



PD-ACE-040

# MUTUAL SECURITY PROGRAM

FISCAL YEAR 1958  
ESTIMATES



NON - REGIONAL PROGRAMS

BEST AVAILABLE

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MUTUAL SECURITY PROGRAM

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MAY 31, 1957

NON-REGIONAL

NON-REGIONAL PROGRAM

Comparative Summary of Programs by Function

(In thousands of dollars)

	Program		
	FY 1956	FY 1957	Proposed FY 1958
<u>Non-Regional Program and Special Justification Statements</u>			
<u>Military Assistance - Non-Regional</u>			
Administration	19,518	23,000	25,500
Facilities Assistance Program	11,788	30,000	20,000
International Military Headquarters	3,384	5,300	6,550
Mutual Weapons Development Program	43,547	40,000	40,000
NATO Infrastructure	69,948	77,800	109,400
New Weapons	118,372	202,731	296,462
Nutrition Program	50	200	300
Overseas Internal Security Programs	-	2,144	10,000
Packing, Crating, Handling and Transportation	132,747	142,800	131,400
Sales Program - Military (Loans)	900	10,384	175,000
Training - MAP	11,258	7,726	9,020
U.N. Logistical Support in Korea	-	12,000	12,000
Miscellaneous Non-Regional Programs	36,045	88,907	119,667
<b>Total - Military Assistance</b>	<b>447,557</b>	<b>642,992</b>	<b>955,299</b>
<u>Development Loan Fund</u>	-	-	500,000
<u>Technical Cooperation</u>			
U.S. Expanded Program of Technical Assistance	23,000	15,500	15,500
Interregional Expenses	9,862	11,570	14,700
Undistributed	-	3,861	-
<b>Total - Technical Cooperation</b>	<b>32,862</b>	<b>30,931</b>	<b>30,200</b>
<u>Other Programs</u>			
Special Assistance	100,000*	100,000*	300,000
Less: Funds Distributed to Programs Reflected under Other Items in this Presentation	-91,717	-73,864	-100,100
Unobligated Balance Available for Return to Treasury	-1,200	-	-
Undistributed Special Assistance	7,083	26,136	199,900
Migrants, Refugees and Escapees:			
Intergovernmental Committee for European Migration	11,990	12,500	12,500
United Nations Refugee Fund	1,200	1,900	2,233
Escapee Program	5,997	6,000	5,500
Hungarian Refugee Program	-	39,500	10,000
Children's Welfare	14,500	10,000	11,000
NATO Civilian Headquarters	2,542	-	2,700
Ocean Freight - Voluntary Relief Shipments	1,910	2,500	2,200
Control Act Expenses	1,109	1,175	1,300
Administrative Expenses, ICA (Sec. 411(b))	28,648	30,169	35,000
Administrative Expenses, State (Sec. 411(d))	4,918	4,576	4,577
Atoms for Peace Program	1,400	5,500	7,000
Malaria Eradication Program	-	-	19,400
Special Programs, Other than Military	12,386	-	-
<b>Total - Other Programs</b>	<b>93,683</b>	<b>139,956</b>	<b>313,310</b>
<b>Total - Economic and Technical Cooperation</b>	<b>126,545</b>	<b>170,887</b>	<b>843,510</b>
<b>TOTAL - NON-REGIONAL PROGRAMS</b>	<b>574,102</b>	<b>813,879</b>	<b>1,798,809</b>

\* Special Presidential Fund.  
Note: Investment Guaranty Program funding not included above.

NON-REGIONAL PROGRAMS

Military Assistance  
PROGRAM AND OBLIGATIONS SUMMARY  
(In Thousands of Dollars)

Summary

Country	Programs				Estimated Obligations				Estimated Unliquidated Obligations 30 Jun 1957
	FY 1950-57	FY 1956	FY 1957	Proposed FY 1958	Cumulative 30 June 56	FY 1957			
						7/1/56 2/28/57	3/1- 6/30/57	Total	
<b>TOTAL</b>	\$ 2,818,282	\$ 447,557	\$ 642,992	\$ 955,299	\$ 2,168,193	\$ 192,822	\$ 352,955	\$ 545,777	\$ 1,060,119
Administration	167,130	19,518	23,000	25,500	144,130	14,193	8,707	22,900	6,487
Facilities Assistance Program	104,944	11,788	30,000	20,000	74,944	199	10,801	11,000	66,270
Int'l Military Hq	27,988	3,384	5,300	6,550	22,688	389	4,911	5,300	4,667
Mutual Weapons Development Program	119,138	43,547	40,000	40,000	79,138	12,759	27,241	40,000	83,815
NATO Infrastructure	547,605	69,948	77,800	109,400	469,805	46,735	28,265	75,000	137,378
New Weapons	321,103	118,372	202,731	296,462	118,372	28,600	120,600	149,200	267,572*
Nutrition Program	250	50	200	300	50	47	153	200	127
Overseas Internal Security Programs	2,144	0	2,144	10,000	0	0	2,000	2,000	500
Packing, Crating, Handling and Transportation	889,175	132,747	142,800	131,400	746,375	74,024	50,476	124,500	31,762
Sales Program - Military (Loans)	26,284	900	10,384	175,000	15,838	22	10,362	10,384	10,267
Training - MAP	40,744	11,258	7,726	9,020	25,983	3,000	4,386	7,386	13,711
UN Logistical Support in Korea	12,000	0	12,000	12,000	0	4,929	4,071	9,000	1,000
Misc. Non-Regional Programs	559,777	36,045	88,907	119,667	470,870	7,925	80,982	88,907	436,563*

\* Expenditures are distributed by country.

**NON-REGIONAL PROGRAMS**

*Summary*

Military Assistance

PROGRAM AND EXPENDITURES SUMMARY  
(In Thousands of Dollars)

Country	Programs				Estimated Expenditures				Estimated Unliquidated Obligations 30 Jun 1957
	FY 1950-57	FY 1956	FY 1957	Proposed FY 1958	Cumulative 30 June 56	FY 1957		Total	
						7/1/56 2/28/57	3/1- 6/30/57		
<b>TOTAL</b>	\$ 2,818,282	\$ 447,557	\$ 642,992	\$ 955,299	\$ 1,356,511	\$ 166,413	\$ 130,927	\$ 297,340	\$ 1,060,119
Administration Facilities Assistance Program	167,130	19,518	23,000	25,500	138,543	13,673	8,327	22,000	6,487
Int'l Military Hq	104,944	11,788	30,000	20,000	1,674	3,238	14,762	18,000	66,270
Mutual Weapons Development Program	27,988	3,384	5,300	6,550	19,221	2,416	1,684	4,100	4,667
NATO Infrastructure	119,138	43,547	40,000	40,000	14,323	11,030	9,970	21,000	83,815
New Weapons	547,605	69,948	77,800	109,400	332,427	40,033	34,967	75,000	137,378
Nutrition Program	321,103	118,372	202,731	296,462	0	*	*	*	267,572*
Overseas Internal Security Programs	250	50	200	300	23	27	73	100	127
Packing, Crating, Handling and Transportation	2,144	0	2,144	10,000	0	0	1,500	1,500	500
Sales Program - Military (Loans)	889,175	132,747	142,800	131,400	709,113	81,541	48,459	130,000	31,762
Training - MAP	26,284	900	10,384	175,000	7,415	4,451	4,089	8,540	10,267
UN Logistical Support in Korea	40,744	11,258	7,726	9,020	18,258	400	1,000	1,400	13,711
Misc. Non-Regional Programs	12,000	0	12,000	12,000	0	4,929	3,071	8,000	1,000
	559,777	36,045	88,907	119,667	115,514	4,675*	3,025	7,700*	436,563*

\*Expenditures are distributed by country.

## NON-REGIONAL PROGRAMS

### Administration

**GENERAL BACKGROUND:** The administrative and operational costs of the Military Assistance Program are paid from the military departments and Mutual Security appropriations. The military departments bear a large part of the total administrative and operational cost by furnishing military personnel, equipment and facilities to carry out the Military Assistance Program. Mutual Security funds are used only to pay for those additional administrative and operational requirements which are not met by the equipment and facilities of the military departments. Such requirements, generated by the Military Assistance Advisory Groups (MAAGs) and other overseas activities, as well as departmental operations, must be clearly identified as additional to normal service programs in order to qualify for Mutual Security funds. In addition, some administrative costs are borne by recipient countries in the form of services and facilities.

**MILITARY DEPARTMENT APPROPRIATIONS:** The military appropriations fund administrative and operational expenses are of the following types:

1. Pay and statutory allowances of military personnel in the field and in Washington.
2. Medical expenses, including facilities, of military personnel and their dependents.
3. Approximately one-half of the travel expenses incident to the change of station of military personnel.
4. Operation and maintenance of facilities for personnel and for recreation.

**MUTUAL SECURITY APPROPRIATIONS:** Mutual Security funds are used to pay the costs in the Office of the Secretary of Defense and the military departments of administrative activities concerned exclusively with the Military Assistance Program. The only field organizations in the United States receiving Mutual Security funds for administrative expenses are the Air Materiel Command and the Air Training Command of the U.S. Air Force.

## Mutual Defense Assistance

### Military Assistance



#### ESTIMATED OBLIGATIONS AND EXPENDITURES (Dollars in thousands)

	Cumul thru FY 1956	FY 1957			Unliquidated Obligations 6/30/57
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	
Obl.	\$144,130	\$14,193	\$8,707	\$22,900	\$6,487
Exp.	138,543	13,673	8,327	22,000	-

#### PROGRAM (Dollars in thousands)

FY 1950-57	FY 1956	FY 1957	Proposed FY 1958
\$167,130	\$19,518	\$23,000	\$25,500

#### CONTENT OF FY 1958 PROGRAM

No.	Description	Value
	Departmental and Field	\$ 7,385
	Overseas	12,815
	State & ICA Support	5,300
	Total	\$ 25,500

**SECRET** Administration

Overseas there are currently 5 regional groups and 35 MAAGs supported by Mutual Security funds. The regional groups include the Office of Defense Affairs of the United States Mission to NATO & European Regional Organizations (USRO) in Paris, and military assistance elements of the Unified Commands (CINCEUR, CINCPAC, CINCFE and CINCARIB).

FY 1958 ESTIMATE: The estimate for administrative expenses in the military assistance appropriation proposed for FY 1958 is based on requirements of departmental and field activities in the United States, 5 regional groups, and 36 MAAGs overseas. One additional MAAG is included in the Military Assistance Program for FY 1958.

In many countries the U.S. embassies furnish a large part of the administrative support for MAAGs and other military assistance activities, thereby avoiding duplication of functions. The Department of State is reimbursed for the cost of this support. An estimate of this cost for FY 1958 is included in the request for funds. The net increase in the FY 1958 estimate can be attributed to:

1. Departmental: Increases in average salary. An increased emphasis in field inspection and review to provide more detailed supervision and control of the program. Also included is the requirement that each department provide the retirement contribution of 6-1/2 percent of base salary (civilian), previously provided by separate appropriation by the Congress.

2. Overseas: The estimate for FY 1958 includes (a) fund requirements for one new MAAG (Lebanon), (b) increased operations in several Far Eastern countries, and (c) increases in Unified Command and individual country MAAG costs - due primarily to PCS movements and the 6-1/2 percent for retirement contribution on salaries of U.S. civilians.

Included also in the FY 1958 estimate for overseas MAAGs are additional motor vehicle requirements planned for the use of MAAG personnel in FY 1958. These expenses have not been chargeable to MAP Administrative Expenses in the past. Legislation will be necessary to permit procurement of passenger-carrying vehicles in FY 1958.

With regard to reductions in existing MAAGs, continuing action will be taken to effect reductions in MAAGs without jeopardizing their missions and responsibilities.

A three-year summary of the Military Assistance Program administrative expenses is as follows:

	<u>FY 1956</u>	<u>FY 1957</u>	<u>FY 1958</u>
Departmental & Field Overseas	\$ 6,430	\$ 7,018	\$ 7,385
State & ICA Support	9,988	11,540	12,815
	<u>4,621</u>	<u>4,442</u>	<u>5,300</u>
Total	\$21,039 1/	\$23,000	\$25,500

1/ Represents actual obligations against the administrative fund ceiling; excludes any deobligations of prior year funds.

# NON-REGIONAL PROGRAMS

## Facilities Assistance Program

**DEFINITION:** The FAP is that portion of the Military Assistance Program designed to assist the establishment and expansion of overseas facilities for the manufacture and maintenance of essential military equipment, such as facilities for the production of ammunition components, guided missiles, jet engine overhaul facilities, etc. Projects undertaken within this program must result in a net addition to the total capacity of the country concerned, or in an improvement in product to meet military requirements.

**OBJECTIVES:** The primary objectives of the program are:

1. To establish logistic support facilities on an active or standby basis near the areas of potential combat so that high usage-rate military items will be available in the shortest possible time in the event of war.
2. To decrease United States' responsibility for furnishing and maintaining military equipment by encouraging recipient countries to produce and maintain their own equipment through assistance in developing the necessary facilities for this purpose.
3. To create the production capacity to improve and modernize forces with weapons which countries can more readily maintain and which will be technologically sufficiently advanced to keep pace with Soviet advances in weapons technology.

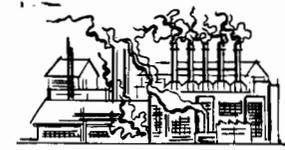
**GENERAL POLICIES:** Before a country is eligible for assistance under this program, it must commit itself to maintain for use in an emergency the aggregate productive and maintenance capacity in the particular field in question, including existing capacity as well as that for which assistance is furnished under the program. The country must also participate in financing of the project. To date, the total financial contribution by the United States has been 49%, and countries concerned have contributed 51%.

All facilities established through this program are considered in the light of overall regional requirements, rather than the requirements of a single country. Countries receiving assistance must agree to make the products and services of the resulting facilities available to other free nations

## Mutual Defense Assistance Military Assistance

**SECRET**

### MILITARY



#### ESTIMATED OBLIGATIONS AND EXPENDITURES (Dollars in thousands)

	Cumul thru FY 1956	FY 1957			Unliquidated Obligations 6/30/57
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	
Obl.	\$74,944	\$ 199	\$10,801	\$11,000	\$66,270
Exp.	1,674	3,238	14,762	18,000	-

#### PROGRAM (Dollars in thousands)

FY 1950-57	FY 1956	FY 1957	Proposed FY 1958
\$104,944	\$11,788	\$30,000	\$20,000

#### CONTENT OF FY 1958 PROGRAM

No.	Description	Value
<b>Range of Missile Projects</b>		<b>Cost to U.S.</b>
	Sea Slug	\$ 4,500
	Surface to Air Missiles	5,700
	Air-to-Air Missile	7,600
	Anti-Tank Missiles	2,500
	Liquid Fuel for Missiles	4,900
	Missile Components	12,000
	Missile Maintenance	1,000
	<b>Total</b>	<b>\$38,200</b>

It is contemplated that the \$20 million in the FY 1958 request for the Facilities Assistance Program will be utilized against the above list of projects. It is estimated that in the overall the Europeans will be able to finance about \$35 million contribution against the projects listed above.

**SECRET**

without discrimination in price, quality, or delivery schedules. These provisions help to assure the regional character of the Facilities Assistance Program.

Prior to acceptance, all projects are thoroughly appraised either by competent engineers from American industrial companies or by military technicians. Through such a careful screening process, it is assured that maximum value is received for every dollar of the United States' contribution. U.S. representatives in the field review proposed projects to ensure that recipient countries contribute the maximum amount consistent with their resources. The United States' contribution consists usually of production equipment and technical assistance. The foreign government furnishes the land, structures, labor, materials and some equipment.

FY 1954-1957 PROGRAM: This program began in 1954 and was directed toward developing additional facilities for the manufacture of chemical components of ammunition. The program has been broadened since then to extend to the development of plants for the production or maintenance of various types of military hardware, including spare parts for U.S.-furnished equipment. Recently emphasis has also been given to assisting countries in the production of newly developed weapons, such as guided missiles and electronics. The total United States' obligations, as of 30 June 1956, for this program have been \$74.9 million, and the contributions of our allies have been \$81.5 million. The major portions of the program are discussed below:

Ammunition: In 1953 the NATO Alliance, faced with the continuing demands for ammunition, both in Korea and in Indochina, decided that steps were necessary to increase the European capacity for ammunition production. At that time Europe had an annual capability of producing only a 5-day supply of anti-tank ammunition. The production capacity for certain other key types of ammunition was also critically deficient. Europe had an overall capacity to produce about 25% of its wartime requirements for metal components of ammunition, excluding newer types. However, the production capacity for the propellants and explosives required for ammunition was considerably below this level. It was necessary to develop new production facilities for propellants and explosives, and it was found that by matching country efforts with military assistance funds, this

capacity could also be brought to the level of 25% of total wartime requirements. This level of achievement seemed to be the most practical goal at the time for a number of reasons: (a) in the event of an emergency the 25% level would provide a margin of security against an interruption in the flow of supplies from the U.S.; (b) this level would provide a reasonable peacetime production capability which might be maintained over the long haul; (c) it represented the level of the existing capacity for the production of metal components for ammunition; (d) a higher goal would require imports of raw material.

To date, there have been 45 projects for facilities for production of propellants, explosives and intermediate products entering into the manufacture of propellants and explosives. There were also 20 projects for facilities for new types of metal components, and for loading and assembly of ammunition.

In addition to the above, there are in the FY 1957 Program 3 ammunition projects in the Middle East to assist Ethiopia, Iraq and Pakistan in overcoming metallurgical and manufacturing deficiencies.

Maintenance and Repair: It is appropriate that European nations utilize European production facilities to the greatest extent possible in maintaining and in modernizing their forces. Equipment of European design can normally be more easily maintained because of the ready availability of the various components from nearby European sources. The Facilities Assistance Program is a means whereby the United States can assist its allies in modernizing their military equipment at a minimum of cost to the United States.

Maintenance projects which have been undertaken include a project for rehabilitation and repair of ammunition; a project for naval gun sight and computer repair; 2 projects for repair of naval ordnance, sonar and ship-superstructure; and 3 projects for the repair of F-86 airframes, hydraulics and allied electronic equipment. For the latter 6 projects, \$8 million of FY 1957 funds are now in the process of being obligated. Modernization of forces through the Facilities Assistance Program has been undertaken by developing facilities for the production of the following items:

1. A new round of 30mm aircraft ammunition -- A combination of increased explosive charge and high rate of fire improves the kill probability against fast flying enemy aircraft. The United States has assisted in the establishment of production lines for projectiles and cases.

2. A new 7.62mm round of rifle and machine gun ammunition -- This round is much shorter and weighs less than our 30 cal. round. The reduction in weight of the round provides a logistical advantage. The United States has assisted in the establishment of facilities for ball powder and metal components of this round.

3. Guided missiles and missiles components -- Technical evaluations have only recently been completed on a number of projects. These include the following:

- a. SEA SLUG: A ship-to-air guided missile similar to our TERRIER missile.
- b. RED SHOES: (Green Flax) - A surface-to-air missile similar to our NIKE. It is, however, a much more transportable item and uses a solid rather than a liquid propellant. The entire system is designed to be readily transportable and stored.
- c. RED DUSTER: (Blue Envoy) - A long-range surface-to-air missile similar in many respects to our BOMARC (which is strictly a Western Hemisphere defense weapon).
- d. BLUE JAY: An air-to-air infrared homing missile.
- e. AA-20: An air-to-air radio command guided missile.
- f. SS-10 and SS-11: Anti-tank missiles that have the capability of knocking out any modern tank.

In addition to the above missiles systems, there are projects for components, such as liquid oxygen (fuel) needed for several types of missiles. Since it would be both costly and hazardous to transport large quantities from the United States, a source of supply for liquid oxygen must be

available close to the missile sites. This also applies to other fuel components such as hydrogen peroxide, for which there is also a project.

There are also projects for large grain propellants for missiles. The double base propellant capacity required for missiles has already been established in Europe as a result of previous projects under the ammunition program described above. Other projects for components of missiles include missile-booster motors, sustainer motors, and warheads.

FY 1958 PROGRAM: It can be anticipated that in the future the Facilities Assistance Program will be directed toward the development of facilities for the production and maintenance of new weapons. These will include missiles and electronic equipment, such as radars for defense and advanced types of communications equipment essential to NATO. It is estimated that the United States' share of the cost for the FY 1958 Program will be \$20 million. This includes continuation of the missiles projects enumerated above, which for engineering reasons will not be concluded in the FY 1957 Program.

# NON-REGIONAL PROGRAMS

## International Military Headquarters

**OBJECTIVES:** The support and operational costs of international military headquarters are jointly financed by the member governments in accordance with government-to-government and international agreements and under accepted cost sharing formulas. This request covers expenses for NATO International Military Headquarters, the SEATO Permanent Military Planning Staff, and such other similar organizations with which the U.S. may become affiliated.

The Military Assistance Program funds requested for FY 1958 (\$6.550 million) are to meet the U.S. obligation to support - (1) to the extent of 24.2%, the operation, maintenance and capital costs of the military headquarters and agencies of NATO, and (2) the estimated U.S. share of operations of the SEATO Permanent Military Planning Staff, and other similar organizations.

**NATO INTERNATIONAL MILITARY HEADQUARTERS:** This organization consists of the two primary military commands commonly known as SHAPE (Supreme Headquarters, Allied Powers Europe) and SACLANT (Supreme Allied Commander, Atlantic); the Channel Command, the Standing Group and the several military agencies, such as NATO Defense College, Military Agency for Standardization, and the European Radio Frequency Agency. The costs allowed under the international budgets for these headquarters and agencies are limited to civilian salaries and wages, operating support (utilities, office supplies and equipment), maintenance of building and equipment, and capital items. The pay and allowances of military personnel and supporting military equipment and hardware is the responsibility of the individual government furnishing the personnel and equipment. The total contribution of the U.S. toward this support for the five-year period ending 30 June 1957 is estimated at \$28 million.

An increase in the U.S. contribution during FY 1958 (\$6.550 million) over the average level of prior year contributions (\$5.3 million) is anticipated as a result

# Mutual Defense Assistance

## Military Assistance

ESTIMATED OBLIGATIONS AND EXPENDITURES (Dollars in thousands)					
	Cumul thru FY 1956	FY 1957			Unliquidated Obligations 6/30/57
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	
Obl.	\$22,688	\$ 389	\$4,911	\$5,300	\$4,667
Exp.	19,221	2,416	1,684	4,100	-
PROGRAM (Dollars in thousands)					
	FY 1950-57	FY 1956	FY 1957	Proposed FY 1958	
	\$27,988	\$3,384	\$5,300	\$6,550	
CONTENT OF FY 1958 PROGRAM					
	Estimated Total Support Cost	Estimated U.S. Share			
European Command - SHAPE	\$24,590	\$5,750			
Atlantic Command - SACLANT	373	90			
Channel Command	405	97 <sup>1/</sup>			
Military Agencies	839	203			
Standing Group	310	310 <sup>2/</sup>			
Other International Organizations	NA	100 <sup>3/</sup>			
Total		\$6,550			
<sup>1/</sup> Includes retroactive reimbursements for prior years' support. <sup>2/</sup> U.S. bears, as host country, all administrative support cost. <sup>3/</sup> Estimated - budget details and cost sharing formula to apply, now under discussion.					

## International Military Headquarters

of the assignment to SHAPE of the maintenance and operation of the early warning system of NATO. This assignment of responsibility is to assure that this vital communication network will remain firmly under the control and operation of the international military authorities. The operation and maintenance of this communication network is not included in the Infrastructure Programs.

Each headquarters and agency budget is reviewed by the Supreme Command involved and submitted to the Standing Group for approval from the military viewpoint and to the Military Budget Committee for final analysis, appraisal and recommendation. The NATO Council, upon the recommendation of its Military Budget Committee, formally approves the budget estimates and authorizes the Secretary General to request funds from the member countries as required by the commands and agencies in accordance with the effective cost-sharing formula. U.S. interest is expressed at each successive stage of the budget formulation, review-analysis, and final approval.

The accounts of each headquarters and agency are audited annually by auditors selected and appointed by the NATO Council from member countries.

OTHER INTERNATIONAL ORGANIZATIONS: A permanent military planning staff was established on 1 March 1957 with headquarters in Bangkok. For FY 1958, it is estimated that the U.S. share will total \$50,000 for operation of the SEATO permanent military planning staff. An additional \$50,000 is provided for the support of other international military headquarters.

The FY 1958 fund request for all international military headquarters is \$6.550 million.

**NON-REGIONAL PROGRAMS**

Mutual Defense Assistance

Mutual Weapons Development Program

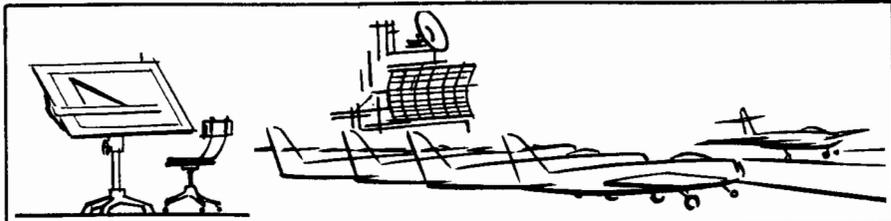
Military Assistance

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**BACKGROUND AND OBJECTIVES:** The Mutual Weapons Development Program (MWDP) was established by a special provision of the Mutual Security Act of 1953 with the primary objective of increasing the defensive capability of our allies and improving our mutual security through the provision of U.S. financial and technical assistance to selected highly promising projects for weapons of advanced design in their research and development programs. This program is already paying excellent dividends. It is making both allied and U.S. research and development more effective through coordination and technical assistance. It is developing new items which will be especially suited to the needs of our European allies. These will, in most instances, be far more economical to manufacture, operate and maintain than corresponding items from the United States. The program is adding the inventive capability of Western Europe to that of the United States in the race to keep ahead of the Communists in the development of new weapons. As an important by-product, it is assuring to the U.S. all new technical knowledge coming from these projects and the use, if desired, by our armed forces of any item developed in the program. Approximately 25 new weapons or items of military equipment have reached, or are expected to reach, the productive stage this year upon completion of field testing. Many others will also reach the testing stage this year, and, if successful, will be available for production soon thereafter for use in the defense of the Free World. These results are believed to be significant when it is considered that the program has been in operation only about three years and the fact that the process of military research and development ordinarily requires much longer.

**ADMINISTRATION:** MWDP is administered by the Assistant Secretary of Defense for Research and Engineering in coordination with the Assistant Secretary of Defense, International Security Affairs. The field work is to a large degree decentralized and is carried on through the MWD Team in Paris. This consists of a director and representatives of our three military departments operating from the office of the Defense Advisor to the U.S. Ambassador to NATO.

**GENERAL POLICIES:** Bilateral agreements negotiated with the governments of the participating countries state the general overall conditions and form the basis for the technical



**ESTIMATED OBLIGATIONS AND EXPENDITURES (Dollars in thousands)**

	Cumul thru FY 1956	FY 1957			Unliquidated Obligations 6/30/57
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	
Obl.	\$79,138	\$12,759	\$27,241	\$40,000	\$83,815
Exp.	14,323	11,030	9,970	21,000	-

**PROGRAM (Dollars in thousands)**

FY 1950-57	FY 1956	FY 1957	Proposed FY 1958
\$119,138	\$43,547	\$40,000	\$40,000

**CONTENT OF FY 1958 PROGRAM**

No.	Description	Value
	Aircraft Weapons Systems & Components	\$ 24,137
	Ammunition	6,326
	Guided Missiles	9,505
	Naval Sonar	2,146
	Radar & Other Electronics	13,592
	Miscellaneous Weapons	3,202
	Supporting Developments	2,775
	Technical Assistance	1,680
	<b>Total</b>	<b>\$ 63,363</b>

The \$40,000 thousand earmarked for the FY 1958 Program will be utilized to support highest priority projects in the categories described above.

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Mutual Weapons Development Program

agreements signed for each approved project. These technical agreements set forth the details of the projects and the responsibilities of the participating countries, serve as the basis for payment by the U.S. of specified amounts contributed to the support of the projects which are shared between the U.S. and the other nations on approximately a 50-50 basis.

Through an annual survey, the MWD Team screens the proposals and recommends for consideration by the U.S. those which meet the established criteria and appear to warrant additional support beyond the capabilities of the country of origin in order to accelerate the work. For those projects finally approved, the Team negotiates the necessary technical agreements. Projects selected generally are:

1. Of applied research or development on items of advanced design which show marked improvement over standard items available to the country of origin and indicate a good promise of materially increasing the effectiveness of the forces raised for the mutual defense.
2. Of such nature that additional financial assistance will accelerate their completion.
3. Directed toward the fulfillment of an operational requirement or target specified by an appropriate operational staff.

Items resulting from the program are made available to other countries of the Free World under conditions specified in the agreements. All technical information concerning a supported project is made available to the U.S. as well as certain license rights to inventions growing out of the project, making possible their production in the U.S. for use of the U.S. armed forces throughout the world.

Projects recommended by the team are reviewed by appropriate competent agencies of the Department of Defense which submit their comments to the Assistant Secretary of Defense for Research and Engineering. To further assist him a Steering Group was appointed last Fall, comprised of highly competent research and development technical and managerial experts from industry and government. This also insures that the nation's best scientific talents are applied to the planning and conduct of the program and

provides a basis for assuring that foreign Research and Development projects selected for support under MWDP are given scientific evaluation equivalent to that of the domestic projects in our own departmental programs. The Steering Group reviewed and evaluated the entire FY 1957 Program in October 1956 and will meet this Spring to consider the FY 1958 projects. The complete program recommended by the Assistant Secretary of Defense (R&D), on 12 November 1956, totalled \$52.5 million. It is expected that approximately \$40.0 million will be approved and obligated by 30 June 1957. The status of obligations and expenditures is reflected in the table following this discussion.

PROPOSED FY 1958 PROGRAM: Projects in the amount of \$63.4 million are under consideration by the Department of Defense. These projects include extensions of current projects as well as new projects in Europe and Japan. The FY 1958 proposed Program request of \$40.0 million is to be used to partially finance these projects. Western Germany will also participate this year in the new program. Included are projects for new and improved acquisition radar, ground surveillance radar, guided missile systems, countermeasures, anti-submarine weapons systems and many other important developments.

Expenditure rates and percentage figures shown in the accompanying table have proved, after careful consideration of all controlling factors, to be consistent with U.S. experience.

Among the new projects introduced into the program are two of especial interest and significance since they represent new means of attaining the continuing objective of meeting the requirements of SHAPE.

1. One is the Training Center for Experimental Aeronautics established jointly with Belgium to provide NATO with a means for training qualified scientific students in experimental aerodynamics and the techniques and practices of a modern aerodynamics laboratory. Constructed recently by Belgium at a cost of more than \$2.0 million, this facility includes three wind tunnels together with supporting laboratories, class rooms and shops. The first course is now underway with 17 students from 7 countries.

2. The other is the project on Forward Scatter Communications Test Links. It involves the construction,

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operation and evaluation of two test communications links in Europe, one in Norway utilizing new tropospheric scatter techniques and the other between Paris-Naples-Ismir using ionospheric scatter. These test links were recommended by the SHAPE Air Defense Technical Center -- which was also created as part of the MWD Program -- and are being supervised by that agency. Eventually, it is expected that these links will become part of a SHAPE owned and operated and reliable communications net for command purposes and use in an early warning net and air defense system for Western Europe. This will serve also as the right flank of the early warning net of the North American continent.

Ways and means for ensuring prompt and adequate utilization of the results of MWDP by countries other than the developing country as they reach the production stage is receiving constant attention. The MWD Team, in cooperation with the NATO Defense Production Committee is assisting with appropriate announcements as the items become available for demonstrating and testing.

Illustrations of significant developments reaching the productions stage include:

1. France:

- a. The SS-11 anti-tank wire guided missile which has been successfully tested in Africa is also useful as an anti-personnel weapon.
- b. SDS Ground Search Radar which can detect a moving vehicle at 20 miles with a range accuracy of 15 yards and a single moving pedestrian at 9.5 miles.
- c. The Mystere IVB2 Interceptor.
- d. Traveling Wave Tubes of which the French are the world leaders in development, having made the original technical break-through with their carcinatrons.

2. Italy:

- a. Large Coscant Squared Antenna which can materially increase the effectiveness of the

U.S. AN/TPS-1D radar supplied to NATO countries.

3. Netherlands:

- a. Horizon Camera which can photograph the entire horizon from an aircraft in one shot and is now under test by the United States Air Force.

4. Norway:

- a. The Terne ship-launched anti-submarine rocket.
- b. Electromagnetic Fuze designed to increase the effectiveness of mortar ammunition in snow.

5. United Kingdom:

- a. Minewatching System for detection and location of mines laid in the water by aircraft, now under test by U.S. Navy, which has no comparable project.
- b. Orpheus jet aircraft engine developed primarily for use with the NATO light fighter aircraft.

