be given to the improvement of rural health facilities; the concrete-privy program will be turned over to the Ministry.

Transportation and Communications

The resident civil aviation consultant and civil aviation technicians from the regional pool in Panama have provided technical advice in design and construction of the international airport which the Costa Rican Government is building at El Coco, and have advised on proposed flight operations and administrative organization including location and arrangement of buildings and operating facilities. A technical advisor will be retained in 1955 to continue this effort, especially to work toward integrated communications for all Central America.

Public Administration

The Public Administration consultant assisted Costa Rican officials in development of a comprehensive civil service law and is cooperating in getting the program into actual operation. Cooperation with several other units of government has resulted in more efficient public service at less cost. With the cooperation of the census consultant the Office of Census and Statistics published an agricultural census of Costa Rica and completed a statistical atlas.

In 1955 it is proposed to extend the Civil Service work to the larger ministries; administrative management will be expanded to assist in the reorganization of the Ministries

General Narrative Statement (Continued)

of Agriculture, Health, and Public Works; and a survey will be made of the tax structure in relation to custom duties.

Training

Since 1952 a total of 113 trainees have studied in the United States in the following fields: aviation mechanics, aircraft instruments, propeller maintenance, air traffic, agricultural engineering, agronomy, pasturage, dairy plant operations, home economics, statistics, sanitary engineering, world youth organizations, labor management relations and trade union activities, public administration, plant pathology and agricultural chemistry and bacteriology.

LATIN AMERICA

Country: COSTA RICA

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment & Grants to Servicios	U. S. Technicians		Trainees		Local Costs
			No. of Persons	Cost	No. of Persons	Cost	
Technical Cooperation							
1953	734.2	225.0	28	373.3	19	42.2	93.7
1954	879.1	280.5	32	358.1	39	85.1	155.4
1955	918.0	225.5	37	403.3	36	112.8	176.4

Summary by Major Activity

(In thousands of dollars)

Programs by Fiscal Year	(1) Total U. S. Cost	(2) Agriculture and Natural Resources	(3) Health and Sanitation	(4) Education	(5) Industry, Transportation, Communications, and Power	Mining and Labor	(6) Public Administration	(7) General and Community Development
Technical Cooperation								
1953	734.2	469.9	201.0	-	27.3	5.5	30.5	-
1954	879.1	478.7	215.4	-	45.6	11.4	110.1	17.9
1955	918.0	417.0	246.0	-	55.9	38.2	139.7	21.2

BASIC STATISTICS

Area	44,000 square miles
Population	5,927,000 (1953)
Population Density	135 per square mile
Annual Population Growth	2.7 percent
Agricultural Land	51 percent of total area
Agricultural Land Per Capita	3 acres
Main Crops	Sugar, tobacco, fruits, vegetables corn, coffee, henequen.
Main Industries	Processing of sugar cane; rum and industrial alcohol; tobacco; mining

Main Exports (1952)	Mill. U. S. $	% of Total Exports
Sugar	575	85
Tobacco	41	6

Labor Force	1,136,000 economically active in 1948
Main Occupations	Agriculture 72%; Manufacturing 13%; Commerce 11%; Other 4%
Per Capita GNP	$374 (1952 in current prices; conversion rate 1 peso per U.S.$)
GNP Components	Agriculture 31%; Industry, Commerce, Transp. & Commun., 49%; Other 20%
Per Capita Caloric Intake	2730 calories
Estimated Requirement	2460 calories
Medical Services	1 physician per 1650 persons
	331 hospital beds per 100,000 pers.
Literacy Rate (10 yrs. & over)	76 percent of population
Teachers (Pub. primary schools)	387 per 100,000 persons
Railroads	3,656 miles
Roads	2,000 miles
Motor Vehicles	150,086
Merchant Fleet, Tankers	None reported
Dry Cargo	26,000 gross tons

SIGNIFICANT BASIC RESOURCES

Material	Production as Percent of Free World Output	Percent of U.S. Supply
Chromite	2	6
Manganese	3	11
Nickel	6	7

Cuba also has substantial reserves of iron ore which are not being worked for lack of economical extracting process

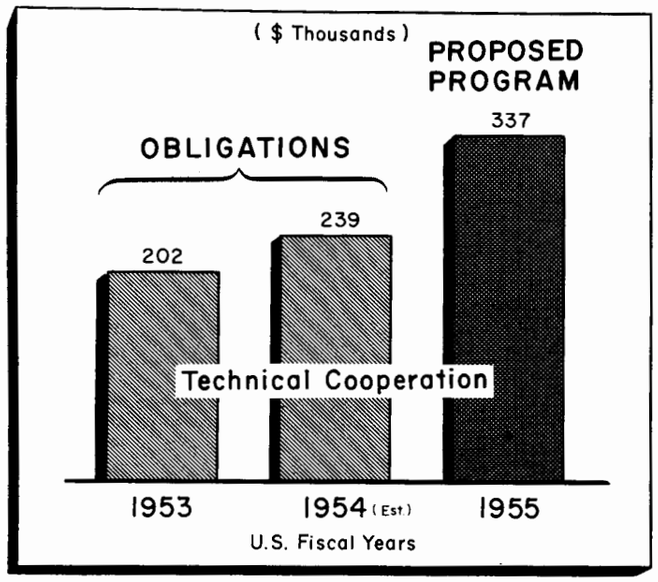
* 1953 data largely preliminary or estimated
a Crop year beginning in year stated. b Prewar average.
c U.S. Customs data. d 9 months annual rate. e 6 months annual rate. f As of end of year or month indicated.
g Fiscal year ending June 30; excludes extra-budgetary development expenditures. h Includes foreign investments as follows: 1951- $30 million; 1952- $36 million; 1953- $50 million.

SELECTED ANNUAL STATISTICS

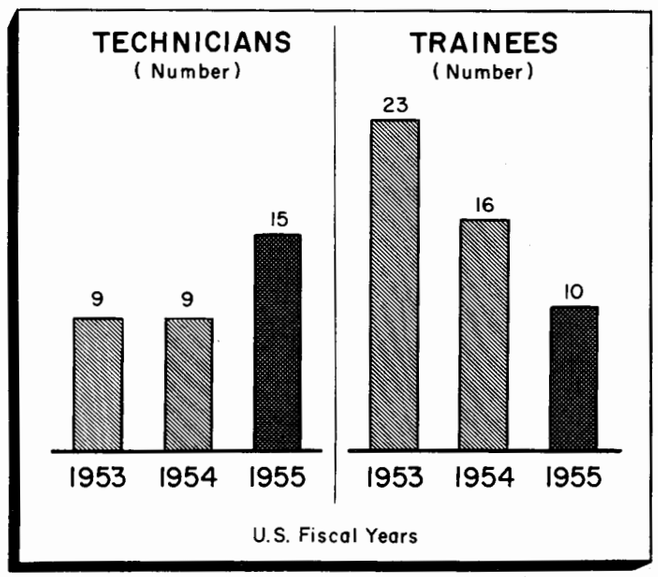
Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Electricity	Mill.KWH	275	836	918	800
Corn.[a]	1000 MT	152	180	152	
Rice (rough)[a]	1000 MT	19.5[b]	116.6	125.6	170.1
Sugar, centrifugal, raw[a]	1000 MT	2,888[b]	7,225	5,159	5,152
Tobacco Leaf	1000 MT	-	33.9	36.5	36.7
FOREIGN TRADE					
Exports	Mill.US$	143	786	677	720[d]
Imports	"	119	691	667	544[e]
Balance	"	/24	/95	/10	-
Trade with U.S.[c]					
Exports to U.S.	Mill.US$	105.6	417.7	438.0	431.0
Imports from U.S.	"	76.3	539.8	515.7	426.6
Key Exports:					
Sugar	1000 MT	2,605[b]	5,426	5,002	
Tobacco	1000 MT	13[b]	19.7	20.7	
Bananas	1000 MT	121.5[b]	2.1	0.4	
BALANCE OF PAYMENTS					First Half
Balance on Goods & Services	Mill.US$		61.0	-24.0	94.4
Private Financing	"		59.1	28.6	-9.2
Official Financing	"		-79.4	43.1	-55.9
Errors and Omissions	"		-40.7	-47.7	-29.3
FINANCIAL					
Cost of Living (Food in Havana)	1948 = 100	37	93	94	91
Commodity Prices					
Sugar, f.a.s. Cuba	$ per 100#	1.00	5.67	4.17	3.41
Money Supply.[f]	Mill.Pesos	90	778	853	825(Oct)
	Mill. US$	52	653	727	
Central Bank Reserves[f]	Mill. US$	2	495	448	481
Gold	"	1	311	214	186
Foreign Exchange	"	1	185[h]	234[h]	295[h]
Other Holdings [h]	"	37	646	722	
Total	"	39	1,141	1,118	
Central Government Debt	Mill. US$		266(Jul)	288(Mar)	
Central Gov't. Finances [g]					
Revenue	Mill. US$		286	300	336
Expenditure	"		259	322	336
Surplus (/) or Deficit (-)	"		/27	-22	-
Exchange Rates [f]	Pesos per				
Official Selling	U.S.$	1	1	1	1

CUBA

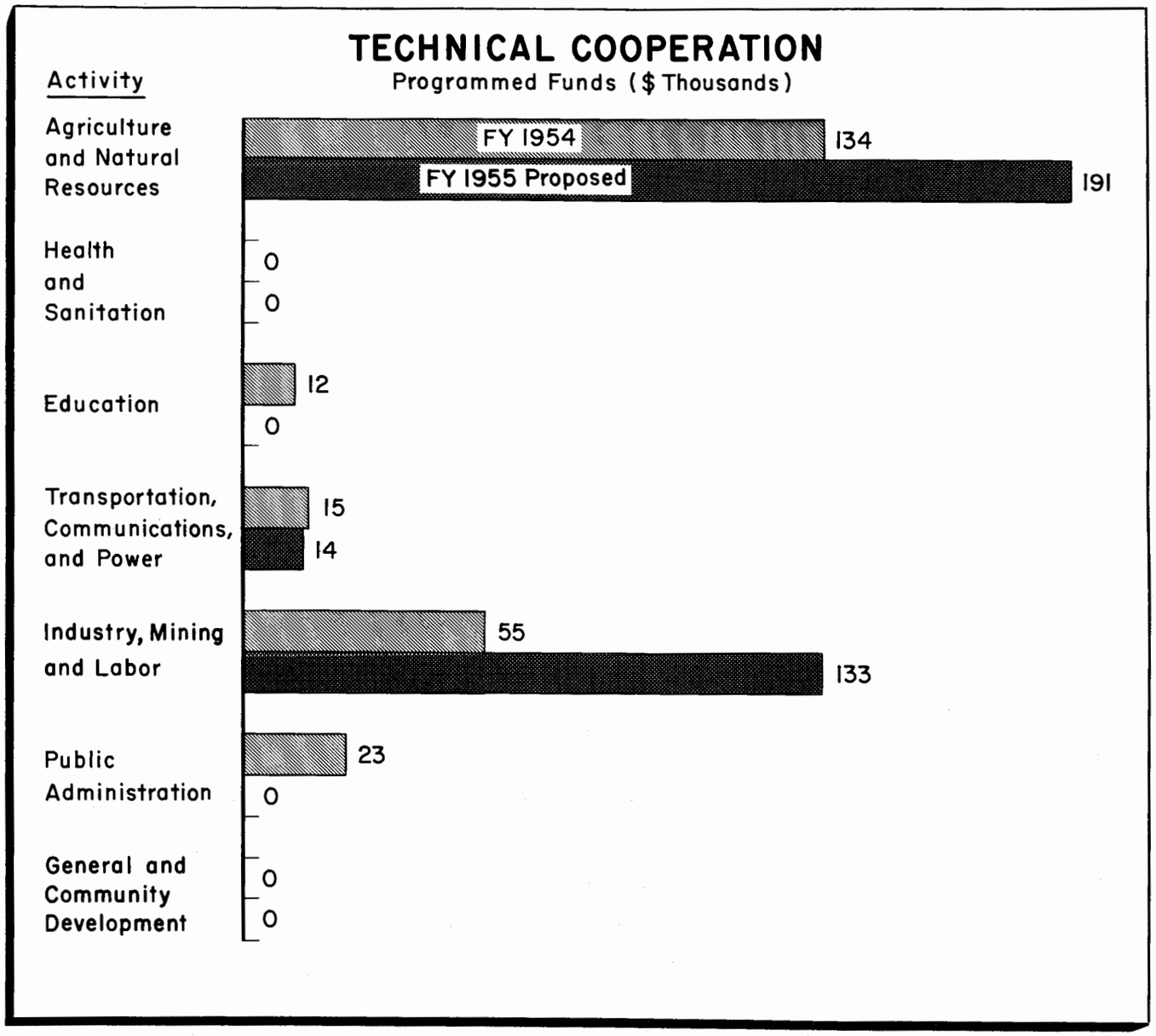
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



LATIN AMERICA

Country: CUBA

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

Function	Program FY 1950/54	Program FY 1954	Program Proposed FY 1955
Mutual Defense Assistance	a/	a/	a/
	FY 1953		
Technical Cooperation	202.3	238.7	337.1
Total Country Program	xx	xx	xx

a/ Data for Mutual Defense Assistance distribution by country is classified information.

General Narrative Statement

TECHNICAL COOPERATION PROGRAM

Technical cooperation with Cuba has been conducted on a limited scale since 1942, principally in the production of kenaf fiber. During the past year interest has developed in a broadened program. The Government of Cuba is seeking to encourage diversification of agricultural production and the development of mining and manufacturing but has not yet adopted a comprehensive plan for economic development. The FY 1955 Program for technical cooperation is based on requests from the Government of Cuba within the context of its present limited plans. However, if the recommendations in a recent exhaustive IBRD study of the Cuban economy or in other development plans are adopted, Cuba's need for technical advice will greatly expand.

Agriculture and Natural Resources

U.S. technical cooperation in the Cooperative Fiber Commission Program has resulted in improvement in the production and processing of kenaf (a jute substitute) and it is anticipated that this project can be turned over to the Cuban Government soon after the end of FY 1955. A new decorticating machine designed to increase kenaf fiber extraction is now being assembled and tested in Cuba. The kenaf project, with small expansion in personnel, will be changed into a general agricultural project to assist the Government in research, training and expansion of the agricultural extension services.

Mining

A mining engineer and a minerals technologist are working with the Banco de Fomento Agricola Industrial de Cuba in mine inspection and in ore beneficiation and laboratory techniques. The laboratory is now under construction and will be completed early in FY 1955.

In addition, two geologists are assisting the Ministry of Agriculture to determine the commercial availability of iron, copper, zinc, sulphur, chromium and other minerals. In FY 1954

General Narrative Statement (Continued)

a U.S. regional technician assisted the Cuban census authorities with tabulating and processing problems. Assistance will be provided to the Government in the establishment of a Bureau of Standards for industry products so as to increase the acceptability of these products for local consumption and export. It is also planned to help increase productivity through technical advice on industry problems and training grants to labor and management designed to bring to their attention the advantages of increased productivity.

It is proposed to continue the present mining and geological survey.

MUTUAL DEFENSE ASSISTANCE PROGRAM

1. Progress to Date

There is no program of assistance to the Cuban Army.

Not enough time has elapsed since the arrival of the first MDAP material for the Navy to evaluate its effectiveness. It is expected that satisfactory progress will be made in 1954 in increasing the effectiveness of the Navy.

MDAP furnished equipment to the Air Force has enabled it to progress rapidly. The CAF was reorganized in early 1952 along the lines of the U.S. Air Force wing base organization. MDAP equipment has enabled this force partially to equip its new units.

2. The FY 1955 and Previous Programs

The precious year programs provided, within the availability of funds, modernization equipment and maintenance support for the Cuban Navy, C-47 aircraft for the Cuban Air Force, and training assistance to both.

The FY 1955 program is planned to provide additional assistance along the above lines.

LATIN AMERICA

Country: CUBA

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment & Grants to Servicios	U. S. Technicians		Trainees		Local Costs
			No. of Persons	Cost	No. of Persons	Cost	
Technical Cooperation							
1953	202.3	-	9	139.2	23	41.6	21.5
1954	238.7	50.0	9	97.7	16	64.0	27.0
1955	337.1	25.0	15	236.3	10	37.6	38.2

Summary by Major Activity

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transportation, Communications, and Power	(5) Industry, Mining and Labor	(6) Public Administration	(7) General and Community Development
Technical Cooperation								
1953	202.3	173.1	-	-	7.3	10.7	11.2	-
1954	238.7	133.9	-	11.6	14.6	55.3	23.3	-
1955	337.1	190.5	-	-	13.6	133.0	-	-

DOMINICAN REPUBLIC

BASIC STATISTICS

Area	19,000 square miles
Population	2,236,000 (1952)
Population Density	118 per square mile
Annual Population Growth	2.7 percent
Agricultural Land	26 percent of total area
Agricultural Land Per Capita	1.4 acres
Main Crops	Sugar, cacao, coffee, tobacco
Main Industries	Processing agricultural products, i.e., sugar, rum, chocolate, edible oils

Main Exports (1952)	Mill. U. S. $	% of Total Exports
Sugar	58	50
Coffee	26	23
Cacao	15	13

Main Occupations	Agriculture 80%, other 20%
Per Capita GNP	$189 (1952 in current prices; conversion rate 1 peso per U.S.$)
Infant Mortality Rate	79 deaths per 1000 live births
Medical Services	1 physician per 3700 persons; 280 hospital beds per 100,000 persons
Literacy Rate	40% of population
Teachers (primary grades)	208 per 100,000 persons
Railroads	Public carriers, 152 miles; industrial, 748 miles
Roads	2,000 miles with 740 miles improved
Motor Vehicles	10,382
Merchant Fleet, Tankers	2,000 gross tons
Dry Cargo	15,000 gross tons
Significant Basic Resources	Consist entirely of foodstuffs and agricultural products.

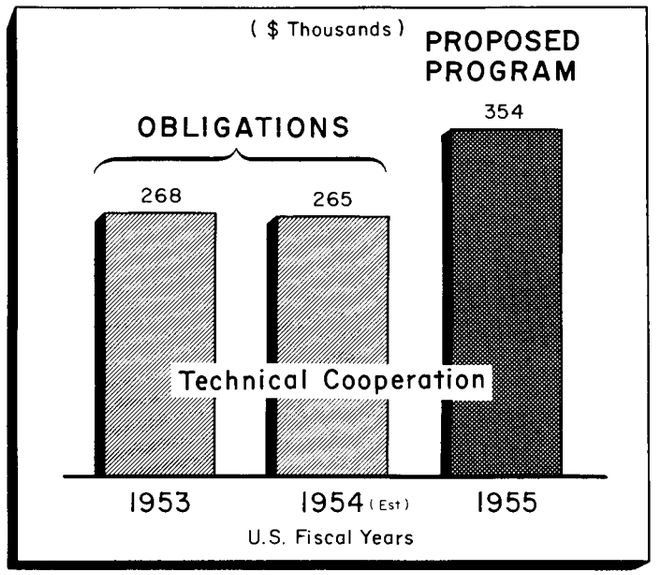
* 1953 data largely preliminary or estimated.
a Crop years beginning in year stated.
b Prewar average.
c U.S. Customs data.
d Coffee price $72.50 per 100 pounds in January 1954.
e As of end of year or month indicated.
f Debt paid up in August 1953.

SELECTED ANNUAL STATISTICS

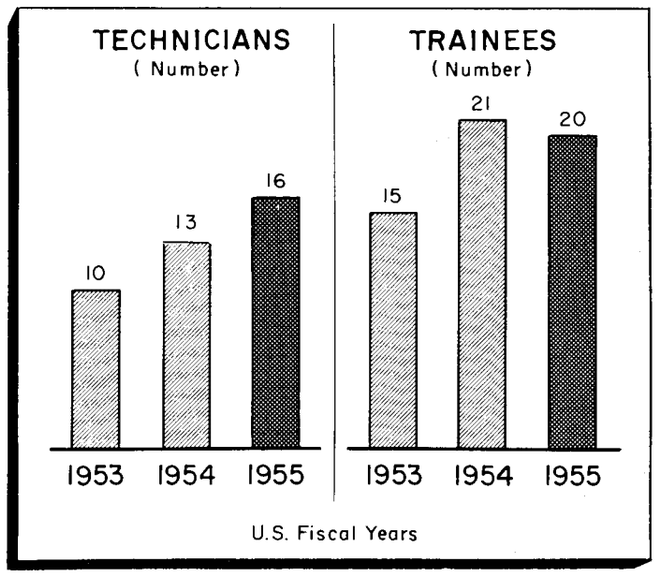
Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Coffee.[a]	1000 MT	21[b]	28	26	28
Rice (rough)[a]	"	38.6[b]	64.9	72.6	
Sugar, centrifugal, raw.[a]	"	445[b]	588	612	653
Cacao Beans.[a]	"	24.5[b]	26.6	38.0	29.5
FOREIGN TRADE					
Exports	Mill.US$	15	119	115	104
Imports	"	13	83	107	94
Balance	"	/2	/36	/8	/10
Trade with U.S.[c]					
Exports to U.S.	Mill.US$	5.7	49.0	55.7	52.4
Imports from U.S.	"	5.6	48.4	54.2	47.2
Key Exports:					
Sugar	1000 MT	435[b]	482	586	
Coffee	"	11.2[b]	14.2	26.3	
Cacao	"	24[b]	23	22	
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill.US$		9.0	11.7	
Private Financing	"		6.4	2.4	
Official Financing	"		-12.1	-0.4	
Errors and Omissions	"		-3.3	-13.7	
FINANCIAL					
Wholesale Prices (Trujillo)	1948 = 100		93	94	91
Cost of Living (Trujillo)	"		105	106	103
Commodity Prices					
Sugar, 100 pounds	U.S.$	.97	5.62	4.86	
Coffee, 100 pounds, in U.S.	"	7.80	54.30	54.12	58.46[d]
Money Supply[e]	Mill.Pesos	6.14	56.54	65.26	63.26
Central Bank Reserves[e]	Mill.US$	-	29.7	32.3	28.2
Gold	"	-	12.1	12.1	12.1
Foreign Exchange	"	-	17.7	20.2	16.2
Other Bank Holdings.d	"	4.1	14.7	11.1	10.0
Central Government Debt[e]	Mill.US$	15.6	23.1		(f)
Central Gov't. Finances					
Revenue	Mill.US$	11.9	89.9	82.8	89.1
Expenditure	"	12.1	102.4	82.8	87.9
Surplus (/) or Deficit (-)	"	-0.2	-12.5		/1.2
Exchange Rates[e]	Pesos per				
Official Selling	U.S.$	-	1	1	1

DOMINICAN REPUBLIC

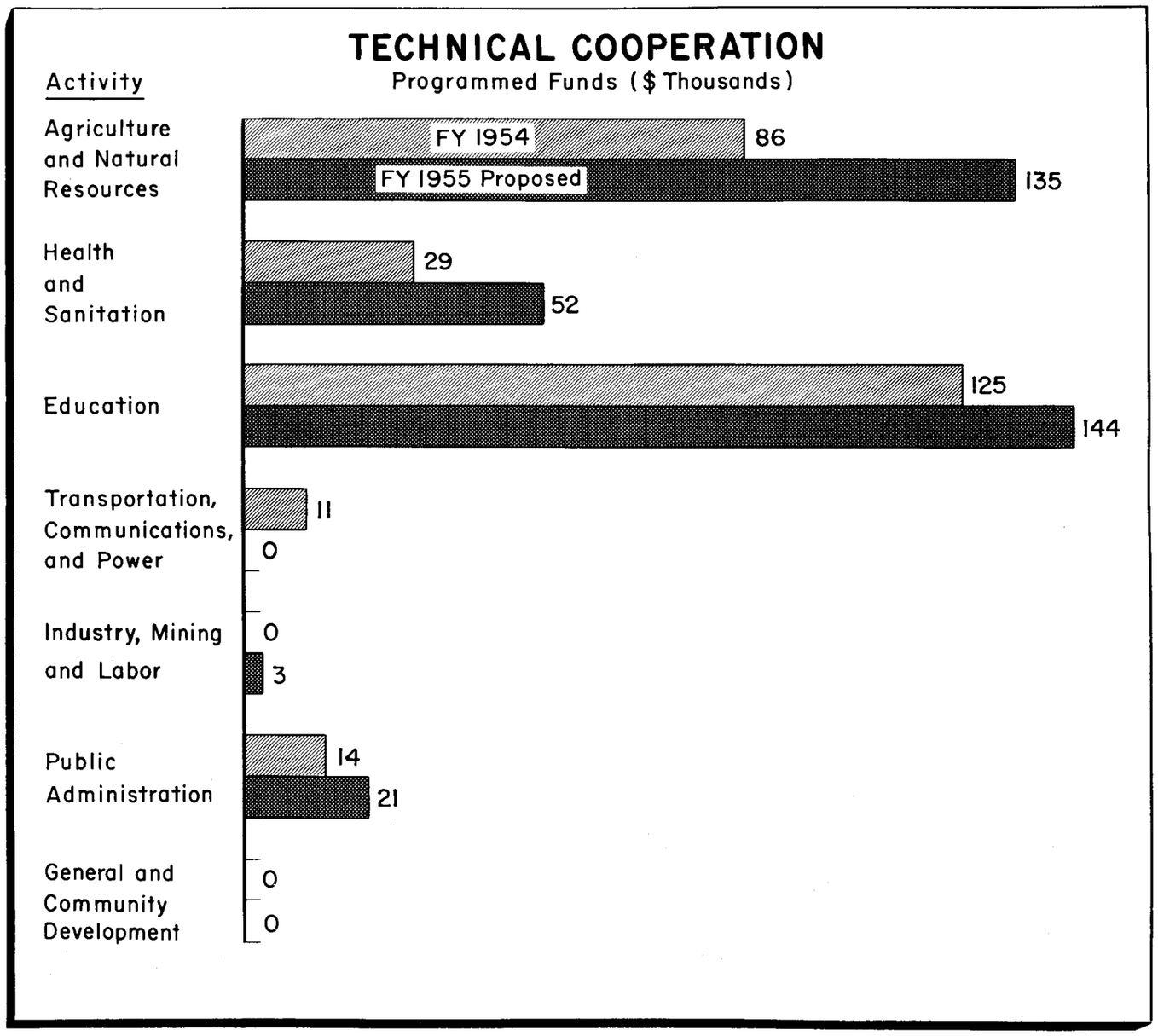
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



LATIN AMERICA

Country: DOMINICAN REPUBLIC

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

Function	Programs		
	FY 1950/54	FY 1954	Proposed FY 1955
Mutual Defense Assistance	a/	a/	a/
	FY 1953		
Technical Cooperation	268.0	265.0	354.3
Total Country Program	xx	xx	xx

a/ Data for Mutual Defense Assistance distribution by country is classified information.

General Narrative Statement

TECHNICAL COOPERATION PROGRAM

The Government of the Dominican Republic is encouraging diversification and expansion of agricultural production and the development of industry and water resources. The Government itself, however, is employing industrial technicians directly and it is anticipated, with the limited assistance noted below, that the cost involved in the development of water resources will be financed entirely by funds of the Dominican Republic. The United Nations has also undertaken to provide technical assistance to help strengthen the public health system and establish public health centers. The only assistance requested from the United States in this regard is in the training of nurses. The proposed FY 1955 Technical Cooperation Program, within the scope of known plans of the government, is therefore relatively small. A thorough study of the economy of the Dominican Republic would be helpful in defining how the resources of that Nation should be utilized for the achievement of a more balanced economy, and if requested, the program should be expanded to include technical assistance in making such a study and in carrying out the recommendations.

Agriculture and Natural Resources

The agriculture program has resulted in increased agricultural production through better utilization of crop lands, soil conservation and improvement, crop diversification, insect control and improved irrigation and drainage practices. New irrigation is bringing water to 230,000 acres, increasing crop production and providing for cultivation of new crops such as rice. Special work has been done in tobacco research and development and a tobacco experiment and demonstrative station has been established in the heart of the tobacco region. A similar station has been established for cotton. Extension services have been developed to disseminate the benefits of this work and to introduce new crops into the agricultural economy thereby reducing the dependence on sugar.

General Narrative Statement (Continued)

A survey was completed in 1953 on the fishing industry and the report was submitted to the Dominican Republic Government for consideration and implementation.

Agriculture, Forestry and Fisheries

General assistance now being provided will be continued in the proposed FY 1955 program. It is also planned to expand the agriculture program to include assistance in developing balanced experimental and demonstration farms and an agricultural institution at the level of the present industrial vocational school. The institution will be utilized for the training of agricultural technicians both for private industry and for Government services with more specialized and advanced agricultural training being provided through training grants in the United States and elsewhere. It is also planned to help develop an agricultural extension service working out from the agricultural school and from the experimental and demonstration farms. It is proposed to expand the agricultural program under a contract with an American agricultural institution.

Education

The program of U. S. technical cooperation in education, reinstituted in the Dominican Republic in 1951, is again beginning to produce substantial gains. The education program, terminated in 1948 owing to lack of U. S. funds, left permanent benefits such as trained personnel, still functioning in their particular programs, equipment and curriculum material still in use, and the continuation by the Secretariat of Education of the work as developed under the previous program. In 1953 several in-service teacher training courses were conducted for the benefit of urban, rural and vocational teachers and supervisors. On April 14, 1952, the National School of Arts and Crafts was established bringing into the picture a much needed vocational education program. In addition, a program of evening instructions for employed workers was inaugurated with the instructors trained by the Servicio. Programs have been started in FY 1954 in industrial arts and rural education. Cooperation in the operation and expansion of the vocational school training will be continued as well as the cooperation initiated in the FY 1954 for the inclusion of the industrial arts courses in other schools. It is also planned to initiate a project in the later part of the FY 1954, for the development of rural community education under a contract with an American educational institution.

Health and Sanitation

In 1955, it is proposed to continue the establishment of a school for the training of clinical and public health nurses. This project is intended to supplement the technical assistance which the United Nations proposes to provide.

Transportation, Communication and Power

Technical guidance will be provided on the requirements for determining the extent of water resources and for the preparation of plans for the development of these resources. It is anticipated that the Government will then employ any foreign technicians needed to supplement the national technicians already available in carrying forward this work with its own funds.

MUTUAL DEFENSE ASSISTANCE PROGRAM

Progress to Date

An MDA bilateral agreement was signed with the Dominican Republic on 12 June 1953. The first MAAG personnel arrived on 15 February 1954. No shipments have been made to date.

The FY 1955 and Previous Programs

The FY 1954 program will provide modernization equipment and ammunition for the Navy and maintenance support for the Air Force. The FY 1955 program is planned to provide additional assistance along the same lines.

LATIN AMERICA

Country: AMERICAN REPUBLIC

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment & Grants to Servicios	U. S. Technicians		Trainees		Local Costs
			No. of Persons	Cost	No. of Persons	Cost	
Technical Cooperation							
1953	268.0	100.0	10	113.9	15	32.5	21.6
1954	265.0	25.0	13	159.7	21	34.4	45.9
1955	354.3	20.0	16	196.5	20	60.0	77.8

Summary by Major Activity

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transportation, Communications, and Power	(5) Industry, Mining and Labor	(6) Public Administration	(7) General and Community Development
Technical Cooperation								
1953	268.0	54.7	18.2	159.2	-	17.5	18.4	-
1954	265.0	86.4	29.2	124.8	10.7	-	13.9	-
1955	354.3	134.5	51.8	144.0	-	3.0	21.0	-

ECUADOR

BASIC STATISTICS

Area	106,000 square miles
Population	3,399,000 (1952)
Population Density	32 per square mile
Annual Population Growth	3.1 percent
Agricultural Land	17 percent of total area
Agricultural Land Per Capita	3 acres
Main Crops	Bananas, coffee, cacao, potatoes, corn, wheat, rice.
Main Industries	Straw hats, textiles, mining: gold, silver, petroleum

Main Exports (1952)	Mill. U. S. $	Percent of Total Exports
Bananas	21	27
Coffee	20	26
Cacao	17	22

Labor Force	1,701,000 economically active in 1944
Main Occupations	Agriculture, 82 percent; Other 18%
Per Capita GNP	$93 (1952 in current prices; conversion rate 15 sucres per US$)
Infant Mortality Rate	115 deaths per 1,000 live births
Medical Services	1 physician per 4,000 persons
Literacy Rate	56 percent of population
Teachers (primary grades)	241 per 100,000 population
Railroads	694 miles
Roads	8,000 miles with 2,880 mi. improved
Motor Vehicles	16,150
Merchant Fleet, Tankers	1,000 gross tons
Dry Cargo	16,000 gross tons
Significant Basic Resources	Castor bean and castor oil; provides 6 percent of U.S. supply

SELECTED ANNUAL STATISTICS

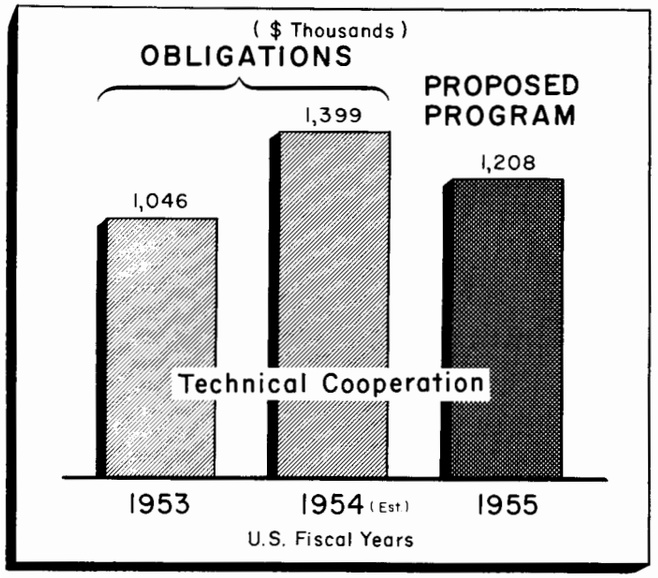
Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Petroleum, crude	1000 MT	297	356	374	391
Coffee.[a]	"	15.2[b]	16.8	24.2	22.8
Cotton.[a]	"	2.8[b]	2.4	2.8	2.6
Rice (rough)[a]	"	73.9[b]	116.0	153.3	
Sugar, centrifugal, raw[a]	"	21.8[b]	48.1	59.9	59.0
Cacao beans.[a]	"	19.2[b]	22.7	25.9	20.4
FOREIGN TRADE					
Exports	Mill. US$	9	57	79	75
Imports	"	12	64	65	84
Balance	"	-3	-7	/14	-9
Trade with U.S.[c]					
Exports to U.S.	Mill.US$	2.5	35.7	42.5	44.9
Imports from U.S.	"	3.3	34.8	36.5	41.5
Key Exports:					
Bananas	1000 MT	43.5[b]	246.5	423.5	
Coffee	"	14[b]	16	20	
Cacao	"		24	23	
BALANCE OF PAYMENTS					1st Half
Balance on Goods & Services	Mill.US$		-3.4	12.5	-6.7
Private Financing	"		-3.2	0.4	2.0
Official Financing	"		/10.0	-10.6	5.9
Errors and Omissions	"		-3.4	-2.3	-1.2
FINANCIAL					
Wholesale Prices (exports, current weight)	1948 = 100		170	176	
Cost of Living (Quito)	"	26[d]	109	112	112 Oct
Commodity Prices					
Bananas, 100 lbs. N.Y. retail.	U. S. $	6.70	15.60	15.22	15.30[f]
Coffee, 100 pounds, N.Y.	"	7.80	54.30	54.12	58.46[f]
Cacao, 100 pounds, N.Y.	"	5.30	35.60	35.40	37.12[g]
Money Supply[e]	Mill.Sucres	132	843	1,038	1,114 Nov
Central Bank Reserves[e]	Mill.US$	3.8	30.8	43.5	39.5
Gold	"	3.4	22.4	22.6	22.8
Foreign Exchange	"	0.4	8.5	20.9	16.7
Central Government Debt[e]	Mill.US$	26.82	51.20	53.47	
Central Gov't. Finances					
Revenue	Mill.US$	8.04	29.21	33.52	35.55
Expenditure	"	8.81	29.21	35.32	38.22
Surplus (/) or Deficit (-)	"	-0.77	-	-1.80	-2.67
Exchange Rates[e]	Sucres per				
Official Selling	US$	14.40	15.15	15.15	15.15
Free	"	14.58	17.35	17.45	17.45

* 1953 data largely preliminary or estimated.
a Crop years beginning in year stated.
b Prewar average.
c U.S. Customs data.
d 1939.
e End of year or month.
f Average coffee price $72.50 per 100 pounds in January 1954.
g Average cacao price $54.20 per 100 pounds in January 1954.

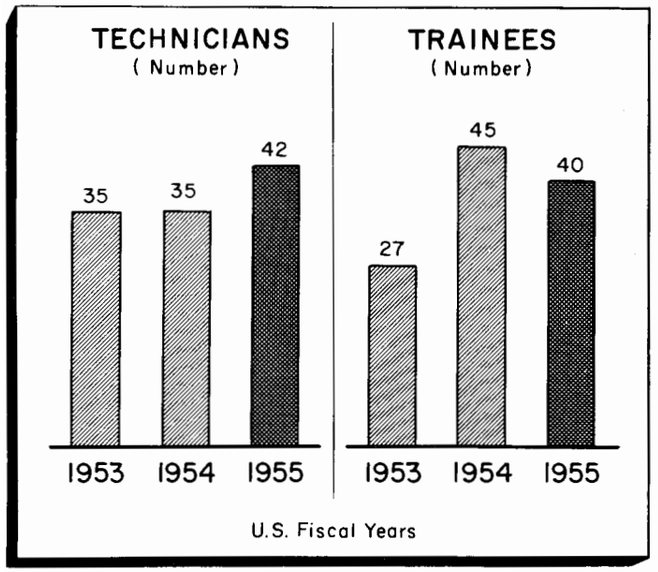
PREVIOUS PAGE BLANK

ECUADOR

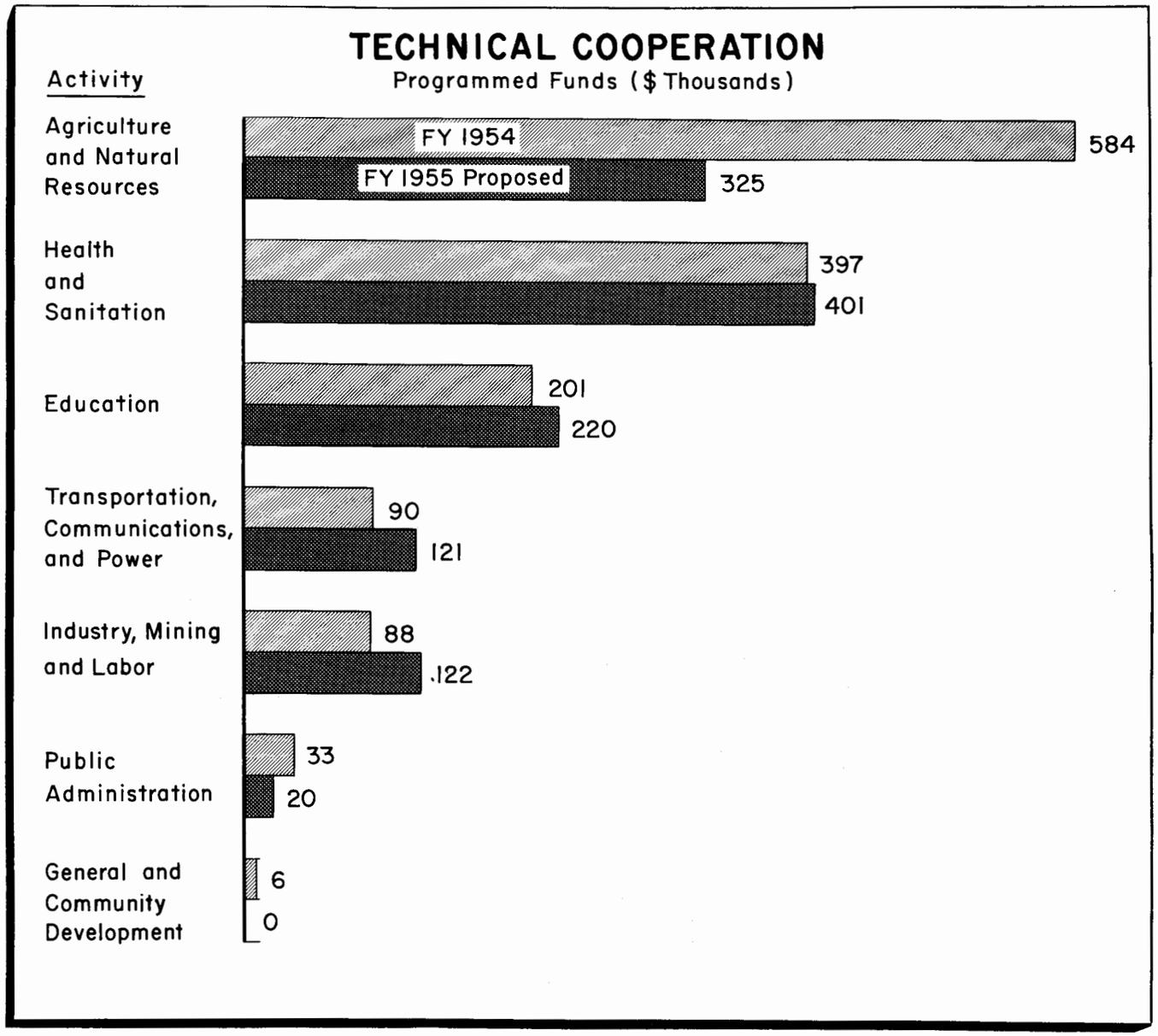
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



LATIN AMERICA

Country ECUADOR

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

Function	Programs FY 1950/54	FY 1954	Proposed FY 1955
Mutual Defense Assistance	a/	a/	a/
	FY 1953		
Technical Cooperation	1,045.8	1,398.7	1,208.4
Total Country Program	xx	xx	xx

a/ Data for Mutual Defense Assistance distribution by country is classified information.

General Narrative Statement

TECHNICAL COOPERATION PROGRAM

Agriculture and Natural Resources activities in 1953 included research in developing and selecting high-yielding and disease-resistant varieties of plants and seed including cacao, small grain, potatoes; research in control of plant diseases, including pathological research on Witches Broom and Pod Rot of Cacao; introduction of new crops adapted to the country such as pyrethrum which is now being exploited commercially; dairy herd improvement programs, currently include some 3,000 head under production tests; construction of silos and improvement of pastures; establishment of short-term agricultural education courses in selected schools, and setting up key extension service offices in rural areas. During the past year special schooling for Provincial Agronomists has been held and 50 demonstrations and eight exhibits have been conducted. Fifteen varieties of rust-resistant wheat have been tested and distributed. Ten varieties of higher yielding corn are being introduced. Over 50,000 bulletins have been distributed.

In 1955, it is proposed to shift emphasis in the agricultural field from research to more intensive extension service work on crops, cultural methods and productive possibilities already made available by the research project. Unfortunately, as yet there are an insufficient number of Ecuadoran trained personnel to permit any major activities, now in the cooperative program, to be completely assimilated by the Government. Training will be increasingly emphasized. This program will be directed primarily toward the younger element of the farm population and include, in addition to instruction in improved agricultural practices other instruction in rural health and environmental sanitation.

