UNCLASSIFIED

MUTUAL SECURITY PROGRAM

PD-ACE-025

UNITED STATES OF AMERICA

Volume I

●

Program Estimates
Fiscal Year 1957

Summary Statements:

World-Wide
Area and
Function

BEST AVAILABLE COPY

MUTUAL SECURITY PROGRAM

TABLE OF CONTENTS

VOLUME I - SUMMARY STATEMENTS

	Page No.
SECTION I - SUMMARY DATA	
Countries Participating - MSP in FY 1957 (Chart)	1
Distribution of FY 1957 Program by Title and Section	2
Appropriation by Function (Chart)	3
Appropriation by Area and Function	4
FY 1957 Appropriation Request (Chart)	5
Comparative Summary by Function and Major Activity	6
Summary of Programs by Area and Function	8
Distribution of FY 1957 Program by Region, Country, Title and Function	10
Program by Region (Chart)	12
Military Assistance	13
Defense Support	21
Development Assistance	25
Technical Cooperation	29
Other Programs	33
Surplus Agricultural Commodity Program	35
Loans	43
Obligations and Expenditures	45
SECTION II - REGIONAL DATA	
Europe	49
Near East and Africa	63
Asia	79
South Asia	95
Far East	99
Latin America	103
Non-Regional Programs	117

March 14, 1956

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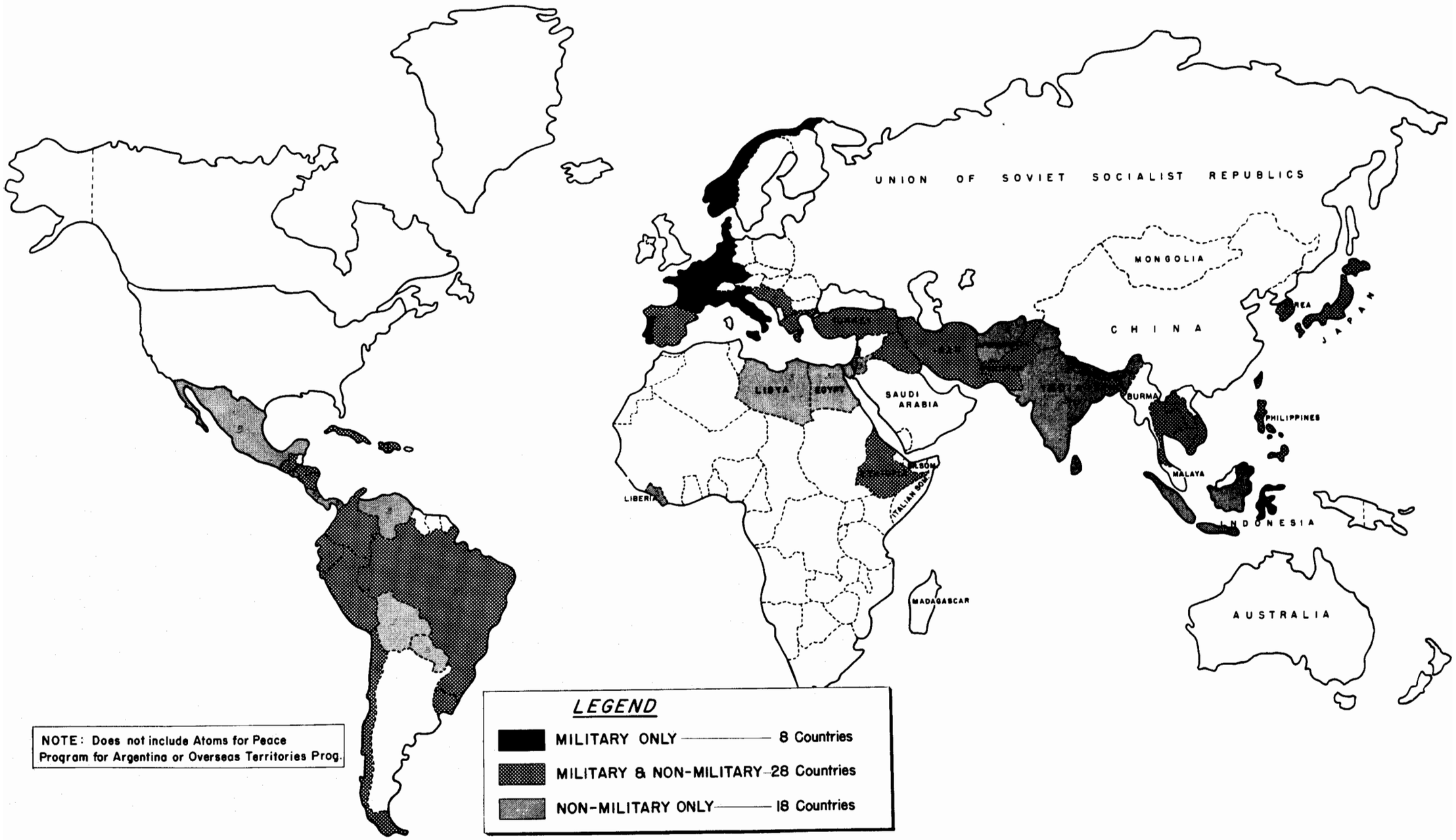
COUNTRIES PARTICIPATING-MSP in FY 1957



NOTE: Does not include Atoms for Peace Program for Argentina or Overseas Territories Prog.

33.9
25.0
3.6
62.5

DISTRIBUTION OF FY 1957 MUTUAL SECURITY PROGRAM

BY TITLE AND SECTION OF THE PROPOSED MUTUAL SECURITY ACT OF 1956

FY 1957 Authorization and Appropriation Request

Title and Section	FY 1956 Authorization	FY 1956 Appropriation	FY 1957 Proposed Program	FY 1957 Authorization Request	FY 1957 Appropriation Request
Title I - Mutual Defense Assistance:					
Chapter 1 - Military Assistance					
Sec. 103(a)(3) - General Authorization	$1,133,000,000	$ 583,000,000	$2,925,000,000	$2,925,000,000	$2,925,000,000
Sec. 104 - Infrastructure		122,000,000	75,000,000	(75,000,000) a/	75,000,000 a/
Total - Chapter 1	1,133,000,00	705,000,000	3,000,000,000	2,925,000,000	3,000,000,000
Chapter 2 - Southeast Asia, and the Western Pacific, and Direct Forces Support					
Sec. 124 - Direct Forces Support	317,200,000	317,200,000	b/	b/	b/
Chapter 3 - Defense Support					
Sec. 131(c):					
(1) Europe	92,000,000	85,500,000	78,700,000	78,700,000	78,700,000
(2) Near East and Africa	102,500,000	113,700,000	170,000,000	170,000,000	170,000,000
(3) Asia	827,800,000	800,000,000	882,000,000	882,000,000	882,000,000
Total - Chapter 3	1,022,300,000	999,200,000	1,130,700,000	1,130,700,000	1,130,700,000
TOTAL - TITLE I	2,472,500,00	2,021,400,000	4,130,700,000	4,055,700,000	4,130,700,000
Title II - Development Assistance:					
Sec. 201(c)					
(1) Near East and Africa	73,000,000	73,000,000	63,000,000	63,000,000	63,000,000
(2) Asia	71,000,000	51,000,000	80,000,000	80,000,000	80,000,000
(3) Latin America	38,000,000	38,000,000	27,000,000	27,000,000	27,000,000
TOTAL - TITLE II	182,000,000	162,000,000	170,000,000	170,000,000	170,000,000
Title III - Technical Cooperation:					
Sec. 304(b) - General Authorization	146,500,000	127,500,000	140,500,000	140,500,000	140,500,000
Sec. 306 - Multilateral Technical Cooperation:					
(a) United Nations Expanded Program of Technical Assistance	24,000,000	24,000,000	15,500,000	15,500,000	15,500,000
(b) Organization of American States	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
TOTAL - TITLE III	172,000,000	153,000,000	157,500,000	157,500,000	157,500,000
Title IV - Other Programs:					
Sec. 401(b) - Special Presidential Fund	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Sec. 403(b) - Special Assistance in Joint Control Areas	21,000,000	21,000,000	12,200,000	12,200,000	12,200,000
Sec. 405 - Migrants, Refugees and Escapees:					
(a) Intergovernmental Committee for European Migration	-	12,500,000	12,500,000	(12,500,000) c/	12,500,000
(c) United Nations Refugee Fund	1,400,000	1,200,000	2,300,000	2,300,000	2,300,000
(d) Escapee Program	6,000,000	6,000,000	7,000,000	7,000,000	7,000,000
Sec. 406(b) - Children's Welfare	14,500,000	14,500,000	10,000,000	10,000,000	10,000,000
Sec. 407(b) - Palestine Refugees in the Near East	65,000,000	58,366,750	45,300,000	(45,300,000) d/	(45,300,000) d/
Sec. 408 - North Atlantic Treaty Organization		3,700,000 e/			
Sec. 409 - Ocean Freight Charges:					
(c) Voluntary Relief Shipments	2,000,000	2,000,000	1,400,000	1,400,000	1,400,000
(d) Surplus Agricultural Commodities	13,000,000	13,000,000	14,000,000	14,000,000	14,000,000
Sec. 410 - Control Act Expenses	1,175,000	1,175,000	1,175,000	1,175,000	1,175,000
Sec. 411(b) - Administrative and Other Expenses (Other than Chapter 1 of Title I, and Sec. 124)	35,225,000	33,500,000	35,250,000	35,250,000	35,250,000
Sec. 418(b) - President's Fund for Asian Economic Development	200,000,000	100,000,000	160,000,000 f/	(100,000,000) f/	100,000,000 f/
Sec. 420 - Special Authorization for the Middle East and Africa			100,000,000	100,000,000	100,000,000
Sec. 10 - Foreign Reactor Projects			5,950,000	5,950,000	5,950,000
TOTAL - TITLE IV	459,300,000	366,941,750	507,075,000	289,275,000	401,775,000
GRAND TOTAL - ALL TITLES	$3,285,800,000	$2,703,341,750	$4,965,275,000	$4,672,475,000	$4,859,975,000

a/ 1957 authorization not being requested as Sec. 104 of the Mutual Security Act of 1954 authorized the appropriation of $321 million in installments prior to June 30, 1958. In FY 1955 $100 million was appropriated. An additional $122 million was appropriated in FY 1956 leaving an unappropriated authorization of $99 million. The 1957 appropriation request will leave an unappropriated authorization balance of $24 million.

b/ Funds for 1957 in the amount of $374.3 million for this function have been included with "Military Assistance".

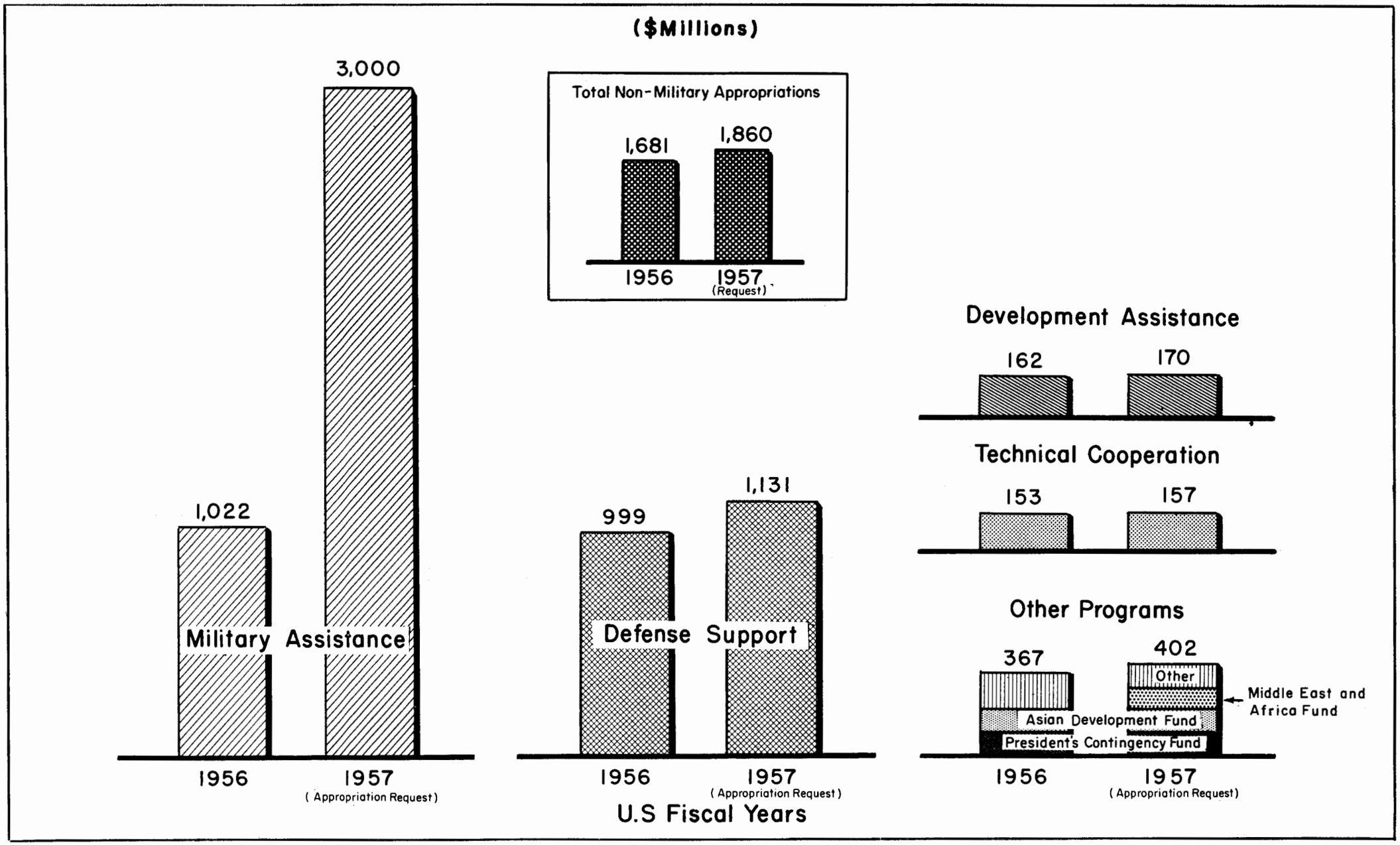
c/ Continuing authorization provided under Sec. 405(a) of the Mutual Security Act of 1954.

d/ Estimated unobligated balance for which carry-over authority is requested.

e/ Operating responsibility for this program transferred to Department of State in 1957.

f/ Of the $200 million authorized in the Mutual Security Act of 1955, which is available through 6-30-58, $100 million remains to be appropriated. Of the initial appropriation of $100 million for FY 1956 the estimated carry-over into FY 1957 is $60.0 million. The $100 million appropriation plus the carry-over will make available $160 million for programming in FY 1957.

APPROPRIATIONS BY FUNCTION



DISTRIBUTION OF FY 1957 MUTUAL SECURITY PROGRAM

Summary by Area and Function

(In thousands of dollars)

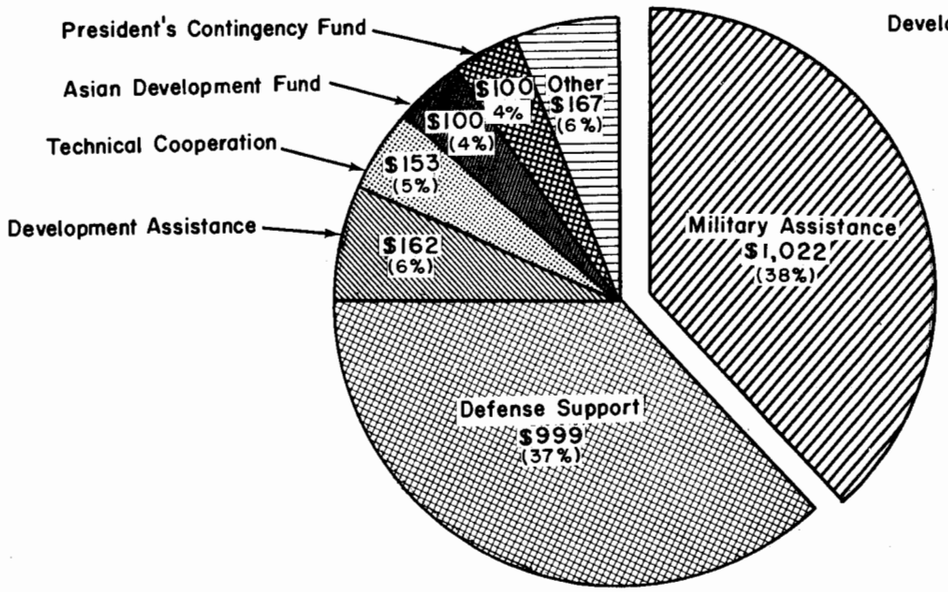
Area	Military Assistance	Defense Support	Development Assistance	Technical Cooperation	Other Programs	Total
Europe	760,471	78,700			12,200	851,371
Near East and Africa	471,918	170,000	63,000	34,100	145,300 a/	884,318 a/
Asia	1,166,813	882,000	80,000	63,250	160,000 b/	2,352,063 b/
Latin America	35,546		27,000	33,850		96,396
Non-Regional Programs	565,253			26,300	189,575	781,128
Grand Total Obligations, FY 1957	3,000,000	1,130,700	170,000	157,500	507,075	4,965,275
Adjustments						
Unobligated Carryover from FY 1956					-105,300	-105,300
Appropriation Request	3,000,000	1,130,700	170,000	157,500	401,775	4,859,975

Note: Figures will not add because of rounding.

a/ Includes $45.3 million estimated unobligated balance as of 6/30/56 for Palestine Refugees in the Near East.
b/ Includes $60.0 million estimated unobligated balance as of 6/30/56 for President's Fund for Asian Economic Development.

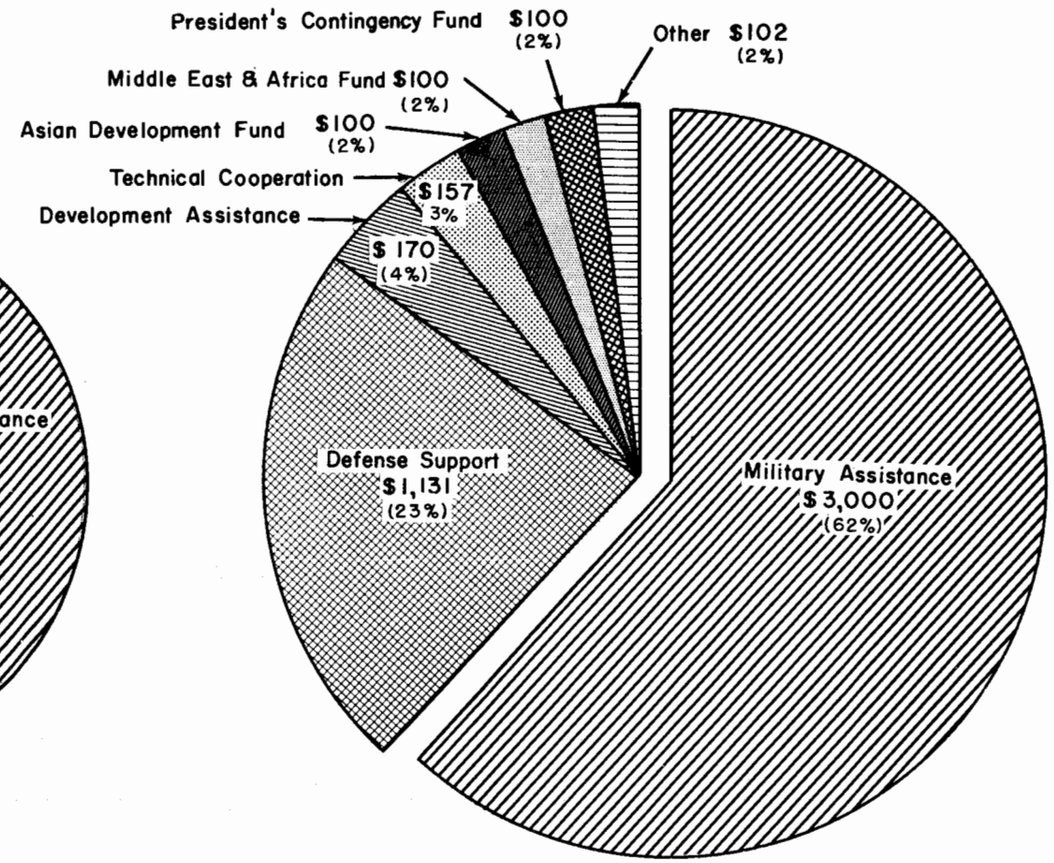
MUTUAL SECURITY PROGRAM

FY 1956 Appropriation



$ 2,703 MILLION

FY 1957 Appropriation Request



$ 4,860 MILLION *

* Excludes Programs of $105 Million to be Financed from Requested Reappropriations or Funds Remaining Available in FY 1957.

MUTUAL SECURITY PROGRAM

TOTAL PROGRAMS

Comparative Summary by Function and Major Activity

(In thousands of dollars)

Function and Activity	Program FY 1950/56	Program FY 1956	Proposed FY 1957
MILITARY ASSISTANCE			
Equipment and Supplies (incl. Spare Parts)	16,982,340	776,187	2,194,395
Repair and Rehabilitation of Excess	174,122	7,611	3,865
Training	405,010	86,841	102,648
Packing, Crating, Handling and Transportation	752,963	121,200	133,839
Other	1,392,867	365,361	565,253
Total - Military Assistance	19,707,300 a/	1,357,200	3,000,000
	FY 1955		
DEFENSE SUPPORT			
Country Programs	1,269,241	1,040,950	1,127,000
U.S. Contributions to UNKRA			
Inter-Regional Expenses			1,200
Undistributed by Country	7,545	3,800	2,500
Total - Defense Support	1,276,786	1,044,750	1,130,700
DEVELOPMENT ASSISTANCE			
Country Programs	182,406	172,600	168,000
Undistributed by Country			2,000
Total - Development Assistance	182,406	172,600	170,000
TECHNICAL COOPERATION			
Bilateral Country Programs	103,394	114,312	126,042
United Nations Technical Assistance Program	16,458	23,000	15,500
Organization of American States	1,136	1,200	1,500
Inter-Regional Expenses	7,555	10,000	10,800
Undistributed by Country	2,727	4,094	3,658
Total - Technical Cooperation	131,270	152,606	157,500

OTHER PROGRAMS

Special Presidential Fund		100,000	100,000
Special Assistance in Joint Control Areas	24,507	18,200	12,200
Migrants, Refugees, and Escapees			
Intergovernmental Committee for European Migration	10,500	12,500	12,500
United Nations Refugee Fund		1,200	2,300
Escapee Program	5,697	6,000	7,000
Children's Welfare	12,500	14,500	10,000
Palestine Refugees in the Near East	16,700	16,700	45,300
Ocean Freight - Voluntary Relief Shipments	1,487	2,000	1,400
Ocean Freight - Surplus Agricultural Commodities	8,295	16,000	14,000
Control Act Expenses	1,075	1,175	1,175
Administrative Expenses, Section 411, Mutual Security Act	32,496	34,950	35,250
President's Fund for Asian Economic Development		40,000	160,000
Special Authorization for Middle East and Africa			100,000
Foreign Reactor Projects			5,950
Special Programs	38,071		
Total	151,328	263,225	507,075
Less: Portion of Special Presidential Fund required to complete financing of other programs herein		-47,816	
Total - Other Programs	151,328	215,409	507,075
Total Programs - All Functions and Activities	XX	2,942,565	4,965,275

Method of Financing by Function	Program FY 1955	FY 1956	Proposed FY 1957
Total Loans	209,500	224,500	
Military Assistance	15,000	1,000	
Defense Support	122,000	176,000	
Development Assistance	72,500	47,500	
Summary of Surplus Agricultural Commodities Transactions			
Total Surplus Agricultural Commodity Sales	439,958	270,900	250,000
Total Sales Proceeds Programmed for Other than Military Assistance	433,558	263,200	242,000
Defense Support	382,415	200,500	179,300
Development Assistance	51,143	55,700	62,700
Technical Cooperation			
Other		7,000	
Total Sales Proceeds Programmed for Military Assistance	6,400	7,700	8,000

a/ Column does not add due to rounding.

MUTUAL SECURITY PROGRAM

TOTAL PROGRAMS

Summary of Programs by Area and Function

(In thousands of dollars)

Area and Function	FY 1950/56	Program FY 1956	Proposed FY 1957
Europe			
Military Assistance	12,538,656	282,545	760,471
	FY 1955		
Defense Support	176,467	83,800	78,700
Other Programs	25,968	18,200	12,200
Total - Europe	XX	384,545	851,371
	FY 1950/56		
Near East and Africa			
Military Assistance	1,970,327	105,076	471,918
	FY 1955		
Defense Support	163,453	163,700	170,000
Development Assistance	93,699	82,600	63,000
Technical Cooperation	34,028	32,900	34,100
Other Programs	17,214	16,700	145,300
Total - Near East and Africa	XX	400,976	884,318
	FY 1950/56		
Asia			
South Asia			
Military Assistance	172,883	58,892	140,217
	FY 1955		
Defense Support	60,501	93,000	90,000
Development Assistance	69,000	51,000	76,000
Technical Cooperation	23,254	23,100	24,000
Other Programs	7,290		
Total - South Asia	XX	225,992	330,217
	FY 1950/56		
Far East			
Military Assistance	3,693,593	545,956	1,026,596
	FY 1955		
Defense Support	876,365	704,250	792,000
Development Assistance	1,500		4,000
Technical Cooperation	21,163	34,000	39,250
Other Programs	3,500		
Total - Far East	XX	1,284,206	1,861,846
President's Fund for Asian Economic Development		40,000	160,000
	FY 1950/56		
Total Asia			
Military Assistance	3,866,476	604,848	1,166,813
	FY 1955		
Defense Support	936,866	797,250	882,000
Development Assistance	70,500	51,000	80,000
Technical Cooperation	44,417	57,100	63,250
Other Programs	10,790	40,000 a/	160,000 a/
Total - Asia	XX	1,550,198	2,352,063

	FY 1950/56		
Latin America			
Military Assistance	131,741	8,833	35,546
	FY 1955		
Development Assistance	18,207	39,000	27,000
Technical Cooperation	28,812	29,606	33,850
Total - Latin America	XX	77,439	96,396
	FY 1950/56		
Non-Regional Programs			
Military Assistance	1,200,100	355,896	565,253
	FY 1955		
Technical Cooperation:			
UN Expanded Program of Technical Assistance	16,458	23,000	15,500
Interregional Expenses	7,555	10,000	10,800
Total - Technical Cooperation	24,013	33,000	26,300
Other Programs:			
Special Presidential Fund		100,000	100,000
Migrants, Refugees and Escapees			
Intergovernmental Committee for European Migration	10,500	12,500	12,500
United Nations Refugee Fund		1,200	2,300
Escapee Program	5,697	6,000	7,000
Children's Welfare	12,500	14,500	10,000
Ocean Freight - Voluntary Relief Shipments	1,487	2,000	1,400
Ocean Freight - Surplus Agricultural Commodities	8,295	16,000	14,000
Control Act Expenses	1,075	1,175	1,175
Administrative Expenses, Section 411, Mutual Security Act	32,496	34,950	35,250
Foreign Reactor Projects			5,950
Special Programs	25,306		
Total	97,356	188,325	189,575
Less: Portion of Special Presidential Fund required to complete financing of other programs herein.		-47,816	
Total - Other Programs	97,356	140,509	189,575
Total - Non-Regional Programs	XX	529,405	781,128
TOTAL PROGRAMS - ALL AREAS AND FUNCTIONS	XX	2,942,565	4,965,275

a/ President's Fund for Asian Economic Development.

Note: Columns may not add because of rounding.

DISTRIBUTION OF FY 1957 PROGRAM

By Region, Country, Title and Function

(In thousands of dollars)

Region and Country	Title I - Mutual Defense Assistance: Chapter 1 Military Assistance	Title I - Mutual Defense Assistance: Chapter 3 Defense Support	Title I - Mutual Defense Assistance: Title I Total	Title II Development Assistance	Title III Technical Cooperation	Title IV Other Programs	Total
TOTAL - ALL PROGRAMS	3,000,000	1,130,700	4,130,700	170,000	157,500	507,075	4,965,275
EUROPE - TOTAL	760,471	78,700	839,171			12,200	851,371
Belgium - Luxembourg	XX		XX				XX
Denmark	XX		XX				XX
France	XX		XX				XX
Germany	XX		XX				XX
Italy	XX		XX				XX
Netherlands	XX		XX				XX
Norway	XX		XX				XX
Portugal	XX		XX				XX
Spain	XX	45,000	XX				XX
Yugoslavia	XX	30,000	XX				XX
Joint Control Areas						12,000	12,000
Interregional Expenses		1,200	1,200			200	1,400
Western Europe Technical Exchange		2,500	2,500				2,500
Undistributed by Country	XX		XX				XX
NEAR EAST AND AFRICA - TOTAL	471,918	170,000	641,918	63,000	34,100	145,300	884,318
Egypt				XX	3,800		XX
Ethiopia	XX		XX		3,000		XX
Greece	XX	XX	XX		1,000		XX
Iran	XX	XX	XX		8,000		XX
Iraq	XX		XX		2,300		XX
Israel				XX	2,000		XX
Jordan				XX	2,700		XX
Lebanon				XX	2,100		XX
Liberia					1,800		1,800
Libya				XX	2,000		XX
Turkey	XX	XX	XX		2,000		XX
Overseas Territories					1,200		1,200
Palestine Refugees						45,300	45,300
Regional and Undistributed	XX		XX		2,200		XX
Special Authorization for the Middle East and Africa						100,000	100,000
ASIA - TOTAL	1,166,813	882,000	2,048,813	80,000	63,250	160,000	2,352,063
South Asia Countries - Subtotal	140,217	90,000	230,217	76,000	24,000		330,217
Afghanistan					3,000		3,000
Ceylon				5,000	1,000		6,000
India				70,000	10,000		80,000
Nepal				1,000	1,000		2,000
Pakistan	XX	XX	XX		9,000		XX
Regional and Undistributed	XX	XX	XX				XX
Far East Countries - Subtotal	1,026,596	792,000	1,818,596	4,000	39,250		XX
Cambodia	XX	XX	XX		2,500		XX
Indonesia				4,000	8,000		12,000
Japan	XX		XX		2,850		XX
Korea	XX	300,000	XX		5,500		XX
Laos	XX	XX	XX		1,500		XX
Philippines	XX	25,000	XX		5,900		XX
Taiwan	XX	86,000	XX		3,400		XX
Thailand	XX	30,000	XX		4,600		XX
Viet Nam	XX	XX	XX		5,000		XX
F.E. Regional and Undistributed	XX		XX				XX
President's Fund for Asian Economic Development						160,000	160,000

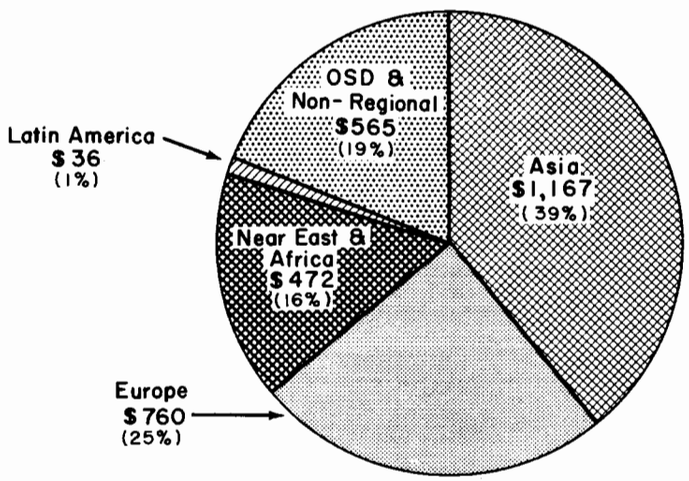
LATIN AMERICA - TOTAL	35,546	35,546	27,000	33,850		96,396
Argentina				50		50
Bolivia			XX	3,195		XX
Brazil	XX	XX		4,739		XX
Chile	XX	XX		2,521		XX
Colombia	XX	XX		1,536		XX
Costa Rica				1,026		1,026
Cuba	XX	XX		690		XX
Dominican Republic	XX	XX		330		XX
Ecuador	XX	XX		1,993		XX
El Salvador				1,005		1,005
Guatemala	XX	XX	XX	1,730		XX
Haiti	XX	XX		1,152		XX
Honduras	XX	XX		1,290		XX
Mexico				1,185		1,185
Nicaragua	XX	XX		919		XX
Panama				1,195		1,195
Paraguay				1,684		1,684
Peru	XX	XX		2,996		XX
Uruguay	XX	XX		619		XX
Venezuela				225		225
Overseas Territories				812		812
Regional and Undistributed	XX	XX	XX	1,458		XX
Organization of American States (OAS)				1,500		1,500
NON-REGIONAL PROGRAMS - TOTAL	565,253	565,253		26,300	189,575	781,128
New Weapons	334,553	334,553				334,553
Infrastructure	75,000	75,000				75,000
International Military Headquarters	5,300	5,300				5,300
Mutual Weapons Development Program	58,000	58,000				58,000
Foreign Military Facilities Assistance Program	35,000	35,000				35,000
Administrative Expenses (Title I, Chapter 1)	25,000	25,000				25,000
Special Projects	32,400	32,400				32,400
United Nations Expanded Program of Technical Assistance				15,500		15,500
Special Presidential Fund					100,000	100,000
Migrants, Refugees, and Escapees						
Intergovernmental Committee for European Migration					12,500	12,500
United Nations Refugee Fund					2,300	2,300
Escapee Program					7,000	7,000
Children's Welfare					10,000	10,000
Ocean Freight - Voluntary Relief Shipments					1,400	1,400
Ocean Freight - Surplus Agricultural Commodities					14,000	14,000
Control Act Expenses					1,175	1,175
Administrative Expenses, Section 411, Mutual Security Act					35,250	35,250
Foreign Reactor Projects					5,950	5,950
Interregional Expenses				10,800		10,800

NOTE: Columns may not add because of rounding.

XX - Denotes that assistance is contemplated but figures have been deleted for classification purposes.

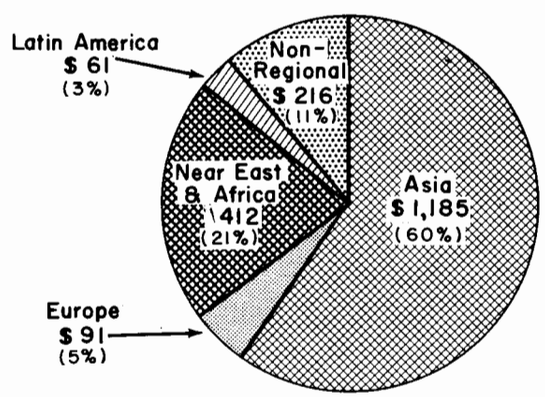
PROGRAM BY REGION

MILITARY

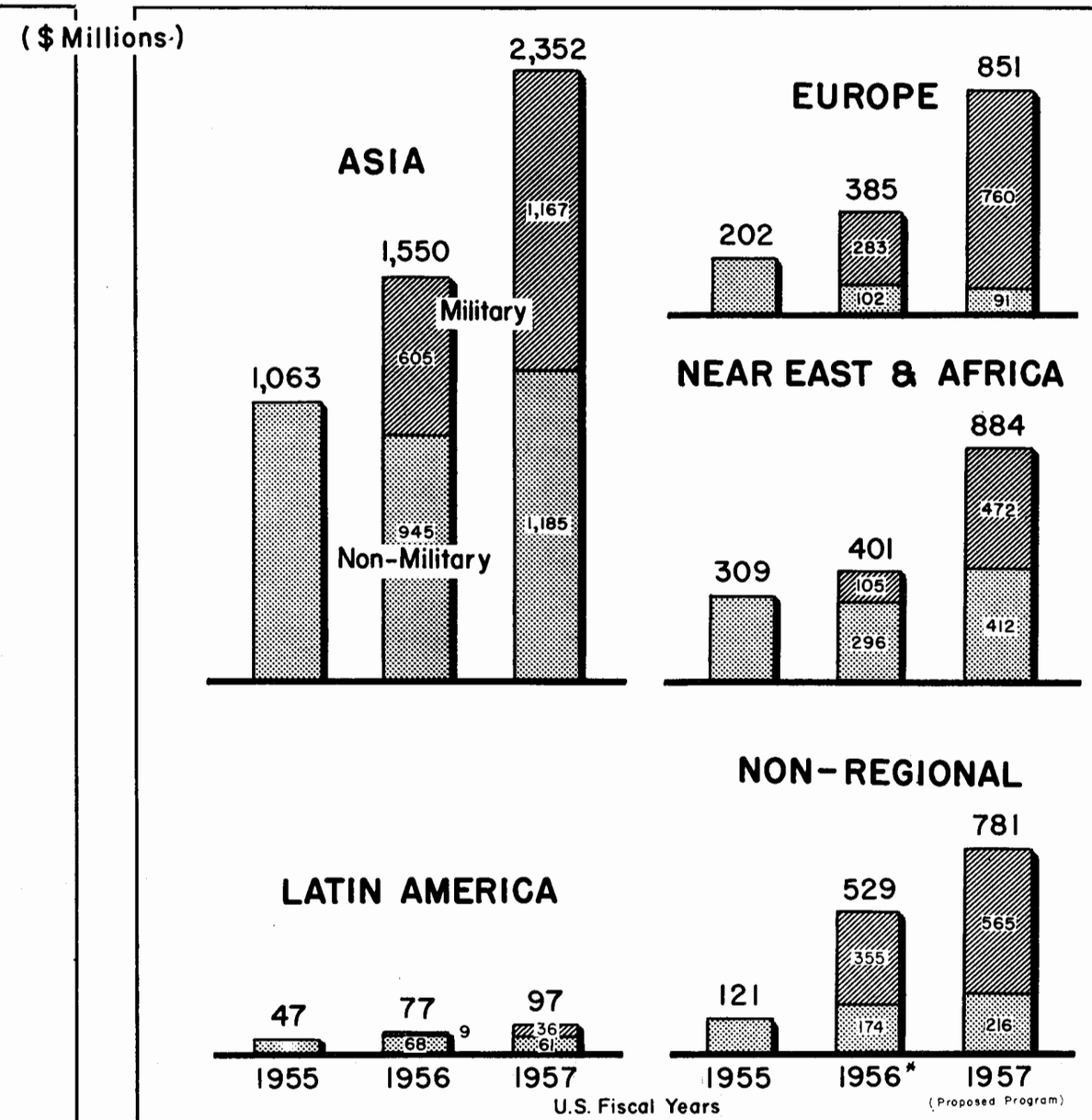


FY 1957 Program--$3,000 Million

NON-MILITARY



FY 1957 Program--$1,965 Million



* $47.8 million of the $100 million Special Presidential Fund included in regional program figures.

MILITARY ASSISTANCE

(For FY 1957, Includes Programs Heretofore Entitled "Direct Forces Support")

Definition

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

In the past, "soft goods" such as food, uniforms, petroleum products and other military consumables delivered directly to friendly military forces have been covered in a separate category called "direct forces support". At the time of the FY 1956 Congressional presentation of the MSProgram, consideration was being given to the merging of this category with "military assistance", and the MDAct of 1955 was drawn in such a way as to permit this. The FY 1957 program is presented with the two categories merged, although the type of activities formerly called "direct forces support" are separately identified within the military assistance program.