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MUTUAL WEAPONS DEVELOPMENT PROGRAM  
BY FISCAL YEARS  
AS OF 31 DECEMBER 1956  
(Dollar Values in Thousands)

Country	Projects		Country of Origin		United States				% Ex- pended
	New	Supple- mental	Expended Prior to MWDP	MWDP Obligation	MWDP Obligation	Expended* Thru 31 Dec 56	De-* obli- gated	Balance	
<u>FISCAL YEAR 1954</u>									
Belgium	1		\$ 10	\$ 4	\$ 80	\$ 16	\$ 0	\$ 64	
France	13		10,561	14,256	11,289	6,738	3,790	761	
Italy	2		17	40	112	89	0	23	
Norway	2		595	335	210	210	0	0	
Netherlands	2		140	10	685	185	0	500	
United Kingdom	13		6,973	8,059	6,719	4,145	1,391	1,182	
Total:	33		\$ 18,296	\$ 22,704	\$ 19,095	\$ 11,384	\$ 5,181	\$ 2,530	83%
<u>FISCAL YEAR 1955</u>									
Belgium	1		\$ 30	\$ 14	\$ 34	\$ 1	\$ 0	\$ 33	
France	6		2,529	3,690	5,777	1,565	0	4,212	
Italy	7		373	1,284	3,845	86	0	3,759	
Netherlands	5		304	553	4,135	806	0	3,329	
United Kingdom	12		7,155	6,083	7,563	3,857	70	3,636	
Total:	31		\$ 10,390	\$ 11,625	\$ 21,354	\$ 6,315	\$ 70	\$ 14,969	30%
<u>FISCAL YEAR 1956</u>									
France	23		\$ 27,781	\$ 23,502	\$ 19,893	\$ 3,395	\$ 0	\$ 16,498	
Italy	4	1	216	796	2,781	0	0	2,781	
Netherlands	1	3	107	78	3,882	2,008	0	1,874	
Norway	1	2	10	154	144	75	0	69	
United Kingdom	7	4	7,566	28,830	16,847	969	0	15,877	
Total:	36	10	\$ 35,680	\$ 53,359	\$ 43,547	\$ 6,447	\$ 0	\$ 37,100	15%
<u>FISCAL YEAR 1957 (Thru 31 Dec 56)</u>									
Belgium	1		\$ 0	\$ 236	\$ 409	\$ 0	\$ 0	\$ 409	
France	4		2,445	3,642	3,854	0	0	3,854	
Netherlands		1	0	0	4,150	0	0	4,150	
United Kingdom	2		16,100	6,200	3,738	0	0	3,738	
Total:	7	1	\$ 18,545	\$ 10,078	\$ 12,152	\$ 0	\$ 0	\$ 12,152	0

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MUTUAL WEAPONS DEVELOPMENT PROGRAM  
BY FISCAL YEARS  
AS OF 31 DECEMBER 1956  
(Dollar Values in Thousands)

Country	Projects		Country of Origin		United States			% Ex- pended	
	New	Supple- mental	Expended Prior to MWDP	MWDP Obligation	MWDP Obligation	Expended* Thru 31 Dec 56	De- * obli- gated		Balance
<u>SUMMARY</u>									
FY 1954	33		\$ 18,296	\$ 22,704	\$ 19,095	\$ 11,384	\$5,181	\$ 2,530	83%
FY 1955	31		10,390	11,625	21,354	6,315	70	14,969	30%
FY 1956	36	10	35,680	53,359	43,547	6,447	0	37,100	15%
FY 1957 (Thru 31 Dec 56)	7	1	18,545	10,078	12,152	0	0	12,152	0%
Total:	107	11	\$ 82,911	\$ 97,765	\$ 96,147	\$ 24,146	\$5,251	\$66,750	

Total Costs . . . . .	\$276,823,380
Total Country of Origin Costs . . . . .	180,676,139
Total United States MWDP Obligations . . . . .	96,147,241
Percent United States Share of Total Costs . . . . .	34.7%
Percent United States Share of MWDP Project Costs . . . . .	49.6%

\* Expenditures and obligation activity recorded by year of contract placement rather than year of transaction.

**NON-REGIONAL PROGRAMS**  
NATO Infrastructure

Mutual Defense Assistance  
Military Assistance

**OBJECTIVES:** The NATO Infrastructure Program is designed to provide facilities, for military forces assigned or earmarked for NATO commanders, which would otherwise be beyond the financial capabilities of the individual NATO member countries.

**FY 1950-1957 PROGRAM:** The United States has participated in the financing of international military construction under the North Atlantic Treaty Agreement since 1951. The programs, which are approved in annual slices by the North Atlantic Council, total approximately \$1,969 million for slices II through VII. These international programs cover the major categories of airfields, communications facilities, fuel distribution and storage systems, naval bases, war headquarters and training installations which are well distributed in tactical locations throughout the member countries. Apportionment of projects in the total program is approximately as follows:

<u>Project</u>	<u>Percent</u>
Airfields	48.5
Signals Communications	21.0
Pipelines and POL Storage	14.5
Naval Bases	11.5
War Headquarters	2.5
Training Installations	2.0

United States support of the program has been at the following agreed percentages which are shown net of taxes inasmuch as the U.S. deducts host country taxes prior to making a contribution:

ESTIMATED OBLIGATIONS AND EXPENDITURES (Dollars in thousands)					
	Cumul thru FY 1956	FY 1957			Unliquidated Obligations 6/30/57
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	
Obl.	\$469,805	\$46,735	\$28,265	\$75,000	\$137,378
Exp.	332,427	40,033	34,967	75,000	-
PROGRAM (Dollars in thousands) *					
	FY 1950-57	FY 1956	FY 1957	Proposed FY 1958	
	\$547,605	\$69,948	\$77,800	\$109,400	
CONTENT OF FY 1958 PROGRAM					
<u>Request I:</u>	Increased authorization of \$220 million for U.S. participation in international agreement to bring total authorization to \$1 billion.				
<u>Request II:</u>	Authorization to appropriate \$331.9 million to bring total to \$1 billion. (Prior year authorization \$668.1 million which includes total appropriations through FY 1954 plus limitations of \$321 million on FY 1955 and future year appropriations and excludes lapsed appropriations of \$111.9 million).				
<u>Request III:</u>	Appropriation of \$109.4 million for U.S. obligation in 1958 leaving \$254 million to be appropriated in subsequent years.				
* Includes \$140 million appropriated under military functions; excludes \$51 million used for military public works (national use).					

NATO Infrastructure

<u>Slice</u>	<u>Percent</u>
I	0
II	41.82
III	38.40
IV a	38.79
IV b	38.62
V	39.89
VI	39.81
VII	39.72

Congress has authorized, through FY 1957, United States infrastructure contributions to a total of \$780 million. The progress of the program is illustrated by the following:

1. Airfields: A total of 223 airfields have been programmed for common financing through Slice VII. As of 30 September 1956, 83 of these were substantially complete and 61 others usable in an emergency. It is estimated that many of the latter are now complete and an additional 16 usable in an emergency.

2. Communications: 392 projects have been programmed and 233 were completed at the end of 1956. 78 additional projects are expected to be completed in 1957.

3. POL Storage and Distribution: The program totals over 5,000 miles of pipelines and 600 million gallons of storage. At the end of 1956 - 2,900 miles of pipelines and 240 million gallons of storage were completed. Many of the pipelines now contain fuel and fuel has been placed in some of the storage in the North Central and Southern Europe. A major portion of the total system will be in operation by end 1957.

PROPOSED FY 1958 PROGRAM: In August 1956, the North Atlantic Council agreed to the programming of additional infrastructure over the next four years at a cost not to exceed \$630 million. All nations, including the U.S., agreed - subject to legislative action. A new cost sharing agreement has been completed which reduces the U.S. contribution to approximately 34.7%, net of taxes. The 1957 Slice VIII program of the new agreement is now being processed. This new four year program will be directed primarily at facilities necessary to survive an initial atomic attack and the

first phases of an atomic war. Such urgent requirements as an early warning system, a forward scatter command communications system, and dispersal of airfields are contained in the first increment of the new four year program.

The Congress is requested to provide in FY 1958:

1. Additional infrastructure authorization in the amount of \$220 million to support United States participation in the international agreement.

2. Additional infrastructure authorization to appropriate funds in the amount of \$331.9 million. This amount will be additive to the \$321 million limitation now contained in Section 104(a) of the Mutual Security Act and the appropriations prior to FY 1955. The effect of this increase will be to authorize appropriations to the amount of the overall U.S. infrastructure commitment of \$1 billion.

3. An appropriation of \$109.4 million to cover estimated U.S. obligations for FY 1958 based on U.S. share of NATO Council authorization to commit funds.

4. The following summarizes the status of the infrastructure program (dollars in thousands):

Current Estimate of Value - Slices II thru XI		
Airfields		\$1,258,300
Communications		550,100
POL		377,600
Naval Bases		298,400
War Headquarters		61,200
Training Installation		53,400
	Total	\$2,599,000
Estimated U.S. Share of Total		
Cumulative obligations 6/30/56	\$558,800	\$1,000,000
Est. FY 1957 obligation	77,800	636,600
	Remainder	\$ 363,400
<u>Estimated US FY 1958 Appropriation Requirement</u>		109,400
US Appropriation Requirement After FY 1958		254,000

# NON-REGIONAL PROGRAMS

## New Weapons

Mutual Defense Assistance

Military Assistance

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**DEFINITION:** The term "new weapons" as used in this presentation refers to selected types of improved weapons and equipment developed since World War II, the nature of which has radically altered the science of warfare. Included are "dual-purpose" weapons and equipment which permit the use of atomic war heads, but fissionable materials are not included within this definition. Examples of "new weapons" are guided and free missiles, recent types of supersonic aircraft, anti-submarine warfare equipment and electronics equipment for air defense.

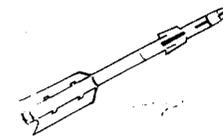
**BACKGROUND:** The considerations which render it of greatest importance that we include advanced weapons in our Military Assistance Program were taken up with the Congress last year. As stated at that time, U.S. assistance in modernizing our allies' forces must be on a continuing basis; additional funds for this purpose are accordingly requested for the coming fiscal year.

Without repeating in full the considerations advanced last year on behalf of this program, the following key factors should be noted:

1. In this period of rapidly developing technology, military plans and forces must constantly be reviewed to insure adjustment to changing conditions. It is not enough to build up military strength; that strength must be maintained and continuously modernized.

2. The U.S. and its allies have always recognized that it would be impossible for the free nations of the world to attempt to maintain military forces numerically comparable to those of the Communist powers. In order to compensate for our numerical inferiority, we must maintain not only our nuclear deterrent, but also the capability to deter and, if necessary, repel local attacks. This requires effectively armed allies.

3. Our allies, particularly the smaller NATO countries, have become increasingly aware of the discrepancy between their own military capabilities and those of the U.S. and Soviet forces, armed with the latest weapons.



### ESTIMATED OBLIGATIONS AND EXPENDITURES (Dollars in thousands)

	Cumul thru FY 1956	FY 1957			Unliquidated Obligations 6/30/57
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	
Obl.	\$118,372	\$28,600	\$120,600	\$149,200	\$267,572*
Exp.	0	*	*	*	-

### PROGRAM (Dollars in thousands)

FY 1950-57	FY 1956	FY 1957	Proposed FY 1958
\$321,103	\$118,372	\$202,731	\$296,462

### CONTENT OF FY 1958 PROGRAM

No.	Description	Value
6	Bns. Nike Ground Equipment & Missiles	\$117,949
10	Bns. Honest John Rockets	25,873
180	Advanced Fighter Aircraft (F-100)	146,895
	Training	5,745
	<b>Total</b>	<b>\$296,462</b>

\* Expenditures shown against countries.

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## New Weapons

The U.S., and to a limited degree, the U.K., are the only nations of the Free World presently producing the more important advanced weapons, capable of employing nuclear war heads. While the U.S., through its "sample weapons program", has offered to assist NATO nations having the necessary financial and industrial capability to undertake the development and production of advanced weapons, the U.S. will for an indefinite period be the only possible source for the provision of such weapons to Free World forces in quantity. It is, therefore, essential that the U.S. provide necessary weapons to our allies under the Mutual Security Program to match the growing strength of Soviet Bloc forces which are being progressively armed with similar weapons. Failure to do so in Europe would mean that allied NATO forces on the flanks of U.S. units would be unable to hold, vitiating the NATO shield concept and imperiling our own forces. Elsewhere in the world Free World forces must be modernized on a selective basis to prevent intimidation or nibbling attacks by stronger Soviet or satellite forces. It is axiomatic under collective security arrangements that allied forces should be effectively armed to bear their proper share of the battle. Apart from this basic military consideration, it is clear that our military alliances, and particularly the NATO shield in continental Europe, would not long survive if U.S. contingents were the only forces armed with modern weapons. Our allies cannot maintain their vital contribution to the common defense if their armed forces are inferior by reason of their outmoded weapons.

FY 1956-1957 PROGRAM: These considerations led the Executive Branch to propose and the Congress to approve the inclusion of funds for the procurement of new weapons. In addition, funds from prior year appropriations were to some extent reprogrammed for this purpose, so that there is now programmed \$410 million for FY 1956 and 1957 new weapons. This is not all grant aid, however. Approximately \$136 million will be reimbursed through sales of required equipment to Germany and other allied nations.

PROPOSED FY 1958 PROGRAM: \$338.3 million is requested for new weapons in FY 1958, to be provided as grant aid. In addition, it is proposed that \$151.4 million of new weapons will be offered for sale.

The new weapons program is presented on a non-regional and country basis. Tentative allocations by country, as recommended by appropriate military authorities, are indicated on the following tables. Final allocations will be dependent upon the recipient country's ability effectively to utilize the equipment and to provide adequate security safeguards for classified information or equipment.

The U.S. has also indicated to NATO countries that its ability to devote an increasing share of the Military Assistance Program to new weapons will depend to a considerable degree upon their willingness and ability to assume a greater share of the costs of maintaining existing forces.

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NEW WEAPONS PROGRAM FY 1956-58  
(Dollar Values in Thousands)

Item	FY 1956-57		FY 1958 Grant Aid		FY 1958 Military Sales	
	Quantity	Value	Quantity	Value	Quantity	Value
<u>I. TOTAL ADVANCED WEAPONS PROGRAM (II+III)</u>	-	\$409,986 2/	-	\$338,281	-	\$151,436
<u>II. WORLDWIDE PROGRAMS 1/</u>	-	329,303 2/	-	296,462	-	151,436
Tentative country distribution shown below:						
<u>Nike Ground Equipment &amp; Missiles</u>	11 Bns.	178,782	6 Bns.	117,949	8 Bns.	139,640
Denmark	1 Bn.	14,811	-	2,644	-	-
France	-	-	4 Bns.	69,820	-	-
Germany	6 Bns.	104,727	-	-	8 Bns.	139,640
Italy	3 Bns.	44,433	2 Bns.	42,841	-	-
Norway	1 Bn.	14,811	-	2,644	-	-
<u>Honest John Rockets</u>	12 Bns.	15,702	10 Bns.	25,873	4 Bns.	8,782
Belgium	1 Bn.	1,243	-	392	-	-
Denmark	1 Bn.	1,243	-	392	-	-
France	2 Bns.	2,487	4 Bns.	9,566	-	-
Italy	1 Bn.	1,243	2 Bns.	4,783	-	-
Netherlands	1 Bn.	1,243	-	392	-	-
Norway	1 Bn.	1,243	1 Bn.	2,587	-	-
United Kingdom	2 Bns.	3,270	-	-	4 Bns.	8,782
Greece	1 Bn.	1,243	1 Bn.	2,587	-	-
Turkey	2 Bns.	2,487	2 Bns.	5,174	-	-
<u>F-84F Conversion Kits</u>	1,000	5,872	-	-	-	-
Belgium	150	881	-	-	-	-
France	200	1,174	-	-	-	-
Germany	300	1,762	-	-	-	-
Italy	200	1,174	-	-	-	-
Netherlands	150	881	-	-	-	-
<u>Matador Missiles</u>	3 Sqdns.	42,000	-	-	-	-
France	1 Sqdn.	14,000	-	-	-	-
Germany	2 Sqdns.	28,000	-	-	-	-
<u>Advanced Ftr Acft (F-100) NATO Area</u>	100	75,847	180	146,895	-	-
<u>Training</u>	-	2,900	-	5,745	-	-

1/ FY 1958 request and prior year data carried only in this section of presentation.

2/ Includes \$8200 thousand early warning equipment which is part of MWDP.

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NEW WEAPONS PROGRAM FY 1956-58  
(Dollar Values in Thousands)

Item	FY 1956-57		FY 1958 Grant Aid		FY 1958 Military Sales	
	Quantity	Value	Quantity	Value	Quantity	Value
<u>Maritime Aircraft (S2F)</u>	-	\$ -	-	\$ -	4	\$ 3,014
Cuba	-	-	-	-	4	3,014
<u>Early Warning Equipment - NATO Area (MWD Program)</u>	-	8,200	-	-	-	-
III. <u>COUNTRY PROGRAMS 1/</u>	-	80,683	-	41,819	-	-
<u>Matador Missiles</u>	-	-	1 Sqdn.	16,500	-	-
Japan	-	-	1 Sqdn.	16,500	-	-
<u>Maritime Aircraft (S2F)</u>	66	46,915	13	9,793	-	-
Italy	6	4,640	13	9,793	-	-
Japan	60	42,275	-	-	-	-
<u>All Weather Aircraft</u>	60	30,469	-	-	-	-
Belgium	Undet.	10,400	-	-	-	-
Japan	60	20,069	-	-	-	-
<u>2.75" Aircraft Rockets</u>	53,396	2,984	380,825	15,441	-	-
Denmark	-	-	37,273	1,640	-	-
Greece	-	-	16,754	613	-	-
Italy	-	-	35,000	1,225	-	-
Portugal	-	-	5,062	177	-	-
Pakistan	-	-	6,472	226	-	-
Turkey	14,000	714	80,441	3,103	-	-
Taiwan	22,000	1,122	25,998	910	-	-
Japan	-	-	106,269	4,676	-	-
Korea	-	-	33,518	1,373	-	-
Norway	17,396	1,148	-	-	-	-
NATO	-	-	34,038	1,498	-	-
<u>Misc. Aircraft Components</u>	62	315	340	85	-	-
France (54 ARR-26 Sonobuoy Receivers; 8 ASQ-8 Magnetic Anomaly Detectors; 340 SSQ- 23 Sonobuoys; Spares for ASQ-8 & ARR-26)	62	315	340	85	-	-

1/ FY 1958 request and prior year data carried in individual country programs.

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## NON-REGIONAL PROGRAMS

### Nutrition Program

**OBJECTIVE:** The ultimate objective of the program is to assist friendly countries in the establishment of permanent nutrition services within their armed forces. This will involve the training of indigenous personnel during the surveys and the transfer to them of basic laboratory equipment and supplies.

**FY 1956-1957 PROGRAM:** Since January 1956 nutrition surveys have been completed in Iran, Pakistan and Korea. As a part of the FY 1957 Military Assistance Programs, surveys will be completed in the Philippines, Turkey, and Libya. The proposed tentative list of projects for FY 1957 included Korea, Turkey, Philippines, Iraq and Spain at an estimated budgetary cost of \$296,000. Allotment for the nutrition program for FY 1957 was \$200,000 and thus Spain was omitted from the FY 1957 Program. Libya was substituted for Iraq to have a nutrition survey.

**FY 1958 PROGRAM:** During the next two years, it is proposed to include in the Military Assistance Program provisions for nutrition surveys in nine countries of the Near and Far East, South America and Africa. For the FY 1958 Program, Brazil, Iraq, Ethiopia, Spain and Greece have been included. An inquiry was recently received for assistance in establishing a nutrition service for the armed forces of Brazil.

Continuance of the nutrition program will cost approximately \$300,000 per year for the next two years -- a comparatively small price to pay to insure that MAP equipment, representing an investment many times as great, will fully serve its intended purpose.

Countries to be included in the planned program for the next two years are keenly aware of the seriousness of their nutritional problems and have indicated a desire for assistance and guidance in developing national nutrition programs. However, because no comprehensive surveys have as yet been undertaken, the extent and type of nutritional and feeding problems of the armed forces of these countries must be determined. The first step

## Mutual Defense Assistance

### Military Assistance

ESTIMATED OBLIGATIONS AND EXPENDITURES (Dollars in thousands)					
	Cumul thru FY 1956	FY 1957			Unliquidated Obligations 6/30/57
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	
Obl.	\$ 50	\$ 47	\$153	\$200	\$127
Exp.	23	27	73	100	-
PROGRAM (Dollars in thousands)					
	FY 1950-57	FY 1956	FY 1957	Proposed FY 1958	
	\$ 250	\$ 50	\$ 200	\$ 300	
CONTENT OF FY 1958 PROGRAM					
<u>Description</u>					<u>Estimated Cost to United States</u>
Project-Brazil Original Nutrition Survey					\$ 70
Project-Iraq Original Nutrition Survey					81
Project-Ethiopia Original Nutrition Survey					78
Project-Spain or Greece Original Nutrition Survey					<u>71</u>
Total					\$ 300
Estimated Cost to Recipient Country will be Equitable Contribution in Services and Facilities.					

Nutrition Program

is to develop basic data with respect to nutritional requirements and status of the troops, feeding practices, food habits and food supplies. With such information, programs can then be instituted to improve nutrition and health.

TENTATIVE LIST OF PROJECTS - FY 1959

<u>Country/Project</u>	<u>Estimated Cost to U.S.</u> <u>(In Thous. of Dollars)</u>
Viet-Nam          Nutrition Survey (Original)	\$ 75
Thailand                    "	60 <u>1/</u>
Laos                        "	60 <u>1/</u>
Italy                    Advisory Survey	30
Related to Previous Programs	<u>75</u>
Total	\$ 300

Estimated Cost to Recipient Country will be Equitable Contribution in Services and Facilities.

1/ One survey team to conduct surveys in two countries (Thailand and Laos), thus reducing transportation costs; otherwise, surveys would cost approximately \$75,000.

## NON-REGIONAL PROGRAMS

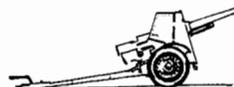
### Offshore Procurement

**BACKGROUND:** There are three sources of supply for items included in the approved Military Assistance Materiel Program. Some of the items can be furnished from supplies on hand in the Army, Navy or Air Force. Many of them come from new production in the United States. The third source is "Off-shore Procurement" (OSP), a term used to describe purchase by the United States of military equipment and supplies from sources outside the United States for delivery to other friendly countries, as part of the Military Assistance Program. This type of procurement was first undertaken in a relatively small way in connection with aid to Greece in 1947 because the United Kingdom was then the only source of supply for replacements, spare parts and ammunition for the British types of military materiel with which the Greek armed forces were equipped. If this equipment had not been procured offshore in the United Kingdom, it would have been necessary to completely re-equip the Greek armed forces with United States type equipment, an extremely costly undertaking.

When the Military Assistance Program was initiated in 1949, it was planned to supply United States types of equipment to our allies, mainly from existing United States stocks. It was also planned that any new procurement would, in part, be delivered to United States forces to replace stock items previously shipped to our allies. At that time, this seemed to be the most expeditious way of getting weapons into the hands of allied soldiers, and thereby strengthening the overall capability of the Free World to resist aggression. The attack in Korea, however, upset these plans; and the stocks of military equipment and ammunition which had been programmed for delivery under the Military Assistance Program were necessarily diverted to meet the urgent requirements of the Korean War. A new source of production had to be found and OSP was introduced to supplement U.S. production, which was straining to meet the need of the Korean conflict.

Equally important were the logistic and strategic considerations. From the military point of view, it was considered essential, in case of war, that the maximum capability to produce replacements, spare parts and ammunition

## Mutual Defense Assistance Military Assistance



be available from sources close to the actual fighting, and not be subject to the hazards and delays of a long and precarious pipeline from the United States. In addition, there were other benefits flowing from this action which were important to the U.S:

1. The opportunity to save money for the U.S. taxpayer. In many instances, especially in shipbuilding, it was possible to procure in Europe or Japan military equipment of types suitable for use by the recipient countries' forces at a cost less than that for purchasing equivalent equipment in the U.S.

2. The furtherance of U.S. political and economic objectives abroad. As the Marshall Plan was diminishing in size, many of our European allies still had balance of payments difficulties, particularly with the dollar area which were in part overcome by OSP. Our OSP Program was also instrumental in some countries as a means of combatting Communist influence in the trade union movement.

The four basic criteria which have always governed, and continue to govern, the placement of offshore procurement contracts are set forth in a Department of Defense Directive, dated 17 August 1951. These criteria are that such procurement will not result in one or more of the following:

1. Unjustifiable cost in comparison with procurement in the United States.
2. Militarily unacceptable delays in delivery.
3. Serious adverse effects upon the United States' economy, employment or industrial mobilization base.
4. Threat to the security interests of the United States.

## Offshore Procurement

FY 1951-1957 PROGRAM: Since 1951 the United States has purchased in Europe and the Far East a selected portion of the materiel to be furnished to friendly foreign nations under approved Military Assistance Programs. During the period, Military Assistance Program Offshore Procurement contracts totalled about \$2.71 billion, with expenditures as of 31 December 1956 amounting to \$2.12 billion, or 78% of the value of contracts placed.

The greatest volume of offshore contracts was placed in FY 1953 when the amount totalled about \$1.6 billion. In FY 1956, the amount of new procurement offshore was only \$62 million. Of the total orders placed to date, \$2.57 billion has been placed in Europe, largely in NATO countries, with the remainder awarded to the Far East area, principally Japan.

The largest single procurement category is conventional ammunition. The orders for conventional ammunition have been important in meeting training and war reserve requirements in friendly foreign countries. Ammunition orders to date total \$1.18 billion, or 43% of the total orders placed. In the main, ammunition procured has been of United States types and the bulk of orders was placed at a time when United States industry was engaged in fulfilling the requirements of the Korean campaign.

The second largest category of procurement is aircraft, spare parts and supporting equipment in the amount of about \$460 million. Many of the aircraft contracted for under this program were of European types.

The third largest category of materiel procured offshore, amounting to about \$360 million, is ships and harbor craft. These items are principally of foreign design and were produced in foreign shipyards at costs appreciably less (in some cases as much as 50% less) than United States' costs for comparable items.

With the exception of ammunition, offshore procurement orders involved primarily items of non-U.S. design - e.g. - British Centurion tanks, European-type radar, BOFORS, L/70 40mm AA guns, naval craft and aircraft of foreign design and British-type weapons.

On the basis of the end-items included in the Materiel Program, the status of service stocks and the state of the United States' industrial mobilization base, it is estimated that about \$110 million may be obligated in FY 1957 for offshore procurement on a worldwide basis.

FY 1958 PROGRAM: It is estimated that the FY 1958 Program will be in the same general order of magnitude as that for FY 1957. In contrast to previous years, it is anticipated that a larger percentage of the offshore procurement orders in 1958 will be placed in the Far East and, in addition, the total orders will involve only a relatively small amount of ammunition. In general, OSP will be used primarily to (a) obtain foreign-type items of materiel needed to meet an approved military requirement, or to (b) develop arrangements of special benefit to the U.S., such as cost-sharing production schemes or production capabilities in "soft currency" areas for use on a regional basis.

The reduction in ammunition orders will undoubtedly result in some of the ammunition plants in both Europe and the Far East being put into "mothballs". The U.S. will assist these countries in placing these plants in a standby status with the understanding that the governments concerned will agree to maintain the plants on a standby basis for future use in the event of war.

MAP OFFSHORE PROCUREMENT  
OBLIGATIONS BY FISCAL YEAR AND COUNTRY OF PRODUCTION a/  
as of 31 December 1956  
(Millions of Dollars)

<u>Country</u>	<u>FY 1952 &amp; 1953</u> <u>(Adjustments)</u>	<u>FY</u> <u>1954</u>	<u>FY</u> <u>1955</u>	<u>FY</u> <u>1956</u>	<u>FY 1957</u> <u>(Jul-Dec 56)</u>	<u>FY 1954-1956</u> <u>(Adjustments)</u>	<u>Cumulative</u> <u>As Of</u> <u>31 Dec 56</u>
<u>WORLDWIDE TOTAL</u>	<u>\$2,211.4</u>	<u>\$448.9</u>	<u>\$159.9</u>	<u>\$61.5</u>	<u>\$8.8</u>	<u>\$-177.1</u>	<u>\$2,713.4</u>
<u>EUROPE &amp; NEAR EAST</u>	<u>2,161.5</u>	<u>369.1</u>	<u>153.9</u>	<u>57.6</u>	<u>6.5</u>	<u>-174.9</u>	<u>2,573.7</u>
<u>NATO</u>	<u>2,115.6</u>	<u>342.2</u>	<u>126.5</u>	<u>52.5</u>	<u>6.5</u>	<u>-141.5</u>	<u>2,501.8</u>
Belgium	105.1	37.7	.5	0	0	- 13.4	129.9
Denmark	15.3	1.3	0	.8	0	- .2	17.2
France	1,018.1	13.0	47.3	7.9	0	- 25.9	1,060.4
Germany	11.3	7.8	3.0	5.7	*	- 1.1	26.7
Greece	34.0	1.1	10.4	0	0	- .2	45.3
Italy	362.5	91.2	39.5	13.7	.2	- 48.0	459.1
Luxembourg	.5	.2	0	0	0	+ .1	.8
Netherlands	76.8	2.5	.2	.2	.2	- 40.1	39.8
Norway	22.5	4.1	.6	5.4	.2	- 5.2	27.6
Portugal	18.3	0	0	0	0	+ .4	18.7
Turkey	8.5	.9	2.8	0	0	- .1	12.1
United Kingdom	442.7	182.4	22.2	18.8	5.9	- 7.8	664.2
<u>OTHER EUROPE &amp; NEAR EAST</u>	<u>45.9</u>	<u>26.9</u>	<u>27.4</u>	<u>5.1</u>	<u>0</u>	<u>- 33.4</u>	<u>71.9</u>
Finland	0	0	0	2.0	0	0	2.0
Iran	0	0	*	0	0	*	*
Spain	2.7	7.0	27.4	3.0	0	+ 6.4	46.5
Switzerland	37.8	6.1	0	.1	0	- 39.6	4.4
Yugoslavia	5.4	13.8	0	0	0	- .2	19.0
<u>FAR EAST</u>	<u>49.9</u>	<u>79.8</u>	<u>6.0</u>	<u>3.9</u>	<u>2.3</u>	<u>- 2.2</u>	<u>139.7</u>
Japan	43.8	71.1	5.9	3.2	2.3	- 4.4	121.9
Philippines	.3	.8	0	0	0	+ 2.0	3.1
Taiwan	5.8	7.9	.1	.7	0	+ .2	14.7

\* Less than \$50,000.

a/Excludes Facilities Assistance and Mutual Weapons Development Programs and purchases made by the London Logistics Group.

MAP OFFSHORE PROCUREMENT  
EXPENDITURES BY FISCAL YEAR AND COUNTRY OF PRODUCTION a/  
as of 31 December 1956  
(Millions of Dollars)

<u>Country</u>	<u>FY</u> <u>1952</u>	<u>FY</u> <u>1953</u>	<u>FY</u> <u>1954</u>	<u>FY</u> <u>1955</u>	<u>FY</u> <u>1956</u>	<u>FY 1957</u> <u>(Jul-Dec 56)</u>	<u>Cumulative</u> <u>As Of</u> <u>31 Dec 56</u>
<u>WORLDWIDE TOTAL</u>	<u>\$3.5</u>	<u>\$198.8</u>	<u>\$473.1</u>	<u>\$622.0</u>	<u>\$665.5</u>	<u>\$157.2</u>	<u>\$2,120.1</u>
<u>EUROPE &amp; NEAR EAST</u>	<u>3.5</u>	<u>195.6</u>	<u>447.6</u>	<u>587.6</u>	<u>628.9</u>	<u>133.8</u>	<u>1,997.0</u>
<u>NATO</u>	<u>3.5</u>	<u>195.6</u>	<u>446.4</u>	<u>576.2</u>	<u>623.8</u>	<u>124.3</u>	<u>1,969.8</u>
Belgium	0	6.6	6.9	23.5	31.7	4.5	73.2
Denmark	0	.8	1.4	5.7	6.2	1.3	15.4
France	1.3	140.4	221.2	309.8	275.5	43.0	991.2
Germany	.3	4.6	1.8	4.3	7.2	.9	19.1
Greece	.7	.1	4.7	11.0	18.5	6.6	41.6
Italy	0	7.9	107.4	125.3	88.0	31.3	359.9
Luxembourg	0	.2	.1	.5	0	0	.8
Netherlands	*	5.9	9.9	6.3	10.6	3.0	35.7
Norway	0	1.4	3.4	4.1	5.8	1.8	16.5
Portugal	0	0	.5	2.2	4.6	1.9	9.2
Turkey	0	0	0	3.6	5.5	1.2	10.3
United Kingdom	1.2	27.7	89.1	79.9	170.2	38.8	396.9
<u>OTHER EUROPE &amp; NEAR EAST</u>	<u>0</u>	<u>0</u>	<u>1.2</u>	<u>11.4</u>	<u>5.1</u>	<u>9.5</u>	<u>27.2</u>
Finland	0	0	0	0	0	2.0	2.0
Iran	0	0	0	0	*	*	*
Spain	0	0	0	2.9	1.3	1.6	5.8
Switzerland	0	0	.9	3.4	0	0	4.3
Yugoslavia	0	0	.3	5.1	3.8	5.9	15.1
<u>FAR EAST</u>	<u>0</u>	<u>3.2</u>	<u>25.5</u>	<u>34.4</u>	<u>36.6</u>	<u>23.4</u>	<u>123.1</u>
Japan	0	3.2	19.2	26.5	35.7	22.9	107.5
Philippines	0	0	.5	.4	.2	.3	1.4
Taiwan	0	0	5.8	7.5	.7	.2	14.2

\* Less than \$50,000.

a/ Excludes Facilities Assistance and Mutual Weapons Development Programs and purchases made by the London Logistics Group.