Health and Sanitation

The long-range program is conceived in three stages: (a) Improvement and construction of curative medical facilities

General Narrative Statement (Continued)

(i.e., building and improving hospitals, training nurses and laboratory workers, etc.). This stage is about completed. (b) Improvement of environmental health conditions (anti-yaws and anti-malaria campaigns, construction of sewerage disposal and potable water systems). This is in the primary stage of activity. (c) Concentration upon preventive medical techniques (health centers, health educational programs, etc.). Preparations are being made to undertake large-scale operations in this phase of the program.

As a result of malaria-control measures, the incidence of the disease in some areas has been reduced by 40 percent. Three years ago in northwest Ecuador there were 10,000 cases of yaws; today there are only 500. Technical assistance has been given in the construction or remodeling of 28 hospitals over the past 10 years. Of these, 25 have been turned over to local agencies for operation. A staff of hospital engineers and construction supervisors has been trained. A national school of nursing has been organized and is functioning under the direction of a returned trainee; 17 registered nurses were graduated this year. One project in water supply and five sewerage system projects have been completed. Twenty-two projects in construction of water supply and sewerage systems are now under study or construction.

The health program, although it is being administered to an ever greater extent by local personnel, will continue to be an important part of the technical cooperation. It will emphasize health center operations in 1955. It is planned to enlarge the Guayaquil Center in 1955 and to operate at least two new ones on the Coast and in the Sierra.

Education

In the past five years the Servicio has worked on the improvement of eight rural normal schools, 56 rural elementary schools and five urban elementary schools. It has helped to improve courses of study, to train a number of teachers, to provide and develop textbooks, reference material, pamphlets and guides; and to provide in-service education training. In fiscal year 1954 the program in basic education for the rural areas was centered at and around the Uyumbicho normal school near Quito. From that center Ecuadoreans work with the rural normal schools in other parts of the country.

In 1955, increased emphasis on teacher training projects is planned, including a normal school plant with facilities for 200 students; development of a balanced six-year course in rural normal work; development of a group of demonstration teachers for 18 normal schools; and technical assistance toward the expansion of the nuclear school system.

Transportation

The Civil Aviation program, since 1949, has been instrumental in improving existing airports and in assembling necessary information and data which formed the basis for a loan recently made by the Export-Import Bank for the enlargement and modernization of the airports at Quito and Guayaquil. Work on the improvement of these airports is under way. Civil aviation laws and regulations have been strengthened. In 1955, technical assistance is proposed for the development of airports in nine communities.

Consultants are working with the railroads in Ecuador to improve service and establish an adequate bookkeeping system; freight service has been expedited as a result of the work of a railroad dispatcher technician. Car movement was increased 30% on freight shipments in Guayaquil. In 1955, detailed studies will be made looking toward further improvement in the transportation system.

Small Industry

Plans for constructing improved hand looms in Ecuador, using native materials, have been developed and 30 looms have been built and distributed to Indian weavers and weaving teachers.

General Narrative Statement (Continued)

Special instruction in their use has been given. Improved equipment and techniques for handweaving have been added to the curricula in several schools.

In 1955, it is proposed to expand the weaving project to include more types of cloth and to produce an increased number of looms. An experimental laboratory will be established to work out different color dyes in an effort to rejuvenate the "Panama" hat industry. This industry, in the past, produced 23% of Ecuador's foreign exchange; today it produces only 3%.

MUTUAL DEFENSE ASSISTANCE PROGRAM

Progress to Date

The Army has been slow getting started due to the lack of trained personnel. During the first half of 1954 it is believed that considerable progress will be made.

With the receipt of machine tools from MDAP sources the Navy is starting to outfit a Naval shipyard. This will enable Ecuador to effect repair and maintenance of its ships. The Navy has been able to utilize and maintain all MDAP equipment provided to date.

The best example of progress and performance is found in the Air Force. The Ecuadorian Air Force is now active. Pilots receive flight training in Ecuador, Panama and the U.S. The Ecuadorian Air Force is progressing rapidly in maintenance capability and employs a very workable supply system.

The FY 1955 and Previous Programs

The previous year programs have provided, within the availability of funds, selected items of initial unit equipment for the Army, modernization equipment and maintenance support for the Navy, F-47 and T-6 aircraft for the Air Force, and training assistance to all three Services.

The FY 1955 program is planned to provide additional assistance along the above lines.

LATIN AMERICA

Country: ECUADOR

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment & Grants to Servicios	U. S. Technicians		Trainees		Local Costs
			No. of Persons	Cost	No. of Persons	Cost	
Technical Cooperation							
1953	1,045.8	333.0	35	570.4	27	65.2	77.2
1954	1,398.7	365.0	35	496.6	45	168.0	369.1
1955	1,208.4	410.0	42	523.6	40	130.8	144.0

Summary by Major Activity

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp. Communications, & Power	(5) Industry, Mining and Labor	(6) Public Admin.	(7) General and Community Development
Technical Cooperation								
1953	1,045.8	389.7	357.6	134.8	45.4	61.6	25.4	31.3
1954	1,398.7	584.1	396.6	201.3	89.7	88.0	33.0	6.0
1955	1,208.4	324.7	400.7	220.2	120.9	122.3	19.6	-

BASIC STATISTICS

Area	13,000 square miles
Population	2,054,000 (1953)
Population Density	158 per square mile
Annual Population Growth	2.5 percent
Agricultural Land	37 percent of total area
Agricultural Land Per Capita	1.5 acres
Main Crops	Coffee, corn, grain sorghums, beans, sugar, rice
Main Industries	Small amount of gold and silver mining
Main Export (1952)	Mill. U. S. $ / % of Total Exports
Coffee	77 / 88
Labor Force	1,000,000 economically active in 1948
Main Occupations	Rural laborers, 35%; urban laborers, 11%; domestic duties, 35%
Per Capita GNP	$209 (1952 in current prices; conversion rate 2.5 colones per U. S. $)
Infant Mortality Rate	85 deaths per 1,000 live births
Medical Services	1 physician per 5,000 persons 210 hospital beds per 100,000 persons
Literacy Rate(7 yrs. & over)	40 percent of population
Teachers (primary grades)	260 per 100,000 population
Railroads	385 miles
Roads	1,000 miles
Motor Vehicles	11,143
Significant Basic Resources.	The only basic material available in El Salvador in significant quantity is henequen fiber.

SELECTED ANNUAL STATISTICS

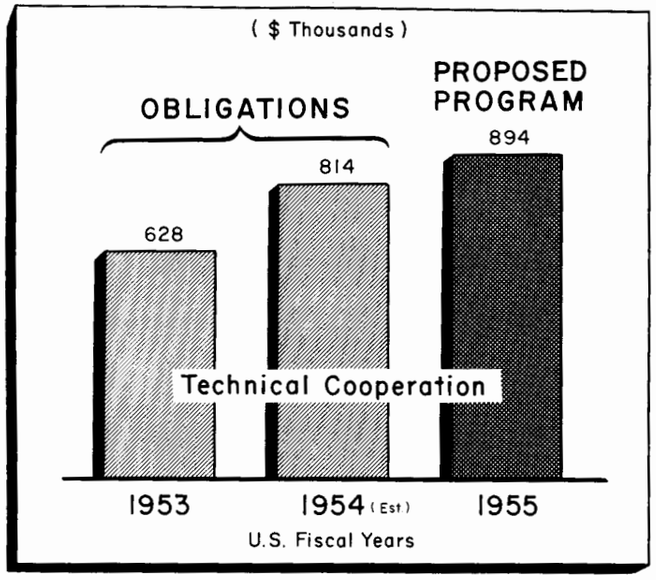
Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Coffee.[a]	1000 MT	65[b]	66	82	68
Cotton.[a]	"	1	9	11	7
Rice,(rough)[a]	"	16[b]	26	27	23
Sugar, centrifugal, raw.[a]	"	15[b]	29	32	27
FOREIGN TRADE					
Exports	Mill.US$	10	84	87	106[c]
Imports	"	9	67	68	74[d]
Balance	"	+1	+17	+19	
Trade with U.S.[e]					
Exports to U.S	Mill.US$	5.6	63.7	61.0	65.2
Imports from U.S	"	3.5	42.0	37.0	37.2
Key Exports:					
Coffee	1000 MT	54[b]	66	67	70
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill.US$		7	2	
Private Financing	"		-8	-3	
Official Financing	"		+1	+2	
Errors and Omissions	"		-	-1	
FINANCIAL					
Wholesale Prices	1948 = 100	36	144	136	155
Commodity Prices					
Coffee, New York, 100 pounds	U. S. $	7.80	54.30	54.12	58.46[f]
Money Supply.[g]	Mill.Colones	22.97	145.14	168.09	176.03
Central Bank Reserves [g]	Mill.US$	7.91	42.56	43.54	43.28
Gold	"	6.63	25.71	29.39	29.07
Foreign Exchange	"	1.28	16.85	14.15	14.21
Other Bank Holdings.[g]	"	1.15	1.84	2.61	2.96
Total.[e]	"	9.06	44.40	46.15	46.24
Central Government Debt.[g]	Mill.US$	14.68	12.72	8.40	
Central Gov't. Finances					
Revenue	Mill.US$	8.40	47.04	51.60	54.92
Expenditure	"	8.92	48.56	53.00	56.60
Surplus (+) or Deficit (-)	"	-0.44	-1.52	-1.40	-1.68
Exchange Rates [g]	Colones				
Commercial Bank Selling	per U.S.$	2.5	2.5	2.5	2.5

* 1953 data largely preliminary or estimated.

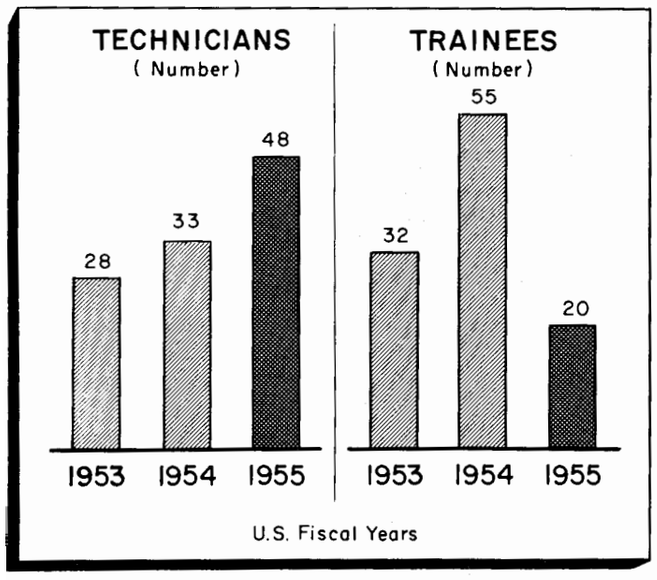
a Crop year beginning in year stated.
b Prewar average.
c 9 months at annual rate.
d 6 months at annual rate
e U. S. Customs data
f Coffee price, January 1954, New York, $72.50 per 100 lbs.
g As of end of year or month indicated.

EL SALVADOR

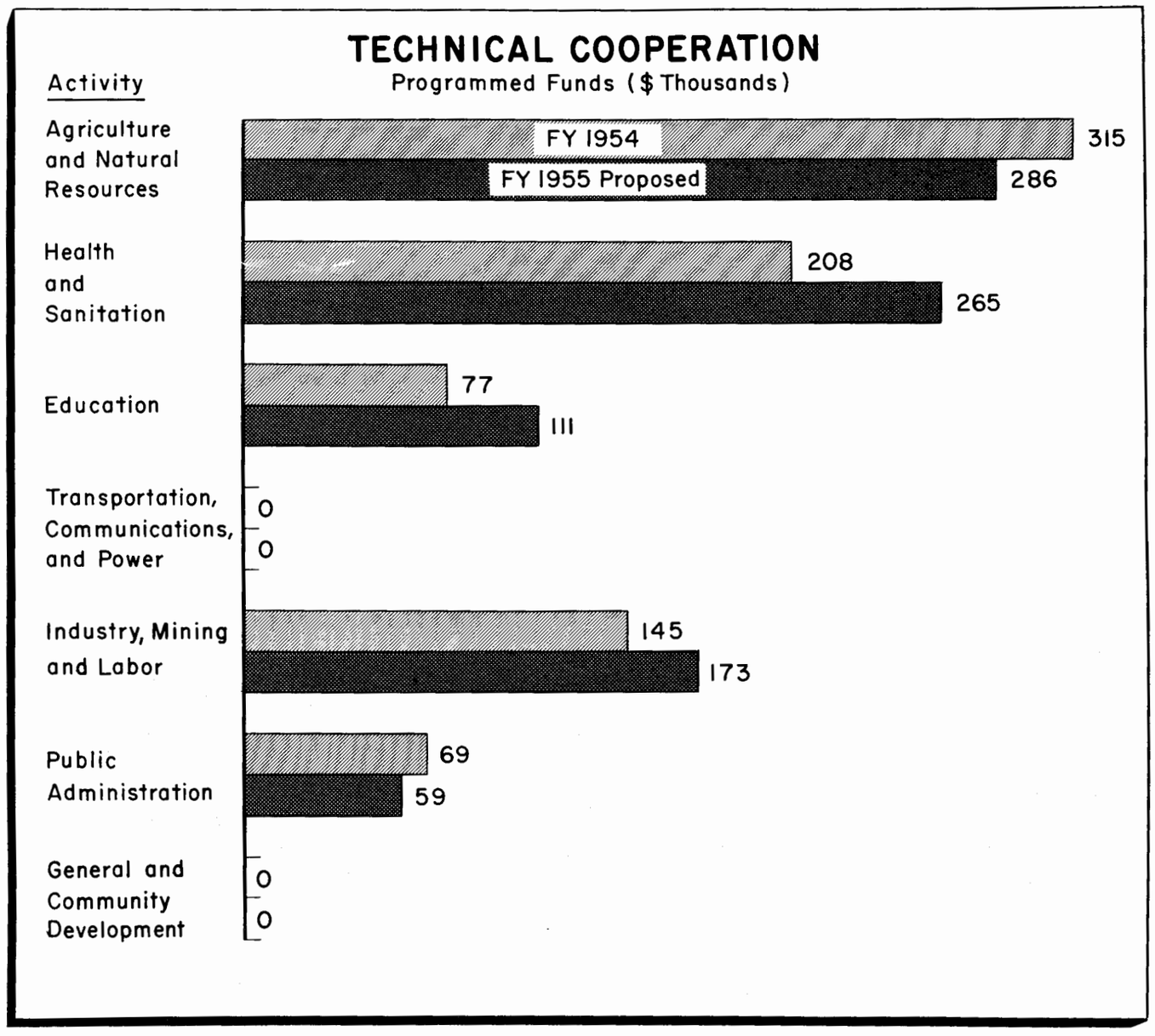
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



Country: EL SALVADOR

LATIN AMERICA

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

	Program:		
	FY 1953	FY 1954	Proposed FY 1955
Technical Cooperation	628.1	813.8	894.1
Total Country Program	628.1	813.8	894.1

General Narrative Statement

TECHNICAL COOPERATION PROGRAM

The cooperative program in agriculture was started in 1942; health and sanitation in 1944; education in 1946; public administration in 1951; fisheries and social welfare in 1952.

Agriculture and Natural Resources

El Salvador's program has emphasized activities in the field of agricultural extension. In 1953 there were 18 agricultural agents in the field, 2 home economists, 6 specialists and two inspectors, all El Salvadorans. In this year, 500 cooperative farm projects were completed, fourteen 4-S Clubs were organized and are now in operation. More than 1,000,000 seedlings of forest, fruit and other trees were distributed, 2,000 tons of improved sugar cane seed were distributed and about 70,000 quintals of coffee were produced by the improved coffee curing method resulting in lowered costs and improved grade.

One-tenth of the country has been surveyed, mapped and classified for soil types. Guidance has been given in the building of several hundred barns, silos and poultry houses. Extension agents distributed several hundred tons of improved seeds produced on the newly established seed farm.

In 1955, work along the above lines will continue, with emphasis on the operation of agricultural extension services, increased production of coffee, fiber, vegetable and essential oils; and diversification of crops for domestic consumption; insect and disease control.

Education

U. S. technicians have provided the Ministry of Education with assistance in the purchase of tools and machinery valued at $80,000 for a new vocational school. These technicians are also aiding the Ministry in selecting and testing candidates for teaching positions in this school. Cooperation is also being provided to El Salvador in Home Economics and in the teaching of English. In 1955 continuing assistance will be provided in organizing and operating the new Agricultural Vocational School. Assistance will also be provided to the National University and

General Narrative Statement (Continued)

The Santa Ana school of agriculture, and it is planned to introduce certain agricultural subjects into rural and elementary school curriculum.

Health and Sanitation

118 small projects have been completed. These include 7 in malaria control, 15 in water development, 14 sewerage systems, 13 health centers, 13 slaughterhouses, and 8 sanitary markets. A department of social service has been established in El Salvador's General Hospital. Help has been given in the administration of the government's orphanages; assistance was given in the design and construction of the National School of Nursing; a 167-bed maternity hospital was redesigned, equipped and organized as a teaching unit, and a health center was enlarged and altered in San Miguel. In 1955, these general projects will continue as a service to expanding health facilities throughout El Salvador. Aid in major construction will not be necessary, as sufficient personnel have now been trained to enable the Ministries to assume this function.

Economic Advisor

The Economic Advisor has contributed to the following significant accomplishments: local private investment has been stimulated through the preparation, in collaboration with Ministry of Economy officials, of a Processing Industries Development Law; local interest has increased in industrial investment; short term private credit systems and central bank rediscounting practices have improved and more adequate governmental borrowing arrangements have been instituted.

LATIN AMERICA

Country: EL SALVADOR

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment and Grants to Servicios	U. S. Technicians		Trainees		Local Costs
			No. of Persons	Cost	No. of Persons	Cost	
Technical Cooperation							
1953	628.1	158.4	28	310.9	32	69.1	89.7
1954	813.8	190.0	33	428.5	55	95.3	100.0
1955	894.1	130.0	48	612.5	20	61.5	90.1

Summary by Major Activity

(In thousands of dollars)

Programs by Fiscal Year	Total U.S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp. Communications, & Power	(5) Industry, Mining and Labor	(6) Public Admin.	(7) General and Community Development
Technical Cooperation								
1953	628.1	185.6	246.1	32.5	-	129.8	34.1	-
1954	813.8	314.5	207.6	77.0	-	145.3	69.4	-
1955	894.1	286.3	264.8	111.3	-	172.7	59.0	-

GUATEMALA

BASIC STATISTICS

Area	42,000 square miles
Population	2,890,000 - (1951)
Population Density	69 per square mile
Annual Population Growth	3.1 percent
Agricultural Land	18 percent of total area
Agricultural Land Per Capita	1.7 acres
Main Crops	Export: Coffee, bananas, essential oils, abaca; other: corn, sugar, beans, wheat
Main Industries	Beverages and foodstuffs, textiles and clothing, tobacco
Main Exports (1952)	Value Mill.U.S.$ / % of Total Exports
Coffee	71 / 82
Bananas	4 / 5
Main Occupations	Agriculture, 88 percent
Per Capita GNP	$182 in 1952 current prices; conversion rate 1 quetzal per U.S. $.
GNP Components	Agriculture, 46%; Industry and Mining, 21%; Commerce, Transportation and Communication, 23%; Other 10%
Average Life Expectancy	37 years
Infant Mortality Rate	75 deaths per 1,000 live births
Medical Services	1 physician per 5,800 persons, 235 hospital beds per 100,000 persons
Literacy Rate (7 yrs & over)	35% of population
Teachers (Primary Grades)	260 per 100,000 population
Railroads	592 miles
Roads	4,000 miles with 3,200 miles improved
Motor Vehicles	16,845
Significant Basic Resources	Cordage fibers-abaca; produces 4% of free world output and provides 8% of U.S. supply. The only strategic materials now produced in Guatemala are abaca, essential oils, lead and zinc, and small amounts of rubber and chromite.

* 1953 data largely preliminary or estimated.
[a] Crop year beginning in year stated
[b] Prewar average
[c] U. S. Customs data
[d] N.Y. coffee price $72.50 per 100 lbs. in Jan. 1954
[e] As of end of year or month indicated.
[f] Includes foreign investments of $2.0 million.
[g] Fiscal year ending June 30.

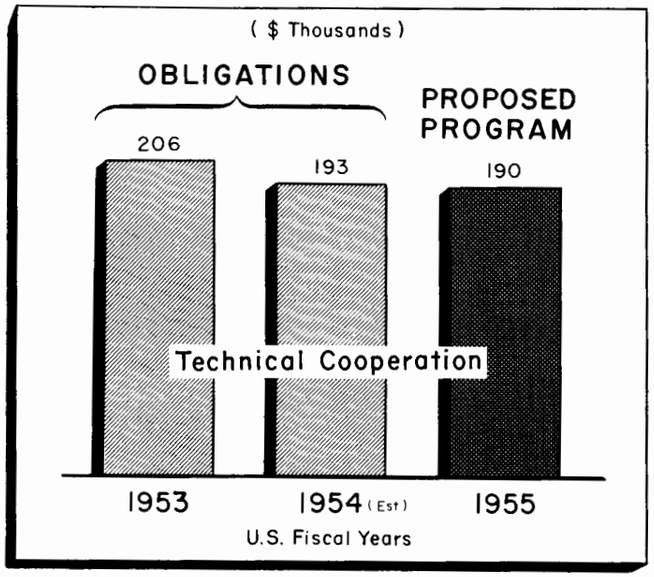
SELECTED ANNUAL STATISTICS

Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Industrial Production	1948=100		105	110	104
Electricity	Mill. KWH	27	79	85	90
Coffee[a]	1000 MT	60.1[b]	78.5	74.7	72.0
Cotton[a]	1000 MT	0.2	2.4	2.6	3.7
Sugar, centrifugal, raw[a]	1000 MT	17.2[b]	30.8	36.3	30.8
FOREIGN TRADE					
Exports	Mill. US$	18	76	87	89
Imports	"	21	81	76	80
Balance	"	-3	-5	+11	+9
Trade with U.S.[c]					
Exports to U.S.	Mill. US$	9.5	64.4	64.2	63.3
Imports from U.S.	"	6.8	47.2	40.3	44.4
Key Exports:					
Coffee	1000 MT	49[b]	51	61	
Bananas	1000 MT	190.6[b]	119	89	
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill. US$		1.2	17.4	
Private Financing	"		3.6	-12.4	
Official Financing	"		-1.8	-2.1	
Errors and Omissions	"		-3.0	-2.9	
FINANCIAL					
Wholesale Prices	1948-100		113	112	112
Cost of Living (Guatemala City)	"		120	126	121
Commodity Prices					
Coffee, 100 pounds, N.Y.	U.S.$	7.80	54.30	54.12	58.46[d]
Money Supply[e]	Mill. Quetzal	14.2	64.2	67.6	75.3(Nov)
Central Bank Reserves[e]	Mill. US$	8.8	39.8	43.1	36.8(Nov)
Gold	"	6.7	27.2	27.2	27.2(Nov)
Foreign Exchange	"	2.1	12.6[f]	15.9[f]	9.6(Nov)[f]
Other Bank Holdings[e]	"	1.1	2.2	1.7	2.2(Nov)
Total[e]	"	10.3	42.0	44.8	39.0(Nov)
Central Government Debt[g]	Mill. US$	13.3	19.0		
Central Gov't Finances[g]					
Revenue	Mill. US$	12.4	47.4	58.7	63.4
Expenditure	"	14.0	48.2	59.7	63.4
Surplus (+) or Deficit (-)	"	-1.6	-0.8	-1.0	-
Exchange Rates[e]	Quetzales per U.S. $				
Official Selling		1	1	1	1

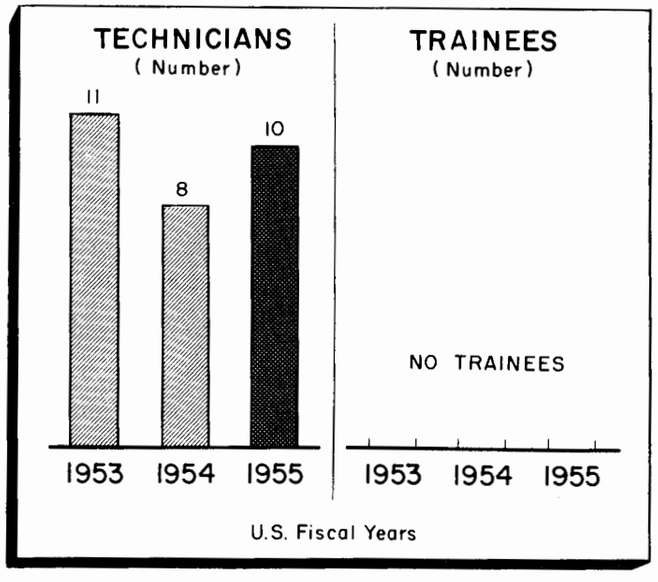
PREVIOUS PAGE BLANK

GUATEMALA

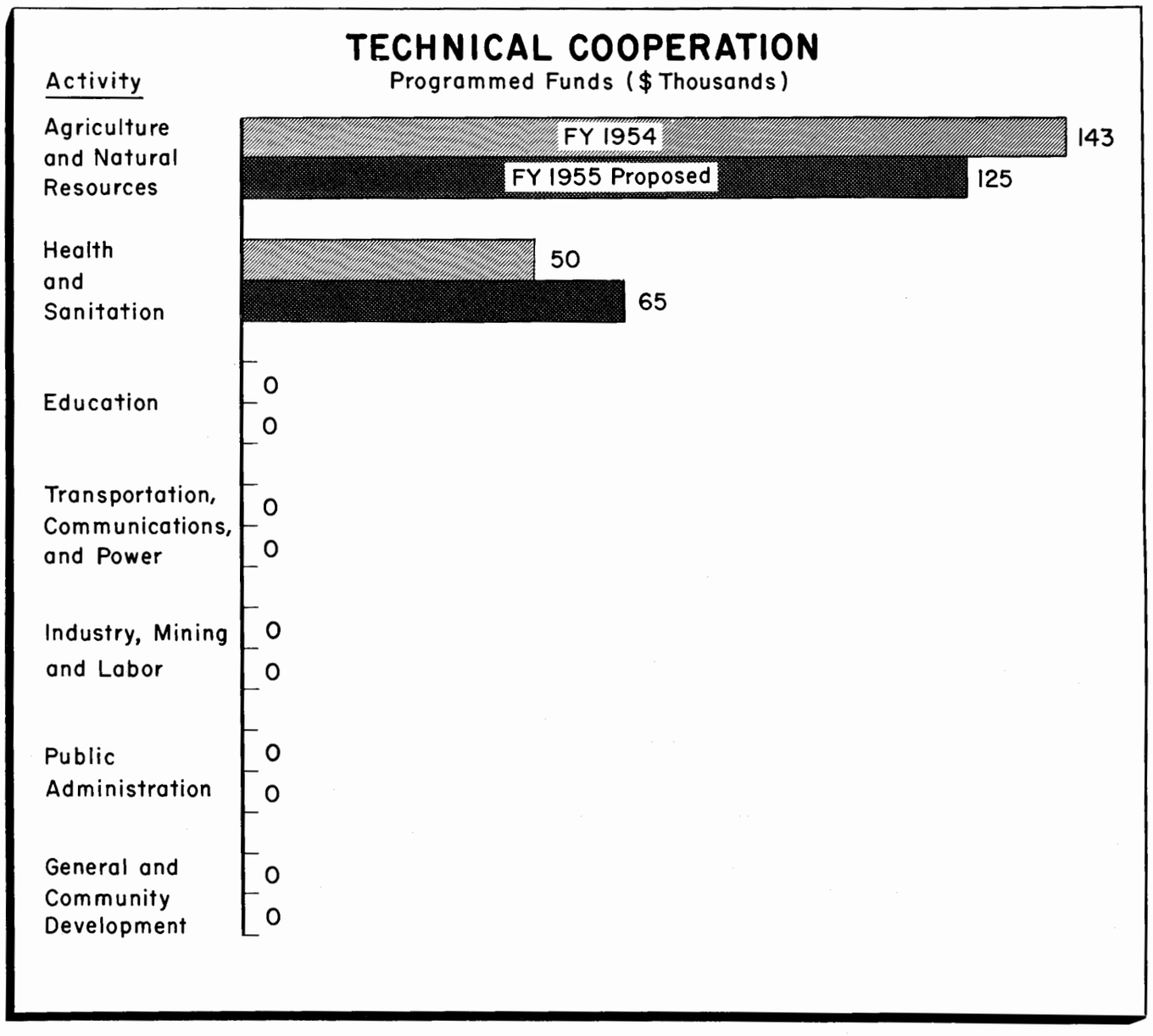
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



LATIN AMERICA

Country: GUATEMALA

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

Function	Program FY 1953	FY 1954	Proposed FY 1955
Technical Cooperation	205.9	192.6	190.4
Total Country Program	205.9	192.6	190.4

General Narrative Statement

THE TECHNICAL COOPERATION PROGRAM

United States assistance to Guatemala is limited to three small technical cooperation programs: (1) the Roosevelt Hospital, (2) Rubber Development, and (3) Agricultural Research. The programs are making valuable contributions but they are too small to bring about either a substantial or rapid improvement in the economic and social life of the country. The programs in rubber development and agricultural research were in operation during 1953, although without formal agreements. The major accomplishments of the three programs for the calendar year 1953 and the proposals for FY 1955 are outlined below:

Health and Sanitation (Roosevelt Hospital)

Although original plans called for a total expenditure of $350,000 during the year, a reduction in the Guatemalan Government's allocation of funds for the project left only $123,000 available for foreign purchases, and at the end of the year equipment worth only $42,000 had been received. The $5,725,553.99 spent on the project to date, nearly all from Guatemalan contributions, represents 72 percent of its estimated total cost of $8,000,000.

Work on all of the major structures was pressed forward as far as materials and equipment on hand permitted but in general the progress was not impressive or extensive. The principal progress was made in the surgical sections of the general, pediatrics and maternity hospitals. Changes in completed construction recommended by the Hospital Committee were extensive, but the majority of the changes have not been completed. The construction force of only 230 workers which during the year remained practically unchanged was the smallest since the start of the project.

It is hoped that in FY 1955 the Guatemalan Government will allot the project approximately $1,000,000, an amount which should make possible the completion of all construction work and the installation of all fixed equipment. The Guatemalan Government's 1953 appropriation was its largest in the past four years, increasing it 13 times the U. S. contribution.

Agriculture and Natural Resources

The United States provides technical assistance on all phases of rubber production in Guatemala. The Station has

General Narrative Statement (Continued)

completed experiments which demonstrate the best type of plant material for plantings on the Pacific Slope, and for several years has made careful observations of the development of leaf blight in field plantings.

Plantation rubber is a new and rapidly growing industry in Guatemala. Of the 2,000 acres now planted, approximately 1,200 acres are tappable. Tapping is under way on 900 acres and plans are formulated for commencing tapping on the balance as soon as equipment is available and personnel can be trained. High quality rubber now being produced is sold on the local market. The 1,200 acres of tappable rubber trees should,within two or three years, supply the local market with up to 425,000 pounds a year of high-grade rubber.

Small rubber plantings of high-yielding Hevea rubber were established on properties of 28 carefully selected small landowners. During the coming planting season there will be distributed approximately 150,000 rubber plants which are now in nurseries and 250,000 rubber seeds.

On general agricultural research, the National Agricultural Institute (IAN) with the cooperation of FOA continued its long-range work in coffee, wheat, rice beans and animal husbandry, and during the year also gave attention to potatoes, sugar, corn sorghum, fruits, ramie, kenaf, essential oils, bamboo, cacao, legumes and other crops.

The regional program for developing disease-resistant, high-yielding strains of coffee plants was significant, as coffee in the western hemisphere is susceptible to the Eastern leaf blight, which could disrupt those economies of Latin America which depend primarily on coffee. A noteworthy accomplishment was the development of a machine called "CAFEPRO" for quick removal of mucilage from freshly pulped coffee beans.

Experimental plantings of wheat varieties yielded forty bushels of wheat per acre, which is from four to five times the production of the average small farmer in Guatemala. Some 40,000 pounds of improved rice seed distributed by the IAN in 1952 contributed towards Guatemala's self-sufficiency in that product. Tests started in April 1953 supported the results of previous tests in demonstrating the feasibility of potato production in the highlands during the rainy season. A demonstration of the feasibility of growing beans under irrigation in the Pacific coastal area seemed to open to mechanized cultivation a large area of fertile land otherwise little used during the dry season and which is well adapted to the use of tractors.

The animal husbandry department continued its studies in the management of farm animals and poultry in tropical areas, the evaluation of indigenous and local foodstuffs and the development of animal rations with local feeds. Experiments showed ramie was an excellent green forage crop for all animals, as well as a dehydrated forage for poultry. Baby chicks, sows and boars were distributed at cost by the Institute for the improvement of local stock.

In 1955, it is planned to continue nominal assistance in the field of agriculture. No new programs are planned.

LATIN AMERICA

Country: GUATEMALA

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment and Grants to Servicios	U. S. Technicians		Trainees		Local Costs
			No. of Persons	Cost	No. of Persons	Cost	
Technical Cooperation							
1953	205.9	-	11	139.3	-	-	66.6
1954	192.6	-	8	109.8	-	-	82.8
1955	190.4	-	10	101.4	-	-	89.0

Summary by Major Activity

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp. Communications, & Power	(5) Industry, Mining and Labor	(6) Public Admin.	(7) General and Community Development
Technical Cooperation								
1953	205.9	144.1	61.8	-	-	-	-	-
1954	192.6	142.6	50.0	-	-	-	-	-
1955	190.4	125.1	65.3	-	-	-	-	-

BASIC STATISTICS

Area	11,000 square miles
Population	3,111,937
Population Density	283 per square mile
Agricultural Land	16 percent of total area
Agricultural Land Per Capita	0.4 acres
Main Crops	For export: coffee, sisal, sugar, cacao; other: corn, rice
Main Industries	Processing of coffee, sisal, and essential oils. Cotton textiles, cigarettes

Main Exports (1952)	Value Mill. US$	Percent of Total Exports
Coffee	34	66
Sisal	8	16
Sugar	3	6

Main Occupations	n.a. Population is 80 percent rural, 20 percent urban
Per Capita GNP	$62 (1952 in current prices; conversion rate 5 gourdes per US$)
Medical Services	1 physician per 10,000 persons; 64 hospital beds per 100,000 persons
Literacy Rate	15 percent of adult population
Teachers (primary grades)	2,300 per 100,000 population
Railroads	165 miles
Roads	2,000 miles
Motor Vehicles	7,112

Significant Basic Resources	Percent of U.S. supply
Castor Bean & Castor Oil	4
Cordage fibers, sisal	13

* 1953 data largely preliminary or estimated.
[a] Crop year beginning in year stated.
[b] Prewar average.
[c] U.S. Customs data.
[d] Fiscal year ending Sept. 30 of year stated.
[e] Coffee price $72.50 per 100 pounds, in Jan. 1954.
[f] As of the end of the year and/or month indicated.
[g] As of Sept. 30 of year stated.

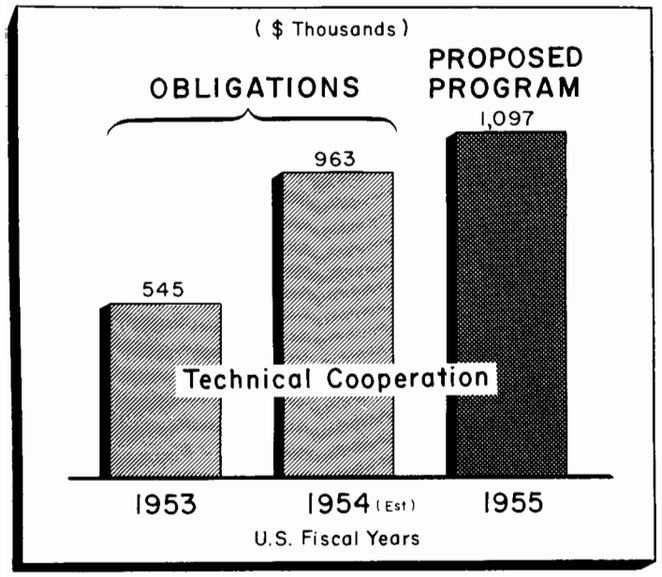
SELECTED ANNUAL STATISTICS

Item	Unit	1938	1951	1952	1953*
PRODUCTION[a]					
Coffee	1000 MT	32.3[b]	31.2	36.0	37.6
Cotton	1000 MT	4.6	1.5	1.5	1.5
Sugar, centrifugal, raw	1000 MT	39.9[b]	58.1	58.1	59.0
FOREIGN TRADE					
Exports	Mill. US$	7	51	52	35
Imports	"	8	44	53	43
Balance	"	-1	/7	-1	-8
Trade with U.S.[c]					
Exports to U.S.	Mill. US$	2.9	32.6	29.5	16.8
Imports from U.S.	"	3.6	28.2	32.8	28.9
Key Exports: Coffee[d]	1000 MT	25.1[b]	25.4	31.3	23.1
Sugar[d]	1000 MT	34.4	34.4	32.4	28.5
Sisal fiber[d]	1000 MT	7.2	31.3	25.9	20.0
Bananas	1000 MT	16.0[b]	15.2	6.0	
BALANCE OF PAYMENTS[d]					
Balance on Goods & Services	Mill. US$		-1	-3	
Private Financing	"		5	2	
Official Financing	"		-2	-3	
Errors and Omissions	"		-2	4	
FINANCIAL					
Commodity Prices					
Coffee, 100 pounds, New York	US$	7.80	54.30	54.12	58.46[e]
Central Bank Reserves[f]	Mill. US$	2.5	14.9	14.3	14.6(Jul)
Gold		0.5	2.6	2.6	2.6(Jul)
Foreign Exchange		2.0	12.3	11.7	12.0(Jul)
Central Government Debt[g]	Mill. US$	9.70	6.18	4.84	
Central Gov't Finances[d]		(1939)			
Revenue	Mill. US$	6.22	25.04	29.26	27.80
Expenditure	"	7.56	24.02	31.88	27.78
Surplus (/) or Deficit (-)	"	-1.34	/1.02	-2.62	/0.02
Exchange Rates[f]	Gourdes per US$				
Official Selling		5	5	5	5

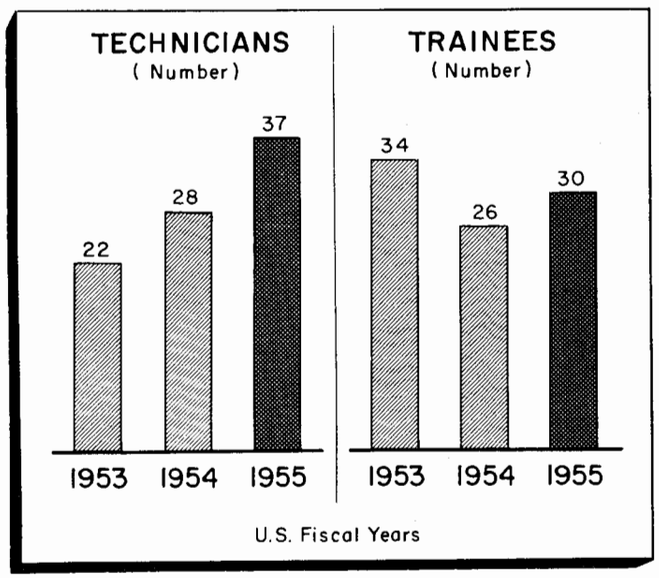
PREVIOUS PAGE BLANK

HAITI

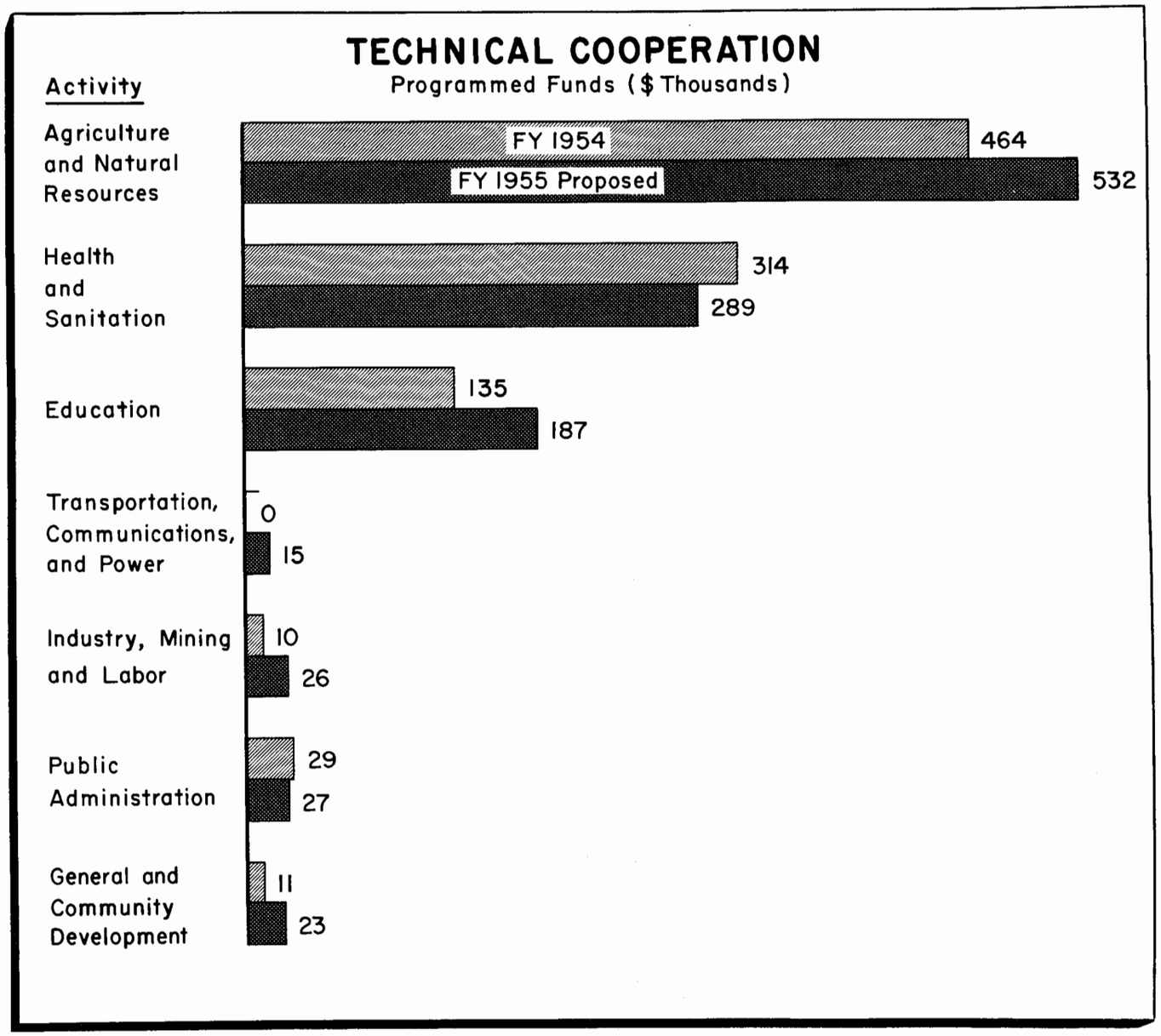
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



LATIN AMERICA

Country: HAITI

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

Function	Programs		
	FY 1953	FY 1954	Proposed FY 1955
Technical Cooperation	545.2	963.0	1,096.7
Total Country Program	545.2	963.0	1,096.7

General Narrative Statement

TECHNICAL COOPERATION PROGRAM

The U. S. technical cooperation program in Haiti in the past has emphasized development in the fields of agriculture and health and has recently been broadened into the field of rural education.