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

MILITARY ASSISTANCE

Introductory Statement

The Mutual Security Program was born of necessity during the critical post World War II years when the Soviet Union aggressively expanded its power and territory. The recognition of the nature of Communism and the threat it held for freedom of man and the fact that it posed the principal threat to world peace was expressed in a declaration of policy on military assistance by Act 6 October 1949, Public Law 329, 81st Congress, 63 Stat. 714, Mutual Defense Assistance Act of 1949, as amended, which is quoted in part:

> "The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common interest. The Congress hereby finds that the efforts of the United States and other countries to promote peace and security in furtherance of the purposes of the Charter of the United Nations require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. These measures include the furnishing of military assistance essential to enable the United States and other nations dedicated to the purposes and principles of the United Nations Charter to participate effectively in arrangements for individual and collective self-defense in support of those purposes and principles. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to obtain agreements to provide the United Nations with armed forces as contemplated in the Charter and agreements to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion."

Since the initiation of the Military Assistance Program, the United States has provided grant military assistance to countries during a period of continued international crisis. In Europe, the NATO countries were confronted with a constant threat of direct or indirect aggression. Although the emphasis was placed on NATO, the European requirements were not to the exclusion of the needs of other areas essential to world stability. In the Near East, Greece, then not yet a member of NATO, was fighting for its survival. Similar circumstances were experienced in Korea, Indochina, the Philippines, and Formosa.

In the interests of its own security, the United States provided military assistance to those nations whose security had to be maintained to preserve world peace. The Military Assistance programs developed at that time provided materiel, training, and services to those nations on an urgent basis to meet threats of aggression.

The Military Assistance Program continues to provide assistance as it was first authorized by the above Congressional Act except that it is now one of the three component programs of the Mutual Security Program initially authorized by the Mutual Security Act of 10 October 1951 and, as such, contributes to the common goal of furthering allied unity and strength, politically, militarily and economically, in the interests of world peace.

Building military and other strength designed to deter and, if necessary, to resist Communist aggression remains a continuing inescapable need of the free nations today. The growing power of the Soviet Union with its imperialistic designs is the common danger threatening the security of the United States and other free nations. The capability for atomic attack is ever increasing as witnessed by the fact that on November 1955 the Soviets announced a thermo-nuclear explosion.

As has previously been reported to the Congress, it is no longer realistic to consider the U.S. security position solely in terms of our own national defense facilities. The size of the military forces required to protect this country in the event of

Introductory Statement (Continued)

war must depend in great part upon the size and quality of the military forces of our allies. Past programs have greatly increased their military capabilities. Allied forces currently supported by the Military Assistance programs in varying degrees total over 200 divisions, 2000 naval ships and 300 air squadrons.

To meet the ever-growing threat to world peace, the United States is now joined in collective defense arrangements with other nations to build strength on a mutual world-wide basis on the principle of "self-help and mutual aid". The United States has sought collective strength for the Free World through bilateral and multilateral alliances with nations who share our interests and purposes. These include, the North Atlantic Treaty, the Rio Treaty for Inter-American Defense, the South East Asia Defense Treaty, the Anzus Treaty, and bilateral treaties with Japan, Taiwan, Korea, and the Philippines. In addition, the Baghdad Pact, of which some of our allies (but not the United States) are members, is designed to afford protection to the Middle Eastern Area.

The Military Assistance Program is an integral part of our own national security since our security is inextricably bound to that of the other free nations of the world. Furnishing military assistance to free nations is necessary for our security as well as their own. The Military Assistance Program is designed to generate essential military strength in the Free World as a supplement to our own national forces in the attainment of our national objectives. The Military Assistance programs are developed on the basis of Military Assistance Program objectives for the countries participating. The objectives of the Military Assistance Program are derived directly from National Security Council policies relating to the various countries and areas of the world. These objectives are expressed in general terms of the military strength which the U.S. considers desirable to support in a recipient country. These conditions of military strength are expressed in broad terms such as maintaining internal security and defense against aggression, and are further defined in terms of force objectives. From this, our military authorities develop detailed estimates of the major combat units which should be supported in a particular country.

The FY 1957 Military Assistance Program as submitted herein is based upon country requirements after consideration of Military Assistance Program objectives and forces objectives and realistic appraisals of: (1) the allied military forces in being and likely to be in being, (2) the missions these forces can reasonably be expected to perform, and (3) the capabilities of the countries involved, politically, economically and financially to raise and maintain such forces. A substantial portion of this program is designed to maintain the effectiveness of forces whose ititial equipment was provided under the Military Assistance Program. With certain important exceptions it is limited to maintenance, training and training ammunition, and with respect to the Far East and the Middle East, the provision of Direct Forces Support.

The major exception to the above-stated purpose of the FY 1957 Military Assistance Program is that of providing advanced new weapons to our allies. The military capability of the Soviet is not static. Their armed forces are being equipped with the most modern weapons in response to which modern weapons in the hands of our allies are essential. We cannot mark time while the Communist strength improves. Soviet capabilities must be matched until a major change in the international scene occurs. We and our allies are increasingly concerned as to the effectiveness of the latter's defense capabilities in light of the modern strategic concepts of warfare. It is considered necessary to provide the weapons and equipment (as specified herein) to prevent deterioration of the defense posture in the Free World and a feeling of uneasiness on the part of our allies. It is believed that if such new weapons are not made available, our over-all efforts to help our allies maintain an adequate degree of strength in consonance with basic U.S. national security policies will be hindered.

For a detailed statement of the new weapons program outlining types and numbers of weapons provided thereunder see Volume II of the Presentation Book. The subject will also be discussed in oral testimony.

MUTUAL SECURITY PROGRAM

MILITARY ASSISTANCE

Analysis of Funds Available, FY 1950 Through FY 1956

(In millions of dollars)

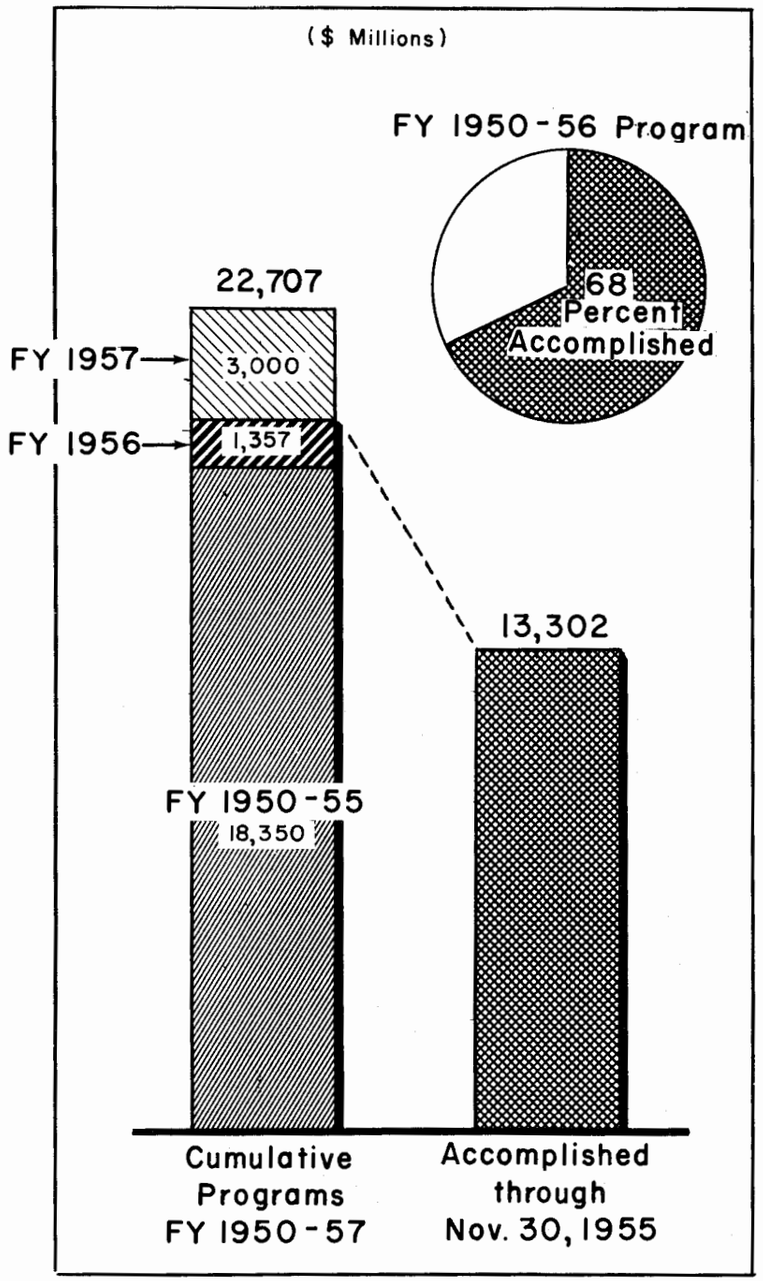
Appropriations FY 1950/55	
Fiscal Year	Amount
1950	1,314.0
1951	5,222.5
1952	5,744.0
1953	4,219.8
1954	3,230.0
1955	1,192.7
Total	20,923.0

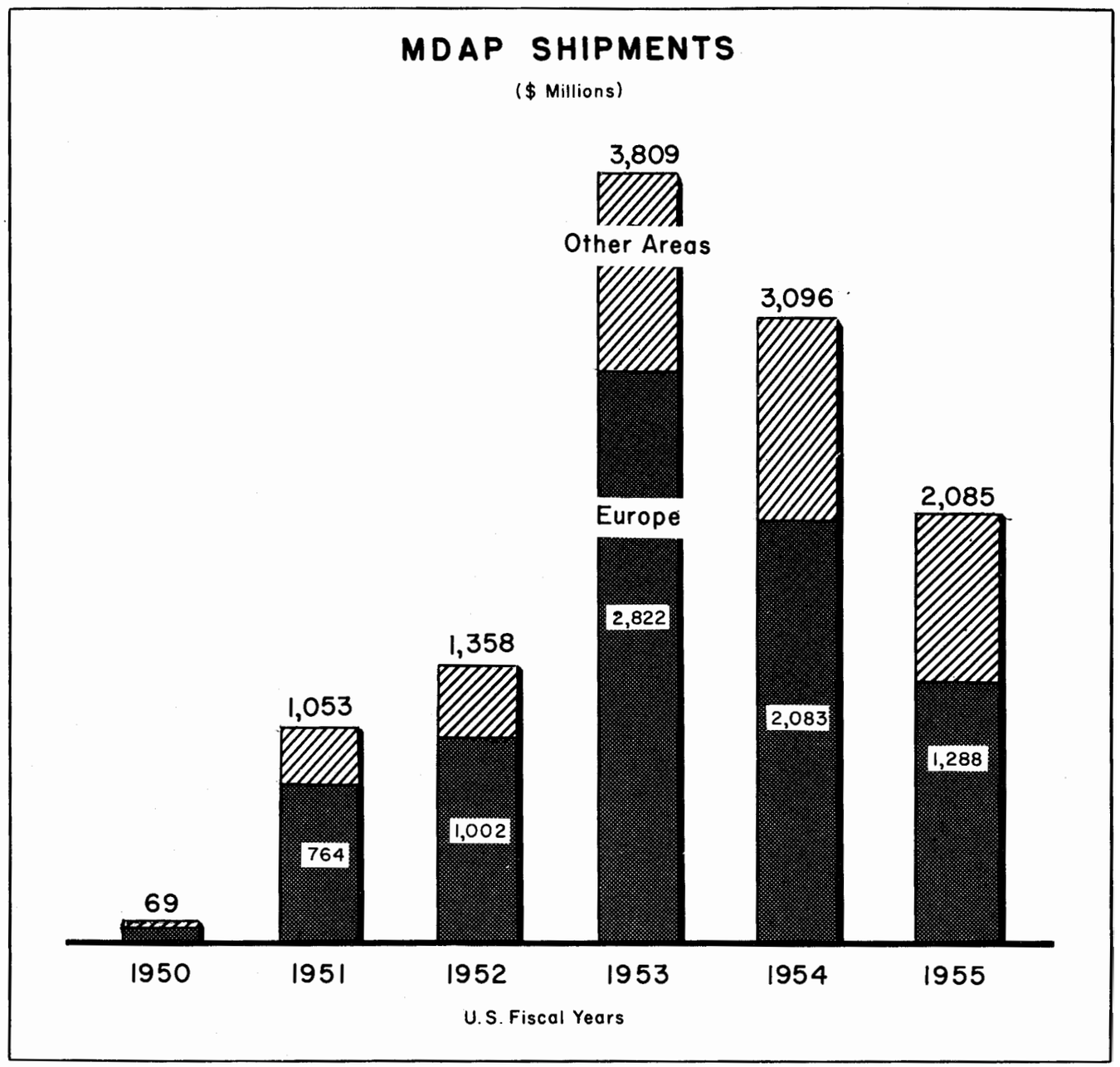
Net Availability FY 1950/55	
Appropriations	20,923.0
Add Reimbursements	12.2
Add Transfers In	82.9
Less Transfers Out	-1,016.9
Less Returns to Treasury	-434.9
Net Availability	19,566.3
Add Comp.Transfer DFS	122.5
Total	19,688.8

	Net Availability Through FY 1955	Less Unobligated Balances 6/30/55	Cumulative Obligations and Reservations 6/30/55	Available for Obligations, FY 1956				Total Availability Through FY 1956	Surplus Agri. Commodity Local Currency Available for Military Assistance Programs	Total Available for Programs FY 1950/56
				Reappropriated Unobligated Balances	New Appropriations	Net Transfers	Total			
Total	19,688.8	183.3	19,505.5	33.9	1,022.2		1,056.1	20,561.6		20,561.6 a/
Department of Defense	18,697.6	166.3	18,531.3	33.9	1,022.2		1,056.1	19,587.4	119.9	19,707.3 a/
Other Agencies	991.2	17.0	974.2					974.2	-119.9	854.3

a/ Includes $122.5 comparative transfer from ICA to Department of Defense in 1955; also includes Direct Forces Support appropriation in 1956 of $317.2.

MILITARY PROGRAM





DEPARTMENT OF DEFENSE
MUTUAL DEFENSE ASSISTANCE PROGRAM
PROGRAMS AND PERFORMANCE SUMMARY BY AREA
(DOES NOT INCLUDE MATERIEL FURNISHED FROM EXCESS STOCKS)
(Thousands of Dollars)

AREA & TYPE OF ASSISTANCE	CURRENT PROGRAM			PERFORMANCE 30 NOVEMBER 1955	
	PROPOSED FY 1957	FISCAL YEAR 1956	FISCAL YEARS 1950-56	ACCOMPLISHED	TO BE ACCOMPLISHED OF FY 50-56 PROGRAMS
WORLD-WIDE	$ 3,000,000	$1,357,200	$19,707,300 a	$13,301,657	$6,405,643
EUROPE	760,471	282,545	12,538,656	8,904,353	3,634,303
Equipment & Supplies	645,787	180,971	11,560,469	8,062,185	3,498,284
Repair & Rehabilitation of Excess	400	2,334	125,298	117,175	8,123
Training	45,591	33,076	264,868	234,346	30,522
PCH&T	68,693	66,164	445,879	383,968	61,911
Other	-	-	142,142	106,679	35,463
NEAR EAST & AFRICA	471,918	105,076	1,970,327	1,372,178	598,149
Equipment & Supplies	442,505	76,226	1,774,937	1,202,284	572,653
Repair & Rehabilitation of Excess	1,877	2,331	14,304	9,841	4,463
Training	8,486	7,529	40,780	33,094	7,686
PCH&T	19,050	18,990	107,777	94,755	13,022
Other		-	32,529	32,204	326
Note 5/51 -	685,774	686,045			
ASIA & THE PACIFIC	1,166,813	604,848	3,866,476	2,402,136	1,464,340
Equipment & Supplies	1,076,861	515,247	3,531,684	2,160,779	1,370,905
Repair & Rehabilitation of Excess	1,588	2,551	31,521	27,049	4,472
Training	43,294	42,606	92,677	57,016	35,661
PCH&T	45,070	34,979	192,499	148,744	43,755
Other	-	9,465	18,095	8,548	9,547
LATIN AMERICA	35,546	8,833	131,741	84,652	47,089
Equipment & Supplies	29,243	3,743	115,253	72,949	42,304
Repair & Rehabilitation of Excess	-	395	2,998	2,038	960
Training	5,277	3,628	6,683	3,877	2,806
PCH&T	1,026	1,067	6,807	5,788	1,019
Other	-	-	-	-	-
OSD & NON-REGIONAL PROGRAMS	565,253	355,896	1,200,100	538,338	661,762

a/ Includes $122,393 Direct Forces Support (ICA) for FY 1955; incorporates -$155 adjustment subsequent to comparative transfer.

1167
686
1,167
1,023

TABLE I WORLD-WIDE

DEPARTMENT OF DEFENSE
MUTUAL DEFENSE ASSISTANCE PROGRAMS AND PERFORMANCE
VALUE BY TYPE OF ASSISTANCE AND DEPARTMENT
FISCAL YEARS 1950-56 AND PROPOSED FISCAL YEAR 1957
(In Thousands of Dollars)

TYPE OF MILITARY ASSISTANCE AND DEPARTMENT	CURRENT PROGRAM			PERFORMANCE 30 NOVEMBER 1955	
	PROPOSED FY 1957	FISCAL YEAR 1956	FISCAL YEARS 1950-56	ACCOMPLISHED	TO BE ACCOMPLISHED OF FY 50-56 PROGRAMS
(1)	(2)	(3)	(4)	(5)	(6)
I TOTAL FOR AREA CHARGED TO APPROPRIATIONS	$3,000,000	$1,357,200	$19,707,300	$13,301,657	$6,405,643
Army	1,432,200	615,601	9,849,270	8,129,299	1,719,971
Navy	385,767	262,856 a	2,334,805	1,584,964	749,841
Air Force	616,780	122,847	6,200,734	2,969,253	3,231,481
ICA Direct Forces Support	-	-	122,393 b	79,802	42,591
OSD and Non-Regional Programs	565,253	355,896	1,200,100	538,338	661,762
II EQUIPMENT AND SUPPLIES - TOTAL	2,194,395	776,187	16,982,340	11,498,196	5,484,143
Army	1,334,072	517,655	9,233,076	7,623,044	1,610,032
Navy	361,839	235,931 a	2,159,108	1,431,752	727,356
Air Force	498,484	22,601	5,467,763	2,363,598	3,104,164
ICA Direct Forces Support	-	-	122,393 b	79,802	42,591
III REPAIR AND REHABILITATION OF EXCESS - TOTAL	3,865	7,611	174,122	156,102	18,020
Army	3,465	3,580	72,041	66,500	5,541
Navy	400	4,031 a	56,288	51,939	4,349
Air Force	-	-	45,793	37,663	8,130
IV TRAINING - TOTAL	102,648	86,841	405,010	328,334	76,676
Army (Distributed by Country)	33,402	27,441	68,717	42,294	26,423
Army (Area Support Costs)	61	345	576	-	576
Navy (Distributed by Country)	13,144	13,689	68,052	56,687	11,365
Navy (Area Support Costs)	384	205	5,530	3,729	1,801
Air Force (Distributed by Country)	50,390	35,486	240,644	210,218	30,426
Air Force (Area Support Costs)	5,267	9,675	21,491	15,406	6,085
VA PACKING, CRATING, HANDLING, TRANSPORTATION - TOTAL	133,839	121,200	752,963	633,255	119,708
Army (Distributed by Area)	61,200	57,200	463,838	395,962	67,876
Navy (Distributed by Area)	10,000	9,000	45,827	40,857	4,970
Air Force (Distributed by Area)	62,639	55,000	243,298	196,436	46,862
VB OTHER - TOTAL	565,253	365,361	1,392,867	685,769	707,098
Army	-	9,380	11,022	1,499	9,523
Production Equipment & Machinery (By Area)	-	(-)	(1,415)	(1,272)	(143)
Military Public Works (By Country)	-	(9,380)	(9,607)	(227)	(9,380)
Navy	-	-	-	-	-
Air Force	-	85	181,745	145,932	35,813
Industrial Plants & Plant Expansion (By Area)	-	(-)	(130,205)	(99,292)	(30,913)
Rehabilitation of Installations (By Area)	-	-	(3,973)	(2,650)	(1,323)
Military Public Works (By Country)	-	(85)	(47,567)	(43,990)	(3,577)
OSD and Non-Regional Programs	565,253	355,896	1,200,100	538,338	661,762
Infrastructure	(75,000)	(122,000)	(521,206)	(293,835)	(227,371)
Administration	(25,000)	(22,744)	(136,449)	(114,742)	(21,707)
Mutual Weapons Development Program	(58,000)	(36,000)	(76,462)	(6,348)	(70,114)
Facilities Assistance	(35,000)	(20,000)	(84,804)	(496)	(84,308)
International Military Headquarters	(5,300)	(3,500)	(22,355)	(15,666)	(6,689)
Special Projects & MDAP Forces Study	(11,000)	(-)	(107,340)	(107,164)	(176)
Battle Act	(-)	(-)	(87)	(87)	(-)
Labor Service Program	(1,400)	(1,400)	(1,400)	(-)	(1,400)
New Weapons	(334,553)	(-)	(-)	(-)	(-)
Funds for 1290D Countries (Army only)	(20,000)	(3,900)	(3,900)	(-)	(3,900)
Country Programs Under Development	(-)	(146,352)	(146,352)	(-)	(146,352)
Local Currency Programs Under Development	(-)	(-)	(99,745)	(-)	(99,745)

TABLE I WORLD-WIDE (Cont'd)

DEPARTMENT OF DEFENSE
MUTUAL DEFENSE ASSISTANCE PROGRAMS AND PERFORMANCE
VALUE BY TYPE OF ASSISTANCE AND DEPARTMENT
FISCAL YEARS 1950-56 AND PROPOSED FISCAL YEAR 1957
(In Thousands of Dollars)

TYPE OF MILITARY ASSISTANCE AND DEPARTMENT	CURRENT PROGRAM			PERFORMANCE 30 NOVEMBER 1955	
	PROPOSED FY 1957	FISCAL YEAR 1956	FISCAL YEARS 1950-56	ACCOMPLISHED	TO BE ACCOMPLISHED OF FY 50-56 PROGRAMS
(1)	(2)	(3)	(4)	(5)	(6)
VI EXCESS STOCKS AT ACQUISITION COST - TOTAL (NOT CHARGED TO APPROPRIATIONS)	$ 9,539	$ 13,359	$ 936,552	$ 819,316	$ 117,235
Army	7,936	8,584	310,097	271,182	38,915
Navy	1,603	4,775	382,636	355,982	26,653
Air Force	-	-	243,819	192,152	51,667

a/ Includes funds transferred from FY 1950-55 program for funding in FY 1956 ($167,842 for equipment and supplies and $3,130 for repair and rehabilitation of excess). This amount was not detailed by specific item or budget project, hence is not reflected on Navy Table II, Column (5).

b/ Incorporates -$155 adjustment subsequent to comparative transfer.

DEFENSE SUPPORT

Definition

Programs within this classification are designed to help certain countries which are receiving military assistance to support these forces while also achieving or maintaining political and economic stability. Such support involves the provision of general supplemental resources which a recipient country requires if its economy is to support a defense program of the size which United States policy regards as necessary and if, at the same time, it is to maintain or attain that minimum level of economic strength or growth which is consistent with the U.S. national interest.

An essential element in the rationale for any defense support program is the need to attain certain military objectives. However, in any country where this justification for a defense support program exists, it is the practice to group all non-military assistance that may be required by such country for any purpose, including that which is necessary to sustain an adequate rate of economic development, under the heading "defense support." This practice follows the previously expressed Congressional preference for classifying all assistance for a country which is receiving military aid (except military aid and technical cooperation) as "defense support." It avoids an unrealistic fragmentation into several unnatural compartments of a total integrated assistance program which is not logically divisible.

The difference between "defense support" and "military assistance" can be broadly described as follows: Both forms of assistance are designed to make possible the creation or maintenance of a certain level of military forces. "Military assistance" helps to do so by supplying military equipment, training and other goods and services that are directly delivered or rendered to, and which physically reach or benefit, the military forces involved. "Defense support," on the other hand, contributes to this objective more indirectly through providing to a country's general economy (rather than directly to its military establishment) resources which either (1) enable the recipient country to maintain a level of defense expenditures or undertake defense activities that would otherwise not be possible or (2) increase the recipient's capacity to do so in the future. The one form of assistance generally consists of articles (or services) which can be traced in a physical sense into the country directly to a soldier who actually uses it or is served by it; the other form has its specific military impact as a country's economy is rendered capable of sustaining the desired enlargement of its defense burden.

DEFENSE SUPPORT

Summary of Programs by Area

(In thousands of dollars)

Area and Country	Program FY 1955	Program FY 1956	Proposed FY 1957
Europe			
1. Country Program	168,922	80,000	75,000
2. Interregional Expenses			1,200
3. Undistributed by Country	7,545	3,800	2,500
Total - Europe	176,467	83,800	78,700
Near East and Africa			
1. Country Program	163,453	163,700	170,000
Total - Near East and Africa	163,453	163,700	170,000
Asia			
South Asia (Country and Undistributed Program)	60,501	93,000	90,000
Far East (Country Program)	876,365	704,250	792,000
Total - Asia	936,866	797,250	882,000
TOTAL - DEFENSE SUPPORT	1,276,786	1,044,750	1,130,700

DEFENSE SUPPORT

Summary by Major Activity Field

(In thousands of dollars)

Program by Fiscal Year	Total Cost	Agriculture and Natural Resources	Industry and Mining	Transportation	Labor	Health and Sanitation	Education	Public Admin.	Community Development, Soc.Welfare and Housing	General and Miscellaneous	Import of Sal. Commod. L/C to be Used for: Military Activities	Import of Sal. Commod. L/C to be Used for: Non-Mil. Activities	Other Costs
Fiscal Year 1955	1,276,786 a/	24,388	97,623	105,753	44	9,311	1,315	3,829	27,135	34,283	354,273	383,587	238,249
Europe	176,467 a/	3,709	20,980	5,485			40	14		6,448		142,527	268
Near East & Africa	163,453	75	3,265	767	39	811	82	71	104	3,130	84,254	28,055	42,800
Asia													
South Asia	60,501	7,675	5,120	2,375		3,795				1,536		40,000	
Far East	876,365	12,929	68,258	97,126	5	4,705	1,193	3,744	27,031	23,169	270,019	173,005	195,181
Total Asia	936,866	20,604	73,378	99,501	5	8,500	1,193	3,744	27,031	24,705	270,019	213,005	195,181
Fiscal Year 1956	1,044,750	36,941	78,514	65,863		12,716	3,856	2,825	18,399	12,341	318,375	382,660	112,260
Europe	83,800	6,482	8,761	7,806			56	234	11	3,800		56,000	650
Near East & Africa	163,700	2,500	1,125								89,525	35,550	35,000
Asia													
South Asia	93,000	8,842	11,260	3,562		3,982			3,123	2,231	8,400	47,050	4,550
Far East	704,250	19,117	57,368	54,495		8,734	3,800	2,591	15,265	6,310	220,450	244,060	72,060
Total Asia	797,250	27,959	68,628	58,057		12,716	3,800	2,591	18,388	8,541	228,850	291,110	76,610
Fiscal Year 1957	1,130,700	41,907	93,523	81,515		13,160	3,200	8,285	15,719	11,791	439,470	335,365	86,765
Europe	78,700	6,735	12,500	13,195		35	130	95	45	3,700		42,000	265
Near East & Africa	170,000										95,000	55,000	20,000
Asia													
South Asia	90,000	11,592	15,043	6,155		3,775			2,639	796	25,000	25,000	
Far East	792,000	23,580	65,980	62,165		9,350	3,070	8,190	13,035	7,295	319,470	213,365	66,500
Total Asia	882,000	35,172	81,023	68,320		13,125	3,070	8,190	15,674	8,091	344,470	238,365	66,500

a/ Excludes $3,004 thousand reprogrammed prior year funds included in activity distribution.

DEFENSE SUPPORT

Summary by Major Cost Components

(In thousands of dollars)

Program by Fiscal Year	Program by Major Cost Components: Total Cost	Supplies and Equipment	U.S. Employed Technicians	Contract Services	Participants	Other Costs	Number of People: Technicians (Close FY): U.S. Employed	Technicians (Close FY): Contract	Participants (Programmed During FY): Contract	Participants (Programmed During FY): Non-Contract
Fiscal Year 1955	1,276,786 a/	987,086	4,672	23,232	3,721	261,079	371	121	109	1,929
Europe	176,467 a/	172,028	1,385	2,132	2,253	1,673	102	67	90	1,535
Near East and Africa	163,453	117,831		2,822		42,800				
Asia										
South Asia	60,501	54,203	582	4,266	149	1,301	20	14		32
Far East	876,365	643,024	2,705	14,012	1,319	215,305	249	40	19	362
Total Asia	936,866	697,227	3,287	18,278	1,468	216,606	269	54	19	394
Fiscal Year 1956	1,044,750	899,643	5,702	25,398	3,257	110,750	465	556	58	2,503
Europe	83,800	77,084	991	1,884	2,243	1,598	57	67	58	1,189
Near East and Africa	163,700	125,075		3,625		35,000				
Asia										
South Asia	93,000	84,442	681	5,601	184	2,092	40	83		41
Far East	704,250	613,042	4,030	14,288	830	72,060	368	406		1,273
Total Asia	797,250	697,484	4,711	19,889	1,014	74,152	408	489		1,314
Fiscal Year 1957	1,130,700	1,009,523	7,424	26,636	3,472	83,645	617	630	100	2,219
Europe	78,700	72,097	858	1,879	2,172	1,694	57	70	100	917
Near East and Africa	170,000	155,000				15,000				
Asia										
South Asia	90,000	81,526	901	6,642	480	451	53	163		93
Far East	792,000	700,900	5,665	18,115	820	66,500	507	397		1,209
Total Asia	882,000	782,426	6,566	24,757	1,300	66,951	560	560		1,302

a/ Excludes $3,004 thousand reprogrammed prior year funds included in activity distribution.

DEVELOPMENT ASSISTANCE

Definition

This term describes assistance given primarily to promote economic development or to deal with other problems whose solution is necessary to create or maintain economic and political stability. In most nations for which it is proposed, development assistance will supplement programs of technical cooperation by providing supplies, commodities or funds. Usually this type of assistance is required to make possible, or to accelerate, projects or activities which basic United States interest requires to be undertaken and which, in the absence of such additional assistance, would not be undertaken, or, if undertaken, would not be carried out at the rate required by United States foreign policy. Mutual Security Program funds in FY 1957 for development assistance will be used to help accelerate present rates of economic growth in the less developed countries where United States national security requirements for such growth cannot be met by local and foreign private capital or from financing from the IBRD, Export-Import Bank or similar sources.

Development assistance differs from defense support in that the former is immediately directed toward goals which are not military in character, whereas the latter has as one of its essential aims, and as a part of its controlling justification, the attainment of military objectives. Consistent with previously expressed Congressional preference, development assistance is limited to countries which do not receive significant amounts of military assistance. In countries receiving significant quantities of military assistance, all non-military aid (except technical cooperation) is classified as "defense support."

DEVELOPMENT ASSISTANCE

Summary of Program by Area

(In thousands of dollars)

Area and Activity	Program FY 1955	Program FY 1956	Proposed FY 1957
Near East and Africa			
1. Country Programs	93,699	82,600	63,000
Asia			
South Asia			
1. Country Programs	69,000	51,000	76,000
Far East			
1. Country Programs	1,500		4,000
Total Asia	70,500	51,000	80,000
Latin America			
1. Country Programs	18,207	39,000	25,000
2. Regional and Undistributed			2,000
Total Latin America	18,207	39,000	27,000
TOTAL - DEVELOPMENT ASSISTANCE	182,406	172,600	170,000

DEVELOPMENT ASSISTANCE

Summary by Major Activity Field

(In thousands of dollars)

Program by Fiscal Year	Total Cost	Agriculture and Natural Resources	Industry and Mining	Transportation	Labor	Health and Sanitation	Education	Public Admin.	Community Development, Soc. Welfare and Housing	General and Miscellaneous	Import of Sal. Commod. L/C to be Used for Non-Mil. Activities	Other Costs
Fiscal Year 1955	182,406	2,482	12,100	66,689		17,586	204	200			76,905	6,240
Near East and Africa	93,699	2,057	300	32,689		6,626	204				48,223	3,600
Asia												
South Asia	69,000		11,800	28,500		8,700					20,000	
Far East	1,500					1,300		200				
Total Asia	70,500		11,800	28,500		10,000		200			20,000	
Latin America	18,207	425		5,500		960					8,682	2,640
Fiscal Year 1956	172,600	69,321	3,400	26,668		3,900	150		1,099	640	63,912	3,510
Near East and Africa	82,600	56,187	100	1,948		500	150		235		20,000	3,480
Asia												
South Asia	51,000	6,000	3,000	14,000		3,260			100	640	24,000	
Far East												
Total Asia	51,000	6,000	3,000	14,000		3,260			100	640	24,000	
Latin America	39,000	7,134	300	10,720		140			764		19,912	30
Fiscal Year 1957	170,000	9,930	18,750	26,512		12,930	100	3,500	520	500	94,350	2,908
Near East and Africa	63,000	5,180	6,000	17,512		100	100		350		30,850	2,908
Asia												
South Asia	76,000	4,750	10,750	6,000		10,330			170	500	43,500	
Far East	4,000					2,500		1,500				
Total Asia	80,000	4,750	10,750	6,000		12,830		1,500	170	500	43,500	
Latin America	27,000		2,000	3,000				2,000			20,000	

DEVELOPMENT ASSISTANCE

Summary by Major Cost Components

(In thousands of dollars)

Program by Fiscal Year	Program by Major Cost Components: Total Cost	Grants to Cooperative Services	Supplies and Equipment	U.S. Employed Technicians	Contract Services	Participants	Other Costs	Number of People: Technicians (Close FY): U.S. Employed	Technicians (Close FY): Contract	Participants (Programmed During FY): Contract	Participants (Programmed During FY): Non-Contract
Fiscal Year 1955	182,406	3,960	162,391		938	29	15,088		2		6
Near East and Africa	93,699	3,000	81,132		938	29	8,600		2		6
Asia											
South Asia	69,000		69,000								
Far East	1,500		1,500								
Total Asia	70,500		70,500								
Latin America	18,207	960	10,759				6,488				
Fiscal Year 1956	172,600	3,140	93,444	163	1,138	10	74,705	9	42		2
Near East and Africa	82,600	3,000	20,879	163	468	10	58,080	9	15		2
Asia											
South Asia	51,000		50,540		125		335		1		
Far East											
Total Asia	51,000		50,540		125		335		1		
Latin America	39,000	140	22,025		545		16,290		26		
Fiscal Year 1957	170,000	3,000	149,070	677	10,243	347	6,663	42	54		89
Near East and Africa	63,000	3,000	47,700	162	9,168	12	2,958	9	37		2
Asia											
South Asia	76,000		74,450		1,075		475		17		
Far East	4,000		4,000								
Total Asia	80,000		78,450		1,075		475		17		
Latin America	27,000		22,920	515		335	3,230	33			87

TECHNICAL COOPERATION

Definition

Technical cooperation programs may be defined as programs for the sharing of our knowledge, experience, techniques and skills with the peoples of the less developed areas of the world for the purpose of helping them to further their economic development and increase their standard of living. These programs emphasize, and consist largely of advice, teaching, training, and the exchange of information; and they do not include the provision of supplies and equipment beyond that which is required for effective teaching and demonstration purposes. Moreover, except for these last mentioned purposes, they do not supply the capital which may often, if not always, be indispensable to the conversion of the knowledge, skills, techniques and experience which are thus provided into economic wealth, improved standards of living and other tangible benefits among the peoples of the recipient countries.