# NON-REGIONAL PROGRAMS

## Overseas Internal Security Program

# Mutual Defense Assistance

## Military Assistance

**OBJECTIVES:** The current international situation calls for more intensive resistance by nations of the Free World to Communist cold-war attack. Many countries lack knowledge, training, or means to defend themselves successfully against Communist pressures and penetrations and it is in the interest of the U.S. to assist them to develop internal security forces.

As a first step in the program set up to accomplish this objective, U.S. agencies made studies in selected countries to determine the following conditions: The nature of the Communist threat, the political factors bearing on internal security, the status of police and military forces, the capability of internal security forces to counter penetrations and para-military operations, and the adequacy of the U.S. program for strengthening this capability. Specific actions were recommended to improve military and police forces, judicial and legislative systems, and public information media. Additional problems were included for consideration by individuals and agencies charged with formulating other U.S. programs. These problems pertained to economic instability, lack of technological progress, political unrest, and other factors adversely affecting internal security.

Although the regular military assistance programs support forces in a number of countries which are designed primarily to maintain internal security, this special Overseas Internal Security Program is directed toward providing materiel and training to special units which are not normally eligible for assistance under the regular portion of the military assistance program. These special units, for example, counter-intelligence units, are not included in JCS force goals and must therefore be provided for elsewhere.

The studies reached the following general conclusions:

1. Of the 24 countries studies, the Communist non-military threat is critical in 2, dangerous in 7, and potentially dangerous in 7. In the remaining 8 nations, the threat is contained but needs to be watched. The threat appears to be primarily political, but in a number of countries, Communists are preparing to seize control if local conditions invite or Communist policy dictates such action. Communist para-military or guerrilla units are being developed for this purpose

**SECRET**

ESTIMATED OBLIGATIONS AND EXPENDITURES (Dollars in thousands)					
	Cumul thru FY 1956	FY 1957			Unliquidated Obligations 6/30/57
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	
Obl.	\$ 0	\$ 0	\$2,000	\$2,000	\$ 500
Exp.	0	0	1,500	1,500	-
PROGRAM (Dollars in thousands)					
	FY 1950-57	FY 1956	FY 1957	Proposed FY 1958	
	\$ 2,144	\$ -	\$ 2,144	\$10,000	
CONTENT OF FY 1958 PROGRAM					
No.	Description	Value			
	Afghanistan - Training	\$ 50			
	Bolivia - Training & Materiel	300			
	Burma - Training	50			
	Ethiopia - Training & Materiel	750			
	Greece - Materiel	250			
	Indonesia - Training	100			
	Iran - Training, Materiel & Construction	1,500			
	Iraq - Training	100			
	Laos - Training & Materiel	350			
	Japan - Training	40			
	Pakistan - Training	75			
	Philippines - Training & Materiel	3,000			
	Turkey - Training	100			
	Other Countries	3,335			
	Total	\$ 10,000			

**SECRET**

2. Some countries do not have adequate laws, effective juridical procedures, and the national will required to deal with Communist elements. These nations do not support their internal security forces properly. The primary internal security forces -- the regular and special police, gendarmerie, carabinieri, constabulary, and investigative agencies -- often lack knowledge of techniques, equipment, public support, incentives, and satisfactory administrative systems. Police forces must be based on democratic principles and have public support; otherwise, the U.S. might be charged with backing corrupt and authoritarian police systems manipulated by local politicians. Investigative services need to use modern, scientific techniques and procedures to recognize and counter Communist activities. These are problems which are being considered by agencies other than the Department of Defense.

3. Although the armed forces of these countries are generally adequate in numbers, they frequently have not received the training and equipment designed specifically to counter penetration, insurrections and guerrilla activities. In most countries, the military and police forces are not properly integrated and in some countries police units paralleling the military have been build up. The U.S. must seek to minimize such duplication among U.S.-supported forces.

The studies resulted in the following courses of action to be implemented by DOD;

1. Provision to police forces operated under foreign defense establishments of training and of limited arms, ammunition, and equipment, particularly technical equipment, for meeting the cold-war attacks.

2. The training and equipping of military forces for counter-intelligence and anti-guerrilla operations.

FY 1958 PROGRAM: It is estimated that Overseas Internal Security Programs for more than 13 countries will be approved and carried out during FY 1958 at an approximate cost of \$10 million. The estimated cost of the Overseas Internal Security Program for FY 1958 is greater than the amount programmed for FY 1957 because FY 1957 was the first year in which these programs were implemented and the necessary directives were not issued until later in the Fiscal Year.

The programs in Iran and the Philippines include the support of large national police organizations (i.e. constabulary and Gendarmerie) which are an integral part of the national defense establishments of these countries.

FY 1957 PROGRAM: During FY 1957 Overseas Internal Security Programs were approved and implemented for Afghanistan, Cambodia, Iran, Pakistan and the Philippines at a total cost of \$2.1 million.

FY 1957 OVERSEAS INTERNAL SECURITY PROGRAMS:

<u>Description</u>	<u>Value</u> (In Thous. of Dollars)
Afghanistan - Training	\$ 55
Cambodia - Training	16
Iran - Training & Materiel	1,208
Pakistan - Training	157
Philippines - Training & Materiel	<u>708</u>
Total	\$2,144

# NON-REGIONAL PROGRAMS

Packing, Crating, Handling & Transportation

Mutual Defense Assistance

Military Assistance

**PURPOSE:** This program includes all direct costs of packing, crating, handling and transportation (commonly known as PCH&T or accessorial costs) incurred for civilian labor, materiel, and transportation involved in preparing military equipment and supplies for delivery to nations under the Military Assistance Program. Accessorial costs include the following:

a. **Transportation Costs:** Inland, ocean (including Military Sea Transportation Service) and air (including Military Air Transport Service) transportation.

b. **Packing, Crating and Handling Costs:** The direct costs incurred for civilian labor and material in preparing the material for shipment from the storage and distribution points.

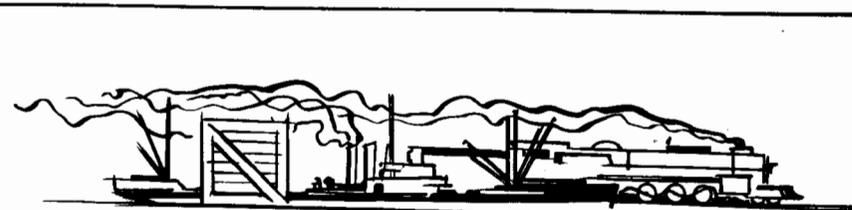
c. **Port Loading and Unloading Costs:** Direct costs incurred for civilian labor, material or contractual services for onloading, unloading and handling at the ports of embarkation and destination.

d. **Supply and Service Costs:** Costs incurred in delivery of ships and aircraft moving under their own power, from the point of outfitting or completion to their destination, including costs authorized for interim support.

e. **Other Related Costs:** These include: Field procurement and inspection, including duty travel, receiving, warehousing, inventory control and related station operation and maintenance costs.

Costs: Accessorial costs for FY 1958 are estimated at \$131,400,000. These costs for FY 1956 and programmed for FY 1957 and 1958 are as follows:

	(In Millions of Dollars)		
	FY 1956	FY 1957	FY 1958
Army	\$ 56.2	\$ 65.7	\$ 66.0
Navy	7.9	8.8	8.7
Air Force	68.7	68.3	56.7
<b>Total</b>	<b>\$132.7</b>	<b>\$142.8</b>	<b>\$131.4</b>



## ESTIMATED OBLIGATIONS AND EXPENDITURES (Dollars in thousands)

	Cumul thru FY 1956	FY 1957			Unliquidated Obligations 6/30/57
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	
Obl.	\$746,375	\$74,024	\$50,476	\$124,500	\$31,762
Exp.	709,113	81,541	48,459	130,000	-

## PROGRAM (Dollars in thousands)

FY 1950-57	FY 1956	FY 1957	Proposed FY 1958
\$889,175	\$132,747	\$142,800	\$131,400

## CONTENT OF FY 1958 PROGRAM

No.	Description	Value
	PCH&T Delivery Base <sup>1/</sup>	\$1,824,600
	Accessorial Obligation, Total	131,400
	PCH	51,400
	Transportation	80,000
	Ratio - Total accessorial obligation to delivery base	7.2%

<sup>1/</sup> Delivery base used in PCH&T calculation excludes OSP deliveries upon which no PCH&T is paid.

PCH&T

COMPUTATION OF COST ESTIMATES: The cost estimates for each fiscal year are based on estimates of deliveries of equipment and supplies and not on funds expected to be obligated or reserved for these items during that year. Normally, most of the equipment and supplies actually delivered during any one fiscal year have been programmed and obligated or reserved during previous years because of the lead-time needed to program, contract for, make ready, and deliver the items to eligible recipient nations.

In computing the amounts needed for PCH&T during FY 1958, cost factors have been used which are based upon a compilation of experience data accumulated over the past several years. Cost factors take into consideration shipments to different geographic areas and shipments by major types of equipment and supplies, such as aircraft and petroleum products. The cost factors used for transportation also take into account methods of transport (rail, water or air), the portion of ocean transportation to be financed from military assistance funds, and the source of supply (the United States, offshore procurement, or overseas stocks).

The subject of accessorial cost factors is currently under review for the purpose of increasing standardization in the Department of Defense and simplifying cost accounting. It is not expected, however, that the inclusion of revised cost factors will affect appreciably, either upward or downward, the total accessorial fund requirements estimated for FY 1958.

Mutual Defense Assistance  
Military Assistance

NON-REGIONAL PROGRAMS

MAP Personnel

DEFINITION: Military Assistance Program personnel are those military, U.S. civilian and indigenous personnel engaged in planning, formulating, supervising and implementing the military aspects of the Mutual Security Program and who are paid, in whole or in part, by the Military Assistance Program. (The salary and standard allowances of military personnel are not paid from MAP funds.)

1. In the continental United States, MAP military and civilian personnel are employed in the:
  - a. Office of the Secretary of Defense.
  - b. Offices of the Assistant Secretaries of Defense.
  - c. Military Departments.
  - d. Other subordinate installations.
2. In overseas areas, MAP personnel are employed in:
  - a. MAAGs and Missions.
  - b. Unified Commands.
  - c. United Missions to NATO.
  - d. Regional Defense Organizations.
  - e. Other field agencies administering major programs as shown below.

MAAG FUNCTIONS: Field assistance and advisory efforts provided in accordance with the Military Assistance Program are normally implemented by the Military Assistance Advisory Group (MAAG) located within the recipient country. The primary mission of the MAAG is to assist and advise the country in developing its maximum defensive capability through optimum use of its own war potential and the United States' contribution. In the accomplishment of this objective, the missions of the MAAGs generally include the following functions, all of which are performed in close collaboration with and under the general supervision of the Chief of the Diplomatic Mission and in coordination with the designated representative of the International Cooperation Administration:

1. Furnish the Chief of the U.S. Diplomatic Mission, such advice on military matters as he may require in exercising coordination of U.S. activities in the country.



2. Advise and assist the host government in the preparation of general requests for aid under the provisions of the Military Assistance Program. Screen such requests in accordance with established criteria and forward, as the basis for development of an approved MAP, net deficiency lists with recommendations as to end-item requirements, desired delivery schedules and priority of supply among the various military units.
3. Review all allocations of MAP materiel proposed for delivery by the military departments, recommending cancellation or deferment of shipments when equipment items cannot be usefully absorbed by the country's military units promptly after delivery.
4. Conduct continuing review, in conjunction with USCOM, of the approved MAP, with a view to deleting items therefrom which can be provided by the local government without cost to MAP.
5. Receive U.S. materiel and effect transfers of title to the country.
6. Advise and assist the host government in the requisition, receipt, identification, storage and distribution of supplies and equipment furnished under MAP.
7. Provide the host country, insofar as is authorized and practicable, with technical information, such as plans, specifications and characteristics for the purpose of assisting indigenous production of military equipment.
8. Furnish advice and assistance to the host government on the use, nomenclature, technique of operation, maintenance and tactical employment of items furnished or planned to be furnished.
9. Advise and assist local personnel concerned with the local defense effort in obtaining formal training in U.S. schools in the United States and overseas.

**SECRET**

MAP Personnel Data

10. Observe end use and maintenance of items of equipment furnished under the Military Assistance Program.

11. Promote the self-help principle of encouraging increased indigenous production of military equipment and, so far as it is consistent with MAP objectives, establishment of country-supported training schools.

SCOPE OF ASSISTANCE AND ADVISORY EFFORT: The scope of individual MAAG efforts in providing assistance and advice to the country in the accomplishment of Mutual Security objectives will vary with each country depending upon the following general factors:

1. United States policy for each individual country.
2. United States military objectives within a given region.
3. Recipient country's economic and military capabilities and consequent need for assistance and advice.
4. The status of military aid to a country in terms of its past, present and future accomplishments.

It must be recognized that the size and composition of MAAGs will vary, based on the scope of the operation as outlined above and the basic functions which are required by law and directives.

LOCATION OF MAAGS: Military Assistance Advisory Groups are located in the following countries:

Belgium-Luxembourg	Iraq	Portugal
Cambodia	Italy	Spain
Denmark	Japan	Taiwan
Dominican Republic	Korea	Thailand
Ethiopia	Netherlands	Turkey
France	Norway	United Kingdom
Germany	Pakistan	Viet-Nam
Greece	Philippines	Yugoslavia
Iran		

Military Assistance Advisory Groups in the Latin American countries, except the Dominican Republic, have been phased down to zero strength, and the Service Training Missions have absorbed their functions. Chiefs of Service

Training Missions are designated as Chiefs of MAAGs in the following countries:

Brazil	Ecuador	Nicaragua
Chile	Guatemala	Peru
Colombia	Haiti	Uruguay
Cuba	Honduras	

In order to preserve internal security and prevent the Communists from taking over the country, a Military Assistance Program was initiated for Laos when it became an independent country. To comply with the Mutual Security Legislation, it was necessary for the U.S to supervise this program. In order to do this and not violate the Geneva Accords, the Department of Defense established a civilian MAAG composed of ex-military people referred to as the Program Evaluation Office. The United States maintains a Military Training Mission in Saudi Arabia.

STATUS OF PERSONNEL: Continuing action is being taken to effect reduction in personnel without jeopardizing their missions and responsibilities. Reductions which have been accomplished during FY 1957 are shown in the accompanying table "Status of MAP Personnel".

The Assistant Secretary of Defense (International Security Affairs), as the designated representative of the Secretary of Defense, has developed a uniform framework for a functional analysis of MAP manpower utilization by all agencies and echelons as a continuing requirement designed to:

1. Account for current and planned MAAG effort and to facilitate optimum direction of effort in accordance with U.S. objectives.
2. Comply with Presidential Circular 168 and other manpower limitation instructions.
3. Substantiate budget and other controlling factors.

**SECRET**

STATUS OF MAP PERSONNEL AUTHORIZED

as of 31 March 1957

<u>Activity</u>	<u>GRAND TOTAL</u>	<u>Total Military</u>	<u>U.S. Civilians</u>	<u>Total U.S.</u>	<u>Indigenous</u>
<u>WORLDWIDE TOTAL</u>	<u>15,704</u>	<u>10,399</u>	<u>2,501</u>	<u>12,900</u>	<u>2,804</u>
<u>Continental U.S.</u>	<u>1,854</u>	<u>197</u>	<u>1,657</u>	<u>1,854</u>	<u>-</u>
<u>Office, Secretary of Defense</u>	<u>276</u>	<u>118</u>	<u>158</u>	<u>276</u>	<u>-</u>
Assistant Secretary (ISA)	150	44	106	150	-
Assistant Secretary (MP&R)	4	-	4	4	-
Assistant Secretary (R&E)	3	-	3	3	-
Joint Chiefs of Staff	8	5	3	8	-
General Counsel	6	-	6	6	-
NATO Standing Group	105	69	36	105	-
<u>Department of the Army</u>	<u>553</u>	<u>-</u>	<u>553</u>	<u>553</u>	<u>-</u>
Departmental Staff	553	-	553	553	-
<u>Department of the Navy</u>	<u>690</u>	<u>42</u>	<u>648</u>	<u>690</u>	<u>-</u>
Departmental Staff	211	38	173	211	-
Field Supply Activities	479	4	475	479	-
<u>Department of the Air Force</u>	<u>335</u>	<u>37</u>	<u>298</u>	<u>335</u>	<u>-</u>
Departmental Staff	162	31	131	162	-
Field Supply Activities	173	6	167	173	-
<u>Overseas -- Non-MAAG</u>	<u>3,962</u>	<u>2,435</u>	<u>469</u>	<u>2,904</u>	<u>1,058</u>
<u>Office, Secretary of Defense</u>	<u>68</u>	<u>26</u>	<u>42</u>	<u>68</u>	<u>-</u>
Assistant Secretary (R&E)	16	8	8	16	-
NATO Standing Group	6	4	2	6	-
Defense Advisor USRO & DEFREPNAME	46	14	32	46	-
<u>Department of the Army</u>	<u>1,535</u>	<u>209</u>	<u>345</u>	<u>554</u>	<u>981</u>
Hq CINCEUR	121	85	36	121	-
Hq CINCARIB	1	1	-	1	-
Hq USAREUR	3	-	3	3	-
Offshore Procurement Program	448	45	178	223	225
Facilities Assistance Program	19	4	15	19	-
Army Logistics Depot, Japan	891	71	64	135	756
Military Public Works, Okinawa	52	3	49	52	-

<u>Activity</u>	<u>GRAND TOTAL</u>	<u>Total Military</u>	<u>U.S. Civilians</u>	<u>Total U.S.</u>	<u>Indigenous</u>
<u>Department of the Navy</u>	<u>38</u>	<u>38</u>	<u>-</u>	<u>38</u>	<u>-</u>
Hq CINCPAC	30	30	-	30	-
SEATO Bangkok	8	8	-	8	-
<u>Department of the Air Force</u>	<u>2,321</u>	<u>2,162</u>	<u>82</u>	<u>2,244</u>	<u>77</u>
Offshore Procurement Program	98	14	43	57	41
USAFE Training Complex, Germany	1,937	1,914	23	1,937	-
5th Air Force Training, Japan	242	234	8	242	-
U.S. Air Force Group, Turkey	44	-	8	8	36
<u>Overseas -- MAAGs &amp; MAP Missions</u>	<u>9,888</u>	<u>7,767</u>	<u>375</u>	<u>8,142</u>	<u>1,746</u>
BELLUX	104	79	10	89	15
Cambodia	76	59	-	59	17
Denmark	57	42	7	49	8
Dominican Republic	6	6	-	6	-
Ethiopia	34	32	-	32	2
France	154	105	29	134	20
Germany	321	266	40	306	15
Greece	383	197	12	209	174
Iran	381	254	11	265	116
Iraq	21	15	-	15	6
Italy	101	82	15	97	4
Japan	361	317	44	361	-
Korea	2,868	2,039	80	2,119	749
Netherlands	71	56	7	63	8
Norway	73	55	8	63	10
Pakistan	103	52	1	53	50
Philippines	83	70	7	77	6
Portugal	65	49	7	56	9
Spain	145	103	17	120	25
Taiwan	2,835	2,636	-	2,636	199
Turkey	759	493	77	570	189
United Kingdom	22	19	3	22	-
Viet-Nam	793	678	-	678	115
Yugoslavia	72	63	-	63	9

## NON-REGIONAL PROGRAMS

### Military Sales Program & Loans

**BACKGROUND:** It is a U.S. policy objective that MAP nations should assume financial responsibility for the procurement of materiel required to achieve mutual security objectives whenever such action is consistent with their economic and political stability. Progress toward the achievement of this policy objective has been made in the spare parts field where negotiations have been consummated for many countries to assume financial responsibility for their spare part requirements.

Procedural implementation of this policy is seen in efforts to expand the military sales program. Progress has been made in eliminating some of the obstacles to this program through a series of legislative and administrative steps. The 1956 amendments to the Mutual Security Act have allowed the establishment of a more equitable, and consequently more competitive, pricing policy, recognizing the age and condition of equipment. In addition, administrative procedures are being improved to provide better "customer service" and buyer-seller relationships.

**CURRENT PROBLEMS & FUTURE PROGRESS:** Several problems must be solved to properly capitalize on past progress and make further gains in the allied assumption of financial responsibilities. The problems referred to are those typical of any buyer-seller type operation: the seller must have stock from which to sell; the buyer's ability to buy may often depend on credit; the seller's ability to continue selling will require a smooth continuity of investment, sales, and reinvestment; and when foreign buyer-seller relationships are involved the prospect of trading through local currency acceptance will influence the buyer's ability to buy and the seller's willingness to sell. These problems and the current action directed at their solution are discussed in the following paragraphs.

**INVESTMENT:** The major effort to transfer financial responsibility has been in the spare parts field. While many countries, primarily in Europe, have agreed to assume financial responsibility, the small size of their procurement orders, their lack of previous experience in procurement, continued dependence for many items on U.S. sources of supply, and lack of any regional procurement organizations, can make the transfer of financial responsibility for spare parts a reality only if a supply system exists to stock the necessary

## Mutual Defense Assistance

### Military Assistance



#### ESTIMATED OBLIGATIONS AND EXPENDITURES (Dollars in thousands)

	Cumul thru FY 1956	FY 1957			Unliquidated Obligations 6/30/57
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	
Obl.	\$15,838	\$ 22	\$10,362	\$10,384	\$10,267
Exp.	7,415	4,451	4,089	8,540	-

PROGRAM (Dollars in thousands)			
FY 1950-57 *	FY 1956 *	FY 1957*	Proposed FY 1958
\$ 26,284	\$ 900	\$ 10,384	\$175,000

#### CONTENT OF FY 1958 PROGRAM

No.	Description	Value
-----	-------------	-------

The amount requested in FY 1958 will establish a capital fund to facilitate sales of military end-items and spare parts as described in the text. Authority to re-use payments for such sales (including local currency payments) is being requested in order to finance additional materiel for sale.

It is anticipated that the average annual commitment of the fund will consist of approximately \$125 million applied to finance sales of military end-items on a 3-year credit basis and approximately \$50 million applied to finance spare parts sales.

\* Not specifically appropriated for credit sales. Obtained by diverting from grant aid requirements.

### Military Sales Program & Loans

items for several countries and sell on demand. These problems will continue to present themselves as the military sales program expands in the spare parts and other fields. Since in the past funds have only been requested for grant aid requirements, funds have not been available to procure materiel in anticipation of sales. Solution of this problem will require financial authorization to invest in the pipeline from which sales can be made.

CREDIT: Over and above the need to provide pipeline requirements described above, the ability and willingness of some of our allies to procure materiel from the U.S. depends upon the availability, to an extent not now practical, of credit. While Section 106 of MSA authorizes three-year credit for stocked items, using service funds to cover the credit, services have been unwilling to tie up their appropriations in major cases for this long a period. For items requiring new procurement, the authority of Section 103c was intended to be applicable, using MAP funds. However, appropriations have never been requested for such purposes and the extension of credit would require diversion from other programs to cover such transactions.

The availability of funds to advance credit would materially assist in the provision of aid to many countries not normally included in the MAP grant aid program, e.g., certain countries in Latin America. Provision of military materiel to these countries on favorable terms fosters good will and cooperative relations, bolsters the prestige of friendly governments, and helps preclude the extension of Soviet influence.

The solution to this problem is the provision of funds to advance credit in order to facilitate the sale of military materiel.

LOCAL CURRENCY PAYMENTS: Dollar shortages throughout the world even in relatively stable economies are a significant damper on any major MAP sales program. While basic planning for the MAP sales program is in dollar terms, acceptance of local currency payments would facilitate the ability and willingness of many countries to pay for MAP materiel. This situation suggests that wherever local currencies could be used to meet other MAP requirements or requirements of U.S. military services, consistent with prudent management and other

U.S. objectives, it would be in the U.S. interest to accept local currency payment for MAP sales and reinvest these currencies for other MAP or U.S. requirements. Local currencies used to meet services and MAP grant aid requirements will be purchased with dollar appropriations, thereby providing for continuing conversion of local currencies to dollars which may in turn be reinvested in credit or sales transactions. Reinvestment of local currencies for procurement of required materiel, would as a by product, aid in the development of country production facilities for future self-support. The acceptance and utilization of local currencies is essentially a trade program rather than an aid program. While authorization exists for the acceptance of local currency payments for economic commodities, such authorization does not exist for MAP materiel.

REINVESTMENT: The provision of military assistance to our allies is a continuing program and consequently the need for maximizing sales of MAP materiel is also continuing. Capital will be required to underwrite additional sales and loans and the sales program could, within established limits, provide its own source of capital for future transactions by being authorized to reinvest payments made for sales or loans either in dollars or in local currencies. Such authorization will provide a basis for advance sales and investment planning and will place the MAP sales program on a continuing business-like basis.

FY 1950-1957 PROGRAM: While almost 60 countries have participated in some degree in past sales of military materiel (\$806 million through 31 December 1956), principle participants were limited to those countries in a favorable financial condition who, as a result, were not in need of extensive grant or credit assistance, foremost among these being Canada who accounted for approximately \$537 million of the total. Only 7% of the total sales through 31 December 1956 were on a credit basis.

FY 1958 PROGRAM: Steps proposed for FY 1958 to capitalize on the progress already made and provide a basis for future gains in the transfer of financial responsibility to allied nations are as follows:

### Military Sales Program & Loans

a. Initial Financial Authorization: It is very difficult to forecast the amount of credit or pipeline support required in any given year since a variety of political, financial and military factors influence both the timing and amount of purchases. Past experience and current trends indicate that about \$50 million may be required for spare parts support and about \$125 million to finance major materiel requirements on a three year credit basis. Therefore, \$175 million have been included in the total authorization for MAP in FY 1958. Such authority would provide the basis for meeting the initial investment requirements to provide the pipeline and credit for MAP sales.

b. Continuing Legislative Authorization: Language changes in Section 103c would authorize the re-use of payments for MAP sales to finance additional sales and loan programs. In addition, authorization is requested for acceptance of local currency payments for MAP sales. Such authority will provide the administrative basis for a continuing program and will facilitate future sales where feasible through acceptance of local currencies.

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MILITARY SALES PROGRAM - EQUIPMENT & SUPPLIES  
 From Beginning of Program Thru 31 December 1956  
 (In Thousands of Dollars)

<u>Recipient Country</u>	<u>Purchases</u>	<u>Deliveries</u>	<u>Recipient Country</u>	<u>Purchases</u>	<u>Deliveries</u>
TOTAL	\$ 806,358	\$ 658,233			
Argentina	8,665	7,652	Japan	1,231	1,021
Australia	28,557	25,228	Korea	262	255
Belgium	5,728	3,562	Lebanon	266	221
Bolivia	361	361	Liberia	889	725
Brazil	9,208	7,723	Luxembourg	38	24
Burma	6	*	Malaya	919	919
Canada	536,880	446,539	Mexico	552	306
Chile	6,661	6,308	Netherlands	7,763	3,602
Colombia	9,093	6,672	New Zealand	102	79
Costa Rica	871	766	Nicaragua	1,695	1,556
Cuba	2,282	1,777	Norway	1,958	1,709
Denmark	1,533	1,200	Pakistan	19,054	14,914
Dominican Republic	495	495	Panama	*	*
Ecuador	1,175	1,151	Paraguay	385	1
Egypt	555	214	Peru	29,590	29,083
El Salvador	541	476	Philippines	1,815	1,291
Ethiopia	488	488	Portugal	339	177
France	18,815	13,333	Saudi Arabia	18,956	16,778
Germany	236	5	Spain	105	104
Greece	238	118	Sweden	240	198
Guatemala	504	467	Switzerland	593	541
Haiti	35	34	Taiwan	681	564
Honduras	1,280	742	Thailand	1,085	1,015
Iceland	*	*	Turkey	14	14
India	34,107	29,013	Union of So. Africa	232	231
Indochina	8,924	7,596	United Kingdom	9,823	6,000
Indonesia	6	1	Uruguay	1,200	1,200
Iraq	18	17	Venezuela	22,219	10,387
Israel	413	383	Yugoslavia	1,398	440
Italy	5,279	2,559			

\* Less than \$500.

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# NON-REGIONAL PROGRAMS

## Military Assistance Training Programs

# Mutual Defense Assistance

## Military Assistance

**OBJECTIVES:** The Military Assistance Training Program is aimed toward maximum effectiveness of forces with emphasis on obtaining the maximum utilization of equipment furnished under the materiel program. Specifically, the objectives of the training program are to: Assist in the attainment of combat effectiveness of forces at the earliest possible time; insure proper maintenance and operation of U.S. provided equipment; assist in the establishment of self-sufficient country training programs; assist as appropriate, in increasing the skill of country military personnel to a high degree which will permit rapid and ready transition to more modern equipment.

Military assistance training requirements are prepared in furtherance of these objectives. Although the training requirements are closely related to the end items being furnished each country, the training program is not limited exclusively to this type of training. In the interest of developing effective forces and in view of the varied capabilities of the recipient countries, appropriate instructions in all phases of military activities are offered. The annual requirements for training assistance are developed by the Military Assistance Advisory Groups in conjunction with the recipient countries and reviewed by the Unified Command and military departments to assure that they are in consonance with the materiel programs and U.S. plans and objectives in the respective recipient countries.

**TYPES OF TRAINING:** To carry out the objectives of the training program, several types of training are provided foreign military personnel. The major types of training are:

1. Training of students in service schools, both in the U.S. and overseas, (this type of training is the basic element of the training program).
2. Mobile training teams, composed of U.S. service personnel, who provide in-the-field instruction in the maintenance and operation of specialized equipment.

ESTIMATED OBLIGATIONS AND EXPENDITURES (Dollars in thousands)					
	Cumul thru FY 1956	FY 1957			Unliquidated Obligations 6/30/57
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	
Obl.	\$25,983	\$3,000	\$4,386	\$7,386	\$13,711
Exp.	18,258	400	1,000	1,400	-
PROGRAM (Dollars in thousands)					
	FY 1950-57	FY 1956	FY 1957	Proposed FY 1958	
	\$40,744	\$11,258	\$7,726	\$9,020	
CONTENT OF FY 1958 PROGRAM					
No.	Description	Value			
	Navy -- Contractual Services	\$ 200			
	Air Force -- Technical Representatives	6,820			
	State -- Mission Training Expenses	<u>2,000</u>			
	Total	\$ 9,020			

### Military Assistance Training Program

3. Technical representatives who are civilian contract specialists and provide field instruction on highly complicated and newly developed equipment.

4. Orientation visits for senior foreign military personnel to acquaint them with the latest practices and techniques in use in the U. S. military services.

5. U.S. training personnel stationed in the recipient countries provide technical advice and instruction at the countries' installations and guidance in the development of indigenous training establishments and programs.

In the training program, countries financially able to do so bear a portion of the cost involved in the training of their personnel. These countries pay trans-ocean transportation costs of their students and certain costs of maintaining U.S. advisory and instructional personnel overseas.

FY 1950-1957 PROGRAM: From the beginning of the MA training program to 31 December 1956, foreign military personnel had completed or were attending 88,486 courses of instruction in service schools in the U.S. and 25,000 courses in overseas installations. (One course of instruction is equal to a single trainee in a particular service school.) These numbers do not include the large groups of personnel that have received instruction in their own countries from U.S. instructors and technicians. At the end of 31 December 1956, 2,049 technical representatives and 2,149 mobile training teams had completed or were currently engaged in providing field instruction and assistance to foreign personnel in the maintenance and use of equipment furnished under the MA materiel programs.

As the result of the training furnished, armed forces of many countries have been improved from a condition seriously lacking adequate training and organization into modern military organizations familiar with the tactical use and technical aspects of their equipment. However, despite favorable results to date, much remains to be accomplished. While quantitatively indigenous training establishments closely approximate training requirement goals, many countries still require considerable training assistance to

achieve and maintain desired qualitative standards and to attain a position where they can readily use and maintain more modern weapons.

ADVANCED WEAPONS TRAINING: In FY 1957, the Military Assistance Program included such advanced weapons and equipment as guided and free missiles, modern aircraft, anti-submarine warfare equipment and equipment for air defense systems. Training in the employment of these weapons and equipment will be necessary. The United States is also prepared to train units from certain NATO countries in the techniques of delivering atomic weapons. Training will be undertaken with special training devices and will not entail possession of nuclear components by the forces being trained. This training program will be in harmony with the priorities established by the NATO military authorities and will be carried out under arrangements worked out directly between appropriate military authorities of the United States and the NATO member countries receiving training.

FY 1958 PROGRAM: With respect to the above, increasing emphasis will be placed on training connected with the more modern weapons in FY 1958 and later years. On the other hand, emphasis on training of the more conventional types will decrease. The FY 1958 Program request is \$74.0 million. Details of the program are shown in the table that follows.

Although the MA Training Program is a military program designed to improve the defense posture of friendly countries, the program, through the close association of U.S. and foreign personnel, is creating good will and a better understanding of the U.S. among our allies. These accomplishments are invaluable and possibly the most permanent accomplishments of the training program.