Agriculture and Natural Resources

Progress in agriculture includes extension education in improved farm practices and help to farm families to improve their standards of living. Thirty rural extension offices, 24 4-S clubs, and 51 rural credit unions have been established. Extension meetings during a 6-month period were held in 42 villages with 56,000 people in attendance. Much progress has been made in organizing farm study clubs, cooperative credit unions, home economics courses, veterinary and livestock practices, insect and pest eradication and general farming methods.

At the same time additional land resources are being developed through irrigation facilities. The successful pilot irrigation project in the Artibonite Valley conducted a few years ago has resulted in the plan to develop 75,000 acres of irrigable land in the valley and a staff of U. S. technical advisors is assisting the Haitians in its development. Five small projects will add 16,500 acres of productive land to that already being developed in the Artibonite Valley. Demonstrations have been conducted in land clearing, building of diversion dams, proper water use and better irrigation farming. Rice yields in demonstration areas have increased from 280 pounds per acre to 1600 pounds.

The proposed FY 1955 programs will continue to help increase the effectiveness of extension services, including home economics. There will be expansion of assistance in the establishment and operation of experimental and demonstration farms in order to develop improved varieties of crops and farming techniques and to demonstrate their effectiveness to the rural population.

Assistance will be provided, in close coordination with the public health service and other agencies of the Haitian Government, to help train extension agents in the

General Narrative Statement (Continued)

basic elements of sanitation, engineering, and self-help housing.

Efforts will be continued to strengthen and expand the credit cooperatives and to develop other sources of rural credit.

Demonstration activities in land preparation and assistance in pilot rehabilitation of old irrigation projects and development of new irrigation projects will be continued, as will technical cooperation in the development and use of forest resources.

Health and Sanitation

The health program initially made its principal contribution by reducing the incidence of yaws, and is now broadening its attack on general health problems. Yaws clinics in 10 communities have 5,000 to 9,000 visits monthly. It is the long-range objective of the cooperative health program to assist the development of an effective country-wide public health program.

A health center at Mirebalais was completed in 1953 and now provides clinical facilities for the treatment of all communicable diseases. During the first year of operation, 33,392 clinic visits were made by 16,785 patients coming from 50 towns, some 20 to 25 miles distant.

Using "Clinique Mobile" facilities and a canvas tent, a health center was opened at Pont de l'Estere in June 1953. Erection of a suitable permanent health center building was started during the fall of 1953. A health-center-hospital has been completed at Ouranaminthe. Emergency hospitalization, out-patient clinical service and public health programs are being provided.

Numerous water systems in small towns have been planned and constructed with community financing for the most part.

In helping the Government strengthen the rural public health system, continued assistance has been given to the National School of Nursing. The public health nursing program will be emphasized. Assistance will be continued in the development of low-cost rural public health centers which will be also used as centers for training sub-professionals and for health education.

Assistance will be continued in planning and developing local water supply systems and in improving facilities for sewage disposal.

Education

The survey of the education system and the preparation of plans for establishment of a cooperative rural education program has been completed. The objective of the education program is to help the government establish a rural normal school and to develop teaching materials and curriculum which will include essential training on such subjects as agriculture, sanitation, vocational skills and home economics as well as in the normal elementary school subjects. Technical guidance and assistance will be provided in the construction and equipping of low cost rural schools which will also be used as centers for adult education.

Public Administration

As a result of U. S. assistance in improving the administration of customs service greater efficiency is being attained and progress is being made in reorganizing Haiti's Customs Office. This work will continue in FY 1955.

In general in FY 1955, technical cooperation in Haiti will be expanded into other fields. Technical advice is proposed to help develop transportation and to improve distribution; it is planned to provide assistance in improving the processing of coffee and cacao for export; technical guidance is proposed for low cost self-help housing and for the construction of low cost rural schools and health centers. As part of such guidance every effort will be made to develop inexpensive building materials, such as stablized earth.

General Narrative Statement (Continued)

It is proposed to continue technical cooperation with the Government of Haiti in the management and development of the 75,000 acre Artibonite Valley. The capital costs of developing the valley are being financed by the Export and Import Bank and the Haitian Government. This will include technical advice on irrigation, land preparation, agricultural development and extension, transportation, marketing, housing, education, public health and village industries. It is intended to develop the services and facilities in this valley required for balanced community development with emphasis on self-help projects as a model for the rest of Haiti.

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment and Grants to Servicios	U.S. Technicians		Trainees		Local Costs
			No. of Persons	Cost	No. of Persons	Cost	
Technical Cooperation							
1953	545.2	190.7	22	212.2	34	71.7	70.6
1954	963.0	395.0	28	317.9	26	69.2	180.9
1955	1,096.7	395.0	37	429.0	30	90.0	182.7

Summary by Major Activity

(In thousands of dollars)

Programs by Fiscal Year	(1) Total U. S. Cost	(2) Agriculture and Natural Resources	(3) Health and Sanitation	Education	(4) Transp. Communications, & Power	(5) Industry, Mining and Labor	(6) Public Admin.	(7) General and Community Development
Technical Cooperation								
1953	545.2	331.6	178.8	-	-	15.0	19.8	-
1954	963.0	464.0	314.3	134.9	-	10.0	28.7	11.1
1955	1,096.7	531.6	288.5	186.5	14.5	26.0	26.5	23.1

BASIC STATISTICS

Area	59,000 square miles
Population	1,513,000 (1952)
Population Density	26 per square mile
Annual Population Growth	2.9 percent
Agricultural Land	18 percent of total area
Agricultural Land Per Capita	5 acres
Main Crops	For export: bananas, coffee, abaca Other: corn, beans, rice
Main Industries	Lumbering, mining: silver & gold, beverages, flour milling, edible oils
Main Exports (1952)	Bananas: value about $40 million; 65% of total exports
Labor Force	696,000 economically active in 1949
Main Occupations	Farmers and laborers, 52%; domestic service, 43%; other 5%.
Per Capita GNP	$134 (1952 in current prices; conversion rate 2 lempiras per U.S.$
GNP Components	Agriculture, 59%; Industry & Mining, 14%; Commerce, Transportation & communication, 19%; other 8%
Per Capita Caloric Intake	2,030 calories
Infant Mortality Rate	82 deaths per 1,000 live births
Medical Services	134 hospital beds per 100,000 persons
Literacy Rate (15 yrs. & over)	40 percent of population
Teachers (primary grades)	218 per 100,000 population
Railroads	622 miles
Roads	900 miles
Motor Vehicles	3,970
Merchant Fleet, Tankers	140,000 gross tons
Dry Cargo	261,000 gross tons
Significant Basic Resources	Honduras produces small quantities of rubber and abaca

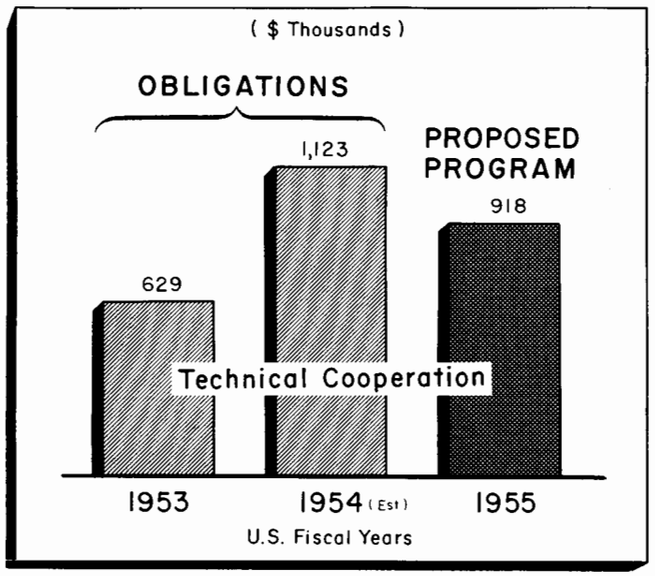
* 1953 data largely preliminary or estimated.
a Crop year beginning in year stated. b Prewar average.
c 6 months, at annual rate. d U.S.Customs data.
e As of end of year or month indicated.
f Fiscal year ending June 30.

SELECTED ANNUAL STATISTICS

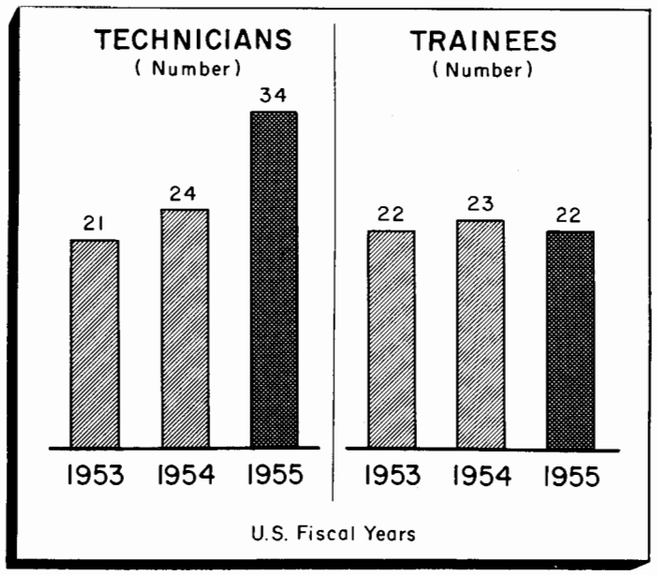
Item	Unit	1938	1951	1952	1953*
PRODUCTION [a]					
Corn	1000 MT	94 [b]	178	178	170
Sugar, centrifugal, raw	"	1.8 [b]	6.4	9.1	10.0
FOREIGN TRADE					
Exports	Mill.US$	11	66	62	70 [c]
Imports	"	12	51	64	62 [c]
Balance	"	-1	+5	-2	8 [c]
Trade with U.S. [d]					
Exports to U.S.	Mill.US$	5.6	23.6	22.4	29.8
Imports from U.S.	"	6.2	33.8	42.3	35.7
Key Exports: Bananas	1000 MT	265.9	300.0	296.8	
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill.US$		-1	-11	
Private Financing	"		13	13	
Official Financing	"		-3	-1	
Errors and Omissions	"		-9	-1	
FINANCIAL					
Cost of Living (Tegucigalpa)	1948 = 100	60	123	120	122 Oct
Commodity Prices					
Bananas, 100# N.Y.retail	U.S.$	6.70	15.60	15.22	15.30
Money Supply. [e]	Mill. Lempiras	10.65	47.36	52.05	61.61
Central Bank Reserves [e]	Mill.US$	0.82	20.20	21.30	22.10
Gold	"	0.11	0.11	0.11	0.11
Foreign Exchange	"	0.72	20.09	21.19	21.99
Other Bank Holdings	"	1.52	2.42	1.93	2.02
Central Government Debt. [f]	Mill.US$	9.25	4.50	4.15	
Central Gov't. Finances [f]		(1939)			
Revenue	Mill.US$	5.70	20.85	23.90	18.05
Expenditure	"	6.15	17.75	19.55	17.25
Surplus (+) or Deficit (-)	"	-0.45	+3.10	+4.35	+0.80
Exchange Rates	Lempiras				
Official Selling	per U.S.$	2	2	2	2

HONDURAS

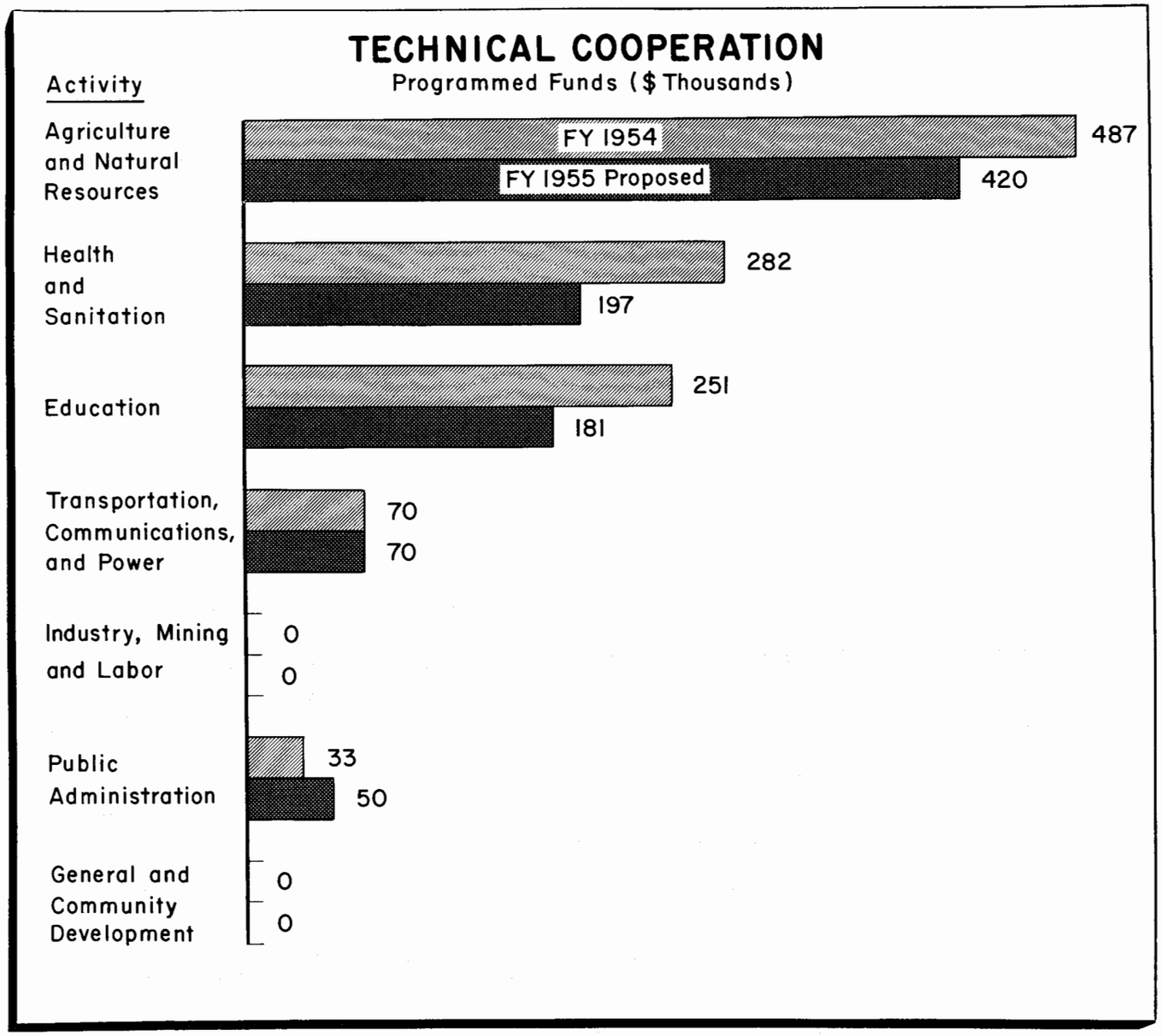
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



LATIN AMERICA

Country: HONDURAS

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

Function	Program FY 1953	FY 1954	Proposed FY 1955
Technical Cooperation	629.2	1,122.6	917.6
Total Country Program	629.2	1,122.6	917.6

General Narrative Statement

TECHNICAL COOPERATION PROGRAM

Agriculture and Natural Resources

The basic agreement for cooperative agricultural work was signed January 26, 1951. This program, which stimulated the creation of a special Ministry of Agriculture in July 1952, has strengthened it to the point where it is now one of the major units of the Honduran Government. A forestry division developed by the agricultural servicio was transferred as a complete unit to the Ministry of Agriculture on July 1, 1953, and became the Honduran forest service. The servicio initiated an extension service which now has thirteen rural offices. Because of the extremely limited opportunities for agricultural education in Honduras it was necessary for the servicio to train all extension personnel prior to assignment. Through this extension service there has been a great increase in the use of insecticides and improved seeds, development of 4-S Clubs, establishment of home canning courses, and promotion of community agricultural fairs. As a result of demonstrations by the servicio great interest has been generated in individual farm irrigation systems. A machinery pool was organized for land clearing and land preparation as there are no commercial track-type tractors doing this work in Honduras. The Honduran Government furnished funds for purchase of equipment and the servicio organized the project, and trained drivers and service men. This machinery pool project was transferred to the Ministry of Agriculture in the autumn of 1953. A national livestock center was developed to serve as a demonstration point and as a source of improved breeding stock. A soils testing laboratory has been developed. A well-drilling program has been initiated to provide water for livestock during dry seasons and in a few cases to help communities obtain wells. A grasshopper menace has been controlled.

For the FY 1955 program, it is proposed to con-

Agriculture and Natural Resources (continued)

tinue at approximately the same rate as in FY 1954 improving Honduran agriculture. New features contemplated are a contract with a land grant college to provide technical consultation in agriculture; and cooperation with the Rockefeller Foundation research program on corn varieties.

Health and Sanitation

A national department of health has been founded through efforts of the cooperative health servicio which has been in operation for 11 years. Three health clinics and nine preventive-medicine and medical-assistance clinics have been established. Emphasis in the health program has been on environmental sanitation and the servicio has built 40 sanitary water systems, the last 10 of which were completed in 1953; five additional ones are now under construction. Ten insect-control and drainage projects have been completed, and 12 sewer systems and a municipal incinerator have been built. All of these projects have been turned over upon completion to the Government or municipalities for operations, with advisory services being continued. The servicio designed the building for a 108-bed tuberculosis sanitorium and a 200-bed annex and cooperates in administration of these units. It is continuing operation of an insect control campaign and is beginning a yellow fever campaign. In 1955, advisory services in the general health field will be maintained, especially in the administration of the tuberculosis hospital. Ten or twelve water and sewer systems, almost entirely financed from local funds, will be constructed.

Education

The cooperative educational program, which began in early 1951, is well coordinated with the agricultural program. Two normal schools and a vocational agricultural school have been established. The education servicio provides professional direction of the normal schools. The first class to be graduated from these schools (in January 1953) has provided 43 trained teachers, and 300 students are now enrolled. Demonstration teaching schools have been developed at both of the normal schools and summer-school training for rural teachers has been provided on a permanent basis. A new rural school administration is being inaugurated at Suyapa. In 1955, the agricultural school will be turned over to the Ministry for full operation, with the Education Mission in an advisory role only. Efforts will continue to strengthen the teacher training program.

Transportation

To date the civil aviation mission has assisted the Honduran Government with an airport survey, and will development of plans and procedures to improve service. Honduras is a leader in civil aviation in Central America, and in 1955, cooperation will continue toward an integrated system for the region.

One highway engineer provided technical engineering advice to the Honduran Department of Highways, which during the past year has given major attention to construction of the South Coast Road to connect Tegucigalpa with the Pan American Highway near the Pacific Coast. This is a continuing advisory service. Honduras is one of the road shortage areas of the hemisphere. In 1955, a port engineer will make recommendation for the development of the Port of Amalpa, the country's only Pacific outlet.

Public Administration

Technical assistance to the Census Division has resulted in an agricultural census and compilation of the data. Cartographic and mapping activities have been established. For 1955, a budget and fiscal advisor has been requested to assist in the development of a better regulated government operation.

Industry and Mining

The Honduran Government has expressed interest in a technical survey of the size and potential of known coal deposits near Tegucigalpa. It is believed that considerable potential industrial power exists. A survey will probably be made of small industry development possibilities to use the surplus labor force of the banana areas.

LATIN AMERICA

Country: HONDURAS

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment & Grants to Servicios	U. S. Technicians No. of Persons	U. S. Technicians Cost	Trainees No. of Persons	Trainees Cost	Local Costs
Technical Cooperation							
1953	629.2	310.0	21	199.5	22	54.9	64.8
1954	1,122.6	620.0	24	320.6	23	62.4	119.6
1955	917.6	310.0	34	360.6	22	62.3	184.7

Summary by Major Activity

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp. Communications, & Power	(5) Industry, Mining and Labor	(6) Public Admin.	(7) General and Community Development
Technical Cooperation								
1953	629.2	282.6	136.9	149.5	32.1	3.0	25.1	-
1954	1,122.6	487.2	281.7	250.9	69.9	-	32.9	-
1955	917.6	419.6	197.1	180.8	69.9	-	50.2	-

BASIC STATISTICS

Area	760,000 square miles
Population	28,053,000 (1953)
Population Density	35 per square mile
Annual Population Growth	2.9 percent
Agricultural Land	57 percent of total area
Agricultural Land Per Capita	10 acres
Main Crops	Corn, beans, cotton, wheat
Main Industries	Mining: lead, zinc, copper, petroleum, iron ore; textiles, beverages, rubber mfrs.

Main Exports (1952)	Mill. U.S.$	% of Total Exports
Cotton	134	23
Lead	76	13
Coffee	47	8
Zinc	47	8
Copper	35	6

Labor Force	7,111,000 economically active in 1949
Main Occupations	Agriculture, 66%; Industry, 11%; Trade 9%; Other 17%
Per Capita GNP	$263 (1952 in current prices; conversion rate 8.65 pesos per US$
GNP Components	Agriculture 20%; Industry & Mining 24%; Com. Transp. & Commun. 36%; Other 20%
Per Capita Caloric Intake	2210 calories
Estimated Requirement	2490 calories
Average Life Expectancy	38 years
Infant Mortality Rate	100 deaths per 1000 live births
Medical Services	1 physician per 2,200 persons 119 hospital beds per 100,000 persons
Literacy Rate (10 yrs. & over)	55 percent of population
Teachers (primary grades)	270 per 100,000 population
Railroads	14,452 miles
Roads	44,000 miles; 13,260 miles improved
Motor Vehicles	368,941
Merchant Fleet, Tankers	124,000 gross tons
Dry Cargo	30,000 gross tons

SIGNIFICANT BASIC RESOURCES

Material	Percent of World Reserves	Production as % of Free World Output	Percent of U.S. Supply
Antimony	14	15	25
Fluorspar		15	25
Graphite, all grades		13	20
Lead	2	15	20
Mercury		6	9
Zinc		10	22
Cadmium		-	32
Celestite			14
Cordage fibers-sisal	-		14
Manganese (metallurgical grade)	(less than 1%)		4

SELECTED ANNUAL STATISTICS

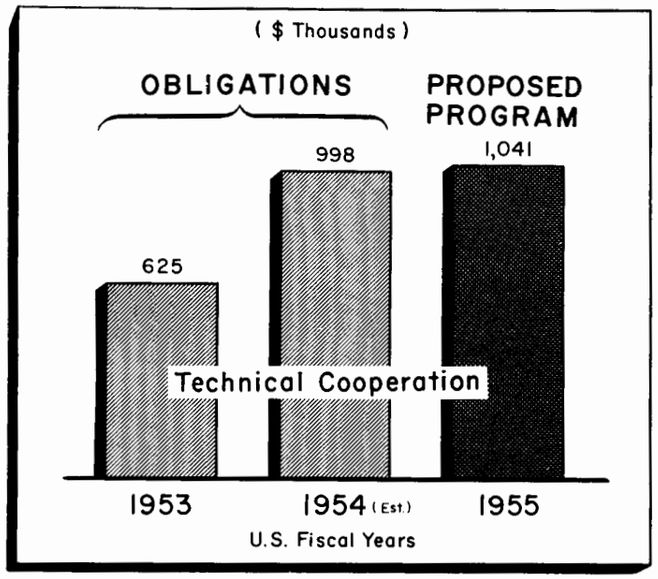
Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Industrial Production	1948 = 100	76	127	130	131**
Petroleum, Crude	1000 MT	5,483	11,064	11,052	10,25y
Electricity	Mill.KWH	2,512	4,896	5,328	5,696
Corn[a]	1000 MT	1,715[b]	3,429	3,404	3,080
Cotton[a]	"	63.8	278.7	272.2	272
FOREIGN TRADE					
Exports	Mill.US$	147	581	584	537
Imports	"	114	823	807	739
Balance	"	/33	-242	-223	-202
Trade with U.S.[c]					
Exports to U.S.	Mill.US$	49.0	325.9	411.3	355.1
Imports from U.S.	"	62.0	712.1	666.4	644.4
Key Exports:					
Coffee	1000 MT	35.9[b]	51.5	52.2	61.2
Cotton, fiber and linters	"	24	212	252	266
Lead (met.cont.)	"	276	306	235	214
Zinc (met.cont.)	"	279	264	218	217
BALANCE OF PAYMENTS					1st Half
Balance on Goods & Services	Mill.US$		-102.9	-48.1	-30.1
Private Financing	"		77.2	35.4	37.6
Official Financing	"		-26.5	36.8	34.6
Errors and Omissions	"		52.2	-24.1	-42.1
FINANCIAL					
Wholesale Prices	1948 = 100	38	148	154	152
Cost of Living (Mexico City)	"	31	126	144	142
Commodity Prices					
Lead, 100 pounds N.Y.	U. S. $	4.74	17.50	16.52	13.50
Zinc, 100 pounds N.Y.	"	4.98	18.80	17.11	11.57
Cotton, 100 pounds, Mexico	"	10.80	53,00	34.70	32.30
Money Supply[d]	Mill.Pesos	754	6,800	7,078	6,951 Sep
Central Bank Reserves[d]	Mill.US$	42	269	272	220 Sep
Gold	"	28	207	144	154 Sep
Foreign Exchange	"	13	62	129	66 Sep
Private Credit Institutions	"	10	45	48	40 Sep
Total	"	52	314	320	260 Sep
Central Government Debt[d]	Mill.US$	173.4	273.9	309.9	
Central Gov't. Finances					
Revenue	Mill.US$	65.4	573.7	705.6	
Expenditure	"	71.7	577.3	747.3	
Surplus (/) or Deficit (-)	"	-6.3	-3.6	-41.7	
Exchange Rates[d]	Pesos				
Official Selling	per US$	4.92	8.65	8.65	8.65

* 1953 data largely preliminary or estimated. ** 6 months average.
a Crop year beginning in the year stated. b Prewar average. c. U.S.Customs data
d As of the end of the year and/or month indicated.

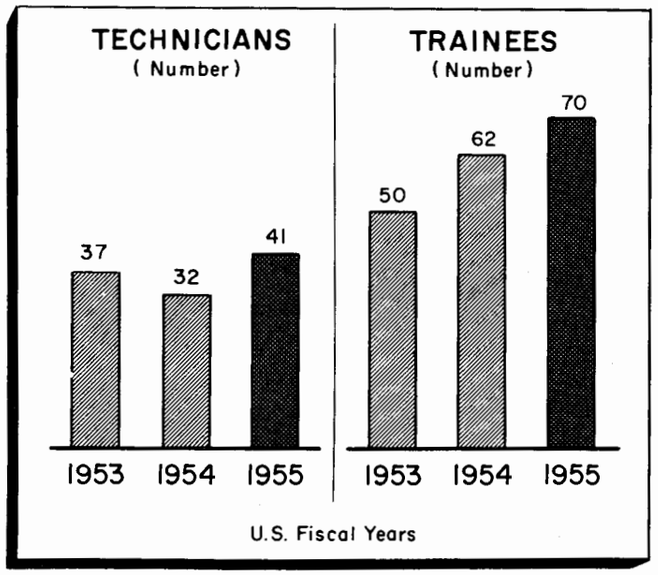
PREVIOUS PAGE BLANK

MEXICO

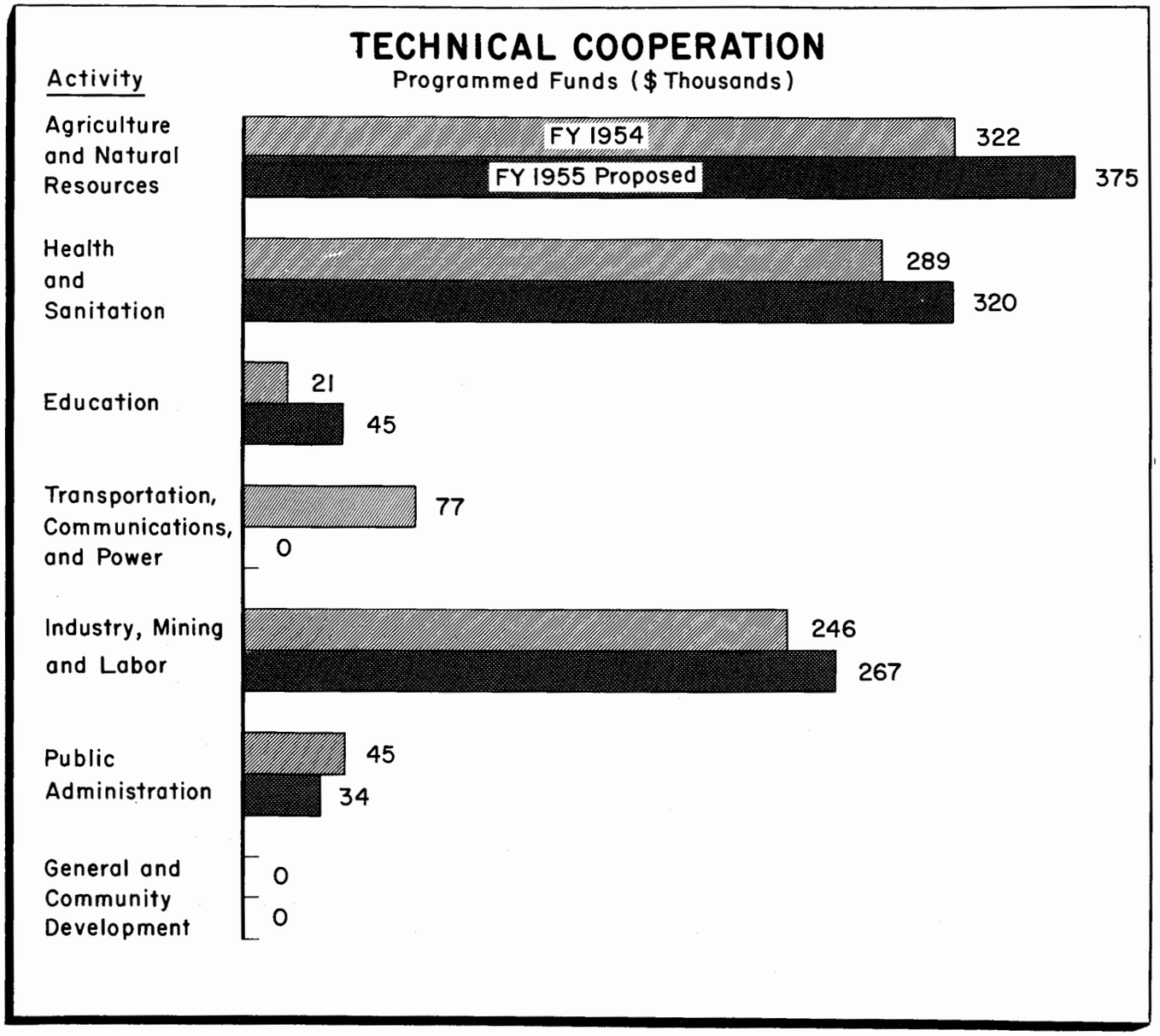
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



LATIN AMERICA

Country: MEXICO

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

Function	Programs		
	FY 1953	FY 1954	Proposed FY 1955
Technical Cooperation	625.4	998.3	1041.2
Total Country Program	625.4	998.3	1041.2

General Narrative Statement

TECHNICAL COOPERATION PROGRAM

The Mexican Government has a broad program for economic and social development. Mexico has many technicians of its own and is devoting a large part of its own revenues to the financing of this program, and substantial loans have been obtained from the Export-Import Bank and the International Bank for Reconstruction and Development. Considerable technical assistance is being provided by the Rockefeller Foundation and United Nations. The Technical Cooperation Program is intended to help provide technical assistance requested by the Mexican Government which is not available from other sources.

Agriculture and Natural Resources

It is anticipated that arrangements will be completed in FY 1954 to provide technical assistance through a cooperative arrangement between a southwestern U.S. agricultural college and the Escuela Superior de Agricultura "Antonio Marro" at Saltillo, Coahuila. This cooperative program includes most of northern Mexico whose agricultural problems are somewhat similar to those found in southwestern United States and the objective is to assist the Mexican institution to develop a balanced agricultural program of research, training, demonstration and extension. This project is intended to serve as a model for other parts of Mexico.

The cooperative rubber project has demonstrated that Mexico can supply its own rubber at a profit and the Mexican Government should take over responsibility for this project in early FY 1955. It is planned to replace this cooperation with a small project in Southern Mexico to provide technical assistance for the development of demonstration agriculture extension service.

The cooperative fisheries program is 11 years old and its operations have contributed to an increased catch of shrimp and fish. Shrimp exports rose from

General Narrative Statement (Continued)

3 million pounds in 1943 to over 40 million pounds in 1950.

Health and Sanitation

Projects completed and turned over for local operation during the 12 years of cooperation with Mexico include: 23 sewerage systems serving 188,000 people; 66 water supply systems serving 650,000 people; and 8 health centers serving a population of one million.

Demonstration health centers have been established. Malaria and onchocercosis control methods developed and demonstrated by the Servicio were adopted by the Mexican Government. Training of health officers has been promoted in the School of Public Health and through in-service training programs.

The nursing program has been instrumental in stimulating the creation of a Division of Public Health Nursing and Social Work and in fostering and assisting in the establishment and operations of nurse training institutions.

The program has been instrumental in the establishment of a newly formed Division of Sanitary Engineering in the Ministry of Health and Welfare, in the creation of the construction division in the Ministry of Hydraulic Resources to construct water supplies and sewerage systems, and in the formation of a graduate Sanitary Engineering School.

During the first part of the 1955 fiscal year it is proposed to change the Public Health Servicio within the Mexican Department of Health from an agency headed by an American expert and operating in specific fields into a regular department of the Ministry headed by a Mexican technician with an American deputy. As a regular department of the Ministry the agency will be responsible for training activities and for advising the Minister on plans and policies and providing technical advice on new activities, primarily the improvement of rural public health.

Education

United States technicians have helped plan and establish a school for operators and mechanics of equipment used in highway construction, transportation and agriculture. During FY 1955 it is proposed to cooperate with the Mexican Government on a survey of specific needs for other technical personnel and to determine requirements for improving training facilities to meet the needs of economic development.

Industry and Mining and Labor

For six years the minerals development program has assisted Mexican mill and mining operations and has resulted in increased production of metals. The geological survey and mining projects will be continued with increasing emphasis on "on the job" training of Mexican nationals and on the development of an effective extension service for small-scale mine operators. It is also anticipated that discussions initiated during FY 1954 will result in FY 1955 in a project in improving the training of mining engineers in Mexico.

Assistance is proposed for the Bank of Mexico's Technical Institute of Industrial Research. This will train Mexican nationals in the development of manufacturing processes for commercial exploitation of local products. A cooperative program is also planned to help increase industrial productivity both through adoption of improved techniques and methods and projects to bring to the attention of both labor and management the advantages to each in the adoption and use of such methods and techniques.

LATIN AMERICA

General Narrative Statement (Continued)

It is planned to supply a labor consultant to Mexico in 1955 as an advisor in the Office of the USOM Director.

Training

Training in the United States has been provided in the fields of agriculture, industry, mining, health and sanitation, education, transportation and public administration.

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment & Grants to Servicios	U. S. Technicians No. of Persons	U. S. Technicians Cost	Trainees No. of Persons	Trainees Cost	Local Costs
Technical Cooperation							
1953	625.4	125.0	37	298.4	50	139.2	62.8
1954	998.3	175.0	32	322.8	62	181.5	319.0
1955	1,041.2	50.0	41	383.2	70	218.0	390.0

Summary by Major Activity

(In thousands of dollars)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Programs by Fiscal Year	Total U. S. Cost	Agriculture and Natural Resources	Health and Sanitation	Education	Transp. Communications, & Power	Industry, Mining and Labor	Public Admin.	General and Community Development
Technical Cooperation								
1953	625.4	64.8	278.7	-	5.1	255.7	21.1	-
1954	998.3	321.8	288.5	20.6	77.1	245.8	44.5	-
1955	1,041.2	375.0	320.0	45.0	-	267.0	34.2	-

BASIC STATISTICS

Area	57,000 square miles
Population	1,088,000 (1951)
Population Density	19 per square mile
Annual Population Growth	2.9 percent
Agricultural Land	6 percent of total area
Agricultural Land Per Capita	2 acres
Main Crops	Coffee, cotton, corn, sugar, sesame, rice, rubber, palm oil
Main Industries	Mining: gold and silver; lumber, cement, beverages

Main Exports (1952)	Value Mill. U.S.$	Percent of Total Exports
Coffee	21	51
Cotton	7	16
Sesame	4	10

Main Occupations	Agriculture, 73%; Manufacturing, 10%; Other, 17%
Per Capita GNP	$168 (1952 in current prices; conversion rate 7 cordobas per U.S.$)
GNP Components	Agriculture, 41%; Industry and Mining, 25%; Commerce, Transportation & Communi, 15%; Other, 19%
Infant Mortality Rate	82 deaths per 1,000 live births
Medical Services	1 physician per 3,500 persons; 231 hospital beds per 100,000 persons
Literacy Rate(10 yrs & over)	40 percent of population
Teachers (primary grades)	280 per 100,000 population
Railroads	266 miles
Roads	700 miles
Motor Vehicles	4,973
Significant Basic Resources.	The only strategic materials produced in Nicaragua are rubber and palm oil.

* 1953 data largely preliminary or estimated.

P - Preliminary. E - estimate. n.a. - not available.

[a] Crop year beginning in year stated.

[b] Prewar average.

[c] U.S. Customs data.

[d] As of end of year indicated.

[e] Coffee prices $72.50 per 100 pounds in Jan. 1954

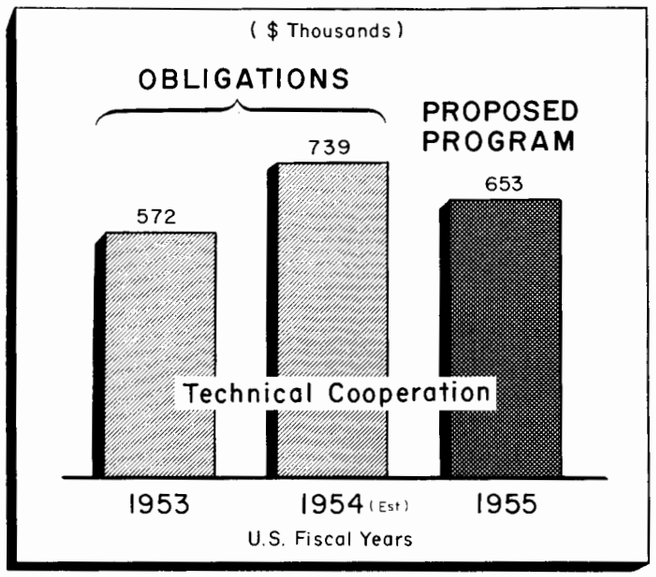
[f] Fiscal year ending June 30.

SELECTED ANNUAL STATISTICS

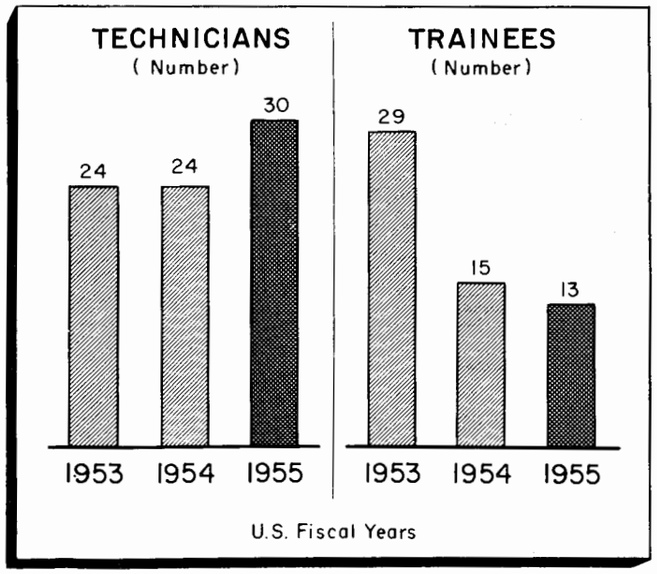
Item	Unit	1938	1951	1952	1953*
PRODUCTION[a]					
Coffee	1000 MT	16.8[b]	21	22	23
Corn	1000 MT	38[b]	91	91	
Cotton	1000 MT	1	9	12	11
Rice (rough)	1000 MT	12[b]	13	18	18
Sugar, centrifugal, raw	1000 MT	8[b]	31	34	32
FOREIGN TRADE					
Exports	Mill. US$	4	37	42	44
Imports	"	6	34	44	46
Balance	"	-2	/3	-2	-2
Trade with U.S.[c]					
Exports to U.S.	Mill. US$	2.4	20.7	22.8	24.9
Imports from U.S.	"	2.8	21.3	25.2	26.0
Key Exports: Coffee	1000 MT	15.2[b]	16.1	19.0	19.5
Cotton	1000 MT	1.4	4.4		
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill. US$		6.4	0.2	
Private Financing	"		3.1	0.5	
Official Financing	"		-8.5	-4.0	
Errors and Omissions	"		-1.0	3.3	
FINANCIAL					
Wholesale Prices	1948=100		147	146	159(Oct)
Cost of Living (food only)	"	19	137	138	155(Oct)
Commodity Prices					
Coffee, 100 pounds, New York	US$	7.80	54.30	54.12	58.46[e]
Cotton, 100 pounds, United States.	US$	9.00	41.60	38.70	32.90
Money Supply[d]	Mill. Cordobas	19.5	149.8	180.5	230.2
Central Bank Reserves[d]	Mill. US$	1.32	9.65	15.13	16.86
Gold	"	0.33	2.76	2.76	2.76
Foreign Exchange	"	0.99	6.89	12.38	14.11
Central Government Debt[f]	Mill. US$		5.26	7.06	6.56
Central Gov't Finances[f]					
Revenue	Mill. US$		17.26	22.07	28.13
Expenditure	"		16.47	21.23	27.18
Surplus (/) or Deficit (-)	"		/0.79	/0.84	/0.95
Exchange Rates[d]	Cordobas per US$				
Official Selling		5	7	7	7

NICARAGUA

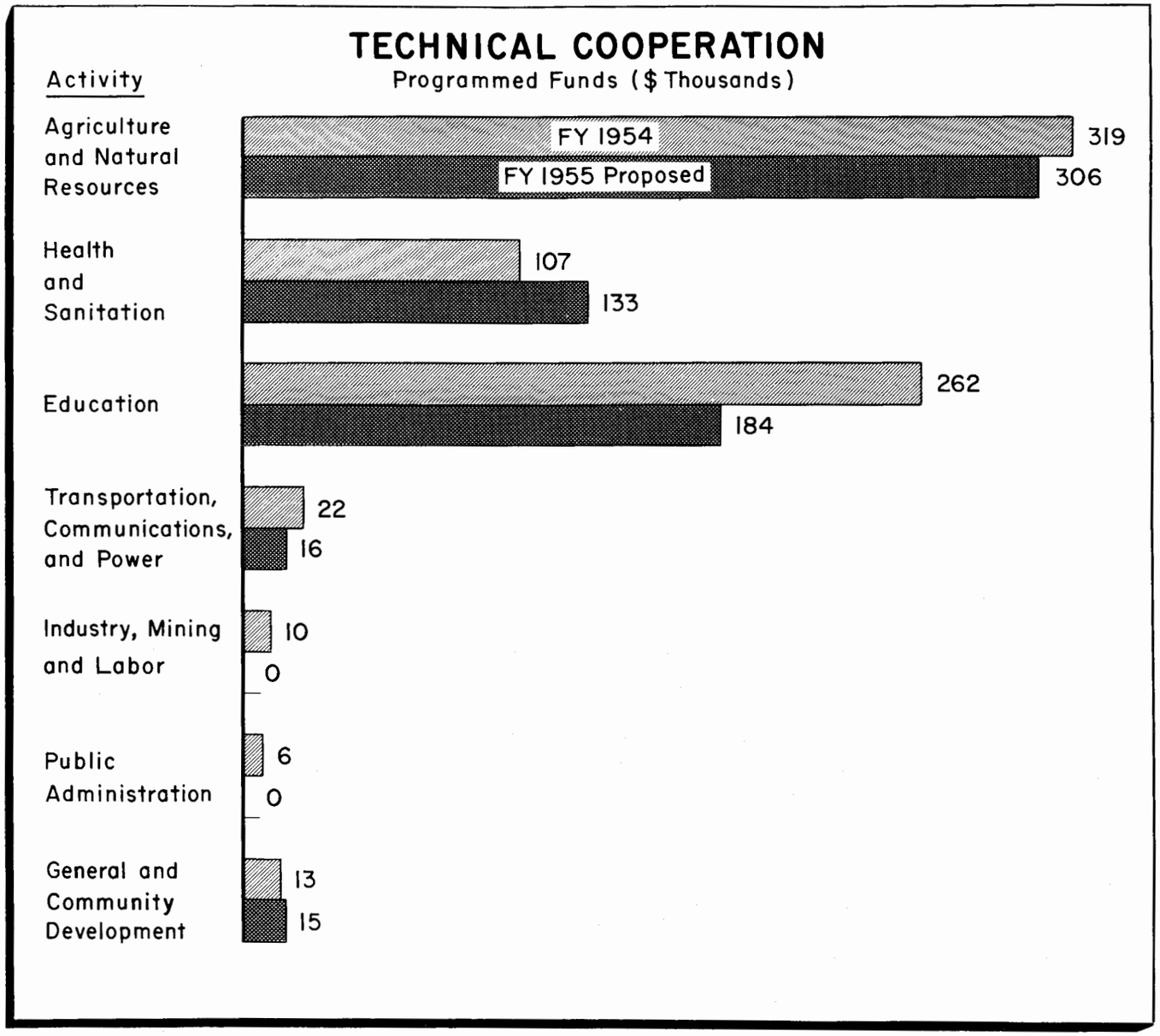
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



Country: NICARAGUA

LATIN AMERICA

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

	Programs		
	FY 1953	FY 1954	Proposed FY 1955
Technical Cooperation	572.1	739.2	652.5
Total Country Program	572.1	739.2	652.5

General Narrative Statement

TECHNICAL COOPERATION PROGRAM

The technical cooperation program in Nicaragua places major emphasis on the basic fields of agriculture, health and education with particular stress placed on the development of improved and expanded government departments to carry on the work. Much of the program is based on in-service training by consultants and advisors with program funds for demonstration projects.