TECHNICAL COOPERATION

Summary of Programs by Area

(In thousands of dollars)

Area and Activity	Program FY 1955	Program FY 1956	Proposed FY 1957
Near East and Africa			
1. Country Programs	32,662	30,900	31,900
2. Undistributed by Country	1,366	2,000	2,200
Total - Near East and Africa	34,028	32,900	34,100
Asia			
South Asia			
1. Country Programs	23,254	23,100	24,000
2. Undistributed by Country			
Far East			
1. Country Programs	21,123	33,050	39,250
2. Undistributed by Country	40	950	
Total - Asia	44,417	57,100	63,250
Latin America			
1. Country Programs	26,355	27,262	30,892
2. Organization of American States	1,136	1,200	1,500
3. Undistributed by Country	1,321	1,144	1,458
Total - Latin America	28,812	29,606	33,850
Non-Regional Programs			
1. United Nations Expanded Technical Assistance Program (UNTA)	16,458	23,000	15,500
2. Inter-Regional Expenses	7,555	10,000	10,800
Total Non-Regional Programs	24,013	33,000	26,300
Total Technical Cooperation	131,270	152,606	157,500

TECHNICAL COOPERATION

Summary by Major Activity Field

(In thousands of dollars)

Program by Fiscal Year	Total Cost	Agriculture and Natural Resources	Industry and Mining	Trans-por-tation	Labor	Health and Sanita-tion	Educa-tion	Public Admin.	Community Development, Social Welfare and Housing	General and Miscel-laneous	Other Costs
Fiscal Year 1955	131,270	32,663	9,787	5,077	2,053	16,222	17,425	7,269	4,520	11,105	25,149
Near East and Africa	34,028	10,665	2,779	1,464	368	3,562	6,390	1,489	2,237	5,074	
Asia											
South Asia	23,254	8,343	2,498	1,608	703	3,675	2,393	108	1,555	2,371	
Far East	21,163	4,443	2,490	904	350	3,765	4,434	3,170	162	1,445	
Total Asia	44,417	12,786	4,988	2,512	1,053	7,440	6,827	3,278	1,717	3,816	
Latin America	28,812	9,212	2,020	1,101	632	5,220	4,208	2,502	566	2,215	1,136
Non-Regional	24,013										24,013
Fiscal Year 1956	152,606	29,756	16,307	6,923	2,370	14,551	21,459	8,322	4,658	14,060	34,200
Near East and Africa	32,900	8,368	3,083	2,046	521	3,805	5,384	1,533	1,847	6,313	
Asia											
South Asia	23,100	4,993	4,729	887	209	2,130	5,217	659	1,136	3,140	
Far East	34,000	6,736	6,305	2,270	706	2,823	6,750	4,221	992	3,197	
Total Asia	57,100	11,729	11,034	3,157	915	4,953	11,967	4,880	2,128	6,337	
Latin America	29,606	9,659	2,190	1,720	934	5,793	4,108	1,909	683	1,410	1,200
Non-Regional	33,000										33,000
Fiscal Year 1957	157,500	31,828	15,836	7,411	3,233	16,380	25,303	9,862	5,245	14,602	27,800
Near East and Africa	34,100	8,359	2,973	2,647	796	3,869	5,748	2,330	2,147	5,231	
Asia											
South Asia	24,000	5,421	3,502	939	175	2,417	4,595	774	1,749	4,428	
Far East	39,250	7,380	6,510	1,890	1,230	3,705	9,920	4,785	795	3,035	
Total Asia	63,250	12,801	10,012	2,829	1,405	6,122	14,515	5,559	2,544	7,463	
Latin America	33,850	10,668	2,851	1,935	1,032	6,389	5,040	1,973	554	1,908	1,500
Non-Regional	26,300										26,300

TECHNICAL COOPERATION

Summary by Major Cost Components

(In thousands of dollars)

Program by Fiscal Year	Program by Major Cost Components: Total Cost	Grants to Cooperative Services	Supplies and Equipment	U.S. Employed Technicians	Contract Services	Partic-ipants	Other Costs	Number of People: Technicians (Close FY): U.S. Employed	Technicians (Close FY): Contract	Participants (Programmed During FY): Contract	Participants (Programmed During FY): Non-Contract
Fiscal Year 1955	131,270	9,732	19,911	26,838	26,935	13,184	34,670	1,970	796	212	3,714
Near East and Africa	34,028	2,700	2,385	11,167	9,162	3,410	5,204	809	338		897
Asia											
South Asia	23,254		9,795	3,408	6,816	728	2,507	238	189	48	147
Far East	21,163		7,194	3,486	5,700	4,719	64	286	148	67	1,006
Total Asia	44,417		16,989	6,894	12,516	5,447	2,571	524	337	115	1,153
Latin America	28,812	7,032	537	8,777	5,257	4,327	2,882	637	121	97	1,664
Non-Regional	24,013						24,013				
Fiscal Year 1956	152,606	7,466	16,231	38,607	28,581	16,901	44,820	2,606	1,354	340	5,041
Near East and Africa	32,900	1,651	3,443	13,773	7,449	2,516	4,068	899	456	21	911
Asia											
South Asia	23,100		4,951	4,726	8,833	1,290	3,300	305	236	53	307
Far East	34,000		7,030	8,179	10,699	7,365	727	603	469	116	2,014
Total Asia	57,100		11,981	12,905	19,532	8,655	4,027	908	705	169	2,321
Latin America	29,606	5,815	807	11,929	1,600	5,730	3,725	799	193	150	1,809
Non-Regional	33,000						33,000				
Fiscal Year 1957	157,500	8,109	15,693	43,538	33,161	18,906	38,093	2,909	1,480	393	5,338
Near East and Africa	34,100	1,172	2,510	15,055	8,485	2,726	4,152	1,007	517	44	941
Asia											
South Asia	24,000		3,286	6,028	9,359	1,429	3,898	380	264	31	290
Far East	39,250		9,192	9,430	11,926	8,632	70	624	479	153	2,200
Total Asia	63,250		12,478	15,458	21,285	10,061	3,968	1,004	743	184	2,490
Latin America	33,850	6,937	705	13,025	3,391	6,119	3,673	898	220	165	1,907
Non-Regional	26,300						26,300				

OTHER PROGRAMS

Summary of Other Programs

(In thousands of dollars)

Activity	Program FY 1955	Program FY 1956	Proposed FY 1957
Special Presidential Fund		100,000	100,000
Special Assistance in Joint Control Areas	24,507	18,200	12,200
Migrants, Refugees and Escapees:			
Intergovernmental Committee for European Migration	10,500	12,500	12,500
United Nations Refugee Fund		1,200	2,300
Escapee Program	5,697	6,000	7,000
Children's Welfare Fund	12,500	14,500	10,000
Palestine Refugees in the Near East	16,700	16,700	45,300
Ocean Freight Charges - Voluntary Relief Shipments	1,487	2,000	1,400
Ocean Freight Charges - Surplus Agricultural Commodities	8,295	16,000	14,000
Control Act Expenses	1,075	1,175	1,175
Administrative Expenses, Section 411, Mutual Security Act	32,496	34,950	35,250
President's Fund for Asian Economic Development		40,000	160,000
Special Authorization for Middle East and Africa			100,000
Foreign Reactor Projects			5,950
Special Programs	38,071		
Total	151,328	263,225	507,075
Less: Portion of Special Presidential Fund required to complete financing of programs reflected in other sections of this presentation		-47,816	
Total Other Programs	151,328	215,409	507,075

FY 1957 ESTIMATED MSP DOLLAR UTILIZATION FOR SURPLUS AGRICULTURAL COMMODITIES

(In millions of dollars)

Area and Country	Programmed Sales by Country and Functional Source of Funds - 1957					Surplus Commodities						
	Military Assistance	Direct Forces Support	Defense Support	Development Assistance	Joint Control Areas	Total	Bread Grains	Cotton	Fats and Oils	Coarse Grains	Dairy Products	Other
Europe												
Germany (Berlin)					11.5	11.5	11.5					
Spain			13.5			13.5		13.5				
Yugoslavia			20.0			20.0	11.0	9.0				
Total - Europe			33.5		11.5	45.0	22.5	22.5				
Near East and Africa			25.0	18.0		43.0	32.0	2.0	5.0	2.0		2.0
Asia												
Cambodia			2.2			2.2	1.0				1.2	
India				30.0		30.0	15.0	15.0				
Korea			47.0			47.0	7.0	32.0	2.0	5.0		1.0
Laos			0.6			0.6	0.5				0.1	
Philippines			17.2			17.2	4.7	2.5			10.0	
Taiwan		8.0	28.3			36.3	16.3	17.2	2.8			
Vietnam			14.0			14.0	4.5		0.5		9.0	
Total Asia		8.0	109.3	30.0		147.3	49.0	66.7	5.3	5.0	20.3	1.0
Latin America												
Bolivia				12.7		12.7	7.2	2.0	2.0		0.7	0.8
Guatemala				2.0		2.0				2.0		
Total - Latin America				14.7		14.7	7.2	2.0	2.0	2.0	0.7	0.8
TOTAL - ALL COUNTRIES		8.0	167.8	62.7	11.5	250.0	110.7	93.2	12.3	9.0	21.0	3.8

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FY 1956 DOLLAR UTILIZATION FOR SURPLUS AGRICULTURAL COMMODITIES

UNDER

SECTION 402 OF THE MUTUAL SECURITY ACT OF 1955

(In millions of dollars)

Area and Country	Programmed Sales by Country FY 1956 Total	Surplus Commodities: Bread Grains	Cotton	Fats & Oils	Sugar	Coarse Grains	Dairy Products	Meat	Other
Europe									
Germany (Berlin)	16.5	6.5				10.0			
Spain	27.0		20.5					5.0	1.5
Yugoslavia	25.0	12.0	10.5	1.5					1.0
Total - Europe	68.5	18.5	31.0	1.5		10.0		5.0	2.5
Near East and Africa									
Egypt	4.3	4.3							
Greece	26.2	18.5		4.0	2.9	0.8			
Israel	15.0	9.0	2.0	3.0		1.0			
Total - Near East and Africa	45.5	31.8	2.0	7.0	2.9	1.8			
Asia									
Cambodia	2.2	0.6			0.4		1.2		
India	20.0	10.0	10.0						
Korea	52.4	9.0	32.0	2.0	3.4	5.0			1.0
Laos	0.4	0.3					0.1		
Pakistan	2.2				2.2				
Philippines	8.6						8.6		
Taiwan	33.7	17.0	14.3	2.4					
Viet Nam	14.0	4.5		0.5	1.8		7.2		
Total - Asia	133.5	41.4	56.3	4.9	7.8	5.0	17.1		1.0
Latin America									
Bolivia	14.1	9.0	2.0	1.5			0.7		0.9
Guatemala	2.3					2.3			
Total - Latin America	16.4	9.0	2.0	1.5		2.3	0.7		0.9
Other Programs	7.0 a/				7.0 a/				
TOTAL - ALL COUNTRIES	270.9	100.7	91.3	14.9	17.7	19.1	17.8	5.0	4.4

a/ Differential between U.S. and world prices of sugar by countries, as follows: Greece $2.2 million, Pakistan $1.4 million, Cambodia $0.2 million, Korea $2.1 million, Viet Nam $1.1 million, Total $7.0 million.

FY 1956 LOCAL CURRENCY PROGRAM

UNDER

SECTION 402 OF THE MUTUAL SECURITY ACT OF 1955

(In millions of dollars equivalent)

Area and Country	Total Local Currency to be Deposited (in $ equivalent)	Type of Currency	Planned Use of Local Currency by Country and Function: Country or Area of Use	Military Assistance	Direct Forces Support	Defense Support	Development Assistance	Joint Control Areas	Total
Europe									
Germany (Berlin)	16.5	Deutch Marks	Germany					16.5	16.5
Spain	27.0	Pesetas	Spain			27.0			27.0
Yugoslavia	25.0	Dinars	Yugoslavia			25.0			25.0
Total - Europe	68.5					52.0		16.5	68.5
Near East and Africa									
Egypt	4.3	Pounds	Egypt				4.3		4.3
Greece	26.2	Drachmas	Greece			26.2			26.2
Israel	15.0	Pounds	Israel				15.0		15.0
Total - Near East and Africa	45.5					26.2	19.3		45.5
Asia									
Cambodia	2.2	Francs	Cambodia			2.2			2.2
India	20.0	Rupees	India				20.0		20.0
Korea	52.4	Hwan	Korea		2.0	50.4			52.4
Laos	0.4	Francs	Laos			0.4			0.4
Pakistan	2.2	Rupees	Pakistan			2.2			2.2
Philippines	8.6	Pesos	Philippines			8.6			8.6
Taiwan	33.7	N.T.Dollars	Taiwan		7.7	26.0			33.7
Viet Nam	14.0	Francs	Viet Nam			14.0			14.0
Total - Asia	133.5				9.7	103.8	20.0		133.5
Latin America									
Bolivia	14.1	Bolivianos	Bolivia				14.1		14.1
Guatemala	2.3	Quetzales	Guatemala				2.3		2.3
Total - Latin America	16.4						16.4		16.4
Other Programs	7.0 a/								
TOTAL - ALL COUNTRIES	270.9				9.7	182.0	55.7	16.5	263.9

a/ Will not generate local currency.

FY 1956 AND 1957 SURPLUS AGRICULTURAL COMMODITY PROGRAM UNDER SEC. 402 OF THE MUTUAL SECURITY ACT OF 1954, AS AMENDED

General Narrative Statement

Section 402 of the Mutual Security Act of 1955 differed from the same provision in the previous year's legislation only in earmarking $300 million, instead of $350 million of funds appropriated to finance the export and sale of surplus agricultural commodities for foreign currencies.

Up to January 31, 1956, sales of $129 million worth of surplus commodities were authorized to 13 countries, including, aside from transportation costs, about $56 million grain, $44 million cotton, $6 million fats and oils, $5 million frozen beef, $4 million dairy products, $3 million sugar, and $2 million of other surplus commodities. The sugar is part of the 100,000 tons which the Department of Agriculture procured to relieve a pressing domestic problem.

Negotiations for additional sales are actively under way, but it now appears that the maximum amount of funds which can be utilized efficiently to finance direct sales may be only about $270 million, which falls short of the $300 million target. ICA is attempting, therefore, to arrange triangular sales of up to $50 million. Although this would increase total sales to $315 million, it is not probable that this goal will be reached. This is because there is little incentive for the purchasing countries to participate in these transactions. In arranging triangular sales, funds available in various programs will be used to finance sales of surplus commodities to countries, primarily in Western Europe, which do not receive non-military assistance. The local currency proceeds of these sales will in turn be used to finance purchases of industrial equipment and other commodities needed for the mutual security programs in the country for which the dollar funds were originally programmed.

There are several factors which have limited the utilization of surplus commodities in the mutual security program which affect both direct and triangular sales. The program is now directed more heavily toward the underdeveloped areas of the world where consumption is low and agriculture, although at a low level, is on a relatively self-sufficient basis and imports of food and fibers are either very low or non-existent. Although the potential demand for food and fiber in these areas is very great, their economic systems are not yet sufficiently developed to provide a market for greatly increased consumption.

Triangular sales have been difficult to arrange because of the requirement that the foreign currency sales proceeds must be used for the same purposes for which dollars were appropriated. Before concluding a triangular sale, therefore, ICA must assure that the local currency proceeds can be used for purchases of commodities at competitive prices which are needed for the specific program in the area of the world from which the appropriated dollar funds will be withdrawn. Objections to the requirement that at least 50 percent of the commodities financed by mutual security funds must be shipped on U.S. flag vessels has also prevented some triangular sales. In addition, the non-competitive price of U.S. cotton during the first half of FY 1956 and the fact that only short staple cotton is now offered at competitive prices has limited both triangular and direct sales.

In FY 1957, MSP funds will be used to finance the export and sale of surplus agricultural commodities to the maximum extent compatible with the purposes of the Act. It is expected that such uses may amount to $250 million, a reduction of $50 million from this year's requirement of $300 million or a reduction of $20 million from this year's relatively firm, direct sales prospects.

This reduction is based in part upon the assumption that problems mentioned in connection with FY 1956 programming will continue to be troublesome in FY 1957. In general, estimates of direct sales have been reduced from FY 1956 goals only when special changes in circumstances can be clearly foreseen. It is assumed that the unusual circumstances which permitted Section 402 sales of $17.7 million worth of sugar will not recur in FY 1957. The only other relatively large reductions in sales below FY 1956 which are now anticipated are

General Narrative Statement (Continued)

Spain and Yugoslavia. Although almost half of the funds requested for these two countries will be used to finance purchases of wheat and cotton, the remainder of the funds will be required for equipment for strategic transportation and defense production projects and minimum economic development in Spain and for equipment and raw materials primarily for industrial and transportation projects in Yugoslavia.

No increases in sales are forecast, largely because of the effect of the interrelationship between Section 402 programs and those which may be anticipated under Title I of P.L. 480, as amended. Although the operations of P.L. 480 and Section 402 are basically complementary, a limited portion of the area in which Section 402 has been active (i.e., that portion in excess of usual marketings from the U.S.) may be taken over to a large extent by P.L. 480 thereby reducing Section 402 sales. The estimated opportunities to use P.L. 480 commodities, local currencies, or both for mutual security purposes have been considered in computing the amount of funds to be requested for the mutual security program in FY 1957.

In the past it has been possible to use some of the funds appropriated for Military Assistance programs in the form of surplus agricultural commodities using the local currency proceeds for offshore procurement of military end-items. However, it is not known whether offshore procurement next year will be of a type or size or in countries which would make it possible to employ such funds through Section 402. In view of the many uncertainties in this program it would be extremely hazardous in proposing a minimum under Section 402 to include an estimate for offshore procurement programs from Military Assistance Program funds. In fiscal year 1955 $38.9 million of offshore procurement funds was used in this way. As yet, in FY 1956 there are no firm prospects for so using offshore procurement funds. Although such funds will be used in this form to the maximum practicable extent in FY 1957, opportunity for such use may well continue to decline. If the estimate of $250 million from other than offshore procurement funds, has erred on the optimistic side, it may be that offshore procurement uses will develop which will offset such error.

FY 1955 DOLLAR UTILIZATION FOR SURPLUS AGRICULTURAL COMMODITIES UNDER SECTION 402 OF THE MUTUAL SECURITY ACT OF 1954

(In millions of dollars)

Area and Country	Sales by Country FY 1955			Surplus Commodities								
	From FY 1955 Programs	From Reobligation of Prior Year Funds	Total	Bread Grains	Cotton	Fats & Oils	Meat	Coarse Grains	Fruit	Dairy Products	Other	Ocean Freight
Europe												
Austria		0.9	0.9					0.7				0.2
Denmark	4.0		4.0	1.2				2.3				0.5
France	90.1		90.1		80.3	1.2		5.6			0.6	2.4
Germany	23.6	3.3	26.9	22.5	1.5	0.4						2.5
Italy	15.5	9.3	24.8		24.8							
Netherlands		3.7	3.7	3.5								0.2
Spain	55.0		55.0		49.0	6.0						
United Kingdom	73.9	0.6	74.5		25.0	11.6		20.0	14.9			3.0
Yugoslavia	23.0		23.0	14.3	6.2							2.5
Total - Europe	285.1	17.8	302.9	41.5	186.8	19.2		28.6	14.9		0.6	11.3
Near East and Africa												
Egypt	1.0		1.0	0.8								0.2
Greece	16.6	2.4	19.0	16.8			1.7			0.3		0.2
Iran	2.7		2.7	2.0								0.7
Israel	18.0	0.2	18.2	13.7	2.0			2.5				
Turkey	7.8		7.8	6.3								1.5
Total - Near East & Africa	46.1	2.6	48.7	39.6	2.0		1.7	2.5		0.3		2.6
Asia												
India	30.0		30.0	13.5	16.0							0.5
Korea	28.7		28.7	3.8	24.0	0.7						0.2
Laos	3.5		3.5								3.0	0.5
Philippines	8.0		8.0							8.0		
Taiwan	31.7	6.8	38.5	10.2	21.4	2.9				2.0		2.0
Viet Nam	4.7		4.7	2.3						2.4		
Total - Asia	106.6	6.8	113.4	29.8	61.4	3.6				12.4	3.0	3.2
Latin America												
Bolivia	2.1		2.1	0.9		1.2						
TOTAL - ALL COUNTRIES	439.9	27.2	467.1	111.8	250.2	24.0	1.7	31.1	14.9	12.7	3.6	17.1

FY 1955 LOCAL CURRENCY PROGRAM
UNDER
SECTION 402 OF THE MUTUAL SECURITY ACT OF 1954

(In millions of dollars equivalent)

Area and Country	Total Local Currency to be Deposited: From FY 1955 Programs	From Reobligation of Prior Year Funds	in $ equivalent	Type of Currency	Planned Use of Local Currency by Country and Function: Country or Area of Use	Military Assistance	Direct Forces Support	Defense Support	Development Assistance	Joint Control Areas	Total
Europe											
Austria		0.9	0.9	Schillings	Austria					0.9	0.9
Denmark	4.0		4.0	Kroner	Undistributed			4.0 a/			4.0
France	50.1		50.1	Francs	Viet Nam			50.1			50.1
	40.0		40.0	Francs	Indochina b/			40.0			40.0
Germany	23.6	3.3	26.9	Deutch Marks	Germany					26.9	26.9
Italy	15.5	9.3	24.8	Lire	Italy			24.8			24.8
Netherlands		3.7	3.7	Guilders	Netherlands			3.7			3.7
Spain	55.0		55.0	Pesetas	Spain			55.0			55.0
United Kingdom	73.9	0.6	74.5	Pounds	United Kingdom	25.2		35.6			60.8
					Undistributed	13.7					13.7
Yugoslavia	23.0		23.0	Dinars	Yugoslavia			23.0			23.0
Total - Europe	285.1	17.8	302.9			38.9		236.2		27.8	302.9
Near East and Africa											
Egypt	1.0		1.0	Pounds	Egypt				1.0		1.0
Greece	16.6	2.4	19.0	Drachmas	Greece			19.0			19.0
Iran	2.7		2.7	Rials	Iran				2.7		2.7
Israel	18.0	0.2	18.2	Pounds	Israel				18.2		18.2
Turkey	7.8		7.8	Liras	Turkey			7.8			7.8
Total - Near East and Africa	46.1	2.6	48.7					26.8	21.9		48.7
Asia											
India	30.0		30.0	Rupees	India				30.0		30.0
Korea	28.7		28.7	Hwan	Korea			28.7			28.7
Laos	3.5		3.5	Francs	Laos			3.5			3.5
Philippines	8.0		8.0	Pesos	Philippines			8.0			8.0
Taiwan	31.7	6.8	38.5	N.T. Dollars	Taiwan		6.4	32.1			38.5
Viet Nam	4.7		4.7	Francs	Viet Nam			4.7			4.7
Total - Asia	106.6	6.8	113.4				6.4	77.0	30.0		113.4
Latin America											
Bolivia	2.1		2.1	Bolivianos	Bolivia				2.1		2.1
TOTAL - ALL COUNTRIES	439.9	27.2	467.1			38.9	6.4	340.0	54.0	27.8	467.1

a/ Includes a loan to Iceland in an amount equivalent to $2.3 million under negotiation.
b/ For support of French Military Forces.

THE 1955 SURPLUS AGRICULTURAL COMMODITY PROGRAM

UNDER

SEC. 402 OF THE MUTUAL SECURITY ACT OF 1954

Section 402 of the Mutual Security Act of 1954 required that not less than $350 million of funds appropriated be used to finance the export and sale of U.S. surplus agricultural commodities for foreign currencies. Sales made under this provision of the Act totaled over $467 million in FY 1955, including $250.2 million cotton, $142.9 million grains, $24 million fats and oils, $14.9 million fruit, $12.7 million dairy products and $22.4 million of other surplus commodities and transportation. Over two-thirds of these sales were made to Western European countries, traditionally the principal market for U.S. agricultural exports.

Congress did not appropriate additional funds to carry out the provisions of this Section, but provided that a portion of the funds appropriated pursuant to the Mutual Security Act should be used to finance these commodities. Accordingly, funds to finance these sales were drawn from various appropriations for mutual security purposes, including about $39 million Military Assistance, $6.4 million Direct Forces Support, $340 million defense support, $54 million Development Assistance and $27.8 million from other programs. The foreign currency sales proceeds are being used, in accordance with the requirements of the legislation, to carry out the objectives for which the dollar appropriations were provided.

Commodities were considered eligible for sale in accordance with the recommendations of the Secretary of Agriculture. Shipments of all purchases are subject to the requirement that 50 percent be sent in American ships. The commodities were generally sold at prevailing U.S. export prices and private trade channels were used to the maximum extent possible. Authorizations were issued on the basis of requests submitted by the foreign government and provided the terms and conditions of the transaction including the provision that the commodity may not be re-exported without prior agreement of the U.S. Government.

These sales were in addition to those authorized under the Agricultural Trade Development and Assistance Act of 1954, (Public Law 480, 83rd Congress), but were not necessarily in addition to the usual marketings of the U.S. As far as possible, Section 402 sales were integrated with those programmed under Title I of PL 480. Indeed, the availability of MSP funds to finance all or part of the usual marketings of the U.S. made it possible for some countries to make additional purchases under PL 480 in order to increase consumption, build up stocks or for other purposes.

PROGRAMMED LOANS FY 1956 FROM MUTUAL SECURITY FUNDS

(In thousands of dollars)

Country	Military Assistance	Defense Support	Development Assistance	Total
Europe				
Yugoslavia		15,000		15,000
Near East and Africa				
Greece		15,000		15,000
Iran		10,000		10,000
Israel			10,000	10,000
South Asia				
India			37,500	37,500
Far East				
Laos		1,000		1,000
Philippines		10,000		10,000
Taiwan		20,000		20,000
Thailand		10,000		10,000
Viet Nam		25,000		25,000
Military Assistance	1,000			1,000
Undistributed		70,000		70,000
Total	1,000	176,000	47,500	224,500

PROGRAMMED LOANS FY 1955 FROM MUTUAL SECURITY FUNDS

(In thousands of dollars)

Country	Military Assistance	Defense Support	Development Assistance	Total
Europe				
Spain		20,000		20,000
Near East and Africa				
Greece		10,000		10,000
Egypt			7,500	7,500
Iran		32,000		32,000
Israel			20,000	20,000
Turkey		20,000		20,000
Asia				
Formosa		20,000		20,000
India			45,000	45,000
Pakistan		20,000		20,000
Military Assistance	15,000			15,000
Total	15,000	122,000	72,500	209,500

MUTUAL SECURITY PROGRAM

STATUS OF OBLIGATIONS - SUMMARY OF FY 1956 APPROPRIATIONS

(In thousands of dollars)

	New Appropriation FY 1956	Reappropriated & Transferred From FY 1955 Accounts	Est. Adjusts. for Sec.501 Transfers, & for Sec.401 & 409(d) Utilization	Available for Obligation FY 1956	Actual and Estimated Obligations and Reservations: Actual 7/1/55-12/31/56	Estimated 1/1/56 6/30/56	Total Estimate	Estimated Unobligated and Unreserved Balance 6/30/56
Military Assistance, General	705,000	33,900		738,900 a/	165,158 b/	393,942	559,100	179,800
Department of Defense	705,000	33,900		738,900 a/	165,158 b/	393,942	559,100	179,800
Direct Forces Support	317,200			317,200	24,942	175,058	200,000	117,200
Department of Defense	317,200			317,200	24,942	175,058	200,000	117,200
Defense Support, Europe	85,500		-1,700	83,800	7,746	76,054	83,800	
Special Assistance in Joint Control Areas in Europe	21,000		-2,800	18,200	6,269	11,931	18,200	
Defense Support, Near East and Africa	113,700		50,000	163,700	19,967	143,733	163,700	
Defense Support, Asia	800,000	9,984	-12,734	797,250	149,363	647,887	797,250	
Development Assistance, Near East and Africa	73,000		9,600	82,600		82,600	82,600	
Development Assistance, Asia	51,000			51,000		51,000	51,000	
Development Assistance, American Republics and Non-Self-Governing Territories of the Western Hemisphere	38,000		1,000	39,000	6,000	33,000	39,000	
Technical Cooperation, General	127,500	906 c/		128,406	25,734	102,672	128,406	
U.N. Expanded Programs of Technical Assistance	24,000			24,000	8,500	14,500	23,000	1,000
Technical Cooperation Programs of the Organization of American States	1,500			1,500		1,200	1,200	300
Special Presidential Fund	100,000		-47,816	52,184		52,184	52,184	
Intergovernmental Committee for European Migration	12,500			12,500		12,500	12,500	
United Nations Refugee Fund	1,200			1,200	1,200		1,200	
Escapee Program	6,000			6,000	1,517	4,483	6,000	
United Nations Children's Fund	14,500			14,500		14,500	14,500	
United Nations Relief and Works Agency	58,367	3,633		62,000		16,700	16,700	45,300
North Atlantic Treaty Organization	3,700			3,700	425	3,275	3,700	
Ocean Freight Charges, United States Voluntary Relief Agencies	2,000			2,000	1,774	226	2,000	
Ocean Freight Charges, Surplus Agricultural Commodities	13,000		3,000	16,000	8,570	7,430	16,000	
Control Act Expenses	1,175			1,175	583	592	1,175	
President's Fund for Asian Economic Development	100,000			100,000		40,000	40,000	60,000
Administrative Expenses, Sec. 411, Mutual Security Act	33,500		1,450	34,950	15,779	19,171	34,950	
GRAND TOTAL	2,703,342	48,423		2,751,765	443,527	1,904,638	2,348,165 d/	403,600
Recapitulation by Agencies								
Department of Defense	1,022,200	33,900		1,056,100	190,100	569,000	759,100	297,000
Other Agencies	1,681,142	14,523		1,695,665	253,427	1,335,638	1,589,065	106,600 e/

a/ Excludes adjustment pursuant to Section 108, Public Law 208, 84th Congress.

b/ Excludes approximately $253 thousand obligated by Department of State for Defense OSP Administrative Support Costs.

c/ Unobligated balance (after Section 1311 certification) of no-year funds, Institute of Inter-American Affairs.

d/ Includes approximately $89.9 million of reservations in the Department of Defense in FY 1956.

e/ In addition to the estimated unobligated balance of $106.6 million specifically programmed, past experience has shown that other unanticipated unobligated balances are likely to occur. The amounts, appropriations and functions under which such balances may appear cannot be predicted with any accuracy at this time.

STATUS OF RESERVATION ACCOUNT

DEPARTMENT OF DEFENSE
MILITARY ASSISTANCE PROGRAMS

(In thousands of dollars)

Total Reservations through 30 June 1955	5,310,086
Less: Obligations (conversion of reservations) through 30 June 1955	1,020,592
Net Reservations - 1 July 1955	4,289,494
Estimated Reservations FY 1956	89,900 1/
Total Net Reservations through FY 1956	4,379,394
Less anticipated obligations (conversion of reservations) during FY 1956	1,232,549
Estimated Reservations 1 July 1956	3,146,845

1/ Excludes $302 million common item orders to be issued in FY 1956 for materiel and equipment to be delivered or performed for military assistance purposes without reimbursement pursuant to provisions of Section 108, P.L. 208, 84th Congress.

MUTUAL SECURITY PROGRAM

ANALYSIS OF EXPENDITURES

As of December 31, 1955 with Forecasts through June 30, 1956 and June 30, 1957

(In millions of dollars)

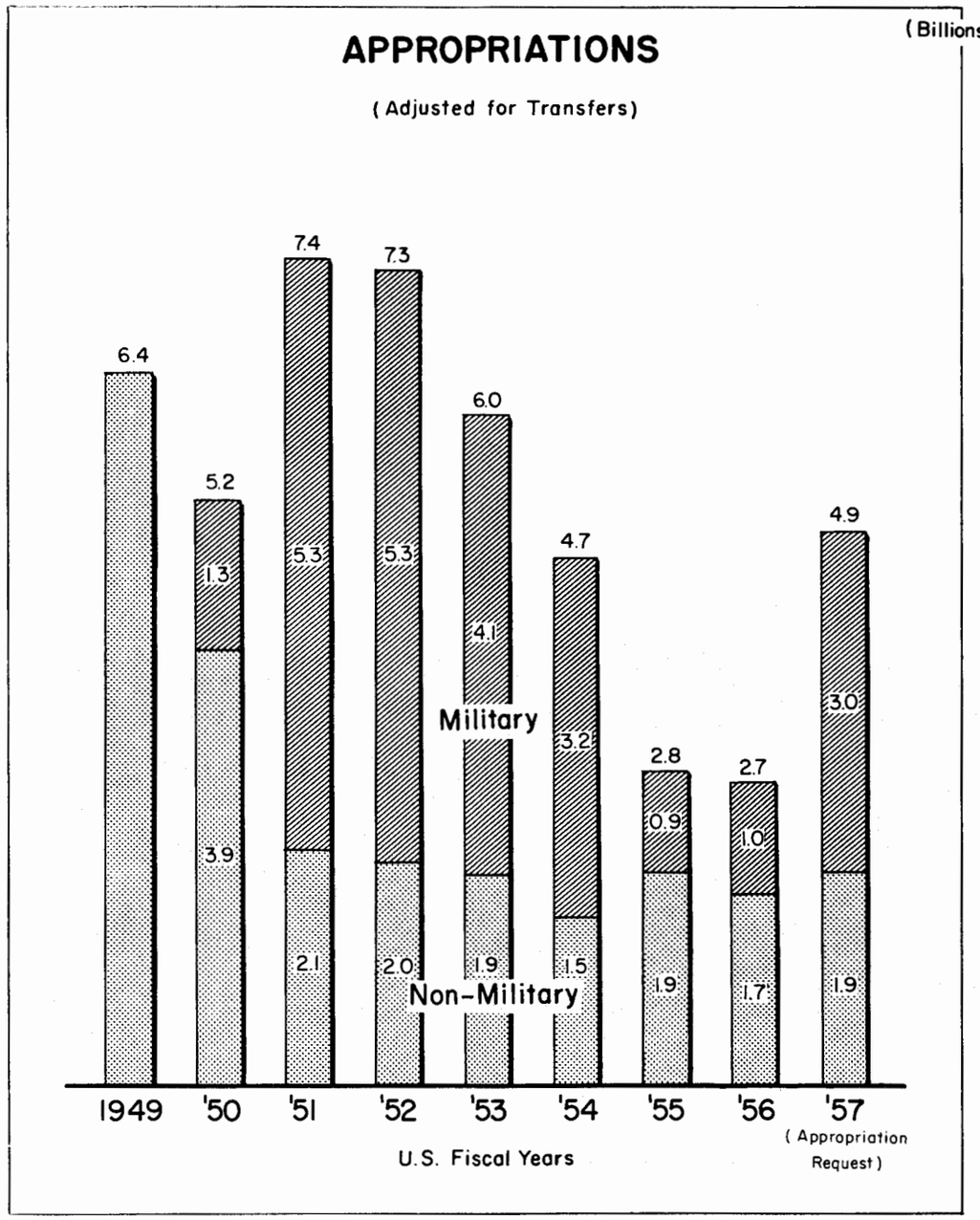
	Actual Expenditures FY 1955	Certified Unliquidated Obligations 6/30/55	New Appropri-ations FY 1956	Unobligated Balances Continued Available	Est. Adjustments For Sec. 501 Transfers and Sec. 401&409(d) Utilizations	Available for Expenditure FY 1956	Actual Expenditures 7/1/55 - 12/31/55	Estimated Expenditures 1/1/56 - 6/30/56	Estimated Expenditures Total FY 1956	Estimated Unexpended Balances 6/30/56	Proposed New Obligational Authority FY 1957	Available for Expenditure FY 1957	Estimated Expenditures FY 1957	Estimated Unexpended Balances 6/30/57
GRAND TOTAL	4,264.3	7,880.5	2,703.3	48.4		10,632.3	1,493.8	2,695.2	4,189.0	6,443.3	4,860.0	11,303.3	4,290.0	7,013.3
MILITARY AND DIRECT FORCES SUPPORT - TOTAL	2,311.2	6,187.6 1/	1,022.2	33.9		7,243.7	826.5	1,637.5	2,464.0	4,779.7	3,000.0	7,779.7	2,500.0	5,279.7
Appropriations Available in FY 1956 and Prior Years														
Military Assistance	2,291.8	6,137.0 1/	705.0	33.9		6,875.9	793.7	1,524.3	2,318.0	4,557.9	3,000.0	7,557.9	2,347.9	5,210.0
Defense	2,089.1	5,980.8 1/	705.0	33.9		6,719.7	737.0	1,433.3	2,170.3	4,549.4	3,000.0	7,549.4	2,341.9	5,207.5
ICA	202.7	156.2				156.2	56.7	91.0	147.7	8.5		8.5	6.0	2.5
Direct Forces Support	19.4	50.6	317.2			367.8	32.8	113.2	146.0	221.8		221.8	152.1	69.7
Common-Use Items (ICA)	19.4	50.6				50.6	26.5	18.0	44.5	6.1		6.1	4.1	2.0
Direct Forces Support (Defense)			317.2			317.2	6.3	95.2	101.5	215.7		215.7	148.0	67.7
Proposed New Obligational Authority for FY 1957 (Defense)											(3,000.0)			
OTHER MUTUAL SECURITY PROGRAMS - TOTAL	1,953.1	1,692.9	1,681.2	14.5		3,388.6	667.3	1,057.7	1,725.0	1,663.6	1,860.0	3,523.6	1,790.0	1,733.6
Appropriations Available in FY 1956 and Prior Years	1,953.1	1,692.9	1,681.2	14.5		3,388.6	667.3	1,057.7	1,725.0	1,663.6		1,663.6	1,200.0	463.6
Appropriations Available Prior to FY 1956	1,953.1	1,692.9				1,692.9	612.9	528.2	1,141.1	551.8		551.8	405.1	146.7
Appropriations Made Available in FY 1956			1,681.2	14.5		1,695.7	54.4	529.5	583.9	1,111.8		1,111.8	794.9	316.9
Defense Support, Europe			85.5		-1.7	83.8	1.0	52.5	53.5	30.3		30.3	20.8	9.5
Special Assistance in Joint Control Areas			21.0		-2.8	18.2	.2	13.8	14.0	4.2		4.2	4.0	.2
Defense Support, Near East and Africa			113.7		+50.0	163.7	5.4	54.6	60.0	103.7		103.7	84.2	19.5
Development Assistance, Near East and Africa			73.0		+9.6	82.6		19.0	19.0	63.6		63.6	63.0	.6
United Nations Relief and Works Agency			58.4	3.6		62.0		16.7	16.7	45.3		45.3	27.5	17.8
Defense Support, Asia			800.0	10.0	-12.7	797.3	11.2	237.0	248.2	549.1		549.1	429.0	120.1
Development Assistance, Asia			51.0			51.0		15.0	15.0	36.0		36.0	29.0	7.0
Development Assistance, American Republics and Non-Self-Governing Territories of the Western Hemisphere			38.0		+1.0	39.0	.8	22.2	23.0	16.0		16.0	13.0	3.0
Technical Cooperation, General			127.5	.9		128.4	15.2	29.8	45.0	83.4		83.4	40.0	43.4
Organization of American States			1.5			1.5		.6	.6	.9		.9	.6	.3
United Nations Expanded Program of Technical Assistance			24.0			24.0	6.6	7.9	14.5	9.5		9.5	8.5	1.0
Intergovernmental Committee for European Migration			12.5			12.5		6.0	6.0	6.5		6.5	6.5	
United Nations Refugee Fund			1.2			1.2	.5	.5	1.0	.2		.2	.2	
United Nations Children's Fund			14.5			14.5		8.0	8.0	6.5		6.5	6.5	
North Atlantic Treaty Organization			3.7			3.7	.1	1.4	1.5	2.2		2.2	2.2	
Ocean Freight, United States Voluntary Relief Agencies			2.0			2.0	.4	1.6	2.0					
Ocean Freight Charges, Surplus Agricultural Commodities			13.0		+3.0	16.0	2.2	7.3	9.5	6.5		6.5	6.5	
Escapee Program			6.0			6.0	.1	3.4	3.5	2.5		2.5	1.8	.7
Control Act Expenses			1.2			1.2	.5	.4	.9	.3		.3	.3	
Administrative Expenses, Sec. 411, Mutual Security Act			33.5		+1.5	35.0	10.2	18.8	29.0	6.0		6.0	5.8	.2
President's Fund for Asian Economic Development			100.0			100.0		5.0	5.0	95.0		95.0	20.0	75.0
Special Presidential Fund			100.0		-47.8	52.2		8.0	8.0	44.2		44.2	25.5	18.7
Proposed New Obligational Authority for FY 1957											1,860.0	1,860.0	590.0	1,270.0
Recapitulation by Primary Agency														
Defense	2,089.1	5,980.8	1,022.2	33.9		7,036.9	743.3	1,528.5	2,271.8	4,765.1	3,000.0	7,765.1	2,489.9	5,275.2
Other	2,175.2	1,899.7	1,681.2	14.5		3,595.4	750.5	1,166.7	1,917.2	1,678.2	1,860.0	3,538.2	1,800.1	1,738.1

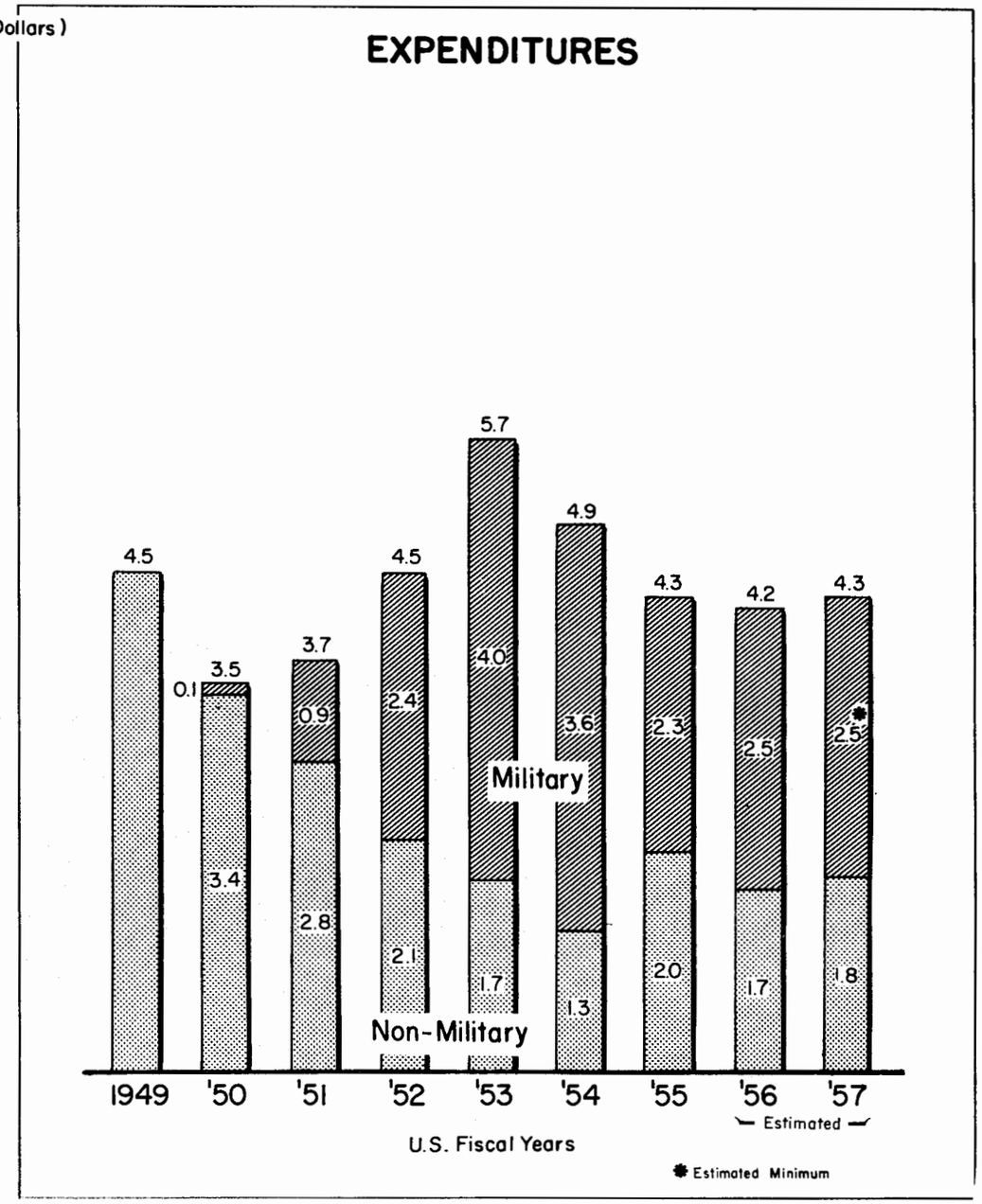
1/ Represents reported unliquidated obligations in the Department of Defense not all of which have been certified.