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TRAINING OF FOREIGN NATIONALS UNDER GRANT AID PROGRAMS  
BY GEOGRAPHIC SOURCE, RECIPIENT AREA AND COUNTRY

As of 31 December 1956

(Thousands of Dollars)

Number of MAP Formal Training Courses

	<u>Completed</u>	<u>Attrition</u> <u>a/</u>	<u>In</u> <u>Training</u>		<u>Completed</u>	<u>Attrition</u> <u>a/</u>	<u>In</u> <u>Training</u>
<b>TOTAL</b>	<u>108,045</u>	<u>5,560</u>	<u>5,441</u>	<b>Asia and Pacific</b>	<u>43,781</u>	<u>3,085</u>	<u>3,462</u>
<b>Geographic Source</b>				Burma	13	0	0
Training in U.S	85,029	2,468	3,457	Cambodia	0	0	0
Training Overseas	23,016	3,092	1,984	Laos	0	0	0
<b>Recipient Area &amp; Country</b>				Indochina	543	0	0
<b>Europe</b>	<u>46,490</u>	<u>2,150</u>	<u>1,095</u>	Indonesia	52	0	0
Belgium	4,677	359	4	Japan	10,458	2,593	1,709
Denmark	2,673	81	34	Korea	12,318	404	763
France	15,706	1,110	23	Philippines	2,924	37	273
Germany	511	14	135	Taiwan	12,754	20	229
Italy	5,747	190	84	Thailand	3,768	10	204
Luxembourg	115	0	2	Vietnam	951	21	284
Netherlands	6,441	182	15	<b>Latin America</b>	<u>4,647</u>	<u>143</u>	<u>442</u>
Norway	3,707	69	19	Brazil	403	4	67
Portugal	1,979	45	116	Chile	340	17	68
Spain	2,839	29	622	Colombia	1,187	31	78
United Kingdom	1,172	60	9	Cuba	350	14	17
Yugoslavia	923	11	32	Dominican Republic	86	1	34
<b>Near East and Africa</b>	<u>13,127</u>	<u>182</u>	<u>442</u>	Ecuador	666	31	54
Ethiopia	87	3	3	Guatemala	119	6	19
Greece	4,482	10	79	Haiti	40	0	8
Iran	1,818	16	73	Honduras	140	3	0
Iraq	39	1	3	Nicaragua	733	25	30
Pakistan	782	2	186	Peru	431	11	53
Turkey	5,919	150	98	Uruguay	152	0	14
				Mobile Training Teams (WW)	2,014	0	135
				(not included in above totals)			
				Technical Representatives	1,201	0	848
				(WW) (not included in totals)			

a/ Represents man-courses occupied by students who started a specific course of training and for academic, technical, physical or other reasons are forced to discontinue the course prior to normal completion date of course.

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MAP TRAINING PROGRAM  
BY FISCAL YEAR, AREA AND RECIPIENT COUNTRY  
(In Thousands of Dollars)

	<u>FY 1950-57</u>	<u>FY 1956</u>	<u>FY 1957</u>	<u>FY 1958</u>
<u>WORLD-WIDE TOTAL</u>	<u>\$447,204 1/</u>	<u>\$86,340</u>	<u>\$69,119 1/</u>	<u>\$68,239 1/</u>
<u>NON-REGIONAL PROGRAMS</u>	<u>40,744</u>	<u>11,258</u>	<u>7,726</u>	<u>9,020</u>
<u>COUNTRY PROGRAMS</u>	<u>406,460</u>	<u>75,082</u>	<u>61,393</u>	<u>59,219</u>
<u>EUROPE</u>	<u>251,295</u>	<u>28,235</u>	<u>17,934</u>	<u>11,625</u>
Austria	35	-	35	-
Belgium	28,363	534	750	273
Denmark	17,790	337	764	983
France	89,283	1,562	1,098	614
Germany	15,896	14,024	4,874	2,409
Italy	21,715	2,376	1,993	1,897
Luxembourg	41	7	4	7
Netherlands	27,680	666	579	258
Norway	17,244	4,452	953	1,026
Portugal	4,789	368	542	363
Spain	14,301	3,413	5,934	3,503
United Kingdom	11,897	80	55	53
Yugoslavia	2,260	415	353	239
<u>NEAR EAST AND AFRICA</u>	<u>45,259</u>	<u>8,284</u>	<u>8,683</u>	<u>13,553</u>
Ethiopia	989	438	462	402
Greece	6,391	681	1,182	2,585
Iran	6,805	1,322	1,737	4,221
Iraq	185	97	125	515
Pakistan	4,766	1,999	1,807	1,630
Turkey	26,121	3,748	3,368	4,199

1/ Does not include Advance Weapon Training.

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MAP TRAINING PROGRAM  
BY FISCAL YEAR, AREA AND RECIPIENT COUNTRY  
(In Thousands of Dollars)

	<u>FY 1950-57</u>	<u>FY 1956</u>	<u>FY 1957</u>	<u>FY 1958</u>
<u>ASIA AND PACIFIC</u>	<u>\$101,500</u>	<u>\$35,385</u>	<u>\$31,428</u>	<u>\$28,009</u>
Burma	23	-	-	-
Cambodia	283	393	237	327
Indochina	161	-	-	-
Indonesia	64	-	-	-
Japan	12,075	5,009	4,530	3,561
Korea	27,806	7,214	7,560	7,454
Laos	16	0	16	1,182
Philippines	5,677	1,118	1,343	1,327
Taiwan	32,103	13,116	6,637	6,293
Thailand	8,860	2,627	2,165	2,429
Vietnam	14,433	5,909	8,941	5,436
<u>LATIN AMERICA</u>	<u>8,407</u>	<u>3,179</u>	<u>3,349</u>	<u>6,032</u>
Brazil	1,165	474	533	1,209
Chile	1,309	644	579	1,643
Colombia	1,459	469	581	1,177
Cuba	1,288	143	259	353
Dominican Republic	170	91	74	152
Ecuador	788	225	329	427
Guatemala	208	103	123	102
Haiti	33	66	12	22
Honduras	123	59	73	37
Nicaragua	379	171	188	62
Peru	1,056	440	371	680
Uruguay	427	295	227	167

SECRET

# NON-REGIONAL PROGRAMS

## United Nations Logist. Support in Korea

### Mutual Defense Assistance Military Assistance

**SECRET**

**BACKGROUND:** Since the beginning of the Korean War in June of 1950 and through June of 1956, the United States has furnished logistical support to the other UN forces operating in Korea. Since the beginning, the value of this support has totalled \$385 million, while reimbursements from the participating countries have amounted to only \$91 million.

The appropriations of the military departments provided this logistic support through FY 1956. Beginning with FY 1957, the logistical support of these foreign forces, still under the command of the UN Commander, has been financed by the appropriations made available to the Military Assistance Program.

**FY 1957 PROGRAM:** Under the truce conditions now prevailing, the cost of furnishing logistical support to other UN forces in Korea during 1957 will approximate \$12 million. This estimate is based on a force level of approximately 7,700 men existing during this fiscal year. These cost factors merely provide for those minor costs of maintaining the forces at their present strength and effectiveness.

**FY 1958 PROGRAM:** For FY 1958, the estimated cost of this program is again \$12 million. This estimate is based on the anticipated strength of the UN forces and will support a force level of approximately 7,700 men during FY 1958. This program has been developed from experiences under comparable conditions for maintenance of personnel and equipment in the past as well as the experience which has been gained during the current fiscal year.



#### ESTIMATED OBLIGATIONS AND EXPENDITURES (Dollars in thousands)

	Cumul thru FY 1956	FY 1957			Unliquidated Obligations 6/30/57
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	
Obl.	\$ 0	\$4,929	\$4,071	\$9,000	\$1,000
Exp.	0	4,929	3,071	8,000	-

#### PROGRAM (Dollars in thousands)

FY 1950-57	FY 1956	FY 1957	Proposed FY 1958
\$12,000	\$ 0	\$12,000	\$12,000

#### CONTENT OF FY 1958 PROGRAM

No.	Description	Value
	Estimated Cost	\$10,000
	Add: Ocean Transportation Costs	2,000
	<b>FY 1958 Funds Required</b>	<b>\$12,000</b>

Country	Projected Strength (No. of men)	Estimated Annual Cost
Ethiopia	10	\$ 14
France	39	62
Greece	8	12
Thailand	282	447
Turkey	5,423	7,746
United Kingdom	1,987	1,719
<b>TOTAL</b>	<b>7,749</b>	<b>\$ 10,000</b>

**SECRET**

# NON-REGIONAL PROGRAMS

## Miscellaneous World-Wide Programs

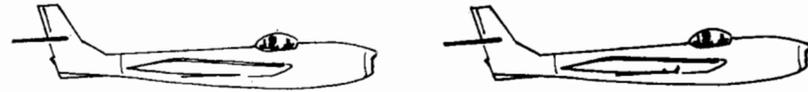
### Mutual Defense Assistance

### Military Assistance

**VEHICLE REBUILD:** Funds in the amount of \$63.0 million for FY 1958 are required for the vehicle rebuild program in the Far East area. During 1956 an increasing number of inoperable general purpose vehicles were reported in MAP recipient countries in the Far East. In Cambodia, Korea, Laos, Taiwan, Thailand, Viet-Nam and the Philippines as high as 50% of the vehicles were deadlined or required extensive maintenance. These vehicles are of World War II-type and many had been used by U.S. forces during World War II and the Korean War. The average age of the vehicles is about 12 years, which exceeds by 50% the "average life of type" for military vehicles. Many have been rebuilt one or more times in Japan. Maintenance, overhaul and replacement of worn-out vehicles is necessary to prolong the usefulness of existing assets and to maintain stocks at the minimum number essential for operations.

Generally speaking, MAP deliveries had provided the authorized number of vehicles for these countries. The problem is not one of supplying additional vehicles for buildup of forces, but rather of replacing worn-out and damaged vehicles. The maintenance, overhaul and rebuild problem demanded urgent action. Increased training, technical assistance and supervision were needed, but, in addition, a major effort was required to perform fifth echelon (rebuild) repairs. This effort required facilities available only in the U.S. or Japan and applied both to complete vehicles and to their major components.

The Department of the Army made a thorough analysis of the problem of improving the vehicle situation and concluded that it could best be treated on a regional basis since much of the necessary rebuild was beyond the capability of the individual countries concerned. A contract was, therefore, signed with Japanese manufacturers for rebuilding, in Japan, both vehicles and major assemblies released for this purpose by MAP recipient countries in the Far East area. Funds in the amount of \$61.6 million were provided for the FY 1957 Program. In addition to initiating the rebuild program and establishing a military assistance parts depot in Japan, this FY 1957 Program included \$44.1 million for procurement of new vehicles of Japanese types. These new vehicles will be provided to the Japanese forces in return for which Japan will return to the U.S. World War II-type vehicles now held



#### ESTIMATED OBLIGATIONS AND EXPENDITURES (Dollars in thousands)

	Cumul thru FY 1956	FY 1957			Unliquidated Obligations 6/30/57
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	
Obl.	\$470,870	\$7,925	\$80,982	\$88,907	\$436,563*
Exp.	115,514	4,675*	3,025	7,700*	-

#### PROGRAM (Dollars in thousands)

FY 1950-57	FY 1956	FY 1957	Proposed FY 1958
\$559,777	\$36,045	\$88,907	\$119,667

#### CONTENT OF FY 1958 PROGRAM

No.	Description	Value
	Vehicle Rebuild	\$ 63,002
	OSP Expenses	5,031
	Aircraft Modifications	15,300
	Aircraft Support Equipment	34,734
	Special Projects	1,600
	<b>Total</b>	<b>\$ 119,667</b>

\* Reflects a partial total only as expenditures on some categories are shown against countries.

### Misc. Worldwide Programs

by Japanese forces, which will be rehabilitated and redistributed to other countries in the Far East. This initial procurement of new vehicles is required to get the program started because of the large number of completely unuseable vehicles which now exists in the inventories of the Far Eastern countries. This procurement program meets all of the normal standards for offshore procurement, and results in a very favorable price to the United States.

OSP EXPENSES: Funds in the amount of \$5.0 million for FY 1958 are required for administrative support incident to offshore procurement activities devoted to purchasing and contracting under the Military Assistance Program. This amount includes expenses connected with obtaining manufacturing data and production aids for support of offshore procurement activities.

AIRCRAFT MODIFICATIONS: Funds in the amount of \$15.3 million for FY 1958 are required for modification of aircraft, guided missiles or their components already on procurement or necessary equipment that will result in: (1) an improvement in military capability or operational performance; (2) significant change in logistics or training requirements; or (3) a change in configuration to allow an aircraft or guided missile to perform a permanently assigned mission other than the one for which it was originally procured.

AIRCRAFT SUPPORT EQUIPMENT: Funds in the amount of \$34.7 million for FY 1958 are required primarily for shop and utilities equipment, organization base and maintenance equipment and related aircraft equipment. This amount represents the best estimate of MAAG stated requirements over and above presently programmed support equipment. A worldwide survey and redistribution of support equipment to meet deficiencies for support of forces in the FY 1950-1956 Program is underway. Upon completion, a breakout of the above requirement by country will be possible.

SPECIAL PROJECTS: Witnesses will describe these projects.

**NON-REGIONAL PROGRAMS**

**PROGRAM AND EXPENDITURES SUMMARY**

(In Thousands of Dollars)

**Miscellaneous**

Country	Programs				Estimated Expenditures				Estimated Unliquidated Obligations 30 Jun 1957
	FY 1950-57	FY 1956	FY 1957	Proposed FY 1958	Cumulative 30 June 56	FY 1957		Total	
						7/1/56 2/28/57	3/1- 6/30/57		
<b>TOTAL</b>	\$ 559,777	\$ 36,045	\$ 88,907	\$ 119,667	\$ 115,514	\$ 4,675*	\$ 3,025	\$ 7,700*	\$ 436,563*
Vehicle Rebuild	83,739	8,000	61,571	63,002	*	*	*	*	83,739*
OSP Expenses	18,048	3,446	5,500	5,031	11,131	3,705	2,295	6,000	916
Acft Modification	16,970	0	16,970	15,300	0	*	*	*	16,970*
Air Force Support Equipment	0	0	0	34,734	0	0	0	0	0
Special Projects	3,000	1,400	1,600	1,600	1,184	924	576	1,500	316
Other	438,020	23,199	3,266	0	103,199	46	154	200	334,622

\*Expenditures are distributed by country.

NON-REGIONAL

DEVELOPMENT LOAN FUND

THIS IS A NEW PROGRAM PROPOSED FOR  
FY 1958 WHICH WILL BE DISCUSSED IN ORAL TESTIMONY

For description of the purpose of this Fund see "Definition"  
of the Development Loan Fund in the World-Wide Summary docu-  
ment.

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands)					
	Cumul. thru FY 1956	FY 1957			
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57
Obl.					XXX
Exp.					
SUMMARY OF PROGRAM (In dollars)					
FY 1956		FY 1957		Proposed FY 1958	
-		-		500,000	
DETAIL OF PROGRAM					

NON-REGIONAL

UNTA

Importance of Program to United States: The United Nations Expanded Program of Technical Assistance was established with strong United States leadership and support in 1950. Continued U.S. participation in this internationally-financed program is in the U.S. interest both because it helps to bolster the economies of underdeveloped countries and because it strengthens materially the operations of the United Nations and specialized agencies.

It is the policy of the United States to aid in the economic development of underdeveloped countries by providing technical assistance, in order to raise standards of living and to make these countries less susceptible to Communist propaganda and subversion. Technical assistance is being furnished on both a bilateral and multilateral basis. It is advantageous for the United States to participate in both programs. The multilateral approach from the U.S. point of view has the following advantages:

Experts are recruited from 60 other countries, thereby lessening the demand on U.S. manpower in fields in which U.S. experts may be scarce.

Participation in an international program in which other governments bear a part of the cost is more economical for the United States than bearing the cost alone.

Some problems of economic development must be dealt with on a regional basis. While the regional approach has by no means been neglected under bilateral programs, certain regional problems lend themselves specially well to handling by an international organization.

Countries sometimes prefer to request assistance from an international organization of which they are members and to which they contribute, rather than from an individual foreign government.

Substantial good will accrues to the U.S. from its strong support of the technical assistance activities of the international organizations.

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands)					
	Cumul. thru FY 1956	FY 1957			
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57
Obl.	67,529	15,500	-	15,500	XXX
Exp.	58,479	13,927	2,623	16,550	8,000
SUMMARY OF PROGRAM (\$ IN THOUSANDS)					
FY 1956		FY 1957		Proposed FY 1958	
23,000		15,500		15,500	
DETAIL OF PROGRAM (\$ IN THOUSANDS)					
Contributions and Estimated Contributions to Central Fund					
Calendar Year	Other Governments	United States	Total	U.S. Percentage	
1950-51 (18 Mos.)	8,000	12,000	20,000	60	
1952	7,400	11,400	18,800	60	
1953	9,600	12,800	22,400	57	
1954	11,400	13,900	25,300	55	
1955	12,700	15,000	27,700	54	
1956	14,500*	14,500*	29,000	50	
1957	16,000*	15,500*	31,500	49	
1958	18,900*	15,500*	34,400	45	
* Estimated.					

## NON-REGIONAL

The USSR began to contribute in 1953, in recognition of the importance which underdeveloped countries attach to the UNTA Program. Soviet participation makes it particularly important that the United States maintain the leadership which it has exercised since the beginning of the program in 1950.

The U.S. and the UN agencies attempt to coordinate their respective Technical Assistance Programs, both in the field and at headquarters. In the field there is close liaison among the ICA Mission, the UN Mission and the recipient government in planning and operating technical assistance projects. In an effort to guard against overlapping or duplication, procedures have been developed for coordinating the bilateral and multilateral programs. The programs are complementary rather than competitive.

The Program: The United Nations Expanded Program of Technical Assistance is carried out by the UN and the following Specialized Agencies: Food and Agriculture Organization, International Civil Aviation Organization, International Labor Organization, International Telecommunication Union, United Nations Educational, Scientific and Cultural Organization, World Health Organization, and World Meteorological Organization. Representatives of these agencies constitute the Technical Assistance Board, which has primary responsibility for the over-all administration of the Expanded Program. The International Bank for Reconstruction and Development and the International Monetary Fund cooperate in the UN Technical Assistance Program, although they do not receive allocations from the UN Special Account, from which the UNTA Program is financed.

Project requests are formulated by the recipient country in consultation with representatives of the specialized agencies. These requests are forwarded to the Technical Assistance Board through the UN Resident Representative who is directly responsible to the Technical Assistance Board for coordination of the international agency activities in the recipient country. On the basis of these requests, the Technical Assistance Board compiles a total program which it recommends to the intergovernmental Technical Assistance Committee. This Committee, which is made up of representatives of the 18 governments on the Economic and Social Council, including the U.S., approves the program, and, subject to confirmation by the General Assembly, allocates funds from the UN Special Account to the participating organizations to carry out the projects which have been approved.

The technical assistance activities under the UNTA Program cover an extremely wide range, reflecting the needs and requests of the recipient countries. The priority activities, however, are in the fields of agriculture, public health, and education. There are also important activities in such fields as community development, industrial production, public administration, labor productivity and civil aviation.

The program is determined by the requests of the individual countries, based on what they consider their priority needs in the context of their total development plans and the limited resources available. In Indonesia, for example, the \$3.5 million which UNTA has spent from 1951 through 1956 covers the services of 250 experts and over 150 training grants. The largest scale undertakings have been in the fields of civil aviation, primary and secondary education, industrial development and vocational training. The first results of Indonesian's educational program may be measured by the fact that in 1952, there were 55,000 teachers in Indonesia and in 1956, 140,000. In August, 1956, compulsory primary education was introduced for the first time in Indonesia, in central and east Java. Although, of course, it is impossible to measure the degree to which UNESCO's efforts have influenced the success of the Indonesian program, it is significant UNESCO has been assisting the government in its educational program since 1952 through the provision of an educational mission of from six to eight members.

In Central America - an ideal ground for regional cooperation - the UN has assisted in the economic integration program initiated by the Governments in 1951, as well as in individual country projects. One of the outstanding achievements is in the field of public administration where, in the school for Central American civil servants, 140 students have been trained since 1954. This has resulted in an improvement in public administration procedures in many departments of the five Central American Republics.

Project costs in Pakistan have totaled approximately \$5 million for the period 1951-56. Pakistan has been sent 433 experts since 1951 and 374 Pakistanis have received fellowships and training grants. Agricultural production in East Pakistan is limited by excessive flooding in summer months and prolonged drought during the winter. An FAO team of 16 experts is working with Pakistan on the Ganges Kobadek irrigation scheme which will ultimately irrigate two million acres of land.

## NON-REGIONAL

In Iran, project costs have totaled over \$5 million between 1950-56. The largest share of services in Iran has been concentrated on comprehensive agricultural development, followed by development of transport and communication facilities, industry and education. A new Iranian Technological Institute, assisted by UNESCO and UN, is scheduled to open with 100 students in September 1957, to train teachers for technical schools and technicians for industry. While the oil industry is one of several which will draw upon the future graduates, the training of 300 teachers for secondary schools is an immediate goal. In the first two months of operation of the National Anti-tuberculosis center, which was opened in 1956 following preparatory work by a WHO team, 4,000 Iranians were examined and 500 sick given treatment.

U.S. Contribution: \$15.5 million is requested as the U.S. contribution to the UNTA Program for CY 1958. This is the amount appropriated as the U.S. contribution for CY 1957.

The program is supported by voluntary contributions from governments which contribute in accordance with their interest and ability to participate. Other governments have increased their contributions from \$8 million in 1950-51 to \$14.5 million for 1956 and an estimated \$16 million in 1957. The U.S. contribution has increased from \$12 million in 1950-51 to an estimated \$15.5 million for 1957. At the same time the U.S. percentage has decreased from 60% at the beginning of the program to less than 50% for 1957.

In addition to contributions to the central fund, the local cost contributions of governments receiving technical assistance are estimated at approximately twice the amount financed internationally. When these contributions are taken into account the U.S.

percentage of the total cost of the program for 1956 was approximately 16%.

The Mutual Security Appropriation Act for 1957 included a proviso that the U.S. contribution to the 1958 Calendar Year program shall not exceed 33.33% of the United Nations program. Although other governments can be expected to continue to increase their contributions for 1958, as they have in the past years, it will not be possible for the U.S. to achieve such a drastic reduction in its percentage without doing serious damage to the program. Such a reduction would also create adverse international reactions, particularly in the UN, among underdeveloped and advanced countries alike.

Modification of this proviso is requested in order to permit a gradual reduction in the U.S. percentage rather than a decrease of approximately 16 percentage points in one year. It is therefore proposed that the U.S. should reduce its percentage share to approximately 45% for 1958, with further reductions in succeeding years.

The UNTA Program is faced with urgent technical assistance needs which now greatly exceed the financial, though not the technical, resources of the program. For 1958, it is proposed that the U.S. should maintain the level of its support, with a reduction in the U.S. percentage to be achieved through increased contributions from other governments.

# NON-REGIONAL

## NON-REGIONAL PROGRAM

### UNITED NATIONS EXPANDED PROGRAM OF TECHNICAL ASSISTANCE

#### Approved Program for Calendar Year 1957

#### Summary by Specialized Agency and Geographic Region

(Dollars in thousands)

Agency	Africa	Middle East	Asia and Far East	Europe	Latin America	Inter-Regional	Total
Food and Agriculture Organization	818	1,526	1,906	474	2,077	257	7,058
World Health Organization	875	868	1,792	161	1,021	-	4,717
International Labor Organization	207	497	1,047	318	800	95	2,964
United Nations Educational, Scientific and Cultural Organization	466	849	1,701	139	1,013	-	4,168
International Civil Aviation Organization	88	474	308	19	178	-	1,067
International Telecommunication Union	29	148	58	18	41	-	294
World Meteorological Organization	60	87	28	20	45	21	261
United Nations Technical Assistance Administration	244	992	2,179	609	1,483	78	5,585
<b>Total</b>	<b>2,787</b>	<b>5,441</b>	<b>9,019</b>	<b>1,758</b>	<b>6,658</b>	<b>451</b>	<b>26,114</b>

NON-REGIONAL

NON-REGIONAL PROGRAM

UNITED NATIONS EXPANDED PROGRAM OF TECHNICAL ASSISTANCE

Program for Calendar Year 1957

Summary by Agency and Major Cost Components

(Dollars in thousands)

	Technicians		Fellowships		Supplies and Equipment	Total Cost
	No.	Cost	No.	Cost		
Food and Agriculture Organization	489	5,379	620	1,302	377	7,058
World Health Organization	324	3,564	404	848	305	4,717
International Labor Organization	164	1,804	431	905	255	2,964
United Nations Educational, Scientific and Cultural Organization	264	2,904	215	451	813	4,168
International Civil Aviation Organization	63	693	146	307	67	1,067
International Telecommunication Union	18	198	37	78	18	294
World Meteorological Organization	11	121	50	105	35	261
United Nations Technical Assistance Administration	398	4,378	439	922	285	5,585
<b>Total</b>	<b>1,731</b>	<b>19,041</b>	<b>2,342</b>	<b>4,918</b>	<b>2,155</b>	<b>26,114</b>
Operational Services						2,258
Administrative Costs						1,755
Technical Assistance Board and Resident Representatives						<u>1,825</u>
<b>Total Program, Calendar Year 1957</b>						<u><b>31,952</b></u>
Estimated Program, Calendar Year 1958 <sup>1/</sup>						34,400
Proposed U.S. Pledge to Calendar Year 1958 Program						15,500

<sup>1/</sup> The calendar year 1958 program will not be approved until late in 1957. It is estimated that the distribution of the 1958 program will be similar to that shown for 1957.

**NON-REGIONAL**

**Interregional Expenses**

Interregional Expenses are the cost of program activities which relate to two or more geographical regions; e.g., Latin America, Far East; and which apply to more than one appropriation.

Expenses chargeable to Technical Cooperation funds are reflected as Non-Regional programs since the costs attributable to each region are not separately identified in agency accounting reports. Expenses chargeable to other appropriations are reflected in the appropriate regional programs for which such appropriations are available. The "Summary of Programs" shown at the right represents the amounts reflected in Non-Regional Programs. The "Detail of Program" sets forth the total activity and the appropriations charged.

Under the provisions of Section 522(f) of the MS Act of 1954, as amended, these expenses for accounting and control purposes will be administered in a single account with periodic credits to this account of the amounts which relate to other appropriations affected.

These expenses fall into two broad categories as follows:

**Interregional Projects:** These are projects affecting more than one geographical region or appropriation which are designed to assist in helping on a key problem of the less developed countries - the lack of technically trained personnel.

In one way or another each project helps to meet this shortage. Through contracts with universities, Land Grant colleges and private institutions, technical training is provided. Under contracts with similar groups the participants are furnished technical publications and technical information lacking in their own country.

Finally, we finance necessary supporting services needed to make the training experience successful such as orientation, provision of interpreters, and refresher courses in the English language.

Under a contract arrangement with the State Department, their Reception Centers meet incoming participants at ports of entry.

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands) <sup>a/</sup>					
	Cumul. thru FY 1956	FY 1957			
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57
Obl.	18,871	8,678	2,892	11,570	XXX
Exp.	15,909	5,407	6,125	11,532	3,000
SUMMARY OF PROGRAM (\$ IN THOUSANDS)					
	FY 1956	FY 1957	Proposed FY 1958		
	9,862	11,570	14,700		
DETAIL OF PROGRAM (\$ IN THOUSANDS)					
Activity	FY 1956	FY 1957	Proposed FY 1958		
Interregional Projects	2,850	3,520	3,630		
Interregional Program Expenses	8,479	9,835	11,500		
Total Interregional Expenses	11,329	13,355	15,130		
Deduct amounts financed from appropriations other than Tech. Coop. and included in appropriate regional program totals:					
Defense Support, Europe	-1,232	-1,200	-		
Special Assistance	-	-	-300		
Joint Control Areas	-235	-200	-130		
Defense Support, Asia	-	-300	-		
Defense Support, Latin America	-	-5	-		
Development Assistance (Sec. 201)	-	-80	-		
Balance financed from Technical Cooperation (Non-Regional)	9,862	11,570	14,700		
<sup>a/</sup> Includes obligation and expenditure activity against Technical Cooperation funds only. Obligation and expenditure activity against other appropriations listed in "Detail of Program" is included in appropriate regional program totals.					

## NON-REGIONAL

welcome them to the U.S. and see that arrangements are in order for them. The psychological value of receiving a warm welcome on arrival is of great importance in developing a favorable impression of the U.S.

Rather than immediately plunging the newly-arrived foreigner into his technical training, he is given a period of orientation at the Washington International Center which is operated by the American Council on Education under a contract ICA has with the State Department. Here, the program is designed to acquaint a foreigner with the main features of the American social, economic and political system.

For those participants who need improvement in their English language ability in order to get the most out of their U.S. experience, additional language training is given under a contract with American University.

Where a team is visiting the U.S. for a short-term project and their English is deficient, interpreters are supplied to accompany the teams.

One of the major limiting factors of some of the less developed countries is their lack of understanding of the process of economic development. To provide participants with a background on the steps necessary in preparing plans for economic development, Vanderbilt University has developed a very successful training course under contract with ICA.

ICA plans to continue a contract with the Tudor Engineering Company to assist less developed countries by providing the necessary engineering review of economic development projects to insure economic and technical soundness.

Most of the less developed countries do not have available for their technicians the technical literature and other technical publications that are essential working tools. There is frequently little awareness of recent technical developments which would be of invaluable assistance in improving the technical quality of their work. Through the Interregional Fund our technical offices supply and ship limited quantities of essential technical publications. These materials are also very useful for

in-service training of participating country technicians who have not had the benefit of U.S. training. By making technical materials available for training purposes, the quality of the participating government's technical operations can be greatly improved.

Finally, ICA has arranged contracts with a number of U.S. professional societies under which the societies follow up on former ICA participants after they have returned to their homes to keep them in touch with late technical information and maintain their ties with the United States.

While individual projects have and will continue to be terminated when they have served their purpose, there will be a need for activities of this kind as long as ICA has responsibility for technical assistance activities.

Interregional Program Expenses: This category of expense includes expenses of personnel in ICA and participating agencies engaged in or related to the furnishing of technical assistance to other governments and their nationals. It includes technical backstopping for field operations, including the development of technical material for use abroad, technical assistance to field personnel or in respect to field proposals, and related sub-professional, stenographic and typing services.

It includes ICA and participating agency costs related to the planning, scheduling and training of foreign participants including review of applications, placement, training and supervision of trainees, making travel arrangements and evaluation of the results of training activities.

Also included are costs related to the provision of housekeeping and supporting services to US technicians and contract employees overseas by Embassy staffs thus eliminating to the maximum extent possible the necessity to establish separate facilities by ICA where such facilities already exist.

Approximately \$420 thousand of the proposed increase of \$1,665 thousand in this program is related to the agency's contribution to the Government Employees Retirement Fund. The major portion of the requested increase, \$1.0 million, provides for the initiation.

## NON-REGIONAL

of personnel programs designed to better equip ICA to carry out Mutual Security programs on a continuing basis. To improve the effectiveness of the present staff, it is planned to expand employee training programs. Additional personnel are proposed for the more critical management areas and to undertake a program de-

signed to insure as nearly as possible that key positions will be filled at all times.

Other major items included are (1) increased costs of training by the Departments of Commerce and Labor, \$81.5 thousand and (2) additional State Support costs, \$163.5 thousand.

**NON-REGIONAL**

**Special Assistance**

**Request:** It is proposed that the Congress authorize the appropriation of, and appropriate, \$300 million for Special Assistance which would be available in three ways, each of which is discussed separately below:

**First,** to provide, either to individual countries or in Non-Regional Programs, special assistance which is important to the attainment of U.S. objectives but which (i) is not directed toward a military objective (and hence cannot be extended as "Military Assistance" or "Defense Support"), (ii) does not qualify under the definition of "Technical Cooperation", and (iii) does not meet the standards of eligibility for aid from the "Development Loan Fund";

**Second,** to provide funds from which to meet contingency requirements which may develop during fiscal year 1958 for additional military assistance, defense support, or technical cooperation; or for increased aid for Migrants, Refugees and Escapees; or the Palestine Refugee Program, and for which, because they are contingent, no specific provision can properly be made in the regular programs;

**Third,** to meet emergencies and contingencies as above where protection of the security interests of the U.S. requires waiver of restrictive provisions of the law.

Under the specific legislative provision through which it is sought to authorize funds for Special Assistance, up to \$100 million of the total of \$300 million requested might be used pursuant to the special authority of Section 401 of the Mutual Security Act of 1954, as it is proposed that this Section should be amended, "without reference to the requirements of this Act or any other Act for which funds are authorized by this Act or any Act appropriating funds pursuant to authorizations contained in this Act, in furtherance of any of the purposes of such Acts, when the President determines that such use is important to the security of the United States."

Justification

**Programmed Requirements:** Approximately \$100 million of the \$300 million total requested for the Special Fund has been illustratively programmed to cover the presently anticipated

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands)*					
	Cumul. thru FY 1956	FY 1957			
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57
Obl.	7,083	95	26,041	26,136	XXX
Exp.	69	2,645	3,369	6,014	27,136
SUMMARY OF PROGRAM* (\$ IN THOUSANDS)					
	FY 1956	FY 1957		Proposed FY 1958	
	7,083	26,136		199,900	
DETAIL OF PROGRAM (\$ IN THOUSANDS)					
	FY 1956	FY 1957	Proposed FY 1958		
Appropriation	100,000 <sup>a/</sup>	100,000 <sup>a/</sup>	300,000		
Less:					
Funds Distributed to Programs Reflected Under Other Items in this Presentation <sup>b/</sup>	-91,717	-73,864	-100,100		
Unobligated Balance Available for Return to Treasury	-1,200	-	-		
Undistributed Special Assistance	7,083	26,136	199,900		
Sugar Subsidy	(7,000)	-	-		
Libya (Military Equipment)	(83)	-	-		
Fairless Committee	-	(200)	-		
Canal Users' Association	-	(65)	-		
LA Nuclear Energy Symposium	-	(150)	-		
Reserved for Contingencies	-	(25,721)	(199,900)		
* Represents portions of Special Presidential Fund and Special Assistance appropriations not reflected under specific programs elsewhere in the Presentation Document.					
<sup>a/</sup> Represents Spec. Pres. Fund appropriated pursuant to Sec. 401(b).					
<sup>b/</sup> For details of these programs see narrative.					