Agriculture and Natural Resources

From 1942 until 1950, the agricultural program in Nicaragua was limited to research through one station on the Atlantic Coast, later supplemented by a branch station in the western part of the country. In February 1950, the program was expanded to provide agricultural services to farmers. A servicio was established in 1953 and since then agricultural activities have been expanded.

The agronomy department has introduced disease-resistant varieties of cotton, high-yielding varieties of sesame, improved varieties of corn, and a high-yielding dwarf species of castor bean. Rice yields have been increased by controlled irrigation. On the east coast the African oil palm has been developed as a principal crop. More than 800 acres are now planted to oil palm, some of which is already in production. There is a ready market for this product in the capital city of Managua, as well as abroad. Over the past five years, 37,000 budded citrus trees have been produced at the research stations and distributed. Production of coffee has been improved on the Pacific coast by demonstration of improved methods and control of a major coffee disease. Major cotton diseases and insects have been controlled by proper use of insecticides. The cattle industry has been stimulated on the east coast by demonstration of proper cattle and pasture management, importation of good breeding stock, and demonstration of control measures for torsalo. The servicio engineers have laid out terraces and planned waterways for 2,800 acres of land, while the property owners have made the installations. More than 600 acres of land on individual farms were brought

General Narrative Statement (Continued)

under irrigation as demonstration of irrigation possibilities. Hundreds of square miles of land in Nicaragua can be irrigated from similar projects. The national agricultural school has been improved, with curriculum planning and training of the faculty in technical media and in improved teaching methods. Within the next two years graduates will be available as vocational agriculture teachers for secondary schools of the country.

The proposed FY 1955 program calls for expansion of the extension service to an eventual 15 agencies; the initiation of rural credit facilities with the new Institute of Economic Development; the supplying, on a short-term basis, of technical consultative service by a U.S. agricultural college; and continued assistance to the national agricultural school.

Health and Sanitation

The following projects were completed and delivered by a jointly-financed servicio to the Nicaraguan Government in the original health and sanitation program between 1942 and 1947; 4 hospitals, 1 dispensary, 6 health centers, 1 incinerator, 1 slaughterhouse, 9 permanent malaria control projects, improvement of two water supply systems, 2 sewerage projects, and 11 medical care projects. Work in the health and sanitation field began again in June 1951. Major emphasis has been placed on the development of environmental sanitation, with major progress in water-supply and sewage-disposal. A sanitary engineer has been working with the Ministry of Health to establish standards for the design and control of sanitary installations, and with the Ministry of Development and Public Works on the design and construction of safe and adequate water supplies and sewerage systems. On-the-job training, both in design and construction, is emphasized. A water-testing laboratory has been established. A warehouse of pipe, fittings, and equipment is well stocked. One water supply system and one sewerage system have been completed and one sewerage system and three water supply systems are under construction. Well drilling equipment has been purchased for demonstrating the effectiveness of ground water sources and a driller has recently been added to the staff to demonstrate and teach drilling techniques. In 1955 it is proposed to continue the water supply and sewerage demonstration program with the engineer and well driller.

A hospital administrator has been assigned to assist in the reorganization of the 600-bed Managua General Hospital. He has organized an effective board of directors and, with their support, carried out major improvements in the physical plant and equipment and in hospital procedures. Much has been accomplished in staff training. In 1955 he will assist in equipping and placing in operation a new general hospital now well advanced in construction. Assistance in nursing education has been requested for a new nursing school that is to be established in conjunction with the new hospital.

Education

Cooperative programs have been established in secondary education and elementary rural education. The government is constructing a national vocational school which is 50 per cent complete. All equipment has been purchased by the Servicio and two of the eight shops are set up and ready for operation. Four industrial-arts and homemaking centers have been established in larger towns and are operating with a staff of 20 teachers trained under the program. Continued in-service training and program supervision is needed in 1955 to develop this project into an independent undertaking. In the field of rural elementary education, periodic teacher training workshops have been conducted since March, 1953, for teachers in the 5 northern provinces. These workshops will become a part of the Rural Normal School program as soon as the school which is scheduled for construction by the government in 1955 is completed. Work in this field has been and will continue to be the training of staff for the new school and the expanding rural school system.

Transportation, Communication, and Power

As a basis for the future development of hydroelectric power, an engineer has made surveys. Stream guaging stations have been established for the purpose of gathering basic data that will be needed for design of dams. In 1955 it is believed that a definite program may be drawn up for the actual development of this valuable natural resource. The government, with loan assistance from the International Bank for Reconstruction and Development, has been making improvements in transportation.

General Narrative Statement (Continued)

The technical cooperation program has provided consultant service in the development of port facilities, and these studies are proposed to be carried forward in 1955.

General Community Development

A consultant on city planning has assisted the Ministry of Public Works in establishing a department which to date has concentrated on a master plan for the development of the capital city, Managua. Studies to date include mapping, zoning for land use, public buildings, a city taxation structure, traffic patterns for highway and street planning, and public utilities. These and further studies in 1955 will provide a base for sound city development.

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment & Grants to Servicios	U. S. Technicians		Trainees		Local Costs
			No. of Persons	Cost	No. of Persons	Cost	
Technical Cooperation							
1953	572.1	160.0	24	289.4	29	61.6	61.1
1954	739.2	215.0	24	333.2	15	47.3	143.7
1955	652.5	150.0	30	443.4	13	39.6	19.5

Summary by Major Activity

(In thousands of dollars)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Programs by Fiscal Year	Total U. S. Cost	Agriculture and Natural Resources	Health and Sanitation	Education	Transp. Communications, & Power	Industry, Mining and Labor	Public Admin.	General and Community Development
Technical Cooperation								
1953	572.1	290.1	105.0	137.1	-	17.9	13.9	8.1
1954	739.2	319.1	106.9	261.9	22.2	9.6	6.3	13.2
1955	652.5	306.0	132.5	183.5	15.6	-	-	14.9

BASIC STATISTICS

Area	29,000 square miles
Population	864,000 (1953)
Population Density	30 per square mile
Annual Population Growth	2.8 percent
Agricultural Land	3 percent of total area
Agricultural Land Per Capita	0.8 acres
Main Crops	Bananas, abaca, cacao beans, rice, sugar, and livestock
Main Industries	Tourist trade, fishing
Main Exports (1952)	Value Mill. US$ / % of Total Exports
Bananas	6 / 38
Cacao	2 / 13
Labor Force	208,000 economically active in 1947
Main Occupations	Agriculture, 53%; employed in Canal Zone, 9%
Per Capita GNP	$382 (1952 in current prices; conversion rate 1 Balboa per US$)
Average Life Expectancy	52 years
Infant Mortality Rate	51 deaths per 1,000 live births
Medical Services	1 physician per 3,700 persons 416 hospital beds per 100,000 persons
Literacy Rate (10 yrs & over)	62 percent of population
Teachers (primary grades)	429 per 100,000 population
Railroads	187 miles
Roads	1,424 miles with 660 miles improved
Motor Vehicles	14,600
Merchant Fleet, Tankers	2,111,000 gross tons
Dry Cargo	1,723,000 gross tons
Significant Basic Resources.	Cordage fibers abaca; produces 4 percent of free world output and provides 6 percent of US supply

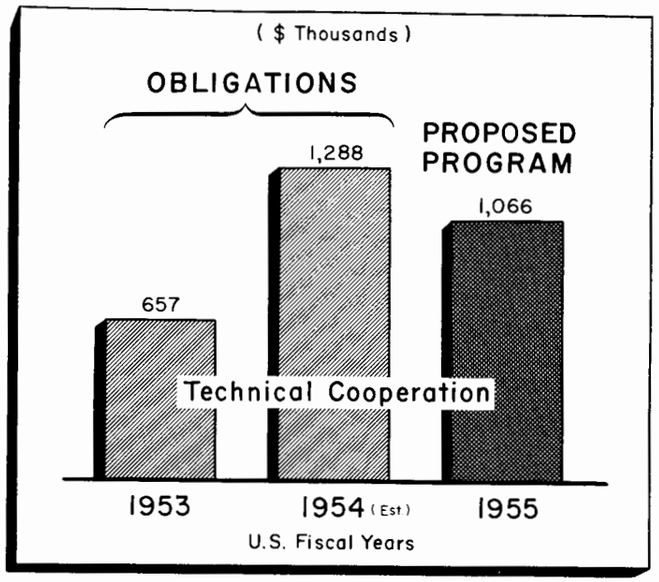
* 1953 data largely preliminary or estimated.
a Cities of Panama and Colon.
b Crop years beginning in the year stated.
c Prewar average.
d Exports understated by amount of personal purchases in Panama by residents of Panama Canal Zone.
e U. S. Customs data.
f Food only.
g N.Y. cacao price $54.20 per 100 pounds in January 1954.
h As of June 30 of year indicated.
i Fiscal year ending in year stated.

SELECTED ANNUAL STATISTICS

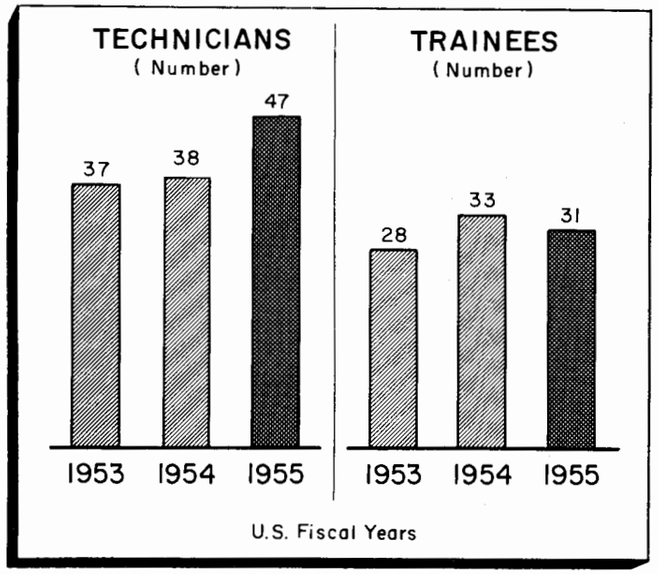
Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Electricity[a]	Mill. KWH	30	88	94	100
Rice, (rough)[b]	1000 MT	22.7[c]	83.4	92.9	97.5
Sugar, centrifugal, raw[b]	1000 MT	4.5[c]	19.1	18.1	18.1
FOREIGN TRADE					
Exports[d]	Mill. US$	7	15	16	16
Imports	"	20	76	84	82
Balance	"	-13	-61	-68	-66
Trade with U.S.[e]					
Exports to U.S.	Mill. US$	3.3	12.2	14.0	17.0
Imports from U.S.	"	10.1	46.6	75.4	83.2
Key Exports: Bananas	1000 MT	222[c]	178	167	
Cacao	1000 MT	3.9	1.3	3.1	
BALANCE OF PAYMENTS			(1950)		
Balance on Goods & Services	Mill. US$		-14.5		
Private Financing	"		+4.4		
Official Financing	"		+6.3		
Errors and Omissions	"		+3.8		
FINANCIAL					
Cost of Living (Panama City)[f]	1948=100	51	95	96	96(Sept)
Commodity Prices					
Bananas, 100 pounds, N.Y., retail.	US$	6.70	15.60	15.22	15.30
Cacao, 100 pounds, New York	US$	5.30 (1939)	35.60	35.40	37.12[g]
Dollar Exchange in US Banks	Mill. US$	34	68	81	90
Central Government Debt[h]	Mill. US$	21.1	34.6	41.1	
Central Gov't Finances[i]					
Revenue	Mill. US$	12.7	32.0	33.0	40.5
Expenditure	"	10.8	38.7	43.6	43.9
Surplus (+) or Deficit (-)	"	+1.9	-6.7	-10.6	-3.4
Exchange Rates	Balboas per US$				
Official Selling	"	1	1	1	1

PANAMA

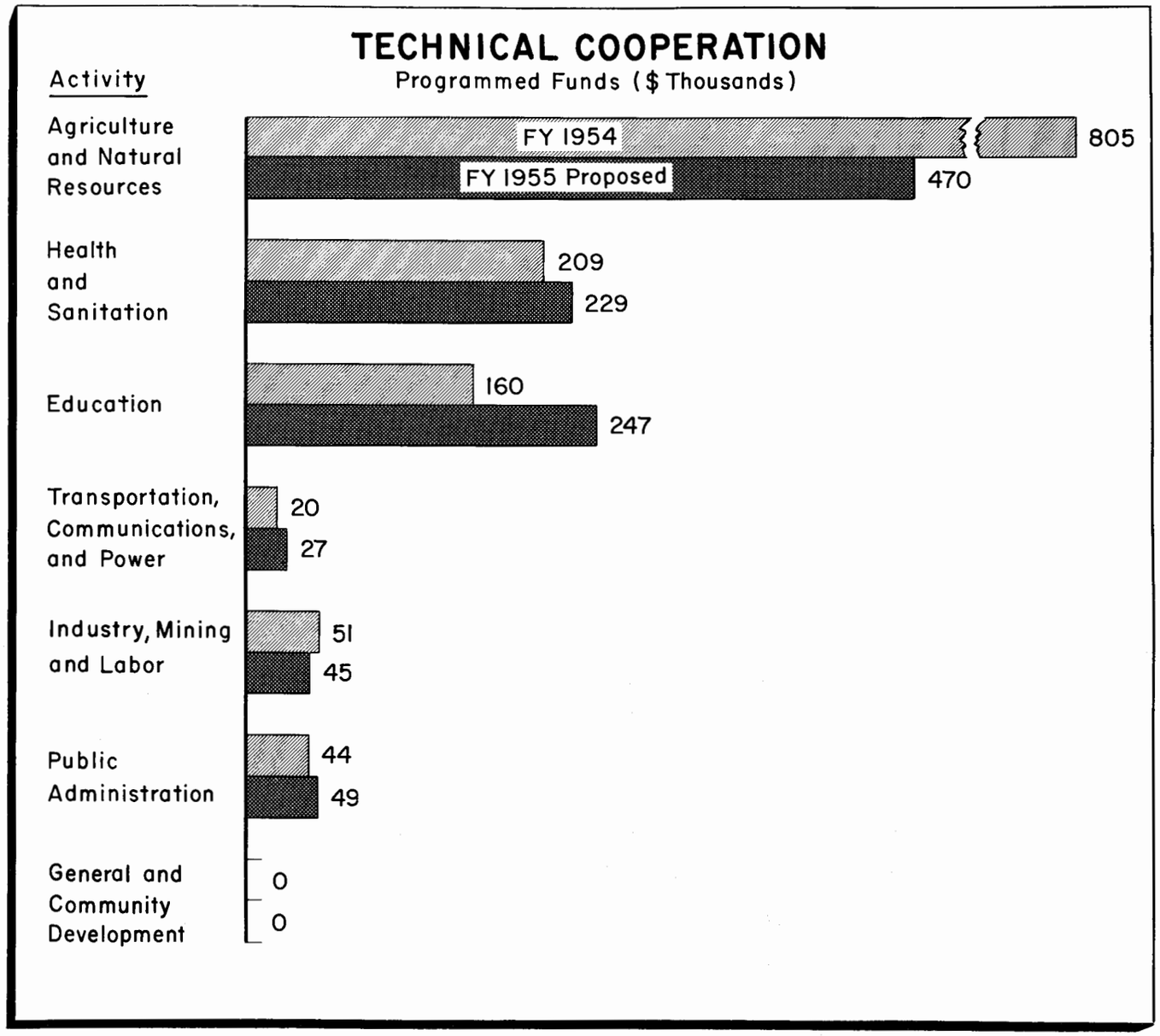
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



LATIN AMERICA

Country: PANAMA

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

Function	Programs		
	FY 1953	FY 1954	Proposed FY 1955
Technical Cooperation	657.1	1,287.7	1,066.4
Total Country Program	657.1	1,287.7	1,066.4

General Narrative Statement

THE TECHNICAL COOPERATION PROGRAM

The program in Panama has included cooperation in solving that country's problems in the fields of vocational education, agriculture, civil aviation, health and sanitation, rural education, social welfare, public administration, housing, and industry and government. At the end of 1953 there were 130 Panamanians participating directly in the technical cooperation programs; 75 Panamanian technicians had been trained in the United States, and many more had been trained in Panama by the personnel of FOA field staffs. The University of Arkansas has been an active partner with the U. S. Government in cooperation with Panama during the past two years with a staff of 10 agriculturists and an annual allotment of $150,000 of FOA funds. This partnership will be continued in 1955.

Agriculture and Natural Resources

In 1953 the World Bank (IBRD) made loans to Panama of $1,200,000 for the purchase of agricultural machinery for use in farmers' machinery pools, and of $290,000 for a grain storage plant. Both these ventures will influence the technical cooperation programs in agriculture and vocational education. The technical cooperation program in agriculture and natural resources utilizes the greatest single portion of available funds and the largest personnel. This program in its present expanded form was established only recently, on June 30, 1952, and the Agricultural Servicio began operations in January 1953; hence no projects have been completed. However, a small earlier mission specializing in rice production since 1948 has been largely responsible for bringing this principal Panamanian food up from a deficit crop to one of surplus for export. This mission was instrumental in bringing the first self-propelled rice combine to Panama; there are now 60 such combines in the country. In agricultural education members of the Arkansas University Mission assigned to the National Institute of Agriculture at Divisa have assisted in reorganizing the teaching curriculum, the administration and operation of the school; they have introduced more practical instruction, better methods of accounting, and more efficient organization of the library and better operation of dormitory and kitchen facilities. Experiments are being conducted in plant-variety tests, irrigation methods, grain storage, and weed control. The production of sweet potatoes has been stimulated and is now affording considerable revenue in sales to the Canal Zone. Two new crops, ramie and sorghum have been introduced and are being used for livestock feed. The making of silage from sorghum and soybeans has been demonstrated. Other introductions are Zebu cattle, tropical kudzu, tiquisate corn, and new varieties of rice; modern machinery for

General Narrative Statement (Continued)

cultivation and harvesting; agricultural information by radio; the organization of machinery pools; cooperative demonstration projects on private farms; a price reporting system; and improved grain storage. An Agricultural Extension Service has been established with 23 agencies in the country including home demonstration and veterinary service. The first 4-S Club was organized in 1953 and already there are 35 clubs with 1,388 members. The cooperative program in agriculture has increased in the export of food to the Canal Zone.

In FY 1955 the agricultural staff will carry on the unfinished projects and establish several new ones. The ten technicians from the University of Arkansas will cooperate further in the effort of Panama to increase the effectiveness of the national agricultural school at Divisa in the three areas of research, education and extension that have characterized the land grant colleges of the United States. A new Servicio will be established with a staff of four to cooperate with the new Panamanian Institute of Economic Development to which the IBRD has lent $1,490,000 for agricultural development. Cooperation in constructing feeder roads to the International Highway will be provided to help farmers market their produce. The Buena Vista Livestock Demonstration Farm with its 2,500 acres, now half cleared, will be brought into production of crops and animals. The Marraganti Pork Production Farm in the Indian province of Darien will be developed to provide this area with breeding stock and lessen the present dependency upon Colombia. Other projects include the production of mules for farm draft animals; and the promotion of certified seed production on a national scale. Another project will help provide poultry and eggs now imported in large quantities. A nursery is planned to produce and distribute the best varieties of coffee. A U. S. technician will help make an inventory of the forest resources of Panama. A soil survey and land evaluation study is planned, especially for undeveloped provinces. Two additional experimental and demonstration centers are planned, one in Chiriqui and one in Darien, each specializing in problems of the respective Province.

In Health and Sanitation, although active projects have been in operation only two years, vaccination against tuberculosis has been extended to all but two of the provinces of the nation. As of January 1954, 360,000 Panamanians, nearly half the population of the country, had been skin-tested for tuberculosis and 186,000 vaccinated. Final arrangements were made for turning over this project to the Ministry of Health. Complete sanitary surveys have been made of 19 towns with populations of 1500 or more; plans and specifications have been prepared for complete sewage systems for Chitre, Monagrillo and Concepcion, and for the Nicolas Solano Hospital. The Santo Tomas School of Nursing has been improved; the curriculum revised and new equipment installed. The School of Social Welfare at the University of Panama has been strengthened and several social welfare students have been graduated and put to work. Malaria control has been established.

In FY 1955 for the Health and Sanitation program it is proposed to continue the mass campaign against tuberculosis by X-rays in major population centers, to promote health education, and the training of social welfare workers. Plans are being discussed for a comprehensive program of sanitation in the town of Concepcion, including a complete sewer system. In health education, audio-visual equipment will be supplied to the principal cities in the Republic; health education pamphlets to educational agencies. In nursing, the technicians will continue with the objective of promoting better facilities and increasing the number of students. A hospital administrator will assist the Medical Director of the Santo Tomas Hospital, and consultant services will continue to be furnished to the new Tuberculosis Hospital. Another specialist in nursing will collaborate with the chief nurse of the psychiatric hospital in Panama City.

In the Education program a modern school of vocational industrial education was established at Divisa and turned over to the Ministry of Education. A national system of vocational education has been developed with modern standards set up for curricula, methods of teaching and equipment. Vocational courses have been inaugurated or improved in 7 schools and teachers trained. In rural education 15 schools around El Higo were taken as a group for demonstrating general school improvement. School gardening, hot lunches, courses in handicraft, home economics, and community organization were introduced; teaching methods and physical equipment were improved. A new course in vocational agriculture sponsored by the education servicio in the interior town of David has attracted as much interest and participation of parents as of students.

General Narrative Statement (Continued)

In FY 1955 it is proposed to continue stress in agricultural education, and community development in rural areas. It is planned to develop a 4-year vocational education course in the University for teachers of Industrial Arts; to open industrial arts centers at Penonome and Aguadulce; organize secondary-school agricultural courses; establish evening classes for teachers; make an industrial survey in Colon; and continue the preparation of teaching materials.

In Transportation the chief work has been done in civil aviation under a one-man mission supplemented by consultation and assistance from the technical personnel of the Regional Aviation Assistance Group, working with the Director General of Civil Aviation, the Administrator of Tocumen International Airport, and the Ministry of Public Works. The Tocumen Airport has been completed; air traffic-control personnel and the airport administrator have been trained in the United States, and several radio maintenance technicians processed for training. Aerial and ground surveys have been made for another airport in the El Real area, a site selected, and complete engineering drawings and estimates prepared. Preliminary work has been done to develop an aviation education program.

In FY 1955 it is proposed that the mission continue to cooperate in the program of expanding domestic air facilities. A survey will be undertaken to cover such matters as existing landing facilities, maintenance and improvement, together with the needs for new facilities; aircraft; airmen; navigational aids; and needed aviation services and facilities.

The proposed program in Industry and Mining for FY 1955 includes an industrial survey of Panama and appropriate follow-up advice.

In Public Administration a management study of the Colon Free Zone was completed and regulatory procedures put into operation by Executive Decree. Courses in Public Administration at the University of Panama have been revised and strengthened.

In FY 1955 it is contemplated that the Executive Branch of the Panamanian Government and the FOA may undertake joint studies and special projects in administrative reorganization, in the development of uniform classification and pay policies, and in revenue and debt administration.

Country: PANAMA

LATIN AMERICA

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment & Grants to Servicios	U. S. Technicians		Trainees		Local Costs
			No. of Persons	Cost	No. of Persons	Cost	
Technical Cooperation							
1953	657.1	135.0	37	307.0	28	82.6	132.5
1954	1,287.7	288.0	38	347.7	33	76.2	575.8
1955	1,066.4	260.0	47	467.9	31	106.0	232.5

Summary by Major Activity

(In thousands of dollars)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Programs by Fiscal Year	Total U. S. Cost	Agriculture and Natural Resources	Health and Sanitation	Education	Transp. Communications, & Power	Industry, Mining and Labor	Public Administration	General and Community Development
Technical Cooperation								
1953	657.1	203.4	186.8	191.4	37.8	8.5	29.2	-
1954	1,287.7	805.2	208.7	159.5	20.0	50.7	43.6	-
1955	1,066.4	470.0	228.8	246.8	27.1	44.7	49.0	-

BASIC STATISTICS

Area	157,000 square miles
Population	1,464,000 (1952)
Population Density	9 per square mile
Annual Population Growth	2.1 percent
Agricultural Land	4 percent of total area
Agricultural Land Per Capita	3 acres
Main Crops	Cotton, quebracho, timber, corn, tapioca, sugar cane
Main Industries	Processing of raw materials for export; small industries producing consumer goods

Main Exports (1952)	Mill. U. S. $	% of Total Exports
Cotton	11	34
Quebracho	6	18
Timber	5	16
Hides	3	10

Labor Force	300,000 economically active in 1944
Main Occupations	Agriculture 70%
Per Capita GNP	$83 (1952 in current prices; conversion rate 30 guaranies per US$
GNP Components	Agriculture 56%; Industry & Mining 17%; Com., Transp. & Commun. 10%; Other 17%
Per Capita Caloric Intake	2,670 calories
Estimated Requirement	2,740 calories
Infant Mortality Rate	52 deaths per 1000 live births
Medical Services	1 physician per 2,500 persons 148 hospital beds per 100,000 persons
Literacy Rate	40 percent of population
Teachers (primary grades)	426 per 100,000 population
Railroads	274 miles standard gauge; 356 miles narrow gauge industrial railroads
Roads	600 miles improved and 3,400 miles of trails and unimproved roads
Motor Vehicles	4,500
Significant Basic Resources	Vegetable tannin-quebracho; produces 20% of total world output and provides 15% of U.S. supply. The only other strategic material produced in Paraguay are tung, castor, and palm oil and a small amount of caranday palm wax.

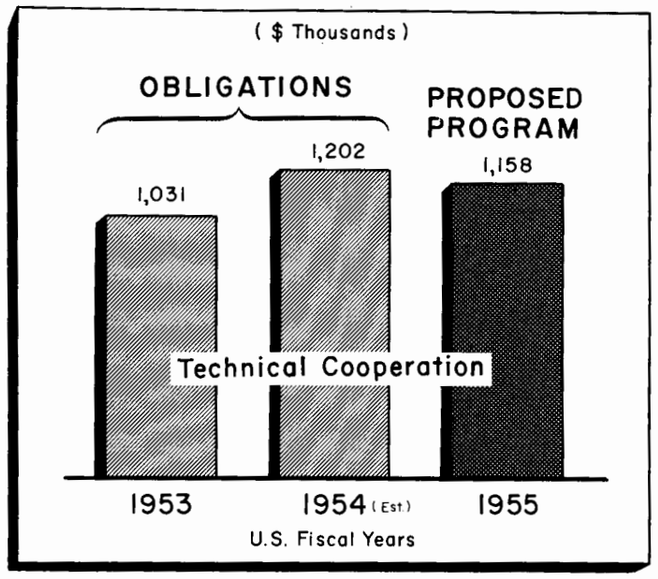
* 1953 data largely preliminary or estimated.
a Crop year beginning in year stated. b Average of crop years 1935/36-39. c U.S. Customs data. d As of end of year or month indicated. e 1950 budget extended to June 30, 1951.
f Fiscal year ending June 30. g Budget year changed to calendar year in April 1953. h Multiple rates in effect. i Converted at the rate of 30 guaranies per US $.

SELECTED ANNUAL STATISTICS

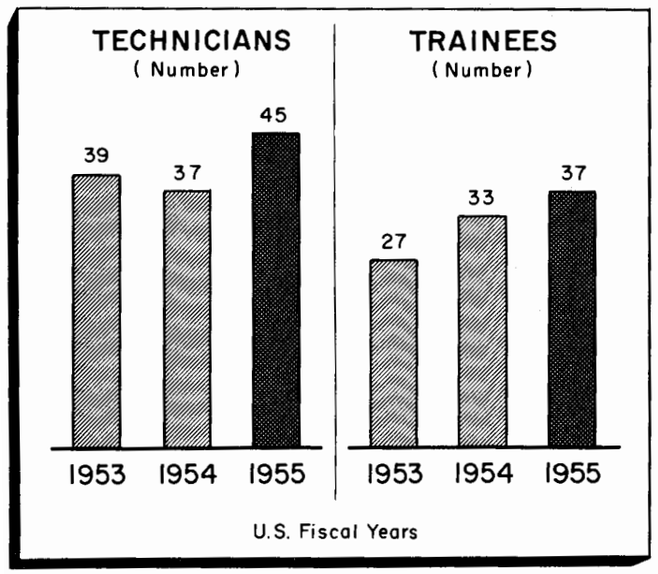
Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Cotton[a]	1000 MT	5.4	15.2	12.0	12.0
Rice (rough)[a]	"	4.0[b]	21.0	29.5	
Sugar, centrifugal, raw[a]	"	5.4[b]	29.9	22.7	14.5
FOREIGN TRADE					
Exports	Mill.US$	7	38	31	
Imports	"	9	30	42	
Balance	"	-2	/8	-11	
Trade with U.S.[c]					
Exports to U.S.	Mill.US$	1.3	7.0	7.7	6.1
Imports from U.S.	"	0.6	4.3	7.0	7.1
Key Exports:					
Cotton	Mill.US$	2	8	11	
Quebracho	"	1	6	6	
Timber	"	-	11	5	
Hides	"	1	3	3	
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill.US$		3.7	-10.8	
Private Financing	"		4.2	9.9	
Official Financing	"		-7.9	2.4	
Errors and Omissions	"			-1.5	
FINANCIAL					
Wholesale Prices	1948 = 100	24	283	725	918 Aug
Cost of Living (Asuncion)	"	24	316	687	1,178 Aug
Commodity Prices					
Quebracho extract, 100#	U. S. $	3.28	7.82	8.77	8.90 Oct
Cotton, U.S., 100 pounds	"	9.00	41.60	38.70	32.90
Money Supply[d]	Mill.Guaranies	(1939)	395.1	589.7	840.5 Oct
Central Bank Reserves[d]	Mill.US$	0.57	18.70	17.68	15.47 Nov
Gold	"	0.05	0.20	0.19	0.19 Nov
Foreign Exchange	"	0.51	18.50	17.49	15.28 Nov
Other Bank Holdings[d]	"		n.a.	10.19	11.20 Aug
Central Government Debt[d,i]	Mill.US$		20.10	22.41	
Central Gov't. Finances[i]					
Revenue	Mill.US$		e	4.87[f]	11.53[g]
Expenditure	"		e	6.27[f]	11.40[g]
Surplus (/) or Deficit (-)	"		e	-1.40[f]	/0.13[g]
Exchange Rates[d]	Guaranies per U.S.$				
Official Selling	"	2.79	6.00[h]	15.00[h]	15.00[h]
Controlled Free	"	3.23	31.50	49.00	58.50

PARAGUAY

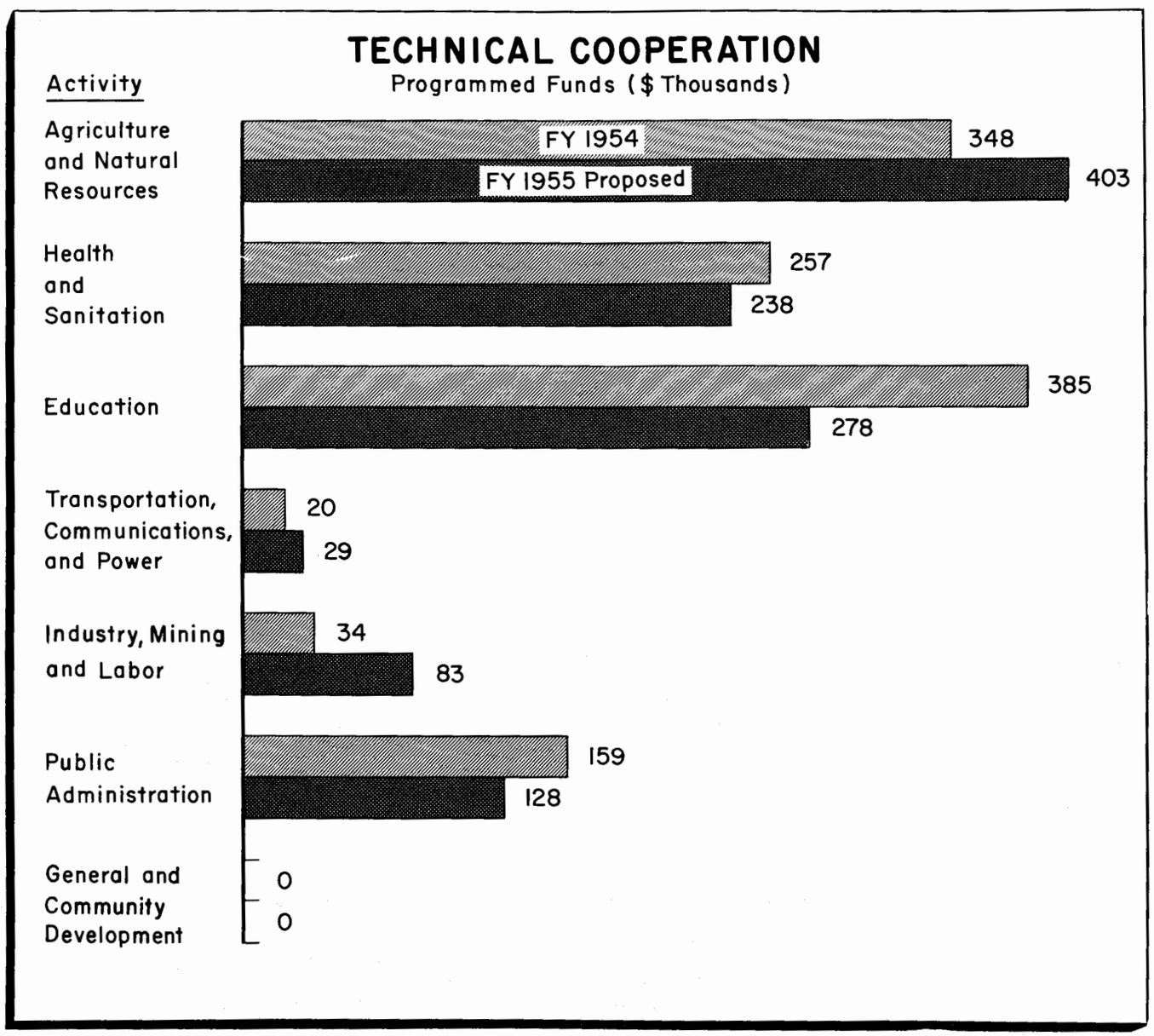
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



LATIN AMERICA

Country: PARAGUAY

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

Function	Programs		
	FY 1953	FY 1954	Proposed FY 1955
Technical Cooperation	1,031.2	1,202.4	1,158.1
Total Country Program	1,031.2	1,202.4	1,158.1

General Narrative Statement

THE TECHNICAL COOPERATION PROGRAM

The technical cooperation program in Paraguay is in its 12th year. It has operated for the most part, in the basic fields of agriculture, health, and education.

Agriculture and Natural Resources

Approximately one-third of the FY 1954 program funds were allocated for further development in agriculture and natural resources. Activities have emphasized the increased production of foods. Farmers have received better seeds and have learned improved methods of cultivation. Dairy and range cattle have been improved by selection, and importation, of improved strains, artificial insemination and a long-range program of pasture improvement. The agriculture program, during the 1953 calendar year, included the establishment of an Artificial Insemination Center and the insemination of 5,000 cows; training of 31 technicians; the operation of a Seed Wheat Service through which 340 metric tons of seed wheat were produced for sale to farmers in 1954, enough to seed approximately 10,000 acres and to save substantial amounts of foreign exchange now used to import wheat; the inauguration of the Extension Service in August 1953 which has five rural offices with 16 trained extension agents now serving Paraguay's farmers and 17 more agents who completed their training at the end of 1953 to begin active participation in 1954; the organization of 15 clubs of the 4-H type with 437 members; distribution of 247,000 pounds of seed corn, 35,000 pounds of peanuts and 110,000 pounds of beans; work with Supervised Credit Program in order to include an additional 3,000 farmers; completion of the Model Dairy Project after 10 years of operation during which time more than a million quarts of pasteurized bottled milk were sold; and the turning over to the Ministry of Agriculture the operation of the dairy facilities and foundation herd of Holstein dairy cows.

In 1955 it is proposed to assist the Ministry of Agriculture and Paraguayan farmers to increase food production. Cattle production will be increased by improved breeding stock and losses will be minimized by greater use of veterinary medicines and vaccines. Range and water facilities will be improved. All of these activities will in turn improve the general economy by increasing the supply of meat products for

General Narrative Statement (Continued)

domestic consumption and possibly lead to an increase in the exportable surplus. Continued assistance in the field of wheat development will save foreign exchange now used for wheat imports and continued assistance by the Seed Service will insure the increased production of fruits and vegetables necessary to an improved diet. Expanded effort (including the establishment of several additional rural offices) in support of the agricultural extension service will pass on to the farm communities the results of extensive experimental work in adapting animals and plants to the environment.

Health and Sanitation

The Health and Sanitation Servicio has worked for more than ten years with the Ministry of Health. Five health centers have been operated; they serve over 300,000 people located in three Departments and in Asuncion, the capital. The centers have resulted in increased health consciousness and in the decline of diseases. Under the project for nursing education, over 250 nurses and nurses aides have been trained and demonstration projects have been provided in environmental sanitation, the compilation of vital statistics and in welfare work.

In FY 1955 it is proposed to continue cooperation with the Ministry of Health in countrywide campaigns against preventable infectious disease, assistance in maternal hygiene, pre-school and school-children's hygiene, to improve nursing services and to assist the leper colony. Emphasis will be placed on a rural sanitation program, improvement of the government's Social Welfare Program, and increased training of nationals in public health.

Education

The primary objectives of the education program are to assist in reorganizing the rural elementary school system, in establishing a sound system of teacher training and in providing industrial vocational training. The major accomplishment in vocational education has been the establishment of Paraguay's only civilian industrial school which now provides instruction in eight trades including wood-working, auto-mechanics, plumbing and refrigeration. Now in full operation, with a capacity of about 270 students, four classes (154 students) have already been graduated, all being immediately placed in industry. All courses are now taught by Paraguayans, with assistance from U. S. technicians. During 1953, construction was begun on an addition to the vocational school to house a machine shop, a welding shop, an iron shop and necessary class rooms. All funds for this addition are being provided by the industrial leaders of Paraguay. The 1955 program provides for continued assistance in vocational education to improve existing shops and courses in trades and crafts, to establish two new courses and to equip new shops for courses in machine shop, electricity and graphic arts, to develop industrial arts curriculum for secondary and upper elementary grades and establish trades and industrial arts courses in the high school at Concepcion.

Since the start of the work in the field of elementary education in Paraguay in 1951, active work has been carried on in the area of in-service teacher education and plans have been worked out for the basic reorganization of the normal-school system. At the Experimental School at San Lorenzo experienced rural teachers have been re-trained in modern methods and concepts. In 1953, 23 Paraguayan "profesoras" completed their first year of in-service training with the Servicio and 20 Paraguayan supervisors and instructors received a second year of in-service training, while at the same time continuing their regular jobs of training others.

Instructional materials have been developed for both normal and elementary schools, including a completely new system for teaching first-grade reading. The program in 1955 will concentrate on the pre-service education of teachers. This will be done through the establishment of a Rural Normal School to be located at San Lorenzo.

Industry, Trade and Investment

Major activities proposed for 1955 include assistance to the Government of Paraguay in (1) developing of small industry; (2) creating favorable investment climate for potential foreign

General Narrative Statement (Continued)

and local investors and in improving administration of existing legislation to enable private enterprise to increase productivity and provide an example for potential investors; (3) continuing assistance to the Inter-governmental Committee on European Migrants (ICEM) in order to bring in more immigrant manpower. An investment manual, prepared by a U. S. technician in 1953-54, will fill a much needed requirement for basic data essential to a potential investor and is expected to arouse interest in private investment possibilities in Paraguay.