NOTE: Columns may not add exactly due to rounding.

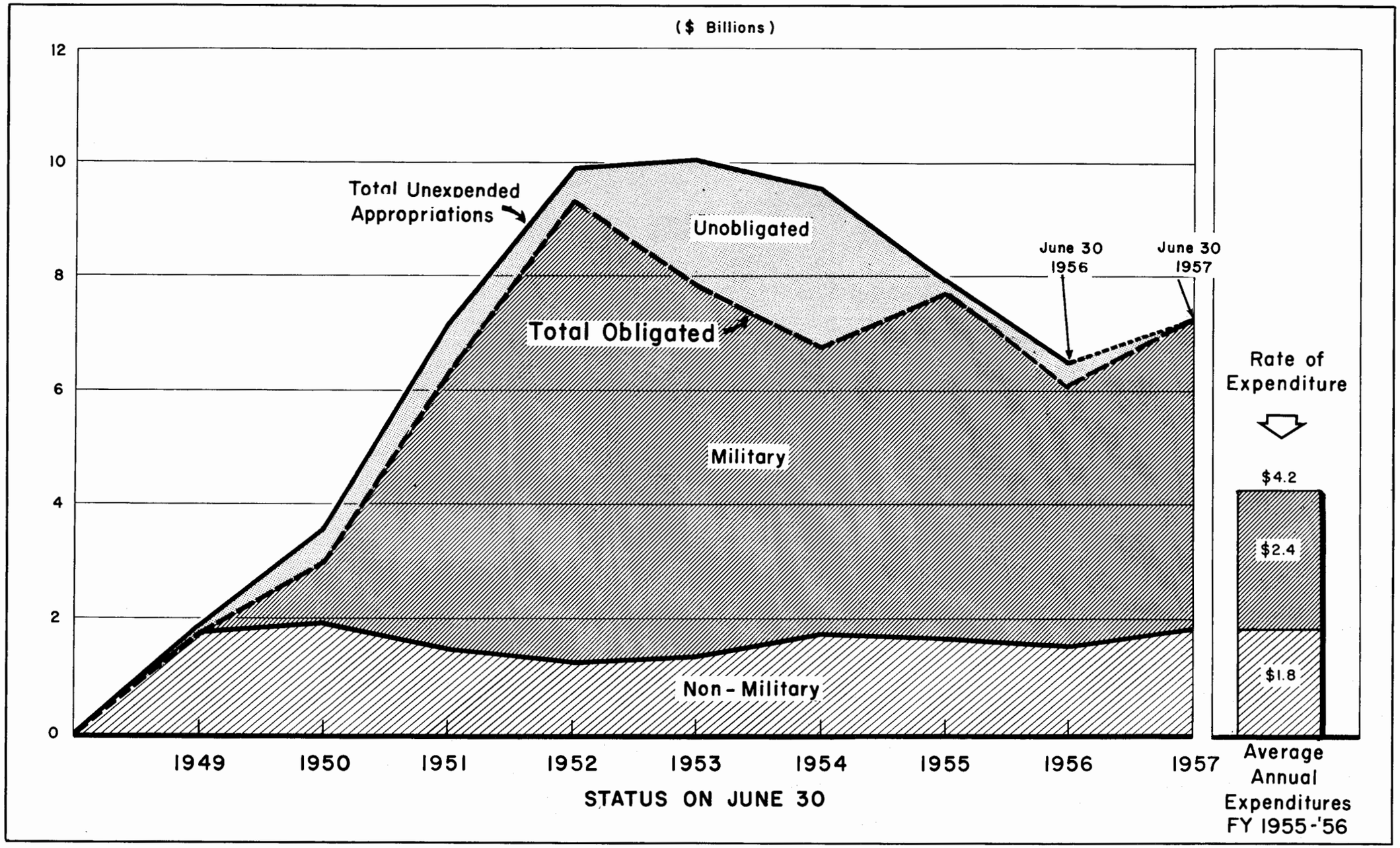
TREND OF APPROPRIATIONS & EXPENDITURES

(Billions of Dollars)





UNEXPENDED APPROPRIATIONS



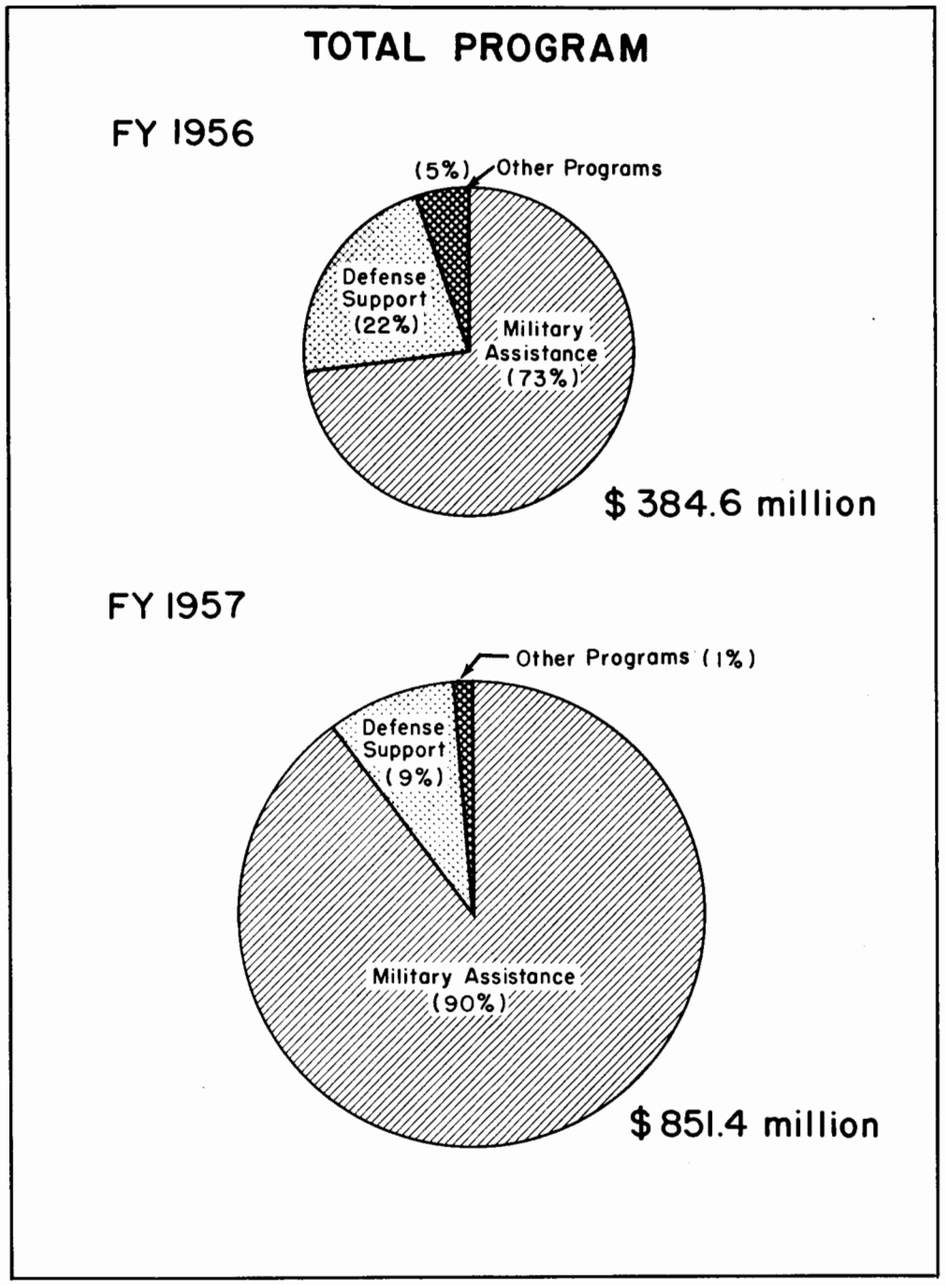
EUROPE

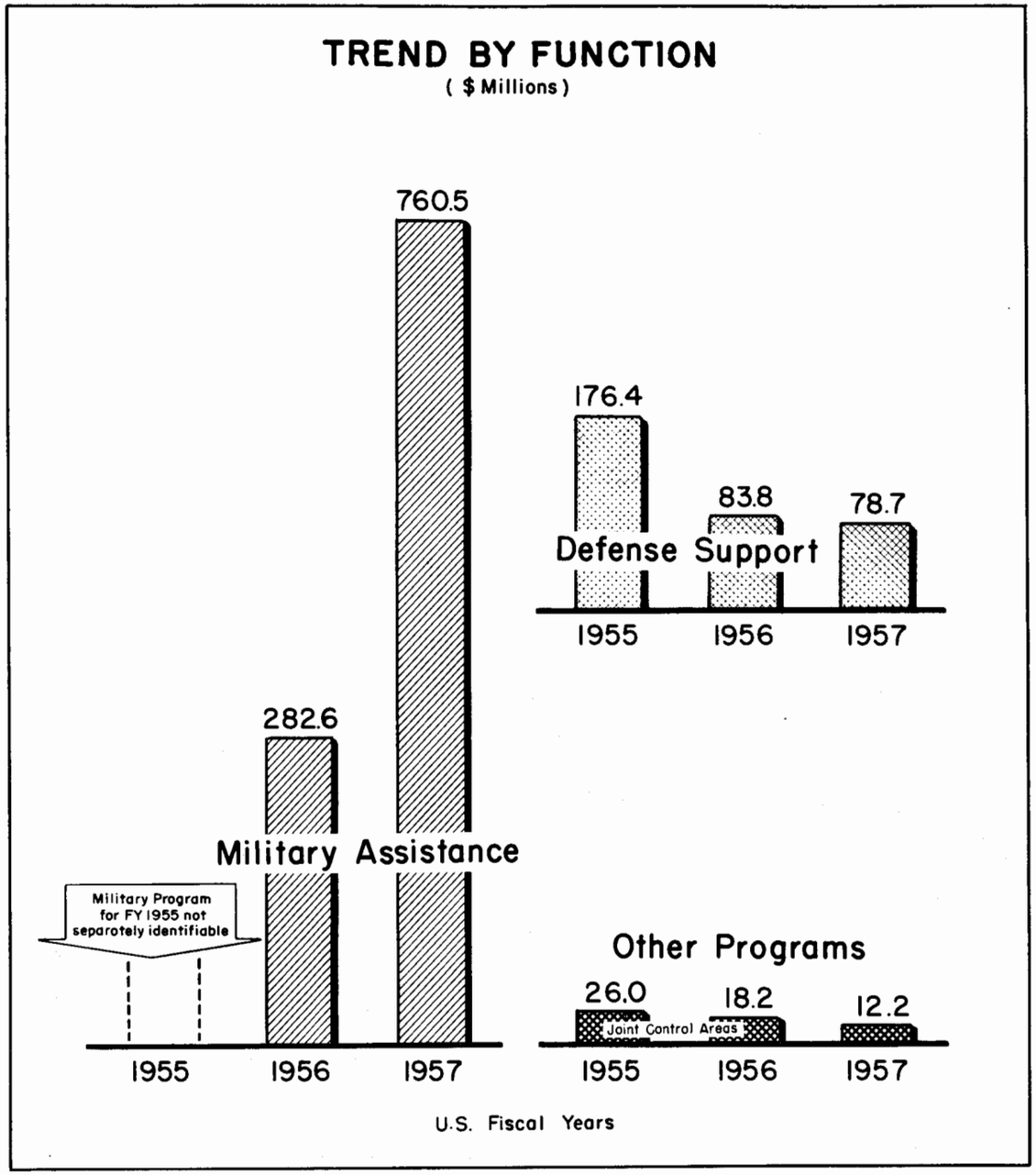
FY 1957 PROGRAM

COUNTRY	TYPE OF ASSISTANCE	
	MILITARY ASSISTANCE	DEFENSE SUPPORT
Belgium-Lux*	●	
Denmark*	●	
France*	●	
Germany (Fed.Rep.)*	●	
West Berlin		Joint Control Area Funds
Italy*	●	
Netherlands*	●	
Norway*	●	
Portugal*	●	
Spain	●	●
United Kingdom*		
Yugoslavia	●	●

* NATO MEMBER COUNTRY

EUROPE - PROGRAM BY FUNCTION





EUROPE

Summary of Program by Function

(In thousands of dollars)

Function	Program FY 1950/56	Program FY 1956	Proposed FY 1957
Military Assistance	12,538,656	282,545	760,471
	FY 1955		
Defense Support 1/	176,467	83,800	78,700
Other Programs 2/	25,968	18,200	12,200
Total Programs	XX	384,545	851,371
Of Which Financed by Loan (Defense Support)	20,000	15,000	
MSP Sales Surplus Agricultural Commodities			
1. Sales to This Area	285,113	68,500	45,000
2. Sales Proceeds Programmed in This Area (dollar equivalent) Total	195,053	68,500	45,000

1/ Includes Inter-Regional expenses as follows: FY 1955 $1,382 thousand, FY 1956 $1,435 thousand and FY 1957 $1,200 thousand.
2/ Includes Inter-Regional expenses as follows: FY 1955 $298 thousand, FY 1956 $300 thousand and FY 1957 $200 thousand.

EUROPE

DISTRIBUTION OF FY 1957 PROGRAM

By Function and Country

(In thousands of dollars)

Country	Military Assistance	Defense Support	Other	Total
Belgium-Luxembourg	XX			XX
Denmark	XX			XX
France	XX			XX
Germany	XX			XX
Italy	XX			XX
Netherlands	XX			XX
Norway	XX			XX
Portugal	XX			XX
Spain1/	XX	45,000		XX
United Kingdom				
Yugoslavia1/	XX	30,000		XX
Joint Control Areas1/			12,000	12,000
Inter-Regional Expenses2/		1,200	200	1,400
Western European Technical Exchange		2,500		2,500
Undistributed by Country	XX			XX
Total	760,471	78,700	12,200	851,371

1/ Includes Technical Exchange.
2/ Justification appears in the Non-Regional Programs section of this presentation.

XX Denotes that assistance is contemplated but figures have been deleted for classification purposes.

EUROPE

Regional Narrative Statement

U.S. INTERESTS

Relation to U.S. Security

It is vital to U.S. security that the U.S. and Europe remain firmly aligned. The alliance of the great majority of Western European countries with the U.S. continues to give the Free World the strength it needs to deter and withstand Soviet aggression and to win the longer term competitive struggle with Communism.

The United States and its European allies control two-thirds of the world's industrial output. If Western Europe were to fall under Soviet control, Communist industrial potential would be more than doubled and the Soviet bloc would control one-half the world's industrial capacity or one-fourth more than the United States.

Western Europe is important to U.S. security objectives not only for its own sake, but also for the important part it plays in other areas of the Free World. Europe influences vast territories in Africa, many of which are prime sources of strategic materials, and has strong ties with a number of countries in the Middle and Far East. It is a principal customer of and exporter to the less developed areas. Its aid and public investment programs in these countries -- grant and loan, military and economic, estimated at $9 to $10 billion since 1945 -- are complementary to our own efforts at economic and technical development in third areas. Continued strengthening of the European countries will reinforce the Free World position in Africa and Asia, and to that extent reduce the U.S. burden in the global struggle with Communism.

The U.S. interest in Western Europe has three major facets.

(1) Strategic

Europe is the area of the Free World situated closest to the heart of the Soviet power complex. Through a series of bilateral treaties with the NATO and non-NATO countries the U.S. has the right to use valuable European controlled air and naval base sites which, because of their geographic position, provide a major deterrent to Soviet attack; through NATO we are constructing along with our European allies a further and larger network of military facilities for the common defense. Moreover, national ground, air and naval forces, U.S. and European, have been welded into a combined NATO FORCE under an American Supreme Commander. Western Europe thus provides the U.S. with a forward defense base of foremost importance. This base is manned largely by European troops and protected in large part by European navies. It is a most valuable complement to U.S. strength for the defense of the Free World.

(2) Political

Western European governments can marshal their defensive strength only if their efforts in this regard rest on a firm foundation. The United States can do much to strengthen this foundation and to promote determined and effective participation on the part of our allies by providing concrete evidence of continued support under the Mutual Security Program.

For a more detailed statement see the classified version of this narrative.

(3) Economic

The build-up of European forces could not have taken place if it had not been accompanied by steady economic growth. Insofar as economic expansion in the U.S. is supported by trade

Regional Narrative Statement (Continued)

with an expanding European economy, the U.S. has greater security and more general interest in European economic growth. U.S. and NATO security is also dependent on the effectiveness with which certain European economic and related social problems are handled. Failure to deal effectively with these problems can seriously sap European economic and political strength. These problems include (a) threats of inflation, with particularly serious implications in the United Kingdom, and (b) a rate of productivity and economic growth which is less than that of the Soviet Union. These are not problems which currently require U.S. economic assistance, except for some limited technical exchange, but they do require continued U.S. attention.

U.S. Objectives

(1) To maintain European and American unity in policies designed to promote the mutual security of the U.S. and the Free World.

(2) To help Western Europe reach its full potential in military, political and economic strength in order to keep at the maximum its ability to contribute to the collective security of the Free World.

(3) To deny Western Europe and its economic and military potential to the Soviet bloc.

To that end, Mutual Security Programs are designed to:

(a) Assist NATO countries in the build-up and efficient maintenance of their forces, taking into account new concepts of warfare;

(b) Encourage the further integration of Western Europe;

(c) Maintain an active interest, through cooperation and consultation, in the further growth of the European economy;

(d) Obtain the greatest possible contribution to Free World security from the non-NATO countries and, to the extent feasible, to weave these countries increasingly into the fabric of regional cooperation in Europe.

Obstacles to Achieving Objectives

(1) Pressure of rapidly growing civilian demands for limited economic resources resulting from such factors as population growth, major investment needs and material aspirations of the relatively low income groups.

(2) The leveling off of U.S. defense expenditures increasing the difficulty of urging greater European military efforts.

(3) Inability of European Countries to provide sufficient funds for modern forces, due to the high cost of new weapons and the continually rising costs of maintaining existing forces. Lack of technological knowledge is also a factor.

(4) Limitations on economic strength because of (a) inflationary tendencies, (b) precarious foreign exchange positions of some countries, (c) insufficient productivity, (d) pursuit of national economic policies which reduce over-all European strength, (e) poverty of important areas, particularly in Southern Europe.

(5) The strength of Communist Parties and Communist-dominated labor confederations in France and Italy, and of the Communist propaganda effort throughout Europe.

Despite these obstacles, Western Europe has increased its industrial and agricultural production by 70 percent and 26 percent respectively over prewar levels, and the Western European NATO countries, almost doubling their defense expenditures, have increased them from about $6 billion in 1949 to more than $11.5 billion in 1955. The NATO countries have paid for about 85 percent of the cost of the European NATO build-up over this period and for about two-thirds of the materiel supplied to European NATO forces.

Nevertheless, a significant gap remains between expenditure requirements in Europe for U.S. - NATO security and European capacity for military expenditures. Thus, some continued U.S. military assistance is required to help maintain present forces to continue the planned build-up, and to help meet any new requirements arising from the continuing adjustment of defense plans.

Regional Narrative Statement (Continued)

U.S. Programs

Funds for Fiscal Year 1957 are requested for two types of programs: *

A Military Assistance Program of $760.5 million, exclusive of NATO infrastructure and Military Headquarters costs.

A Defense Support and Joint Control Areas program of $90.9 million, limited to Spain, Yugoslavia, Berlin and Technical Exchange.

(1) Military Assistance Program

The military assistance program will provide funds for military end-items and training activities for the European NATO countries and for Spain and Yugoslavia. This program continues the provision of equipment, maintenance and training necessary for the military build-up undertaken with prior year funds. It also takes into account the reassessment now in progress of the most effective pattern of NATO forces and their equipment and utilization for the next few years, in the light of new concepts of warfare and of the resources likely to be available. The program reflects the essential partnership between Europe and the U.S., in which Western Europe contributes over 80 percent of NATO manpower, the largest number of base sites, and those ground, air and naval weapons that it is capable of producing, while the U.S. assists with its large productive capacity and its more advanced technology. The U.S., by providing certain end-items from production capacity already in existence, saves NATO the expense of duplicating such facilities. It is hoped that this will enable the Europeans to shoulder an increasing share of the growing burden of providing replacement, and maintenance of equipment already delivered. However, certain European countries do not presently have the financial capability to maintain their existing military forces without continued U.S. aid.

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* All European funds requests exclude Greece and Turkey.

(2) Defense Support and Related Programs

The Defense Support and Joint Control Areas programs are designed to provide economic assistance to countries whose military or political cooperation with the U.S. is of high strategic value to the U.S. and which require economic assistance to achieve the objectives of this cooperation. This is the second successive year in which no Defense Support or related aid is being requested for any of the Western European NATO countries, except for their participation in some small Western European Technical Exchange programs. Such aid is being requested for two countries, Spain and Yugoslavia, both of which are of major strategic interest to the United States, and for West Berlin, in which the U.S. has a special political and psychological interest.

MILITARY ASSISTANCE PROGRAM

Agreements

The military assistance program is based on the Mutual Defense Assistance Act of 1949, signed by the President on October 6 - two weeks after public announcement that an atomic explosion had been detected in the USSR. The Act provided an important means of furthering the purposes of the North Atlantic Treaty (NAT), which forms the basis of U.S. defense policy with respect to Europe. It was followed by a series of bilateral MDA agreements with NATO countries, and later with Spain and Yugoslavia. The program was accelerated by the outbreak of hostilities in Korea and subsequent NATO decisions to embark on a rapid build-up of its military strength in Europe. By the end of 1953, it became apparent that NATO's military plans should be based upon the expectation of a continuing threat over a long period, and a re-examination of NATO strategy was begun. This led to an agreement in the NATO Council in December 1954 to adapt NATO defense planning to new concepts of warfare in order to meet the Soviet nuclear threat. The wide range of problems involved in implementing this decision is the subject of continuing NATO examination.

Regional Narrative Statement (Continued)

Program Objectives

The objectives of military assistance with respect to NATO countries are as follows:

(1) Within the framework of the North Atlantic Treaty, to assist in meeting requirements which are essential to organizing, equipping, training, and maintaining the forces specified as necessary for the defense of the NAT area in defense plans approved by the NATO, within levels which can be maintained over a long period of time.

(2) To reorient military assistance in such a manner as to assure that this assistance contributes toward the development of forces capable of effective integrated action in consonance with new concepts developed for the defense of the NATO area.

The above-stated objectives are applicable to all NATO countries, and are therefore not repeated in the individual NATO country narrative statements. Military assistance objectives for Spain and Yugoslavia are stated in the individual country statements.

FY 1950-1956 Program

The military assistance program has provided material strength and moral support that have been indispensable to the success of NATO. Since coming into force in 1949, the North Atlantic Treaty has provided the framework for the common defense of over 380 million free peoples on both sides of the Atlantic, and has by the same token increased the security of free people everywhere.

The military assets available for the defense of Europe in December 1949 were about 12 divisions and 400 aircraft, at a relatively low state of combat readiness. At the end of 1955, as the result of major national efforts and extensive military assistance by the United States, NATO had available a military deterrent force of considerable magnitude. Ground forces consisted of the equivalent of 90 divisions in varying states of readiness. European naval forces allocated to NATO commands, together with national forces in support of NATO total approximately 1,400 ships of various types. The air strength of the European NATO countries had reached a total of more than 250 squadrons containing nearly 4,500 aircraft. Concurrent with the development of these forces, there has been significant progress in combined training, command competence, and logistics support capability.

By contributing certain critical resources and leadership to this build-up of NATO forces, the United States has made possible the creation of formidable military strength to counter the Communist threat to the security of the U.S. and its allies. The cost would have been prohibitive to the U.S. if we had attempted instead to provide the equivalent military strength through U.S. forces alone.

Military assistance programs have also been a major instrument of the U.S. policy of inducing increased Spanish and Yugoslav support of Western security objectives. The specific U.S. military assistance contributions to these two countries are indicated in the country statements.

FY 1957 Programs

(1) General

$760.5 million is requested for training and materiel. In addition $75.0 million is requested for NATO-wide infrastructure and $5.3 million for International Headquarters costs. Europe will also receive more than half of the $452.6 million requested for other world-wide military assistance programs, which include Facilities Assistance, Mutual Weapons Development, New Weapons, and various administrative costs described elsewhere in this presentation.

Individual country requirements for materiel and training are considered in the country statements. Materiel requirements include some new equipment to complete the build-up of presently planned forces, ammunition and spare parts for current use and some war reserves of these items, some

Regional Narrative Statement (Continued)

modernization, particularly of naval equipment, additional and replacement aircraft of modern types, as well as other new weapons requirements that are considered further below.

The $75.0 million for Infrastructure is the U.S. share of the cost of completing already approved projects including airfields, communication facilities, pipelines and storage facilities - under the NATO Infrastructure program.

This program providing for certain basic communication, supply and base facilities for the common use of NATO forces is financed under a common budget towards which each NATO member pays an agreed percentage. Similarly, $5.3 million covers the U.S. share of the annual budget of the various NATO military headquarters. Requirements for Infrastructure and International Headquarters costs are considered in separate sections following the country narratives.

(2) Advanced Weapons

The most significant feature of the FY 1957 Military Assistance Program is the plan to provide advanced weapons for the use of our allies. Such weapons until now have been a virtual monopoly of the United States in the Free World. Advanced weapons, as the term is here used, include that large number of weapons developed subsequent to World War II, the technologically advanced nature of which has radically altered the science of warfare. Fissionable materials are not included in this program. Specifically included are recent types of supersonic aircraft such as the F-100, missiles and electronic systems. These weapons are designed to give warning of and to repel aggression and as such will substantially bolster the Free World defensive capabilities. A portion of the advanced weapons included in the FY 1957 program have been programmed for NATO. A further number of such weapons will be included in the program although as yet unallocated. The eventual distribution of these will be on the basis of judgment at a time when the most effective employment of these weapons can be established. Meanwhile, however, funds are required in the FY 1957 program in order that production of these items may go forward since, in most instances, long lead-times are involved.

Furnishing advanced weapons to NATO countries is important to the United States for the following reasons, among others:

(a) These weapons are essential to NATO strategy for the defense of Europe and to the maintenance of an effective deterrent against possible aggression by hostile forces equipped with modern weapons.

(b) The weapons and equipment are critically needed for effective air defense in Europe, both for early warning and for defense against attack. As such, they will contribute to the security of U.S. forces and bases.

(c) The advanced weapons are being supplied to U.S. forces assigned to NATO. From a policy and psychological point of view, it is essential to the morale and strength of our NATO partners that, to the extent feasible, we share with them the new techniques and advanced weapons in order to assure the success of the common defensive effort.

Outlook Beyond FY 1957

The question of continued U.S. aid to our European allies must always be viewed in the light of the Soviet scheme for world domination. So long as the Soviet threat continues in its present form and the European nations have limited economic capabilities, there will be a requirement for the U.S. to continue to provide such military assistance as will enable them to make their appropriate contributions to collective military power. Europe's ability to defend itself has a direct and necessary bearing on U.S. defense.

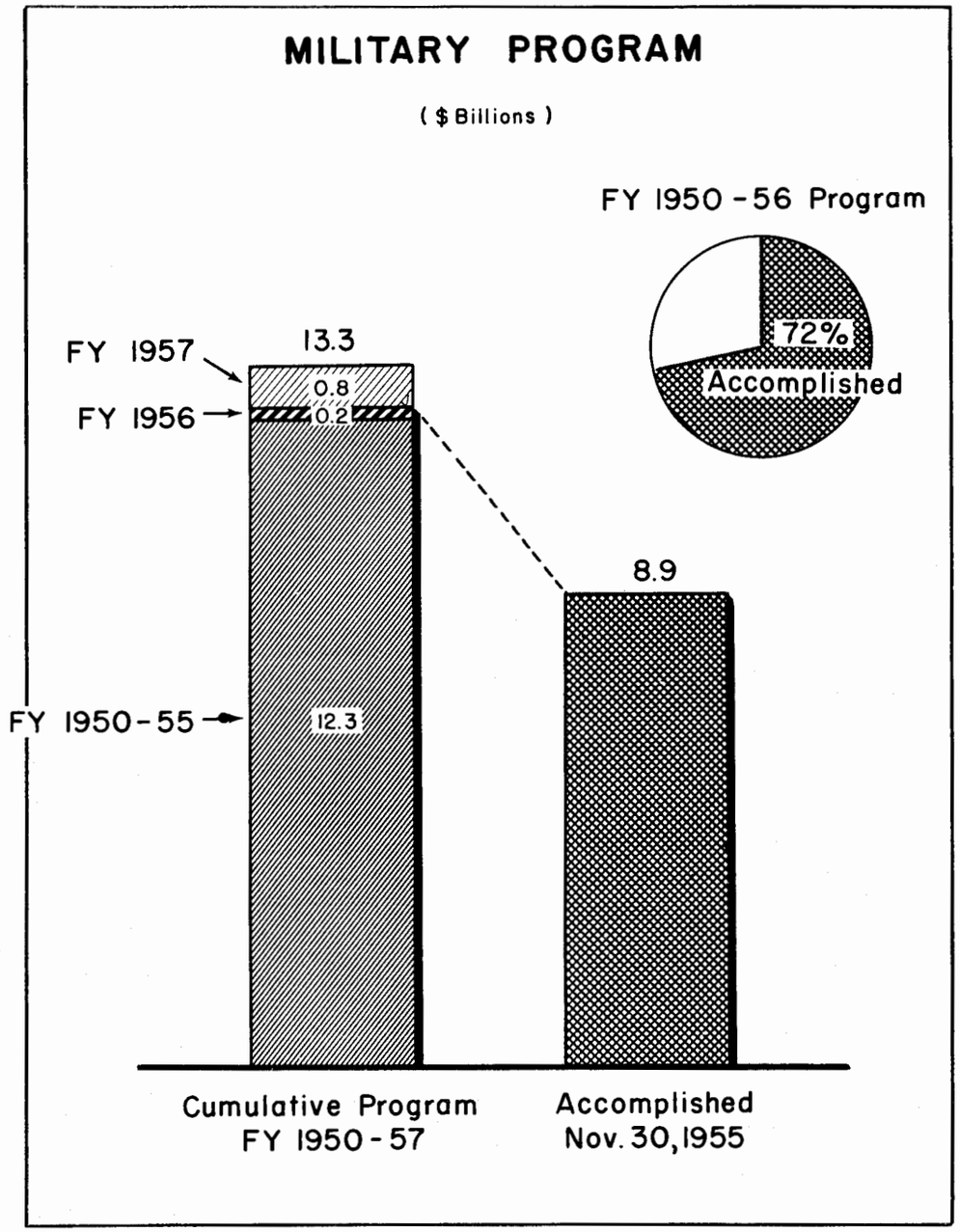
DEFENSE SUPPORT AND RELATED ASSISTANCE

Non-military assistance for Europe is limited to special purpose programs for Spain, Yugoslavia, Joint Control Areas and Western European Technical Exchange, totaling $90.9 million. These programs are explained individually in the narrative statements on each of them later in this presentation.

Regional Narrative Statement (Continued)

The place of Western Europe in the various agricultural surplus disposal programs of the U.S. continues to be important. Sales in Europe under Title I, P.L. 480, through January 20, 1956 were $234 million; Title II shipments to date are about $74 million and Title III shipments to Europe are also substantial. This represents about half of the world-wide total of P.L. 480 programs. Sales under Section 402 of the Mutual Security Act continue to make up a substantial part of the total Defense Support program for Western Europe (about half of projected Defense Support for FY 1957). In addition, ICA is making every effort to arrange some Section 402 sales to Europe, the local currency proceeds of which will be used to procure and ship aid goods to aid-receiving countries in other areas. The outlook is for substantial surplus commodity disposal in Western Europe again in FY 1957.

EUROPE - MILITARY PROGRAM



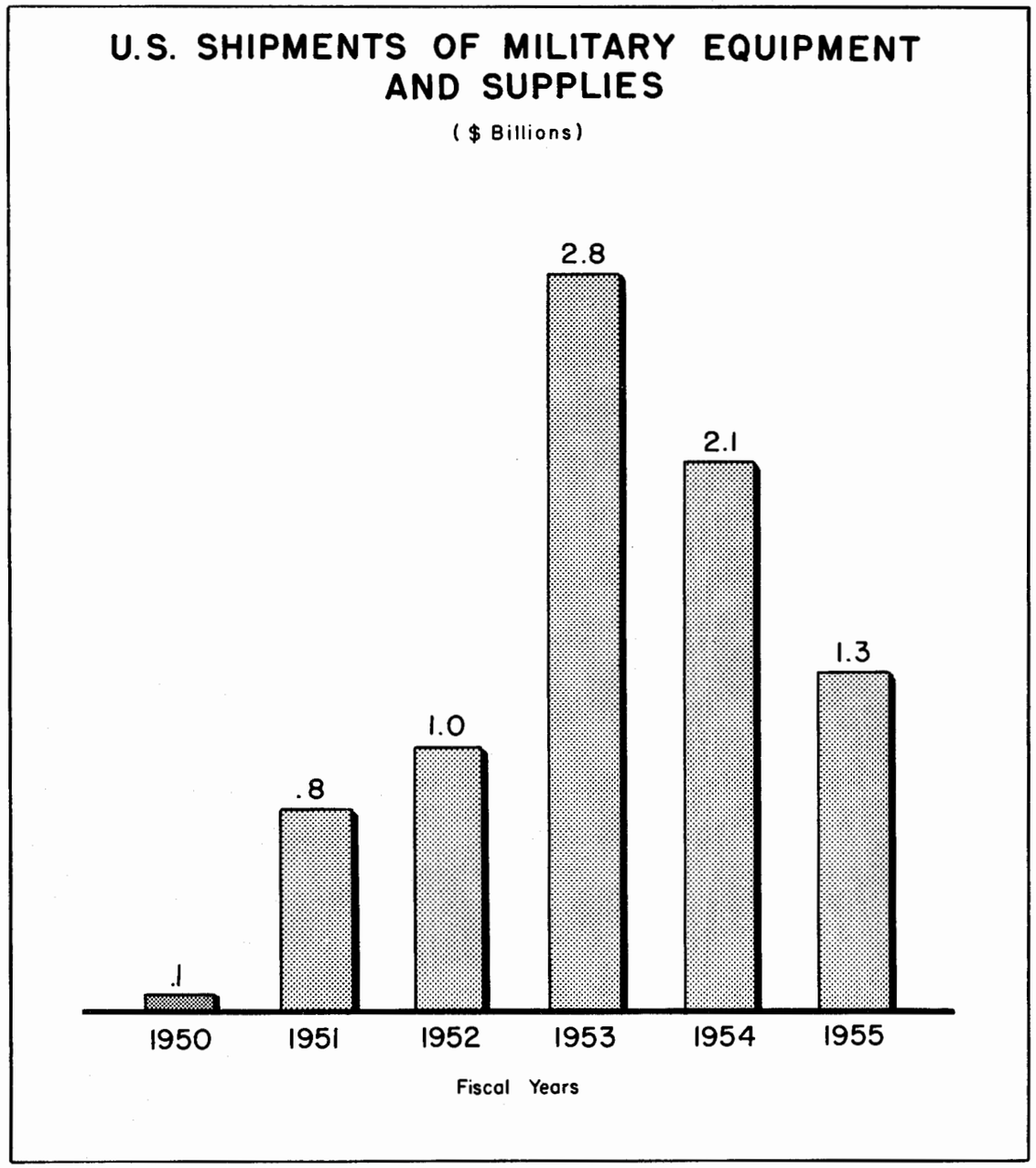


TABLE I EUROPE

DEPARTMENT OF DEFENSE
MUTUAL DEFENSE ASSISTANCE PROGRAMS AND PERFORMANCE
VALUE BY TYPE OF ASSISTANCE AND DEPARTMENT
FISCAL YEARS 1950-56 AND PROPOSED FISCAL YEAR 1957
(In Thousands of Dollars)

TYPE OF MILITARY ASSISTANCE AND DEPARTMENT	CURRENT PROGRAM			PERFORMANCE 30 NOVEMBER 1955	
	PROPOSED FY 1957	FISCAL YEAR 1956	FISCAL YEARS 1950-56	ACCOMPLISHED	TO BE ACCOMPLISHED OF FY 50-56 PROGRAMS
(1)	(2)	(3)	(4)	(5)	(6)
I TOTAL FOR AREA CHARGED TO APPROPRIATIONS	$760,471	$282,545	$12,538,656 a	$8,904,353	$3,634,303 a
Army	233,054	33,953	6,439,646	5,704,345	735,301
Navy	141,131	182,093	1,674,355	1,117,233	557,122
Air Force	386,286	66,499	4,414,167 a	2,072,775	2,341,392 a
ICA DIRECT FORCES SUPPORT	-	-	10,488	10,000	488
II EQUIPMENT & SUPPLIES - TOTAL	645,787	180,971	11,560,469 a	8,062,185	3,498,284 a
Army	214,969	9,245	6,108,464	5,409,797	698,667
Navy	129,607	171,476	1,564,176	1,016,123	548,053
Air Force	301,211	250	3,877,341 a	1,626,265	2,251,076 a
ICA DIRECT FORCES SUPPORT	-	-	10,488	10,000	488
III REPAIR & REHABILITATION OF EXCESS - TOTAL	400	2,334	125,298	117,175	8,123
Army	-	3	57,971	58,062	-91
Navy	400	2,331	37,105	34,427	2,678
Air Force	-	-	30,222	24,686	5,536
IV TRAINING - TOTAL	45,591	33,076	264,868	234,346	30,522
Army (Distributed by Country)	5,820	3,862	11,255	7,958	3,297
Army (Area Support Costs)	25	251	482	-	482
Navy (Distributed by Country)	6,977	4,681	48,960	43,850	5,110
Navy (Area Support Costs)	147	105	2,439	1,997	442
Air Force (Distributed by Country)	29,167	19,767	188,041	168,827	19,214
Air Force (Area Support Costs)	3,455	4,410	13,691	11,714	1,977
VA PACKING, CRATING, HANDLING, TRANSPORTATION - TOTAL	68,693	66,164	445,879	383,968	61,911
Army (Distributed by Area)	12,240	20,592	260,452	227,680	32,772
Navy (Distributed by Area)	4,000	3,500	21,675	20,836	839
Air Force (Distributed by Area)	52,453	42,072	163,752	135,452	28,300
VB OTHER - TOTAL	-	-	142,142	106,679	35,463
Army	-	-	1,022	848	174
Production Equipment & Machinery (By Area)	-	-	(1,022)	(848)	(174)
Navy	-	-	-	-	-
Air Force	-	-	141,120	105,831	35,289
Industrial Plants & Plant Expansion (By Area)	-	-	(130,205)	(99,292)	(30,913)
Rehabilitation of Installations (By Area)	-	-	(3,973)	(2,650)	(1,323)
Military Public Works (By Country)	-	-	(6,942)	(3,889)	(3,053)
VI EXCESS STOCKS AT ACQUISITION COST - TOTAL (NOT CHARGED TO APPROPRIATIONS)	1,581	4,382	551,448	504,919	46,529
Army	-	678	182,709	173,078	9,631
Navy	1,581	3,704	235,832	222,812	13,020
Air Force	-	-	132,907	109,029	23,878

a/ Includes $34,383 AF programs not distributed by country; i.e. jet engine overhaul, engineering change orders, modification requirements and F86K suitability test.