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unauthorized individuals. All  
other material is unclassified.*

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requirements for "Special Assistance" in certain specific countries and in several specific Non-Regional Programs. These anticipated requirements, which are discussed in detail under the appropriate country and functional program tabs elsewhere in this Presentation, can be summarized as follows (figures in thousands of dollars):

Yugoslavia	15,000
Tunisia	5,000
Afghanistan	2,000
Dependent Overseas Territories in Africa	500
Nepal	1,800
Israel	10,000
Bolivia	19,000
Guatemala	5,000
Haiti	4,000
Other Latin American Programs	4,000
Indonesia	1,000
Malaria Eradication	19,400
Hungarian Refugees	10,000
Western European Technical Exchange	3,400
Total	100,100

Each of the foregoing requirements can be described as one that is not directed toward a military objective but which, at the same time, is important to the U.S. and can neither qualify under the definition of "Technical Cooperation" nor meet the standards of eligibility for any aid which may be provided from the Development Loan Fund. In the aggregate, these anticipated requirements embrace a wide variety of purposes and objectives that might, however, generally be encompassed by the term "the maintenance or promotion of political or economic stability." They include, but are not limited to, requirements for aid under the following types of circumstances: (a) aid which may be required to deal with economic problems of a non-development character which are not directly related to a country's defense burden, such as, for example, the restoration or maintenance of stable economic conditions; the provision of relief to, or the resettlement of, refugees; the solution of an acute balance of payments or currency stabilization problem; the rehabilitation of war-devastated areas; the repair of damages resulting from a natural disaster,

etc.; (b) aid which is needed to equip police or other internal security forces which are not under military control; (c) assistance which is necessary to achieve some political or other objective which is not military in origin; and (d) aid which is intended to promote economic development in a situation where the criteria for securing aid from the Fund cannot be met, because, for example, such aid cannot be furnished on a basis of repayment.

"Special Assistance" differs from "Defense Support" in that the latter has as its central aim, and its controlling justification, the solution of those problems which must be solved in order to attain a specific military objective, whereas the former is designed to solve problems which are not directly connected with the achievement of any such military objective. Normally "Special Assistance" will not be programmed for a country which is already receiving Defense Support because, in such a country, it will usually be necessary, simply in order to attain the military objective itself, to solve, through the provision of Defense Support, the kinds of economic or political problems which, in the absence of this military objective, would justify the furnishing of "Special Assistance."

"Special Assistance" differs from aid which may be furnished from the Development Loan Fund in at least two respects: (1) aid from the Development Loan Fund is limited to assistance for purposes of economic development and must be on a loan or other non-grant basis, whereas Special Assistance is not normally furnished for the primary purpose of economic development except where aid for such purposes must either be on a grant basis, or disregard some other purposes or standards of the Fund; (2) aid from the Fund is not, as Special Assistance may be, programmed, even illustratively, in advance. Since the purposes, and circumstances of use, of these two forms of aid are so different, both may frequently be found in the same country, just as "Defense Support" and aid furnished from the Development Loan Fund may also be found in the same country.

Special Assistance may be extended on either a grant or a loan basis, the choice to depend on which method will better further the U.S. objectives for which aid is required in the first instance.

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Contingency Requirements: That portion of the \$300 million Special Fund request which is not needed to cover presently anticipated requirements for "Special Assistance," as described above, and amounting to approximately \$200 million, is intended to serve as a reserve from which to meet, at least in part, certain (1) presently identifiable contingent requirements which may hereafter become firm and (2) currently unforeseeable needs which develop during fiscal year 1958, and for which, because they are now contingent or unforeseeable, no specific provision can be made in the regular programs.

Under the specific authority sought in the proposed FY 1958 legislation these funds could be used to meet, but would (except as noted below) be limited to meeting, those contingent and unforeseen requirements which developed in the following specific categories of aid: Military Assistance; Defense Support; Technical Cooperation; Special Assistance; aid for Migrants, Refugees and Escapees; and aid for the Palestine Refugee Program. Moreover, whenever Special Assistance funds are used to meet requirements for assistance in any of the foregoing categories, such assistance could only be furnished in accordance with the conditions, limitations and other provisions normally applicable to the furnishing of assistance under that category, unless the President, up to a cumulative total of \$100 million, should, by invoking the authority previously referred to, determine, in accordance with Section 401 of the Mutual Security Act of 1954, as amended, that it was important to the security of the United States that such conditions, limitations and other provisions should be waived in the particular case. No part of the appropriation for Special Assistance could be used, except by invoking the special authority of Section 401, to augment any programs other than those which are identified above, and, because it is proposed that Section 401 should be made specifically inapplicable for this purpose, Special Assistance monies could not under any circumstances be employed to increase the capitalization of the Development Loan Fund.

The justification for these contingency funds rests on two propositions, both of which are amply supported by the experience which has been accumulated in operating the Mutual Security Program in past years. These propositions are the following:

- (1) The Mutual Security Program, if it is properly to fulfill its purpose, must be capable, without serious disruption of

important going programs, of meeting the most urgent of the large number of important requirements for Mutual Security assistance which must be met during a fiscal year but which only become firm, or first develop, subsequent to the time of the Congressional Presentation covering that year; (2) the establishment of contingency funds of the kind and of the magnitude indicated represents one of several complementary and interdependent measures which can best provide the flexibility needed to deal with new requirements of the character referred to in (1) above.

American foreign policy, and the Mutual Security Program as one of its primary instruments, must contend with, and be responsive to, continuously changing world conditions. Events of the past five years have demonstrated conclusively that one cannot foretell, and specifically prepare for, the many new situations which will develop in any succeeding 12 to 18 months' period and which, in terms of vital U.S. interests, will call for some form of Mutual Security assistance. Experience has also proved that the ability of the United States to react quickly to many of these situations, by extending prompt and adequate assistance, has been of considerable significance in terms of American security. A description of actual experience during fiscal years 1955, 1956 and 1957 will bring this out most clearly, and such a description is made below.

Moreover, there are two special factors which make it likely that the number of presently contingent and unforeseeable requirements which will have to be met in FY 1958 will be far greater than our experience in preceding years might otherwise indicate as probable. They are:

The Defense Support Programs, which were originally prepared for FY 1958, and which were constructed on the basis of the aid concepts and aid definitions applicable in FY 1957, have been revised in order to conform them to the new concepts and definitions of aid which are outlined in the President's request and described in this Presentation. In reprogramming Defense Support in relation to the other kinds of aid under the new concepts a necessarily arbitrary approach was used. It is quite possible that the minimum requirements for assistance on a grant basis to some countries were not fully reflected in the levels of aid programmed for Defense Support. The uncertainty is particularly great in those cases where it is doubtful whether aid on a repayments basis, which is the general rule in the case of all aid from the

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Development Loan Fund, will fulfill the actual need or whether the aid, if it is to achieve its purpose most effectively, must be provided as a grant. It is, therefore, imperative that there be some reserve funds to which recourse may be had to cover needs in cases where the possibility of using the Development Loan Fund to meet such needs has been inaccurately assumed.

As indicated by the President in his special message of January 5, 1957 on the Middle East and his FY 1958 budget message of January 16, 1957, there is a particular, unusual and urgent need in the period immediately ahead to have funds which are available, in addition to those which can be regularly programmed, to meet the unpredictable requirements that are likely to arise in the Middle East. The possible nature of some of these requirements can perhaps best be understood by referring to the great variety of needs which developed in this area during the latter half of fiscal year 1957 and which Ambassador Richards found that it was important immediately to meet. There is every reason to expect that there may be many similar needs in fiscal year 1958, and of course, in addition, there is always the hope that fiscal year 1958 may bring opportunities to use aid, if necessary in large amounts, to solve, or to serve as a catalyst in solving, one or more of the major problems that largely account for the serious unrest and instability that today prevail in this highly strategic part of the world. In this connection it should also be noted that, because of the uncertainties that have existed and still do exist, no programs, or only very limited programs, have been specifically included for a considerable number of the important countries in the Middle East where, if the circumstances are propitious, some program, or a larger program than is now planned, would certainly be very much in furtherance of vital U.S. objectives in the area - Egypt, Syria, Lebanon, Jordan, the Sudan, and Yemen, for example.

In addition to the above special problems for FY 1958 the U.S. must continue to be equipped to move rapidly and decisively to meet situations in the Middle East and elsewhere which the Soviet Union, with its freedom from budget controls and parliamentary action, is in a position to exploit. Thus discretionary funds, together with the necessary authority for the President to waive certain restrictions in a limited number of situations where this action will serve U.S. interests, will permit the U.S. to act promptly

in situations which may be created by Soviet subversive efforts, unfortunate political or economic developments or natural disasters.

It has been necessary in past years to meet three basic types of requirements for which specific advance provision could not be made, and it is anticipated that the same three basic types of needs will emerge in FY 1958. They are:

### Requirements Which Were Contingent at the Time of Congressional Presentation:

First, there are those requirements which are recognized as potential at the time the program for a succeeding fiscal year is developed but which, as of that time, are not sufficiently definite in terms of necessity, size and nature to justify the inclusion of an identifiable allowance therefor in the illustrative program presented to the Congress. At any given time, potential requirements of this kind will be substantial, and one can be sure, based on past experience, that some of them will subsequently become actual requirements demanding prompt action. One can be equally sure that others will never become firm. However, one cannot foretell into which of these two classes any one of the specific potential requirements will finally fall, nor, in most instances, the precise size or character it might take. The best one can do is to make an educated judgment as to the proportion of all contingent claims that may eventually become firm and require explicit recognition in the aid program.

Experience in fiscal years 1955, 1956 and 1957 provided excellent illustrations of this kind of situation. A few of these are the following:

Iran (1955): The \$40 million in Defense Support specifically proposed for Iran in the FY 1955 Congressional Presentation was based upon the best estimate at that time with respect to (a) the date at which an agreement covering the Anglo-Iranian oil dispute could be completed and (b) the rate at which, once such agreement was ratified, the Abadan Refinery could be brought into production and its output exported and converted into foreign exchange earnings. It was recognized that this estimate might be far too optimistic on both counts. This proved to be the case, and

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additional requirements of \$25 million thereby resulted -- requirements which, if they had not been met, might have constituted a serious threat to the economy of the country and to the political stability of its currently friendly government.

Guatemala (1955): When the FY 1955 program was first presented to the Congress, no one could foretell with certainty whether Communist influence would continue to play a major role in Guatemala or whether, as subsequently came to pass, non-Communist forces would succeed in gaining control. Planning of an aid program under such circumstances presented serious difficulties. If existing conditions continued, no more than a small (\$200,000) Technical Cooperation Program seemed warranted; but if a new, friendly and independent government should come into power, immediate support thereof might be crucial if such government were to survive. When the Communist-led regime was overthrown and Colonel Castillo Armas emerged as President, it did in fact appear to be of great importance to support the new government by providing badly needed economic and technical assistance. The program was thereupon increased by approximately \$5 million.

Pakistan (1955, 1956): The growing concern of the Executive Branch over economic trends in Pakistan was repeatedly expressed during the hearings of the FY 1955 Congressional Presentation. It was asserted that general economic difficulties, coupled with the commencement of a Military Aid Program, might generate substantial new requirements for Defense Support assistance. It was claimed that if this were the case the aid level then being illustratively proposed for the country would be seriously inadequate and would require major upward adjustment. The need for immediate additional aid, aggravated by disastrous floods, turned out to be even greater than had seemed likely at the time of the Presentation. As a consequence, the Defense Support Program was raised from a planned \$20 million to more than \$65 million, including emergency flood relief assistance.

During the FY 1956 Congressional Presentation it was specifically indicated that, as a result of the continuing decline in the country's economic position and a growing expectation of a serious shortfall in resources required to support contemplated increases in the military forces, the \$63 million illustratively programmed for Defense Support for Pakistan might prove grossly inadequate and that there was, therefore, a contingent require-

ment of considerable magnitude. Subsequent events justified the concern then expressed, and it became necessary to extend defense support and emergency relief assistance of a value of approximately \$100 million.

Haiti (1956): The FY 1956 Congressional Presentation assumed Development Assistance Program to Haiti of approximately \$3 million, designed primarily to cope with the still continuing effects of Hurricane Hazel. Even before the Presentation was completed, it became apparent, and Executive Branch witnesses stated, that this amount would be insufficient to meet reconstruction needs. The program finally necessary was almost twice this amount.

Turkey (1956): Although, at the time the FY 1956 Congressional Presentation was prepared, it seemed likely that the growing financial crisis would necessitate a substantially larger amount of Defense Support Assistance, only \$50 million was specifically programmed because of the great uncertainty as to what sum, if any, above this level would in fact be necessary. The aid level finally determined to be necessary was more than twice the level illustratively given, namely \$105 million.

Morocco (1957): At the time of the FY 1957 Presentation, it was stated that if, and when, Morocco became independent and negotiations of subsequent relationship between the Moroccan Government and the French Government proceeded to a certain point, it was believed that U.S. interests would make it highly desirable to institute Technical Cooperation and Economic Assistance Programs. However, since the timing of some of these developments could not be accurately forecast and since, pending some of the developments, discussions with Moroccan officials with respect to aid requirements would have been premature and inappropriate it was felt to be impractical and unwise to project illustrative programs in the Presentation. As anticipated, nonetheless, the possibility and desirability of instituting such programs did come to pass, and a Development Assistance Program of \$20 million and a Technical Cooperation Program of \$250,000 have been approved.

Tunisia (1957): In the case of Tunisia, the circumstances were almost identical with those described with respect to Morocco above. No illustrative program or program levels were given

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in the Presentation but the existence of contingent requirements, their timing, size and character dependent on the outcome of negotiations with France, was specifically noted. A Development Assistance Program of \$5 million and a Technical Cooperation Program of \$250,000 have now been approved.

Potential requirements for FY 1958, similar to the potential FY 1955, 1956 and 1957 requirements which existed in the spring of 1954, 1955 and 1956, respectively, are already in evidence. These potential FY 1958 requirements can be discussed at greater length in Executive Sessions of the Committee, but the following examples, among many that might be mentioned, are cited by way of illustration: (1) Morocco, where it is extremely doubtful whether the \$20 million illustratively programmed for Defense Support, coupled with whatever assistance may be obtained from other sources, such as France, the public landing institutions and the U.S. Development Loan Fund, will be adequate either to assure a successful conclusion of base rights' negotiations now underway with the Moroccan Government or to deal with the economic problems resulting from the anticipated further gradual reduction of French support; (2) Tunisia, where uncertainty as to the level of future French assistance throws into doubt the adequacy of the \$5 million presently programmed as "Special Assistance"; (3) Iceland, for which no aid has been specifically programmed but where the tremendous strategic importance of the Keflavik base is coupled with Icelandic expectations for assistance in helping to solve some of their economic problems, there is a strong probability that some U.S. assistance other than a loan from the Development Loan Fund may be required; (4) Poland, for which no aid has been specifically programmed but where, in the light of FY 1957 negotiations and the probable continuance in FY 1958 of the same conditions which have given rise to a need in FY 1957, some further assistance may well prove to be desirable; (5) Spain, where it is becoming increasingly doubtful whether the proposed defense support level of \$30 million will be nearly adequate to assure the continuance of the kind of conditions, both political and economic, upon which effective use of our bases in Spain depends; (6) Jordan, for which no aid, except Technical Cooperation, has been specifically programmed but, where, in view of developments in the past few weeks, and the termination of substantial British assistance (over \$30 million per year), it may prove necessary, if Jordan is to survive as a free country, to extend

aid on a relatively large scale; (7) Turkey, for which the \$75 million programmed as Defense Support may prove to be very inadequate if, as is hoped, the Turkish Government should take those stabilization and control measures which are necessary to place its economy on a sound basis but which, to be effective, might be dependent on increased external resources; (8) Korea, where it is problematical whether the proposed \$270 million Defense Support aid level, which represents a substantial reduction (\$30 to \$50 million) from the FY 1957 level and which assumes substantial P.L. 480 sales that may not be practical, and an ability to finance some development activities from the Development Loan Fund, will be sufficient; (9) Yemen, where, in furtherance of the general purposes for which Ambassador Richards made his journey to the Middle East, it is likely that a Technical Cooperation Program, and possibly additional aid might prove necessary; (10) Sudan, where the prospects for some aid in FY 1958 are substantial.

### Requirements Which Were Wholly Unforeseen at the Time of Congressional Presentation

Second, there are those requirements which are not foreseen at the time the annual program is presented to Congress but which appear after the fiscal year has commenced. This class of requirements includes those that result from natural disasters, those that reflect unforeseeable Soviet actions, those which flow from political or economic developments in a country of critical importance to the United States, and those which are simply the products of human fallibility in forecasting the shape of things to come. They include, but are by no means limited to, requirements that one would ordinarily class as "emergency" in nature. They also include the requirements presented by those occasional, suddenly emergent opportunities to seize the initiative and to undertake measures abroad which are likely to strengthen the fabric of the free world, if, but only if, they are undertaken immediately or shortly after the opportunity appears.

In Fiscal Year 1955, when total new requirements in this category totaled well over \$100 million, the following examples may be cited: (1) the urgent needs for emergency food, medical supplies and other forms of relief created by Hurricane Hazel in Haiti, unprecedented floods in the Danube Basin, Nepal, and Pakistan,

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and a grain shortage in Libya; (2) the necessity (following the Geneva truce and partly in conjunction with SEATO-connected efforts to improve the military posture and internal security of free nations in the Far East) of substantially increasing amounts of both Military Assistance and Defense Support to Thailand and the Philippines (an increase aggregating some \$45 million for non-military aid alone); (3) the greatly increased demands for military equipment, and other supporting aid (approximating \$50 million), by the National Chinese Government, demands which were in part created by, and followed, the growth and intensification of the Communist military threat toward Taiwan; (4) the requirement for \$10 million in Greece when, shortly after the beginning of the current fiscal year, it became clear that, in the absence of outside assistance, mounting financial difficulties would cause the Greek Government to effect a major and immediate cutback in the size of its armed forces, although Greek, NATO, and U.S. military authorities all felt that this would seriously threaten defense capabilities on the Balkan Peninsula; (5) the need to commence a Military Aid Program for Iraq, as a result of the conclusion, during the course of the fiscal year, first, of the Turkish-Iraqi Defense Agreement and, then, of a U.S.-Iraqi Mutual Defense Assistance Agreement.

In Fiscal Year 1956, the following are illustrations of this type of new requirement (1) the relief needs resulting from new floods and epidemics in India and Pakistan; (2) requirements for emergency aid that arose in Europe as a consequence of one of the most severe winters in European history; (3) the increase in freight charges for ocean transportation of surplus agricultural commodities resulting from the release of a large volume of new commodities hitherto ineligible to voluntary relief agencies; (4) added requirements in Korea which were caused by an underestimate of the need, and which necessitated a nearly \$50 million increase over the \$272 million Defense Support level which was contained in the FY 1956 Congressional Presentation; (5) added aid demands in Taiwan produced by the decision to finance construction of a new airfield at Kung Quan; (6) the necessity for an increase of \$20 million in planned Defense Support for Iran, caused in part by the unexpected inability of the Iranian Government to take the internal measures necessary for economic stability, and in part by the demands consequent upon Iranian adherence to the Baghdad Pact; (7) a new aid program in Ceylon; (8) the urgent requirement, resulting in part

from intense Russian efforts in the country, to increase a planned program in Afghanistan from \$2 million to \$18 million.

In Fiscal Year 1957, similar new requirements have been encountered, including the following, some of which, however, have not yet become firm: (1) Hungarian relief; (2) Poland; (3) costs of clearing the Suez Canal; (4) costs of participation in the Suez Canal Users Association; (5) military aid to Lebanon; (6) grant military training aid and military procurement credits for Saudi Arabia; (7) Afghanistan Internal Security Training Program; (8) Iceland; (9) Latin America Nuclear Energy; (10) Haiti; (11) a substantial portion of the requirements met by the more than \$100 million of commitments for various forms of aid which were made by Ambassador Richards.

### Increases in the Cost of Meeting Requirements Which Were Firm at the Time of the Congressional Presentation

Third, there are those new requirements which reflect an increase in the cost of carrying out a program which was actually planned, and proposed to the Congress, for the fiscal year in question.

The increased procurement cost of a dredge for the Philippines is illustrative of this type of requirement. The original estimate of the cost for this item was based on a foreign source of supply. It was found impossible to procure from a foreign supplier, and the increase in cost for this reason rose by over a million dollars.

Other examples of this situation occur from day to day, resulting in both increases and decreases of cost, but, in the net, causing increased program costs because original estimates are generally based upon lowest price in the world market at the time. As noted in the procurement case above, the cheapest source of supply is not always available and in addition there is a general worldwide trend of price increases for many items.

It is difficult to give an exact figure for the total new requirements of the foregoing three types which have had to be met in any given fiscal year. However, new requirements of all types must have amounted in the aggregate to nearly three-quarters of a billion dollars in FY 1954 (a substantial portion accounted for

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by the massive allocation of resources to support operations in Indochina), nearly \$400 million in FY 1955, and approximately \$250 million in FY 1956. While it is too early to make a comparable estimate in FY 1957, it is probable that contingent and unforeseen requirements that will have to be met will be at least as high as in FY 1956.

There is no reason to believe that the same kinds of factors which have operated in previous fiscal years to create new requirements will not continue to be operative in fiscal year 1958 and create new requirements of a comparable total magnitude, to be met during the course of that fiscal year. In fact, as indicated earlier, (a) problems incident to the revision of the aid program, (b) the continuing unsettled situation in the Middle East, and (c) the explosive situation in Eastern Europe, and (d) the continuing efforts of the Soviet bloc to penetrate and to subvert, through political and expanding economic measures, nations in Africa, the Middle East, South Asia and the Far East, make the possibility of such new requirements greater than ever before.

### Ways of Meeting New Requirements

Given the certainty that new requirements of the foregoing types will develop and need to be met in the course of fiscal year 1958, the question is what represents the best method or methods of preparing to deal with them, and whether reserve funds of the size proposed constitute an essential element in an intelligent approach to this problem.

There are four principal ways in which it may be possible to meet these requirements as they emerge. They are:

Congressional Action: To seek supplemental authorizations and appropriations - an alternative which may be necessary and desirable if a new requirement is very large but which does not usually represent a practical answer for the large number of smaller and typical new requirements that must be met in the ordinary conduct of the program.

The Use of Savings: To apply, if such exist, savings derived from previously planned programs, using a Presidential transfer authority is necessary to move such savings from one appropriation

account to another. No substantial savings presently are foreseen as available for this purpose in FY 1958. Five hundred million dollars in Military Assistance Program savings from FY 1950-1957 programs have already been applied to reduce the FY 1958 MDAP budget request of \$2.4 billion to \$1.9 billion.

The Diversion of Funds From Other Programs: To divert funds from previously planned programs of lower priority, using Presidential transfer authority, if necessary, to move such funds from one appropriation account to another. This is the technique by which, prior to FY 1956, new requirements were met except when there were program savings adequate to cover them. While this method forces continual review of the necessity for, the costs of, and the real priorities among programs, it also requires the sacrifice of programs which, though of lesser urgency, were sufficiently important to justify the appropriation initially. This procedure is also unsatisfactory because it introduces uncertainty into the planning and programming processes, not only of the United States, but also, and frequently with much more far reaching consequences of a military, political, psychological or economic character, of the country from whose program the fund diversion is made. It detracts from, and makes more difficult, the kind of long-range planning of military build-ups or economic development which would increasingly constitute an important element of the Mutual Security Program. Thus while reprogramming is a possible recourse it is generally not a fruitful one for meeting new problems without serious distortion of U.S. programs.

Contingency Fund: To have a special fund, such as the Special Presidential Fund established in FY 1956, and continued in FY 1957, pursuant to Section 401(b) of the Mutual Security Act of 1954, as amended, or such as the \$200 million unprogrammed portion of Special Assistance Funds proposed for FY 1958, which would be reserved for use in meeting some portion of the new requirements that will arise in FY 1958.

The problem is the extent to which, and the manner in which, each of the foregoing techniques should be employed in FY 1958 to give the Mutual Security Program the kind of flexibility needed to meet urgent new requirements as they arise. Supplemental legislation and appropriations do not ordinarily provide practical answers. Similarly, savings in going or planned programs are

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unlikely to be adequate. The reduction or postponement of other planned programs has all the disadvantages noted above. There consequently appears to be an urgent continuing need for a fund, such as the Special Assistance Fund, which will make it possible to meet some of the new requirements without unduly and unwisely detracting from other planned programs which it is in the U.S. national security interest to carry out.

In FY 1956, \$98.8 million of the Special Presidential Fund of \$100 million was obligated to cover new or additional programs for the following countries and non-regional activities (figures in thousands of dollars):

### Funds Distributed to Programs Reflected Under Other Items in this Presentation

Spain	\$ 7,165	
Iran	20,000	
Turkey	19,349	
Afghanistan	14,560	
Ceylon	4,900	
India	375	
Nepal	240	
Korea	20,000	
Argentina	100	
Bolivia	1,428	
Guatemala	1,200	
Haiti	1,000	
Foreign Research Reactors	1,400	
Subtotal		\$91,717

### Undistributed Special Assistance

Sugar Subsidy	7,000	
Libya (Military Equipment)	83	
Subtotal		7,083
Total		<u>\$98,800</u>

Other contingent requirements were met by the diversion of funds from programs of lesser priority along the lines indicated in alternative mentioned above or, in a number of instances, by applying savings resulting from the elimination (Syria), or decreases in

the level (Egypt and Vietnam) of programs that had been planned earlier and shown in the Congressional Presentation.

In FY 1957, the following is a list, as of May 7, 1957, of firm or probable uses of that portion of the \$100 million in the Special Presidential Fund for which probable uses can now be stated (figures in thousands of dollars):

### Funds Distributed to Programs Reflected Under Other Items in this Presentation

Iceland	\$ 9,364	
Spain	25,000	
Hungarian Refugees	39,500	
Subtotal		\$ 73,864

### Undistributed Special Assistance

Fairless Committee	200	
Canal Users' Association	65	
LA Nuclear Energy Symposium	150	
Reserved for Contingencies	25,721	
Subtotal		26,136
Total		<u>\$100,000</u>

Other contingent requirements are being met, where this has been possible, out of funds appropriated pursuant to Section 201 of the Mutual Security Act of 1954, as amended, which section was partially designed to cover, and has been used to cover, contingent requirements in Africa and the Middle East, and out of Military Assistance Funds.

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Migrants, Refugees & Escapees

The United States is engaged directly and through contributions to international organizations in continuing efforts to reduce the numbers of dependent refugees and escapees in Europe, the Near East and Far East, and to facilitate the movement from Europe of refugees, escapees and indigenous migrants who must, for economic and political reasons, seek emigration overseas. Refugees and escapees entering the Free World from the Soviet orbit create political tensions between governments and, in numbers incommensurate with the populations of the countries of first asylum, add to the economic burdens of these countries, already under the necessity of seeking outlets for their own nationals abroad.

Apart from the humanitarian objective of assisting those in obvious need, the basic purposes of the United States are to establish peace and order in the friendly countries of Europe, to help them maintain political and economic stability and to assist underdeveloped countries to secure the manpower which they need; through these efforts, it is the aim of the U.S. to provide expression over-all for the concern and friendship of the West for the captive peoples of Eastern Europe. To accomplish these purposes, it is essential that continuing asylum be afforded to escapees by the countries bordering on the Iron Curtain even though the economies of these countries may be in delicate balance. It is also important to counter Soviet propaganda, alleging that the West is indifferent to the fate of refugees, by providing decent care and maintenance for refugees and escapees and rehabilitation for them in the shortest possible time. Countries of initial asylum can only continue to receive refugees and escapees as they are simultaneously relieved of the burden of their care by other countries in a position to receive refugees and to provide employment, housing and opportunities for achieving self-dependence.

Apart from direct assistance to governments of asylum such as Austria, there are three agencies through which the United States presently seeks to achieve its objectives in this field: the United Nations Refugee Fund (UNREF), the Intergovernmental Committee for European Migration (ICEM), and the United States Escapee Program (USEP). Each is distinctive in character, has a different supporting constituency

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands) <sup>a/</sup>					
	Cumul. thru FY 1956	FY 1957			
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57
Obl.					XXX
Exp.					
SUMMARY OF PROGRAM					
	FY 1956	FY 1957	Proposed FY 1958		
	19,187	59,900	30,233		
DETAIL OF PROGRAM					
Summary of Program					
Activity	FY 1956	FY 1957	Proposed FY 1958		
Intergovernmental Committee for European Migration	11,990	12,500	12,500		
United Nations Refugee Fund	1,200	1,900	2,233		
U.S. Escapee Program	5,997	6,000	5,500		
Hungarian Refugee Program	-	39,500	10,000		
Total	19,187	59,900	30,233		
<sup>a/</sup> Shown separately for each program on following separate statements.					

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and concentrates on a specific aspect of the total problem; UNREF on the local integration of refugees and emergency assistance, ICEM on the transportation of migrants and refugees to countries of second asylum overseas and USEP on the more recent escapees whose flight to freedom has political significance for the Western World in its struggle against Communism. All three organizations work closely together and actively coordinate their operations both on international and country levels. There is constant joint planning and consultation. The effectiveness of the cooperation achieved was recently demonstrated in the Austrian emergency when over 170,000 Hungarian refugees entered Austria in the short period of four months and were cared for and distributed in substantial numbers to other countries in the most concerted and successful operation of this sort since World War II.

The nature of the problem is only partly suggested by statistics. The magnitude of the problem may suddenly change substantially. The wave of Hungarian refugees which has now subsided, while bringing new and temporary resources into play, will leave in its wake residual problems which will merge with and intensify those previously under concern. There are some 200,000 older refugees of Eastern European origin in Germany, Austria, Italy and Greece who are still partially or fully dependent upon national and international assistance. Many aged and infirm among them and those suffering from tuberculosis require institutional treatment. This group cannot qualify for emigration except on a very selective basis and must, therefore, be resettled on a permanent basis in the countries where they are. The United Nations has a humanitarian interest in this group of older refugees and, in 1953, established UNREF to facilitate the working out of permanent provisions for their care. The United States, by participating in this effort and contributing one-third of the expenditure, encourages other governments to do likewise and thereby advances its own objectives.

Germany, Austria, Italy, the Netherlands and Greece are overpopulated countries. It is estimated that 350,000 migrants and refugees should leave these countries annually to relieve the economic and political pressures which overcrowding and unemployment create. Approximately 175,000 leave Europe annually without international assistance. ICEM is an intergovernmental organization outside the orbit of the United Nations composed of

27 governments which have special interests in emigration and immigration. ICEM is currently moving 175,000 persons annually out of Europe who would not otherwise be moved. About one-third are refugees. Created in 1952 on the initiative of the United States, ICEM is playing a substantial role in redistributing available manpower resources and thus adding to the strength of the Free World.

There is a continuing flow of new escapees from the Iron Curtain countries of Eastern Europe. The revolution in Hungary dramatized the constant pressures which force those who love freedom to seek asylum in the Western World. These more recent escapees by flight from their oppressors, demonstrated their complete rejection of the Communist system. On arrival in the countries of asylum, stripped of their possessions, these new escapees must be housed, fed, clothed and resettled as soon as possible in other countries where they can rebuild their lives. This is the task in which USEP assists. Prior to the Hungarian movement, USEP had processed 93,200 escapees, resettled 34,000 out of Europe in overseas countries and was currently assisting over 24,000. This program serves the United States purposes directly by providing services in a timely manner to those who are the current objects of Soviet oppression.

When the thousands of Hungarian refugees fled into Austria in November-December 1956, these three agencies, with expanded staffs, provided the hospitality and services which the Western World so anxiously desired to provide without delay. By their immediate action and the spontaneous response of receiving governments, thousands were spared the ignominies of camp existence and were soon started on the road to self-dependence. This was made possible by the fact that direct assistance by the United States to Austria, assistance by the United States and other governments through the United Nations and action by the League of Red Cross Societies in feeding the refugees in Austria supplied the basic needs for maintenance and housing pending the removal of the refugees from Austria. The problem, however, is far from resolved. As of April 1, 1957, over 40,000 Hungarian refugees remained in Austria awaiting resettlement and others in Yugoslavia and those given temporary asylum in Western countries, must be assisted to join relatives from whom they have been separated or to find permanent places of settlement. These remaining Hungarian refugees are in addition to those of other

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nationalities already awaiting resettlement when the Hungarian uprising took place.

The requirements of the three organizations for fiscal year 1958 and of the Hungarian Refugee Program are set forth in greater

detail in following separate statements. These programs, which together constitute a comprehensive attack on the problems described, have demonstrated their value in recent experience and should receive continuing support during the coming year.