Other aspects of the proposed FY 1955 program include: continued close cooperation with the International Bank in the implementation of its $5 million loan for agricultural, river and highway development; the completion of a detailed study of the inland waterway system of Paraguay; and the development of a more efficient public administration.

Country: PARAGUAY

LATIN AMERICA

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment & Grants to Servicios	U. S. Technicians		Trainees		Local Costs
			No. of Persons	Cost	No. of Persons	Cost	
Technical Cooperation							
1953	1,031.2	342.0	39	485.6	27	94.0	109.6
1954	1,202.4	485.5	37	467.5	33	105.8	143.6
1955	1,158.1	342.0	45	551.8	37	137.3	127.0

Summary by Major Activity

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp. Communications, & Power	(5) Industry, Mining and Labor	(6) Public Administration	(7) General and Community Development
Technical Cooperation								
1953	1,031.2	474.0	212.8	211.0	13.8	18.0	101.6	-
1954	1,202.4	347.7	257.1	384.6	20.0	34.2	158.8	-
1955	1,158.1	403.0	238.1	277.9	29.0	82.5	127.6	-

PERU

BASIC STATISTICS

Area	482,000 square miles
Population	9,035,000 - (1953)
Population Density	19 per square mile
Annual Population Growth	2.1 percent
Agricultural Land	13 percent of total area
Agricultural Land Per Capita	5 acres
Main Crops	Cotton, wheat, rice, sugar
Main Industries	Mining, fishing, food products, textiles, chemicals

Main Exports, (1952)	Value Mill.US$	% of Total Exports
Cotton	80	34
Sugar	32	14
Petroleum	16	7

Labor Force	2,455,000 economically active in 1940
Main Occupations	Agriculture and forestry, 62%; Manufacturing, 16%
Per Capita GNP	$113 (1952 in current prices; conversion rate 18.14 soles per US$)
GNP Components	Agriculture, 37%; Industry & Mining, 25%; Commerce, Transportation & Communications, 22%; Other, 16%
Per Capita Caloric Intake	2220 calories
Estimated Requirements	2540 calories
Average Life Expectancy(Lima)	39 years
Infant Mortality Rate	105 deaths per 1,000 live births
Medical Services	1 physician per 5,500 persons, 212 hospital beds per 100,000 persons
Literacy Rate (10 yrs.& over)	42 percent of population
Teachers (Primary Grades)	266 per 100,000 population
Railroads	2,784 miles
Roads	20,000 miles with 7,400 miles improved
Motor Vehicles	40,000
Merchant Fleet, Tankers	4,000 gross tons
Dry Cargo	82,000 gross tons

SIGNIFICANT BASIC RESOURCES

Material	% of World Reserves	Production as % of Free World Output	% of US Supply
Lead, mine	3	6	7
Vanadium			20
Zinc	5	5	4
Cotton, long staple	-	15	7

SELECTED ANNUAL STATISTICS

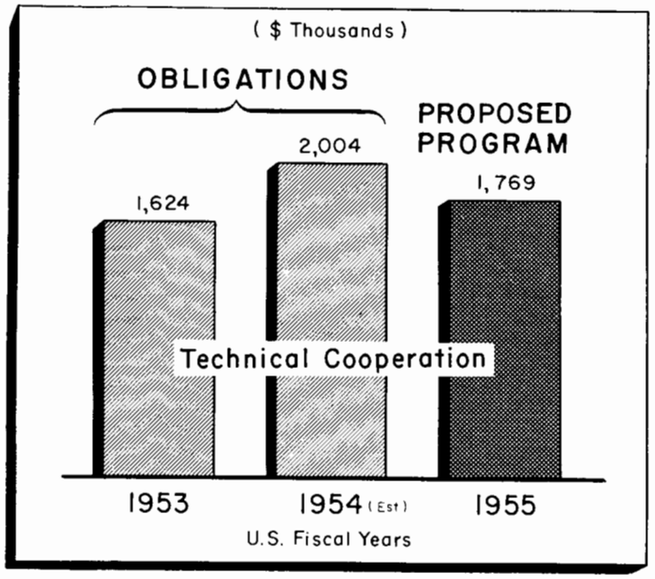
Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Petroleum, crude	1000 MT	2,097	2,148	2,172	2,146
Cotton[a]	1000 MT	82	93	98	92
Rice, (rough)[a]	1000 MT	94.6[b]	237.0	226.8	
Sugar, centrifugal, raw[a]	1000 MT	403[b]	477	635	635
Lead, refined	1000 MT	26	45	48	57
FOREIGN TRADE					
Exports	Mill. US$	68	248	234	215[c]
Imports	"	58	262	288	299[c]
Balance	"	+10	-14	-54	-84[c]
Trade with U.S.[d]					
Exports to U.S.	Mill. US$	12.8	60.7	61.7	87.3
Imports from U.S.	"	16.8	114.6	126.9	118.8
Key Exports:					
Cotton	1000 MT	76[e]	70	83	
Sugar	1000 MT	297[e]	266	288	
BALANCE OF PAYMENTS					
Balance on Good & Services	Mill. US$		-38.5	-66.0	
Private Financing	"		43.2	62.4	
Official Financing	"		-6.7	1.7	
Errors and Omissions	"		2.0	1.9	
FINANCIAL					
Wholesale Prices	1948-100	26	192	201	203
Cost of Living (Lima)	"	30	142	152	165
Commodity Prices					
Sugar, 100 pounds	U.S.$	.89	4.49	4.51	5.78 (Oct)
Cotton, 100 pounds, United States	U.S.$	9.00	41.60	38.70	32.90
Money Supply[f]	Mill. Soles	249	2,739	3,202	3,490 (Nov)
Central Bank Reserves[f]	Mill. US$	21.1	60.2	55.7	53.0
Gold		19.9	45.7	46.1	36.3
Foreign Exchange		1.2	14.5	9.6	16.7
Other Bank Holdings[f]		3.5	11.5	12.9	14.7 (Nov)
Total[f]		24.6	71.7	68.6	-
Central Government Debt[g]	Mill. US$	42.9	82.1	87.8	
Central Gov't Finances[g]					
Revenue	Mill. US$	8.9	99.9	130.1	
Expenditure	"	13.6	99.9	130.1	
Surplus (+) or Deficit (-)	"	-4.7	-	-	
Exchange Rates[f]	Soles per US$				
Official Selling		5.01	-	-	-
Free		-	15.36	15.72	19.96

* 1953 data largely preliminary or estimated.

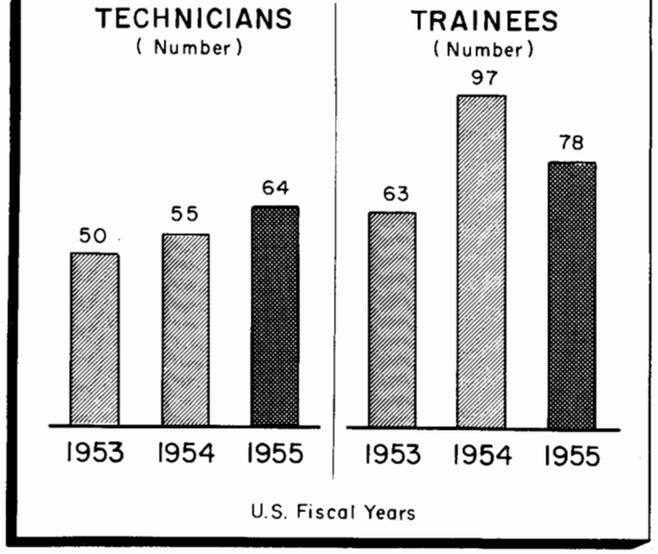
[a]Crop year beginning in year stated. [b]Prewar average. [c]9 months at annual rate. [d]US Customs data. [e]Average 1936-1940. [f]As of end of year or month indicated. [g]Converted at the rate of 18.14 soles per US$.

PERU

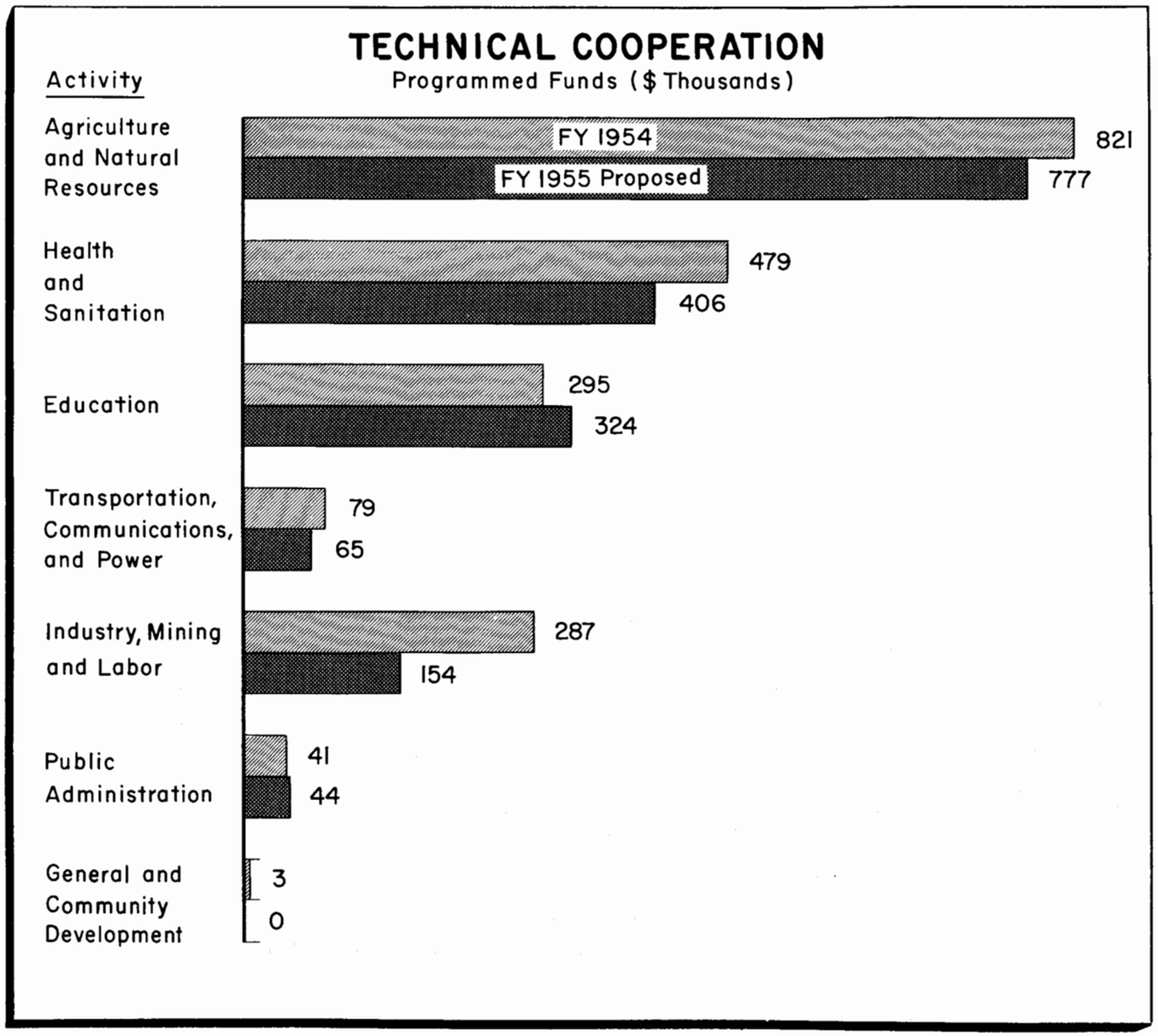
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



LATIN AMERICA

Country: PERU

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

Function	Programs		
	FY 1950/54	FY 1954	Proposed FY 1955
Mutual Defense Assistance	a/	a/	a/
	FY 1953		
Technical Cooperation	1,624.0	2,004.0	1,769.3
Total Country Program	xx	xx	xx

a/ Data for Mutual Defense Assistance Distribution by country is classified information.

General Narrative Statement

TECHNICAL COOPERATION PROGRAM

The proposed country program will consolidate the gains made in the previous year, with the greatest emphasis placed in the field of agricultural development, extension, and research (43%), elementary and vocational education and teacher training (18%), and health, welfare and housing (23%).

The FY 1955 program provides for a coordinated technical cooperation program which is within the limits of Peru's capacity to absorb technical assistance and within its financial resources. It provides for continuation, at the 1954 level, of existing programs which are designed to direct the cooperative efforts of the two governments toward improvement and technical advance in those areas of the Peruvian economy where the greatest need for development arise. There are basic food production and supply, health and sanitation, rural and vocational education and teacher training. Subsidiary projects which will be carried out in the fields of mineral resources, transportation, social welfare, scientific services, public administration, small industries, and fisheries, together with the extensive training program. These will supplement the Technical Cooperation activities carried out by the "Servicios", and will contribute to the operation of long-range plans of the Peruvian Government to (1) increase food production at a rate faster than the present rate of population growth, and (2) to improve the condition of its people through better health and sanitation practices and more extensive elementary and vocational education, particularly in the rural areas.

Agriculture and Natural Resources

Agricultural Research: The Tingo Maria station, with 625 acres in experimental work, has introduced, tested, selected, and distributed many species of industrial

General Narrative Statement (Continued)

complementary crops, such as oil palm, teakwood, rotenone, fibers (kenaf, abaca), and chinchona. Emphasis has been placed on development of dairy cattle adapted to the jungle.

At the La Molina station a bank of germ plasm has been developed which is useful for rust resistance in bread-wheats and oats.

Work has been initiated to introduce barley and sunflowers to the Sierra and other parts of Peru. Intensive fiber crop development is underway. Disease and insect control help to increase food production. Technicians have been instrumental in the development of a castor bean industry.

Agricultural Extension: 38 Rural Extension Offices covering the Coast, the Sierra and the Jungle are in operation. Rural Agents have organized more than 300 committees of farmers with an organized membership affecting more than 1.5 million rural people. The total land area in production has increased 15 percent during the ten years the Agricultural Servicio has been in operation and the average yield per hectare has increased by almost 40 percent. Improvements have been made in the production of major crops such as corn, potatoes, wheat and cotton as well as on home garden vegetables. Specialized veterinary services are available to farmers through the extension service. More than 1,800 boys and girls are enrolled in 64 clubs of the 4-H type which are organized and guided in farm projects by Extension Agents.

Agricultural Farm Machinery Project: Machinery pools are established in areas not yet mechanized. As soon as local farmers can manage and maintain a pool on their own, the demonstration pool is transferred to another area. There were 14 operating pools in 1953. In 1944 there were about 500 tractors in the country; today there are nearly 4,500 (most of U. S. manufacture). Since the Peruvian Government obtained a $1,300,000 loan from the International Bank for Reconstruction and Development in 1952, emphasis has been on intensifying work in land leveling and rehabilitation operations. More than 4,000 hectares of land which previously had not been under cultivation have been rehabilitated and made useful. Under a new project agreement all machinery operations will be placed on a self-sustaining basis as a Peruvian Government corporation. Through a Project Director, the agricultural development Servicio will maintain control and supervision of the operations, but all employees now paid with joint funds will be removed from the Servicio's payroll and will be paid from machinery pool revenue.

Livestock Improvement and Demonstration Farms: The Servicio has imported more than 1,000 head of selected breeding cattle, over 100,000 baby chicks and smaller number of sheep, goats, hogs and rabbits for distribution to the Ministry of Agriculture and private farmers. At Pucallpa, in the Amazon basin, an 18,000 acre tract has been set aside by the Peruvian Government as a demonstration project for cattle management. This has formed the nucleus for a cattle industry in the jungle. More than 700 acres have been cleared and planted to pastures, stocked with imported Zebu and native cattle, and developed according to modern livestock management methods. On the eastern slopes of the Andes at Tarapato, 400 acres have been developed into a demonstration farm for general crops and livestock; in the Andes at Cajamarca, a 35,000 acre sheep farm is devoted to developing means of using pastures located in altitudes above 9,000 feet.

Soil and Water Conservation: Production has been materially increased on irrigated lands through cooperative engineering in laying out irrigation systems, application of water, and proper drainage practices. The main canal of the Pampus de Noco irrigation project is expected to be completed by the middle of 1954 when 9,600 acres of new land will be available. This particular project was entirely financed by the local farmers. The servicio contributed tools and engineering advice.

Servicio work in locating underground water supplies through well drilling has led several private firms into well drilling operations in the coastal area. More than 90,000 hectares of agricultural land have been affected.

Since 1949, the U. S. fisheries mission has been

General Narrative Statement (Continued)

working on the following projects: Organization of division of fisheries, building a technological laboratory, planning of a wholesale fish terminal in Lima (later constructed under supervision of Servicio engineers), planning of a 75-foot fishery research vessel, survey of fresh waters of Peru and stocking of lakes and streams. Nominal technical assistance will be provided in 1955.

In FY 1955, a U. S. Agricultural College will be brought into the problems of general research, a rural credit program will be developed to supplement the extension work and make it more effective, the engineering work of the Servicio will shift in emphasis from supervision of construction toward small scale irrigation, soil conservation, and improved farm structures. It is anticipated that the 35,000 acre sheep ranch will be taken over by the Ministry for continued demonstration operation.

Health and Sanitation

Many projects have been completed and turned over to the Peruvian Ministry of Health for operation. The health program in the Amazon basin including 6 hospitals, 2 health centers, 4 dispensaries and the mobile launches, was turned over on January 1, 1954. An industrial hygiene laboratory has been established in Lima and is in operation as a part of the Ministry of Health. Other Latin American countries are sending personnel to be trained at this laboratory. A nutrition research program is under way through a contract with Harvard University.

It is proposed to continue the varied operations of this program in 1955. These will include the establishment and operation of health centers, hospitals, dispensaries, medical and sanitary posts, and laboratories; operation of dispensary launches that serve jungle areas; campaigns against specific diseases such as dysentery, yellow fever and leprosy; technical assistance to the health education program; continuation of an industrial hygiene program designed to protect miners in the high altitudes against the ravages of silicosis.

Education

In the Cuzco and Puno areas sixteen nuclear schools, each with from 10 to 25 associated rural schools, have received advice in school building, planning, supervision of instruction and selection of new teaching materials. Shop layouts have been planned for many vocational schools.

The Central Normal School near Chosica is now operating. The Urubamba Normal School in Cuzco is being constructed.

Industry, Mining, and Labor

A systematic study to estimate the lead-zinc potential of more than 1000 deposits in northern Peru has been completed. In FY 1955, a project now being developed will provide U. S. technicians to work with the Banco Minero and Peruvian coal companies on their operating and administrative problems, on the operation of coal preparation plants and on the operation and management of a testing laboratory. An industry program to provide engineering advice to small industries is being initiated.

A U. S. consultant is now in Peru cooperating in the development of the Peruvian Employment Service.

Transportation

Plans are now being worked out to organize a civil aviation agency to draft a civil aviation code and establish safety regulations. Other aviation programs will improve airport operations, communications and navigation. A U. S. shipping consultant is advising the Peruvian Steamship Corporation on problems of management and operations.

Training

Since the beginning of technical cooperation in Peru, 148 persons have received training in the United States. The Education Servicio has also conducted a number of successful workshops for teachers; and the Health Servicio has trained

General Narrative Statement (Continued)

200 nurses; the Agricultural Servicio, in cooperation with FAO and the Ministry of Agriculture, has conducted a course in agricultural extension for 19 students from five South American countries.

MUTUAL DEFENSE ASSISTANCE PROGRAM

Progress to Date

The anti-aircraft artillery unit equipped by MDAP is the first to be organized in Peru. Peru has contributed over 5 million soles for a construction program for the unit. This construction program includes additional barracks, supply buildings, equipment maintenance and storage facilities, and motor pool facilities. This unit has the most improved area and is the best equipped of all units in the Peruvian Army.

The Peruvian Navy is effectively utilizing all materials delivered for use in the training school. This material is properly installed and the training school is in operation. Spare parts furnished to vessels have either been utilized or placed in "on board stock" for future use. Training ammunition provided has allowed the Peruvian Navy to fire full gunnery practices. In general, all utilization of MDAP material is effective and satisfactory.

The Peruvian Air Force for the first time in its history now has a firm foundation as an effective combat arm. Significant is the higher standard of training in the technical units with the advent and stimulation of MDAP. All MDAP supported units have increased the number of flying hours and in-commission and utilization rates of aircraft and the proficiency of the individual crews. The PAF has established a more effective and efficient supply system than was in effect prior to MDAP.

The FY 1955 and Previous Programs

The previous year programs provided, within the availability of funds, selected items of unit equipment for the Army, modernization equipment and maintenance support for the Navy, F-47 and PBY aircraft for the Air Force, and training assistance to all three Services.

The FY 1955 program is planned to provide additional assistance along the above lines.

Country: PERU

LATIN AMERICA

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment & Grants to Servicios	U. S. Technicians		Trainees		Local Costs
			No. of Persons	Cost	No. of Persons	Cost	
Technical Cooperation							
1953	1,624.0	775.0	50	564.8	63	126.2	158.0
1954	2,004.0	815.5	55	686.3	97	235.9	266.3
1955	1,769.3	605.0	64	704.6	78	227.2	232.5

Summary by Major Activity

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp. Communications, & Power	(5) Industry, Mining and Labor	(6) Public Administration	(7) General and Community Development
Technical Cooperation								
1953	1,624.0	784.4	346.9	334.2	5.0	133.9	19.6	-
1954	2,004.0	821.0	478.5	294.9	78.9	287.0	40.7	3.0
1955	1,769.3	777.1	406.2	323.8	65.1	153.5	43.6	-

BASIC STATISTICS

Area	72,000 square miles
Population	2,353,000 (1949)
Population Density	33 per square mile
Annual Population Growth	1.2 percent
Agricultural Land	86 percent of total area
Agricultural Land Per Capita	17 acres
Main Crops	Wool, wheat, corn, flaxseed, livestock
Main Industries	Meat-packing, food, construction material, beverages

Main Exports(1952).	Mill. U. S. $	% of Total Exports
Wool	69	33
Beef	29	14
Hides	23	11

Labor Force	770,000 economically active in 1949
Main Occupations	Agriculture,50%; Merchandising, 13%;Manufacturing, 11%;Other,26%
Per Capita GNP	$382 (1952 in current prices; conversion rate 2.35 pesos per US$)
Per Capita Caloric Intake	3070 calories
Estimated Requirement	2570 calories
Infant Mortality Rate	43 deaths per 1000 live births
Medical Services	586 hospital beds per 100,000 persons
Literacy Rate	85 percent of population
Railroads	1,873 miles
Roads	25,000 miles with 3000 miles improved
Motor Vehicles	1,950
Merchant Fleet, Tankers	20,000 gross tons
Dry Cargo	28,000 gross tons
Significant Basic Resources.	Although minerals are present in Uruguay, commercial exploitation is limited to non-metallic minerals such as sand, gravel, refractory clay, and quartz

SELECTED ANNUAL STATISTICS

Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Agricultural Production	1948 = 100	102[b]	122	127	
Corn[a]	1000 MT	132[b]	117	219	
Rice (rough)[a]	"	17.6[b]	46.1	55.2	
Sugar, centrifugal, raw.[a]	"	2[b]	13	17	18
Wheat.[a]	"	360.8[b]	477.6	460.0	568
Wool (greasy basis)	"	57.2[c]	85.0	86.2	88.5
FOREIGN TRADE					
Exports	Mill.US$	62	236	209	304[d]
Imports	"	62	316	237	185[d]
Balance	"	-	-80	-28	+119
Trade with U.S.[e]					
Exports to U.S.	Mill.US$	4.7	135.2	58.7	52.5
Imports from U.S.	"	5.0	83.5	42.2	24.6
Key Exports:					
Wool (greasy)	1000 MT	56	36	48	
Meat (Beef & mutton, frozen and refrigerated)	"	99	80	63	66
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill.US$		-76.9	-33.9	
Private Financing	"		7.5	55.0	
Official Financing	"		65.6	-31.4	
Errors and Omissions	"		3.8	10.3	
FINANCIAL					
Cost of Living (Montevideo)	1948 = 100	55	115	131	139
Commodity Prices					
Wool, greasy, 100 pounds, Montevideo	U. S. $	20.10		61.20	72.40 Oct
Money Supply.[f]	Mill.Pesos		571	624	669 Sep
Central Bank Reserves[f]	Mill.US$	67	199	216	
Gold	"	72	221	207	225 Dec
Foreign Exchange	"	-5	-22	10	22 Oct
Central Government Debt[fg]	Mill.US$			481.9	
Central Gov't. Finances[g]					
Revenue	Mill.US$		152.2	144.6	184.1
Expenditure	"		178.0	175.2	212.3
Surplus (+) or Deficit (-)	"		-25.8	-30.6	-28.2
Exchange Rates[f]	Pesos per				
Official Selling	U. S. $	1.84	1.90	1.90	1.90
Free	"	2.78	2.40	2.75	3.04

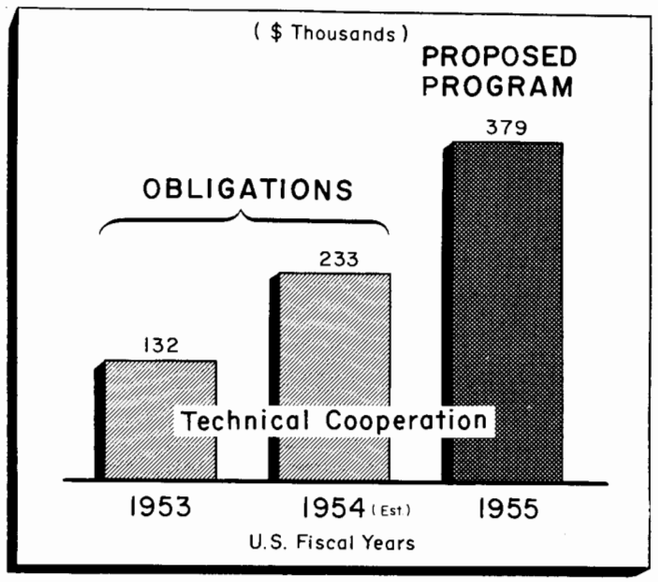
* 1953 data largely preliminary or estimated.

a Crop year beginning in year stated.
b Prewar average.
c Average 1936-1940.
d 9 months at annual rate.
e U. S. Customs data.
f As of end of year or month indicated.
g Converted at the rate of 2.35 pesos per US$.

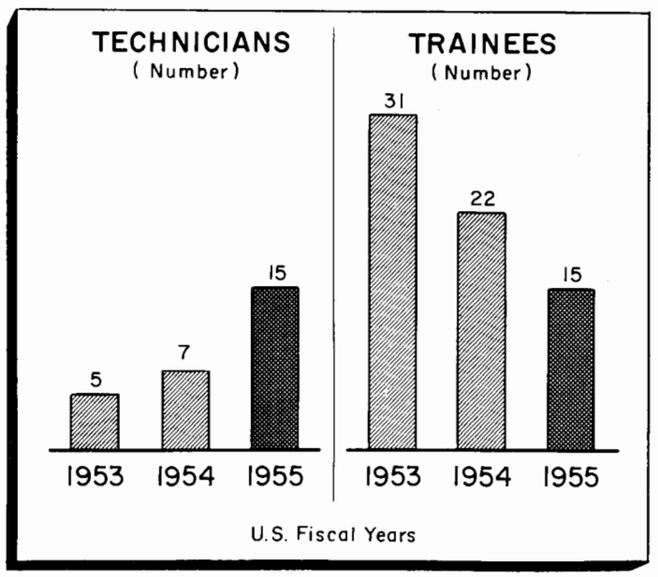
PREVIOUS PAGE BLANK

URUGUAY

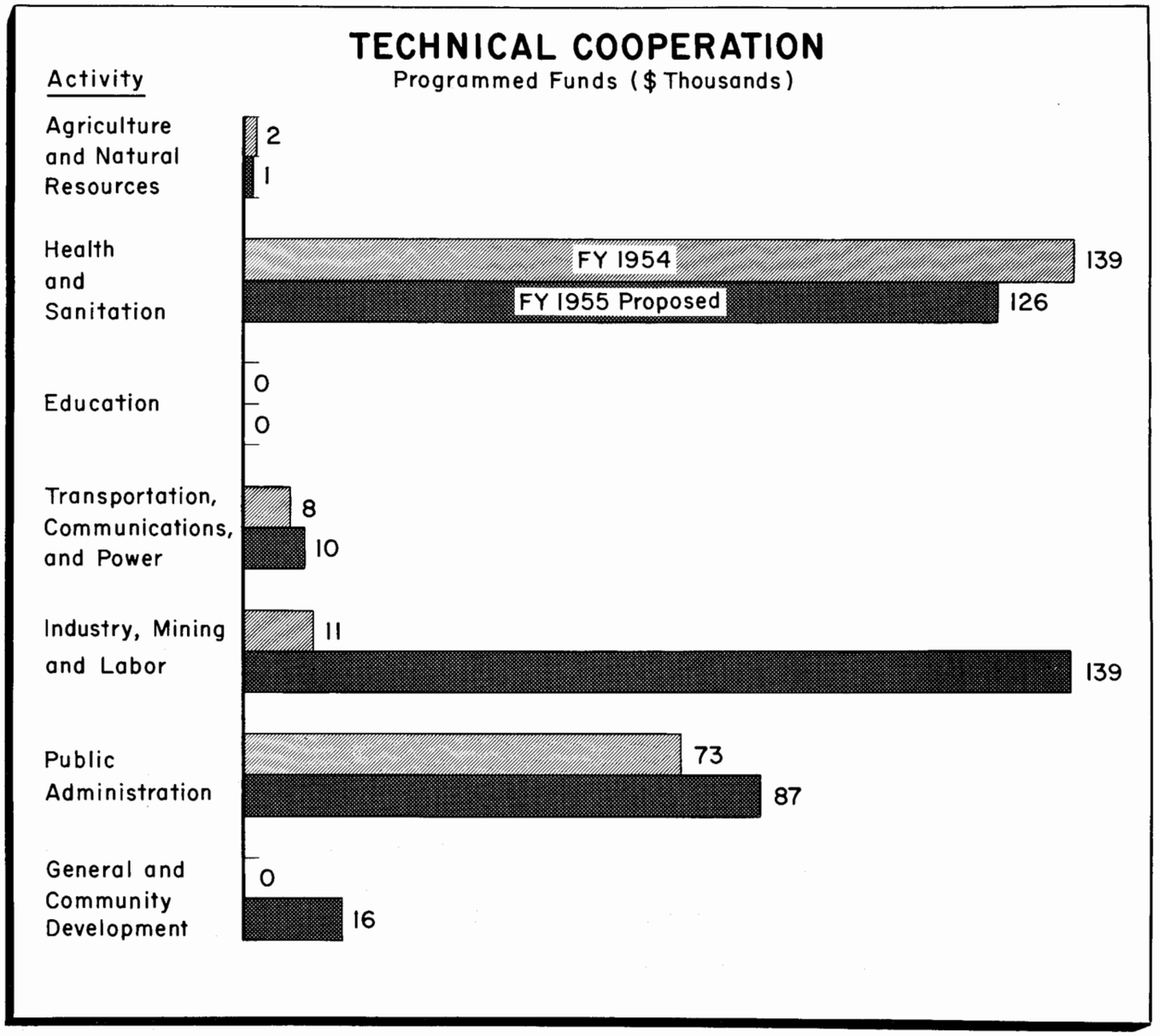
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



Country: URUGUAY

LATIN AMERICA

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

Function	Programs		
	FY 1950/54	FY 1954	Proposed FY 1955
Mutual Defense Assistance	a/	a/	a/
	FY 1953		
Technical Cooperation	132.2	232.7	379.0
Total Country Program	xx	xx	xx

a/ Data for Mutual Defense Assistance distribution by country is classified information.

General Narrative Statement

TECHNICAL COOPERATION PROGRAM

The technical cooperation program in Uruguay has consisted mainly of work in the field of health and sanitation where projects have been in operation for eleven years. However, to resolve its economic problems, Uruguay needs to increase its production of livestock, diversify and expand its agriculture, develop production at lower costs and modernize its public administration procedures.

Despite the importance of the agricultural - natural resources sector of the national economy, no technical assistance is provided in FY 1955 in this field. Such assistance had been requested several years ago and, as a result, a group of U. S. technicians cooperated on studies and in the planning for future work in extension services, farm youth training, as well as certain phases of improving livestock and crops. This group was withdrawn because the Uruguayan Congress has so far failed to ratify the agricultural agreement which was signed on March 14, 1951, and to provide the "fair share" contribution required for financing effective Servicio operation. The amount of $1,000 shown under this heading for FY 1955 is to take care of possible needs in connection with the storage of equipment left by the group of technicians referred to above.

In the natural resources field during 1953 arrangements were made to provide technical assistance to the Electric Light and Power Administration (UTE) for a review of the preliminary plans and an inspection of the new dam and hydroelectric plant site on the Rio Negro, the construction of which has been authorized by the government. The funds to cover all expenses and costs were provided by Uruguay. This report, now completed, will be used to support Uruguay's request for an International Bank loan.

Past activities in the field of health and sanitation have made the Health Servicio the principal Uruguayan agency in preventive medicine, the training of public health personnel in

General Narrative Statement (Continued)

Uruguay and abroad, the dissemination of public health information and in the demonstration of public health operating techniques. The six health centers now in operation effectively demonstrate the advantages of preventive medical services in the fields of maternal and child health, the control of tuberculosis and venereal diseases, health education for the public and control of the sanitary environment. The effectiveness of the health program is demonstrated by the practical eradication of typhoid fever and diphtheria in areas served by health centers and the substantial reduction of infant mortality and death rates from prematurity, tuberculosis, diarrhea and enteritis, in such areas as compared to others. The sanitary engineering program of the Servicio has contributed to the elimination of almost all foci of the yellow fever mosquito. In May 1953, after 3 years of operation as a Servicio project, the expenses of the University School of Nursing were assumed by the faculty of medicine and the budget was doubled over the amount available to it from the Servicio. Since the program began, 71 trainees have completed training in the United States in the fields of health and sanitation, including vital statistics, and have assumed responsible positions in the Servicio itself or in other agencies of the government.

In FY 1955 most of the activities described will be continued but increased emphasis will be placed on problems of environmental sanitation such as improvement of water supply and sewage disposal. Efforts will be made to effect the turn-over to the Uruguayan government of nine projects, six of which are health center operations, two in the field of vital statistics, and one being the yellow fever eradication project.

The FY 1955 program for transportation, communications and power is limited to awards for training in the United States in the field of railway operation. It should be noted in this connection that Export-Import Bank loans of $3 million have been made to assist in the purchase of railway equipment from the United States. Since 1942, 27 Uruguayans have been trained in various phases of civil aviation.

The industry, mining and labor program for FY 1955 has the objective of providing improved productivity methods in the medium and small industry of the country. This need can be supplied most rapidly and most effectively through the Cooperative Inter-American Servicio now being negotiated. As planned, it would undertake services and studies in management operations, in maintenance of industrial equipment, cost accounting, marketing, time and motion, movement of materials, fuel utilization, industrial design, safety, promotion of labor relations, educational and demonstrational activities for workers and supervisors, industrial training, and the coordination of the facilities of the trade school systems with industry. Although the Servicio has not begun to function, progress was made during FY 1954 in industrial safety under the supervision of a FOA/IIAA consultant specially invited by the Uruguayan government to assist in this field. In 1953 also 12 Uruguayan inspectors of the Ministry of Industries and Labor were trained in safety administration; work was done with a special commission on the revision of safety codes to improve working conditions; consultant service was provided to over 200 industrial plants which has resulted in improvements in working conditions and production. The industry program has been directed toward and is expected to stimulate increased private investment of local and foreign capital in medium and small industries.

The program in public administration and technical services has included recommendations for improvement of personnel system and records management in the Ministry of Public Works, improvements in legislation and methods of government procurement, and reorganization of the statistical services. Activities under the FY 1955 program will include (1) personnel classification projects in additional government agencies and the completion of a project for improving of purchasing, supply and warehousing in the Ministry of Public Health, and (2) continued cooperation in the improvement of statistical services with special reference to the preparation for and the taking of a national census, which will be the first census of population since 1908. It is also contemplated that a university-to-university contract may be worked out in the field of public administration.

The FY 1955 community development program provides for a housing specialist to work with the Institute for Low-Cost Housing and the Institute for Colonization toward the solution of the low-cost housing problem, particularly on the cited self-help basis.

General Narrative Statement (Continued)

MUTUAL DEFENSE ASSISTANCE

Progress to Date

To date a MAAG has not been established. The Chief of the U. S. Air Mission to Uruguay is presently functioning as the Acting Chief of the Air Section, and has received the small amount of Air Force materiel shipped to date. No Army or Navy materiel has been shipped.

The FY 1955 and Previous Programs

The objectives of the FY 1954 program were to provide, within the availability of funds, selected items of initial unit equipment for the Uruguayan Army, modernization equipment and maintenance support for the Navy, aircraft for the Air Force, and training assistance to all three Services.

The FY 1955 program is planned to provide additional assistance along the above lines.

Country: **URUGUAY**

LATIN AMERICA

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment & Grants to Servicios	U. S. Technicians		Trainees		Local Costs
			No. of Persons	Cost	No. of Persons	Cost	
Technical Cooperation							
1953	132.2	-50.0	5	80.2	31	95.9	6.1
1954	232.7	50.0	7	82.8	22	81.9	18.0
1955	379.0	100.0	15	188.9	15	54.6	35.5

Summary by Major Activity

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp. Communications, & Power	(5) Industry, Mining and Labor	(6) Public Administration	(7) General and Community Development
Technical Cooperation								
1953	132.2	-79.1	141.6	-	-	37.2	32.5	-
1954	232.7	1.6	139.0	-	7.6	11.4	73.1	-
1955	379.0	1.0	126.2	-	10.0	138.9	86.7	16.2

BASIC STATISTICS

Area	352,000 Square Miles
Population	5,440,000 - (1953)
Population Density	15 per Square Mile
Annual Population Growth	3.3 percent
Agricultural Land	18 percent of total area
Agricultural Land Per Capita.	0.8 acres
Main Crops	Coffee, corn, yucca, sugar
Main Industries	Petroleum, diamonds, salt, rayon and cotton piece goods, cigarettes
Main Exports (1952)	Petroleum: Value about $1,474 million; 95 percent of total exports
Labor Force	1,240,500 economically active in 1947
Main Occupations	Agriculture, 51%; Manufacturing, 14%; Commerce, 8%; Other 27%
Per Capita GNP	$564 (1952 in current prices; conversion rate 3.35 bolivares per US $)
Per Capita Caloric Intake	2,200
Estimated requirement	2,440
Infant Mortality Rate	81 deaths per 1,000 live births
Medical Services	1 physician per 2,200 persons 357 hospital beds per 100,000 persons
Literacy Rate (10 yrs & over)	43 percent of population
Teachers (primary grades)	262 per 100,000 population
Railroads	628 miles
Roads	12,000 miles with 4,200 miles improved
Motor Vehicles	4,424
Merchant Fleet, Tankers	117,000 gross tons
Dry Cargo	45,000 gross tons
Significant Basic Resources	Petroleum, crude - Has 7 percent of world reserves and produces 16 percent of free world output. Venezuela also has substantial iron ore reserves.

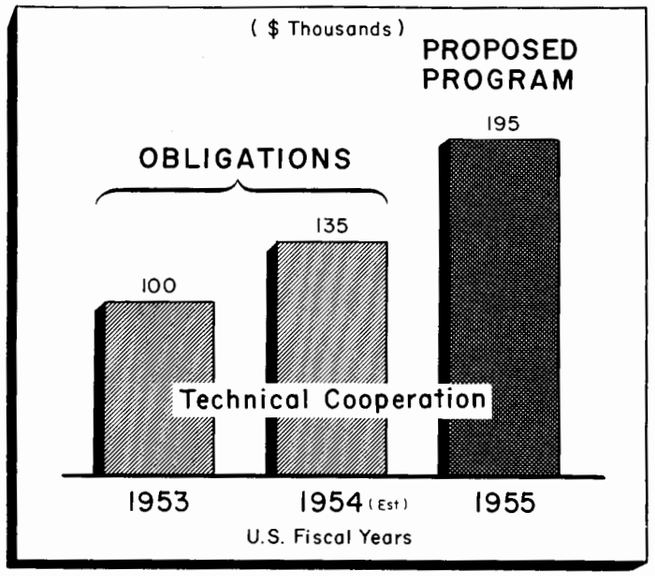
* 1953 data largely preliminary or estimated.
a Crop year beginning in year stated.
b Prewar average.
c U.S. Customs data.
d Food, coal, and soap.
e Crude petroleum $1.95 per barrel in December 1953.
f As of end of year or month indicated.
g Fiscal year ending June 30.
h 1939.