EUROPE

REGIONAL SUMMARY (EXCLUDES MILITARY ASSISTANCE, OTHER PROGRAMS)

Summary by Major Activity Field

(In thousands of dollars)

Program by Fiscal Year	Total Cost	Agriculture and Natural Resources	Industry and Mining	Transportation	Labor	Health and Sanitation	Education	Public Admin.	Community Development, Soc.Welfare and Housing	General and Miscellaneous	Import of Sal. Commod. L/C to be Used for Non-Mil. Activities	Costs
Defense Support												
1955	176,467 a/	3,709	20,980	5,485			40	14		6,448	142,527	268
1956	83,800	6,482	8,761	7,806			56	234	11	3,800	56,000	650
1957	78,700	6,735	12,500	13,195		35	130	95	45	3,700	42,000	265

Summary by Major Cost Components

(In thousands of dollars).

Program by Fiscal Year	Program by Major Cost Components						Number of People			
							Technicians (Close FY)		Participants (Programmed During FY)	
	Total Cost	Supplies and Equipment	U.S. Employed Technicians	Contract Services	Participants	Other Costs	U.S. Employed	Contract	Contract	Non-Contract
Defense Support										
1955	176,467 a/	172,028	1,385	2,132	2,253	1,673	102	67	90	1,535
1956	83,800	77,084	991	1,884	2,243	1,598	57	67	58	1,189
1957	78,700	72,097	858	1,879	2,172	1,694	57	70	100	917

a/ Excludes $3,004 thousand reprogrammed prior year funds included in detail.

1/ Includes costs of U.S. personnel, overhead expenses directly attributable to them and locally hired assistants.

EUROPE

REGIONAL SUMMARY (EXCLUDES MILITARY ASSISTANCE, OTHER PROGRAMS)

Summary of Commodity Imports

(In thousands of dollars)

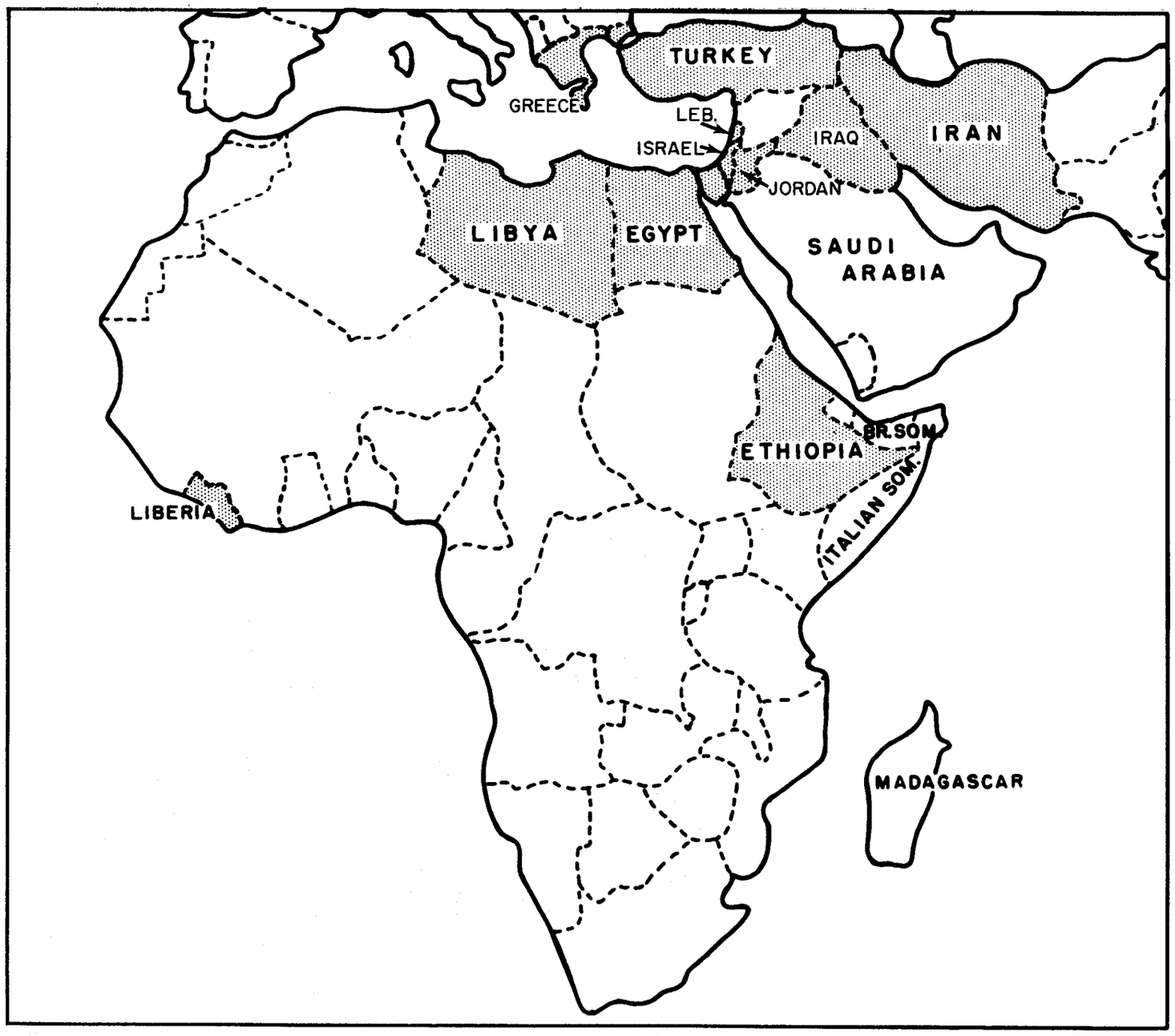
Imports	Program FY 1955	Program FY 1956	Proposed FY 1957
Commodities			
Food and Agricultural Imports			
Bread Grains	15,500	12,000	11,000
Coarse Grains	11,775		
Cotton	82,585	31,000	22,500
Meat		5,000	
Fat and Oils	11,210	1,500	
Tobacco			
Fruits	7,055		
Miscellaneous and Unclassified	5,618	2,500	
Total Food and Agricultural Imports	133,743	52,000	33,500
Of Which Section 402	(132,581)	(52,000)	(33,500)
Industrial Imports			
Coal	2,225	2,000	2,000
Raw and Semi-Finished Products	13,200		
Machinery and Vehicles	16,749	22,000	35,000
Transportation	6,109	1,000	1,500
Total Industrial Imports	38,283	25,000	38,500
Total Commodity Import Program	172,026	77,000	72,000

Revised 3/22/56

NEAR EAST AND AFRICA

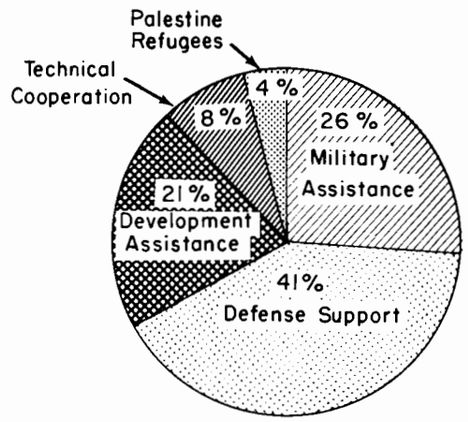
FY 1957 PROGRAM

COUNTRY	TYPE OF ASSISTANCE			
	MILITARY ASSIST.	DEFENSE SUPPORT	DEVELOP. ASSIST.	TECH. COOP.
Egypt			●	●
Ethiopia	●			●
Greece	●	●		●
Iran	●	●		●
Iraq	●			●
Israel			●	●
Jordan			●	●
Lebanon			●	●
Liberia				●
Libya			●	●
Turkey	●	●		●

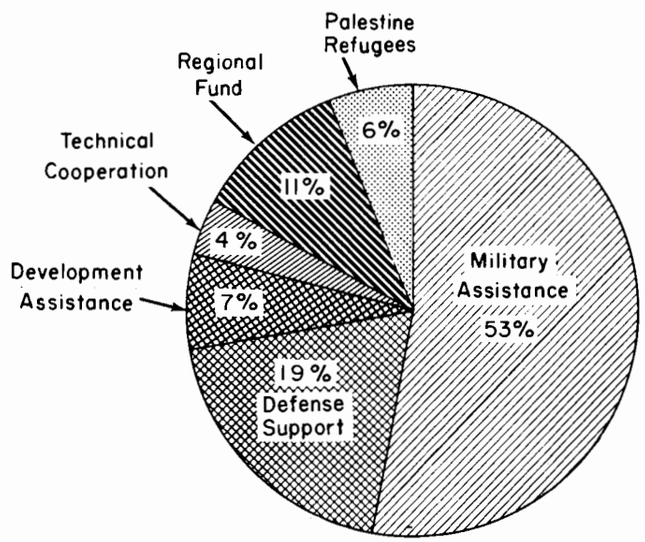


NEAR EAST & AFRICA - PROGRAM BY FUNCTION

TOTAL PROGRAM



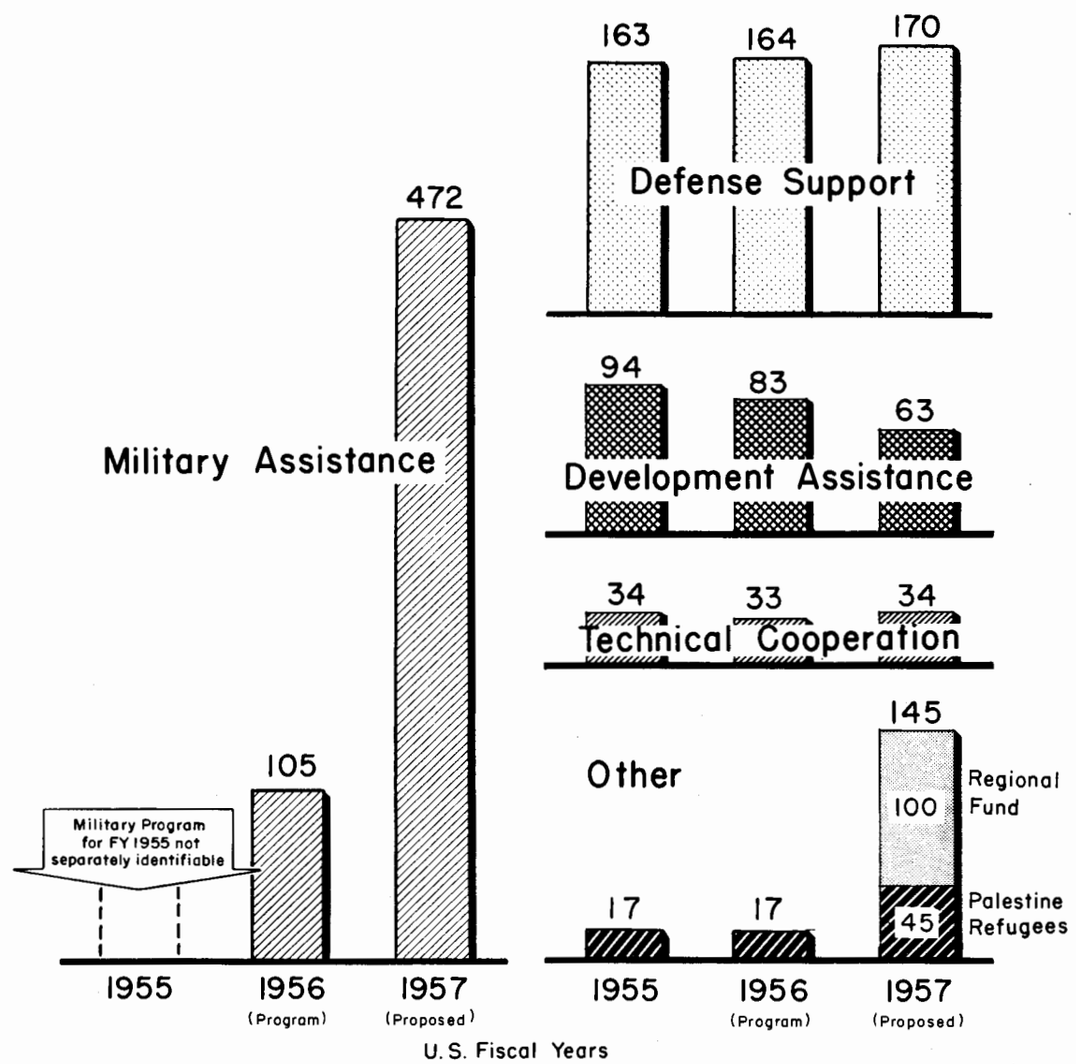
FY 1956··· $401 million



FY 1957··· $884 million

TREND BY FUNCTION

($ Millions)



NEAR EAST AND AFRICA

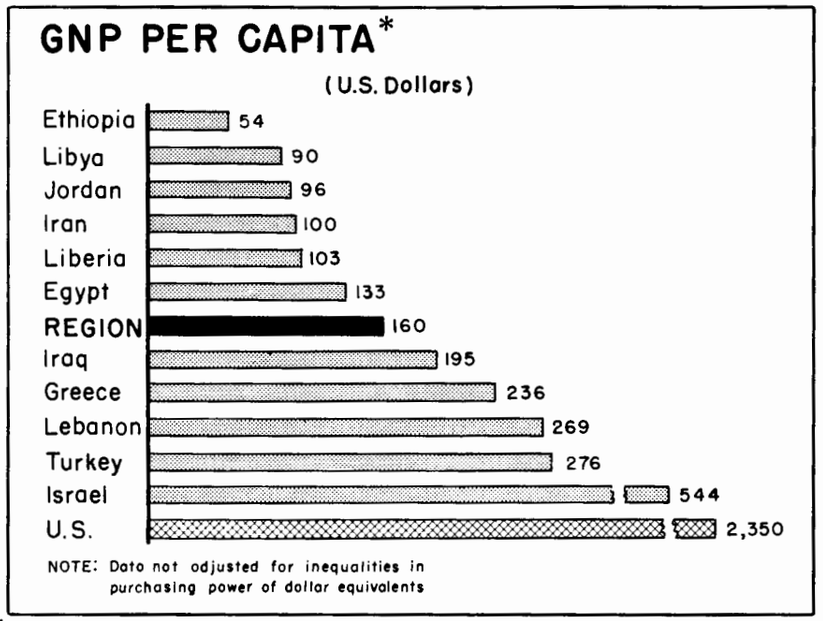
REGIONAL SCHEDULE

Comparative Summary of Programs by Functions

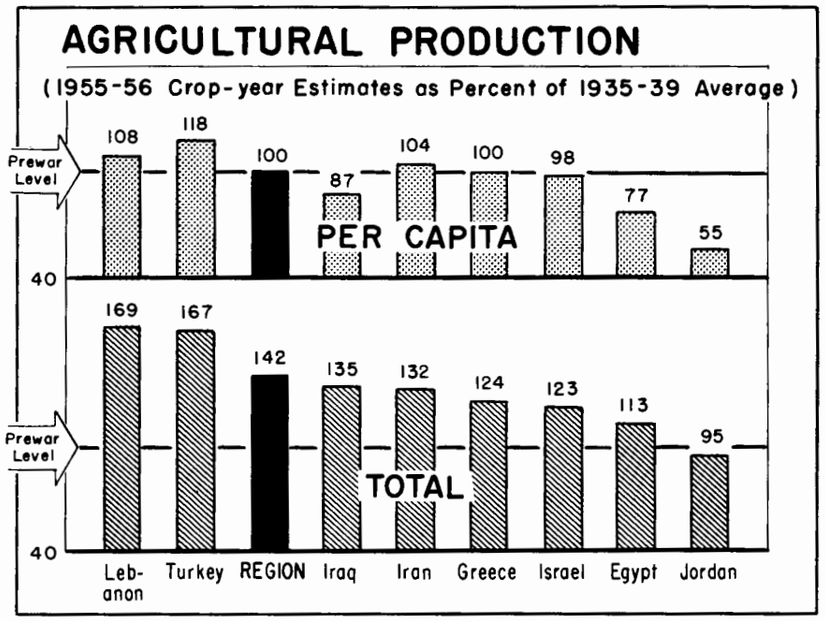
(In thousands of dollars)

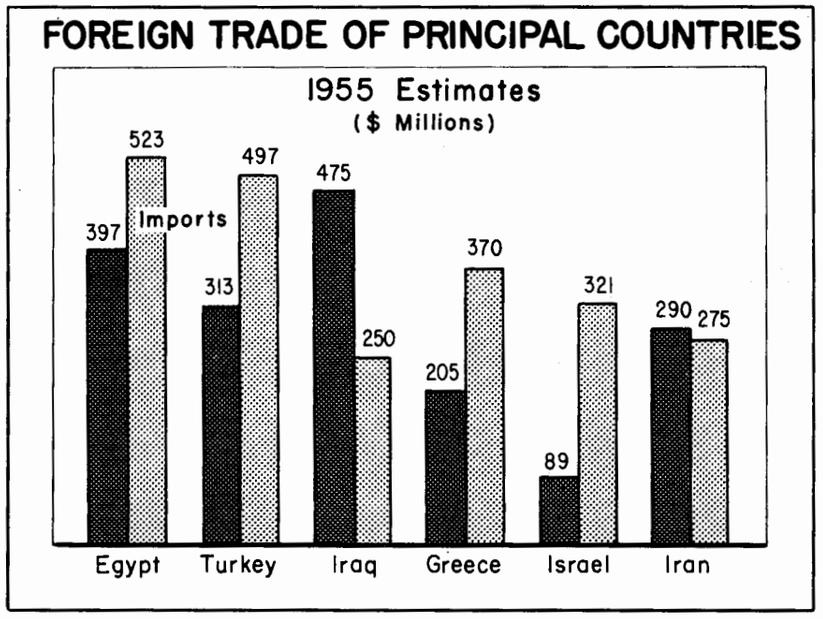
Function	Program FY 1950/56	Program FY 1956	Proposed FY 1957
Military Assistance	1,970,327	105,076	471,918
	FY 1955		
Defense Support	163,453	163,700	170,000
Development Assistance	93,699	82,600	63,000
Technical Cooperation	34,028	32,900	34,100
Other Programs	17,214	16,700	145,300
Total Programs	XX	400,976	884,318
Of Which Financed by Loan			
Defense Support	62,000	65,000	
Development Assistance	27,500	10,000	
Total Loans	89,500	75,000	
MSP Sales Surplus Agricultural Commodities			
1. Sales to This Area	46,076	45,500	43,000
2. Sales Proceeds Programmed in This Area - Total	46,076	45,500	43,000
Defense Support	27,050	26,200	25,000
Development Assistance	19,026	19,300	18,000

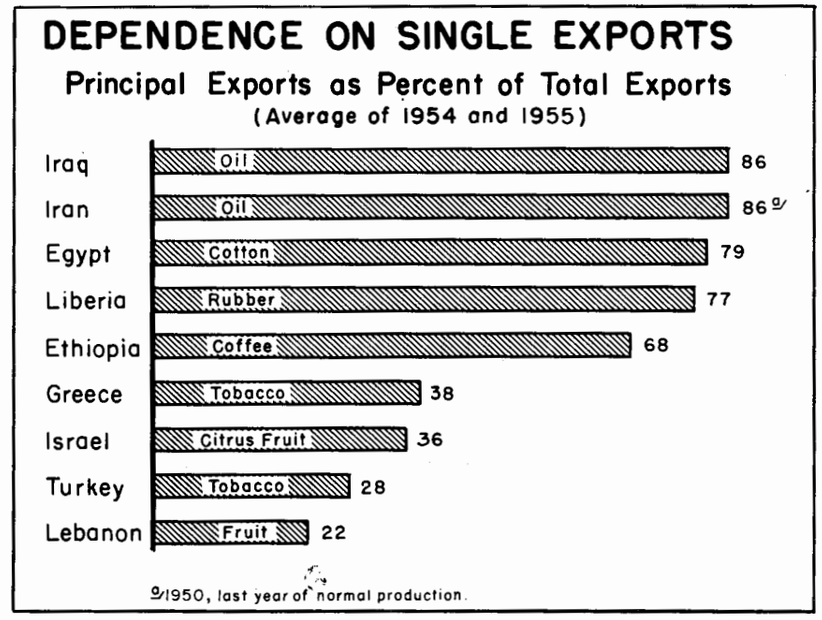
NEAR EAST & AFRICA-REGIONAL SUMMARY



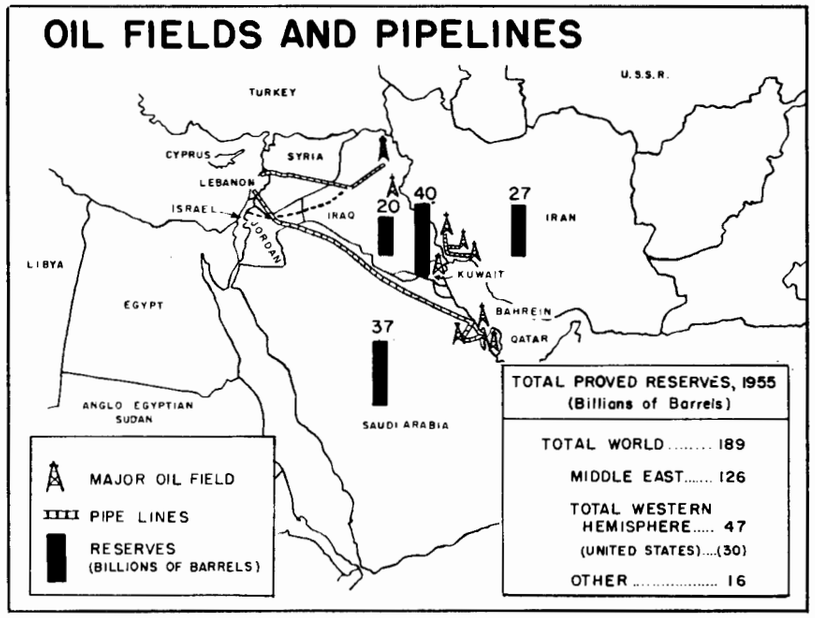
*1955 – ICA estimates

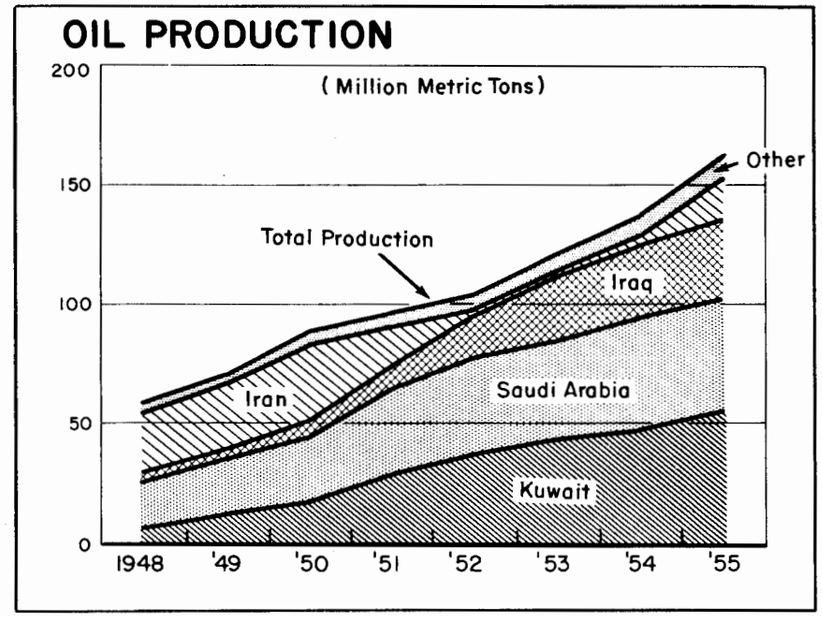


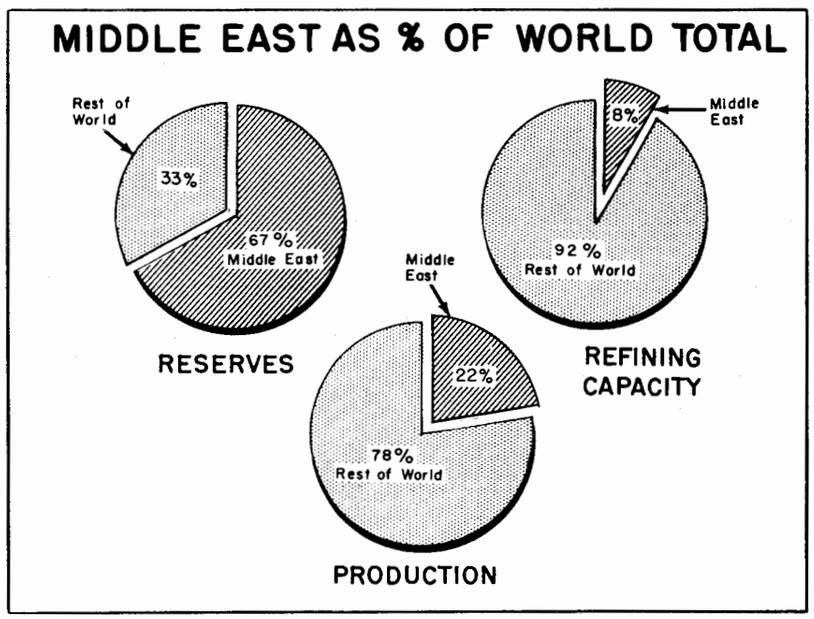


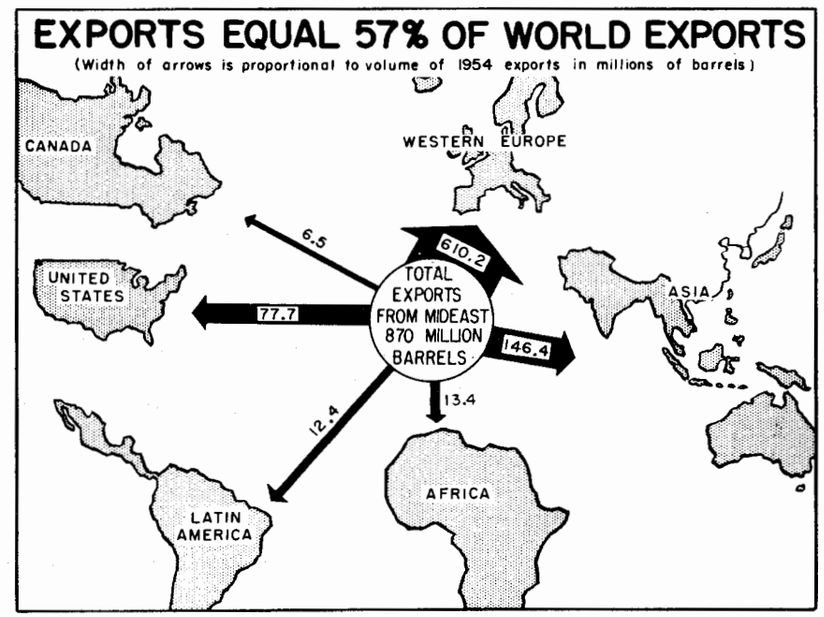


MIDDLE EAST OIL RESOURCES









Regional Narrative Statement

U.S. INTERESTS

Importance to U.S. Security

This area, including Greece, Turkey, Iran, Israel and the Arab States, and Africa with its independent states of Ethiopia, Liberia and Libya, and the dependent territories of our Western European allies, has great strategic importance, as evidenced by the centuries-long rivalries among the world powers for control of its land mass. Directly to the north, the Soviet bloc and Communist China together control one-third of the world's population and a quarter of the earth's surface, bordering the Middle East with its resources so vital to the welfare of the Free World. Here are not only manganese, chrome, mica and other minerals, but some two-thirds of the world's proved oil reserves.

Even if these natural resources did not exist, the strategic importance of the Middle East would rank high, since it is the land bridge from the Soviet countries to the North into the whole of Africa. By establishing dominating power and influence over the area, Soviet Russia would have access to the Mediterranean and the Indian Ocean, the Suez Canal, and the resources of the region to increase her war potential. Soviet control over the Middle East would be a major calamity to the Free World.

U.S. Objectives

Basic U.S. objectives in this area are to promote the development and maintenance of governments independent from Soviet domination; to foster peaceful relationships within the region; to encourage closer cooperation with the rest of the Free World in political, economic, and security matters; and to further the growth of economic strength and political stability throughout the area.

U.S. Programs

The Mutual Security Programs in the Near East and Africa proposed for FY 1957 are:

(1) Military Assistance: $471.9 million to aid in the equipping and training of military defense forces.

(2) Defense Support: $170 million for programs in Greece, Turkey and Iran to assist in the economic support of increased military defense efforts and in the development required for economic and political stability.

(3) Development Assistance: $63 million for programs in the Arab States and Israel to help accelerate present rates of economic growth in order to promote economic and political stability; a program for assistance to Palestine refugees to be funded from carryover funds from fiscal year 1956 appropriations; and a Middle East and Africa Fund of $100 million for flexible use as opportunities arise to assist in accelerating the economic development of the region.

(4) Technical Cooperation: $34.1 million to provide technical and administrative skills and demonstrate improved practices in technical fields.

MILITARY ASSISTANCE PROGRAMS

Objectives

The specific objectives of the military assistance program are to provide such military equipment, supplies and training as will contribute to the strengthening of the defense of the area, bolster the internal security of the several states, promote stability and friendly cooperation and help these countries develop a defense capacity which will make an effective regional defense arrangement possible.

Baghdad Pact

Greece and Turkey, both NATO members, are well on their way to achieving a significant degree of military

Regional Narrative Statement (Continued)

strength. Other Middle Eastern governments, aware of their weakness in defensive capabilities, are taking steps to overcome this defect. An important step in this direction was the formation of the Baghdad Pact between Turkey, Iraq, Iran, Pakistan and Great Britain, which provides for the military, political and economic cooperation of the member nations for mutual defense and security. It is expected that the cooperative measures being taken by the Baghdad Pact nations will increase their stability.

Need for Military Assistance

The Middle East countries in the Baghdad Pact are not able to finance from their own resources the build-up of military strength which would be required to constitute a reasonably effective defense against military attack. These countries, therefore, are looking to the United States to provide the major portion of military aid needed. Great Britain is contributing to this effort but cannot be expected to contribute as much as is required. It is important that the United States recognize its responsibility and its interest in providing military aid to the countries of the region aligned with us in the common defense of the Free World.

DEFENSE SUPPORT AND DEVELOPMENT ASSISTANCE PROGRAMS

Economic Problems

In much of the region, both political and economic conditions are unsettled. Its people look abroad for friendly technical help in the development of their basic resources. The Mutual Security Program includes Defense Support and Development Assistance economic programs to meet the varying economic problems faced by the countries in the Middle East and Africa. In certain cases, these programs directly support mutual defense efforts; in others, they contribute to the security of the Free World by building up an economic base from which future political and economic stability and security can be achieved.

Dire poverty characterizes most of this region. As a result, there is everywhere an almost overpowering interest in development -- making up for lost time with respect to economic progress. The impact of industrial civilization in recent years has jarred the people from the customs of centuries; through various channels less austere ways of life have been revealed. This fact and poverty have conspired to produce the social unrest that characterizes the Middle East and Africa today. The joint declaration of the President of the United States and the Prime Minister of the United Kingdom in February of 1956 was a clear affirmation of the need for economic assistance in the less developed countries "to enrich and secure their freedom."

Purpose of Assistance

The economic provisions of the Mutual Security Act undertake to aid in the preservation of stable free governments and institutions, the development of self-sustaining economies, and the removal of discriminations and restrictions impeding trade with and among the individual states. Further, the assistance provided under the Mutual Security Program provides some of the external resources re uired to assist countries in developing their internal security. Appropriations are used to enable governments to finance the additional costs involved in building up their military defense forces and are allocated to such economic development projects as will contribute to the economic growth of the country so that ultimately it may be able to bear the cost of the increased military defense establishment as well as maintain stability and economic growth.

Middle East and Africa Fund

The United States Government requires extreme flexibility in the use of all measures available to it, including the Mutual Security Program, as a means for overcoming the present threat to the security of the region and the security of the United States, represented by the Communist economic efforts in the region. For this purpose, therefore, there has been requested in this authorization a $100 million Middle East and Africa Fund to be used to further economic development as opportunities arise for effective action and as an additional means for dealing with Communist bloc penetration of the area.

Regional Narrative Statement (Continued)

TECHNICAL COOPERATION PROGRAMS

Each of the technical assistance programs in the area is designed to furnish technical advice in fields affecting the economic growth of the country concerned. It assists in establishing basic institutions in health and education, in agriculture, industry, and public administration which are necessary to bring these nations to some higher level of social and economic condition. Further, it provides a basis for economic development programs to insure their full effectiveness and increased participation by the people in the planning and execution of development programs.

SPECIAL CONSIDERATIONS

Greece, Turkey and Iran

Greek military forces are outsized in relation to the total resources of the country. It would be impossible for the Greek Government to finance the army without assistance, at the expense of its foreign exchange reserves, current rate of consumption or economic development. Greece needs continued U.S. military and economic assistance to maintain its present level of defense forces.

Turkey has made important gains in its economic growth and its military strength. The rapid pace of this effort, however, has seriously strained the country's economy. It has been apparent for many months that fiscal reforms are absolutely essential if Turkey is to become economically viable. The United States will continue to press for such fiscal reforms in Turkey. Encouraging developments have occurred recently. The Turkish Government has announced a new fiscal policy which could well bring about a stabilization of the present disturbed financial situation. It will be several years, however, before Turkey can manage its resources without external aid. Further, because of Turkey's political and strategic importance to the United States, its position in NATO as well as the Baghdad Pact, it is essential that the United States assist in maintaining fiscal stability in Turkey.

Iran's economic position, resulting largely from the settlement of the oil issue, has greatly improved since last year. Even with increasing oil revenues, the Iranian allocation of funds for normal governmental operations will not be sufficient to meet the requirements of the ordinary budget. Our political and military relationships with Iran, particularly in the light of Iran's recent accession to the Baghdad Pact, are such that the United States must continue to help Iran.

Arab States and Israel

No area in the world is more torn by internal dissension than the Middle East, and this dissension is aggravated by the efforts of the Soviet Union. It is impossible to predict the course of developments in the space of the next 12 to 18 months. If the United States makes prudent use of the resources available to it, provides help in an impartial manner, and exercises patience in treating new crises as they occur, the present unfavorable climate in the area may be improved; the Soviet penetration may be halted; and the Arab-Israeli conflict may not expand. The interests of the Free World continue to lie in promoting the economic welfare of the people in order to enable governments to settle their regional conflicts, resist subversion from within and cooperate with the other nations of the Free world in building stability and peace in the region.

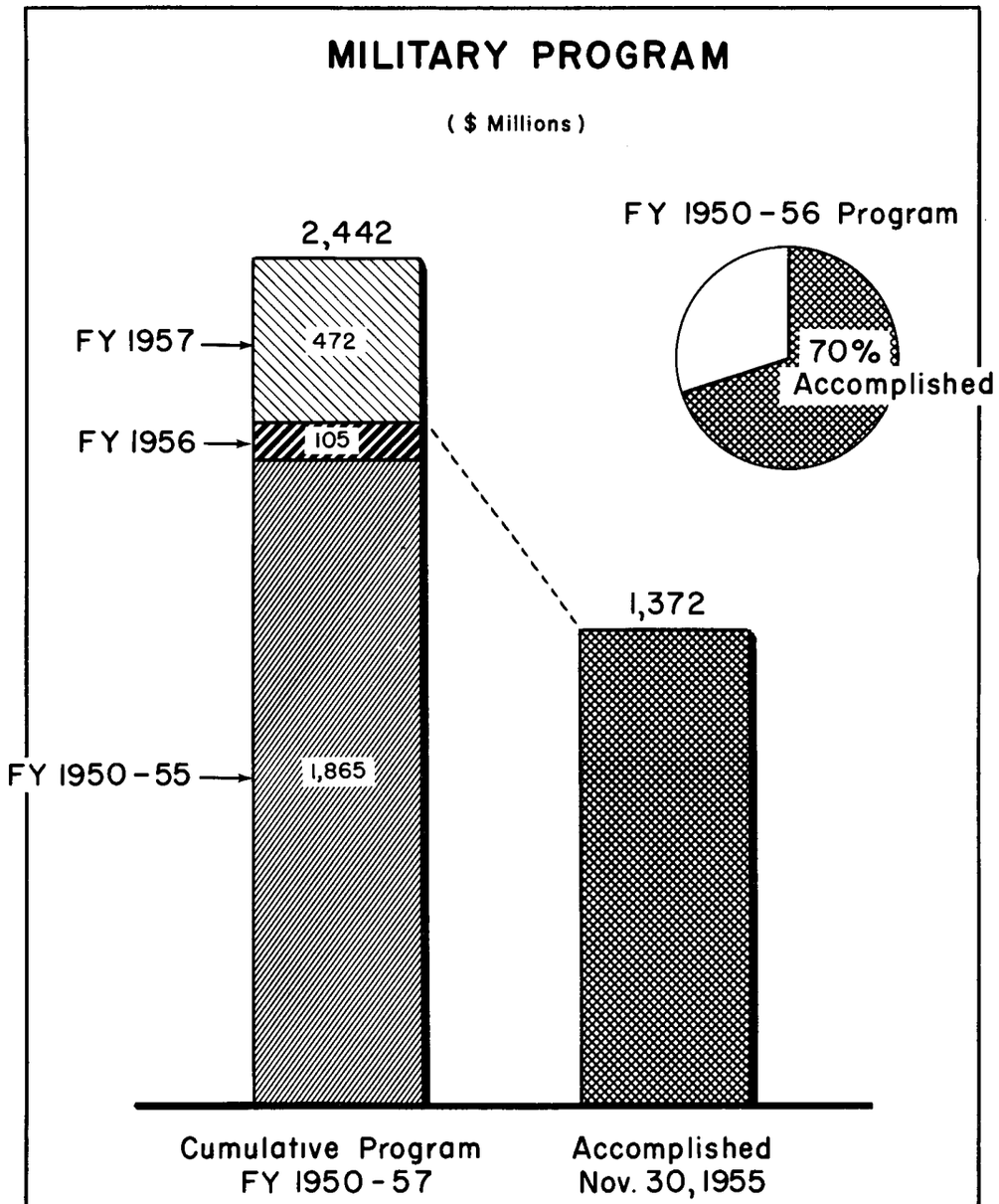
Africa

Rapid changes are now taking place in Africa. The relations of the United States with Africa are already important and will become more important in the future. The character of those relations will be greatly influenced by social, economic and political developments now taking place in the area and by the attitudes expressed toward, and assistance given to, these developments by the United States. Africa is in a period of change. The past decade's experience in

Regional Narrative Statement (Continued)

Asia, where similar changes have taken place, clearly indicates that a shift to independence does not bring with it an automatic solution to the problems of the people. The United States has a limited time in which to influence, through political and economic channels, the pattern of growth in such a way that changes now under way will follow a course which will preserve Africa's friendship for the United States and the Free World. Africa has ceased to be solely the concern of a few European countries. It has become a world problem, with Western Europe, the Arab world, India, and the United States already vitally concerned. Africa is of equal concern to the Soviet bloc. The changed tactics of Russia, which have already shown themselves in the Middle East and parts of Africa, may soon be felt in the rest of Africa as well.