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ICEM

**Authority and Background:** The Intergovernmental Committee for European Migration (ICEM), organized on the initiative of the United States in Brussels in 1951, now has 27 government members. Peru is an additional prospective member. ICEM's purpose is to facilitate and to increase the movement of migrants and refugees out of Europe who would not otherwise be moved. Section 534 of the Mutual Security Act of 1951 as amended, contained authorization for U.S. participation in and contributions to the Committee in Calendar Years 1953 and 1954. Section 405(a) of the Mutual Security Act of 1954 provided continuing authority for appropriations and participation in the Committee on the basis of the Constitution adopted by ICEM which came into force in October 1954. All member governments have accepted the Constitution.

**U. S. Objectives:** Austria, Italy, the Netherlands and Greece are overpopulated countries. Because of unbalanced population structure, Germany still needs emigration. It is estimated that a movement out of Europe of at least 350,000 persons annually should be achieved to reduce the economic and political pressures created by overpopulation. Some 175,000 move annually without international assistance. The basic United States purpose is to secure a larger movement out of Europe.

**Developments and Accomplishments:** ICEM moved 77,664 persons in 1952, 87,501 in 1953, 121,227 in 1954, 120,442 in 1955 and 130,088 (exclusive of Hungarian refugees) in 1956. It is estimated that ICEM will move 136,320 (exclusive of Hungarians) in 1957. These movements have been to Canada, the United States, the Latin American countries and, predominantly in the past three years, to Australia.

The contributions of normal migrants to the costs of their transportation have steadily increased both in prepayments in advance of movement and in repayments on loans made from revolving funds. Of necessity Hungarian refugees have been moved without cost to themselves. Reimbursements for the costs of movement by governments have shown a steady increase both in per capita rates of payment and in the total dollar amounts based on the volume of movements.

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands)					
	Cumul. thru FY 1956	FY 1957			
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57
Obl.	46,194	10,309	2,191	12,500	XXX
Exp.	39,147	9,499	5,048	14,547	5,000
SUMMARY OF PROGRAM					
	FY 1956	FY 1957	Proposed FY 1958		
	11,990	12,500	12,500*		
DETAIL OF PROGRAM (\$ IN THOUSANDS)					
	FY 1956	FY 1957	FY 1958		
Contribution to ICEM:					
CY 1956		11,606			
CY 1957			12,500		
CY 1958					12,500
Transportation of Orphans and Refugees to the U.S. (Sec.401(a) Presidential Determination dated April 19, 1956)		333	-	-	-
Obligations presently in excess of contributions to ICEM (Anticipated to be available for return to Treasury)		51	-	-	-
<b>Total</b>	<b>11,990</b>	<b>12,500</b>	<b>12,500</b>	<b>12,500</b>	<b>12,500</b>
* Excludes contributions proposed to be provided for Hungarian refugees which are included in the presentation under the separate program for Hungarian refugees proposed to be financed from Special Assistance funds.					

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ICEM has satisfactory working relationships with other agencies, national and international, dealing with refugees, including the Office of the United Nations High Commissioner for Refugees and the United States Escapee Program. There is no duplication of work among these agencies, ICEM's function being that of moving refugees who have received visas of admission to countries of immigration. ICEM has provided transport for refugees moving from Europe to the United States under the Refugee Relief Act of 1953 who have been unable to pay the full cost of their transportation. 7,233 such refugees were moved in 1954, 20,521 in 1955 and 48,330 in 1956. It is estimated that 18,500 non-Hungarians will be moved in 1957. Part of the U.S. contribution to ICEM covers the cost of such movement. No funds for this purpose were included in appropriations under the Refugee Relief Act of 1953. ICEM also moves escapees to all destinations under non-profit arrangements with the U.S. Escapee Program at ceiling rates of \$125 per person from Europe.

Basis of U.S. Contribution: The United States annual contribution to ICEM is in two parts, one to administrative expenditures and one to operational expenditures. The percentage of the U.S. contribution to administrative expenditures, originally 33.33%, has been reduced by the adherence of new members to 29.67% for 1958. U.S. funds available for contribution to the operational expenditures have been related to the budget of movement adopted by ICEM for each year, but payment has been made on the basis of the actual movement during the year and on the comparable contributions of other governments. Since 1955 an additional condition of contribution has been imposed--that the United States contribution to operational expenditures shall not exceed 45% of all government cash contributions to such expenditures. Computed on the basis of the total U.S. contribution to the Committee, the U.S. contribution per person actually moved was at the rate of \$81.23 in 1955, and \$82.49 in 1956. The estimated U.S. cost per person moved out of Europe in 1957 will be approximately \$71.32. The reduction results from the fact that Canada will fully reimburse ICEM for an unusually high movement of 51,250 persons, including Hungarians, to Canada in 1957. This will account for approximately 29% of the total overseas movement of 187,260 (including Hungarian refugees) in 1957.

With respect to the non-fully-reimbursable movements, larger per capita contributions have been required of all contributing governments to meet the increasing costs of shipping and of

developing movements, a high percentage of which (38% in 1957) are to Australia. The chief countries of emigration and immigration have progressively increased their per capita rates and the dollar amounts of their contributions. Italy, for instance, now contributes \$60 per migrant to the Western Hemisphere and \$70 to Australia. Australia contributes \$100 per migrant from Europe. The Netherlands contributes \$60 per migrant to the Western Hemisphere and \$100 per migrant to Australia. Germany contributes \$60 per migrant to all destinations. In addition to providing participation in revolving funds administered by ICEM jointly with the voluntary agencies, the U.S. contribution to operations is used with other contributions to the free funds of the Committee to meet the deficits in reimbursements on movements to all countries except Canada, which makes full reimbursement for movements.

Movement of Hungarian Refugees: In addition to the normal movement of 130,088 in 1956, ICEM moved 11,803 Hungarian refugees overseas. In 1957 ICEM estimates that, in addition to the normal movement of 136,320 out of Europe, over 52,000 Hungarian refugees will be moved overseas.

Forecast of Program for 1958: ICEM has estimated a normal movement for 1958 at 154,950. This figure includes 22,890 from Austria, 18,480 from Germany, 47,000 from Italy and 14,950 from Spain. As in previous years, over 35% (54,900) of the migrants will go to Australia and over 30% (47,600) to Latin America. The movement to Canada is expected to total 15,200 in 1958, while that to the United States will be reduced to approximately 3,000.

The Mutual Security Appropriation Act for 1957 (P.L. 853, 84th Congress, 2nd Session) repeating earlier legislation, included a condition on the appropriation for ICEM to the effect that none of the funds appropriated could be used directly in the movement of any person to the Western Hemisphere who has not had a security clearance based on reasonable standards. The Department of State has arranged with ICEM for the maintenance of special clearance procedures to comply with this legislative condition. These procedures are checked currently and have been found to be effective.

The request for appropriation in FY 1958 to cover the United States contribution to ICEM for the calendar year 1958 is in the

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amount of \$12,500,000; \$811,298 to administrative expenditure (29.67% of the total of \$2,734,115 allocated to member governments) and \$11,688,702 to operational expenditure for the movement of an estimated 154,950 persons from Europe under the normal program. The United States additional contribution for

the movement of 20,000 Hungarian refugees, totaling \$1,500,000, is included in a separate program estimate to cover Hungarian refugee costs.

There are attached charts showing actual movements and destinations for 1955 and 1956, and estimated movements for 1957 and 1958.

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### INTERGOVERNMENTAL COMMITTEE FOR EUROPEAN MIGRATION

#### Relationship of United States Contributions to Total Contributions of all Members to Administrative Expenditure

(In dollars)

	Actual CY 1955	Percent	Actual CY 1956	Percent	Program CY 1957 <sup>1/</sup>	Percent	Proposed CY 1958 <sup>1/</sup>	Percent
Contributions in cash:								
United States	634,525	31.32	771,647	30.87	775,807	29.67	811,298	29.67
Other Governments	1,422,415	70.21	1,772,052	70.90	1,838,702	70.33	1,922,817	70.33
<b>Total contributions of member governments</b>	<b>2,056,940</b>	<b>101.53 <sup>2/</sup></b>	<b>2,543,699</b>	<b>101.77 <sup>2/</sup></b>	<b>2,614,509</b>	<b>100.00</b>	<b>2,734,115</b>	<b>100.00</b>

#### Relationship of United States Contributions to Total Contributions of all Members to Operational Expenditure

Contributions in cash:								
United States	8,974,218	43.63	10,834,656	45.59	11,724,193	42.05	11,688,702	35.60
Other Governments	11,591,264	56.37	12,982,073	54.41	16,157,921	57.95	21,141,539	64.40
<b>Total contributions of member governments</b>	<b>20,565,482</b>	<b>100.00</b>	<b>23,816,729</b>	<b>100.00</b>	<b>27,882,114</b>	<b>100.00</b>	<b>32,830,241</b>	<b>100.00</b>

#### Relationship of United States Contributions to Total Contributions of all Members to Administrative and Operational Expenditure

Contributions in cash:								
United States	9,608,743	42.47	11,606,303	44.02	12,500,000	40.98	12,500,000	35.14
Other Governments	13,013,679	57.53	14,754,125	55.98	17,996,623	59.02	23,064,356	64.86
<b>Total contributions of member governments</b>	<b>22,622,422</b>	<b>100.00</b>	<b>26,360,428</b>	<b>100.00</b>	<b>30,496,623</b>	<b>100.00</b>	<b>35,564,356</b>	<b>100.00</b>

<sup>1/</sup> Estimates.

<sup>2/</sup> Total exceeds 100% because additional governments joined during the year and existing percentages could not be adjusted downward.

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INTERGOVERNMENTAL COMMITTEE FOR EUROPEAN MIGRATION

MOVEMENT OF MIGRANTS

Comparative Summary of Movement of Migrants (excluding Hungarian Refugees)

From	Actual CY 1955	Actual CY 1956	Estimate CY 1957	Estimate CY 1958	To	Actual CY 1955	Estimate CY 1956	Estimate CY 1957	Estimate CY 1958
Austria	12,321	15,935	8,840	22,890	Argentina	15,208	8,702	15,360	14,750
Germany	21,888	32,636	21,270	18,480	Australia	53,773	39,942	35,700	54,900
Greece	14,056	11,897	7,700	15,980	Brazil	8,919	5,966	7,130	14,500
Italy	45,852	39,382	38,050	47,030	Canada	8,865	7,752	36,160	15,200
Netherlands	12,701	12,699	18,590	21,160	Chile	1,033	379	1,050	2,350
Spain			8,850	14,950	Colombia			1,050	2,500
Near East & Far East	684	1,191	1,060	910	Rhodesia & Nyasaland		1,920	2,930	6,350
					Israel	1,220	5,600	2,250	20,350
					New Zealand		1,499	2,150	3,350
					U.S.A.	20,521	48,330	18,530	3,000
					Uruguay	2,790	1,674	1,100	2,000
					Venezuela	4,973	4,922	7,900	11,500
Others	12,940	16,348	31,960	13,550	Others	3,140	3,402	5,010	4,200
<b>Total</b>	<b>120,442</b>	<b>130,088</b>	<b>136,320</b>	<b>154,950</b>		<b>120,442</b>	<b>130,088</b>	<b>136,320</b>	<b>154,950</b>

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**UN Refugee Fund**

The United Nations Refugee Fund (UNREF) is a voluntary United Nations Program authorized by the General Assembly in Resolution 832 (IX) of October 21, 1954. Its purpose is to undertake a program of permanent solutions of the problems of unassimilated refugees coming within the mandate of the Office of the United Nations High Commissioner for Refugees through the expenditure of a target amount of \$16,000,000 of governmental contributions over a four-year period. The UNREF program began in 1955 and is scheduled to be completed on December 31, 1958. Upon its completion, the countries of present asylum will assume the full financial responsibilities for the care, maintenance and welfare of the then remaining unassimilated refugees. An Executive Committee comprised of twenty-one governments including the United States is responsible for controlling the finances of the Fund and directing the program, which is administered by the Office of the United Nations High Commissioner for Refugees.

The refugees whom UNREF is assisting are in general those who, owing to well-founded fears of persecution for reasons of race, religion, nationality or political opinion, are outside their country of nationality and are either in need of assistance in establishing themselves in the free world or require emergency assistance. Practically all are from the Communist-controller areas of Eastern Europe or the Soviet Union and have been living at or near the subsistence level for periods of up to eleven years in Western Europe, the Middle East and Far East. Many are still living in refugee camps. Many of them are so-called "difficult cases" --- aged, blind, tubercular or otherwise disabled refugees who require special or institutional lifetime care and maintenance. As mentioned in the introductory statement on Refugees and Migrants, UNREF does not duplicate the activities of either USEP or ICEM.

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands)					
	Cumul. thru FY 1956	FY 1957			
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57
Obl.	1,200	1,900	-	1,900	XXX
Exp.	1,200	1,900	-	1,900	-
SUMMARY OF PROGRAM (\$ IN THOUSANDS)					
	FY 1956	FY 1957		Proposed FY 1958	
	1,200	1,900		2,233 *	
DETAIL OF PROGRAM (\$ IN THOUSANDS)					
Comparative Summary of U.S. Contributions to Calendar Year Programs					
<u>Program</u>	<u>Total</u>	<u>FY 1956 Funds</u>	<u>FY 1957 Funds</u>	<u>FY 1958 Funds</u>	
CY 1955	1,200	1,200	-	-	
CY 1956	1,300	-	1,300	-	
CY 1957	1,500	-	600	900**	
CY 1958	1,333	-	-	1,333	
Total	5,333	1,200	1,900	2,233	
* Excludes contributions proposed to be provided for Hungarian refugees which are included in the presentation under the separate program for Hungarian refugees proposed to be financed from Special Assistance funds.					
** Proposed contribution for last six months of CY 1957 Program.					

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Importance of the Program to the United States: The humanitarian aspect of this program is of substantial interest to the U.S. A great proportion of the refugees assisted by UNREF fall in the "difficult case category." There is limited hope of their resettlement outside the countries of asylum. Local integration, including placement in institutions and job placement, is the most likely solution for the bulk of these cases, and it is upon this that UNREF has placed greatest emphasis.

In addition, the ever-increasing emphasis which the Soviet and satellite governments are placing on repatriation makes a solution to the problem of the unassimilated refugee group a matter of great political interest to the U.S. The Soviet and satellite governments attach considerable importance to this campaign, and have given much care and attention to it. To date, over 5,500 Soviet citizens, including over 1,000 refugees from the countries in which UNREF is most active - Austria, Germany, Greece, and Italy - have returned to their home countries. By establishing a portion of the refugee population and by giving assurance to the others that their welfare is of interest to the free world, the UNREF program serves to reduce the number of repatriates.

The UNREF program strengthens the countries of present asylum by helping to relieve them of the economic burden of supporting a body of non-productive refugees. It also relieves them of the political embarrassment generated by this controversial element when it exists as a solid, identifiable bloc.

This program offers the U.S. an organized agency which can draw on the financial resources of other countries to find a solution for the refugee problem, which solution is in the interest of the U.S. There is no Soviet or satellite participation in this agency.

Program: UNREF is directly attacking the refugee problem in three ways: through projects for permanent solutions, "difficult case" placement, and emergency assistance. These are summarized by country in the annexed tables.

The permanent solutions program assists refugees in establishing themselves as self-supporting members of the free world, primarily in the countries presently affording them asylum.

This is done through various projects which are carried out by voluntary agencies or governments with particular emphasis on the camp populations and with the objective of eliminating the camps. The projects include establishment of loan funds for refugee housing, establishment in agriculture, crafts, trades and industry, general counseling, employment counseling, vocational training, assistance to refugee students, and promotion of refugee emigration.

The program for the placement of "difficult cases" is designed to find institutions which will accept refugees for lifetime care and maintenance. A few refugees can be provided for in the country of current asylum but places for most must be found in other countries.

The emergency assistance program is for refugees who are destitute and can obtain assistance from no other source. Clothing, food, medical care and small cash grants are provided on an individual basis to assist refugees mainly in Egypt, Greece, Iran, Italy, Jordan, Lebanon, Syria and Turkey. In addition, during 1956 UNREF continued to render emergency assistance to refugees of European origin on the mainland of China. It also provides for the care and maintenance in Hong Kong of those who have succeeded in leaving China and are in transit to resettlement abroad.

The target program for 1957, amounting to \$4,400,000, is composed of projects similar to those carried out in 1955 and 1956. In addition, the Executive Committee has decided to carry over that part of the 1956 program which was not implemented in calendar year 1956 (\$2,696,303 as of December 31, 1956) for a total program of \$7,096,303.

Contributions of Other Governments: Contributions of 20 other governments to the central account of UNREF for the calendar year 1956 program amounted to \$1,756,000. In December 1956 the Swedish Government made a special contribution of \$1,353,180. Of this amount \$64,899 was for the 1956 program and \$1,288,281 for the 1957 program. In addition, during 1956, Denmark, France, Netherlands, Norway, Portugal, Sweden, and Switzerland accepted 227 difficult cases including tubercular, paralyzed, mental, invalid, and aged refugees. The cost of providing institutional, medical and rehabilitation care for these refugees is

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estimated at \$1,738,374. The U.S. considered \$850,668 of this amount as a contribution to the 1956 UNREF Program in arriving at the amount of its contribution based on 33-1/3% of total contributions from all governments.

This is in accordance with the procedure outlined to the Congress in connection with the FY 1957 UNREF presentation. It is planned to continue this procedure since by so doing we will encourage further activity by governments in accepting "difficult case" refugees. It is estimated that other governments will accept 250 to 300 such refugees in each of calendar years 1957 and 1958. The money which these governments are expending for institutional care on behalf of physically handicapped and aged refugees is a vitally important contribution to the UNREF program and every bit as significant as contributions to the central account. This type of contribution should not be confused with local contributions by governments of first asylum on behalf of refugees within their territory.

Cash contributions from other governments to the calendar year 1957 UNREF program are estimated at over \$3 million. More than \$2 million of this amount has already been contributed.

U.S. Government Contribution to UNREF: UNREF operates on a calendar year basis. The Congress in FY 1957 appropriated \$1,900,000 for the United States contribution to the UNREF

program for the 18-month period covering calendar year 1956 and the first six months of calendar year 1957. This enabled the United States to make a pledge in November to cover the first half of the CY 1957 program. The \$1,900,000 has already been contributed to UNREF, \$1,300,000 for the CY 1956 program and \$600,000 for the first half of the CY 1957 program.

For FY 1958 an amount of \$2,233,000 is requested to enable the U.S. to make contributions of \$900,000 for the last six months of the CY 1957 program and \$1,333,000 for the CY 1958 program. It is proposed that the percentage of the U.S. contribution continue at 33-1/3% of the total contributions from all governments. The present request, if approved, will enable the U.S. to make a pledge for the full CY 1958 UNREF program.

The UNREF program has a \$16,000,000 target budget for the four years of its duration. The U.S. supported the adoption of this figure, with the intention of matching the total government contributions by one-third. We have already contributed \$1,200,000 from FY 1956 funds and \$1,900,000 from FY 1957 funds. Approval of the current request for \$2,233,000 will enable us to bring our total contribution up to \$5,333,000, one-third of the four-year budget.

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UNITED NATIONS REFUGEE FUND

Target Program and Estimated Beneficiaries, 1957

(\$ in thousands)

	<u>Permanent Solutions</u>		<u>Placement Difficult Cases</u>		<u>Emergency Assistance</u>		<u>Total</u>	
	<u>Target Alloc.</u>	<u>Bene-ficiaries</u>	<u>Target Alloc.</u>	<u>Bene-ficiaries</u>	<u>Target Alloc.</u>	<u>Bene-ficiaries</u>	<u>Target Alloc.</u>	<u>Bene-ficiaries</u>
Austria	2,385	7,070	336	385	-	-	2,721	7,455
Belgium	20	360	-	-	-	-	20	360
Egypt	11	49	20	24	3	75	34	148
France	317	575	100	125	-	-	417	700
Germany	777	2,770	-	-	-	-	777	2,770
Greece	1,204	1,150	196	30	20	1,050	1,420	2,230
Iran	-	-	25	-	-	-	25	-
Italy	300	80	100	115	20	1,000	420	1,195
Syria, Lebanon, and Jordan	17	24	15	12	6	120	38	156
Shanghai-Hong Kong, and China	-	-	120	143	300	2,876	420	3,019
Turkey	41	156	25	32	12	800	78	988
Various	50	-	50	32	20	-	120	32
Unallocated	178	-	231	-	-	-	409	-
Subtotal, operations	5,300	12,234	1,218	898	381	5,921	6,899	19,053
Administration							197	
TOTAL (Includes Administration)							7,096	

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UNITED NATIONS REFUGEE FUND

Allocations and Beneficiaries by Type of Program Since Inception to December 31, 1956

(\$ in thousands)

	<u>Permanent Solutions</u>		<u>Placement Difficult Cases</u>		<u>Emergency Assistance</u>		<u>Total</u>	
	<u>Alloc.</u>	<u>Beneficiaries</u>	<u>Alloc.</u>	<u>Beneficiaries</u>	<u>Alloc.</u>	<u>Beneficiaries</u>	<u>Alloc.</u>	<u>Beneficiaries</u>
Austria	2,600	7,123	622	137	-	-	3,222	7,260
Belgium	70	706	-	-	-	-	70	706
Egypt	-	-	72	6	17	124	89	130
France	276	260	50	100	-	-	326	360
Germany	790	4,140	-	-	-	-	790	4,140
Greece	1,300	110	222	61	49	2,095	1,571	2,266
Iran	-	-	38	7	22	369	60	376
Italy	730	992	296	139	41	2,300	1,067	3,431
Syria, Lebanon, and Jordan	-	-	29	5	34	511	63	516
Shanghai-Hong Kong, China	-	-	494	4,190	301	1,700	795	5,890
Turkey	-	-	75	6	18	750	93	756
Various	564	-	86	-	30	711	680	711
Subtotal, operations	6,330	13,331	1,984	4,651	512	8,560	8,826	26,542
Administration							256	
TOTAL (Includes Administration)							9,082	

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UNITED NATIONS REFUGEE FUND

Government Contributions, 1956 (21 Countries)

<u>Country</u>	<u>US \$</u>
Australia	112,000
Austria	3,000
Belgium	200,000
Brazil	15,000
Canada	127,773
Denmark	72,390
Dominican Republic	5,000
France	274,286
Germany, Federal Republic of	23,810
Liechtenstein	467
Luxembourg	3,000
Morocco	2,000
Netherlands	122,316
New Zealand	112,000
Norway	84,000
Philippines	1,250
Sweden	180,886
Switzerland	116,822
United Kingdom of Great Britain and Northern Ireland	280,000
United States of America	1,300,000
Venezuela	20,000
	<hr/>
TOTAL	3,056,000

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Escapee Program

*Shaded areas are Security class and must not be divulged to unauthorized individuals. All other material is unclassified*

The United States Escapee Program was carried from March 1952 until 1955 under special provisions of the Mutual Security Act of 1951 and Section 401 of the Mutual Security Act of 1954. Since 1955, specific legislative authority for the appropriation for the program has been provided in Section 405(d) of the Mutual Security Act of 1954, as amended. The purpose of the program is to provide assistance in the reception, interim care and maintenance, and resettlement of Soviet and satellite escapees in Europe and to undertake special assistance projects in behalf of selected escapee groups or individuals in all areas of the world.

The program promotes U.S. political, psychological warfare, and intelligence objectives and programs with respect to the USSR and the Soviet orbit, through projects and activities which are necessary to support direct U.S. interests in escapees. Apart from the intelligence benefits which are gained from direct U.S. assistance to the escapees, fundamental U.S. political objectives which are advanced by this program include U.S. opposition to forcible repatriation and assistance to free world countries in maintaining liberal policies of political asylum for those fleeing from persecution. The attainment of these objectives depends in large part on whether the total outflow of refugees from countries of asylum is commensurate with the numbers granted admission. The program also provides a concrete demonstration of U.S. humanitarian principles and of the friendship of the U.S. toward the captive populations of the countries behind the Iron Curtain. U.S. assistance reaffirms continuing U.S. concern for the welfare of the Soviet-satellite peoples and our interest in the eventual restoration of their national independence. Information that this assistance is being provided effectively repudiates Communist propaganda that the interest of the West in the peoples of Eastern Europe has waned, that the West is unwilling to absorb escapees readily, that escapees will be forcibly repatriated by Western authorities, and that escape is useless. In summary, through its own Escapee Program, the U.S. accomplishes its objectives with regard to escapees-objectives which cannot be met through the programs of other governments, international agencies, and private organizations.

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands)					
	Cumul. thru FY 1956	FY 1957			
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57
Obl.	21,343	4,958	1,042	6,000	XXX
Exp.	15,777	6,653	3,413	10,066	1,500
SUMMARY OF PROGRAM (\$ IN THOUSANDS)					
	FY 1956	FY 1957		Proposed FY 1958	
	5,997	6,000		5,500 *	
DETAIL OF PROGRAM					
See "Caseload Projections" and "Program Requirements by Six Month Periods" on following pages.					
* Excludes assistance proposed to be provided to Hungarian refugees through this program, which is included in this presentation under the separate program for Hungarian refugees proposed to be financed from Special Assistance funds.					

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Although the U.S. regards refugees as the primary responsibility of the countries of asylum, it recognizes that continuing large numbers of refugees create burdens on the asylum countries beyond their will or capacities to bear unaided. It is therefore a principal objective of the U.S. Escapee Program to reduce the numbers of escapees in need of assistance in Europe by resettlement in overseas countries which are seeking additional people. While the escapees are awaiting permanent re-establishment, the U.S. Escapee Program supplements the considerable assistance of the countries of asylum and of the voluntary agencies in the form of interim care and maintenance and in preparation for resettlement.

The asylum countries are beset to varying degrees by major economic problems and their attitudes toward alien refugees are influenced by international political factors and local antagonisms prevailing in Europe. These factors severely limit the help which asylum countries can give refugees. The voluntary agencies are dependent upon contributions from the general public, which must be spent primarily in behalf of the particular groups which the agencies are created to help. As a result, there remains a substantial gap between what can be provided from these sources and what is needed to assure a level of assistance for escapees who are of concern to the U.S.

The U.S. Escapee Program undertakes to fill this gap by furnishing supplementary assistance as necessary to re-establish the needy escapee into an independent, self-sufficient member of the free world. USEP activities, which place primary emphasis on projects which will effectuate the maximum overseas resettlement include: (1) the initial registration of escapees and their screening to assure that they are bona fide anti-Communist refugees and deserving of assistance; (2) counseling, which involves compilation of case histories and analysis of all pertinent data concerning an escapee in relation to existing or potential resettlement opportunities, and the formulation of resettlement plans on an individual case basis; (3) vocational and language training; (4) medical and health services; (5) assistance with respect to visa processing, including provision of legal documents and of visa fees where necessary; (6) assurance search efforts within certain resettlement countries; (7) guaranteed provision of a substantial portion of the costs of transportation; and (8) the payment of those expenses in

certain resettlement countries which are necessary for initial re-establishment. Similar services are provided to effect re-establishment through integration into the local economy of European countries of those escapees identified as having little or no prospect of resettlement abroad.

An important related USEP service is the provision of supplementary care. Experience shows that the escapee must be maintained in good health, morale, and appearance in the interest of promoting his acceptance by resettlement countries. Moreover, this feature of USEP (although relatively limited in scope) is a conspicuous, initial demonstration of Western concern for those who escape, which works directly counter to Soviet interests and allegations.

The U. S. Escapee Program has, as its primary interest, the more recent escapees and it concentrates its efforts upon this group and upon their early re-establishment. USEP works closely with the United Nations High Commissioner for Refugees whose organization is charged with the legal protection of refugees and which places emphasis on permanent solutions of the problems of older groups of refugees who are difficult to resettle. USEP also coordinates its activities with the Intergovernmental Committee for European Migration and uses the facilities of ICEM for the overseas transportation of most USEP-assisted escapees.

Under this program, a total of 102,100 escapees had been processed in Europe and the Middle East in the five years of its operation to March 31, 1957. Of these approximately 39,900 had been resettled in the United States, Canada, Australia, and Latin America; 8,800 had been locally integrated in Europe and approximately 22,400 escapees were still on the rolls. The remaining 31,000 had been dropped from the caseload as no longer needing assistance, as ineligible for assistance as a result of screening, or because of death, disappearance, or other reasons.

During 1956, the program exceeded its goals in removing from its caseload over 23,000 persons, largely through their successful re-establishment. However, the unrest in Eastern Europe in the past year has resulted in large numbers of new escapees from satellite countries and has greatly increased

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the scope of the escapee problem with which the U.S. and the free world are confronted.

Of overriding significance, of course, have been the results of the Hungarian revolt and the accompanying large number of persons who have fled Hungary. A program for assistance by USEP to these Hungarian escapees is proposed under the Hungarian Refugee Program included in another portion of this presentation.

At the beginning of 1958, there should remain on the Escapee Program caseload an estimated total of approximately 18,000 escapees, other than recent Hungarians, for whom regular program activities will continue. On the assumption (1) that continued unrest behind the Iron Curtain results in the influx of approximately 13,000 new non-Hungarian escapees during 1958, and (2) that maximum efforts result in the resettlement of some 10,000 persons and the local integration or other disposition of about 8,000 escapees in 1958, it is expected that approximately 13,000 non-Hungarian escapees will remain on the caseload at the beginning of 1959. Some \$4,000,000 will be required for assistance to them.

It is especially desirable that these goals be met since the U.S. is pursuing a policy of trying to complete the successful re-establishment of escapees within a period of three years after the date of escape. This resettlement will be very difficult because migration opportunities throughout the world will be substantially affected by the placement of the large numbers of Hungarian escapees who will naturally receive a high priority from all resettlement countries during the next two years. At the same time, it is of the greatest importance to continue maximum aid to non-Hungarian escapees in order to show the captive populations of the Soviet-dominated countries that the interest of the West is not directed toward one particular nationality. There is already concern and loss of morale among the older escapees of other nationalities who are aware that their chances of re-establishment are diminished by the heavy resettlement of the more recent Hungarian escapees. There is real danger that this feeling may turn to bitterness toward the West which would play into the hands of the Soviets who will use every device to exploit the demoralization of the

refugees as one means of maintaining their controls in the other satellite countries.

In the Far East, the U.S. Escapee Program has continued to operate on a limited basis in Hong Kong, Taiwan, and Macau, providing assistance to selected escapees from Red China through projects chosen in terms of their high potential in advancing U.S. interests. The activities of the Escapee Program in the Far East, operating within the context of the largest single bloc of anti-Communist refugees in the world, serve the same national objectives as does the program in Europe. Additionally, the concept of Free China as a symbol of haven and refuge for Chinese on the Mainland is developed and maintained as an alternative to Communism in Asia. By the end of 1956 more than 16,500 refugees had been resettled in Taiwan and other areas, and additional projects involving the local re-establishment of refugees in Hong Kong and Macau had been undertaken. In its selection of projects, the program has placed emphasis on assisting refugees who are conspicuous in terms of professional, intellectual, or other leadership factors. This program supplements and stimulates the efforts of the local governments in Hong Kong and Taiwan, and demonstrates U.S. concern for refugees from Red China who, in the eyes of the Chinese people everywhere, symbolize resistance to Communism. It also counteracts Soviet propaganda to the effect that the U.S. has little or no concern for the peoples of the Far East.

It would not be feasible for the U.S. to attempt to bear the huge costs required for adequate assistance for the hundreds of thousands of refugees in Hong Kong. However, the selective program now being carried out in behalf of these refugees, who are an important and psychologically significant group, should be continued at the level of \$1,500,000 in 1958, in recognition of the increasing importance of combatting Communist efforts in this area of vital political interest to the U.S. The significant success of the program to date in stimulating far larger efforts on the part of the local governments concerned is a further reason for its continuation.

To carry forward the Escapee Program during 1958 therefore, \$4,000,000 will be needed for non-Hungarian escapees in Europe; and \$1,500,000 for the Far East; or a total of \$5,500,000.

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U.S. ESCAPEE PROGRAM

CASELOAD PROJECTIONS

	On Hand Jan. 1	Additions to Caseload	Reductions in Caseload	On Hand June 30	Additions to Caseload	Reductions in Caseload	On Hand Dec. 31
alendar Year 1955 (Actual)	29,816	8,445	7,767	30,494	8,144	7,893	30,745
alendar Year 1956 (Actual)	30,745	5,887	10,602	26,030	10,950	12,764	24,216
alendar Year 1957 (Projected)	24,216	7,800	9,800	22,216	6,600	10,816	18,000
alendar Year 1958 (Projected)	18,000	6,500	9,000	15,500	6,500	9,000	13,000

PROGRAM REQUIREMENTS BY SIX MONTH PERIODS

(In thousands of dollars)

	Jan - Jun 56 (Actual)	Jul - Dec 56 (Actual)	Total CY 56 (Actual)	Jan - Jun 57 (Proj)	Jul - Dec 57 (Proj)	Total CY 57 (Proj)	Jan - Jun 58 (Proj)	Jul - Dec 58 (Proj)	Total CY 58 (Proj)
<u>Europe and Middle East</u>									
Care and Maintenance	1,013	730	1,743	633	527	1,160	420	330	760
Resettlement Support	1,233	1,275	2,508	1,072	938	2,010	740	610	1,350
Integration	166	316	482	520	520	1,040	780	720	1,500
Transportation	370	1,037	1,407	625	265	890	210	190	390
<b>TOTAL</b>	<b>2,782</b>	<b>3,358</b>	<b>6,140</b>	<b>2,850</b>	<b>2,250</b>	<b>5,100</b>	<b>2,150</b>	<b>1,850</b>	<b>4,000</b>
I. <u>Far East</u>	419	490	909	600	700	1,300	700	800	1,500
<b>GRAND TOTAL</b>	<b>3,201</b>	<b>3,848</b>	<b>7,049</b>	<b>3,450</b>	<b>2,950</b>	<b>6,400</b>	<b>2,850</b>	<b>2,650</b>	<b>5,500</b>

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## Hungarian Refugee Program

On October 23, 1956, the Hungarian people arose in spontaneous and unorganized revolt for freedom. Because their efforts to establish a democratic form of government were crushed, thousands of refugees fled their homeland into neighboring countries, principally to Austria and Yugoslavia. In the first 42 days after the revolt started, approximately 112,000 refugees fled across the Austrian border. During the next several days, relatively large numbers followed, reaching a total exodus by January 31, 1957 of 169,556 to Austria and 15,057 to Yugoslavia. Since that date, the influx has greatly diminished with a somewhat higher proportion of the total fleeing to Yugoslavia. By the end of April 174,122 had arrived in Austria and 18,853 in Yugoslavia.