SELECTED ANNUAL STATISTICS

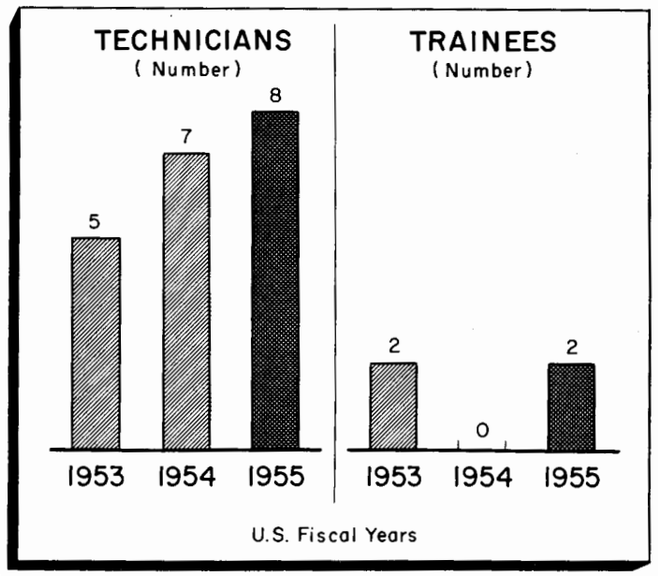
Item	Unit	1938	1951	1952	1953*
PRODUCTION					
Petroleum, crude	1000 MT	28,127	89,027	94,620	91,687
Electricity	Mill. KWH	106	618	722	840
Coffee[a]	1000 MT	56[b]	36	54	38
Rice (rough)[a]	"	1[b]	41	40	54
Sugar, centrifugal, raw[a]	"	20[b]	64	69	70
FOREIGN TRADE					
Exports	Mill. US$	181	1,455	1,552	1,650
Imports	"	107	719	810	821
Balance	"	+74	+736	+742	+829
Trade with U.S.[c]					
Exports to U.S.	Mill. US$	20.0	323.6	395.7	440.6
Imports from U.S.	"	52.2	455.5	500.0	512.9
Key Exports: Petroleum, crude	1000 MT	25,535	84,194	88,830	
Cacao Beans	"	21[b]	14	15	
Coffee	"	36[b]	19	30	
BALANCE OF PAYMENTS					
Balance on Goods & Services	Mill. US$		72.1	44.1	
Private Financing	"		-25.3	98.8	
Official Financing	"		-3.9	-65.9	
Errors and Omissions	"		-42.9	-77.0	
FINANCIAL					
Wholesale Prices (Caracas)	1948=100	58	100	102	97
Cost of Living (Caracas)[d]	"	49	99	98	96
Commodity Prices					
Petroleum, barrel	US$		1.85	1.77	1.78[e]
Money Supply[f]	Mill. Bolivares	288	1,647	1,909	1,957 (Nov)
Central Bank Reserves[f]	Mill. US$		373	434	422
Gold	"		373	373	373
Foreign Exchange	"		-	61	49
Other Bank Holdings[f]	"	63	18	18	20
Total[f]	"		391	452	442
Central Government Debt[g]	Mill. US$	0.9[h]	4.4	2.1	14.6
Central Gov't Finances[g]					
Revenue	Mill. US$	101.7[h]	634.6	685.7	686.6
Expenditure	"	107.9[h]	643.7	706.8	685.2
Surplus (+) or Deficit (-)	"	-6.2[h]	-9.1	-21.1	+1.4
Exchange Rates[f]	Bolivares per US$				
Official Selling	"	3.19	3.35	3.35	3.35
Free	"	3.22			

VENEZUELA

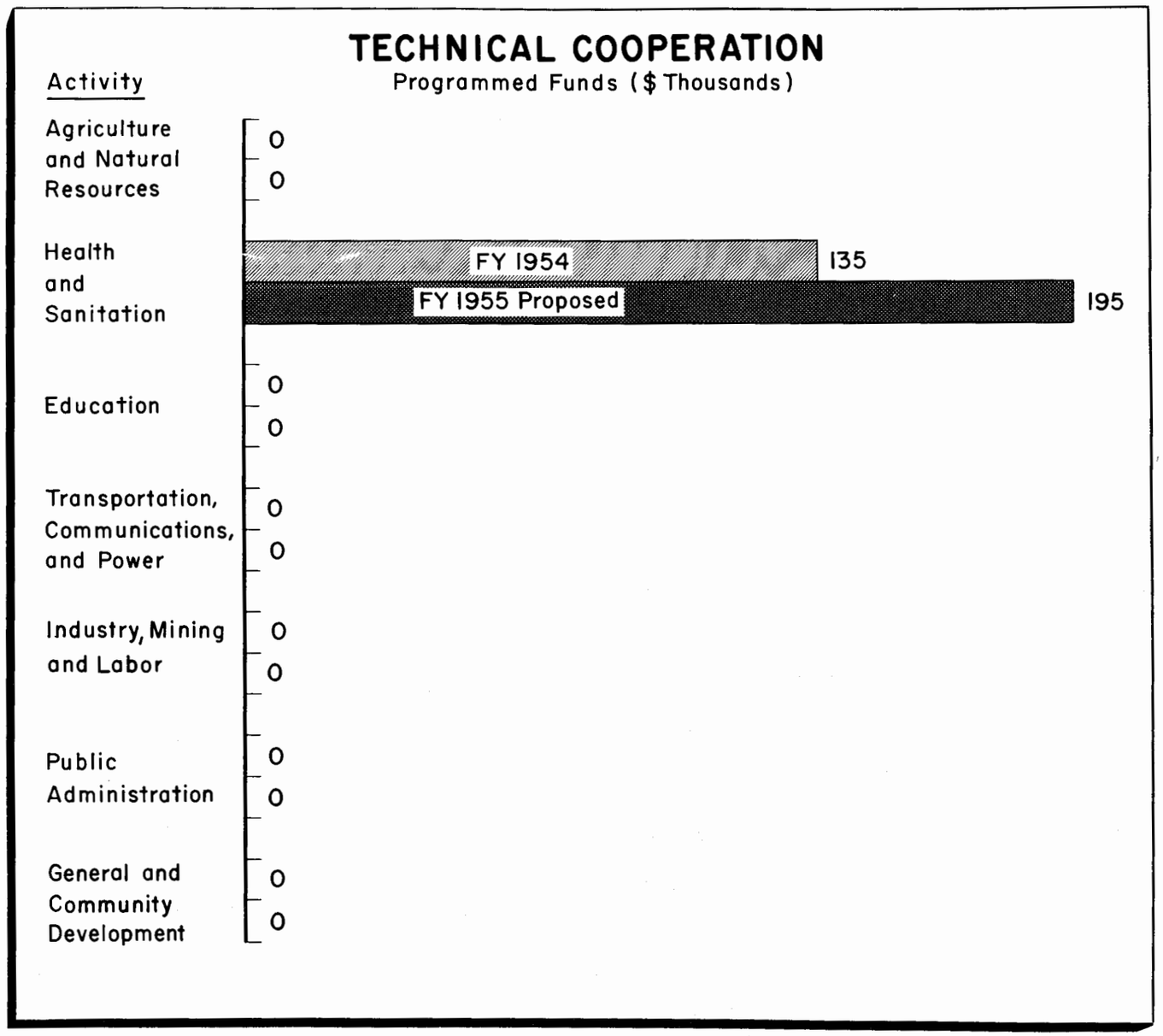
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



Country: VENEZUELA

LATIN AMERICA

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

Function	Programs		
	FY 1953	FY 1954	Proposed FY 1955
Technical Cooperation	99.9	135.2	195.0
Total Country Program	99.9	135.2	195.0

General Narrative Statement

TECHNICAL COOPERATION PROGRAM

The technical cooperation program in Venezuela has been limited almost entirely to activities in the field of health and sanitation, although a program in civil aviation, started in 1949 and terminated in 1951, involved purchase, by Venezuela, of about $1,500,000 of electronics equipment in the U. S. for an airways operations network including 27 airports.

Health and Sanitation

The Mission's participation with the Venezuelan Government in the anti-malaria program brought about a reduction from 2,374 deaths in 1942 to 397 in 1948 and protected the rubber workers during the war years. The establishment of the Maracay Malariological School by the Ministry of Health was the direct result of the cooperative malaria program.

The cooperative program for hookworm control included the building of a laundry, 8,700 sanitary privies, and provision for laboratory examination and treatment. The schistosomiasis project resulted in the elimination of this disease in the endemic areas.

New water supply systems have been furnished to 98 communities with an approximate total population of 100,000. In addition, the Engineering Division has provided plans and assistance for the extension and rehabilitation of existing water supply systems.

A group of nurses was trained through assistance to the National School of Nursing 1945-51. This program was reactivated in 1953 to allow the Nurse Educator to serve as consultant to the national nurse training program.

An administrative survey of the Ministry of Health was made and recommendations for improvements were submitted to the Venezuelan Government. An Industrial Hygiene Survey was made, encompassing 25 industries. Over 60 professionals were trained outside the country in the health field since 1943.

General Narrative Statement (Continued)

The proposed FY 1955 program is limited to cooperation in strengthening the Public Health System. The cooperative program of construction, extension and rehabilitation of the water supply systems for small communities will be continued. It is anticipated, however, that the Venezuelan Government will assume full operational responsibility for the water supply program by the end of FY 1955, with U. S. technicians continuing for one or two years thereafter in an advisory capacity.

Technical cooperation will also be maintained in nurses training, vital statistics, and industrial hygiene.

Country: VENEZUELA

LATIN AMERICA

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment & Grants to Servicios	U. S. Technicians		Trainees		Local Costs
			No. of Persons	Cost	No. of Persons	Cost	
Technical Cooperation							
1953	99.9	25.0	5	59.9	2	.8	14.2
1954	135.2	25.0	7	93.2	-	-	17.0
1955	195.0	25.0	8	134.0	2	6.0	30.0

Summary by Major Activity

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp. Communications, & Power	(5) Industry, Mining and Labor	(6) Public Administration	(7) General and Community Development
Technical Cooperation								
1953	99.9	-	89.7	-	7.8	-	2.4	-
1954	135.2	-	135.2	-	-	-	-	-
1955	195.0	-	195.0	-	-	-	-	-

OVERSEAS TERRITORIES OF EUROPEAN COUNTRIES

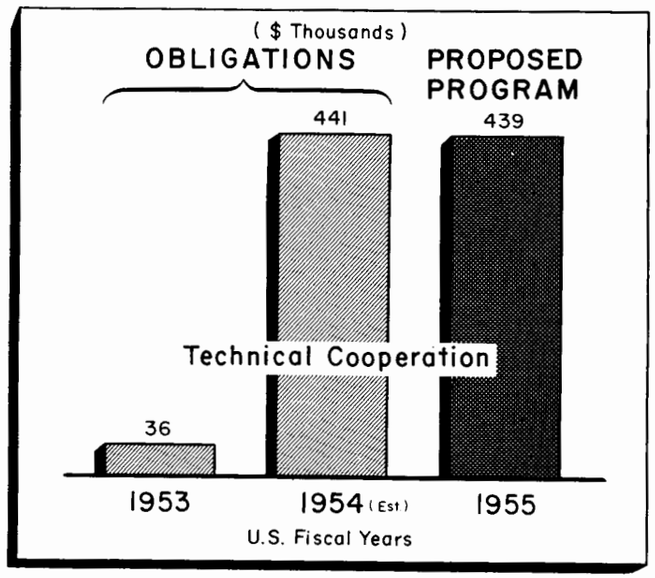
Territory	Area (square miles)	Population (thousands)	Population Density (per square mile)	Main Products and Services	Trade with U.S. in 1953 1/ Exports to U.S. ($ thousands)	Imports from U.S. ($ thousands)
Overseas Territories - Total	195,850	4,291	22	-	211,496	153,436
British territories - total	104,092	3,308	32	-	33,152	61,084
British Guiana	83,000	431	5	Bauxite, sugar, rice, livestock	4,054	3,421
British Honduras	8,867	70	8	Mahogany logs & lumber, chicle, citrus fruits	2,005	2,242
Bermuda	21	38	1,810	Tourism, naval and air bases, vegetables	1,370	13,723
Bahamas	4,404	81	18	Tourism, lumber, vegetables	2,672	16,870
Barbados	166	213	1,283	Sugar, molasses, rum	571	1,203
Jamaica	4,411	1,430	324	Sugar, bauxite, bananas, rum	12,399	13,440
Leeward and Windward Islands	1,234	396	319	Sugar and molasses, cotton	1,614	1,764
Trinidad and Tobago	1,980	649	328	Petroleum and products, sugar, cacao	8,467	8,421
Netherlands territories - total	55,510	389	7	-	178,052	90,734
Surinam	55,144	223	4	Bauxite, rice, citrus fruits, timber	20,791	9,094
Netherlands Antilles (Curacao, Aruba, etc.)	366	166	454	Refining of oil from Venezuela	157,261	81,640
French territories - total	36,248	594	16	-	292	1,618
French Guiana	35,135	26	0.7	Timber, cacao, bananas, gold	65	260
French West Indies	1,113	568	510	Sugar, rum, bananas, coffee, cacao	227	1,358

1/ U.S. Customs data.

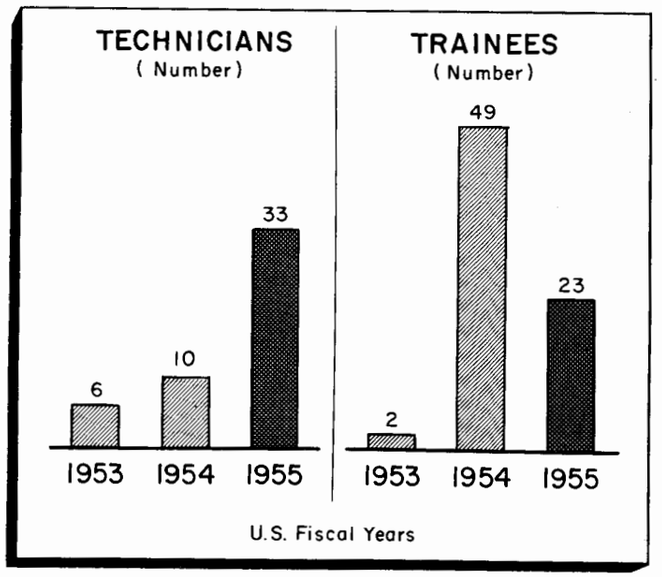
PREVIOUS PAGE BLANK

OVERSEAS TERRITORIES - (WESTERN HEMISPHERE)

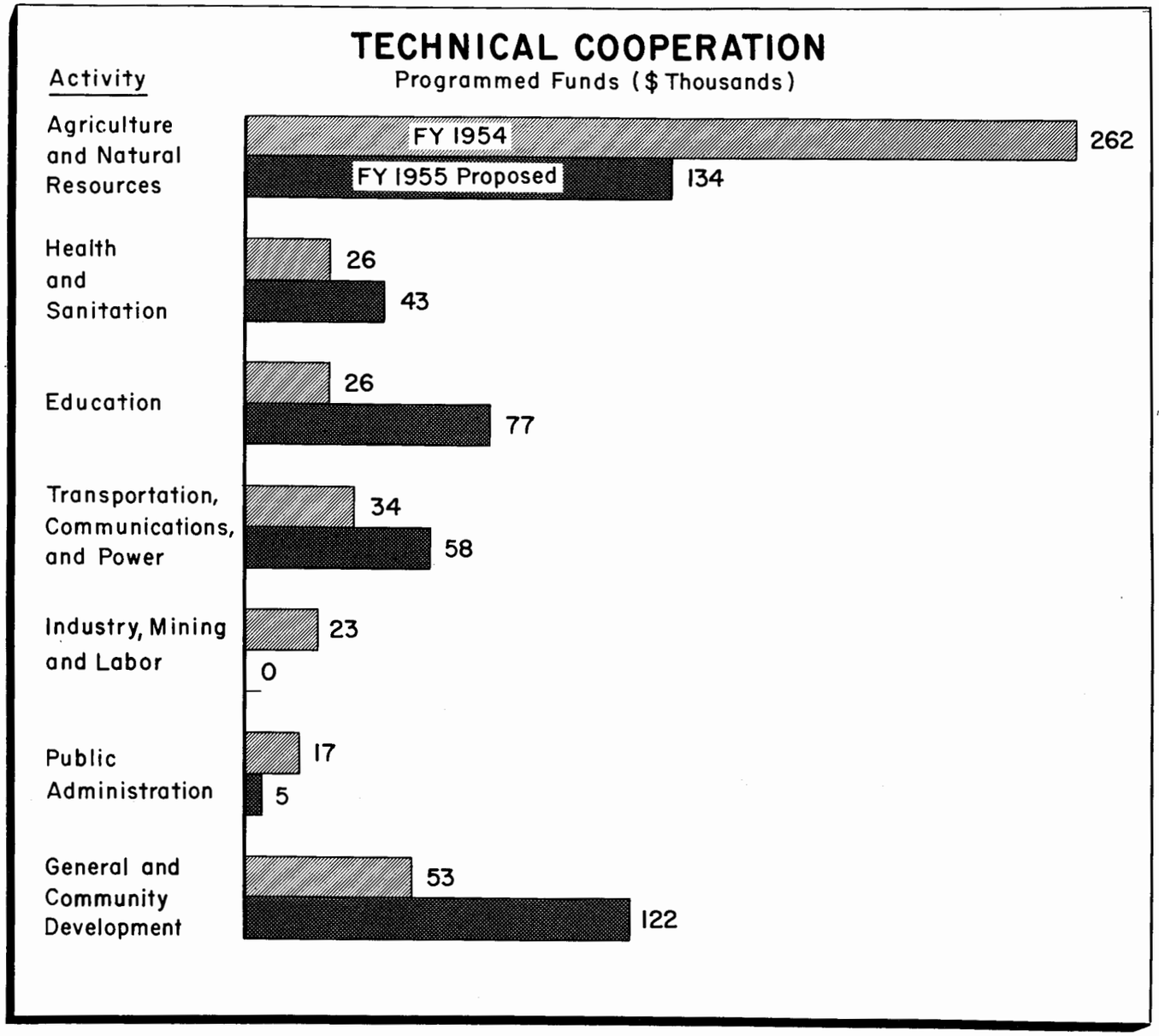
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

Function	Programs FY 1953	FY 1954	Proposed FY 1955
Technical Cooperation	36.3	440.8	439.4
Total Country Program	xx	440.8	439.4

General Narrative Statement

THE TECHNICAL COOPERATION PROGRAM

Prior to initiating a technical cooperation program, a small technical planning group of U.S. officials has been working this year jointly with officials of British Guiana and Surinam, to evaluate existing plans and develop specific technical cooperation programs for these territories. The plans prepared in this joint effort will form the basis for the proposed FY 1955 program.

SURINAM

Surinam and the planning group have agreed on a technical cooperation program and have drafted a proposed agreement which it is anticipated will be signed in the near future. The agreement provides for a joint office to be established in the Office of the Prime Minister for the purpose of helping strengthen the ability of other agencies of the Government to provide the services and training required for area development and to provide technical advice on specific projects. The joint office will be primarily concerned with the activities in five fields:

Agriculture, Forestry and Fisheries:

Work will be begun to help strengthen the extension service, and expand it to include home economics and 4S Club work; to assist the experimental stations in vegetable cultivation and in developing a second crop for rice lands which are now idle 5 to 6 months a year; to advise on means of improving marketing and internal transportation and distribution; to develop training courses on the use, care and maintenance of small tractors and accessories; to provide technical assistance on specific projects of the Department of Agriculture on such matters as preliminary soil investigations, and land management.

Health and Sanitation:

The initial task in this field will be to assist the Department of Public Health in strengthening its sanitation and health education services.

General Narrative Statement (Continued)

Education: The cooperative task will be to improve vocational education including elementary school training in agriculture, health, vocational trades and home economics.

Transportation: The Panama Regional CAA Pool will be used to advise on improvement of an air field for international flights and on the development of internal air transportation.

Housing: Technical advice, already available on a regional basis, on low cost self-help housing will be continued.

BRITISH GUIANA

Preparation of a specific technical cooperation program in British Guiana is scheduled to be completed in April, 1954. This program will be along the line of the 5 year program prepared by British Guiana with the technical advice of the International Bank for Reconstruction and Development, and it is intended to provide technicians who are not available from other sources, to provide assistance for specific projects and to help train nationals. These experts will be provided under a contract with an American university and will be in the fields of agriculture, engineering, sanitation, transportation and vocational training.

GENERAL PROJECTS

Training: Under the proposed program, during FY 1954 seventy-five nationals from the Caribbean Territories of Great Britain, France and the Netherlands will receive training at the vocational trade school in Puerto Rico. A review is now being made by FOA and the Government of Puerto Rico to determine the availability of training facilities in Puerto Rico in relation to training requirements of the DOT's. Training needs in the DOT's appear to be for approximately the same number of individuals but in a much wider field of activities and with primary emphasis on the training of prospective teachers and administrators.

Housing: The two technicians in low-cost self-help housing worked in nine areas during the fiscal year and have conducted three major conferences, including a self-help housing workshop in Puerto Rico attended by officials from all over the Caribbean Area. These technicians have been responsible for initiating pilot projects which include about 1,000 dwelling units. In addition they have served as technical advisers to the Government of Jamaica on a project for construction of 14,000 housing units.

Other: A soil conservation study was completed in the Windward Islands and recommendations submitted on action required to correct the agricultural conditions. Two pilot projects are planned for 1955.

Proposed FY 1955 Program

A. The programs initiated in Surinam and British Guiana in FY 1954 will be continued.
B. Technical Cooperation in self-help housing will be continued.
C. The training program in Puerto Rico will be continued but modified in accordance with the study to be completed in FY 1954. A few training grants in the continental United States are to be provided to individuals for whom adequate training facilities are not available in Puerto Rico.
D. Experts on soil conservation will carry out one or two pilot projects in the Windward Islands and conduct "on-the-job" training of technicians from these and other islands.
E. Assistance will be provided to help solve other specific problems in agriculture, education, marketing and distribution.

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment & Grants to Servicios	U. S. Technicians		Trainees		Local Costs
			No. of Persons	Cost	No. of Persons	Cost	
Technical Cooperation							
1953	36.3	-	6	32.0	2	1.8	2.5
1954	440.8	150.0	10	126.0	49	140.0	24.8
1955	439.4	25.0	33	186.4	23	110.0	118.0

Summary by Major Activity

(In thousands of dollars)

Programs by Fiscal Year	Total U. S. Cost	(1) Agriculture and Natural Resources	(2) Health and Sanitation	(3) Education	(4) Transp. Communications, & Power	(5) Industry, Mining and Labor	(6) Public Administration	(7) General and Community Development
Technical Cooperation								
1953	36.3	15.8	-	3.5	-	-	17.0	-
1954	440.8	261.8	26.0	26.0	34.0	23.0	17.0	53.0
1955	439.4	134.4	43.0	77.0	58.0	-	5.0	122.0

INDIVIDUAL COUNTRY DATA

Summary of Programs by Function

(In thousands of dollars)

Function	Programs FY 1953	FY 1954	Proposed FY 1955
Technical Cooperation	1,000.0	1,000.0	1,500.0
Total Country Program	1,000.0	1,000.0	1,500.0

General Narrative Statement

THE TECHNICAL COOPERATION PROGRAM

The Organization of American States Technical Cooperation Program provides an opportunity for all the Latin American countries to participate - using their own funds - in a cooperative hemispheric effort to further their own economic development. In contrast to the United States bilateral and United Nations programs of technical assistance, which provide direct technical assistance to individual countries, the OAS program consists entirely of regional projects. It is limited to the establishment and support of regional training centers. OAS technical assistance funds provide an additional technical training staff to existing educational facilities and provide fellowships for trainees from all the countries of Latin America to attend the centers. At the end of the courses the trainees return to their own countries to assist in organizing similar training programs there. The FY 1954 program consists of 9 such projects, of which 6 were in full operation in December 1953. The Inter-American Rural Normal School, located in a teaching training institution in Venezuela is a working example of an OAS project. Rural elementary education is the only formal education which millions of Latin Americans receive and it is deficient primarily because of the lack of properly trained teachers. The rural normal school training center will operate for a period of four years, and will give two courses of two years each. OAS technical assistance funds will provide a total of 105 scholarships for the two courses, plus the services of eight professors and certain equipment for the school. Each of the American Republics has been invited to send five rural teachers to the center. Upon completion of the project each of the countries will have a number of teachers better qualified to organize and operate rural education facilities. Venezuela will continue to operate this training center for the benefit of all member states after the OAS project is terminated.

The program is administered by the Inter-American Economic and Social Council, which has subordinate to it a Coordinating Committee on Technical Assistance composed of one representative from each of the Inter-American agencies which carry out the projects. These agencies include the Pan American Union, Inter-American Indian Institute, Inter-American Institute of Agricultural Sciences, Inter-American Statistical Institute, American International Institute for the Protection of Childhood, Pan American Institute of Geography and History, and Pan American

PREVIOUS PAGE BLANK

General Narrative Statement (Continued)

Sanitary Bureau. Close coordination is maintained with the U. S. Bilateral and the U. N. Technical Assistance Programs.

For each of the first four years of the program the United States has pledged $1,000,000 with the proviso that the United States contribution will not exceed 70 percent of the total contributions. In 1953 pledges from 19 governments to the special OAS technical assistance account totalled $1,365,563, of which the United States pledge, at 70 percent of the total, amounted to $955,957. In addition to the contributions which they make to the special account, the host countries also furnish local support to the projects in the form of local personnel, services, supplies and equipment, training materials, etc. In 1953 local contributions amounted to approximately $200,000, which is in addition to an estimated $2,000,000 already being provided in land, facilities and buildings.

Pledges to the 1954 account, as of March 25, 1954, totalled $1,421,270. Additional governments are expected to announce their pledges soon. Five governments so far have increased their pledges over 1953.

In view of the demonstrated effectiveness and popularity of this program and in view of the willingness shown by several of the Latin American governments to increase their contributions, it would seem appropriate and in our own interest for the United States to increase its offer in 1955. Authorization and appropriation is therefore requested for a United States contribution in the amount of $1,500,000 in 1955. Payment of this amount would of course be dependent upon the receipt of proportionately increased payments from other participating governments. In no case will the U. S. contribution exceed 70 percent of total contributions to the special account.

LATIN AMERICA

TECHNICAL COOPERATION PROGRAM OF THE ORGANIZATION OF AMERICAN STATES (OAS)

Summary of Allocations by Projects

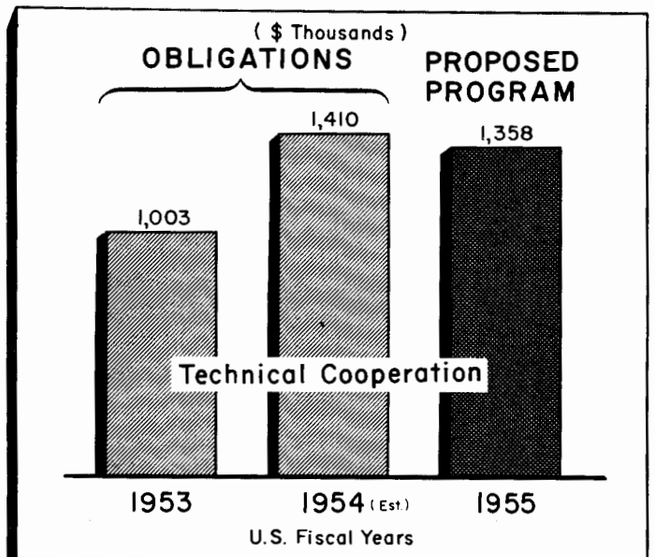
Title of Project	Cooperating Agency	Host Government (s)	CY 1953	CY 1954	Proposed CY 1955 a/
Inter-American Training Center for Economic and Financial Statistics	Inter-American Statistical Institute	Chile	$172,312	$165,022	
Inter-American Training Center for Directors of the Cooperative Movement	Pan American Union	Puerto Rico Colombia	92,712		
Inter-American Housing Center	Pan American Union	Chile Colombia	196,925	218,988	
Inter-American Rural Normal School	Pan American Union	Venezuela	11,910	170,775	
Inter-American Training Center for the Evaluation of Natural Resources	Pan American Institute of Geography and History	Brazil	77,019	143,543	
Workshops on the Administration of Children's Services	American International Institute for the Protection of Childhood	Uruguay	93,821	34,765	
Technical Education for the Improvement of Agriculture and Rural Life	Inter-American Institute of Agricultural Sciences	Cuba Peru Uruguay	486,055	601,888	
Pan American Aftosa Center	Pan American Sanitary Bureau	Brazil	267,410	313,007	
Inter-American Centers for Urban and Regional Planning	Pan American Union			84,042	
Pan American Zoonosis Center	Pan American Sanitary Bureau			76,091	
Subtotal, Projects			1,398,164	1,808,121	
Administration			72,000	84,660	
Total Program			$1,470,164	$1,858,016 b/	$2,143,000 a/
Proposed U. S. Contribution at 70 percent					$1,500,000

a/ The program for calendar year 1955 has not yet been considered by the Coordinating Committee. It is estimated that many of the projects in operation in 1954 will be continued in 1955 and some new projects will be added. It is further estimated that increased contributions from governments will result in a larger program in 1955.

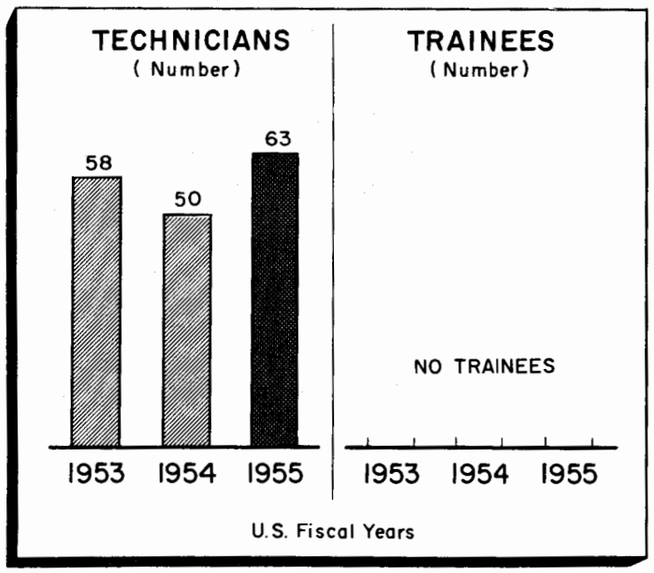
b/ The calendar year 1954 program will be financed in part from 1954 contributions and in part from the unobligated balance of previous year contributions.

LATIN AMERICA-REGIONAL PROJECTS

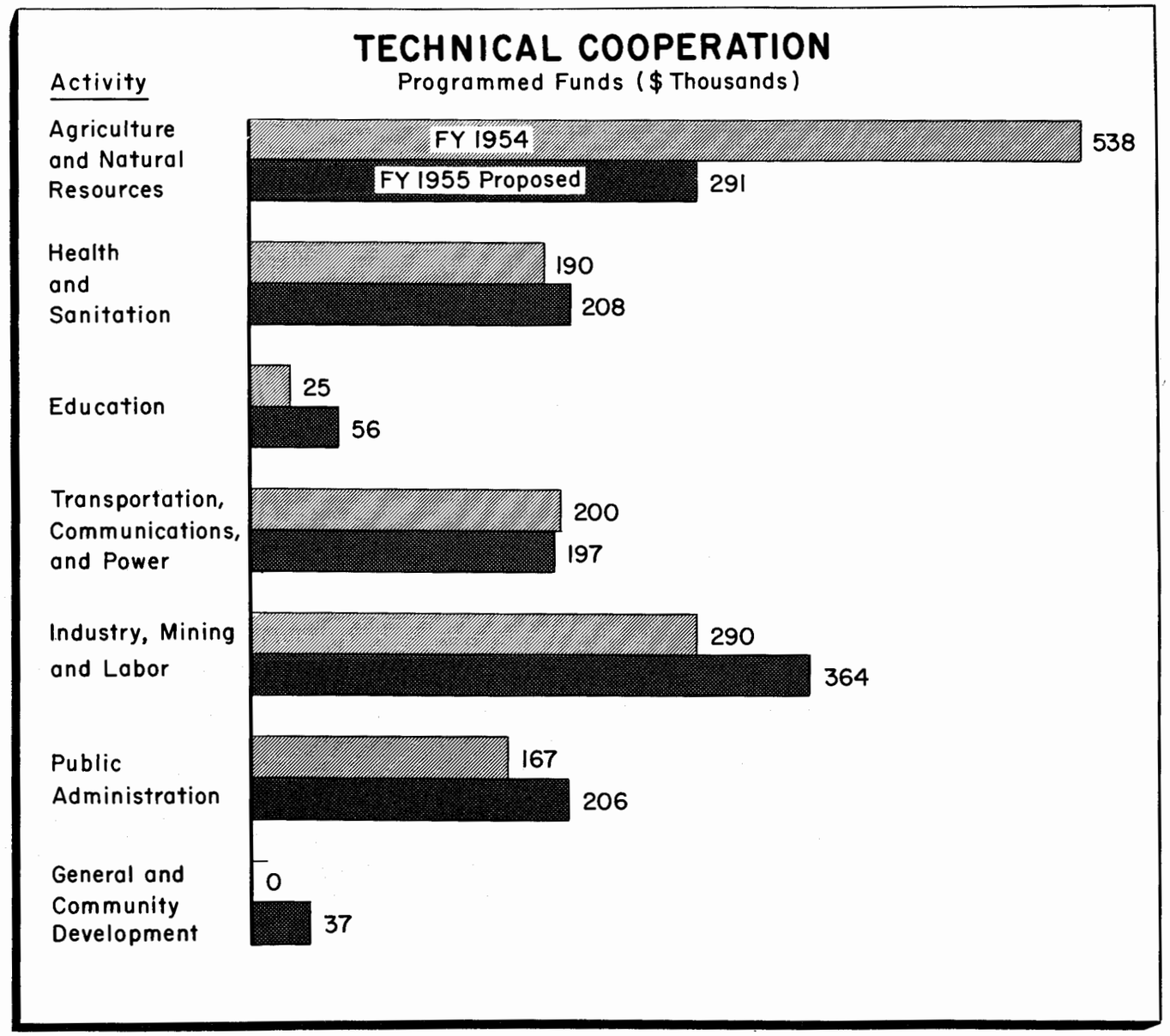
TOTAL PROGRAM



TECHNICIANS AND TRAINEES



PROGRAMMED FUNDS, BY ACTIVITY



PREVIOUS PAGE BLANK

Summary of Programs by Function

(In thousands of dollars)

Function	Programs FY 1950/54	FY 1954	Proposed FY 1955
Mutual Defense Assistance	12,100.0	9,200.0	7,400.0
	FY 1953		
Technical Cooperation	1,002.7	1,409.6	1,357.5
Total Country Program	xx	10,609.6	8,757.5

General Narrative Statement

TECHNICAL POOLS AND PROJECTS OF REGIONAL CHARACTER

In order to give balance to the total program and increase its effectiveness, pools of U. S. technicians (specialists from industry, government, and universities, either on a permanent basis or for a limited period of time only) have been established for short-term assignments.

Individual technicians or groups (1) render highly specialized services in specific fields of activity, (2) provide short-term assistance for countries where full-time programs are not required, (3) fill gaps in field staff and supplement permanent country staffs during times of emergency or special activity, (4) observe, develop, and make available specific methods or accomplishments to other countries of the region, (5) evaluate projects and consult with the Directors of Operations Missions and Washington on program development and operation, (6) develop program materials common to all countries of the region, and (7) participate in area and community development programs as required.

The pool device makes it possible to use specialists with greater efficiency and economy, to keep projects going in several countries at once, and to reduce the number of permanent specialists who might otherwise have to be assigned to individual countries or projects. The groups are located at convenient field posts and are available on short notice for advice and assignment in their specialized fields. The results of the many varied activities carried on by Regional technicians are illustrated in the statement of progress for each country.

Proposed activities for Fiscal Year 1955, may be summarized as follows:

Agriculture, Forestry and Fisheries - The reduction made in the Regional Group in 1954 will be continued with many of the former regional activities absorbed into country programs. The regional pool includes specialists in area development, engineering, agricultural commodities, extension service activities, research, forestry, rubber development, reclamation, and insect control.

Health and Sanitation - Work continues in the fields of sanitary engineering, social welfare work, industrial hygiene, epidemiology, health education, public health nursing, nursing education, architectural engineering, and medical education.

General Narrative Statement (Continued)

Education - It is planned to continue using regional technicians in applied crafts, production of instructional materials for both elementary and vocational education programs, conducting a teacher training program for development of normal school curricula, and training teachers of English.

Industry, Trade, and Labor - The industry regional management and engineering group which will continue to assist the industry-servicios industrial advisers, and handicraft staffs is planned. It will assist factories, associations, technical schools, and workshops to solve problems of production techniques, and will assist in special aspects of managerial administration, and liaison with U. S. consulting organizations and trade and manufacturers associations. It is proposed to add labor technicians in the fields of general labor activities, labor statistics, labor law administration, employment service work, and industrial safety. Also, contracts are planned to provide productivity exhibits; digests of technical journals and preparation of monthly reports on labor productivity techniques; and translation of technical information. To a greater extent than in the past the items are incorporated into country programs in order to insure maximum participation by the host governments.

A regional geologist will continue to support several mineral projects in the region.

Transportation and Communications - Transportation consultants will assist the Latin American countries in the development of transportation programs. The Regional Aviation Assistance Group operating out of Panama will continue to provide specialized assistance to the country missions.

Public Administration - Specialized assistance will be provided in personnel administration, taxation, accounting and auditing, municipal administration, budget management, procurement and warehousing, organization and methods, general administration, and economic and census statistics.

U. S. Technical Media Specialists will assist the Cooperative Servicios and Ministries to develop and utilize audio-visual and mass communication media. They will assist both U. S. and National technicians in reaching the people in Latin America and implementing the "know-how" program; and will teach the practical application of technical knowledge.

LATIN AMERICA

INDIVIDUAL COUNTRY DATA - TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Total	Supplies, Equipment & Grants to Servicios	U. S. Technicians No. of Persons	U. S. Technicians Cost	Trainees No. of Persons	Trainees Cost	Local Costs
Technical Cooperation							
1953	1,002.7	5.0	58	625.0	-	-	372.7
1954	1,409.6	40.0	50	735.0	-	-	634.6
1955	1,357.5	11.0	63	937.9	-	-	408.6

Summary by Major Activity

(In thousands of dollars)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Programs by Fiscal Year	Total U. S. Cost	Agriculture and Natural Resources	Health and Sanitation	Education	Transp. Communications, & Power	Industry, Mining and Labor	Public Administration	General and Community Development
Technical Cooperation								
1953	1,002.7	367.9	183.7	17.6	153.5	134.9	145.1	-
1954	1,409.6	538.0	190.0	25.0	200.0	290.0	166.6	-
1955	1,357.5	291.1	207.5	56.0	196.6	363.7	205.6	37.0

NON-REGIONAL PROGRAMS

Comparative Summary by Fiscal Year[a/]

(In thousands of dollars)

Function	Program		
	FY 1950-54	FY 1954	Proposed FY 1955
Mutual Defense Assistance	189,652	118,100	77,000
Military Facilities Assistance	47,000	47,000	20,000
Mutual Special Weapons Planning	50,000	50,000	27,000
Administration--Defense	92,652	21,100	30,000
	FY 1953		
Development Assistance	-1,924	19,000	
Basic Materials Development	-1,924	19,000	
Technical Cooperation	8,171	8,500	17,958
United Nations Expanded Program of Technical Assistance (UNTA)	8,171	8,500	17,958
Other Programs	48,662	86,501	70,000
Control Act Expenses (MDAC)	609	1,078	1,300
Escapee Program	1,930	7,500	
Intergovernmental Committee for European Migration (ICEM)	8,190	7,500	11,700
NATO Civilian Headquarters	267	1,169	3,200
Special Food Packages		15,500	
Special Projects	500	2,200	
United Nations Children's Fund (UNICEF)	6,667	9,814	13,500
Voluntary Relief Shipment Subsidies	2,191	5,325	4,400
Administration--Non-Defense	28,294	36,400	35,900
Other	14	15	
TOTAL NON-REGIONAL PROGRAMS	xx	232,101	164,958

a/ Excludes local currencies available without purchase from appropriated funds.

NON-REGIONAL PROGRAM

CONTROL ACT EXPENSES

Summary of Program

	FY 1953		FY 1954		Proposed FY 1955	
Program Cost	$718,771*		$1,078,000		$1,300,000	
Funds and Personnel of Participating Agencies	**No. Positions**	**All Costs**	**No. Positions**	**All Costs**	**No. Positions**	**All Costs**
FOA						
Office of Administrator	43	$257,889	44	$ 399,978	40	$ 464,633
Overseas Missions	12	110,373	19	130,412	18	180,443
Total FOA	55	368,262	63	530,390	58	645,076
State Department						
Departmental	17	85,645	25	129,558	25	145,879
Overseas	15	122,644	18	172,850	26	310,000
Total State Department	32	208,289	43	302,408	51	455,879
Commerce Department	30	103,189	32	191,617	32	199,045
Defense Department	13	39,031	13	53,585		
TOTAL CONTROL ACT	130	$718,771	151	$1,078,000	141	$1,300,000

* Includes 5/10% local currency counterpart amounting to $109,849, comparative transfer of $45,000.

General Narrative Statement

To administer the Mutual Defense Assistance Control Act during FY 1955, funds are requested in the amount of $1.3 million.

The purpose of the MDAC Act is to impede aggression by controlling the shipment to potential or actual aggressor nations of goods which would increase their capacity for military action. Although the MDAC Act was not included in the Mutual Security Act of 1951, as amended, the MDAC expressly provided that funds to carry out its purposes should be made available from funds of the Mutual Defense Assistance Act of 1949, as amended. The proposed Mutual Security Act of 1954 provides for an appropriation of funds to the President to carry out the purposes of the MDAC Act.

The security trade control program is a team operation within the Executive Branch. The Deputy Director for MDAC, under the Director of the Foreign Operations Administration, coordinates the program. The State Department, Defense Department, Commerce Department, Foreign Operations Administration, and other agencies of the Executive Branch provide advisory and technical guidance and operational support to the program.

PREVIOUS PAGE BLANK

NON-REGIONAL PROGRAM

ESCAPEE PROGRAM

Comparative Summary of Programs by Fiscal Year

	Program		
	FY 1953	FY 1954	Proposed FY 1955
Escapee Program	$1,930,419 a/	$7,500,000	-

a/ Excludes local currency available without purchase from appropriated funds equivalent to $1,697,455.

General Narrative Statement

The Escapee Program had its inception under the authority of the Kersten Amendment to Sec. 101(a)(1) of the Mutual Security Act of 1951.

The Escapee Program consists of the following activities:

Reception

As of December 31, 1953, approximately 35,000 escapees had presented themselves for registration under the program in Europe.

As a safeguard all persons receiving program assistance have been screened by a procedure similar to that used for United States visa applicants to assure that they are bona fide anti-Communist refugees and deserving of United States assistance. Persons not meeting the security standards are excluded from program benefits and appropriate action is taken by other United States agencies or local police authorities.

Care and Maintenance

Activities have been administered to achieve an adequate standard of care until permanent resettlement can be effected. The projects include the furnishing of food, clothing, shelter, sanitary and health services, amenity supplies, and limited recreation facilities.

Resettlement

In Europe, out of a total of 24,581 persons eligible for program assistance, almost 7400 had been resettled as of December 31, 1953, primarily in the United States, Canada, Australia and Latin America. In the Middle East the program has been instrumental in permanently resettling 267 Kazakhs from the country of initial asylum--Kashmir--to Turkey. In the Far East the program has assisted over 3,800 selected refugees to resettle out of Hong Kong as of December 31, 1953 and a grant of $150,000 was made to the Hong Kong Colonial Government for assistance to 60,000 persons made homeless in a disastrous fire on Christmas night, 1953.

Transportation

The program pays for the overseas transportation of its eligibles to countries of resettlement, principally through a contract with the Inter-governmental Committee for European Migration.

PREVIOUS PAGE BLANK

NON-REGIONAL PROGRAM

MILITARY FACILITIES ASSISTANCE

(In millions of dollars)

	Program		
	FY 1953	FY 1954	Proposed FY 1955
Military Facilities Assistance		47.0	20.0

General Narrative Statement

The proposed Mutual Defense Assistance Program for 1955 includes $20 million for Military Facilities Assistance. This is a continuation of a program presented to the Congress for FY 1954 and for which $47 million is being allocated during FY 1954.

Military Facilities Assistance is designed to provide aid in expanding or developing, in friendly foreign countries, facilities for the production of military items, particularly ammunition. The existence of such facilities will, in the event of hostilities, provide close-up logistical support for allied forces from indigenous sources and provide this support soon enough to be effective.

Military Facilities Assistance differs from the regular military aid and offshore procurement programs; instead of military end-items, this program furnishes machine tools and technical know-how to foreign industry for the expansion of facilities for indigenous manufacture of munitions. Land and buildings needed in the expansion are provided by the foreign country. So far the program has been limited to Europe and further limited to ammunition facilities. However, the development of facilities for other types of military production may be undertaken in the coming year.

A study conducted by NATO in 1951 revealed an alarming deficiency in the capabilities of the European ammunition industry. The capacity for manufacture of propellants and explosives was found to be extremely small in relation to wartime requirements. Capacity to make the metal components of ammunition was somewhat greater but still much less than would be required to meet wartime needs. The North Atlantic Council invited national governments to take steps toward the development of more adequate facilities for the production of propellants and explosives, in order, as a first step, to bring about a balance in the various elements of the European ammunition industry.