NEAR EAST & AFRICA - MILITARY PROGRAM



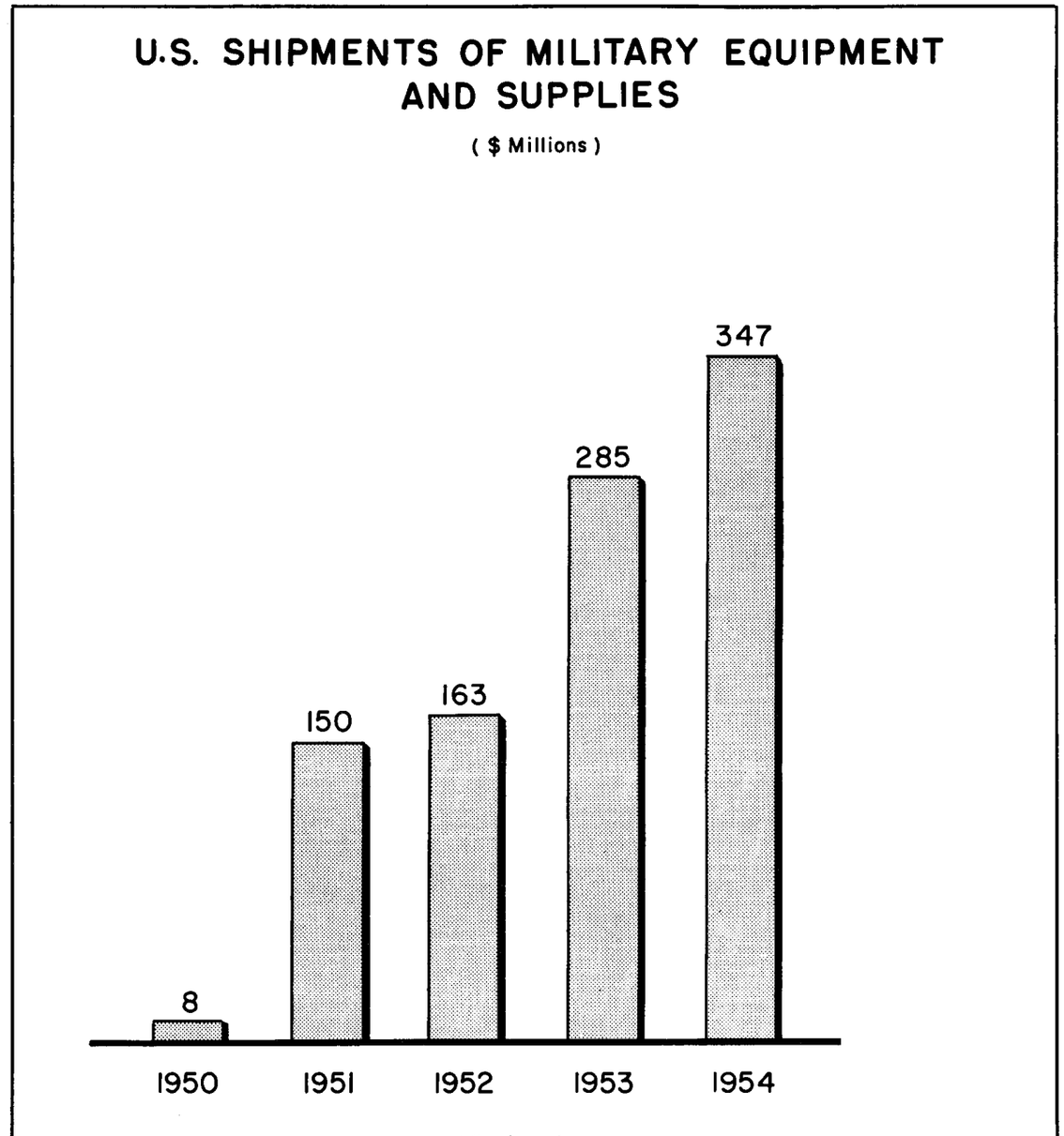


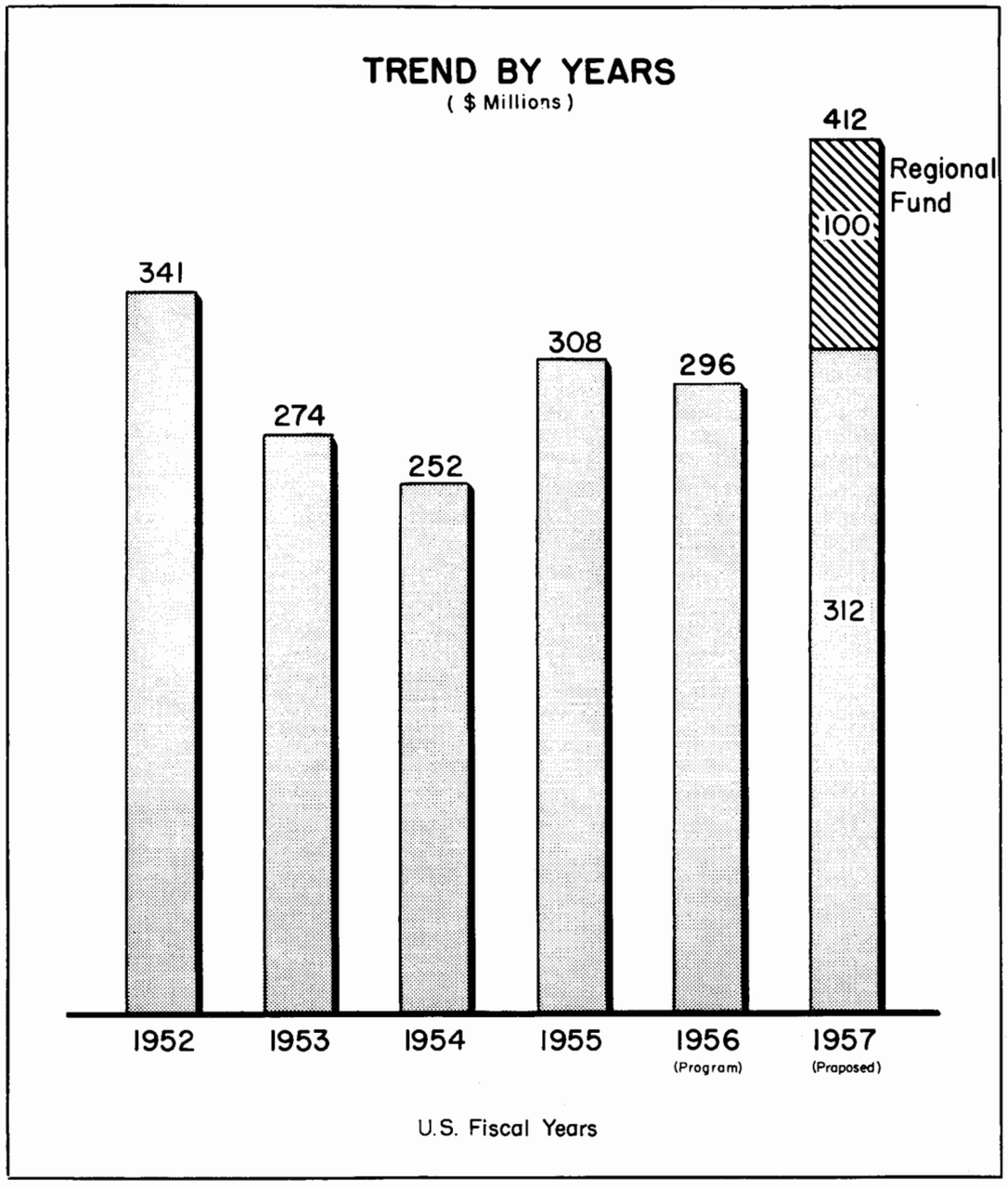
TABLE I NEAR EAST & AFRICA

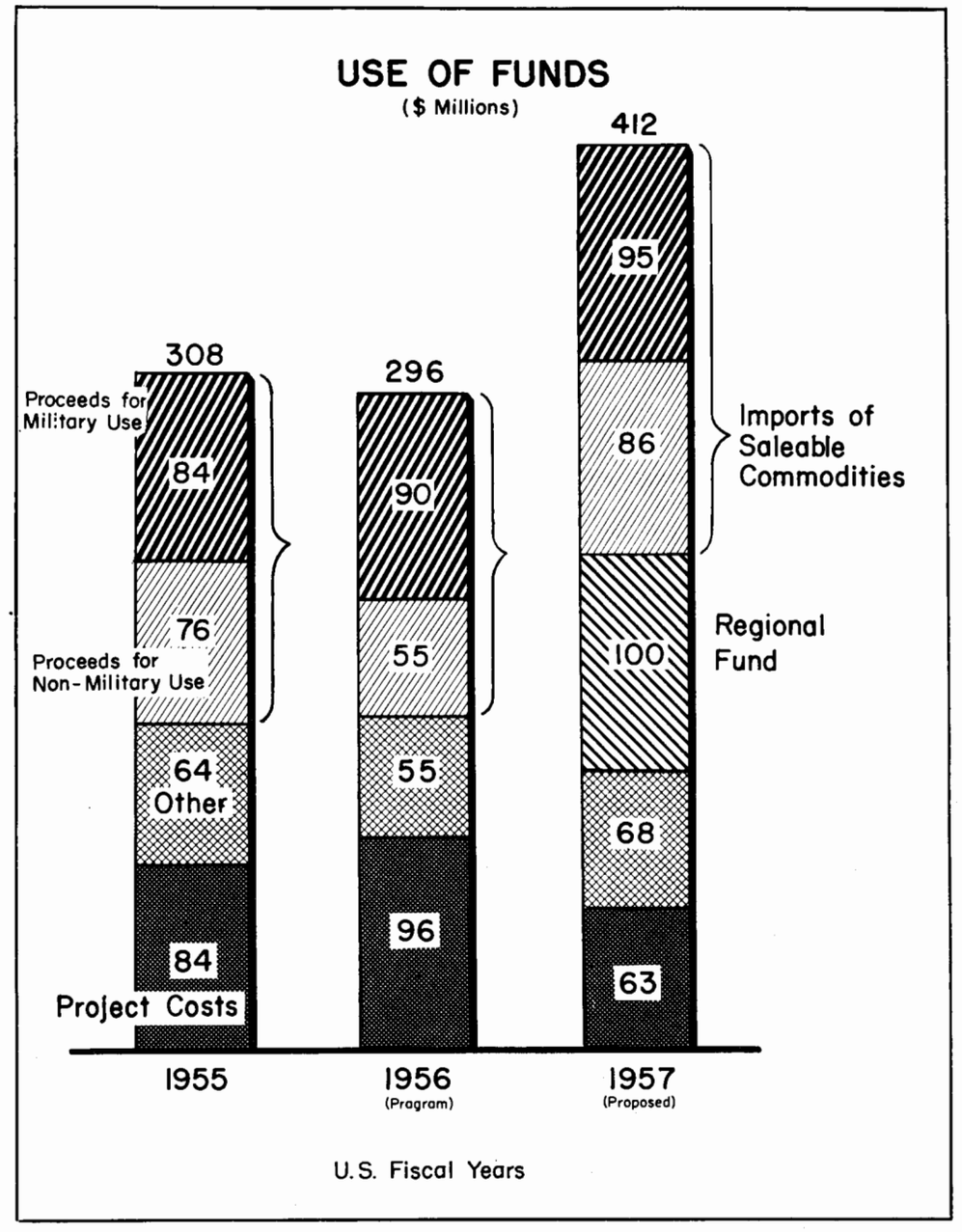
DEPARTMENT OF DEFENSE
MUTUAL DEFENSE ASSISTANCE PROGRAMS AND PERFORMANCE
VALUE BY TYPE OF ASSISTANCE AND DEPARTMENT
FISCAL YEARS 1950-56 AND PROPOSED FISCAL YEAR 1957
(In Thousands of Dollars)

TYPE OF MILITARY ASSISTANCE AND DEPARTMENT (1)	CURRENT PROGRAM			PERFORMANCE 30 NOVEMBER 1955	
	PROPOSED FY 1957 (2)	FISCAL YEAR 1956 (3)	FISCAL YEARS 1950-56 (4)	ACCOMPLISHED (5)	TO BE ACCOMPLISHED OF FY 50-56 PROGRAMS (6)
I TOTAL FOR AREA CHARGED TO APPROPRIATIONS	$ 471,918	$ 105,076	$1,970,327[a]	$1,372,178	$ 598,149[a]
Army	311,822	79,832	1,198,591	893,771	304,820
Navy	83,148	11,435	163,315	138,382	24,933
Air Force	76,948	13,809	583,421	333,740	249,681
ICA DIRECT FORCES SUPPORT	-	-	25,000	6,285	18,715
II EQUIPMENT & SUPPLIES - TOTAL	442,505	76,226	1,774,937[a]	1,202,284	572,653[a]
Army	291,064	58,201	1,098,039	811,818	286,221
Navy	81,755	10,215	146,265	122,943	23,322
Air Force	69,686	7,810	505,633[a]	261,238	244,395[a]
ICA DIRECT FORCES SUPPORT	-	-	25,000	6,285	18,715
III REPAIR & REHABILITATION OF EXCESS - TOTAL	1,877	2,331	14,304	9,841	4,463
Army	1,877	2,331	6,959	2,770	4,189
Navy	-	-	6,429	6,429	-
Air Force	-	-	916	642	274
IV TRAINING - TOTAL	8,486	7,529	40,780	33,094	7,686
Army (Distributed by Country)	5,417	3,847	15,260	10,798	4,462
Army (Area Support Costs)	-	9	9	-	9
Navy (Distributed by Country)	793	930	3,144	2,224	920
Navy (Area Support Costs)	-	-	1,369	846	523
Air Force (Distributed by Country)	2,276	1,690	18,117	16,684	1,433
Air Force (Area Support Costs)	-	1,053	2,881	2,542	339
VA PACKING, CRATING, HANDLING, TRANSPORTATION - TOTAL	19,050	18,990	107,777	94,755	13,022
Army (Distributed by Area)	13,464	15,444	78,090	68,152	9,938
Navy (Distributed by Area)	600	290	6,108	5,940	168
Air Force (Distributed by Area)	4,986	3,256	23,579	20,663	2,916
VB OTHER - TOTAL	-	-	32,529	32,204	326
Army	-	-	234	233	2
Production Equipment & Machinery (By Area)	-	-	(7)	(6)	(2)
Military Public Works (By Country)	-	-	(227)	(227)	(-)
Navy	-	-	-	-	-
Air Force	-	-	32,295	31,971	324
Military Public Works (By Country)	-	-	(32,295)	(31,971)	(324)
VI EXCESS STOCKS AT ACQUISITION COST - TOTAL (NOT CHARGED TO APPROPRIATIONS)	5,514	5,154	101,131	89,699	11,432
Army	5,514	5,154	40,771	30,628	10,143
Navy	-	-	54,847	54,847	-
Air Force	-	-	5,513	4,224	1,289

a/ Includes $2,251 AF programs for engineering change orders not distributed by country.

NEAR EAST & AFRICA – NON-MILITARY PROG.





NEAR EAST AND AFRICA

REGIONAL DISTRIBUTION OF FY 1957 PROGRAM

By Function and Country

(In thousands of dollars)

Country	Military Assistance	Defense Support	Development Assistance	Technical Cooperation	Other Programs	Total
Egypt			XX	3,800		XX
Ethiopia	XX			3,000		XX
Greece	XX	XX		1,000		XX
Iran	XX	XX		8,000		XX
Iraq	XX			2,300		XX
Israel			XX	2,000		XX
Jordan			XX	2,700		XX
Lebanon			XX	2,100		XX
Liberia				1,800		1,800
Libya			XX	2,000		XX
Turkey	XX	XX		2,000		XX
Overseas Territories				1,200		1,200
Regional and Undistributed	XX			2,200		XX
Palestine Refugee Program					45,300	45,300
Special Authorization for Middle East and Africa					100,000	100,000
Total Programs	471,918	170,000	63,000	34,100	145,300	884,318

XX Denotes that assistance is contemplated but figures have been deleted for classification purposes.

NEAR EAST AND AFRICA

REGIONAL SUMMARY (EXCLUDES MILITARY ASSISTANCE)

Summary by Major Activity Field

(In thousands of dollars)

Programs by Fiscal Year	Total Cost	Agriculture and Natural Resources	Industry and Mining	Transportation	Labor	Health and Sanitation	Education	Public Admin.	Community Development, Soc.Welfare And Housing	General and Miscellaneous	Import of Sal. Commod. L/C to be Used for: Military Activities	Import of Sal. Commod. L/C to be Used for: Non-Mil. Activities	Other Costs
Defense Support													
1955	163,453	75	3,265	767	39	811	82	71	104	3,130	84,254	28,055	42,800
1956	163,700	2,500	1,125								89,525	35,550	35,000
1957	170,000										95,000	55,000	20,000
Development Assistance													
1955	93,699	2,057	300	32,689		6,626	204					48,223	3,600
1956	82,600	56,187	100	1,948		500	150		235			20,000	3,480
1957	63,000	5,180	6,000	17,512		100	100		350			30,850	2,908
Technical Cooperation													
1955	34,028	10,665	2,779	1,464	368	3,562	6,390	1,489	2,237	5,074			
1956	32,900	8,368	3,083	2,046	521	3,805	5,384	1,533	1,847	6,313			
1957	34,100	8,359	2,973	2,647	796	3,869	5,748	2,330	2,147	5,231			
Other Programs													
1955	17,214												17,214
1956	16,700												16,700
1957	145,300												145,300
Total Programs													
1955	308,394	12,797	6,344	34,920	407	10,999	6,676	1,560	2,341	8,204	84,254	76,278	63,614
1956	295,900	67,055	4,308	3,994	521	4,305	5,534	1,533	2,082	6,313	89,525	55,550	55,180
1957	412,400	13,539	8,973	20,159	796	3,969	5,848	2,330	2,497	5,231	95,000	85,850	168,208

NEAR EAST AND AFRICA

REGIONAL SUMMARY (EXCLUDES MILITARY ASSISTANCE)

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Program by Major Cost Components							Number of People			
								Technicians (Close FY)		Participants (Programmed During FY)	
	Total Cost	Supplies and Equipment	U.S. Employed Technicians	Contract Services	Partici-pants	Other Costs	Contribution to Cooperative Services	U.S. Employed	Contract	Contract	Non-Contract
Defense Support											
1955	163,453	117,831		2,822		42,800					
1956	163,700	125,075		3,625		35,000					
1957	170,000	155,000				15,000					
Development Assistance											
1955	93,699	81,132		938	29	8,600	3,000		2		6
1956	82,600	20,879	163	468	10	58,080	3,000	9	15		2
1957	63,000	47,700	162	9,168	12	2,958	3,000	9	37		2
Technical Cooperation											
1955	34,028	2,385	11,167	9,162	3,410	5,204	2,700	809	338		897
1956	32,900	3,443	13,773	7,449	2,516	4,068	1,651	899	456	21	911
1957	34,100	2,510	15,055	8,485	2,726	4,152	1,172	1,007	517	44	941
Other Programs											
1955	17,214					17,214					
1956	16,700					16,700					
1957	145,300					145,300					
Total Programs											
1955	308,394	201,348	11,167	12,922	3,439	73,818	5,700	809	340		903
1956	295,900	149,397	13,936	11,542	2,526	113,848	4,651	908	471	21	913
1957	412,400	205,210	15,217	17,653	2,738	167,410	4,172	1,016	554	44	943

NEAR EAST AND AFRICA

REGIONAL SUMMARY (EXCLUDES MILITARY ASSISTANCE)

Summary of Commodity Imports

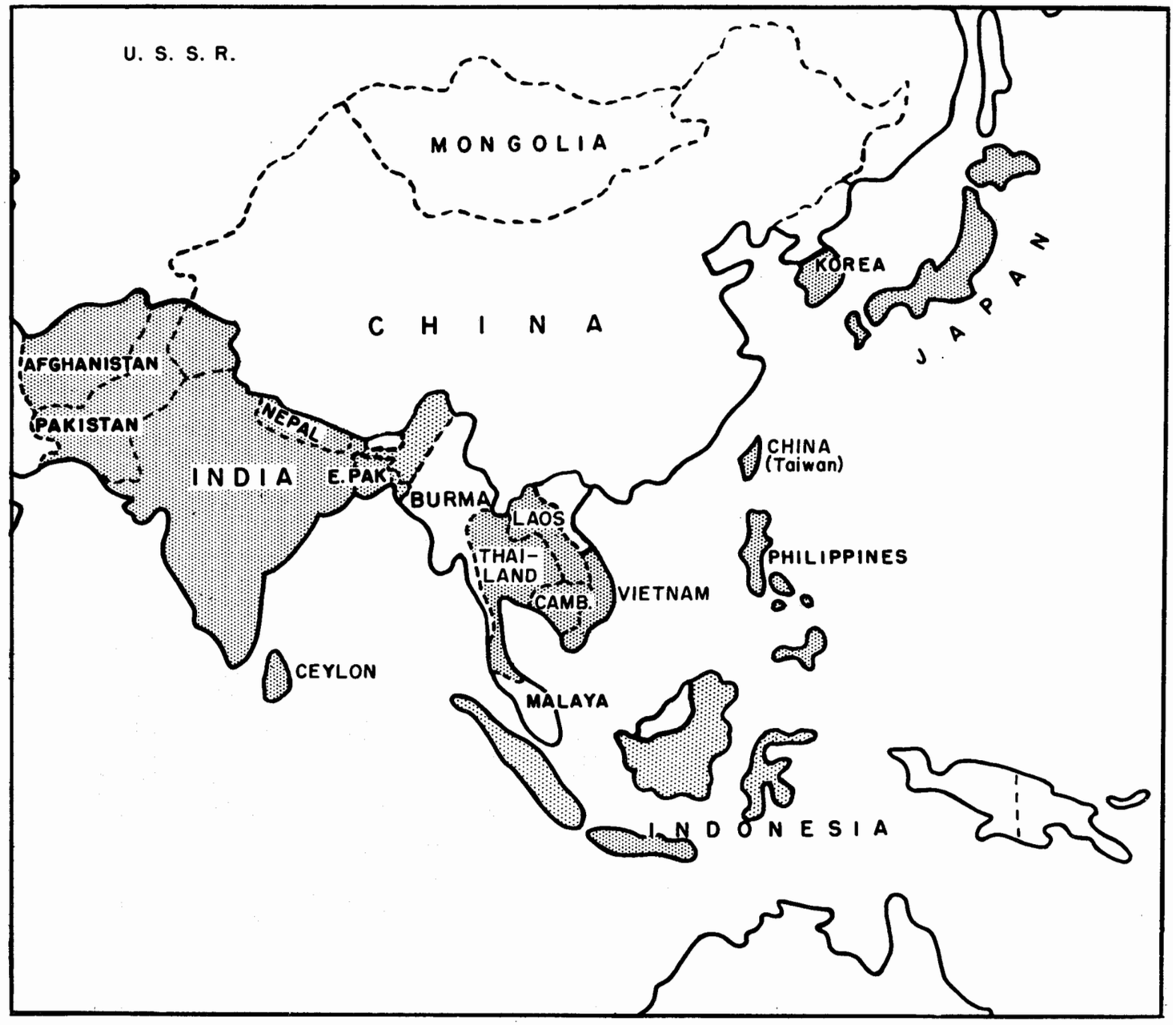
(In thousands of dollars)

Imports	Program FY 1955	Program FY 1956	Proposed FY 1957
Commodities			
Food and Agricultural Imports			
Bread Grains	41,850	26,960	32,000
Coarse Grains	2,210	1,750	2,000
Cotton	1,800	2,000	2,000
Dairy Products	300		
Fats and Oils	2,200	7,000	5,000
Wool	800	1,000	
Fibers	500	700	
Fertilizers	3,289		4,000
Sugar	7,100	7,950	5,000
Meat	1,552		
Miscellaneous	80	840	2,000
Total Food and Agricultural Imports	61,681	48,200	52,000
Industrial Imports			
Petroleum Products	4,649	2,450	3,100
Raw Materials and Semi-Finished Products	34,861	27,000	26,000
Rubber and Rubber Products	6,155	10,000	15,000
Machinery and Vehicles	66,887	31,415	43,830
Miscellaneous and Unclassified	20,015	20,514	53,770
Total Industrial Imports	132,567	91,379	141,700
Total Commodities	194,248	139,579	193,700
Ocean Freight	4,715	6,375	9,000
Total Commodity Import Program	198,963	145,954	202,700

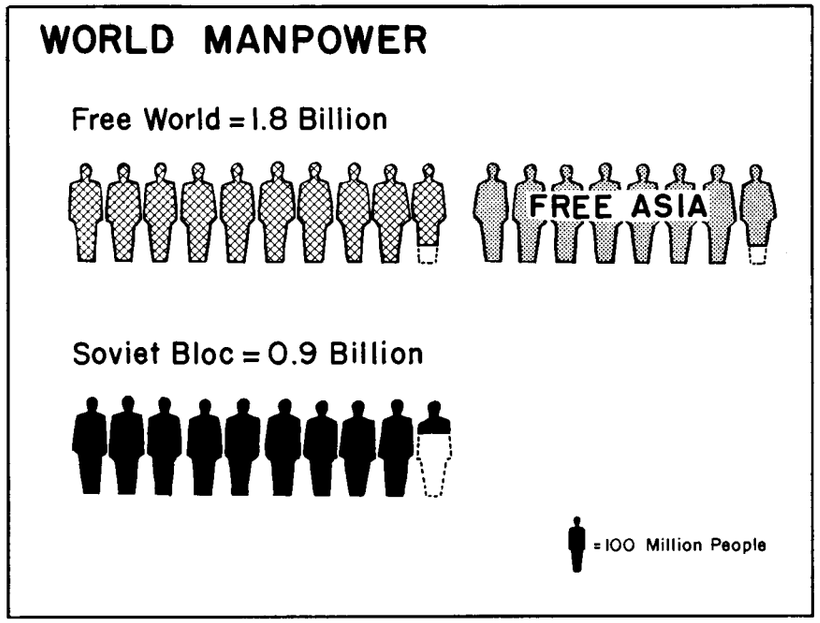
ASIA

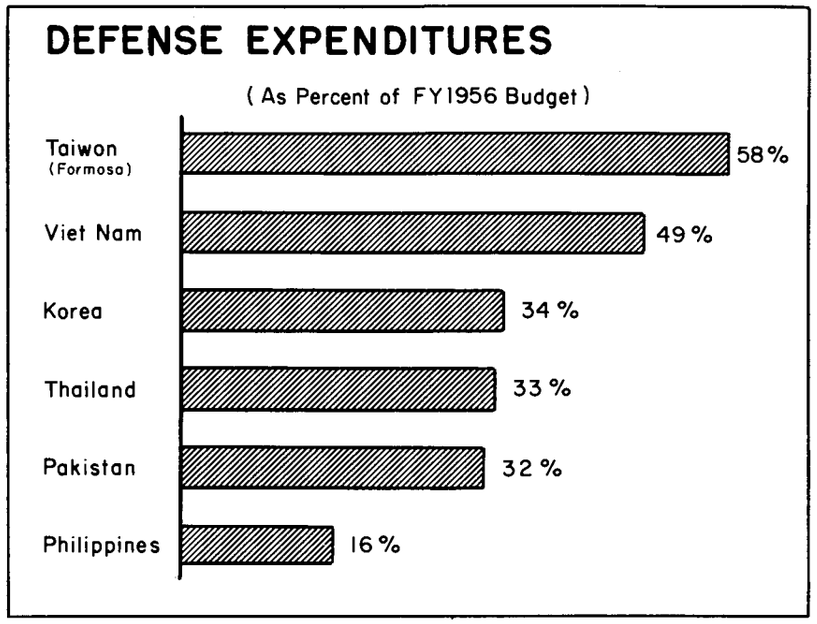
FY 1957 PROGRAM

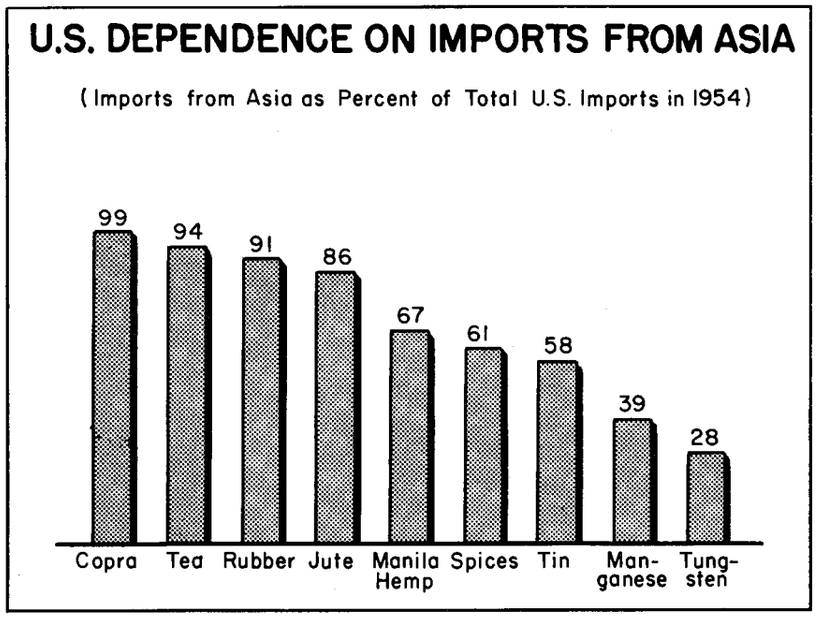
COUNTRY	TYPE OF ASSISTANCE			
	MILITARY ASSIST.	DEFENSE SUPPORT	DEVELOP. ASSIST.	TECH. COOP.
Afghanistan				●
Cambodia	●	●		●
Ceylon			●	●
China (Taiwan)	●	●		●
India			●	●
Indonesia			●	●
Japan	●			●
Korea	●	●		●
Laos	●	●		●
Nepal			●	●
Pakistan	●	●		●
Philippines	●	●		●
Thailand	●	●		●
Viet Nam	●	●		●

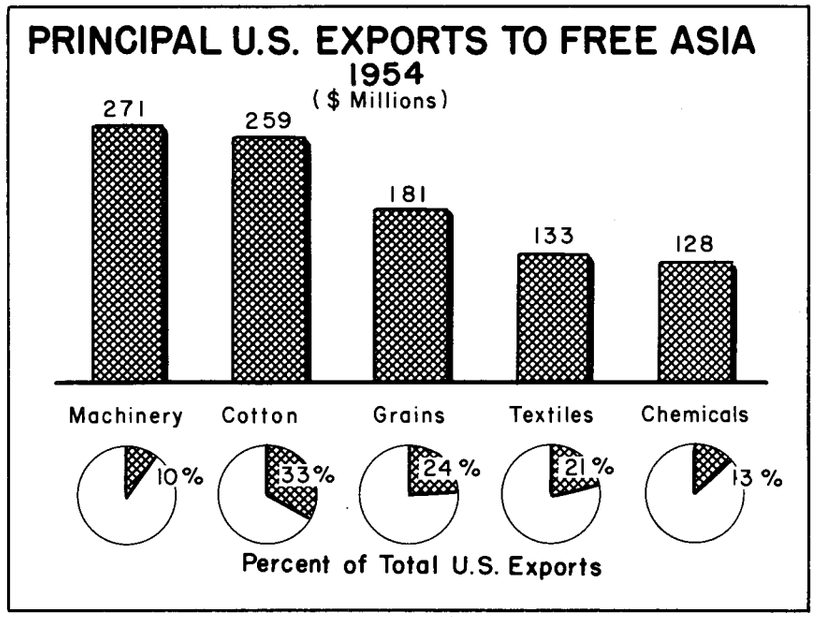


FREE ASIA'S IMPORTANCE









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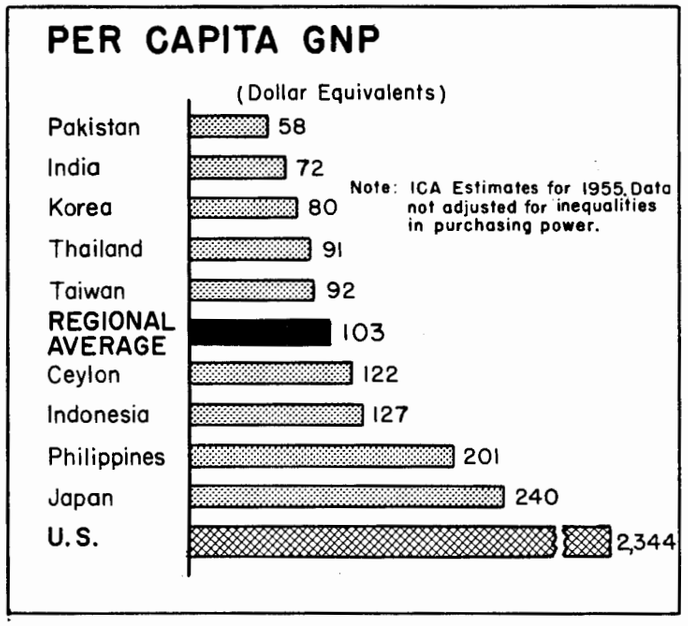
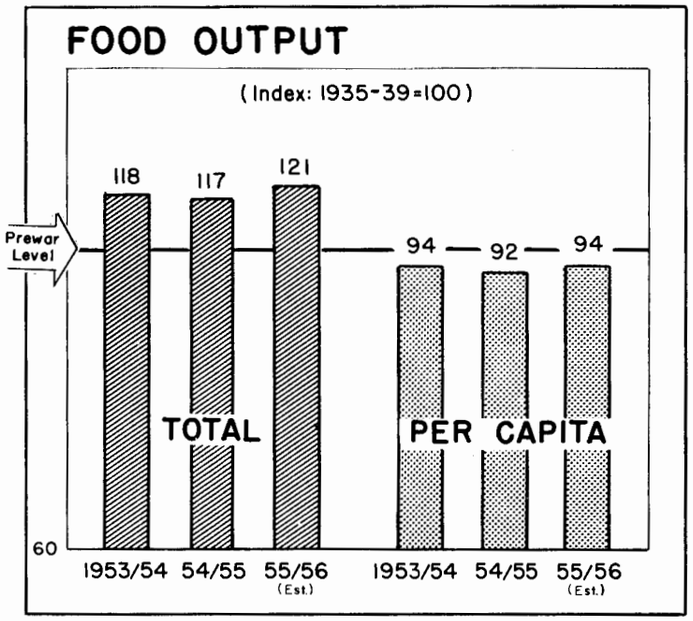
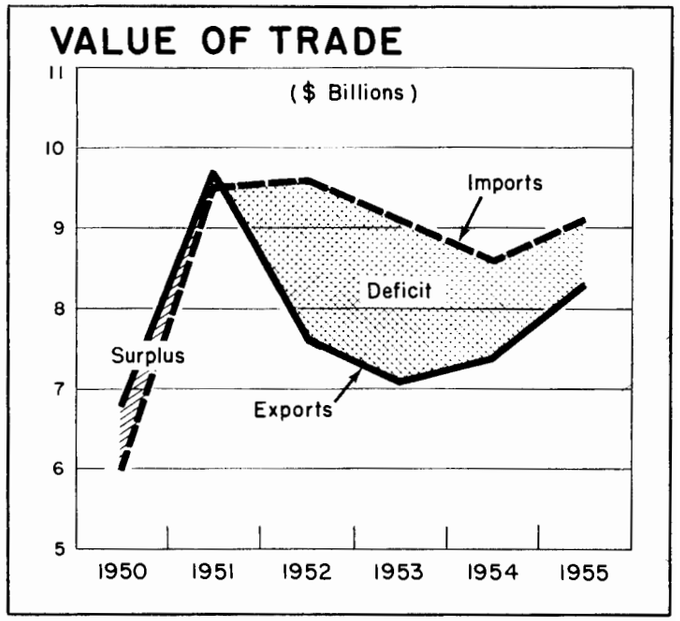
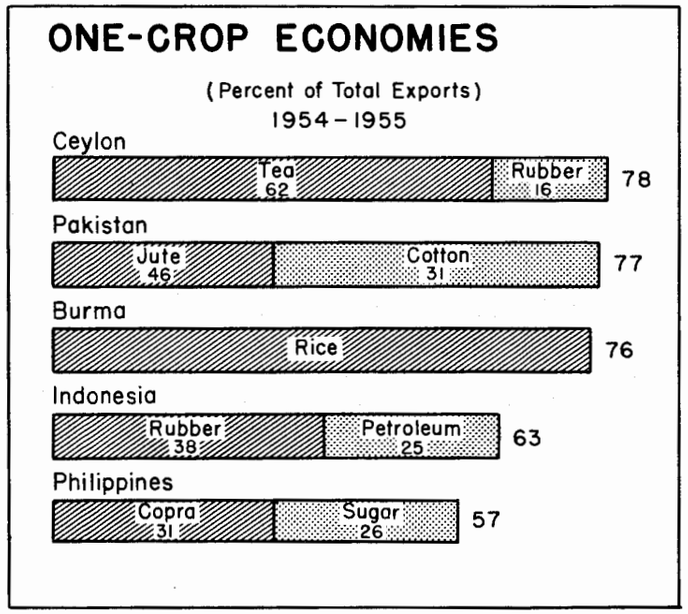
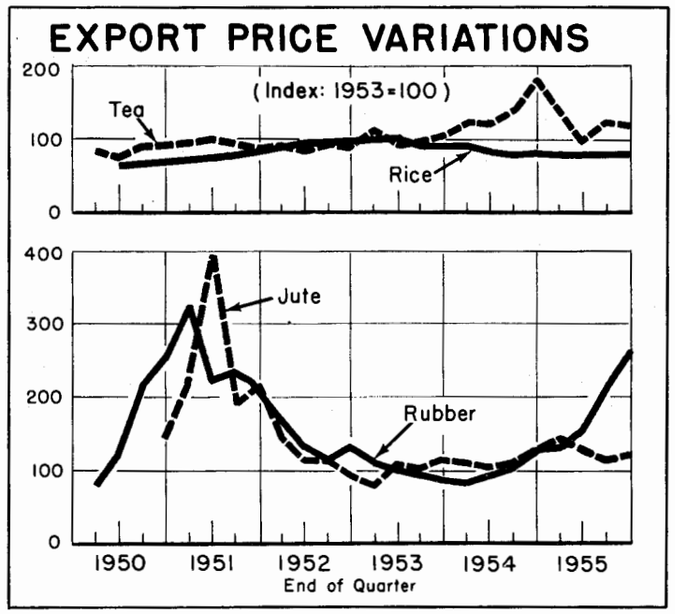
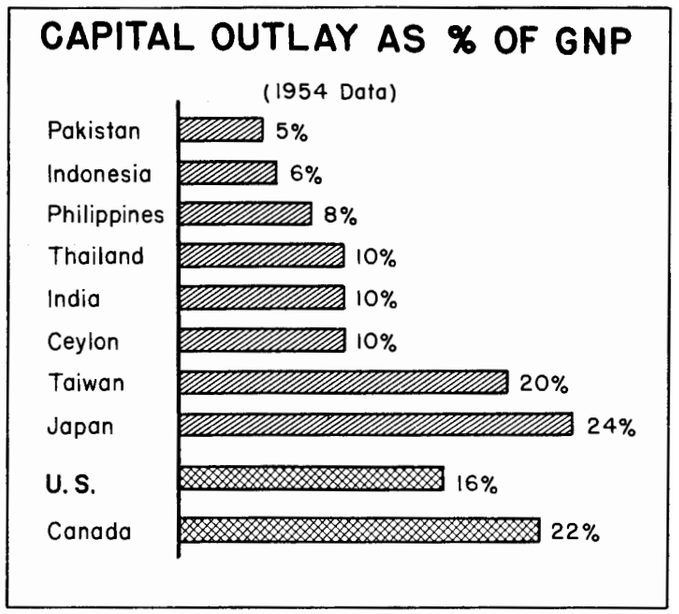












ASIA

REGIONAL SCHEDULE

Comparative Summary of Programs by Functions

(In thousands of dollars)

Function	Program FY 1950/56	Program FY 1956	Proposed FY 1957
Military Assistance	3,866,476	604,848	1,166,813
	FY 1955		
Defense Support	936,866	797,250	882,000
Development Assistance	70,500	51,000	80,000
Technical Cooperation	44,417 a/	57,100	63,250
Other Programs	10,790	40,000 b/	160,000 b/
Total Regional Program	XX	1,550,198	2,352,063
Of Which Financed by Loan			
Defense Support	40,000	96,000	
Development Assistance	45,000	37,500	
MSP Sales Surplus Agricultural Commodities			
1. Sales to Asia	106,652	133,500	147,300
2. Sales Proceeds Programmed in Asia	196,712 c/	133,500	147,300
Military Assistance	6,400	7,700	8,000
Defense Support	160,312	105,800	109,300
Development Assistance	30,000	20,000	30,000

a/ TC activities in Cambodia, Korea, Laos and Viet Nam integrated with DS program.
b/ President's Fund for Asian Economic Development.
c/ Includes (in thousands of dollars) Sec. 402 sales to France of 90,060 for the following purposes: 50,060 franc countervalue for use by Viet Nam, and 40,000 for a portion of the costs of the French Expeditionary Corps in the Associated States of Indochina.