The immediate needs of the refugees and their impact on the Austrian economy were readily seen by all freedom loving countries, by public and private agency alike. Generous offers of aid were made to the Austrian government providing for reception, care, movement and asylum, and through the united efforts of all agencies, a total of 133,318 departures from Austria to countries of temporary and permanent asylum were effected by April 24, 1957. Of this number, 31,552 had departed for the United States, 30,852 to other overseas countries and 70,914 to western European countries. With continuing offers of aid and asylum, it is estimated that the total number of refugees on hand in Austria, Yugoslavia and other countries of temporary asylum will be reduced to approximately 72,000 by June 30, 1957 and to approximately 40,000 by December 31, 1957.

United States dollar, local currency proceeds, and commodity costs of assistance offered Hungarian refugees from all sources for fiscal year 1957 amount to approximately 54 million dollars. Cash and commodity contributions by American voluntary agencies amount to approximately 18.2 million dollars. Contributions of all other countries, either through the United Nations or privately, are estimated at approximately \$20 million.

It is estimated that a total of 40,000 Hungarian refugees will be on hand in Austria, Yugoslavia and western European

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands)					
	Cumul. thru FY 1956	FY 1957			
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57
Obl.	-	6,888	32,612	39,500	XXX
Exp.	-	5,000	20,000	25,000	14,500
SUMMARY OF PROGRAM (\$ IN THOUSANDS)					
	FY 1956	FY 1957		Proposed FY 1958	
	-	39,500		10,000	
DETAIL OF PROGRAM (\$ IN THOUSANDS)					
Activity or Administering Agency	FY 1957		FY 1958		
Administered through:					
United States Escapee Program	\$ 8,000		\$ 6,900		
Intergovernmental Committee for European Migration	5,900		1,500		
United Nations High Commissioner for Refugees	5,000		1,000		
Austrian Youth Training	-		600		
Transportation to and Resettlement in United States	12,500		-		
Other Relief Assistance	8,100		-		
Total	<u>39,500</u>		<u>10,000</u>		

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count at the beginning of calendar year 1958. By the end of that year, it is anticipated that 12,340 will remain. The estimated FY 1958 program requirement shown above is based on providing essential aid and resettlement assistance to this number, principally through United States Escapee Program facilities and direct contributions to the Intergovernmental Committee for European Migration, and the U. N. High Commissioner for Refugees. Owing to the many uncertainties, however, as to the actual types and extent of services that may be eventually required for the projected caseload of Hungarian refugees, it is requested that the estimate be considered as a total requirement rather than a requirement by division so that resources may be shifted in a manner to effect the most beneficial and efficient utilization of funds. These funds are to be provided from appropriations requested for Special Assistance under Section 401.

Care, Maintenance and Resettlement Assistance to Hungarian Refugees Through the United States Escapee Program: In 1958, the USEP will place major emphasis on the successful resettlement of Hungarian escapees. The large number of Hungarians who will be resettled in 1957 will unquestionably absorb a very large number of the opportunities for immigration into other countries so that by 1958 it will be much more difficult to move substantial numbers of Hungarians. However, it will still be essential to relieve as many of these people of the need for assistance as possible and to re-establish them successfully as soon as possible. The estimates have, therefore, been developed as a realistic goal which must be met if U. S. interests are to be satisfied. On the assumption that the total number of Hungarian refugees in Austria and other European countries will be reduced from 39,879 to 12,340 during 1958, approximately \$6,900,000 will be required for supplementary resettlement and other assistance from the U. S. Escapee Program. This amount is over and above the separate appropriation request for Escapee assistance or any amounts which will be supplied by the governments of Austria and other countries of asylum, by international agencies, or by private contributions.

It is unlikely that all of these sources of assistance combined will do more than partially offset the deficit which the burden of the Hungarian refugees will impose upon the economies of Western European countries. Certainly, it will not remove the

need for supplementary USEP care and maintenance assistance to raise the level of support from the bare minimum subsistence level provided by the local governments to a standard of care which represents U. S. concern for these unfortunate people. Above all, those USEP operations which consist primarily of projects designed to produce the essential conditions and extra impetus necessary to the successful re-establishment of these refugees, will need to continue. Without such USEP assistance it will be very difficult to find resettlement opportunities for the Hungarian escapees, once the initial concern for their plight has been dissipated by the passage of time and other developments in the foreign affairs field.

Movement of Hungarian Refugees out of Europe -- Contribution to Intergovernmental Committee for European Migration: It is accomplished during 1958, requiring a total U. S. contribution of The United Nations High Commissioner for Refugees: \$1,500,000 to ICEM for this purpose. Principal anticipated countries of resettlement are Canada, Australia, Argentina, Brazil, New Zealand and Venezuela.

ICEM's purpose is to facilitate and to increase the movement of migrants and refugees out of Europe who would not otherwise be moved. The committee has been a major instrument in relieving the pressures of the Hungarian refugee problem through its despatch and movement of an estimated 152,292 refugees from Austria to June 30, 1957. This requirement is additional to the separate appropriation request for contributions to ICEM.

Integration Assistance to Hungarian Refugees -- Contribution to The United Nations High Commissioner for Refugees: Of those Hungarian refugees who remain permanently in Austria, many will need some form of assistance to become integrated into the local economy. Exclusive of projects for youth, the UNHCR estimates that more than \$3 million will be needed to effectively carry out essential integration projects. It is expected that \$2 million will be contributed by other governments for such projects and it is requested that \$1 million be made available for contribution by the United States. Our proposed contribution would represent one-third of total payments from all governments which is the normal basis on which our contributions to UNREF are made. The U. S. payment would be used for projects such as: vocational

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training, language training, employment counselling and placement, small loans, and the rehabilitation of handicapped refugees. This program has been developed and will be funded independently of the separate appropriation request for contributions to the UN Refugee Fund.

Contributions for Youth Training: A major problem of the Austrian government are the large numbers of youths in the refugee group who need continued education, discipline and recreation to lessen the serious problems resulting from the idleness and frustrations of refugee life. Until these young people can be resettled, or integrated, they must be kept occupied and prepared as far as possible to meet the responsibilities of life in new democratic countries. The Hungarian government has formally demanded that the Austrian government assist in the repatriation of these juveniles. It is estimated that approximately 1,200 youths will require training and that such training through

placement in schools will cost approximately \$500 per person. An estimate of \$600,000 is, therefore, included to meet this problem.

After September 30, 1957, the Austrian Government will have complete responsibility for basic care and maintenance of the refugees in Austria since Red Cross operations will be discontinued at that time. Based on an estimated 10,000 Hungarian refugees in Austria on January 1, 1958 and 6,500 on June 30, 1958, it is anticipated that the additional costs to the Austrian Government, primarily for basic care and maintenance, will approximate the equivalent in Austrian schillings of \$2-1/2 million through the Fiscal Year 1958. To the extent Austrian schillings in this amount from PL 480 surplus agricultural commodity sales, from counterpart or other sources do not become available in FY 1958 for this purpose, it may become necessary to increase the proposed \$10 million Hungarian refugee program to meet this requirement.

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HUNGARIAN REFUGEE PROGRAM

TOTAL CASELOAD PROJECTION

CY 1957 AND CY 1958

	CY 1957		CY 1958	
On Hand, January 1		127,700		39,879
Additions		37,053		1,800
Subtotal		164,753		41,679
Reductions:				
Resettled	48,450		11,200	
Integrated	29,901		1,200	
Other	14,123		5,000	
Subtotal		-92,474		-17,400
On Hand, June 30		72,279		24,279
Additions		1,800		1,800
Subtotal		74,079		26,079
Reductions:				
Resettled	14,100		8,800	
Integrated	16,000		1,200	
Other	4,100		3,739	
Subtotal		-34,200		-13,739
On Hand, December 31		39,879		12,340

PROGRAM REQUIREMENTS CY 1958

HUNGARIAN RELIEF ACTIVITIES TO BE ADMINISTERED THROUGH UNITED STATES ESCAPEE PROGRAM FACILITIES

(In thousands of dollars)

	January-June 1958	July-December 1958	Total CY 1958
Supplemental Care and Maintenance	632	408	1,040
Resettlement Support	1,658	1,032	2,690
Integration	330	330	660
Transportation	1,400	1,110	2,510
Total	4,020	2,880	6,900

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MOVEMENT OF HUNGARIAN REFUGEES  
INTERGOVERNMENTAL COMMITTEE FOR EUROPEAN MIGRATION

From	Actual CY 1956	Estimate CY 1957	Estimate CY 1958	To	Actual CY 1956	Estimate CY 1957	Estimate CY 1958
Austria	88,500	65,750	6,000	Argentina	22	3,000	2,000
Germany		500	3,000	Australia	1,055	14,000	4,500
Italy		3,100	1,500	Belgium	3,019	3,000	
Netherlands			1,600	Brazil	10	3,500	1,500
Others		18,000	7,900	Canada	7,635	21,100	7,000
				Chile	47	400	
				Colombia		600	
				Denmark	1,000	1,000	
				France	8,395	3,000	
				Germany	10,934	3,000	
				Iceland	52		
				Ireland	530		
				Israel	756	3,000	
				Italy	3,451	1,000	
				Luxembourg	189		
				Netherlands	2,920	300	
				New Zealand	234	1,000	750
				Norway	528	1,000	
				Rhodesia and Nyasaland		50	
				Spain	1		
				Sweden	3,993	1,500	
				Switzerland	10,300	1,500	
				Union of South Africa	148	1,900	
				United Kingdom	13,039	5,000	
				USA	20,242	16,600	
				Venezuela		1,500	750
				Others		400	3,500
<b>Total</b>	<b>88,500</b>	<b>87,350</b>	<b>20,000</b>		<b>88,500<sup>1/</sup></b>	<b>87,350</b>	<b>20,000</b>

<sup>1/</sup> Of the 88,500 Hungarian refugees who were moved out of Austria in 1956, ICEM financed the movement of 42,085 of which 11,803 went to overseas countries and 30,282 to European countries. ICEM assisted the dispatch from Austria of the balance of 46,415 Hungarian refugees whose transportation was provided directly by the receiving governments, chiefly, Canada 4,108, USA 14,260 and European Governments 26,918.

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UNITED NATIONS CHILDREN'S FUND

Importance of Program to the United States: UNICEF has become firmly established as a program of International Cooperation which aims to improve the health and welfare of children and mothers. Of the world's 900,000,000 children, two-thirds lack adequate food and protection against disease. Their expectation is a short life burdened by privation and sickness. Today mankind is more keenly aware than ever of the health and welfare needs of the world's children. As areas of the modern world become accessible, the children of once remote countries become the neighbors of all. The importance of protecting them from disease, hunger, and suffering, so that they can achieve full vigor and productivity, gains increasing support.

UNICEF has already benefitted millions of children and mothers. This assistance has been important not only in a social and economic sense, but politically as well. UNICEF is perhaps the most widely known U.N. agency and does much to foster international good will and understanding. The U.S. took a leading role in establishing UNICEF and has been by far the largest contributing government since its inception. These facts are well known throughout the world and U.S. prestige is greatly enhanced thereby. The USSR has made successive contributions to the 1955 and 1956 UNICEF programs, apparently having become convinced of the political wisdom of so doing. It is important, therefore, that the U.S. maintain its leadership in support of UNICEF.

UNICEF Program: Current UNICEF activities concentrate on permanently improving rather than temporarily relieving adverse child health conditions. They are designed to provide an initial impetus to programs which assisted countries will eventually carry on by themselves.

Obviously there are not enough international funds to meet all the needs of children throughout the world. Recognizing this, UNICEF has established specific criteria for determining which projects it will assist. UNICEF aid is focused on projects which deal with basic inadequacies in child care, and which combine economy, maximum numbers of children reached and a permanent acceptance of responsibility by the local governments. The assisted governments must themselves be willing to accept the main responsibility for child aid projects. Programs are geared not only to the needs of children but to the administrative and financial capacities of countries.

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands)					
	Cumul. thru FY 1956	FY 1957			Unexpended 6/30/57
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	
Obl.	43,481	10,000	-	10,000	XXX
Exp.	35,191	7,986	4,304	12,290	6,000
SUMMARY OF PROGRAM (\$ IN THOUSANDS)					
FY 1956	FY 1957		Proposed FY 1958		
14,500	10,000		11,000		
DETAIL OF PROGRAM (\$ IN THOUSANDS)					
COMPARATIVE SUMMARY OF U.S. CONTRIBUTIONS TO CALENDAR YEAR PROGRA					
Program	Total	FY 1956 Funds	FY 1957 Funds	FY 1958 Fund	
CY 1955	9,000 <sup>a/</sup>	4,800	-	-	
CY 1956	9,700	9,700	-	-	
CY 1957	10,000	-	10,000	-	
CY 1958	11,000	-	-	11,000	
	39,700 <sup>a/</sup>	14,500	10,000	11,000	
<u>a/ \$4,200 thousand financed from FY 1955 funds.</u>					

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Not only must the governments match funds allocated by UNICEF with substantial local contributions toward each project, but they must agree to accept responsibility for taking over programs after UNICEF aid is terminated.

UNICEF continued to make significant progress in 1956 in reaching more children in more countries. During the year the Fund aided 311 projects in 98 countries and territories, a marked increase over the record of 264 set last year. About 37 million children and mothers benefitted from UNICEF aid in 1956, as compared to 32 million in 1955 and 28 million in 1954. Over 15 million children were vaccinated against tuberculosis; 10 million children and mothers were protected from malaria and other insect borne diseases; nearly 2 million children were treated for yaws, and 3.8 million given a food supplement under the long-range feeding programs. And finally, taking into account UNICEF aid approved in 1956, about 11,000 maternal and child health centers in rural areas throughout the world, but primarily in Asia, have or will have received aid in the form of basic equipment and expendable supplies. UNICEF also provided limited emergency aid to children in countries affected by catastrophes such as floods, droughts and typhoons. **Emergency aid, however, amounted to only 9.7 percent of total program allocations.**

There are two types of government contributions which are made toward UNICEF programs: (1) Contributions to the central account of UNICEF for allocation by UNICEF for aid to children in the various countries requesting assistance. These funds are used principally to purchase supplies and equipment that are not manufactured locally. (2) Contributions in local currency and resources by assisted governments which are used in conjunction with the funds allocated by UNICEF from its central account. The local contributions are used mainly for such items as supplies which can be obtained locally, services of local personnel, buildings and transportation. The amount of local contributions is at least equal to, and is usually more than, the amount of international funds allocated to a program. on the average total local contributions are double the amount of voluntary payments to the central fund.

UNICEF has been increasingly successful in stimulating self-help on the part of the assisted governments and peoples. In 1956, for example, the amount of matching contributions, consisting of local currency or services, was the equivalent of \$40 million in relation to the \$17.4 million allocated from UNICEF's central account.

The Executive Branch feels that UNICEF should continue to expand on a gradual basis in order to meet the many needs of children throughout the world. For example, it is now possible to wipe out trachoma. It is estimated that 166,000,000 people throughout the world (mainly in Africa, the Middle East, and Asia) are afflicted with trachoma. An aureomycin ointment has been developed which will cure trachoma at a cost of 15 cents per person. Over a four-year period a full-scale trachoma program would cost \$25,000,000.

United States Contribution to UNICEF: UNICEF operates on a calendar year basis. Congress authorized and appropriated \$10,000,000 of FY 1957 funds for the CY 1957 UNICEF program. An amount of \$11,000,000 is now being requested for contribution to the CY 1958 program. It is planned further that the percentage of the U.S. contribution be decreased to 52.5 percent of total contributions by governments to the central account of UNICEF as compared to 55 percent for 1957. It is believed that UNICEF operations can continue to expand even with this decrease in the percentage of our contribution. However, in view of this reduction, the Executive Branch considers it all the more important that the full request of \$11,000,000 be approved in order to offset any reaction on the part of other governments that U.S. interest in the work of UNICEF is declining.

The following summary table of government contributions (in millions of dollars) to the UNICEF Central Account illustrates the progressive reduction in the percentage of the U.S. contribution and the steady increase in contributions from other governments for the past several years.

## NON-REGIONAL

<u>Calendar Year</u> <u>Program</u>	<u>United States</u> <u>Contribution</u>	<u>Other Government</u> <u>Contributions</u>	<u>United States</u> <u>Percentage</u>
(\$ in Millions)			
1953	9.8	4.5	68
1954	8.3	5.3	61
1955	9.0	6.6	60
1956	9.7	7.5	56.5
1957	10.0	8.3 (estimated)	55

It is estimated that pledges from other governments will be well over \$9,000,000 in 1958.

The U.S. can take some credit for this gratifying growth of other government contributions. We have expressed pleasure that other

governments were contributing a larger proportion of the costs of UNICEF than in the past and have stated that it is the hope of the U.S. that other governments will continue to contribute an increasing proportion of the total payments to the Central Account. The UNICEF Administration, stimulated by the U.S. policy, has made vigorous and successful efforts to obtain additional contributions from governments, so that the UNICEF program has continued to expand.

The USSR has paid 2,000,000 rubles (\$500,000) to UNICEF for the 1955 program and a similar amount for 1956. This money is being used only for the procurement of materials from within the USSR that have real usefulness to the UNICEF program. So far DDT and bicycles have been procured from the USSR.

NON-REGIONAL

NON-REGIONAL PROGRAM

UNICEF ALLOCATIONS FROM THE CENTRAL ACCOUNT

By Area and Type of Activity

(\$ in Thousands)

	Actual Allocations Calendar Year 1956		Target Program Calendar Year 1957	
	Amount	Percent	Amount	Percent
<u>Programs by Area</u>				
Africa	1,975	13.0	2,650	11.6
Asia	5,818	38.3	8,725	38.2
Eastern Mediterranean	4,137	27.3	3,600	15.7
Europe	818	5.4	1,025	4.5
Latin America	2,065	13.5	6,550	28.7
Interregional	375	2.5	300	1.3
<b>Total - Area Assistance</b>	<b>15,188</b>	<b>100.0</b>	<b>22,850</b>	<b>100.0</b>
<u>Programs by Activity</u>				
Maternal and Child Welfare Services and Training	2,792	18.4	5,100	22.3
Mass Health	8,755	57.6	12,900	56.5
Nutrition				
(a) Long-range feeding assistance	181	1.2	2,350	10.3
(b) Milk conservation	1,983	13.1	2,000	8.7
Emergency Aid	1,477	9.7	500	2.2
<b>Total - Project Aid</b>	<b>15,188</b>	<b>100.0</b>	<b>22,850</b>	<b>100.0</b>
Administrative and Operational Services	<u>3,157</u>		<u>3,150</u>	
<b>TOTAL ALLOCATIONS</b>	<b><u>18,345</u> 1/</b>		<b><u>26,000</u></b>	

1/ Data do not include freight - \$3,209,190.

## NON-REGIONAL

### North Atlantic Treaty Organization (Civilian Headquarters)

The North Atlantic Treaty Organization is headed by the North Atlantic Council, on which each member government is represented by its Ministers of Foreign Affairs, Defense, and Finance and by its Permanent Representative in Paris. The Council and its committees are served by an International Staff which comprises the Civilian Headquarters of the Organization. The International Staff supports the military and civilian activities of the council by performing such tasks as providing analyses of an intelligence nature; developing recommendations for sharing the defense burden based upon the annual review of the economic capabilities of the NATO nations to meet the military requirements of the common defense; surveying defense production facilities; reviewing and inspecting the progress of infrastructure projects; and assisting technical expert working groups in the examination of specific production problems.

NATO is now housed in a temporary structure originally built for the U. N. General Assembly session in Paris in 1951 on the understanding that it would be dismantled upon completion of that session. The building has become structurally unsafe, as well as not fully adequate for NATO's needs.

A building for the NATO Civilian Headquarters is now under construction in Paris. The estimated cost of the building has increased to 4.8 billion francs (\$13,714,000). The building estimate of \$6,200,000 as presented to Congress for the FY 1956 MSP appropriation was computed using 1954 prices. It was a preliminary architectural estimate based on square footage and cubic volume factors, rather than detailed specifications. Construction delays have been experienced, such as those occasioned by difficulties in obtaining structural steel. It is expected that the building will not be completed until about May 1959. Construction costs increased 13% in France from the spring of 1955 to the spring of 1956, and increased a further 15% during the past year. The rate of increase is probably greater in Paris than in France as a whole. A 15% increase per year compounded over 4-1/3 years would have increased the cost of the building by about 84%. Progressive completion of the building will limit the effect of price increases to about 71% of the original \$6,200,000 estimate.

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands) <sup>a/</sup>					
	Cumul. thru FY 1956	FY 1957			
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57
Obl.	6,299	-	-	-	XXX
Exp.	3,814	1,033	452	1,485	1,000
SUMMARY OF PROGRAM (\$ IN THOUSANDS)					
FY 1956	FY 1957	Proposed FY 1958			
2,542		2,700			
DETAIL OF PROGRAM (\$ IN THOUSANDS)					
Contribution to NATO Civilian Headquarters Building Fund					
Computation of Estimate					
Present Building Estimate				\$13,714	
United States Percentage Share				40.86%	
United States Assessment				5,604	
Credit Applied to Building in 1955				-324	
1956 Appropriation Applied to Building				-2,542	
Round off				-38	
1958 Appropriation Required				<u>2,700</u>	
<sup>a/</sup> Includes contributions to NATO Civilian Headquarters ordinary budgets from FY 1952 through FY 1956. The FY 1957 appropriation for contribution to NATO Civilian Headquarters was made to the Department of State.					

## NON-REGIONAL

The remainder of the increase is for the necessary doubling of the depth of the basement because of site conditions, altering plans to accommodate the German delegation, using natural stone facing rather than artificial stone, fluctuating from the original broad estimates made necessary by actual bids for more detailed specifications, and provision of a contingency

allowance on portions of work for which contracts have not yet been let in accordance with normal practice in Europe. Approximately three-fourths of this estimate, exclusive of provision for future inflation and contingencies, is based on actual bids and negotiations with low bidders.

NON-REGIONAL

Ocean Freight (Voluntary Relief)

An appropriation of \$2.2 million is requested for the continued support of the ocean freight program. This request is based on actual program estimates submitted by the participating voluntary agencies. The program, which has been in existence since 1948, provides for the payment of ocean transportation costs of shipments of relief and rehabilitation supplies shipped by approved American non-profit voluntary agencies carrying on relief operations abroad. Approved agencies are those registered with the Advisory Committee on Voluntary Foreign Aid of ICA as well as the American Red Cross. These agencies obtain their major support from donations of cash and goods-in-kind from the American people. They act as a direct channel of aid and good will from the people of America to needy and uprooted people abroad. In view of unsettled world conditions and their direct relationship to the need for continuing aid of this kind, it is expected the program will continue at about the same level at least through Fiscal Year 1960.

As will be noted from the accompanying table, supplies valued at \$32,875,000 will have been shipped and distributed this fiscal year at a cost to the Government of \$2.5 million. It is readily seen, therefore, that in terms of the value of the goods furnished and delivered, the cash outlay on the Government's side is multiplied 13 times. These goods include food, clothing, medical and hospital supplies, school supplies, handtools for trades and agriculture, and other self-help supplies. Many of these goods are donated in kind without any cash contribution to cover delivery costs. Hence, the value to the agencies of ocean freight support, without which the program could not go forward. Congressional recognition of this need is evidenced by the fiscal year 1957 appropriation of \$2.5 million for this purpose, an increase of \$1.1 million over the Executive Branch request.

In each case, before expending funds appropriated for this program, a formal agreement is entered into between the U.S. Government and the receiving government, which guarantees duty-free entry of goods and the payment by the receiving government of inland transportation costs from port of entry

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands)					
	Cumul. thru FY 1956	FY 1957			
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57
Obl.	32,880	2,026	474	2,500	XXX
Exp.	32,445	992	1,443	2,435	500
SUMMARY OF PROGRAM					
	FY 1956	FY 1957	Proposed FY 1958		
	1,910	2,500	2,200		
DETAIL OF PROGRAM (\$ in thousands)					
Ocean Freight Subsidies by Area	FY 1956	Program FY 1957	Proposed FY 1958		
Europe	1,010	1,100	750		
Near East	145	200	250		
Africa	25	150	200		
South Asia	200	300	300		
Far East	500	650	550		
Latin America	30	100	150		
<b>Total Expenditures</b>	<b>1,910</b>	<b>2,500</b>	<b>2,200</b>		
Summary of Shipment Subsidies	FY 1956	Program FY 1957	Proposed FY 1958		
Expenditures for Ocean Freight	1,910	2,500	2,200		
Weight of Supplies (lbs.)	68,395	90,000	79,200		
Value of Supplies	25,170	32,875	28,930		

## NON-REGIONAL

to the ultimate point of distribution. The American agencies bear the cost of solicitation, processing, warehousing, packaging for export, and transportation to U.S. ports, plus the salaries and other administrative costs of maintaining field representatives in the countries of reception to supervise distribution. Thus, the program represents a three-way cooperative arrangement among our American voluntary agencies, the U.S. Government, and the foreign governments, with each contributing materially to its success.

Under regulations which have been established for the program, all goods are adequately marked to identify their U.S. origin. These markings bear a U.S. emblem and the wording "Gift of the

American People - Ocean Freight paid by the U.S. Government." Additionally, each agency must maintain in the recipient countries U.S. citizen representatives to supervise distribution and to insure that the supplies reach the persons for whom they are intended.

These same voluntary agencies are also moving substantial quantities of surplus commodities donated by USDA under Title III, PL 480 into their relief channels abroad. The payment of ocean freight charges on these commodities is now funded under the authority of Sec. 208 of PL 540 - The Agricultural Trade Development and Assistance Act of 1956. No mutual security funds are being requested for fiscal year 1958 for this purpose.

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Note 1. Participating Agencies include the following: American Baptist Relief; American Friends of Austrian Children; American Friends Service Committee; American Jewish Joint Distribution Committee; American Mission to Greece; American ORT Federation; American Red Cross; Assemblies of God - Foreign Service Committee; Brethren Service Commission; Catholic Relief Services - National Catholic Welfare Conference; Church World Service; Congregational Christian Service Committee; Cooperative for American Remittances to Everywhere (CARE); Foster Parents' Plan; Heifer Project; International Rescue Committee; Iran Foundation; Little House of Saint Pantaleon; Lutheran

World Relief; Mennonite Central Committee; Near East Foundation; Pestalozzi Foundation of America; Refuge des Petits; Romanian Welfare; Salvation Army; Save the Children Federation; Tolstoy Foundation; Unitarian Service Committee; United Lithuanian Relief Fund of America; World Relief Commission of the National Association of Evangelicals; and World University Service.

Note 2. Participating countries and areas include the following in fiscal year 1957: Austria, France (including Algeria); Greece; Italy; Yugoslavia; Iran; Egypt; India; Pakistan; Hong Kong; the Philippines; Taiwan; Vietnam; Bolivia; Chile; Ecuador; and Honduras.

Control Act Expenses (MDAC)

NON-REGIONAL

The purpose of the Mutual Defense Assistance Control Act of 1951 is to increase the strength of the United States and its allies and to impede the ability of the Sino-Soviet bloc to conduct military operations, by the maintenance of a system of security trade controls prohibiting or limiting the export to the bloc of strategic materials which would enhance its war-making power. The Mutual Defense Assistance Control (MDAC) program is an integral part of the cooperative defense effort of the free world. It is administered in a manner designed to preserve and promote free world security, unity and strength. Continuing efforts are made to adjust the lists of strategic items to the realities of current world conditions and to achieve a more effective control of strategic trade by adopting and improving enforcement measures and procedures.

The administration of the security trade control program has, pursuant to the direction of the Secretary of State under an Executive Order, been made the responsibility of the International Cooperation Administration. The program is coordinated by the Deputy Director of ICA for MDAC. The Economic Defense Advisory Committee (EDAC), composed of representatives of eleven government agencies and chaired by the Deputy Director for MDAC, serves as the coordinating machinery for the U.S. position on international security export controls. This committee is primarily an advisory body, but it also has some operational responsibility in matters affecting economic defense.

The views of the U.S. Government are presented by the U.S. delegate to the Paris Consultative Group. This group examines and coordinates the strategic trade controls of 15 participating countries, including the U.S., with the object of establishing an agreed international system of controls. The

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands)						
	Cumul. thru FY 1956	FY 1957				
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57	
Obl.	4,415	739	436	1,175	XXX	
Exp.	4,331	675	359	1,034	225	
SUMMARY OF PROGRAM (\$ IN THOUSANDS)						
FY 1956		FY 1957		Proposed FY 1958		
1,109		1,175		1,300		
DETAIL OF PROGRAM (\$ IN THOUSANDS)						
Comparative Summary of Expenses by Fiscal Year						
Agency	Actual FY 1956		Program FY 1957		Proposed FY 1958	
	Man Years	Cost	Man Years	Cost	Man Years	Cost
<u>ICA</u>						
Office of Director	35	265	35	311	35	385
Overseas Missions	10	95	7	72	7	83
Total - ICA	45	360	42	383	42	468
<u>State</u>						
Departmental	31	203	30	207	29	219
Overseas	27	331	27	370	27	381
Total - State	58	534	57	577	56	600
<u>Commerce</u>	46	215	41	215	41	232
<b>GRAND TOTAL</b>	149	1,109	140	1,175	139	1,300

## NON-REGIONAL

The Consultative Group has two subordinate working parties -- the Coordinating Committee and the China Committee, the latter concentrating on specialized controls over strategic shipments to Communist China and North Korea. Discussions in Paris are frequently attended by technicians from the various U.S. Government agencies who support the U.S. delegation with technical advice and data.

It is contemplated that this activity will be operated in FY 1958 at substantially the same level as at present. The slight increase in cost over FY 1957 is largely attributable to the new requirement to contribute from this appropriation the Government's share of the Civil Service Retirement fund.

NON-REGIONAL

ADMINISTRATIVE EXPENSES, ICA

The proposed fiscal year 1958 appropriation for the administrative expenses of the Mutual Security Program requested under this authorization is \$35,000,000. This includes \$33,600,000 for ICA administrative expenses and \$1,400,000 for the Refugee and Migration Program administered by the Department of State. This figure excludes the administrative expenses of the Department of Defense. It also excludes certain costs of the Department of State associated with the Mutual Security Program for which a separate appropriation of \$4,577,000 is requested in FY 1958 under the provisions of Section 411(d) of the Mutual Security Act of 1954 as amended.

The funds requested for ICA are used to pay and support people in Washington and overseas who are responsible for carrying out the U.S. defense support and economic and technical cooperation programs. These people develop and screen the assistance program for each country; they assure that the assistance achieves the purposes for which it is intended and see that the funds are properly managed and controlled.

In fiscal year 1958 the obligations will increase about \$4.5 million over fiscal year 1957. This results from several major factors.

- A. \$1.3 million for establishment of new missions in underdeveloped areas.
- B. \$1.0 million contribution to the Civil Service Retirement Fund.
- C. \$.5 million to provide for increased training and continuity of personnel.
- D. \$1.7 million salary, travel, transportation and increases in other costs for current staff and an additional staff augmentation of 85 positions in Washington and overseas missions.

In the current fiscal year, missions were opened with limited staffs in Morocco, Tunisia, Burma and Ghana. Additional positions are asked for these missions and also for new missions in the Near East, Africa and other key locations.

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands)*					
	Cumul. thru FY 1956	FY 1957			
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57
Obl.	200,087	22,263	12,482	34,745	XXX
Exp.	195,793	19,984	14,508	34,492	4,547
SUMMARY OF PROGRAM					
FY 1956		FY 1957		Proposed FY 1958	
\$28,648		\$30,169		\$35,000	
DETAIL OF PROGRAM					
Comparative Summary by Fiscal Year					
Agency	Actual FY 1956	Program FY 1957	Proposed FY 1958		
ICA					
Washington	\$12,826	\$13,701	\$15,242		
Overseas:					
Europe	2,734	2,181	1,810		
Africa	656	903	1,823		
Near East, South Asia	4,296	4,635	5,011		
Far East	4,849	5,212	6,267		
Latin America	2,173	2,386	2,846		
Overseas Personnel Program	-	50	601		
Total Overseas	14,708	15,367	18,358		
Total ICA	27,534	29,068	33,600		
Dept. of State					
Refugee & Migration Program	1,114	1,101	1,400		
Total Dept. of State	1,114	1,101	1,400		
Total State & ICA	\$28,648	\$30,169	\$35,000		

\* Includes Sec. 411(d) administrative expense activities.