The U.S. has been vitally interested in this effort. Because of (a) the probability of shipping shortages in wartime, (b) the vast quantity of materiel required to fill the "pipeline" from the U.S., and (c) the absolute shortages - particularly in view of the fact that the requirements of U.S. forces in time of war will constitute a priority demand of tremendous magnitude on U.S. production sources - it is desirable that, to the maximum extent possible, the armed forces of friendly nations be supplied from sources close at hand. This is particularly true in the case of ammunition.

The report of a recent survey team which was composed of experts from U.S. industry, revealed that there could be achieved in Europe, at relatively low cost, a large expansion in the production capacity of explosives and propellants. An equivalent increase in capacity in the U.S. would involve an expenditure about three times as great. In large part, this is due to the existence in Europe of plants that can be readily and economically rehabilitated, modernized or supplemented. The Military Facilities Assistance Program takes advantage of this situation. European contributions are being effectively augmented by U.S. funds to overcome some of the bottlenecks in the European ammunition industry.

PREVIOUS PAGE BLANK

General Narrative Statement (Continued)

Program Development

In developing the FY 1954 program of facilities assistance, engineering studies were conducted last fall in Europe by a survey group of experts from U.S. industry. Their report was evaluated militarily in EUCOM to insure conformity with JCS guidance with respect to the favorable strategic location of projects proposed for inclusion in the program. The report included estimates of contributions individual countries would be willing to make should the U.S. decide to participate in a program to expand their facilities, with the understanding that the expanded facilities would be maintained in readiness for an emergency.

The total amount of U.S. contribution required to implement the 32 projects recommended for the FY 1954 Facilities Assistance Program is estimated at $53 million (this includes engineering services and equipment). Only a part of this program can be implemented with the $47 million being allocated in FY 1954; the remaining $6 million must be carried over into FY 1955.

THE FACILITIES ASSISTANCE PROGRAM FOR FY 1955

While the propellant and explosive components of ammunition will continue to be stressed in the Military Facilities Assistance Program for FY 1955, other important areas will be included. Chief among these is the provision of maintenance facilities, including the production of spare parts.

It has been estimated that even the peacetime maintenance of end-items already delivered or programmed will require provision of European and U.S. types of spare parts in an amount several times the capacity now available in Europe to produce them. Assistance in the development of adequate maintenance back-up and spare parts facilities will strengthen the defense potential of Western Europe, and part of the funds requested for FY 1955 are for this purpose.

During FY 1955 it will be necessary, because currently available data on existing and proposed maintenance facilities are inadequate, to conduct a thorough study of European capabilities to furnish the spare parts and of the maintenance facilities necessary to keep MDAP equipment in operating condition. Projects to be undertaken will be surveyed in a manner similar to that used in developing the FY 1954 Facilities Assistance Program.

NON-REGIONAL PROGRAM

INTERGOVERNMENTAL COMMITTEE FOR EUROPEAN MIGRATION

MOVEMENT OF MIGRANTS

Comparative Summary of Obligations by Fiscal Year

	Fiscal Year			
	1952	1953	1954	1955
Total Obligations	$10,000,000	$8,190,000	$7,500,000	$11,700,000

Comparative Summary of U.S. Contributions by Calendar year

	Calendar Year			
	1952	1953	1954	1955
Total Contributions	$8,950,000	$6,789,590	$9,950,410[a/]	$11,700,000

a/ Includes $2,450,410 unexpended balance of CY 1953 funds.

Comparative Summary of Movement of Migrants

From	Actual CY 1953	Estimate CY 1954	Estimate CY 1955	To	Actual CY 1953	Estimate CY 1954	Estimate CY 1955
Austria	5,531	8,350	15,000	Argentina	9,022	33,425	26,000
Germany	40,325	33,860	45,000	Australia	13,326	25,430	25,500
Greece	4,096	9,540	17,500	Brazil	12,702	14,840	19,500
Italy	20,975	50,350	62,000	Canada	36,922	15,730	9,500
Netherlands	2,296	2,160	5,000	Colombia		800	1,000
Shanghai-Far East	3,259	3,250	3,500	Chile	776	1,935	3,500
Trieste	1,367	5,020	2,000	Israel	2,389	2,150	2,000
Near East		250	500	U.S.	6,365	15,050	55,000
				Venezuela	3,921	6,030	10,000
Others	9,652	5,620	4,500	Others	2,078	3,010	3,000
Total	87,501	118,400	155,000		87,501	118,400	155,000

NON-REGIONAL PROGRAM

INTERGOVERNMENTAL COMMITTEE FOR EUROPEAN MIGRATION

General Narrative Statement

The Overpopulation Problem in Europe

An estimated 3.5 million people in Europe face the need of emigration in the next 10 years because of overcrowded conditions in countries of present residence. Italy, with a population of 47.5 million, has been confronted for the past seven years with continued and serious lack of employment opportunities for some 3.7 million family wage earners, 1.7 million of whom are totally unemployed and another 2 million of whom are only partially employed. This situation has resulted in part from the lack of emigration before and during the war and the return to Italy in the postwar period of Italians from the North African colonies. Greece has a population of some 8 million which is increasing by approximately 120,000 annually. Thirty-five thousand Greeks have returned from Eastern Europe. The lack of employment opportunities in urban and agricultural regions of Greece constitutes a grave problem and the Greek Government is pressing for the emigration of some 30,000 persons annually. The Netherlands has a population estimated at some 10,400,000. Its population density of 317 persons per square kilometer is the highest in Europe. The Netherlands Government has calculated that an annual net emigration rate of 60,000 is necessary to maintain the proper balance between resources and population. In Austria the problem arises primarily from the influx after the war of over 600,000 ethnic Germans and other refugees of whom only one-half have been absorbed in the Austrian economy. Western Germany has received over 8.5 million expellees since the end of the war and 1.5 million refugees from Eastern Germany. Over 305,000 entered West Berlin in 1953.

Spontaneous migration and migration resulting from unilateral or bilateral governmental arrangements results in an estimated annual flow of 200,000 to 250,000 migrants from Europe. The need is to increase this volume of existing movement.

The Program

In November 1951, the United States took the initiative in convening a conference of interested governments with the specific objective of promoting increased movements of European migrants to overseas countries where they might become self-dependent. The Intergovernmental Committee for European Migration which developed from the above conference and which has now a membership of 24 governments moved 77,626 migrants out of Europe in eleven months of 1952, over 87,000 in the calendar year 1953 and plans to move 118,400 in 1954, including about 15,000 to the United States who may receive visas under the Refugee Relief Act. The estimate of movement for the calendar year 1955 is 155,000, including 55,000 to the United States.

The Migration Committee seeks to facilitate migration through (a) the development of opportunities for migrants in overseas countries, (b) assistance in transport, (c) improved organization of recruitment and processing procedures in the emigration countries and reception and placement procedures in the immigration countries. The program also calls for the organization of technical services which promote migration to be financed under a tripartite financial arrangement among the countries of emigration and immigration and the Committee. The provision of such technical services (for example, vocational training, language instruction, distribution of information concerning immigration countries, and location of opportunities for migrants) has increased the number of migrants moved. The Committee will also develop further methods to secure prepayments and reimbursements for the cost of ocean passage from the migrant, his sponsors and relatives and from the sending and receiving governments to minimize the burden of subsidizing ocean movements.

Financing of the ICEM Program

The estimated budget of the Migration Committee for calendar year 1955 is $46,736,500 of which $2,775,000 is for administrative expenditures and $43,961,500 for operational expenditures. Contributions to administrative expenditures are made by each member government on the basis of an assessed percentage agreed upon between the Committee and that government. The United States contribution to the administrative expenditures for calendar year 1955 would be 31.32 percent of $2,775,000, or $869,130. Contributions to the operating expenditures are voluntary. They consist of contributions of free funds to subsidize ..

General Narrative Statement (Continued)

movements, reimbursements for movements effected, and of services by emigration and immigration countries for processing and reception for which credit is allowed in lieu of cash contributions. The proposed United States contribution of $10,830,870 to operating expenditures would be to subsidize movements, including those to the United States under the Refugee Relief Act. The proposed total United States contribution requested -- $869,130 to administrative expenditures and $10,830,870 to operational expenditures -- is $11,700,000 for calendar year 1955.

NON-REGIONAL PROGRAM

MUTUAL SPECIAL WEAPONS PLANNING

(In millions of dollars)

	Program		
	FY 1953	FY 1954	Proposed FY 1955
Mutual Special Weapons		50.0	27.0

General Narrative Statement

MUTUAL SPECIAL WEAPONS

The Mutual Security Program contained for the first time, in FY 1954, a specific allowance for the use of funds for the purpose of producing, or preparing for use by our allies or newly developed weapons--excluding atomic weapons--of advanced design. This provision was made in the so-called Mutual Special Weapons Program set forth in Section 542 of the Mutual Security Act of 1951, as amended.

The Congress appropriated $50 million for the purposes of Section 542 and authorized the "furnishing of special weapons" after determination by the President that such weapons will be of direct importance to the security interests of the United States, will further the purposes and policies of the Mutual Defense Assistance Act of 1949, as amended; and that the recipient country is adequately prepared to safeguard the security of such weapons.

The broad objective of the program is to increase the defense capability of friendly nations through accelerating the development and production of advanced types of weapons. Important by-products of the program should be the stimulation of foreign capability and self-sufficiency in the development of advanced types of weapons and insuring to the United States new technical knowledge which might not otherwise be obtained.

For this purpose, Mutual Special Weapons are defined as follows:

"A weapon or weapons system (excluding nuclear weapons), either in production or now under promising research and development; either successfully tested or developed sufficiently to warrant pre-production research and development costs, which promises so materially to increase the ability of friendly foreign forces to defeat or hold aggressive forces, that the use of extraordinary MDAP (Section 542) funds for its supply to foreign forces would be justified."

To initiate the development of the Mutual Special Weapons Program effectively and rapidly, the Armed Forces Policy Council, on 20 October 1953, authorized the formation of an ad hoc survey group composed of one qualified representative from each of the military departments. This group was dispatched to Europe early in November for the purpose of determining which of the special weapons projects of our allies are of interest to the United States, and which of those that are of interest qualify for assistance through use of funds provided under Section 542 of the Mutual Security Act. The ad hoc group, submitted its report in the latter part of December 1953, and as a result, after further review within the Department of Defense, and upon its recommendation, the President on 4 February 1954 made a determination under Section 542 of the Mutual Security Act of 1951, as amended, authorizing the obligation of $21,164,500 for the support of 36 specific foreign projects. Other projects recommended by the survey group are still under study. Negotiations leading to agreements or contracts between the United States and the foreign countries concerned covering arrangements for this program began in March 1954.

PREVIOUS PAGE BLANK

General Narrative Statement (Continued)

In addition to the survey conducted by the ad hoc group, the military departments were requested early in December to examine their own programs for possible U.S. contributions to the Mutual Special Weapons Project. Certain U.S. developmental projects have been recommended by the Services and are now under review. However, prior to requesting a Presidential determination covering these projects, it is planned, after receiving required security clearances, to obtain the reaction of intended recipient governments with respect to the desirability, in terms of their specific military requirements and plans of proceeding with these projects.

NON-REGIONAL PROGRAM

CONTRIBUTIONS TO NATO CIVILIAN HEADQUARTERS

Comparative Summary by Activity

Activity	Program FY 1953	Program FY 1954	Program Proposed FY 1955
NATO Ordinary Budget (in dollar equivalent)			
Operating cost	$3,646,609	$3,918,500	$3,950,000
Capital costs	540,071	47,060	50,000
Total NATO Ordinary Budget	4,186,680	3,965,560	4,000,000
United States Assessment			
Operating Expenses (22.5%)	820,487	881,663	888,750
Capital Costs (45%)	243,032	21,177	22,500
Total U. S. Assessment	1,063,519	902,840	911,250
Credit for U. S. Nationals Loaned to NATO	-151,660	-164,840	-196,250
Net United States Payments to NATO Ordinary Budgets	911,859	738,000	715,000
U. S. Contribution to Special Budget for Construction of a NATO Civilian Headquarters Building			2,000,000
Direct Cost to U. S. of U. S. Nationals Loaned to NATO			
Salaries	207,000	280,000	312,000
Allowances	72,000	96,000	112,000
Other Expenses	55,000	55,000	61,000
Total Direct Cost	334,000	431,000	485,000
Total U. S. Payments to NATO and U. S. Direct Costs	1,245,859	1,169,000	3,200,000
Less: Local Currency Available Without Purchase from Appropriated Funds	-978,859		
Net U. S. Dollar Costs	267,000	1,169,000	3,200,000

NON-REGIONAL PROGRAM

CONTRIBUTIONS TO NATO CIVILIAN HEADQUARTERS

General Narrative Statement

Organization of NATO

The principal element of the North Atlantic Treaty Organization is the North Atlantic Council on which each member government is represented by its Ministers of Foreign Affairs, Defense, and Finance and by its Permanent Representatives in Paris. This body is charged with considering all matters concerning the implementation of the Treaty. The Council is served by an International Staff which comprises the Civilian Headquarters of the Organization. The International Staff is directed by a Secretary General who is also permanent Vice-Chairman of the North Atlantic Council. Committees and other subordinate bodies of the North Atlantic Council are also served by the NATO International Staff in Paris. The principal committees and working groups of the Council deal with such problems as the Annual Review of military requirements and economic capabilities, cost sharing for the provision of infrastructure, Information Policy, Labor Mobility, Social and Cultural Cooperation, Ocean Shipping, Inland Surface Transport, Petroleum Planning, Coal and Steel Planning, Raw Materials Planning, and Civil Defense.

The International Staff is organized into three principal operating units, together with the usual administrative and staff sections. The units are: The Division of Political Affairs; the Division of Economics and Finance; and the Division of Production and Logistics. The Secretary General and his immediate staff direct and coordinate the work of the International Staff; facilitate the programming of the work of the Council and initiate action to carry out Council decisions; maintain liaison with national delegations to NATO; control all expenditures of the Organization; and collect, tabulate, analyze, illustrate and publish NATO statistical reports. The Division of Political Affairs provides analysis of an intelligence nature affecting NATO, including that relating to Soviet aims and propaganda; and assists the work of Council committees in the field of Civil Cooperation. The Division of Economics and Finance heads up the important work of economic and financial analysis in connection with the Annual Review of military requirements of the NATO common defense and of the economic capabilities of the NATO nations to meet those requirements, developing recommendations as to the sharing of the common defense burden. This division also screens and costs defense programs and assists the several committees on emergency planning in commodity and transport fields. The Division of Production and Logistics makes surveys of defense production facilities, analyzes deficiencies, and presents recommendations for coordinated production programs in Europe; reviews and inspects the progress of infrastructure projects; and assists a number of technical expert working groups in the examination of specific production problems.

Development of NATO Budget and Scale of Contribution

The NATO budget is prepared each fall by the Secretary General and is based on his estimate of the workload which will be placed on his staff by the North Atlantic Council during the succeeding calendar year. The budget is reviewed by the Budget Committee, on which all 14 member nations are represented. After approval of the annual budget by the North Atlantic Council, each member nation is assessed according to a scale of contributions agreed upon in the Council. The scale of contributions is the result of negotiation. The three principal nations in the North Atlantic Community, the U. S., the U. K. and France, pay equal shares for the regular operating costs of the international staff but the support of capital expenditures is determined with greater recognition of capacity to pay. At present the U. S. pays 22.5 percent of operating costs and 45 percent of capital expenditures.

Loan of U. S. Nationals

The Treaty on Status of the Civilian Headquarters of NATO provides that any member government may enter into an arrangement with the Secretary General so that its nationals who serve on the International Staff may be paid directly by their governments. This arrangement was dictated by the fact that salaries for the NATO Civilian Headquarters had to be set in the light of prevailing scales and practices in Europe and, accordingly, would not attract nationals of the two member governments of North America - the U. S. and Canada. In each

General Narrative Statement (Continued)

case where the Secretary General desires the services of a U. S. citizen, he must request the U. S. Government to make the necessary arrangements for the employment of such personnel. The U. S. receives consequent credit on its contribution equivalent to the total of the salaries and allowances which would have been paid such person had he been hired directly by NATO within its European salary scheme. The total of such credits is agreed at the end of each calendar year and appears as an offset against the U. S. contribution for the succeeding calendar year.

Proposed U. S. Contribution for FY 1955

The NATO Budget Year corresponds with the calendar year. In the past, fiscal year estimates have included requests for funds to cover portions of the U. S. assessments against two successive NATO budgets. The amount available in fiscal year 1954 is expected to be sufficient to cover the entire U. S. assessment against the NATO 1954 budget. Hence, to simplify the budget presentation, the 1955 request covers funds to meet the entire U. S. assessment against the estimated NATO 1955 budget. The reason for the increase in 1955 is that funds are included to meet the U. S. share of the cost of construction of a proposed permanent headquarters building for the NATO civilian organization in the Paris area. It is estimated that the total cost of such a building will be about $5,000,000. The U. S. share would be computed at 45 percent or about $2,250,000. However, since construction will require more than 12 months, it is not expected that the U. S. will be called upon to pay more than $2,000,000 during U. S. FY 1955. That amount is included in the requested appropriation.

NON-REGIONAL PROGRAM

VOLUNTARY RELIEF SHIPMENT SUBSIDIES

Comparative Summary of Programs by Area

Area	Program		
	Actual FY 1953	Estimated FY 1954	Proposed FY 1955
Ocean Freight Subsidies			
Shipments by Voluntary Relief Agencies			
Europe	$1,143,000	$2,425,000	$2,500,000
Near East	-	300,000	600,000
South Asia	154,000	1,000,000	1,200,000
Far East	53,000	600,000	100,000
Total, Voluntary Relief Agencies	1,350,000	4,325,000	4,400,000
Shipments by Parcel Post (undistributed by area)	841,078	-	-
Inland Transportation Subsidies on Shipments of Surplus Agricultural Commodities by Voluntary Relief Agencies	-	1,000,000	a/
TOTAL	$2,191,078	$5,325,000	$4,400,000

Comparative Summary of Expenditures and Program Activity for Ocean Freight Subsidies

	Program		
	Actual FY 1953	Estimated FY 1954	Proposed FY 1955
Expenditures for Ocean Freight	$ 1,350,000	$ 4,325,000	$ 4,400,000
Weight of relief supplies (lbs.)	93,000,000	211,250,000	220,000,000
Value of relief supplies	21,000,000	62,000,000	65,000,000

a/ To be financed pursuant to either Section 203(a) of the proposed Agricultural Act of 1954, or, in the event that Congress fails to adopt Section 203(a), Section 706(a) of the proposed Mutual Security Act of 1954.

NOTE 1: Participating Agencies include the following: American Baptist Relief; American Friends of Austrian Children; American Friends Service Committee; American Jewish Joint Distribution Committee; American Middle East Relief; American ORT Federation; Assemblies of God; Brethren Service Commission; Church World Service; Congregational Christian Service Committee; Cooperative for American Remittances to Everywhere (CARE), Inc.; Foster Parents' Plan for War Children; Greek War Relief Association; Lutheran World Relief; Mennonite Central Committee; Near East Foundation; Little House of Saint-Panteleon; International Rescue Committee; Iran Foundation; Refuge des Petits; Salvation Army; Save the Children Federation; Tolstoy Foundation; Unitarian Service Committee; United Lithuanian Relief Fund of America; War Relief Services-National Catholic Welfare Conference; and World Student Service Fund.

NOTE 2: Participating Countries include the following: Austria, France, Germany, Greece, Iran, Italy, Lebanon, Trieste, Yugoslavia, Formosa, India, and Pakistan.

PREVIOUS PAGE BLANK

NON-REGIONAL PROGRAM

VOLUNTARY RELIEF SHIPMENT SUBSIDIES

General Narrative Statement

Under the authority provided in Section 117(c) of the Economic Cooperation Act of 1948 and subsequently by Section 535 of the Mutual Security Act of 1951, as amended, the Congress provided funds to further the humanitarian activities of eligible American voluntary relief and rehabilitation agencies by reimbursing ocean freight costs on relief supplies shipped by such agencies to certain countries. The support of these agencies' activities represents a recognition on the part of our Government of the value of people-to-people giving as well as government-to-government aid.

At present 27 voluntary agencies are participating in the program in thirteen countries. Countries now receiving relief supplies under this program include "participating countries" defined under the Economic Cooperation Act and by extension under the Mutual Security Act as "any country eligible for economic and technical assistance." Normally an agreement is entered into with the receiving countries permitting American representatives of the agencies to supervise distribution, providing for duty-free entry of supplies, and providing inland transportation to the point of ultimate distribution. The program's operation requires, and obtains, a sustained cooperative relationship among the three major participants: American voluntary groups, the U. S. Government, and the governments of the host countries.

For the fiscal year 1954, the Congress appropriated $1.825 million for this program. However, the substantial quantities of surplus commodities subsequently made available to the voluntary agencies by the Department of Agriculture under Section 416 of the Agricultural Act made additional funds necessary if these surpluses (dried milk, butter, and cheese) were to be moved and distributed by the agencies to needy persons abroad.

Through February 15, 1954, a total of 120 million pounds of relief supplies valued at $43 million, including 46 million pounds of surplus dried milk, 20 million pounds of butter, and 11 million pounds of cheese had been sent to, and distributed in, thirteen countries by the twenty-four voluntary agencies participating in this program. The President on September 28, 1953 authorized under the provisions of Section 513(b) of the Mutual Security Act of 1951, as amended, the use of an additional $2.5 million for this program. Additionally, he authorized the use of $1 million to defray costs of transporting the commodities from point of storage to United States ports. Present indications are that some further funds may be needed to carry the program through June 30, 1954.

It is presently estimated that during FY 1955 the amount of relief supplies moved by the voluntary agencies will be equal, at least, to those moved in FY 1954. The amount of $4.4 million is requested to carry on the program.

In addition, authority is being sought in the new legislation to allow these funds to be supplemented by the use of other MSP funds for this purpose as required.

NON-REGIONAL PROGRAM

UNITED NATIONS CHILDREN'S FUND

Comparative Summary of United States Contributions by Fiscal Year

Item	Program		
	FY 1953	FY 1954	Proposed FY 1955
United Nations Children's Fund	$6,666,667	$9,814,333	$13,500,000

Comparative Summary of United States Contributions by Calendar Year

	CY 1952	CY 1953	Proposed CY 1954	Proposed CY 1955
United Nations Children's Fund	$6,666,667	$9,814,333	$9,000,000	_____ a/
From FY 1953 funds	6,666,667			
From FY 1954 funds		9,814,333		
From FY 1955 funds			9,000,000	$4,500,000 a/

a/ Total proposed contribution will be determined after the Children's Fund formally adopts a CY 1955 program. The $4.5 million request is based on an estimated $9.0 million contribution for the full CY 1955 program.

General Narrative Statement

Importance of Program to the United States

The members of the United Nations expressed their support of the United Nations Children's Fund at the Eighth General Assembly in October 1953, by a unanimous vote to continue it for an indefinite period.

The United States took a leading role in establishing UNICEF and has supported it strongly ever since; the Soviet bloc contributes nothing. The contribution which the United States has made to UNICEF is generally recognized by the peoples receiving assistance and, as a result, has created much good will for and enhanced the prestige of the United States throughout the underdeveloped countries.

General Narrative Statement (Continued)

The Problem

Approximately two-thirds of the world's children face want and sickness. Many can look forward to only a short life burdened by disease, hunger and privation. Infant mortality rates are high, and lack of health services and low nutritional levels prevail in many areas.

Communicable diseases such as malaria, typhus or yaws claim millions of victims a year, including large numbers of children, many of whom die. Those who survive are often left in such a weakened or helpless condition that they are a permanent burden on society.

Malnutrition is as serious and prevalent a problem as bad health. Specific deficiencies vary according to region, but lack of protein, vitamins and other essential food elements is general.

Child needs, then, are basically the same in all the areas assisted by UNICEF - the need for the most elementary health and welfare services, and for trained personnel to perform these services; the need for safeguards against widespread and debilitating disease; and the need for more and better food to overcome serious deficiencies in diet.

The UNICEF Program

The problem is so great that, although the governments of countries requiring help are willing to participate in the solution to the extent of their resources, outside financial assistance is nevertheless needed. UNICEF-aided programs are geared to the administrative and financial capacities of each country to the end that the countries themselves can eventually carry on the programs without UNICEF aid. In contrast to the emphasis on emergency "handout" type aid which characterized initial UNICEF activities, present UNICEF programs are now concentrating on measures which will permanently improve rather than temporarily alleviate child health conditions.

The first objective of the program is to build up and extend the countries' basic facilities for maternal and child welfare, through the establishment of child health and maternity clinics and centers, particularly in the rural areas; and the training of nurses, midwives and other personnel required to make these facilities an effective force against disease. The rural centers are the basis on which lasting services for maternal and child welfare can be built, and will be the focal points for widespread public health education. Allocations for clinic and health center programs in 1953 represented 37 percent of all long-range aid approved by UNICEF, as compared to 19 percent in 1951.

A second objective is to attack, on a wide scale, communicable diseases affecting masses of children. Through mass attack these diseases can be reduced to the point where they can be kept under control in the future through the normal operations of the health centers currently being established.

A third objective is to raise the nutritional standards and health conditions of children through better diets, based where possible on locally available foods, and through other measures, such as the drying or pasteurizing of milk.

UNICEF assistance generally takes the form of supplies and equipment which are not locally available and which are required to carry out the country program. UNICEF also provides limited emergency aid to children in countries affected by catastrophes such as earthquakes, floods, droughts and typhoons.

In 1953, through UNICEF, more than 16 million persons were protected from malaria; 9 million children were vaccinated against tuberculosis; 1.5 million treated for yaws; and 1.3 million given a food supplement during periods of emergency need. For the 3-year period 1951-53, aid was provided for

General Narrative Statement (Continued)

approximately 5,200 maternal and child welfare centers. Currently, UNICEF is furnishing aid to 75 countries and territories, reaching over 60 million children.

United States Support of UNICEF

The amount of $13,500,000 is proposed for contribution in FY 1955. This figure consists of the following two items:

$9,000,000--for the complete U.S. contribution to the year 1954 UNICEF program. The appropriation for FY 1954 was the exact amount necessary to complete the U.S. pledge to the calendar year 1953 program. The request for FY 1955 includes funds for the full U.S. contribution to the UNICEF calendar year 1954 program.

$4,500,000--to put the U.S. authorization for UNICEF on a U.S. fiscal year basis, extending through June 30, 1955. This sum amounts to one-half the estimated U.S. contribution to the UNICEF calendar year 1955 program. Its authorization and appropriation in the MSP for FY 1955 will enable the U.S. to make part of its contribution to the UNICEF calendar year 1955 program in the first part of 1955. This will be of great value to UNICEF in planning and carrying out its program.

It is proposed that the U.S. contribution through FY 1955 continue to be limited to 33 1/3 percent of all contributions, including contributions made by governments for the benefit of persons located within territories under their control. In addition, it is proposed that the U.S. contribution also be limited to 60 percent of total government contributions made to the central account of UNICEF. This represents a marked decrease in the U.S. percentage of the central account, which through calendar year 1953 has been around 70 percent. The U.S. will continue to make every effort to obtain increased support from other governments for the UNICEF program.

Types of Government Contributions

There are two types of government contributions which are made toward UNICEF programs:

Contributions to the central account of UNICEF for allocation by UNICEF for aid to children in the various countries requesting assistance. These funds are used principally to purchase supplies and equipment that are not manufactured locally or are otherwise not available locally and, when required, to cover the salaries of international specialists. Since the inception of the Fund 69 governments have contributed or pledged financial support to the central account of UNICEF.

Contributions in local currency and resources by assisted governments which are used in conjunction with the funds allocated by UNICEF from its central account. The local contributions are used mainly for such items as supplies which can be obtained locally, services of local personnel, buildings and transportation.

When extending aid to a country from the central account, UNICEF practice is to require the assisted government to make substantial contributions of its own toward each program. The amount of the local contribution is normally at least equal to and is often more than the amount of international funds assigned to a program. In 1952, for example, governments receiving aid contributed a total of $23.6 million in support of program allocations from the central account amounting to approximately $13.5 million.

NON-REGIONAL PROGRAM

UNICEF ALLOCATIONS FROM THE CENTRAL ACCOUNT

By Area and Program

	Actual Calendar Year 1953		U.S. Estimate Calendar Year 1954		U.S. Estimate Calendar Year 1955[a]	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Programs by Area						
Africa	$ 582,000	5.3	$ 1,400,100	13.0		
Asia	4,666,850	42.5	4,017,200	37.3		
Eastern Mediterranean	959,000	8.8	1,227,800	11.4		
Europe	289,000	2.6	323,100	3.0		
Latin America	1,937,300	17.7	1,766,300	16.4		
Program benefiting more than one area	295,000	2.7	355,400	3.3		
Emergencies (undistributed)	2,242,900	20.4	1,680,100	15.6		
Total Programs by Area	$10,972,050	100.0	$10,770,000	100.0		
Programs by Activity						
Maternal and Child Welfare, including supplies and equipment and training	$ 3,300,650	30.1	$ 3,823,400	35.5		
Mass Health	2,896,000	26.4	3,209,500	29.8		
Nutrition						
(a) Long-range feeding assistance	662,500	6.0	430,800	4.0		
(b) Milk conservation	1,575,000	14.4	1,270,800	11.8		
Programs benefiting more than one region	295,000	2.7	355,400	3.3		
Emergencies	2,242,900	20.4	1,680,100	15.6		
Total Programs by Activity	$10,972,050	100.0	$10,770,000	100.0		
Freight	2,442,000		2,000,000			
Administration and operational services	2,450,040		2,230,000			
TOTAL ALLOCATIONS	$15,864,090		$15,000,000			

a/ The Children's Fund has taken no action with respect to its calendar year 1955 program. It is estimated that the size and distribution of the 1955 program will be roughly the same as in 1954.

NON-REGIONAL PROGRAM

UNITED NATIONS EXPANDED PROGRAM OF TECHNICAL ASSISTANCE(UNTA)

Comparative Summary of U.S. Contributions by Fiscal Year

	Program		
	FY 1953	FY 1954	Proposed FY 1955
United Nations Technical Assistance	$8,171,333	$8,500,000	$17,957,621

General Narrative Statement

Importance of Program to the United States

The United States Expanded Technical Assistance Program was established with strong United States leadership and support in 1950. Participation in this world-wide endeavor to raise standards of living in underdeveloped areas is a part of United States foreign policy, both in terms of United States general support of the United Nations and United States interest in bolstering the economic stability of underdeveloped governments to make them less susceptible to communist propaganda. It is an integral part of the total United States effort to furnish technical assistance for the economic development of underdeveloped countries.

The willingness of the United States to support this program has generally been interpreted as tangible evidence that the United States is not seeking to dominate countries in which it has bilateral technical cooperation programs.

Among the advantages of the multilateral approach from the United States point of view, in contrast to the bilateral approach, are the following:

1. The recruitment of experts from other countries is facilitated, lessening the demand on United States manpower in fields in which United States experts may be scarce.

2. Some problems of economic development must be dealt with on a regional basis. While the regional approach is being increasingly stressed under bilateral programs, it lends itself particularly to handling by an international organization.

3. Countries sometimes prefer to request assistance from an international organization of which they are members and to which they contribute rather than from an individual foreign government.

4. Participation in an international program to which other governments contribute is economical for the United States.

The United States and UN agencies coordinate their respective technical assistance programs both in the field and at Headquarters. In the field there is a continuous close liaison among the United States FOA Mission, the UN Mission and the recipient government at the planning and operating stages of technical assistance projects. Through this procedure overlapping or duplication between the two programs is avoided, and the most effective utilization can be made of all available resources.

The Program

The UN Expanded Program is carried out by the UN and its specialized agencies: Food and Agriculture Organization; World Health Organization; United Nations Educational, Scientific and Cultural Organization; International Labor Organization; International Civil Aviation Organization; International Tele-communication Union; and World Meteorological Organization. The

General Narrative Statement (Continued)

International Bank for Reconstruction and Development and the International Monetary Fund cooperate in the program, although they do not receive allocations from the UN Special Account from which the program is financed.

Funds from the UN Special Account are allocated to the participating international agencies which carry out the projects either individually or jointly, as appropriate. There were at the end of 1953 slightly over 1,000 experts including 187 United States nationals working in some 70 countries and territories. During 1953, a total of approximately 1,750 fellowships were awarded to provide specialized training abroad in conjunction with the work of these experts. Approximately 765 projects were in operation in 1953. In addition agreements were signed with governments for 75 other projects but these were not yet under way by the end of the year. The five countries with the largest individual programs were Iran ($1,043,221), India ($945,696), Pakistan ($910,425), Brazil ($839,868), and Libya ($771,960).

A large part of the proposed 1954 program represents a continuation of projects undertaken in 1953. A total of 945 projects is planned for 1954 in 76 countries and territories, 35 of which will have programs in excess of $100,000.

United States Contributions

$17,957,621 is being requested to enable the United States to continue its support of the UNTA Program through June 30, 1955. Of this amount, $9,957,621 is needed to fulfill the United States pledge for calendar year 1954, and $8,000,000 is requested for the first half of calendar year 1955. At the Technical Assistance Conference in November 1953 the United States pledged subject to Congressional approval $13,861,809 for CY 1954. Of this amount $3,904,188 had been appropriated for FY 1954 leaving a balance of $9,957,621 to be requested for FY 1955.

The following table shows United States appropriations, United States pledges toward the UNTA calendar year programs and the fiscal year funds from which these pledges are paid:

Appropriation	FY 1952 $12,000,000	FY 1953 $8,171,333	FY 1954 $8,500,000	Proposed FY 1955 $17,957,621
	CY 1952	CY 1953	Proposed CY 1954	Estimated CY 1955
U.S.Pledge	$11,400,000	$12,767,145	$13,861,809	$16,000,000
FY 1952 funds	11,400,000			
FY 1953 funds		8,171,333		
FY 1954 funds		4,595,812	3,904,188	
FY 1955 funds			9,957,621	8,000,000[a]

a/ Balance to be requested in FY 1956

The above table shows that the amount requested for FY 1955 is substantially double the amount appropriated for fiscal years 1953 or 1954. This is due to three reasons: (a) It was necessary to use over half($4,595,812) of the FY 1954 appropriation to pay the balance of the United States pledge for calendar year 1953. (b) The United States pledge for calendar year 1954, part ($9,957,621) of which must be paid from this FY 1955 appropriation, is larger($13,861,809) than the pledges for calendar year 1952($11,400,000) or calendar year 1953 ($12,767,145). The larger U.S. pledge is in accord with the increased support already pledged by other governments. (c) The proposal for FY 1955 would put the appropriation on a U.S fiscal year basis and provide funds in advance for the first half of the UN program for the

General Narrative Statement (Continued)

next calendar year. This proposal is particularly advantageous in that it is desirable for effective program planning and operation that the United States as a major contributor, be able to make a contribution to the calendar year 1955 program during the first six months of its operation. It is also desirable that such a contribution be at a level which accords with the anticipated increased support of the program on the part of other governments.

The UN Program is supported by voluntary contributions from governments. Governments contribute in accordance with their interests and their ability to participate. For the first three years of the program United States support constituted about 60 percent of the total funds pledged to the Central Account, from which internationally financed costs of the program are funded. By 1954 the financial situations of other developed countries had sufficiently improved and the support from their governments had increased to such an extent that the United States decided that it should begin to reduce its proportion of the Central Account. The United States pledge for 1954 of 57.7 percent of total valid pledges to the Central Account as of January 1, 1954 represents the first step in a gradual reduction in the United States percentage. A continuing reduction is planned for the 1955 program.

In all, 68 governments have pledged $24,029,522 in support of the program for calendar year 1954. In addition, local cost contributions of governments receiving technical assistance are approximately twice the amount financed internationally. When these contributions are taken into account, the United States percentage of the total cost of the program is approximately 21 percent.

NON-REGIONAL PROGRAM

UNITED NATIONS EXPANDED PROGRAM OF TECHNICAL ASSISTANCE

UNITED NATIONS AND SPECIALIZED AGENCIES

Proposed Program for Calendar Year 1954

Summary by Specialized Agency and Geographic Region

AGENCY	EUROPE	NEAR EAST & AFRICA	ASIA & PACIFIC	LATIN AMERICA	TOTAL
United Nations	$ 502,800	$1,256,000	$1,161,300	$1,025,400	$ 3,945,500
Food and Agriculture Organization	319,000	1,643,900	1,432,800	1,237,700	4,633,400
International Civil Aviation Organization	79,300	339,300	229,200	106,100	753,900
International Labor Organization	248,700	394,400	714,000	578,100	1,935,200
United Nations Educational, Scientific and Cultural Organization	75,000	858,000	738,000	649,000	2,320,000
World Health Organization	175,200	1,160,700	1,592,000	736,300	3,664,200
Indirect Project Costs					2,626,500
Administrative Costs					1,967,400
Reserve and Working Fund					2,183,422
TOTAL	$1,400,000	$5,652,300	$5,867,300	$4,332,600	$24,029,522

NON-REGIONAL PROGRAM

UNITED NATIONS EXPANDED PROGRAM OF TECHNICAL ASSISTANCE (UNTA)

Proposed Program for Calendar Year 1954

Summary by Category and Major Cost Components

Category	Technicians No.	Technicians Cost	Fellowships No.	Fellowships Cost	Supplies & Equipment	Total
1. Agriculture and Natural Resources	324	$3,564,000	394	$788,000	$281,400	$4,633,400
2. Health & Sanitation	294	3,234,000	357	714,000	262,950	4,210,950
3. Education	162	1,782,000	197	394,000	144,000	2,320,000
4. Transportation, Communication & Power	96	1,056,000	116	232,000	83,200	1,371,200
5. Industry and Mining	215	2,365,000	261	522,000	191,800	3,078,800
6. Public Administration	41	451,000	51	102,000	45,650	598,650
7. General & Community Development Projects	72	792,000	88	176,000	71,200	1,039,200
8. Indirect Project Costs						2,626,500
Total Project Costs						19,878,700
Administrative Costs						1,967,400
Subtotal						21,846,100
Reserve and Working Fund						2,183,422
Total Proposed Program, Calendar Year 1954	1204	$13,244,000	1464	$2,928,000	$1,080,200	$24,029,522
Proposed U.S. Contribution to Calendar Year 1954 Program						13,861,809
Available from FY 1954 Appropriation						-3,904,188
Requested in FY 1955 Appropriation						9,957,621
One-half estimated U.S. pledge for Calendar Year 1955 a/						8,000,000
Total funds requested, FY 1955						$17,957,621

a/ The Calendar Year 1955 UNTA Program will not be approved until late in 1954. It is estimated that the distribution of the 1955 program will be roughly the same as in 1954, and that increased contributions from governments will result in a larger program.

NON-REGIONAL PROGRAM

ADMINISTRATION (OTHER THAN DEPARTMENT OF DEFENSE)

Summary of Administrative Expense

Agency	FY 1953	Program Estimate FY 1954	Proposed FY 1955
Foreign Operations Administration:			
Other than Korean Program	$38,782,867	$30,261,000	$28,200,000
Korean Program		(500,000)*	2,500,000
Department of State	12,297,794	6,139,000	5,200,000
Total	$51,080,661	$36,400,000	$35,900,000

*Comparable FY 1953-54 Department of Defense data for Civilian Relief in Korea activities not available. Estimated expenses of the Foreign Operations Administration in FY 1954 of $500,000 charged to Korea Program appropriation.

General Narrative Statement

Current Year Activities

The President's Reorganization Plan No. 7 was implemented during the first part of this fiscal year. Under this plan the functions and personnel of the Office of the Director of Mutual Security, the Mutual Security Agency and the Technical Cooperation Administration, including the Institute of Inter-American Affairs, were integrated into the newly established Foreign Operations Administration. This consolidation of functions and personnel of foreign operations into one integrated agency together with a careful review and analysis of activities of Foreign Operations Administration's predecessor agencies made possible major reductions in personnel and administration costs this fiscal year. While the net savings between the total amount obligated in FY 1953 (including local currency dollar equivalent of $22.8 million) and obligations estimated for FY 1954 is over $14 million, present annual operation levels reflect a total reduction of about $17 million. The difference is largely attributed to liquidation costs incident to the seperation of excess staff.