ASIA

Regional Narrative Statement

U.S. INTERESTS

Importance of Asia to U.S. Security

The 15 independent countries of Free Asia are: Afghanistan, Nepal, Pakistan, India, Ceylon, Burma, Thailand, Cambodia, Laos, Free Viet Nam, Indonesia, the Philippines, the Republic of China on Taiwan, Japan and the Republic of Korea. All but Burma participate in the Mutual Security Program. As a group, these 15 countries:

(1) contain about 9 percent of the Free World's land area and about one-half of its population;

(2) are strategically located around the periphery of the Asian bloc of Communist countries;

(3) include the island chain which constitutes our defense line in the Pacific;

(4) lie athwart Free World air and sea communications between the Pacific and South Asia and Europe;

(5) produce 90 percent of the Free World's rubber, tea and jute, as well as tin, tungsten, manganese and chromite; the oil and rice they produce would be valuable in Communist hands;

(6) include 10 countries with a combined population of about 620 million that recently acquired independence and are now in the process of developing the political and economic framework which will shape and guide their future.

U.S. Objectives

(1) To strengthen the will and ability of Asian countries to maintain their independence in the face of threats of further Communist expansion and subversion;

(2) to give the peoples of the area a justified sense of present material progress and future hope for improved living conditions, and demonstrate that the fruits of a system based on freedom and justice are more attractive than results possible through yielding to Communist overtures; and

(3) to develop a greater degree of unity and cohesion among these Asian countries so that their individual resources and capabilities may be more effectively used in accelerating regional development.

Threats to Achieving Objectives

(1) Strong Communist armed forces in North Korea, Mainland China and North Viet Nam;

(2) Communist-supported efforts to weaken and discredit governments and gain control through subversion from within;

(3) the attractiveness of rapid progress in economic development claimed by Communist China, which started as an underdeveloped Asian country;

(4) increasing Soviet efforts to influence the area, including new offers of aid;

(5) inadequate resources to finance the cost of armed forces and keep their economies stable, and insufficient capital for development;

(6) governments without long administrative experience;

Regional Narrative Statement (Continued)

(7) a shortage of trained technical and administrative personnel.

U.S. Programs

The Mutual Security Programs in Asia provide:

(1) Military Assistance to equip and train military forces at agreed force levels.

(2) Defense Support to help relieve the economic strain of maintaining agreed force levels, contributing at the same time to the build-up of internal strength necessary to make reasonable progress toward developmental goals and improved standards of living.

(3) Development Assistance to help promote economic advancement, or otherwise to create or maintain economic or political stability, in countries not receiving U.S. Military Assistance.

(4) Technical Cooperation to provide technical and administrative skills in which countries are lacking, and demonstrate improved practices in technical fields and government administration.

Eight of the 14 countries participating in the Mutual Security Program receive U.S. aid in the forms of Military Assistance, Defense Support, and Technical Cooperation. One, Japan, receives Military Assistance and Technical Cooperation. Development Assistance and Technical Cooperation are provided to four others. Afghanistan alone participates only in Technical Cooperation.

MILITARY ASSISTANCE PROGRAMS

Program Objectives

With some variation among individual countries, it is the objective of the Military Assistance program to organize, equip, and train the armed forces of Asian nations aligned with the Free World in order to insure the maintenance of internal security and, in general, to provide limited initial resistance to overt Communist aggression.

FY 1950-56 Programs

In the face of the immediate and menacing threat, these countries, with the possible exception of Japan, are almost totally dependent militarily on assistance from the U.S. Since the inception of the aid program, they not only have remained steadfast against the common opponent but have improved their capacity for defense, almost entirely because of continuing military assistance.

Korean and Nationalist Chinese forces continue to improve their efficiency and Japanese Defense forces are steadily being adapted to meet the demands of their mission. Vietnamese forces gave a clear demonstration of their mounting effectiveness in their successful campaigns against dissident sects during the past year. In Laos, material distributed from the Indochina stockpiles provided an essential element in the successful rebuff to Communist Pathet Lao incursions. U.S. aid to Cambodia not only has bolstered the strength of its forces but also is resulting in acceptance of more efficient methods of training and organization. Thailand continues to demonstrate its ability to adapt our military doctrine and materiel to local needs. The Philippines remain closely allied to us, with armed forces equipped and trained along U.S. lines.

FY 1957 Program

The military strength of the Communists has grown steadily during the past year throughout eastern Asia. This growth includes large numbers of additional jet fighters in North Korea, more airfields and a stronger transportation network in China opposite Taiwan, and substantially larger numbers of combat solders in North Viet Nam.

To counterbalance this threat, our allies in Asia must continue to improve the organization, training and equipment of their forces. To assist them in meeting these objectives, particularly by providing new and replacement equipment, requirements for Military Assistance are substantially

Regional Narrative Statement(Continued)

larger in FY 1957 than in 1956. Without such sums, the comparative military position of our allies in Asia will decline substantially vis-a-vis Communist military power.

Outlook

With the apparent development of a Soviet plan for economic and technical penetration of free Asia, the danger of Communist penetration by means short of war will probably become much greater during the next several years. During this period, the Communists may be expected to exploit opportunities for limited geographical expansion, such as they are now attempting in northern Laos, wherever they believe this can be done without provoking general war. The inability of our allies to maintain from their own resources carefully balanced economic-military-and-political defenses against this two-pronged threat, suggests that U.S. support will be required for some years to come, if a successful defense is to be made.

DEFENSE SUPPORT

Relation to U.S. Security Objectives

Defense Support assistance:

(1) supplements the country's own budgetary resources going directly to the military forces;

(2) helps maintain the internal stability needed for sustained local support of the military effort;

(3) helps increase the efficiency of government operations and the effectiveness with which the country's own resources are used; and

(4) assists in the expansion of production in order to increase the capacity for self-support and maintain, or bring about a moderate increase in, the current level of living standards.

Economic Problems

One of the most critical economic problems of many countries receiving defense support assistance is the cost of raising and maintaining armed forces in size or composition far beyond the ability of these countries to equip and, in most instances, to support with their own resources. Situations vary from the extreme found in the case of Laos, where the entire cost must be met with U.S. aid, to the situation in the Philippines where only a small amount is required for this purpose. Countries where this problem is particularly serious are: Korea, Taiwan (Formosa), Viet Nam, Cambodia, Laos and Pakistan. Some of these countries, such as Korea and Taiwan, are spending between 60 and 80 percent of their total revenues for defense purposes. Only large amounts of external aid can prevent serious inflation and general internal deterioration.

Another major problem for the moderate, nationalist governments of these free Asian countries is their inability, without external aid, to sustain a rate of economic growth sufficient to fulfill the economic expectations of their people. Basically, their difficulties are generally traceable to a heavy and growing pressure of population on resources and excessive dependence on the production of a few raw materials and agricultural products for sale in world markets at widely fluctuating prices. To maintain even present consumption levels, these economies must expand and diversify.

Contrary to experience in other parts of the world, countries in free Asia have made only limited progress in improving material well-being over prewar levels; about 10 percent of the world's production is available in this area for one-third of the world's population. In sharp contrast to their comparatively slow rates of economic progress, the free Asian nations observe the emergence of Communist China and the USSR from underdeveloped countries to major world powers. In this situation, it is difficult to counter the appeal of radical solutions to their problems with measures that result in little more than maintenance of the status quo.

Regional Narrative Statement (Continued)

FY 1957 Program

It is recommended that $882 million of Defense Support assistance be provided to countries of Asia in FY 1957, in furtherance of the purposes and to meet the problems enumerated above. Of this total, $649.3 million will serve to provide local currency needed to defray internal costs, largely through the sale of U.S. surplus agricultural and other commodities which help to relieve local supply shortages and control inflation; $232.7 million will finance the dollar cost of supplies, equipment and essential services for direct use in projects.

The planned use of these funds is approximately as follows:

(1) $404.5 million of local currency, or about 45 percent of the total requested for FY 1957, for support of military budgets, including such items as troop pay, allowances, food and facilities construction. In FY 1956, this form of assistance was the major factor which made possible the maintenance of between 1-1/2 and 2 million armed men without serious internal economic dislocations. The bulk of such assistance in FY 1957 will be provided to Viet Nam, Korea, Taiwan (Formosa), Cambodia, Laos and Pakistan.

(2) $477.5 million, in both direct dollar and local currency assistance, that provide support to the military effort and promote economic and social advancement by expanding productive facilities and improving essential public services.

About 30 percent of the total will be used to rehabilitate and expand roads, harbors, airports, communications facilities, railroads, and electric power. Such facilities often open up economically remote areas or provide a base for productive expansion impossible under present conditions. They are also important in building up armed forces in time of peace, and the mobility, communications and energy they provide would be important in time of war. Projects of this kind are a significant part of the program in all countries receiving Defense Support assistance, but they are particularly important in the programs for Cambodia, Laos and Thailand.

An additional 35 percent of the total will be used for projects in such fields as industry, mining, irrigation and flood control, which serve directly to increase productive capabilities. By enlarging capacity for self-support, they contribute to economic stability, add to the country's security, and provide tangible evidence of progress, so important in these Asian countries. Such projects figure prominently in the Korean program, as part of the aid given for reconstruction, and in the programs for Pakistan, the Philippines and Taiwan as well.

The remaining 35 percent of the funds in this category will serve to stimulate agricultural production, by means other than new investment -- most notably low-interest credit; and will provide locally available and imported supplies, equipment and necessary services to improve a variety of public services, such as education, health, community development and police. Such activities serve the important function of bringing aid directly to the people, and of increasing the economic and political effectiveness of other types of assistance. Aid to President Magsaysay's program of rural development in the Philippines, and to the program of the Sino-American Joint Commission on Rural Reconstruction in Taiwan are significant examples of the beneficial effects derived from such support.

DEVELOPMENT ASSISTANCE

Need for Program

Because all four countries for which Development Assistance is requested -- India, Ceylon, Indonesia and Nepal -- are oppressed with extremely low standards of living, internal pressures for accelerated economic development are intense. Moderate, progressive governments in these countries, which are on trial to produce tangible results, have uniformly begun ambitious development programs. These plans, however, depend for their success on substantial assistance to help finance external and internal costs. In India, a small amount of Soviet aid has already been accepted, and some offers are known to have been made to Indonesia.

Regional Narrative Statement (Continued)

Development Assistance, therefore, is needed primarily to: (1) support the efforts of these governments in their attempts to satisfy the aspirations of their people for higher living standards; (2) make Soviet and Chinese Communist advances less attractive by demonstrating the interest of the U.S. in countries with which it does not have military pacts.

FY 1957 Program

It is recommended that a total of $80 million in Development Assistance be provided in FY 1957 to the four countries listed above. Almost 90 percent of this total is proposed for India, where the government is about to embark on a second five-year plan which will require about $1.7 billion in external aid. Projects to be continued with FY 1957 funds include grain storage, water supply and power development, road improvement, lignite development, and malaria and filaria control.

Funds requested for Indonesia will be confined to two projects: malaria control and police training. Should developments during FY 1957 warrant developmental assistance to countries in the area not now receiving such aid, it is proposed that such requirements be met from the President's Fund for Asian Economic Development.

TECHNICAL COOPERATION

Need for Program

Internal resources, which are modest in some countries and vast in others, economic assistance from the U.S. and other sources, and earnest governmental intentions are not likely by themselves to bring about the economic, political and social progress for which most Asian nations aspire. Such progress is dependent in large part on more efficient use of all resources, human and material, through a wide variety of modern technical methods. Asia's people are seriously deficient in these skills for a number of reasons, which range from their exclusion from responsible positions by former colonial powers, to relative isolation from the influence of the other nations of the Free World. As a result, productivity is low, new investment is discouraged, endemic diseases still pervade some areas, educational levels are inadequate, and government operations and the execution of the U.S. aid programs are slower and less efficient than is desirable.

For these reasons, Technical Cooperation assistance is needed: (1) to aid with economic development through training and demonstration in agricultural, health, educational, industrial, administrative and other technical skills; and (2) to increase the skills required to make other U.S. assistance more effective, and its impact more durable.

FY 1957 Program

For Technical Cooperation assistance to all 14 nations of Asia participating in the Mutual Security Program, $63.25 million is requested for FY 1957. Costs of U.S. technicians, participant training, and contract services account for almost three-quarters of the total. The balance is largely for demonstration supplies and equipment.

For the region as a whole, almost 60 percent of the funds requested will be used to improve education, and agricultural and industrial productivity. During the past year, increasing emphasis has been given to public administration, including police training in a number of countries.

India, Pakistan and Indonesia will require almost 45 percent of the total funds recommended for FY 1957. In India, assistance will be devoted primarily to increasing food production and industrial productivity, and to improving educational practices. The program in Indonesia will give major attention to agricultural extension and other devices for increasing farm productivity, mining and engineering advisory services, and police training. More than half of the assistance proposed for Pakistan will provide agricultural demonstration and training, and improve public health practices.

ASIA

REGIONAL DISTRIBUTION OF FY 1957 PROGRAM

By Function and Country

(In thousands of dollars)

Country	Military Assistance	Defense Support	Development Assistance	Technical Cooperation	Other Programs	Total
South Asia						
Afghanistan				3,000		3,000
Ceylon			5,000	1,000		6,000
India			70,000	10,000		80,000
Nepal			1,000	1,000		2,000
Pakistan	XX	XX		9,000		XX
Undistributed by Country	XX	XX				XX
Subtotal	140,217	90,000	76,000	24,000		330,217
Far East						
Cambodia	XX	XX		2,500		XX
China (Taiwan)	XX	86,000		3,400		XX
Indonesia			4,000	8,000		12,000
Japan	XX			2,850		XX
Korea	XX	300,000		5,500		XX
Laos	XX	XX		1,500		XX
Philippines	XX	25,000		5,900		XX
Thailand	XX	30,000		4,600		XX
Viet Nam	XX	XX		5,000		XX
Undistributed by Country	XX					XX
Subtotal	1,026,596	792,000	4,000	39,250		1,861,846
President's Fund for Asian Economic Development					160,000	160,000
TOTAL PROGRAM	1,166,813	882,000	80,000	63,250	160,000	2,352,063

XX - Denotes that assistance is contemplated but figures have been deleted for classification purposes.

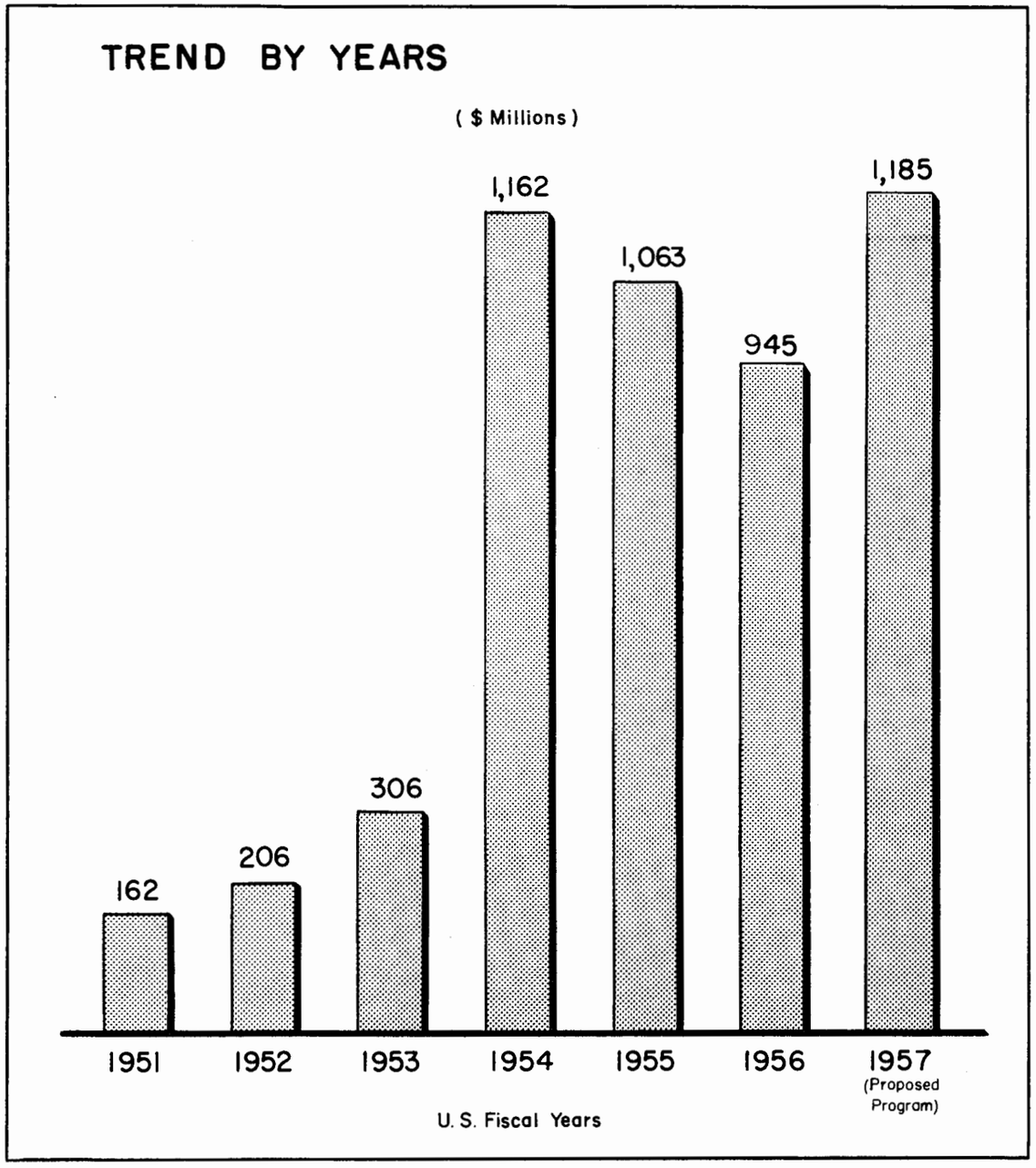
TABLE I ASIA & THE PACIFIC

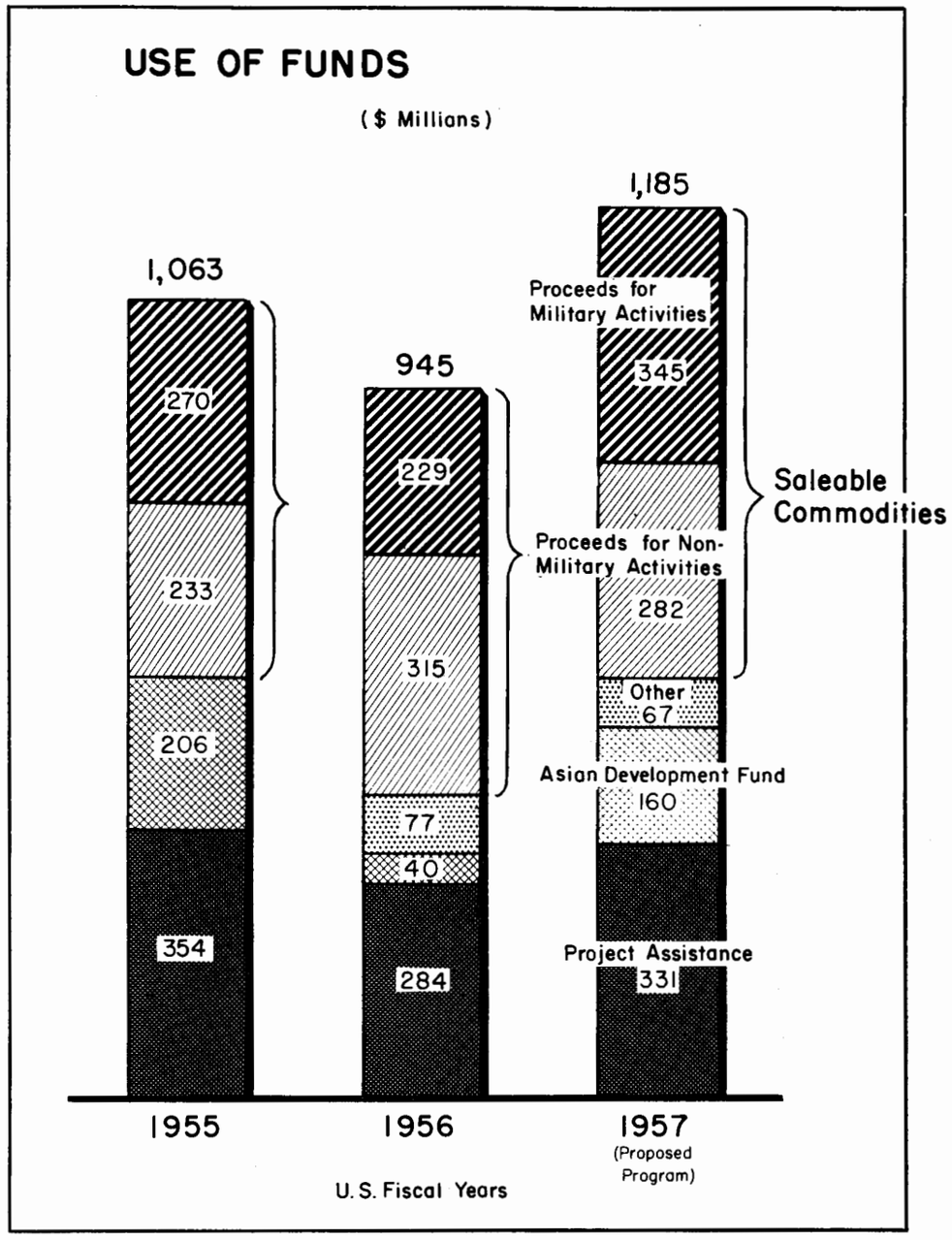
DEPARTMENT OF DEFENSE
MUTUAL DEFENSE ASSISTANCE PROGRAMS AND PERFORMANCE
VALUE BY TYPE OF ASSISTANCE AND DEPARTMENT
FISCAL YEARS 1950-56 AND PROPOSED FISCAL YEAR 1957
(In Thousands of Dollars)

	TYPE OF MILITARY ASSISTANCE AND DEPARTMENT (1)	CURRENT PROGRAM			PERFORMANCE 30 NOVEMBER 1955	
		PROPOSED FY 1957 (2)	FISCAL YEAR 1956 (3)	FISCAL YEARS 1950-56 (4)	ACCOMPLISHED (5)	TO BE ACCOMPLISHED OF FY 50-56 PROGRAMS (6)
I	TOTAL FOR AREA CHARGED TO APPROPRIATIONS	$1,166,813	$604,848	$3,866,476[a]	$2,402,136	$1,464,340[a]
	Army	880,505	497,794	2,156,554	1,486,956	669,598
	Navy	143,957	65,834	467,347	310,193	157,154
	Air Force	142,351	41,220	1,155,670	541,470	614,200
	ICA DIRECT FORCES SUPPORT	-	-	86,905	63,517	23,388
II	EQUIPMENT & SUPPLIES - TOTAL	1,076,861	515,247	3,531,684[a]	2,160,779	1,370,905[a]
	Army	823,007	448,304	1,978,769	1,361,872	616,897
	Navy	134,875	52,402	422,916	276,525	146,391
	Air Force	118,979	14,541	1,043,094[a]	458,865	584,229[a]
	ICA DIRECT FORCES SUPPORT	-	-	86,905	63,517	23,388
III	REPAIR & REHABILITATION OF EXCESS - TOTAL	1,588	2,551	31,521	27,049	4,472
	Army	1,588	1,151	6,274	5,022	1,252
	Navy	-	1,400	12,424	11,080	1,344
	Air Force	-	-	12,823	10,947	1,876
IV	TRAINING - TOTAL	43,294	42,606	92,677	57,016	35,661
	Army (Distributed by Country)	20,996	18,288	40,416	22,976	17,440
	Army (Area Support Costs)	30	79	79	-	79
	Navy (Distributed by Country)	3,882	7,012	13,586	8,892	4,694
	Navy (Area Support Costs)	-	-	1,234	499	735
	Air Force (Distributed by Country)	17,151	13,136	32,591	23,572	9,019
	Air Force (Area Support Costs)	1,235	4,091	4,771	1,077	3,694
VA	PACKING, CRATING, HANDLING, TRANSPORTATION - TOTAL	45,070	34,979	192,499	148,744	43,755
	Army (Distributed by Area)	34,884	20,592	121,251	96,668	24,583
	Navy (Distributed by Area)	5,200	5,020	17,187	13,197	3,990
	Air Force (Distributed by Area)	4,986	9,367	54,061	38,879	15,182
VB	OTHER - TOTAL	-	9,465	18,095	8,548	9,547
	Army	-	9,380	9,765	418	9,347
	Production Equipment & Machinery (By Area)	-	(-)	(385)	(418)	(-33)
	Military Public Works (By Country)	-	(9,380)	(9,380)	(-)	(9,380)
	Navy	-	-	-	-	-
	Air Force	-	85	8,330	8,130	200
	Military Public Works (By Country)	-	(85)	(8,330)	(8,130)	(200)
VI	EXCESS STOCKS AT ACQUISITION COST - TOTAL (NOT CHARGED TO APPROPRIATIONS)	2,422	3,505	195,065	149,786	45,279
	Army	2,422	2,543	84,033	65,219	18,814
	Navy	-	962	37,290	24,745	12,545
	Air Force	-	-	73,742	59,822	13,920

a/ Includes $9,591 AF program for jet engine overhaul and engineering change orders not distributed by country.

ASIA - NON-MILITARY PROGRAM





ASIA

REGIONAL SUMMARY (EXCLUDES MILITARY ASSISTANCE)

Summary by Major Activity Field

(In thousands of dollars)

Programs by Fiscal Year	Total Cost	Agriculture and Natural Resources	Industry and Mining	Transportation	Labor	Health and Sanitation	Education	Public Admin.	Community Development, Soc. Welfare and Housing	General and Miscellaneous	Import of Sal. Commod. L/C to be Used for: Military Activities	Import of Sal. Commod. L/C to be Used for: Non-Mil. Activities	Other Costs
Defense Support													
1955	936,866	20,604	73,378	99,501	5	8,500	1,193	3,744	27,031	24,705	270,019	213,005	195,181 a/
1956	797,250	27,959	68,628	58,057		12,716	3,800	2,591	18,388	8,541	228,850	291,110	76,610 b/
1957	882,000	35,172	81,023	68,320		13,125	3,070	8,190	15,674	8,091	344,470	238,365	66,500
Development Assistance													
1955	70,500		11,800	28,500		10,000		200				20,000	
1956	51,000	6,000	3,000	14,000		3,260			100	640		24,000	
1957	80,000	4,750	10,750	6,000		12,830		1,500	170	500		43,500	
Technical Cooperation													
1955	44,417	12,786	4,988	2,512	1,053	7,440	6,827	3,278	1,717	3,816			
1956	57,100	11,729	11,034	3,157	915	4,953	11,967	4,880	2,128	6,337			
1957	63,250	12,801	10,012	2,829	1,405	6,122	14,515	5,559	2,544	7,463			
Other Programs													
1955	10,790 c/												10,790 c/
1956	40,000 d/												40,000 d/
1957	160,000 d/												160,000 d/
Total Programs													
1955	1,062,573	33,390	90,166	130,513	1,058	25,940	8,020	7,222	28,748	28,521	270,019	233,005	205,971
1956	945,350	45,688	82,662	75,214	915	20,929	15,767	7,471	20,616	15,518	228,850	315,110	116,610
1957	1,185,250	52,723	101,785	77,149	1,405	32,077	17,585	15,249	18,388	16,054	344,470	281,865	226,500

a/ Includes (in thousands of dollars) 184,690 direct dollar transfers in Far East programs and 10,491 transferred to Department of Defense for Civilian Relief in Korea (CRIK) and Armed Forces Assistance to Korea (AFAK) programs.

b/ Includes (in thousands of dollars) 72,060 direct dollar transfers in Far East programs and 4,500 for flood relief and transportation costs of P.L. 480 commodities to Pakistan.

c/ Includes (in thousands of dollars) 1,614 for flood relief in Nepal, 135 for flood relief in India, 5,541 for flood relief and transportation costs of P.L. 480 commodities to Pakistan, 2,000 for nuclear tests, 1,200 for exchange of persons, and 300 for special programs.

d/ President's Fund for Asian Economic Development.

ASIA

REGIONAL SUMMARY (EXCLUDES MILITARY ASSISTANCE)

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Program by Major Cost Component: Total Cost	Supplies and Equipment	U.S. Employed Technicians	Contract Services	Participants	Other Costs	Number of People: Technicians (Close FY): U.S. Employed	Technicians (Close FY): Contract	Participants (Programmed During FY): Contract	Participants (Programmed During FY): Non-Contract
Defense Support										
1955	936,866	697,227	3,287	18,278	1,468	216,606 a/	269	54	19	394
1956	797,250	697,484	4,711	19,889	1,014	74,152 a/	408	489		1,314
1957	882,000	782,426	6,566	24,757	1,300	66,951	560	560		1,302
Development Assistance										
1955	70,500	70,500								
1956	51,000	50,540		125		335		1		
1957	80,000	78,450		1,075		475		17		
Technical Cooperation										
1955	44,417	16,989	6,894	12,516	5,447	2,571	524	337	115	1,153
1956	57,100	11,981	12,905	19,532	8,655	4,027	908	705	169	2,321
1957	63,250	12,478	15,458	21,285	10,061	3,968	1,004	743	184	2,490
Other Programs										
1955	10,790 b/	4,809				5,981				
1956	40,000 c/					40,000 c/				
1957	160,000 c/					160,000 c/				
Total Programs										
1955	1,062,573	789,525	10,181	30,794	6,915	225,158	793	391	134	1,547
1956	945,350	760,005	17,616	39,546	9,669	118,514	1,316	1,195	169	3,635
1957	1,185,250	873,354	22,024	47,117	11,361	231,394	1,564	1,320	184	3,792

a/ Includes (in thousands of dollars) direct dollar transfers in Far East programs as follows: FY 1955 - 184,690; FY 1956 - 72,060.

b/ Includes (in thousands of dollars) 1,614 for flood relief in Nepal, 135 for flood relief in India, 5,541 for flood relief and transportation costs of P.L. 480 commodities to Pakistan, 2,000 for nuclear tests, 1,200 for exchange of persons, and 300 for special programs.

c/ President's Fund for Asian Economic Development.

ASIA

REGIONAL SUMMARY (EXCLUDES MILITARY ASSISTANCE)[a]

Summary of Commodity Imports

(In thousands of dollars)

Imports	Program FY 1955	Program FY 1956	Proposed FY 1957
Commodities			
Food and Agricultural Imports			
Bread Grains	31,121	33,850	48,200
Coarse Grains		5,200	5,200
Cotton	80,714	49,550	55,700
Dairy Products	15,987	20,100	23,300
Fats and Oils	16,080	15,600	17,300
Fertilizer	42,376	69,720	64,190
Other	15,297	23,740	23,350
Total Food and Agricultural Imports	201,575	217,760	237,240
Industrial Imports			
Petroleum Products	33,755	42,210	53,750
Coal	14,263	21,600	21,200
Raw Materials and Semi-Finished Products	244,618	263,569	288,143
Machinery and Vehicles	211,444	148,979	199,816
Miscellaneous and Unclassified	67,748	61,756	60,727
Total Industrial Imports	571,828	538,114	623,636
Total Commodity Import Program	773,403	755,874	860,876

a/ Also excludes supplies and equipment in Technical Cooperation program.

SOUTH ASIA

REGIONAL SCHEDULE

Comparative Summary of Programs by Functions

(In thousands of dollars)

Function	Program FY 1950/56	Program FY 1956	Proposed FY 1957
Military Assistance	172,883	58,892	140,217
	FY 1955		
Defense Support	60,501	93,000	90,000
Development Assistance	69,000	51,000	76,000
Technical Cooperation	23,254	23,100	24,000
Other Programs	7,290		
Total South Asia	XX	225,992	330,217
Of Which Financed by Loans			
Defense Support	20,000	30,000	
Development Assistance	45,000	37,500	
Total Loans	65,000	67,500	
MSP Sales Surplus Agricultural Commodities			
1. Sales to This Area	30,000	22,200	30,000
2. Sales Proceeds Programmed in This Area - Total	30,000	22,200	30,000
(Dollar Equivalent)			
Defense Support		2,200	
Development Assistance	30,000	20,000	30,000
Technical Cooperation			

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SOUTH ASIA

REGIONAL SUMMARY (EXCLUDES MILITARY ASSISTANCE)

Summary by Major Activity Field

(In thousands of dollars)

Programs by Fiscal Year	Total Cost	Agriculture and Natural Resources	Industry and Mining	Transportation	Labor	Health and Sanitation	Education	Public Admin.	Community Development, Soc. Welfare and Housing	General and Miscellaneous	Import of Sal. Commod. L/C to be Used for: Military Activities	Import of Sal. Commod. L/C to be Used for: Non-Mil. Activities	Other Costs
Defense Support													
1955	60,501	7,675	5,120	2,375		3,795				1,536		40,000	
1956	93,000	8,842	11,260	3,562		3,982			3,123	2,231	8,400	47,050	4,550
1957	90,000	11,592	15,043	6,155		3,775			2,639	796	25,000	25,000	
Development Assistance													
1955	69,000		11,800	28,500		8,700						20,000	
1956	51,000 a/	6,000	3,000	14,000		3,260			100	640		24,000	
1957	76,000	4,750	10,750	6,000		10,330			170	500		43,500	
Technical Cooperation													
1955	23,254	8,343	2,498	1,608	703	3,675	2,393	108	1,555	2,371			
1956	23,100 a/	4,993	4,729	887	209	2,130	5,217	659	1,136	3,140			
1957	24,000	5,421	3,502	939	175	2,417	4,595	774	1,749	4,428			
Other Programs													
1955	7,290												7,290
1956													
1957													
Total Programs													
1955	160,045	16,018	19,418	32,483	703	16,170	2,393	108	1,555	3,907		60,000	7,290
1956	167,100 a/	19,835	18,989	18,449	209	9,372	5,217	659	4,359	6,011	8,400	71,050	4,550
1957	190,000	21,763	29,295	13,094	175	16,522	4,595	774	4,558	5,724	25,000	68,500	

a/ Excludes 4,600 Development Assistance and 400 Technical Cooperation Programs for Ceylon being funded under President's Fund for Asian Economic Development.

SOUTH ASIA

REGIONAL SUMMARY (EXCLUDES MILITARY ASSISTANCE)

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Program by Major Cost Components: Total Cost	Supplies and Equipment	U.S. Employed Technicians	Contract Services	Participants	Other Costs	Number of People: Technicians (Close FY): U.S. Employed	Technicians (Close FY): Contract	Participants (Programmed During FY): Contract	Participants (Programmed During FY): Non-Contract
Defense Support										
1955	60,501	54,203	582	4,266	149	1,301	20	14		32
1956	93,000	84,442	681	5,601	184	2,092	40	83		41
1957	90,000	81,526	901	6,642	480	451	53	163		93
Development Assistance										
1955	69,000	69,000								
1956	51,000 a/	50,540		125		335		1		
1957	76,000	74,450		1,075		475		17		
Technical Cooperation										
1955	23,254	9,795	3,408	6,816	728	2,507	238	189	48	147
1956	23,100 a/	4,951	4,726	8,833	1,290	3,300	305	236	53	307
1957	24,000	3,286	6,028	9,359	1,429	3,898	380	264	31	290
Other Programs										
1955	7,290	4,809				2,481				
1956										
1957										
Total Programs										
1955	160,045	137,807	3,990	11,082	877	6,289	258	203	48	179
1956	167,100 a/	139,933	5,407	14,559	1,474	5,727	345	320	53	348
1957	190,000	159,262	6,929	17,076	1,909	4,824	433	444	31	383

a/ Excludes 4,600 Development Assistance and 400 Technical Cooperation Programs for Ceylon being funded under President's Fund for Asian Economic Development.

SOUTH ASIA

REGIONAL SUMMARY (EXCLUDES MILITARY ASSISTANCE)

Summary of Commodity Imports

(In thousands of dollars)

Imports	Program FY 1955	Program FY 1956	Proposed FY 1957
Commodities			
Food and Agricultural Imports			
Bread Grains	16,000	10,000	20,000
Cotton		5,000	5,000
Dairy Products		3,000	3,000
Fats and Oils	900	2,000	2,000
Fertilizer	7,500	8,000	2,000
Sugar	4,500	4,700	5,000
Wool	525		
Ocean Transportation	732	2,550	
Other	542	750	1,000
Total Food and Agricultural Imports	30,699	36,000	38,000
Industrial Imports			
Raw and Semi-Finished Products	38,375	47,092	43,200
Petroleum Products	3,300	3,200	4,050
Machinery and Vehicles	19,025	31,600	49,600
Railroad Rolling Stock	18,500		
Grain Storage Facilities			
Miscellaneous and Unclassified	18,980	20,840	21,126
Total Industrial Imports	98,180	102,732	117,976
Total Commodity Import Program	128,879	138,732	155,976

FAR EAST

REGIONAL SCHEDULE

Comparative Summary of Programs by Functions

(In thousands of dollars)

Function	Program FY 1950/56	Program FY 1956	Proposed FY 1957
Military Assistance	3,693,593	545,956	1,026,596
	FY 1955		
Defense Support	876,365	704,250	792,000
Development Assistance	1,500	(4,100)c/	4,000
Technical Cooperation	21,163a/	34,000	39,250
Other Programs	3,500		
Total Programs	XX	1,284,206	1,861,846
Of Which Financed by Loan (Defense Support)	20,000	66,000	
MSP Sales Surplus Agricultural Commodities			
1. Sales to Far East	76,652b/	111,300	117,300
2. Sales Proceeds Programmed in Far East	166,712	111,300	117,300
Military Assistance	6,400	7,700	8,000
Defense Support	160,312	103,600	109,300

a/ TC activities in Cambodia, Laos, Korea and Viet Nam integrated with DS program.

b/ Includes (in thousands of dollars) Sec. 402 sales to France of 90,060 for the following purposes: 50,060 franc countervalue for use by Viet Nam, and 40,000 franc for a portion of the costs of the French Expeditionary Corps in the Associated States of Indochina.

c/ Being funded under President's Fund for Asian Economic Development.