The current annual rate of obligations reflects a 33 percent reduction from actual obligations incurred during the prior year by Foreign Operations Administration's predecessor agencies. This was achieved largely by a 27 percent reduction of position ceilings under FY 1953 levels including 826 American and 390 local positions. These reductions were applied by area as follows:

	Positions		Amount (In thousands of dollars)	
	No.	Percent	Savings	Percent
FOA/Washington	384	22	2,938	22
Other Agencies			7,947	42
Europe Missions	622	48	2,672	38
Near East, Africa, and South Asia Missions	61	8	1,830	29
Far East Missions	139	28	1,517	36
Latin America Missions	10	4	-25	2
Total reduction from FY 1953 levels	1,216	27	16,879	33

PREVIOUS PAGE BLANK

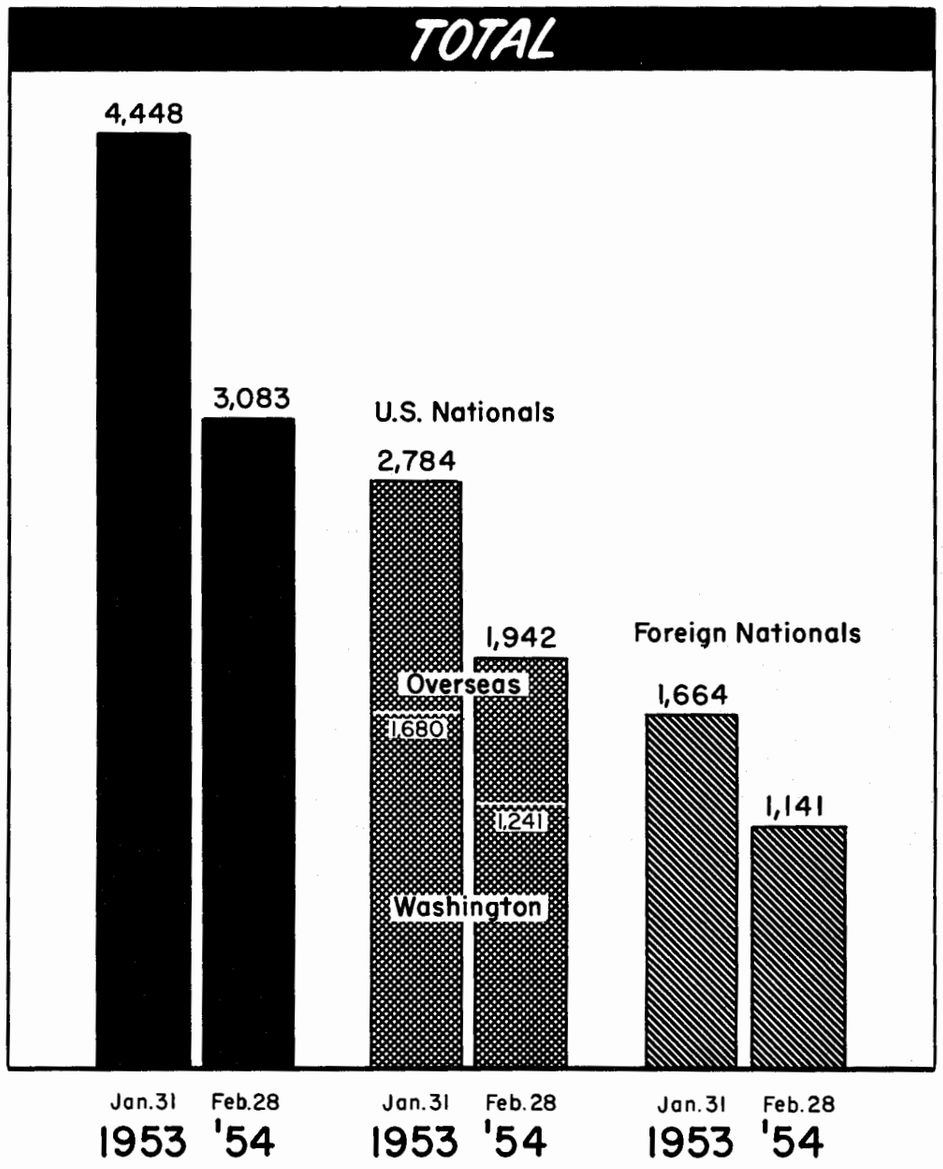
General Narrative Statement (Continued)

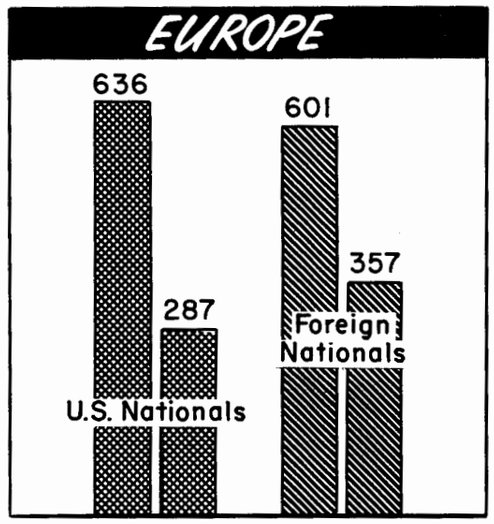
Fiscal Year 1955 Budget

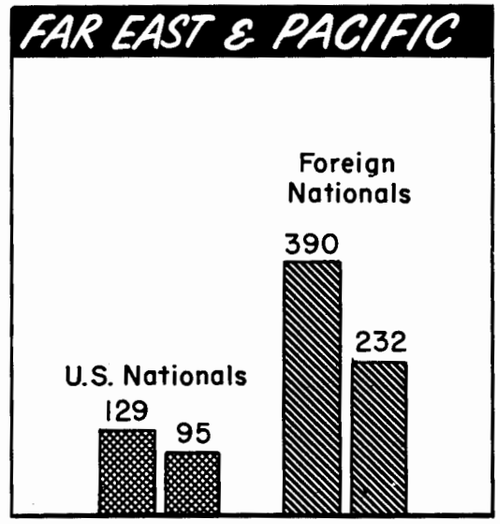
The FY 1955 Administrative budget proposes an appropriation of not to exceed $35.9 million. Included in this amount is an estimated requirement of $2.5 million for administration of the Korean Program previously funded under program appropriations and by the Department of Defense. The proposed budget for FY 1955, for expenses other than those for Korea, reflects a reduction of $3,000,000 from comparable costs for FY 1954, and a reduction of approximately $800,000 from current annual obligation rates. To accomplish these further savings in administrative expenses will require the most rigid application of economy measures. Any further reduction would endanger the achievement of essential objectives of Foreign Operations Administration programs and would jeopardize the adequate surveillance of the expenditure of the billions of dollars that have been appropriated or are proposed for appropriation in FY 1955 for Mutual Security Program activities.

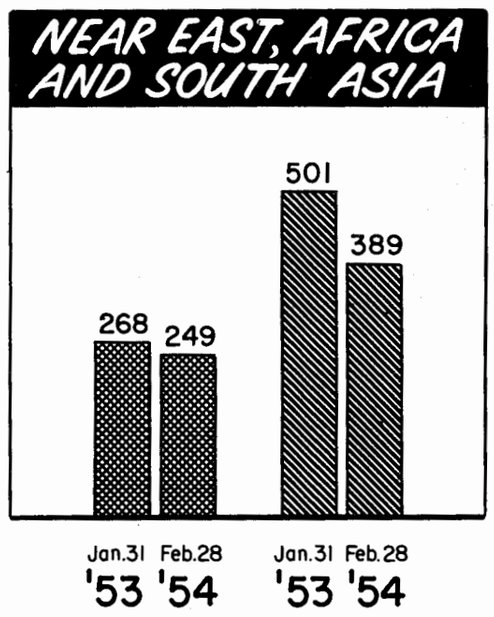
FOA ADMINISTRATIVE PERSONNEL

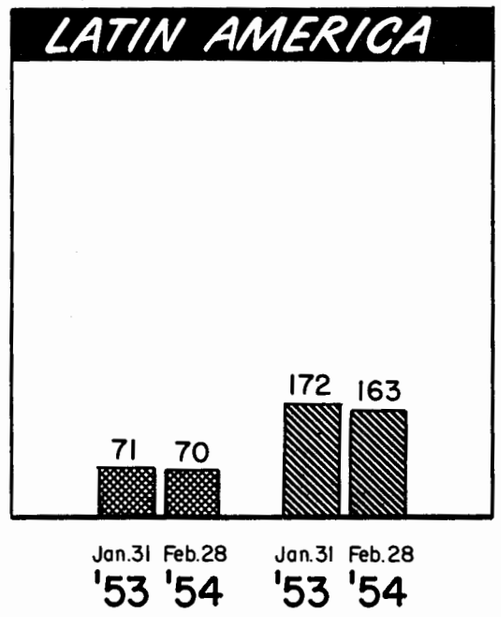
JANUARY 31, 1953 AND FEBRUARY 28, 1954





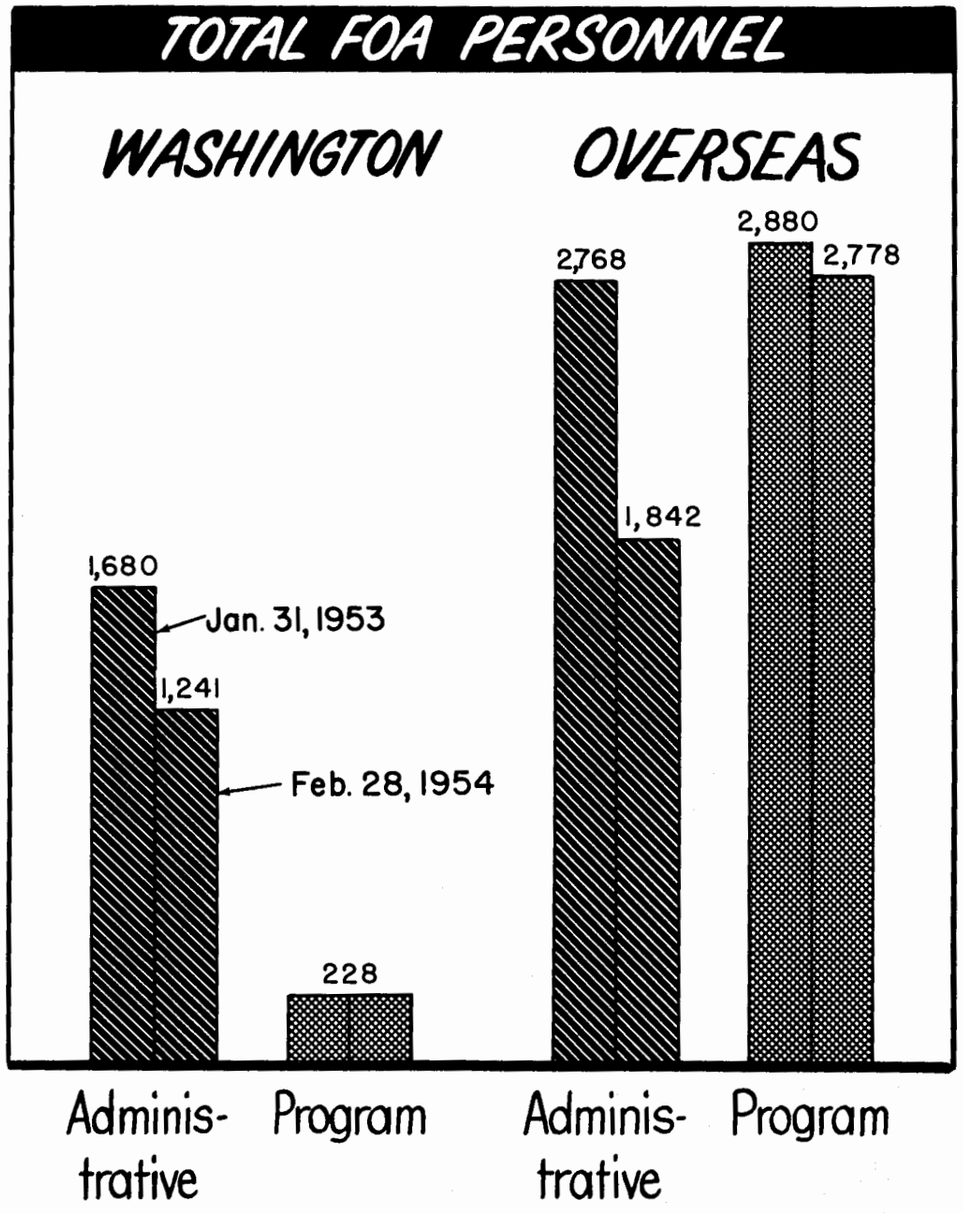


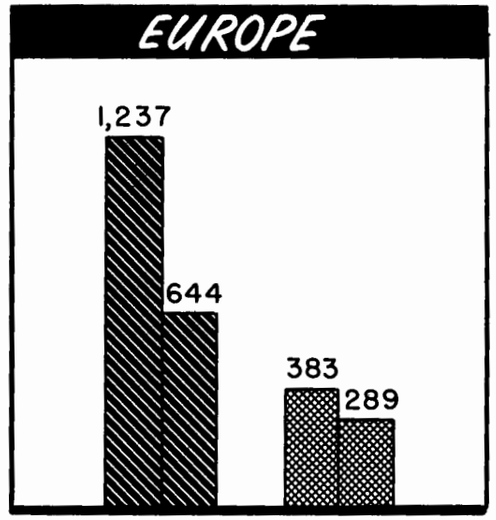


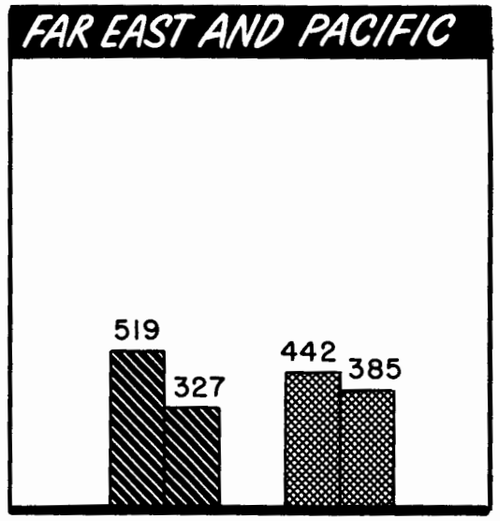


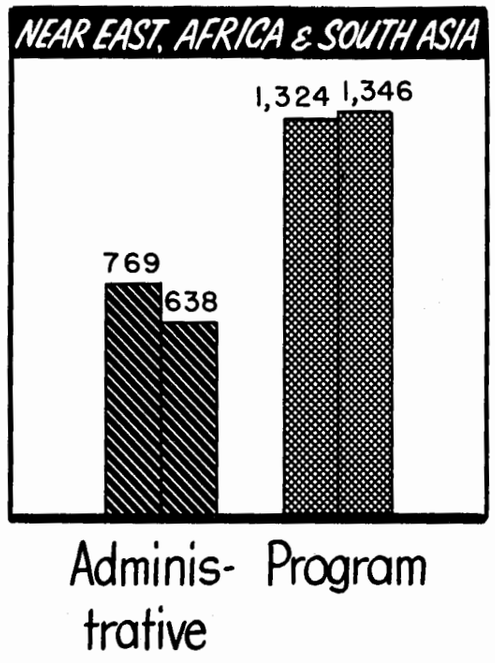
FOA PERSONNEL STRENGTH BY AREA

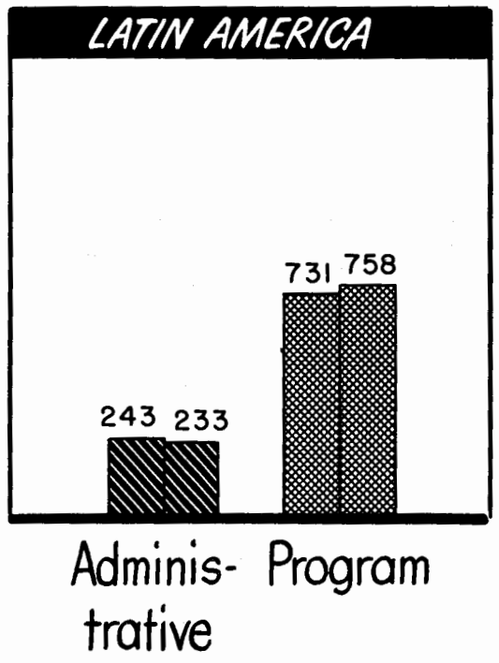
JANUARY 31, 1953 AND FEBRUARY 28, 1954











NON-REGIONAL PROGRAM

ADMINISTRATION (DEPARTMENT OF DEFENSE ONLY)

Summary of Administrative Expense

	Program		
	FY 1950/54	Estimate FY 1954	Proposed FY 1955
Administration (Department of Defense Only)	$92,651,800	$21,100,000	$30,000,000

General Narrative Statement

This estimate of requirements of the Department of Defense for administrative expenses in carrying out its responsibilites under the Mutual Security Program (MSP) during fiscal year 1955 is based on and consistent with the definition of administrative expenses used in the preparation and presentation of the estimate for this purpose for fiscal year 1954.

It provides for departmental costs at the seat of government; headquarters general staff costs, wherever performed; and costs of organizations in the field devoted to over-allprogram planning, development and management. The only field organizations in the United States covered are the general staff sections of the Air Materiel and Air Training Commands, which are located away from Washington for operational convenience. The other field organizations are all located overseas and consist of two regional groups, the Military Assistance Division (MAD) CINCEUR, and a small administrative group located at Army headquarters in Heidelberg, and the Military Assistance Advisory Groups (MAAG's), except for field training personnel, located in the various participating countries.

It should be recognized that this administrative expense estimate submitted by the Department of Defense covers only a portion of such costs. Early in the program the Secretary of Defense established a policy that existing personnel and facilities were to be used to the maximum extent possible in carrying out Mutual Defense Assistance Program (MDAP) business and that only additional requirements which could not be met by such personnel and facilities were to be charged to MDAP appropriations. While all of the administrative activities performed in the MAAG's are clearly additional requirements chargeable to MSP administrative funds, the same is not true in any other organization. Otherwise, the personnel included in this estimate are those which can be identified as additional requirements.

This estimate represents a considerable increase in the cost of activities due to additional responsibilities of high priority specifically provided for in the program proposals. Distribution of the amounts proposed for FY 1955 in the U.S. (by services) and Overseas follows:

UNITED STATES	AMOUNTS (In thousands)
Departmental and Field	
ARMY	$3,900
NAVY	688
AIR FORCE	1,541
OFFICE SECRETARY OF DEFENSE	1,244
Total U. S.	$7,373

General Narrative Statement (Continued)

OVERSEAS	AMOUNTS (In thousands)
Direct Expenses of Existing Activities	$15,427
State Support of Existing Activities	4,450
New Activities	2,750
Total Overseas	$22,627
Total, Department of Defense	$30,000

NON-REGIONAL PROGRAM

BASIC MATERIALS DEVELOPMENT

Summary of Projects by Area

(In thousands of dollars)

	Program		
	FY 1953	Tentative FY 1954	Proposed FY 1955 a/
Basic Materials Development	-1,924 a/	19,000	

a/ Excludes local currency available without purchase from appropriated funds equivalent to $16,609 thousand.

General Narrative Statement

The Basic Materials Development Program, initiated in FY 1953 pursuant to Section 514 of the Mutual Security Act of 1951, as amended, is designed to increase the production of critical materials in short supply in the free world, including the United States. It is not to be confused with programs authorized under separate legislation to satisfy the requirements of the U. S. strategic stockpile. It is primarily a loan program and it has emphasized, and continues to emphasize, projects that tackle bottlenecks to the orderly development of materials production in the underdeveloped areas through normal investment channels.

Accordingly, projects under the Basic Materials Program have been carried on more in the field of ancillary production-facilities, such as transportation and power facilities, than in the actual development of raw material resources. The actual development of such resources is best accomplished through private enterprise and the investment of private capital, but many private enterprises have been reluctant or unable to undertake such development of materials because of the lack, or inadequacy, of other supporting facilities. The Basic Materials Development Program is designed to overcome these deficiencies.

In FY 1953 projects totaling $16,868,000 were approved. Of this amount, $259,000 was in dollars and the balance was in local currencies. In FY 1954 the Appropriations Act provided an additional $19 million for the Basic Materials Program, but the criteria under which it has been necessary to develop the FY 1954 program -- criteria adopted as a result of the Congressional history of this provision in the FY 1954 legislation -- has necessitated the abandonment of a number of projects originally considered to be attractive possibilities; has, in the view of the Executive Branch, reduced the effectiveness of the program as an instrument for increasing the production of materials important to the economic development of the free world; and has caused considerable delay in getting the FY 1954 program firmly underway. Therefore, while specific projects involving more than $22 million are now under consideration, a final selection of all of the projects to be implemented with these FY 1954 funds may not be made until the end of this fiscal year or early in FY 1955.

Because of the foregoing delays in obligating FY 1954 funds, it seems advisable to request the carry-over into FY 1955 of any unobligated balance of the FY 1954 appropriation.

NON-REGIONAL PROGRAM

BASIC MATERIALS PROGRAM FY 1953

Approved Projects

	Thousands of Dollars Equivalent		Kind of Local Currency Loaned
Projects Financed with Local Currency (10% Counterpart)			
French Morocco			
Port of Nemours	1,140		
Moroccan Railroad	1,867		
Hydroelectric Power	4,530		
Total		7,537	(Francs)
British East Africa			
Port of Mombasa	5,656		
Port of Tanga	1,036		
Total		6,692	(Sterling)
Germany			
VAW Aluminum	2,380	2,380	(DM)
TOTAL		16,609	
Projects Financed with Total Dollars			
Formosa			
Tai-Fa Coking Coal	259	259	(U.S. $)

All the above are loans with the exception of Formosa, which is a grant to the Chinese Government which in turn loaned counterpart dollars to the coal company.

BASIC MATERIALS PROGRAM FY 1954

Projects Under Consideration
(In thousands of dollars)

	Amount
Africa	
Southern Rhodesian Railway	14,000
Mauritania - copper development	1,000
Uganda - copper-cobalt development	2,000
Angola - port facilities	1,500
Egypt - exploration	240
Turkey	
Mining Bank Loan	3,150
Philippines	
Chrome Ore Project	250
Formosa	
Coking Coal Exploration	100
	22,240*

* $19 million is available in FY 1954 for these projects.

NON-REGIONAL PROGRAM

SPECIAL FOOD PACKAGE PROGRAM

(In millions of dollars)

	Program		
	FY 1953	FY 1954	FY 1955
Special Food Package Program	-	15.5	-

General Narrative Statement

The Special Food Package Program

This program carried out in FY 1954 provided for the distribution of some of this country's food to less fortunate people in twenty countries in Europe, Latin America and the Near East. Most of the food was shipped in consumer-sized packages to be assembled later as a family gift package. Heavy paper bags (stamped with the FOA clasped-hand emblem in color) were provided for the family food package assembly and distribution. The packages ranged from 10½ to 13½ pounds.

About 60 million pounds of food were purchased which provided about 4½ million family-sized packages of food. At least 3½ million families in Spain, Italy, Austria, Federal Republic of Germany and Greece received these gift packages through arrangements made with their governments. About 650,000 packages were distributed through arrangements with CARE, Hadassah and the American Middle East Relief, Inc. Food equivalent to a little more than half a million packages was made available to the U.S. Armed Forces stationed in Europe for use in connection with the troops' usual Christmas-time contributions for local groups such as orphanages, refugee camps, hospitals, etc.

The foods procured for this program were prunes, raisins, dry beans, canned beef and gravy, rice, evaporated milk, shortening, honey, sugar and cheese. Agricultural items held by the government were utilized to the fullest extent and market purchases were made for items in abundant supply in the United States but not actually held by the Government.

A program of $15.5 million was authorized by the President for this program under the authority of section 513 (b) of the Mutual Security Act of 1951 as amended. These funds covered the cost of the foods, ocean transportation for all of the shipments, costs incurred by CARE for packaging and a part of CARE's other expenses.

Distribution costs were borne by the recipient country and the voluntary non-profit relief organizations. CARE sent its packages to Finland, France, Western Germany, Greece, Italy, Netherlands, Norway, United Kingdom, Yugoslavia, Bolivia, Chile, Ecuador, Haiti, Panama and Peru. Hadassah's food was shipped for distribution in Israel and the American Middle East Relief, Inc., sent food to Lebanon.

In approving this program the President determined that it was important to the security of the United States to share the food supplies of the United States with the peoples of friendly nations during the holiday season. The fact that Section 513(b) was intended to cover other than "country" programs was brought out in legislative history of the expansion of that section, i.e. the House of Representatives Report No. 569 on the Mutual Security Act of 1953 dated June 16, 1953, which in referring to this section stated, "this does not mean that this (the section) must be administered on a country by country basis. Situations might arise requiring special expenditures to carry out the purposes of this Act where no specific country will be a recipient."

The following table gives the commodity composition of the program:

SPECIAL FOOD PACKAGE PROGRAM

(In millions of dollars)

Commodity	
Shortening	1.9
Sugar	0.6
Honey	0.2
Meat	4.1
Cheese	1.3
Evaporated Milk	1.4
Rice	0.8
Dried Beans	0.6
Dried Fruit	1.1
Total	12.0
Transportation, Packaging and Distribution and other	3.5
Grand Total	15.5

NON-REGIONAL PROGRAM

NON-MUTUAL SECURITY SPECIAL FOOD PROGRAMS

(Authorized by Legislation Other Than The Mutual Security Act of 1951, as Amended)

PAKISTAN WHEAT PROGRAM

Lack of rain in the 1951-1952 season caused the wheat harvest in Pakistan to fall short of domestic requirements by about 800,000 long tons. The Government of Pakistan in 1952 obtained a little more than 800,000 tons of wheat by spending much of its foreign exchange reserves, by bartering cotton, jute and rice and through a $15,000,000 loan from the United States by which they made outright purchase of 162,000 tons of wheat. In 1952-1953, another and more serious drought occurred. On April 22, 1953, the Government of Pakistan officially requested emergency assistance from the United States Government in order to meet threats of famine. A food survey mission was sent to Pakistan under the leadership of Dr. Harry Reed of Purdue University; the purpose of the mission was to ascertain the need and to recommend the manner in which it should be met.

Based on the Reed mission report, President Eisenhower sent a message to Congress on June 10, 1953, recommending a grant of wheat to Pakistan. On the same day, bills were introduced in both the House and Senate to cover the required legislation and on June 25 the legislation was signed by President Eisenhower as Public Law No. 77 of the 83rd Congress. The basic feature of Public Law No. 77 is that during the period ending June 30, 1954, the President may make available to the Government of Pakistan 700,000 long tons of Commodity Credit Corporation wheat to alleviate starvation and mass suffering occasioned by famine conditions and an additional 300,000 tons to provide such reserve supply as he may determine to be a necessary supplement to the emergency assistance.

About 90 percent of the wheat distributed in Pakistan ends up in the hands of the consumer, the housewife, in the form of grain.

It is expected that about $45-50 million dollars in rupees will be realized from the sale of the wheat. Specific projects to be financed by the rupees will include: (1) A Grow-More Food Program; (2) extension of agricultural credit; (3) improved grain storage facilities; (4) the processing of agricultural products; and (5) four land reclamation projects directed toward increasing food production. In connection with free wheat distribution a plan is in operation which provides work on famine relief projects for needy families. The amount of rupees to be spent on these projects is larger than the receipts expected; consequently, the Government of Pakistan will make up the difference.

The wheat granted to Pakistan is saving several million people from starvation. In addition, this program has engendered a spirit of good feeling on the part of the Pakistani people toward America. During the past half-year Pakistan has given repeated instances of its stand with the free nations of the world and friendship for the United States.

SALE OF WHEAT TO SPAIN

Spain, which in good crop years imports relatively small quantities of wheat, found that during FY 1954 it would have to import very large quantities to replace a loss due to drought of over a million tons in the crop of 1953. Through Spain's own resources, procurement of 875,000 tons was arranged. There remained, however, a shortage of approximately 300,000 tons to carry the country through to the next harvest, and it was apparent that the balance could not be financed from Spain's own foreign exchange resources or from Mutual Defense support except at the expense of other urgently needed imports. The Spanish Government urgently requested the United States to supply the wheat for Spanish pesetas and FOA undertook to find some method for doing so. FOA turned to the Departments of Agriculture and Defense with the suggestion that the Commodity Credit Corporation supply the wheat and hold the pesetas until they could be used in connection with base construction. After consultation between FOA and the Departments of Agriculture, Defense, Treasury and State, it was agreed that the Department of Agriculture would

Sale of Wheat to Spain (Continued)

sell $20 million worth of wheat (approximately 300,000 tons) to Spain for pesetas.

The price to be charged for wheat sold directly by the Commodity Credit Corporation to Spain is the peseta equivalent of the International Wheat Agreement price level for specified grades and types. It is expected that the pesetas received will be utilized by the Department of Defense and other U.S. agencies for their expenditures in Spain, particularly the peseta costs of the military facilities construction program. As the pesetas are needed, they will be purchased from the CCC with appropriated dollars by the agency concerned.

Because of the urgency of the Spanish need for wheat, about 25,000 tons were programmed by the CCC for direct shipment in early April. The remainder of 275,000 tons is to be supplied through U.S. private exporters, who will sell at prices set by competitive bidding and will instruct the Spanish importers at the time of sale to deposit the peseta proceeds to the account of the U.S. Government in designated depositories in Spain. In turn, the CCC will purchase the pesetas from the exporters at the time of deposit, and the Department of Defense or other Government agencies will, in turn, purchase the pesetas from the CCC over the next two years.

PUBLIC LAW 216

Public Law 216, 83rd Congress, authorized the President to use stocks of agricultural commodities held by the Commodity Credit Corporation to assist friendly peoples in meeting famine or other urgent relief requirements. Expenditures under the law, which set a termination date for instituting new programs at March 15, 1954, were limited to $100 million. Under this program, 84,200 tons of wheat, valued at $9.45 million, are being furnished to alleviate serious food shortages in Bolivia, The Hashemite Kingdom of Jordan, and Libya.

Bolivia

During 1953, a sharp decline in the world price of tin precipitated a serious economic crisis. Since the Bolivian Government had virtually no financial reserves, extraordinary assistance was urgently needed to cover foreign exchange costs of essential imports, primarily agricultural commodities.

The President on October 5, 1953, authorized assistance to Bolivia in the amount of $5 million worth of surplus agricultural commodities under Public Law 216.

The Bolivian Government indicated that its most urgent need was for wheat and flour, and it was agreed that the entire $5 million grant would be used for these commodities. On November 13, 1953, FOA authorized the first transfer of 3,000 tons of wheat from the stocks of the Commodity Credit Corporation for shipment in November and December. Another authorization followed for 42,000 tons of wheat, of which half is to be milled into flour in the United States. Shipments are scheduled at the rate of 4,000 tons of wheat and 3,000 tons of flour monthly.

By March 1954, it became apparent that wheat supplies transferred under the original program would not be sufficient to cover requirements during the summer months. Accordingly, on March 15, the President amended his October 5, 1953 determination to increase the total from $5 million to up to $8 million worth of surplus agricultural commodities, thus providing for an additional 27,000 tons of wheat.

The Hashemite Kingdom of Jordan

The Jordan Government in early August requested aid from the United States in the form of a wheat grant. It had become apparent that the 1953 wheat crop in a large area was almost a complete failure. Moreover, the country was still suffering

The Hashemite Kingdom of Jordan (Continued)

from the effect of the 1951 drought. The aid was approved by the President on September 2, 1953, and an agreement between the United States and Jordan was signed on October 20. In early November, about 10,000 tons of hard spring wheat at an estimated cost of $1.2 million were shipped.

Libya

A serious food shortage also developed in Libya following a severe drought. In December 1953, this country was declared eligible for assistance under Public Law 216. Shipment of 2,200 tons of wheat valued at $250,000 was made in December to relieve suffering in the famine-stricken areas. Local sales proceeds from a portion of the shipment will be used to pay costs of development projects, particularly in the field of agriculture.

SECTION 550 SALES PROGRAM IN FY 1954
Source of Funds and Use of Local Currency Sales Proceeds

(In millions of dollars)

Country	Section 550 Sales Program	Source of Funds		Use of Local Currency Sales Proceeds		
		MDAP	Other	Mutual Defense Assistance[a]	Mutual Defense Support	Developmental Assistance
Afghanistan	1.45		1.45			1.45
Finland	5.0	5.0				
Formosa	10.0	5.0	5.0	5.0	5.0[d]	
France	15.85	10.85	5.0	10.85		5.0[b]
Germany	15.0	10.0	5.0		20.0[c]	
Israel	1.2		1.2			1.2
Japan	50.0	50.0		40.0		10.0
Netherlands	4.0	4.0			4.0	
Norway	2.1	2.1		2.1		
Spain	15.0		15.0		15.0	
United Kingdom	65.0	60.0	5.0		60.0	5.0[b]
Yugoslavia	15.0	15.0		5.0	10.0	
Other	12.0	12.0		12.0		
Total	211.6	173.95	37.65	74.95	114.0	22.65

a/ Available for OSP contracts, deliveries against which may go to other countries.
b/ For DOT Programs.
c/ Includes $5 million of local currency proceeds from Section 550 sales to Finland.
d/ Tentatively programmed for purchase of Finnish commodities for relief of Berlin refugees.

SECTION 550 SALES PROGRAM

IN FY 1954

General Narrative Statement

In the Mutual Security Act of 1953, Section 550 was added as an amendment to the Mutual Security Act of 1951. It provides for the purchase of not less than $100 million nor more than $250 million worth of surplus agricultural commodities to be sold by the United States to friendly countries for foreign currencies. Commodities sold to the foreign countries under this Section must not displace or substitute for usual marketings from the United States or friendly countries, and prices are to be consistent with world prices. Dollar funds with which to carry out the provisions of this Section were not separately appropriated; funds otherwise appropriated for the Mutual Security Program were to be used for this purpose.

The surplus agricultural commodities obtained with the dollar funds are sold to the foreign governments for local currency at export market prices prevailing in the United States in meeting the price criteria of the Act. In establishing the eligibility of commodities and the sales price criteria, recommendations of the Department of Agriculture are followed. Sales made through private trade channels are at the market price as negotiated between buyer and seller, but to the extent that export subsidies or other special export pricing are available, there may be departures from prices applicable to domestic sales. Prices of items obtained from Commodity Credit Corporation holdings represent world market prices and may not reflect either the costs to that Agency or prices on sales for domestic use.

Commodities which have been eligible, and for which sales in export under this section of the Mutual Security Act have been arranged, are bread grains, course grains, cotton, tobacco, soybeans (for a short time only), peanuts, vegetable oils, lard, beef, citrus fruits, prunes, canned peaches and canned apricots. Although recommended by the Department of Agriculture as in surplus and considered to be eligible for this program, it has not been possible to arrange sales for dairy products, certain fruits such as raisins, apples, pears, dried apricots, dried beans and dried peas. The list of eligible surplus agricultural commodities is subject to change upon the recommendations of the Department of Agriculture.

Although it has proved difficult to arrange for sales which do not substitute for or displace usual marketings of the United States or friendly countries, programs involving the sale of surplus agricultural commodities have been developed with 12 countries for a total of $211.60 million. Of this total, $173.95 million are financed from Mutual Defense Assistance Program funds and the remaining $37.65 million from funds appropriated for purposes of other sections of the Mutual Security Act. It is expected that most of the commodities will be purchased and shipped during the present fiscal year, but due to difficulties in concluding the necessary arrangements in some cases, and the desire for later deliveries in others, a balance of about $66 millions worth will remain to be shipped in FY 1955.

The foreign currency proceeds from the sales are deposited to the account of the United States Government in the country in which the sales are made. These currencies will be used, in accordance with the agreements between the United States and each foreign government involved, for defense support programs, payment for offshore procurement of military materiel for use in the country where purchased or elsewhere, for development assistance or technical cooperation programs in the country or elsewhere, and other Mutual Security programs.

Negotiations have been concluded or are in progress for the sale of surplus agricultural commodities under this program to twelve countries. A means of participation by others may be found before the end of the present fiscal year. Plans are being developed to use Section 550 sales proceeds to promote triangular trade arrangements; such as, the U.S. selling surplus agricultural commodities to one country in return for local currency to be used for the purchase and export of items which will be used for U. S. programs in another country.

When a foreign government applies for Section 550 funds, it is called upon to furnish data on past production, foreign

General Narrative Statement (Continued)

trade and consumption, together with a determination of what is considered to be usual marketings from the United States and other friendly countries. The country also states the reason that the additional supplies are required and the uses to be made of them, and gives assurance that the commodities will not be reexported without specific approval from the United States Government. These data and statements are carefully reviewed and consultations are held with the Departments of State and Agriculture to determine that the fulfillment of the request for each commodity in the amount requested would be consistent with the provisions of Section 550.

The impact of this program on the Mutual Defense Assistance Program is not as great as the figure of $173.95 million for use of MDAP funds would seem to imply, since it is expected to be possible to arrange for the use of $74.95 million of the local currency sales proceeds for procurement of military items under the United States MDAP offshore procurement program. Thus, the net impact of the FY 1954 Section 550 Program in reducing the supply of ammunition and equipment to our allies under U.S. programs is likely to approximate slightly less than $100 million. Moreover, the use of a large part of the remaining sales proceeds, not used for OSP, to increase indigenous defense efforts of allied countries, as in the United Kingdom and the Netherlands, even further reduces the impact of this program on military preparedness.

SECTION 550 SALES PROGRAM

Procurement Authorizations Issued as of March 26, 1954

(In millions of dollars)

Item	Total	Germany	Norway	Spain	United Kingdom	Yugo-slavia	Finland	Formosa	Japan	Afghani-stan	Israel
Bread Grains	45.5		0.6			6.6		2.9	35.0	0.4	
Fats and Oils	27.1	2.0	0.9		19.0	4.0					1.2
Meat	17.2				17.2						
Fruit	10.0				10.0						
Coarse Grains	9.6		0.6					2.0	7.0		
Cotton	12.2	3.0		4.0		3.2	2.0				
Tobacco	33.0	10.0			20.0		3.0				
Total Commodities	154.6	15.0	2.1	4.0	66.2 a/	13.8	5.0	4.9	42.0	0.4	1.2
Transportation	1.1					1.1					
TOTAL	155.7	15.0	2.1	4.0	66.2 a/	14.9	5.0	4.9	42.0	0.4	1.2

a/ Estimated to be reduced to $65. millions.

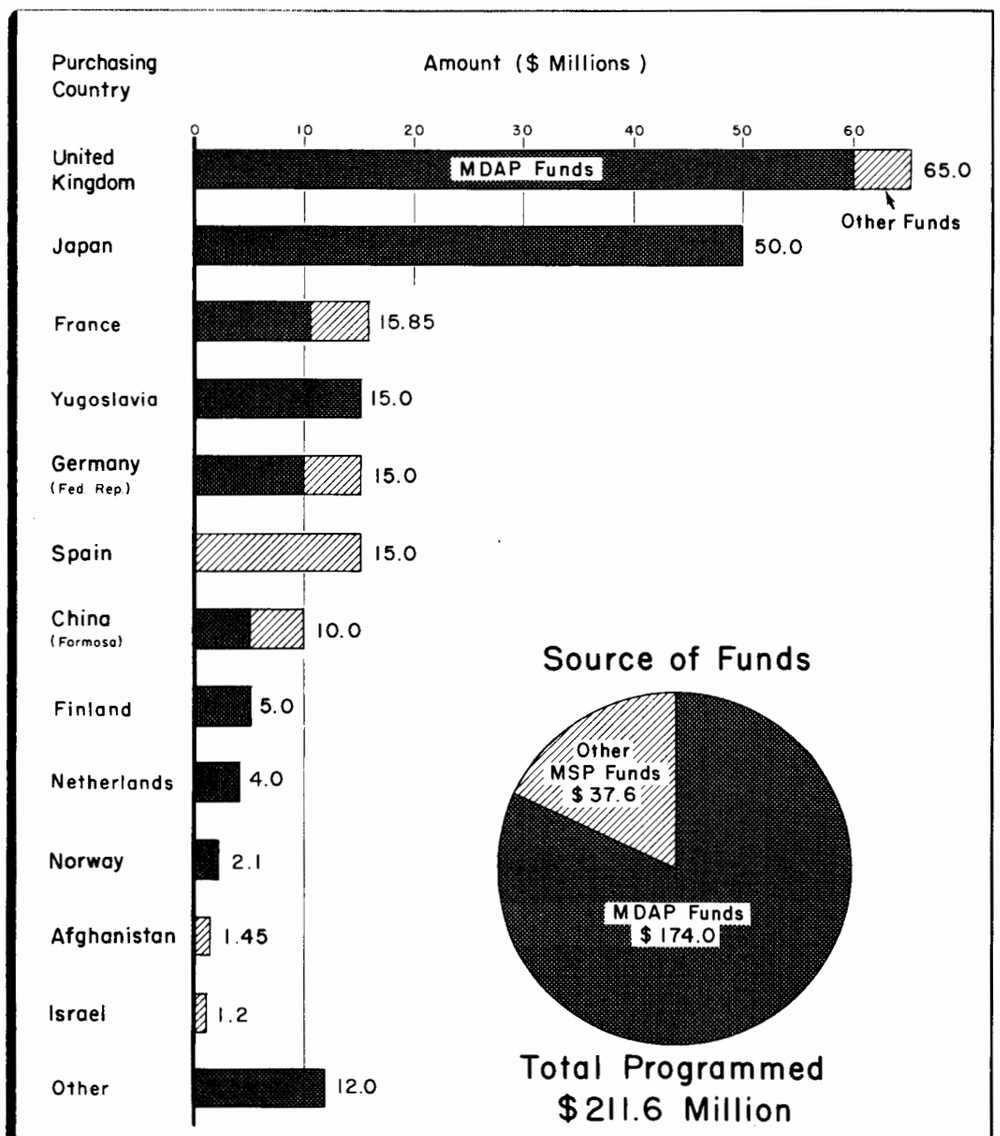
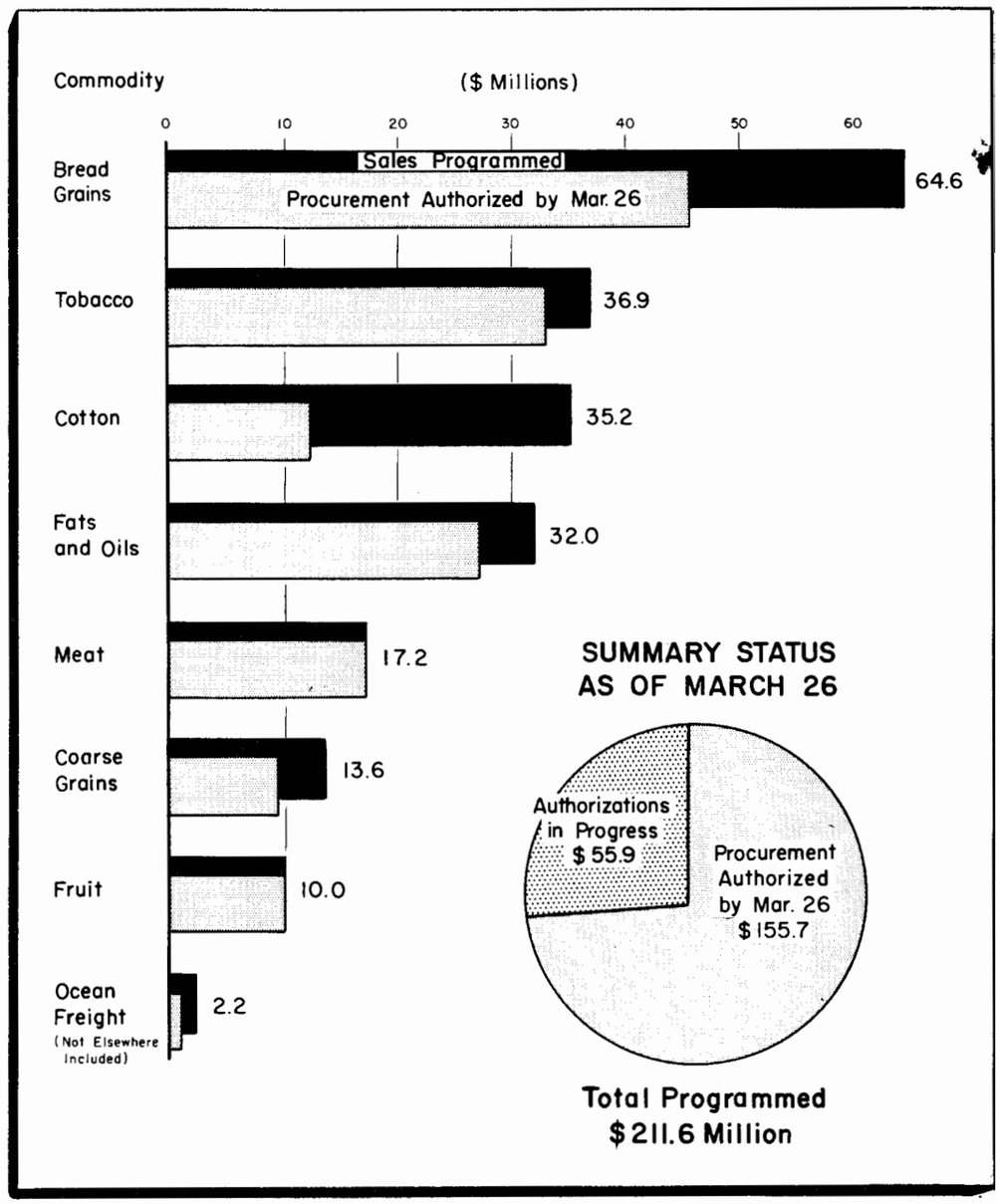
Sales and Deliveries by Commodity

(In millions of dollars)

Commodity	Section 550 Sales Program	FY 1954 Deliveries	FY 1955 Deliveries
Bread Grains	64.55	41.05	23.5
Fats and Oils	32.0	27.7	4.3
Meat	17.2		17.2
Fruit	10.0	6.5	3.5
Coarse Grains	13.6	7.1	6.5
Cotton	35.2	28.2	7.0
Tobacco	36.85	33.0	3.85
Total Commodities	209.4	143.55	65.85
Transportation	2.2	2.2	
TOTAL	211.6	145.75	65.85

FOA PROGRAM UNDER SEC 550

ESTIMATED SALES BY COUNTRY AND SOURCE OF FUNDS



STATUS OF COMMODITY PROGRAM