FAR EAST

REGIONAL SUMMARY (EXCLUDES MILITARY ASSISTANCE)

Summary by Major Activity Field

(In thousands of dollars)

Programs by Fiscal Year	Total Cost	Agriculture and Natural Resources	Industry and Mining	Transportation	Labor	Health and Sanitation	Education	Public Admin.	Community Development, Soc. Welfare and Housing	General and Miscellaneous	Import of Sal. Commod. L/C to be Used for: Military Activities	Import of Sal. Commod. L/C to be Used for: Non-Mil. Activities	Other Costs
Defense Support													
1955	876,365	12,929	68,258	97,126	5	4,705	1,193	3,744	27,031	23,169	270,019	173,005	195,181a/
1956	704,250	19,117	57,368	54,495		8,734	3,800	2,591	15,265	6,310	220,450	244,060	72,060b/
1957	792,000	23,580	65,980	62,165		9,350	3,070	8,190	13,035	7,295	319,470	213,365	66,500b/
Development Assistance													
1955	1,500					1,300		200					
1956													
1957	4,000d/					2,500		1,500					
Technical Cooperation													
1955	21,163	4,443	2,490	904	350	3,765	4,434	3,170	162	1,445			
1956	34,000	6,736	6,305	2,270	706	2,823	6,750	4,221	992	3,197			
1957	39,250	7,380	6,510	1,890	1,230	3,705	9,920	4,785	795	3,035			
Other Programs													
1955	3,500c/												3,500c/
1956													
1957													
Total Programs													
1955	902,528	17,372	70,748	98,030	355	9,770	5,627	7,114	27,193	24,614	270,019	173,005	198,681
1956	738,250	25,853	63,673	56,765	706	11,557	10,550	6,812	16,257	9,507	220,450	244,060	72,060
1957	835,250	30,960	72,490	64,055	1,230	15,555	12,990	14,475	13,830	10,330	319,470	213,365	66,500

a/ Includes (in thousands of dollars) 184,690 direct dollar transfers and 10,491 transferred to Department of Defense for CRIK/AFAK relief commodities.
b/ Direct dollar transfers.
c/ Includes (in thousands of dollars) 1,200 for exchange of persons, 2,000 for nuclear tests and 300 for special programs.
d/ Excludes 4,100 Development Assistance programs for Indonesia being funded under President's Fund for Asian Economic Development.

FAR EAST

REGIONAL SUMMARY (EXCLUDES MILITARY ASSISTANCE)

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Program by Major Cost Components						Number of People			
							Technicians (Close FY)		Participants (Programmed During FY)	
	Total Cost	Supplies and Equipment	U.S. Employed Technicians	Contract Services	Partici-pants	Other Costs	U.S. Employed	Contract	Contract	Non-Contract
Defense Support										
1955	876,365	643,024	2,705	14,012	1,319	215,305 a/	249	40	19	362
1956	704,250	613,042	4,030	14,288	830	72,060 b/	368	406		1,273
1957	792,000	700,900	5,665	18,115	820	66,500 b/	507	397		1,209
Development Assistance										
1955	1,500	1,500								
1956	(4,100) c/	(4,100) c/								
1957	4,000	4,000								
Technical Cooperation										
1955	21,163	7,194	3,486	5,700	4,719	64	286	148	67	1,006
1956	34,000	7,030	8,179	10,699	7,365	727	603	469	116	2,014
1957	39,250	9,192	9,430	11,926	8,632	70	624	479	153	2,200
Other Programs										
1955	3,500 d/					3,500 d/				
1956										
1957										
Total Programs										
1955	902,528	651,718	6,191	19,712	6,038	218,869	535	188	86	1,368
1956	738,250	620,072	12,209	24,987	8,195	72,787	971	875	116	3,287
1957	835,250	714,092	15,095	30,041	9,452	66,570	1,131	876	153	3,409

a/ Includes (in thousands of dollars) 184,690 for direct dollar transfers, 11,615 for certain expenses incurred in Operation Exodus and 19,000 U.S. contribution to UNKRA.

b/ Direct dollar transfers.

c/ Being funded under President's Fund for Asian Economic Development.

d/ Includes (in t ousands of dollars) 1,200 for exchange of persons, 2,000 for nuclear tests and 300 for special programs.

FAR EAST

REGIONAL SUMMARY (EXCLUDES MILITARY ASSISTANCE)

Summary of Commodity Imports

(In thousands of dollars)

Imports	Program FY 1955	Program FY 1956	Proposed FY 1957
Commodities			
Food and Agricultural Imports			
Bread Grains	15,121	23,850	28,200
Coarse Grains		5,200	5,200
Cotton	80,714	44,550	50,700
Dairy Products	15,987	17,100	20,300
Fats and Oils	15,180	13,600	15,300
Fertilizer	34,876	61,720	62,190
Other	8,998	15,740	17,350
Total Food and Agricultural Imports	170,876	181,760	199,240
Industrial Imports			
Petroleum Products	30,455	39,010	49,700
Coal	14,263	21,600	21,200
Raw Materials and Semi-Finished Products	206,243	216,477	244,943
Machinery and Vehicles	173,919	117,379	150,216
Miscellaneous and Unclassified	48,768	40,916	39,601
Total Industrial Imports	473,648	435,382	505,660
Total Commodity Import Program	644,524	617,142	704,900

LATIN AMERICA

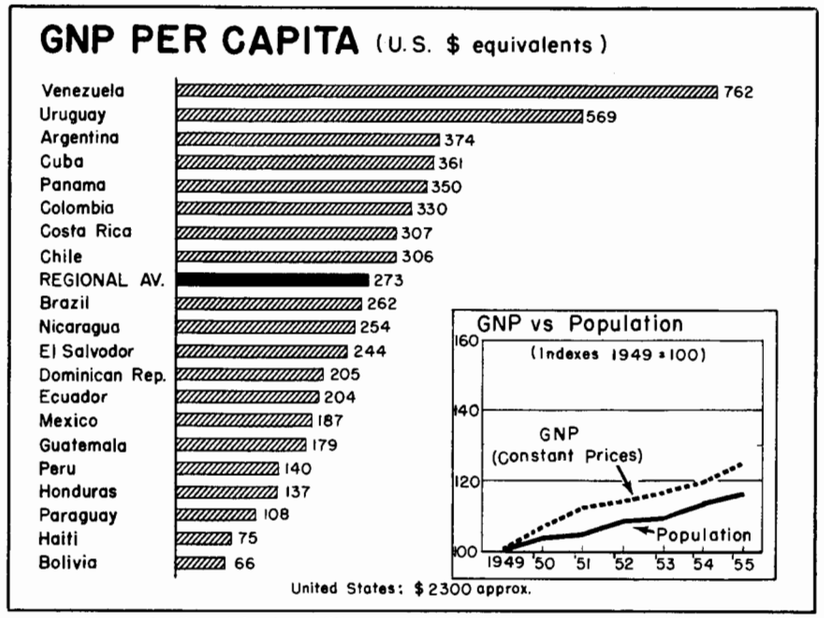
FY 1957 PROGRAM

COUNTRY	TYPE OF ASSISTANCE		
	MILITARY ASSISTANCE	DEVELOPMENT ASSISTANCE	TECHNICAL COOPERATION
Bolivia		●	●
Brazil	●		●
Chile	●		●
Colombia	●		●
Costa Rica			●
Cuba	●		●
Dom. Republic	●		●
Ecuador	●		●
El Salvador			●
Guatemala	●	●	●
Haiti	●		●
Honduras	●		●
Mexico			●
Nicaragua	●		●
Panama			●
Paraguay			●
Peru	●		●
Uruguay	●		●
Venezuela			●
Regional	●	●	●

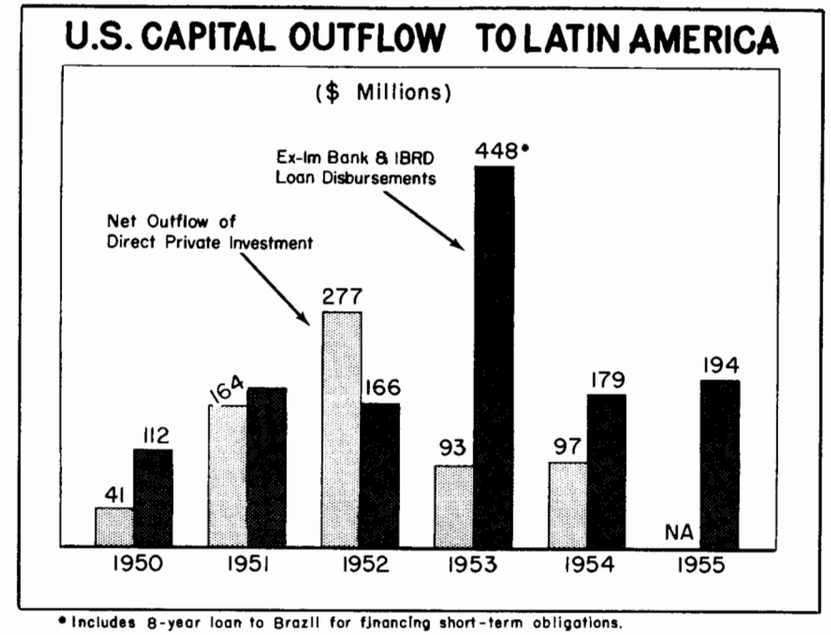
NOTE:

Does not include Atoms for Peace for Argentina or Overseas Territories Program.

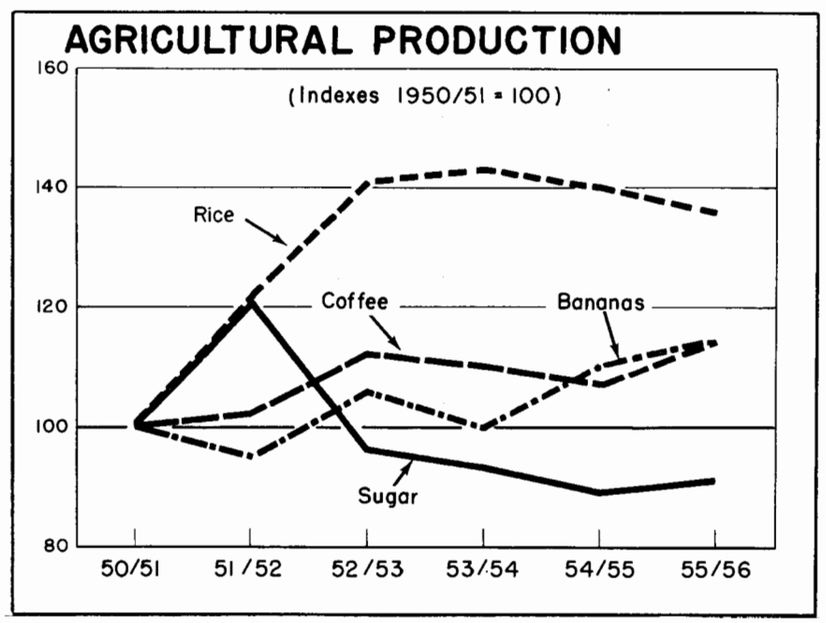
LATIN AMERICA - REGIONAL SUMMARY

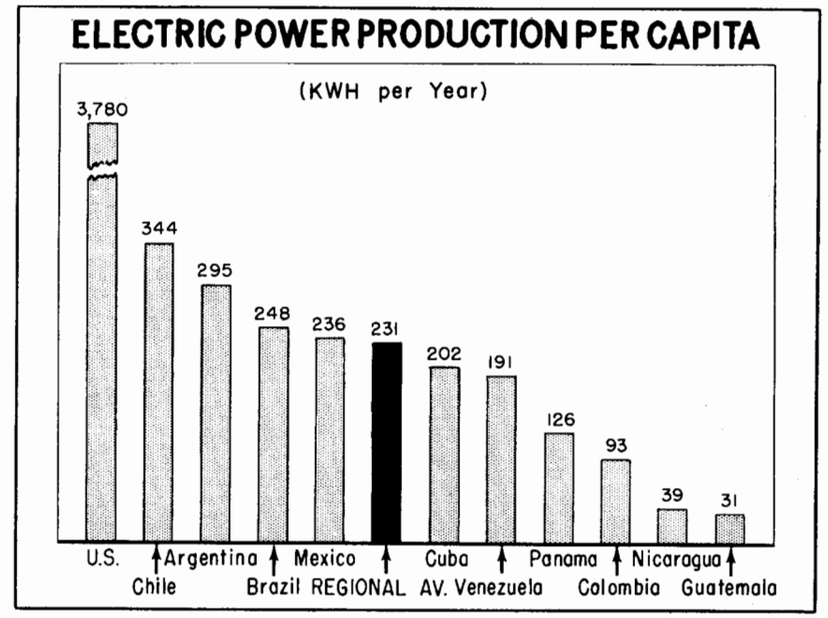


Note: Data not adjusted for inequalities in purchasing power; 1955 at 1954 prices.



* Includes 8-year loan to Brazil for financing short-term obligations.





LATIN AMERICA

REGIONAL SCHEDULE

Comparative Summary of Programs by Functions

(In thousands of dollars)

Function	Program FY 1950/56	Program FY 1956	Proposed FY 1957
Military Assistance	131,741	8,833	35,546
	FY 1955		
Development Assistance	18,207	39,000	27,000
Technical Cooperation*	28,812	29,606	33,850
Total Latin America	XX	77,439	96,396
MSP Sales Surplus Agricultural Commodities			
1. Sales in this Area	2,117	16,400	14,700
2. Sales Proceeds Programmed in this Area (Dollar Equivalent)			
Development Assistance	2,117	16,400	14,700

* Includes Organization of American States Program.

LATIN AMERICA

Regional Narrative Statement

LATIN AMERICA TODAY AND ITS IMPORTANCE TO THE UNITED STATES

Latin America is one of the crucial areas of contest between the forces of freedom and the forces of international Communism -- not only for political objectives, but for the opportunity to help to construct in that area a new economic and social order in which the aspirations of the people will be achieved in an atmosphere of freedom.

Our programs of cooperation with Latin America are a testing ground of the manner in which we support our traditional friends in their endeavors for political and economic progress. If we falter in support of those nations in this hemisphere with whom we have long maintained most intimate friendship, the sincerity of our declarations and intentions to support the peoples of other regions may be brought into question.

Latin American influence in support of freedom, peace, international justice, and effective cooperative processes in the field of international affairs, is a very powerful force in the difficult construction of a better world. In a military sense, a Latin America friendly to the United States can be a source of great strength. If unfriendly it could very adversely affect our welfare and security.

The economic importance of Latin America is very great. Latin America is the principal destination of United States commercial exports if military and special category shipments are excluded. Latin America is the principal source of imports into the United States.

United States security interests are firmly linked to trade with Latin America. Approximately 30 items on the U.S. stockpile of strategic materials come from Latin America. In addition substantial imports of iron ore and petroleum for which no stockpile has been established come from Latin America. The depletion of United States copper resources and the fact that the largest reserves of copper in the Free World are in Latin America clearly indicate increasing dependence with the passage of time.

Evaluation of the economic relationship with Latin America is often the occasion for over-emphasis of our dependence on Latin America for raw materials. Analysis of commodity breakdown of our leading exports to Latin America discloses that in 1954 Latin America took:

- 24.4% of our total exports of industrial machinery
- 30.7% of our total exports of engines, turbines and parts
- 52.3% of our total exports of busses and trucks
- 43.3% of our total exports of automobiles
- 48.8% of our total exports of medical and pharmaceuticals

An equally significant factor in our relationships is the concentration of United States investment in Latin America. Of a total U.S. direct investment abroad in 1954 of nearly $18 billion, over $6 billion was in Latin America, and this figure is increasing steadily.

OBSTACLES TO ECONOMIC DEVELOPMENT IN LATIN AMERICA

The countries of Latin America, each to a varying degree, face five major problems:

(1) Deficits in production of food and fuel.
(2) Shortages of power and transportation facilities.
(3) Inflation and budgetary deficits.
(4) Public health and sanitation.
(5) Educational facilities to prepare its citizens to meet minimum norms in all fields of activity of this mechanized world.

Continued economic progress in all of the American States is required to serve the enlightened self-interest and advancement of each. The low per capita incomes, low levels of consumption, the great geographical dispersion of the population, low levels of public health, lack of transportation and power facilities are all conditions blighting economic growth which must be solved before real progress can be achieved.

Regional Narrative Statement (Continued)

Latin America's progress is seriously hampered by such chronic weaknesses as lack of diversification, low per capita incomes, low literacy rates, poor health and sanitation conditions, lack of elementary educational facilities, low rates of saving and domestic capital formation, all of which characterize in varying degrees the economies of the area.

TECHNICAL COOPERATION

The technical cooperation program in Latin America consists of United States contributions of technical knowledge and experience to selected host country programs and projects directed at the practical solution of basic problems obstructing balanced economic and social development.

These contributions are extended: (1) on the basis of host country requests, and (2) to advance worthy economic and social objectives of the host country which are compatible with U.S. objectives. The technical cooperation program constitutes a practical demonstration of our desire to assist them toward their national goals and aspirations for higher living standards and a more comfortable way of life. It assists in a more efficient and effective mobilization of a nation's human and material resources:

(a) to build in a cooperating country a broader base of technical and managerial competence;

(b) to strengthen the institutional facilities;

(c) to stimulate effective leadership and sound planning and implementation of the country's development efforts; and

(d) to train people in an approach to solving problems and getting jobs done which is comparable to that prevailing in the United States.

In Latin America, our technical cooperation program is related to host country efforts in the fields of agriculture, education, health and sanitation, industry and mining, transportation and communications, labor, public administration, housing and community development.

Agriculture

In light of the basically agricultural character of the economies of Latin America, major attention is directed toward diversification on one-crop economies, expanding agricultural output and agricultural worker productivity. Increased mechanization and improved technology in farming must go hand-in-hand with advances on the industrial front.

Industry

Too rapid industrial development at the expense of agriculture is a major cause of economic instability in several Latin American economies. However, technical cooperation in vocational education, on-the-job training, industrial research, safety and industrial productivity can make an important contribution not only to increasing technical competence in industrial arts but in providing those pre-conditions for attracting increased private investment.

Health and Education

Basic to increased productivity both in agriculture and industry is the availability of healthy and literate workers. Through the health and sanitation program vast strides forward have been made in expanding and improving national public health services and much remains to be done. In the field of education, primary, secondary and vocational education standards and institutions are being improved and their activities related to programs in other fields which are complementary in contributing to the basic aim of greater productivity.

Transportation

Lack of adequate transportation and communications facilities is perhaps the most fundamental obstacle to economic growth in Latin America. Although the required financing of basic development in this field will most likely come from governments or public institutions, there is a critical need for trained technical and managerial personnel in all phases of these activities. Such training and assistance is being extended to personnel in cooperating countries in

Regional Narrative Statement (Continued)

constructing farm-to-market roads, highways, port facilities, development of civil aviation, and other communications facilities.

It is clear that no cooperating government can hope to achieve its development goals unless it has the basic administrative facilities and technically competent personnel to plan and carry out its programs. For this reason, increasing emphasis is being placed on the field of public administration training including business and municipal administration.

During FY 1956, the bilateral Technical Cooperation Program in Latin America amounted to $28.4 million. For FY 1957, a total of $32,350,000 is being requested for continuation of the program and will be programmed by country as shown in the accompanying tables and country narratives.

DEVELOPMENT ASSISTANCE

For several Latin American countries development plans are being carried out in an atmosphere of critical economic and political instability characterized by evidences of spiraling inflation, staggering balance of payments deficits, declining reserves, decreasing output and depreciating currencies. Likewise, earthquakes, hurricanes and floods can wreck havoc with the agricultural resources of a country, as in the case of Haiti in 1955, thus seriously affecting a nation's means of livelihood. Although United States policy does not encompass a national requirement to "shore up" such faltering economies, it does authorize programs of development assistance to meet emergency situations such as prevailed during FY 1956 in Bolivia, Guatemala, and Haiti, where because of special political or economic circumstances, United States interests would be adversely affected in the absence of such assistance. For FY 1957 a total of $27 million is being requested for emergency development assistance in Latin America.

Bolivia

In the case of Bolivia, serious economic dislocations occurred after the close of the Korean War when world tin prices dropped. In response to such a situation, the United States started a program of emergency economic aid to Bolivia in the fall of 1953. During FY 1954, $11.4 million was expended. In FY 1955 the amount was $20.0 million, and in FY 1956 to date, $20 million has been allocated. The program has averted possible starvation and has made possible the program of economic diversification and expanded agricultural production. The objective is the eventual creation of a stable, self-supporting Bolivian economy. Results have been encouraging, but further efforts will be required before the objective is achieved.

Guatemala

In the critical emergency situation coming in the wake of the overthrow of the pro-Communist Arbenz regime in Guatemala in 1954, the United States cooperated with the Castillo Armas government in repairing the economic damage of a looted national treasury, an accumulated internal debt of almost $50 million, a stagnant economy and severe unemployment.

The United States Government provided emergency development assistance of $4.8 million in FY 1955 and $15 million in FY 1956 to assist Guatemala to its feet with a view to enabling it to show by its own independent performance, the superiority of the Free World system. Our aid has permitted Guatemala to proceed with an agreed public works program which, besides relieving the immediate unemployment emergency, is now beginning to produce signs of advancement toward solution of some of Guatemala's fundamental economic problems. Outstanding among these is the construction and improvement of highways, lack of which is one of the country's most serious obstacles to economic progress. Other important fields in which significant advances are being made with United States help are rural development and health and sanitation. The impetus generated by our cooperative economic development contributions is expected to carry Guatemala through the initial critical stages of its recovery and reconstruction to a level of activity at which the economy will not only be self-sustaining, but will show a steady advance toward the goals legitimately aspired to by the Guatemalan people.

Regional Narrative Statement (Continued)

U.S. MUTUAL DEFENSE ASSISTANCE PROGRAM

The United States has Mutual Defense Assistance Agreements with 12 of the Latin American countries: Brazil, Uruguay, Chile, Peru, Ecuador, Colombia, Nicaragua, Honduras, Guatemala, Cuba, Haiti and the Dominican Republic. Through the Mutual Defense Assistance Program we are helping those countries to improve their capabilities for effectively carrying out military missions important to the defense of the hemisphere. The program also promotes closer military cooperation between the United States and those countries and contributes to the mutually beneficial ties between them and ourselves not only in military matters but in all our relations with Latin America.

The bilateral military agreements with the Latin American countries come within the framework of the Inter-American Treaty of Reciprocal Assistance, which established the principle that an attack on one American State is an attack on all. The agreements also promote the objective of the resolution on military cooperation which was adopted at the Fourth Meeting of Consultation of the Ministers of Foreign Affairs. That resolution urges the American Republics to orient their military preparations toward the common defense of the hemisphere, rather than confining such preparations to the defense of their individual countries.

The countries of Latin America do not have the financial resources or the experience in modern warfare to train and equip forces for hemisphere defense missions without external help. With such assistance, however, they can produce suitable combat troops. As demonstrated by the Brazilian performance in the Second World War and by the Colombian performance in Korea, the Latin Americans, given equipment and training, can make an effective military contribution. During the Second World War the United States armed forces stationed over 130,000 men in Latin America. It is hoped that in the event of another general war the requirement for United States armed forces in Latin America will be greatly reduced by the defense contribution of the countries with which we have agreements.

The FY 1957 budget request for military aid to the 12 Latin American countries with which the United States has Mutual Defense Assistance Agreements is $35.5 million.

LATIN AMERICA

REGIONAL DISTRIBUTION OF FY 1957 PROGRAM

By Function and Country

(In thousands of dollars)

Country	Military Assistance	Development Assistance	Technical Cooperation	Total
Argentina			50	50
Bolivia		XX	3,195	XX
Brazil	XX		4,739	XX
Chile	XX		2,521	XX
Colombia	XX		1,536	XX
Costa Rica			1,026	1,026
Cuba	XX		690	XX
Dominican Republic	XX		330	XX
Ecuador	XX		1,993	XX
El Salvador			1,005	1,005
Guatemala	XX	XX	1,730	XX
Haiti	XX		1,152	XX
Honduras	XX		1,290	XX
Mexico			1,185	1,185
Nicaragua	XX		919	XX
Panama			1,195	1,195
Paraguay			1,684	1,684
Peru	XX		2,996	XX
Uruguay	XX		619	XX
Venezuela			225	225
Overseas Territories			812	812
Regional and Undistributed	XX	XX	1,458	XX
Subtotal	35,546	27,000	32,350	94,896
Organization of American States (OAS)			1,500	1,500
Total Programs	35,546	27,000	33,850	96,396

XX - Denotes that assistance is contemplated but figures have been deleted for classification purposes.

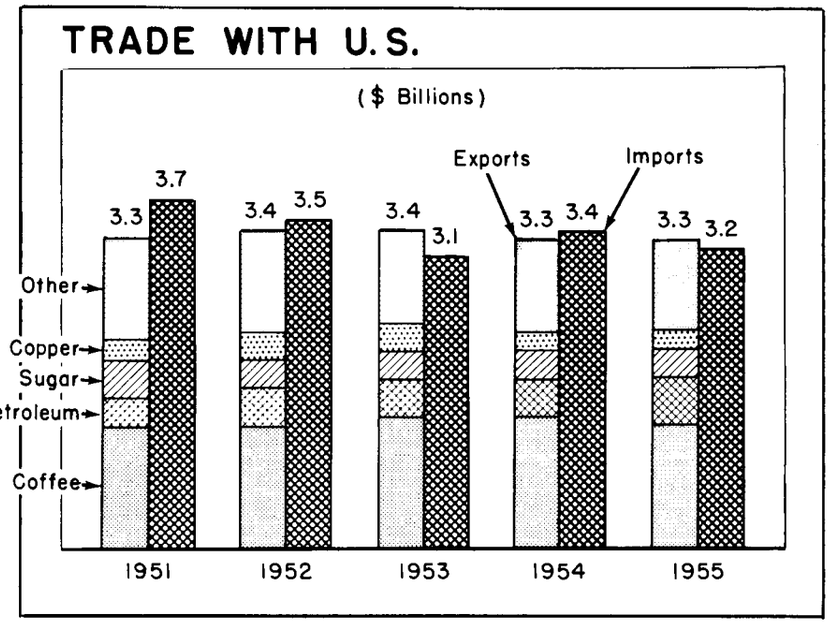
TABLE I LATIN AMERICA

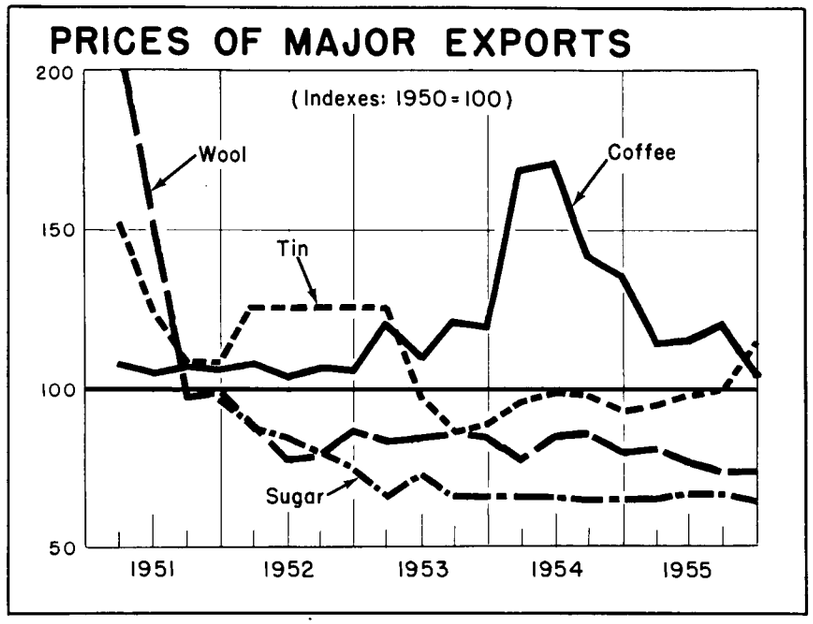
DEPARTMENT OF DEFENSE
MUTUAL DEFENSE ASSISTANCE PROGRAMS AND PERFORMANCE
VALUE BY TYPE OF ASSISTANCE AND DEPARTMENT
FISCAL YEARS 1950-56 AND PROPOSED FISCAL YEAR 1957
(In Thousands of Dollars)

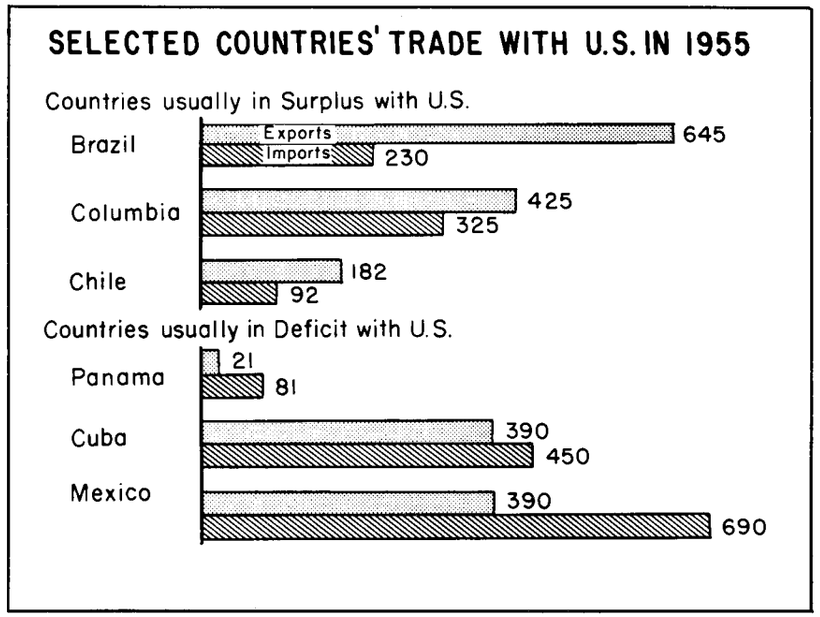
TYPE OF MILITARY ASSISTANCE AND DEPARTMENT (1)	CURRENT PROGRAM			PERFORMANCE 30 NOVEMBER 1955	
	PROPOSED FY 1957 (2)	FISCAL YEAR 1956 (3)	FISCAL YEARS 1950-56 (4)	ACCOMPLISHED (5)	TO BE ACCOMPLISHED OF FY 50-56 PROGRAMS (6)
I TOTAL FOR AREA CHARGED TO APPROPRIATIONS	$ 35,546	$ 8,833	$ 131,741[a]	$ 84,652	$ 47,089[a]
Army	6,819	4,020	54,475	44,227	10,248
Navy	17,532	3,494	29,790	19,157	10,633
Air Force	11,195	1,319	47,476	21,268	26,208
II EQUIPMENT & SUPPLIES - TOTAL	29,243	3,743	115,253[a]	72,949	42,304[a]
Army	5,032	1,905	47,804	39,557	8,247
Navy	15,603	1,838	25,754	16,162	9,592
Air Force	8,608	-	41,695[a]	17,230	24,465[a]
III REPAIR & REHABILITATION OF EXCESS - TOTAL	-	395	2,998	2,038	960
Army	-	95	836	646	190
Navy	-	300	330	4	326
Air Force	-	-	1,832	1,388	444
IV TRAINING - TOTAL	5,277	3,628	6,683	3,877	2,806
Army (Distributed by Country)	1,169	1,442	1,784	562	1,222
Army (Area Support Costs)	6	6	6	-	6
Navy (Distributed by Country)	1,492	1,066	2,362	1,720	642
Navy (Area Support Costs)	237	100	488	387	101
Air Force (Distributed by Country)	1,796	893	1,895	1,135	760
Air Force (Area Support Costs)	577	121	148	73	75
VA PACKING, CRATING, HANDLING, TRANSPORTATION - TOTAL	1,026	1,067	6,807	5,788	1,019
Army (Distributed by Area)	612	572	4,045	3,462	583
Navy (Distributed by Area)	200	190	856	884	-28
Air Force (Distributed by Area)	214	305	1,906	1,442	464
VI EXCESS STOCKS AT ACQUISITION COST - TOTAL (NOT CHARGED TO APPROPRIATIONS)	22	318	88,908	74,912	13,995
Army	-	209	2,584	2,257	327
Navy	22	109	54,667	53,578	1,088
Air Force	-	-	31,657	19,077	12,580

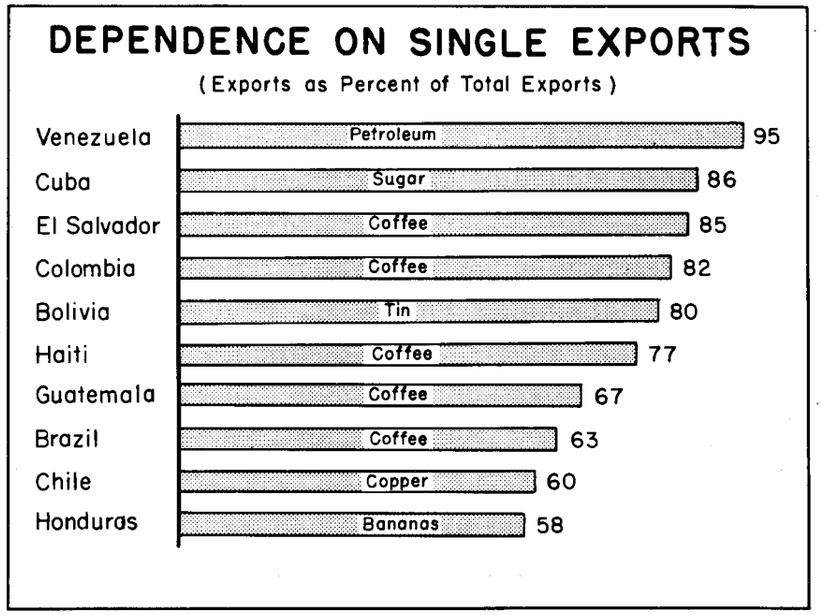
a/ Includes $414 AF program for engineering change orders not distributed by country.

LATIN AMERICA - FOREIGN TRADE









LATIN AMERICA

REGIONAL SUMMARY (EXCLUDES MILITARY ASSISTANCE, AND TECHNICAL COOPERATION PROGRAM OF ORGANIZATION OF AMERICAN STATES)

Summary by Major Activity Field

(In thousands of dollars)

Programs by Fiscal Years	Total Cost	Agriculture and Natural Resources	Industry and Mining	Transportation	Labor	Health and Sanitation	Education	Public Admin.	Community Development, Soc.Welfare and Housing	General and Miscellaneous	Import of Saleable Commodities (Non-Military)	Other Costs
Development Assistance												
1955	18,207	425		5,500		960					8,682	2,640
1956	39,000	7,134	300	10,720		140			764		19,912	30
1957	27,000		2,000	3,000				2,000			20,000	
Technical Cooperation												
1955	27,676	9,212	2,020	1,101	632	5,220	4,208	2,502	566	2,215		
1956	28,406	9,659	2,190	1,720	934	5,793	4,108	1,909	683	1,410		
1957	32,350	10,668	2,851	1,935	1,032	6,389	5,040	1,973	554	1,908		
Total Programs												
1955	45,883	9,637	2,020	6,601	632	6,180	4,208	2,502	566	2,215	8,682	2,640
1956	67,406	16,793	2,490	12,440	934	5,933	4,108	1,909	1,447	1,410	19,912	30
1957	59,350	10,668	4,851	4,935	1,032	6,389	5,040	3,973	554	1,908	20,000	

LATIN AMERICA

REGIONAL SUMMARY (EXCLUDES MILITARY ASSISTANCE, AND TECHNICAL COOPERATION PROGRAM OF ORGANIZATION OF AMERICAN STATES)

Summary by Major Cost Components

(In thousands of dollars)

Programs by Fiscal Year	Program by Major Cost Components							Number of People			
								Technicians (Close FY)		Participants (Programmed During FY)	
	Total Cost	Grants to Cooperative Services	Supplies and Equipment	U.S. Employed Technicians	Contract Services	Partici-pants	Other Costs	U.S. Employed	Contract	Contract	Non-Contract
Development Assistance											
1955	18,207	960	10,759				6,488				
1956	39,000	140	22,025		545		16,290		26		
1957	27,000		22,920	515		335	3,230	33			87
Technical Cooperation											
1955	27,676	7,032	537	8,777	5,257	4,327	1,746	637	121	97	1,664
1956	28,406	5,815	807	11,929	1,600	5,730	2,525	799	193	150	1,809
1957	32,350	6,937	705	13,025	3,391	6,119	2,173	898	220	165	1,907
Total Programs											
1955	45,883	7,992	11,296	8,777	5,257	4,327	8,234	637	121	97	1,664
1956	67,406	5,955	22,832	11,929	2,145	5,730	18,815	799	219	150	1,809
1957	59,350	6,937	23,625	13,540	3,391	6,454	5,403	931	220	165	1,994

LATIN AMERICA

REGIONAL SUMMARY (EXCLUDES MILITARY ASSISTANCE)

Summary of Commodity Imports

(In thousands of dollars)

Imports	Program FY 1955	Program FY 1956	Proposed FY 1957
Commodities			
Food and Agricultural Imports			
Bread Grains	817	9,000	7,200
Coarse Grains		2,300	2,000
Cotton		2,000	2,000
Dairy Products		700	700
Fats and Oils	1,200	1,500	2,000
Other	100	930	800
Total Food and Agricultural Imports	2,117	16,430	14,700
Industrial Imports			
Petroleum Products	55		
Raw Materials and Semi-Finished Products	715	553	700
Machinery and Vehicles	5,430	4,767	6,600
Air Navigation Aids and Standardization Equipment	1,500		
Miscellaneous and Unclassified	942	275	920
Total Industrial Imports	8,642	5,595	8,220
Total Commodity Import Program	10,759	22,025	22,920

NON-REGIONAL PROGRAM

Comparative Summary of Programs by Function

(In thousands of dollars)

Activity	Program FY 1950/56	Program FY 1956	Proposed FY 1957
Non-Regional Programs and Special Justification Statements			
Military Assistance - Non-Regional			
New Weapons			334,553
Infrastructure	521,206	122,000	75,000
International Military Headquarters	22,355	3,500	5,300
Mutual Weapons Development Program	76,462	36,000	58,000
Foreign Military Facilities Assistance Program	84,804	20,000	35,000
Administrative Expenses (Military)	136,449	22,744	25,000
Special Projects	358,824	151,652	32,400
Total Military Assistance	1,200,100	355,896	565,253
	FY 1955		
Technical Cooperation			
UN Expanded Program of Technical Assistance	16,458	23,000	15,500
Interregional Expenses	7,555	10,000	10,800
Total Technical Cooperation	24,013	33,000	26,300
Other Programs			
Special Presidential Fund		100,000	100,000
Migrants, Refugees and Excapees:			
Intergovernmental Committee for European Migration	10,500	12,500	12,500
United Nations Refugee Fund		1,200	2,300
Escapee Program	5,697	6,000	7,000
Children's Welfare	12,500	14,500	10,000
Ocean Freight - Voluntary Relief Shipments	1,487	2,000	1,400
Ocean Freight - Surplus Agricultural Commodities	8,295	16,000	14,000
Control Act Expenses	1,075	1,175	1,175
Administrative Expenses, Section 411, Mutual Security Act	32,496	34,950	35,250
Foreign Reactor Projects			5,950
Special Programs Other Than Military	25,306		
Total	97,356	188,325	189,575
Less: Portion of Special Presidential Fund required to complete financing of programs reflected in other sections of this presentation		-47,816	
Total Other Programs	97,356	140,509	189,575
Total Non-Regional Programs	XX	529,405	781,128

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