## NON-REGIONAL

In fiscal year 1958 ICA is required to make contribution for the first time from its Administrative Expense Appropriation to the Civil Service Retirement Fund.

To better equip ICA to carry out more fully and with greater continuity its varied program responsibilities, funds to initiate a new personnel program are being requested. To improve the effectiveness of the present staff it is proposed to expand employee training programs. To assure greater continuity of experienced personnel, funds are being requested for the introduction of junior management personnel. Additional personnel are proposed to undertake a program designed to insure as nearly as possible a full staffing of key positions in the field at all times.

Additional funds are also required to finance for a full year the increase in staff during fiscal year 1957, resulting particularly from increased responsibilities for programs under the Agricultural Trade Development and Assistance Act of 1954, as amended (PL 480) and for eighty-five new positions requested for this fiscal year resulting from increased responsibilities under the Mutual Security Program.

The estimates include an increase of approximately \$300,000 for Refugee and Migration activities of the Department of State to cover contributions to the Civil Service Retirement Fund and increased costs associated with expanded refugee operations.

NON-REGIONAL

ADMINISTRATIVE EXPENSES, STATE, SECTION 411(a)

Mutual Security Program Policy Review

The Department of State is the agency responsible under the President for the development and control of foreign policy and all relations with foreign governments and is responsible for providing foreign policy guidance to all agencies of the Government. To assure that MSP is consistent with and in furtherance of our foreign policy objectives, the President has authorized the Department to review the plans and policies relative to the program and legislative proposals of the agencies responsible for operations under the Mutual Security Program. To assure that the Department of State will have the ability to carry out this responsibility, the operating agencies furnish such information as may be required to insure that the programs of the agencies and the implementation of such programs conform to foreign policy objectives.

The Chief of the Diplomatic Mission is responsible for providing policy direction to MSP agencies in his country and for coordinating their efforts. He assures that instructions received by other agency field staffs are interpreted and applied in accordance with established U. S. policy and that recommendations and prospective plans and actions are consistent with and in furtherance of United States policy.

The Secretary of State is responsible for formulating and presenting, with the assistance of the Director for Mutual Security, the policy of the United States with respect to the technical cooperation programs of the United Nations and its related organizations, and of the Organization of American States, its related organizations, and other international organizations; and with respect to the assistance programs of the United Nations Relief and Works Agency, the Inter-governmental Committee for European Migration,

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands)*					
	Cumul. thru FY 1956	FY 1957			
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57
Obl.					XXX
Exp.					
SUMMARY OF PROGRAM					
	FY 1956	FY 1957		Proposed FY 1958	
	\$4,918	\$4,576		\$4,577	
DETAIL OF PROGRAM					
Comparative Summary by Fiscal Year					
Function	Actual FY 1956	Program FY 1957	Proposed FY 1958		
Program Policy Review	\$2,683	\$2,674	\$2,675		
United States Regional Office, Paris	2,235	1,902	1,902		
Total	\$4,918	\$4,576	\$4,577		
* Included in obligations and expenditures shown on schedule for Administrative Expenses, ICA, Sec. 411(b).					

## NON-REGIONAL

the United Nations International Children's Emergency Fund and the United Nations Korean Reconstruction Agency. The Secretary of State is also responsible for representing the U. S. in those organizations and for making the U.S. contribution.

### United States Regional Office, Paris

The keystone of United States foreign policy in Europe is the North Atlantic Treaty. To make the treaty effective there have been established the North Atlantic Treaty Organization and its subordinate military headquarters. NATO is a going organization, with armies, navies and air-forces in being and in operation, engaged in constant training and planning for the mutual defense of the North Atlantic area. Backing up the military forces, the NATO nations are engaged in steady and coordinated provision and expansion of bases, communications networks, ports, transportation and other logistical services, and industrial production facilities. To coordinate these varied defense and defense-supporting activities, the North Atlantic Council has created the NATO Civilian Headquarters which is established in Paris on a continuous operating basis.

The United States, in the passage of the Mutual Security Act, has recognized the dependence of an effective mutual defense effort upon the vitality of the economic structure of the participating nations. European coordination of the economic programs of the NATO nations is

effected through the Organization for European Economic cooperation, originally established under the Marshall Plan and continuing its role in the provision of economic analyses and plans for coordination of the economies of the NATO nations under the current mutual security effort. While the United States is not a member of OEEC it observes and participates in its work.

The complementary roles of the NATO and OEEC headquarters in Paris are to promote the economic well-being and the collective defense of the nations of the North Atlantic area. Each NATO nation has a mission or delegation to NATO and to OEEC. The Organization which provides the United States mission to these two centers of the North Atlantic defense effort is "USRO".

USRO is the United States Mission to the North Atlantic Treaty Organization and European Regional Organizations. The Chief of the Mission is the United States Permanent Representative on the North Atlantic Council. He also serves as the United States' Representative to the Ministerial Council of the Organization for European Economic Cooperation (OEEC).

The Mission is comprised of representatives of the Department of State, Department of the Treasury, Department of Defense, International Cooperation Administration and United States Information Agency. The State Department element includes the Office of the Mission Chief, the Office of Political Affairs, and the administrative staff and secretariat for the entire organization. The non-American staff for the other elements are also carried on State Department rolls and budgeted under this item.

NON-REGIONAL

Atoms for Peace Program

Starting with President Eisenhower's statement to the General Assembly of the United Nations in December 1953, the United States Government, in various policy pronouncements, has indicated its desire to assist other friendly nations of the world in developing well-rounded programs for the peaceful use of atomic energy.

This offer of assistance to friendly nations, under the Mutual Security Program, has resulted in two major activities: the funding of up to 50% (but not in excess of \$350,000) of the cost of a research reactor, and provision for training foreign nationals in the United States.

The fiscal year 1958 program, consisting of the Atoms for Peace Fund and other activities under Country and Regional Programs, is directed toward providing broader and more effective assistance to a growing number of countries engaging in nuclear energy activities, as evidenced by the following list of states which have entered into or completed Agreements for Cooperation with the United States in this field:

Argentina	Fed. Rep. of Germany	Nicaragua
Austria	Greece	Pakistan
Brazil	Guatemala	Peru
Chile	Iran	Philippines
China	Israel	Portugal
Colombia	Italy	Spain
Costa Rica	Japan	Sweden
Cuba	Korea	Switzerland
Denmark	Lebanon	Thailand
Dominican Republic	Netherlands	Turkey
Ecuador	New Zealand	Uruguay
		Venezuela

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands)					
	Cumul. thru FY 1956	FY 1957			
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57
Obl.	1,400		5,500	5,500	XXX
Exp.	-		1,400	1,400	5,500
SUMMARY OF PROGRAM (\$ IN THOUSANDS)					
	FY 1956	FY 1957	Proposed FY 1958		
	1,400	5,500	7,000 <sup>a/</sup>		
DETAIL OF PROGRAM (\$ IN THOUSANDS)					
Activity	FY 1956	FY 1957	Proposed FY 1958		
Foreign Research Reactors	1,400	5,500	5,250		
Inventory of Foreign Program Needs			250		
Nuclear Power Potential Surveys			450		
Research and Training Equipment			1,000		
Nuclear Training Support			50		
<b>Total</b>	<b>1,400</b>	<b>5,500</b>	<b>7,000</b>		
<sup>a/</sup> Total of Country Programs as set out in the various country discussions do not include any portion of this request.					

## NON-REGIONAL

### Atoms for Peace Programs

Foreign Research Reactors - \$5,250,000: The Research Reactor Program offers foreign nations, which are signatories to the Agreements for Cooperation, financial assistance up to 50%, but not exceeding \$350,000, of the cost of the research reactor. Funding for four of these reactors was undertaken in 1956 for Brazil, The Netherlands, Spain and Denmark. It is expected that in FY 1957 five to seven additional reactors will be funded. Among requests now pending are those of Argentina, Belgium, Greece, Israel, Italy, Japan and the Federal Republic of Germany. For FY 1958, it is estimated that \$5,250,000 for fifteen other countries will be necessary.

Inventory of Foreign Programs and Needs - \$250,000: The purpose of this activity is to provide technical and advisory services in the development and planning of regional and country programs for training in and demonstration of the uses of nuclear energy. Appropriate government and private organizations will be called upon to: study the technical resources of the countries, under the Mutual Security Program and the Bilateral Agreements for Cooperation, and make recommendations regarding the types of project which are technically and economically feasible; evaluate requests for technical assistance and for equipment for training and research in the peaceful uses of atomic energy; prepare estimates of the costs of facilities and special equipment in connection with proposals for establishment of radioisotope laboratories in the fields of medicine, agriculture and industry and of commercial sterilization of food; and to provide additional technical advice deemed necessary.

Evaluation of Nuclear Power Potential - \$450,000: The objective of this activity is the provision of surveys to determine the feasibility of power development, using atomic energy, in those countries which propose building power reactors but which have not included conventional power surveys in their programs. Countries in which such surveys will probably be made are Taiwan, Libya, the Philippines and Indonesia. This activity will be financed largely out of Technical Cooperation funds.

Research and Training Equipment - \$1,000,000: Many countries are not technically advanced sufficiently to participate in the

Research Reactor Program, but are nevertheless able to use other important atomic energy research and training tools. For example, almost every country is sufficiently advanced to make effective use of radioisotope laboratories for medical and biological (including agricultural) research. The lack of such laboratories and other research and training tools, such as pulse neutron sources, sub-critical assemblies, low energy accelerators and electronic counters, is preventing many of the underdeveloped countries from taking their first steps into the new era of atomic energy.

Support for Nuclear Training - \$50,000: Fifty thousand dollars (\$50,000) is proposed for nuclear training of nationals of countries in which nuclear training projects have not been programmed in the regular country budgets. The types of training this item would cover are described more fully below.

### Related Activities in Country Program

Training of Foreign Nationals: A number of trainees in the peaceful uses of atomic energy are being financed under the Technical Cooperation Program, under which opportunities are afforded participating countries to send qualified engineers and scientists to the United States for training in nuclear technology. Comprehensive courses are given at the International School for Nuclear Science and Engineering (Argonne National Laboratory), preceded by preliminary courses at either Penn State or North Carolina Universities. Training courses in radioisotope techniques are offered at the Oak Ridge Institute of Nuclear Studies. Additional training opportunities in the use of atomic energy in biology, medicine, agriculture and industry are provided, as well as in health physics and radiation safety. Basic training in nuclear sciences, engineering, and maintenance techniques are also available. Invitations are extended to eminent physicians and surgeons to tour U. S. hospitals and research facilities; arrangements are also made for representatives of management to study the application of atomic energy in industry, and for foreign administrators to obtain on-the-job training at appropriate installations.

For the general purposes of nuclear training, it is expected that the following approximate amounts will be utilized from Technical

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Cooperation Programs proposed for the four regions in FY 1958:

Near East and South Asia	\$410,000
Europe	100,000
Far East	150,000
Latin America	160,000

Opportunities to develop training facilities at convenient locations outside the U. S. will also be explored in order substantially to increase the number of persons in cooperating countries who can be trained usefully in the field of nuclear energy, without incurring the costs of travel to and from the U. S.

Power Surveys: The FY 1958 country programs include approximately \$450,000 of Technical Cooperation funds for general power

surveys in such countries as Thailand and Panama. These surveys can readily be broadened to include evaluation of nuclear power potentials in the regions.

### Related Regional Programs

In FY 1957, \$150,000 of Mutual Security funds were used to finance an Inter-American Symposium on the peaceful applications of nuclear energy, which was sponsored jointly by the Atomic Energy Commission, the Department of State and the ICA.

At the December meeting of the Colombo Plan Nations at Wellington, New Zealand, the United States indicated it is now prepared to contribute approximately \$20,000,000 toward the establishment of a center, if mutually satisfactory arrangements can be worked out with other participating countries. Details of this activity are covered under the section for the "President's Fund for Asian Economic Development."

Malaria Eradication Program

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I. SUMMARY

The Program in Brief - The following is a proposal that the U.S. Government, through the International Cooperation Administration, participate in a five year world-wide program to eradicate malaria in collaboration with the nations of the free world and the World Health Organization, the Pan American Sanitary Organization and the United Nations Children's Fund.

Economic Aspects - Malaria is one of the greatest deterrents to economic progress, being responsible for low labor efficiency, high absentee rates, low rate of capital investment, low learning capacity and neglect of natural resources.

The conversion of present malaria "control" programs to malaria "eradication" will increase the per capita costs during a five-year period, but the savings after this period will more than pay for the increase by making continued "control" expenditures unnecessary.

Technical Feasibility - The technical practicality of malaria eradication is attested to by the Public Health Division of ICA, the U.S. Public Health Service, the International Development Advisory Board, the World Health Organization, the Pan American Sanitary Organization and the United Nations Children's Fund. Furthermore, unless this unique opportunity is exploited without delay it may be lost due to development by mosquitoes of resistance to the insecticides that now make eradication technically and economically possible.

Political Value - Antimalaria work has repeatedly proven to be one of the most highly welcomed and appreciated activities by the large numbers of people benefited. This program would be certain to win tremendous numbers of friends for the United States at all levels.

Program Participation - The actual participation of more than 60 free nations to date and the declared intentions of most nations at the 1955 World Health Assembly meeting justifies the anticipation that other countries will participate in the funding of this program on a basis of three to one or better in the next five years (See Table 2).

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands)					
	Cumul. thru FY 1956	FY 1957			
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57
Obl.					XXX
Exp.					
SUMMARY OF PROGRAM					
	FY 1956	FY 1957	Proposed FY 1958		
	a/	a/	19,400 b/		
DETAIL OF PROGRAM (\$ in millions)					
					FY 1958
<b>Bilateral Programs:</b>					
	India			5.0	
	Indonesia			3.0	
<b>Undistributed by country:</b>					
	Near East and South Asia			2.1	
	Far East			.2	
	Latin America			2.1	
	Subtotal				12.4
<b>Contributions to Multilateral Organizations:</b>					
	World Health Organization (WHO)			5.0	
	Pan American Sanitary Organization (PASO)			2.0	
	Subtotal				7.0
	Total				<u>19.4</u> b/
a/	Included in appropriate individual country and regional programs reflected elsewhere in this Presentation.				
b/	Excludes \$3.9 million included in individual country programs justified elsewhere in this Presentation.				

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### II. NEED FOR THE PROGRAM

#### Malaria - Its Widespread Distribution and Incidence

Malaria is the world's greatest health problem, attacking some 200,000,000 persons in 1955 in 135 countries and territories of the world and directly killing some 2,000,000 people. More important than its relatively low death rate, malaria tends to cause chronic anemia, physical disability and mental lethargy.

Malaria is primarily, but not exclusively, a rural disease occurring throughout the tropical and sub-tropical areas of the world with varying intensity. Excluding tropical Africa (except Liberia and Ethiopia) 618 million people in 60 countries of the free world are presently living in malaria infested areas.

Malaria is an acute parasitic disease spread by certain species of mosquitoes and characterized by intermittent episodes of incapacitating chills and fever due to the simultaneous rupture of large numbers of red blood cells. Untreated, the initial attack will burn itself out in a few weeks, but may leave a nest of parasites in the body, giving rise to recurrent acute attacks over a period of years. Except among primitive peoples subjected to repeated infections from birth, no substantial immunity is produced. Consequently, over the years, there may be a piling up of new infections upon old, producing progressive anemia and disability.

Significant characteristics of the disease, therefore, are 1) that it is easily spread from infected persons to large numbers of others by the bite of particular types of mosquito, 2) that it has an incapacitating acute phase sometimes spread over a period of weeks, and 3) that it produces progressive anemia and debility through recurrences and reinfection.

The Economic Significance of Malaria - Malaria has an adverse effect on industry, agriculture, education, economic development, private investment and, indeed, on almost every type of human activity. No aspect of the economic and social life of a malarious community is immune to the effects of this disease. It is a major cause of high medical costs, low labor efficiency, low learning capacity, high absentee rate, low rate of capital investment, neglect of natural resources. For example, the Creole Petroleum Corporation in Venezuela estimates that the cost to the

Company in the period 1940-46 from malaria in a camp employing 1,400 was over \$400,000 a year. In 1947, a DDT-spraying program costing approximately \$50,000 a year was started and within two years malaria virtually disappeared, at a net saving of \$350,000 a year.

Prior to malaria eradication in the U.S. in 1946, it was conservatively estimated that this disease cost the U.S. economy \$500 million a year. We have now been free from the economic drain for a decade resulting in a saving of some \$5 billion. However, malaria is still costly to the U.S. and other non-malarious countries. For example, the United States draws 60% of its imports from, and sends 40% of its exports to countries where malaria is prevalent. Malaria control among laborers who produce the goods purchased by the United States requires on the average at least 5% of the annual production budgets. This constitutes a hidden malaria tax of more than \$1/3 billion paid annually by the U.S. on its imports. The total value of the business lost to American exporters because of the poverty directly due to malaria is certainly huge.

Anti-Malarial Progress to Date - There is evidence of the existence of malaria since earliest recorded history, and it is very possible that this was a major cause in the obliteration of such civilizations as the Mayan (Yucatan) and that of Ankor Wat (Cambodia). Similarly, there is substantial evidence that malaria was an outstanding factor in the fall of ancient Greek and Roman civilizations. It was one of the principal reasons for the failure of the French attempt to build a canal across Panama; it immobilized whole armies in Macedonia in World War I; and it reduced the fighting forces in New Guinea for a few months early in World War II to 10% of their strength.

With the discovery, 1897-1898, of the role of the anophe-line mosquito as an essential link in the transmission of malaria, a way was opened to control the disease. This was at first based on 1) preventing the adult mosquito from biting man, and 2) interrupting the growth of the mosquito by eliminating, modifying or poisoning its breeding waters. Through these means, malaria was eradicated in the more temperate areas of the United States and Northern Europe, and brought under partial control in the south of the United States, in Italy and in many localized areas. Although these measures were applied intensively, malaria remained an important cause of illness and disability even in

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the United States and Northern Europe up until World War II.

During World War II, it was discovered that the chemical dichlorodiphenyl trichlorethane (DDT) possesses a remarkable ability to kill insects on short contact, and that when sprayed on surfaces such as walls, the killing power of its residue is often sustained for many months.

The discovery of this highly potent, relatively inexpensive and easily handled insecticide, and other closely related compounds, opened a new era in malaria control. These toxicants have been the chief agents in the eradication and mass control of malaria over a rapidly widening area. Indeed, it is now possible to eradicate the disease from entire continents.

Control vs. Eradication - DDT residual spraying is a simplified and highly effective method of dealing with malaria and it makes feasible the extension of control to the point of eradication.

From the technical standpoint, control involves the reduction of the number of cases in an area to a point at which they no longer create a severe health problem. But ordinary control permits the disease to persist within the area, necessitating continuous activity and expenditures and allowing the chance of occasional sharp epidemics. There is usually only partial and spotty coverage and there is no foreseeable end to control activity.

In 1955 the governments of 58 countries appropriated funds for malaria control activities totaling \$41 million. Plans called for increases in appropriations to \$44 million in 1956 attesting to the concern with which these countries, for the most part the poorer underdeveloped countries least able to afford such an economic drain, view this problem. The U.S. has been active in malaria control demonstration operations and training for as long as 14 years in the case of some Latin American countries. The ICA in FY 1956 assisted malaria control activities in 21 countries. The assistance takes the form of provision of various types of experts, training of nationals in their own country or in the United States, surveys and necessary materials and equipment. The total

amount budgeted by ICA for FY 1956 was approximately \$12 million; it is estimated that \$8.7 million will be obligated in FY 1957.

In spite of these efforts and those of international organizations (the World Health Organization (WHO), the United Nations Children's Fund (UNICEF), the Pan American Sanitary Organization (PASO) and the United Nations Technical Assistance Fund (UNTA)), there are still 289 million people living in malarious areas of the free world (other than central Africa) who will not be receiving protection.

Malaria eradication, as opposed to control, means the planned progressive elimination of the disease. For the first time, this has become possible through the use of DDT and other new insecticides. Sprayed once or twice a year on surfaces where malaria-carrying mosquitoes rest before and after feeding these insecticides will destroy the infected insects and completely stop malaria transmission. When transmission has been prevented for three consecutive years in a country, most of the malaria parasites will die off or be killed by therapy, and so few will be left in the blood of the people that the disease can no longer maintain itself. Generally, it takes four years of spraying and four years of surveillance to make sure that transmission has not occurred in three consecutive years in an area. After that, normal health department activities can be depended upon to deal with occasional introduced cases just as they now remain on guard against smallpox, cholera, and other diseases formerly so common. Therefore, to eradicate malaria there must be an attack so effective that no mosquito transmission occurs for three consecutive years. This has been proved to be possible in many areas. For example, malaria is being eradicated in large parts of the Philippines, Thailand, Formosa, Ceylon, Greece, India, and in many Latin American countries. Nation-wide eradication has been almost completely accomplished in the U.S., Puerto Rico, Chile, British and French Guinea, Mauritius, Cyprus, Italy and Venezuela.

Recent annual average costs of malaria control by residual spraying measures, estimated by WHO as per capita of those protected, have been as follows:

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### II. NEED FOR THE PROGRAM (cont'd)

<u>Region</u>	<u>Cost -- U.S. Currency</u>
African	\$0.41
American	0.455
Eastern Mediterranean	0.20
Southeast Asian	0.11
Western Pacific	0.175
European	0.20

To these figures, 10% should be added for increased costs of total eradication. It should also be noted that surveillance costs, during the last phase of an eradication project, are less than the costs during the residual spraying phase.

Before DDT, rural malaria control cost over 75¢ per capita per year. The expensive control did not eradicate but merely reduced the numbers of cases to bearable levels. Therefore, most underdeveloped countries could not afford widespread malaria control and none could plan for eradication. Now, despite increased labor and other costs, the use of DDT and related poisons requires only about 25¢ per capita per year to eradicate malaria completely. The economy of a project of four years of residual spraying plus four years of surveillance as contrasted with old methods of control is obvious.

Today with these new insecticides the choice, as pointed out earlier, is between control and eradication. Eradication involves heavier initial expense than does control. But control not only has no foreseeable end; it also introduces the risk of mosquito resistance, the development of which would force a return to pre-war methods that are too expensive for under-developed nations to use in their extensive rural areas.

Urgency of Undertaking Program - Eradication is economically practicable today only because of the remarkable effectiveness of DDT and related poisons such as dieldrin. This dependency on the chlorinated hydrocarbons introduces a note of relative urgency because the mosquito carriers of malaria are beginning to develop resistance to these insecticides in some areas. Of the more than 50

species that transmit malaria, seven now show such resistance in some parts of their range and others will undoubtedly develop resistance within a year. DDT resistance has appeared after 6 or 7 years of continuous exposure and dieldrin resistance has now appeared in one case after only 18 months exposure. In numerous cases no resistance has appeared in 11 years of exposure. But if countries, due to lack of funds, have to proceed slowly, resistance is almost certain to appear and eradication may become economically impossible unless substitute insecticides are found. TIME IS OF THE ESSENCE.

This is a unique moment in the history of man's attack on one of his oldest and most powerful disease enemies. Failure to proceed energetically might postpone malaria eradication indefinitely. A strong financial push now would undoubtedly be an excellent investment for all concerned, including the United States itself.

### III. THE PROGRAM

The Five-Year Concept - In 1955, the World Health Assembly unanimously adopted a resolution giving top priority to the support of malaria eradication. More than 60 free-world nations have malaria within their borders. Although nearly all of these nations have embarked on eradication programs, they are, for the most part, not economically able to wage an effective war against this ancient enemy.

Since the World Health Assembly action in 1955, pressure and enthusiasm in the underdeveloped countries has continued to mount. This pressure has reflected itself in the increased antimalaria activities of the international organizations, notably the WHO, UNICEF and the PASO.

However, it is clear that in order for this great goal to be realized, the U.S. must spark an all-out effort, utilizing all available resources, national and international. The proposed program provides for such an effort and, if adequately supported and energetically prosecuted by all elements, should result in the eradication of this dread disease in many areas within five years time.

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### III. THE PROGRAM (cont'd)

For practical purposes, the five-year target appears sound providing it is understood that there will be a tooling-up period followed by a peak of activity and then a tapering off into surveillance. This may require less than five years in some areas and more than five years in others. For example, eradication will be accomplished most readily in the Western Hemisphere and more slowly in the Eastern Hemisphere. Eradication programs in a few countries may require U.S. support beyond the five-year period. However, maximum participation by the U.S. will be concentrated in the period from FY 1958 through FY 1962.

In a very rough way, the program might be conceived as first bringing about a series of islands of eradication, the borders of which are gradually pushed back and enlarged until they come together and give full protection. These islands of eradication will at first be more numerous in the Western Hemisphere because the United States is the largest land mass where eradication has been achieved.

Achievement of eradication within the time limit will require maximum support from national and from international sources. It is neither necessary nor possible for any one or even two of the above sources to supply all the resources - technical, financial and otherwise - to carry out the program. Eradication will be achieved through the implementation of a carefully programmed and carefully coordinated single plan for each country involving maximum contributions from bilateral and multilateral sources. Specifically, as seen in Table 2, the five-year program will require \$515.2 million from all sources; \$364.8 million (including P.L. 480 local currencies) to be supplied by the beneficiary governments; \$108 million to come from the U.S. through bilateral programs and in the form of grants to the international organizations; and the remaining \$42 million from WHO, PASO and UNICEF.

The FY 1958 Program - For FY 1958, as the first year of the five-year program, the following participation is anticipated by free world nations and international organizations and proposed for the United States.

Unilateral - In FY 1956 the 60 nations of the free world in which malaria is a problem expended approximately \$44 million in antimalaria activities. In FY 1958 it is anticipated that this amount will increase to approximately \$61 million. In the first year almost 60% of the malaria eradication program will be funded by the local governments affected.

Bilateral - U.S. participation proposed for FY 1958, the first year of the five-year eradication program, totals \$23.3 million. Of the total of \$23.3 million, we are requesting \$3.9 million within individual country programs justified in the regional sections of this Presentation. The balance of \$19.4 million is requested as a special item for malaria eradication within the Special Assistance category. This compares with \$10.2 million of MSP funds programmed in FY 1957 of which \$8.7 million was for going programs in malaria control and \$1.5 million was for a special grant to the Special Malaria Fund of the Pan American Sanitary Organization (PASO). In FY 1956 a total of \$11.9 million was programmed for going programs of malaria control.

For maximum flexibility in continuing the proposed program it is most important that not only the \$3.9 million justified in country program presentations but also the \$19.4 million of Special Assistance Funds be available for use in approved programs without reference to the limitations inherent by virtue of their being technical cooperation, defense support, or Special Assistance. The Executive Branch is requesting language in the authorizing Act to accomplish this.

The previous training and demonstration aspects of technical cooperation in many of the going programs has now progressed into the beginnings of malaria eradication with its greatly increased funding requirements for bulk amounts of insecticides, spraying equipment, vehicles, etc. It should be noted, however, that the elements of training and demonstration will continue to be involved in malaria eradication programs so that some of the funds requested are retained in the technical cooperation category.

Within the \$19.4 million item, \$4.4 million will be used to convert the present going control programs mentioned

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### III. THE PROGRAM (cont'd)

above to eradication programs. (See illustrative distribution by country in Table 1.) \$7.0 million will be used for contributions to those multilateral eradication programs described in succeeding paragraphs. The balance of \$8 million will be used for bilateral programs in India and Indonesia.

It should be emphasized that bilateral assistance is provided only on request of the host governments. It takes the form of provision of various types of experts, training of nationals both in their own country and in the U.S., surveys, and necessary materials and equipment. It should be noted that more than 50% of the costs of malaria eradication are for insecticides, material and equipment, most of which comes from the U.S.

Multilateral - The goal of malaria eradication will require maximum effort on the part of international as well as national agencies. Even if it were not necessary to do so, there are definite advantages to the U.S. in supporting the multilateral agencies' programs in malaria eradication. The multilateral programs offer the advantage to be gained from clear demonstration of the U.S. desire to assist and participate without dominating. Furthermore, it makes possible desirable results in areas and nations with which the United States is not directly working through the ICA. As a side effect, international programs offer the opportunity to utilize needed technical skills possessed by nationals of other countries which are not available to bilateral programs. Thus active participation in multilateral programs can have real benefits supplementing the more direct bilateral assistance, and the need for proper balance between the two approaches becomes clear.

WHO - The WHO has endorsed the concept of eradication and is providing coordination to the eradication activities of the governments and the several agencies concerned. The nucleus of personnel required is available and is being rapidly expanded through active training programs conducted under a variety of auspices. In order to facilitate the work in malaria eradication, the WHO has established a special Malaria Fund to which any of the 88 member nations may contribute. It

is proposed that ICA make available to the World Health Organization's Special Account for Malaria Eradication a total of \$5 million in FY 1958 with a tentative non-obligational agreement for additional funds up to \$12 million divided on the basis of an annual assessment of results and needs during the subsequent fiscal years. (See Table 2)

The U.S. is proposing to make funds available to the WHO and the PASO in return for a specific service to be rendered, a service that the agency involved alone could render, or could render better than anyone else. It is not proposed that these grants be made available on a matching basis. Payments to WHO and PASO will be made for specific purposes. As such they do not represent the type of contributions to the organization which logically would be made against matching contributions of other governments. Funds expended for the malaria eradication program through multilateral channels would represent more a payment for a service than a contribution.

Money contributed to the WHO Special Fund may be used in malarious areas where ICA does not have bilateral programs; success in such a large project requires our participation in the fund; U.S. participation can be expected to precipitate increased interest and participation on the part of other governments; some of the money will go for top non-American sources of advice and experience which will significantly contribute to the success of the whole program. As stated in the Report on Malaria Eradication by the International Development Advisory Board, such a contribution would be a "clear demonstration of the U.S. desire to assist and participate without dominating."

PASO - A special problem exists in the Western Hemisphere due to the maturity of our bilateral programs. Stimulated by the desire to place responsibility in local hands, ICA has turned over all bilateral antimalaria programs except one (Honduras) to the local governments. Whereas most of the turned-over programs have been achieving a measure of control, the goal of eradication requires a degree of absoluteness which makes it essential that many of the countries receive outside help.

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### III. THE PROGRAM (cont'd)

\$6 million will be needed in FY 1958 in addition to host country contributions and multilateral agency participation. It is proposed that the U.S. support malaria eradication programs in this hemisphere by meeting two-thirds of the \$6 million shortfall in dollars and agreeing to the use of up to the equivalent of \$2 million from local currency sources.

a) \$2 million to be granted to the PASO's Special Malaria Fund to be used without restrictions within this field of activity. (The U.S. pledged and contributed \$1.5 million to this Fund in FY 1957. On the basis of present estimates and subject to annual assessment of results and needs it is expected that \$6 million additional will be required during the subsequent 4 years of the program.)

b) It is recommended that \$2 million of the \$4.4 requested for bilateral programs be used in this area, to be divided according to the population at risk from malaria in the several countries. These sums are to be administered, accounted for and results assessed by ICA Operations Missions in collaboration with PASO and host government officials.

c) The balance of the short-fall, the equivalent of approximately \$2 million, can be secured through available local currency sources such as P.L. 480, private contributions or other local government budgets.

Other International Organizations - The UNICEF is devoting a large segment of its funds to the provision of supplies and equipment to governments in connection with WHO-approved antimalaria programs. It has adopted a policy under which it will provide supplies only to programs where eradication is the objective. In 1955, UNICEF allocated \$3 million and, in 1956, \$7 million to the malaria eradication program.

The United States is a member of all the inter-governmental organizations listed above and in each of them has officially supported the concept of eradication and supported the allocation of funds for this purpose.

Other agencies, both governmental (Colombo Plan) and private (Rockefeller Foundation) are assisting in malaria projects in amounts that are not known but are relatively small.

The Employment of Loan Capital - In FY 1958, it is expected that local currency from PL 480 transactions and other loan capital in the amount of \$12.9 million will be available to the program.

Feasibility of Program - Within certain technical limitations discussed below, the eradication of malaria is possible through the use of tried methods, personnel, equipment and supplies which are now available or could be made available. The only exceptions to this conclusion are certain areas of the world known or suspected to harbor malaria which are relatively inaccessible; for example, tropical Africa and Ethiopia, Borneo, New Guinea, and the Amazon Valley. The situation in tropical Africa is such that eradication cannot be visualized in the immediate future. The other areas are isolated and are not a significant threat to neighboring areas. They present no barrier to undertaking eradication elsewhere. No doubt malaria can and will be eradicated in these areas in due time.

Fourteen years of ICA experience in malaria control demonstration, operations and training has developed U.S. technical ability, and even more trained host country technicians. ICA now has 20 trained technicians in antimalarial field positions and one financed by ICA/Washington in the U.S. Public Health Service. Within two years of implementation of the eradication program we should have at least double this number of professional personnel on duty in the field and four more in Washington. This may require the initiation of training courses for U.S. technicians, either in this country or in other countries having adequate facilities.

Unforeseen technical problems always arise when new insecticides and new equipment are placed in operation. Through collaboration with the Public Health Service, ICA supports a small but active and effective testing unit at the Public Health Service Communicable Disease Center to study problems

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### III. THE PROGRAM (Cont'd)

of entomology and testing of insecticides and equipment. This unit already has saved the U.S. Government several hundreds of thousands of dollars. Funds would be provided to expand this project. The problem of insecticide resistance testing also is currently receiving much attention as a part of this project.

The recent studies of the use of chemotherapeutic agents in combination with insecticide house spraying reveals possibilities for the future which must be taken into account through the appropriate research channels.

It is believed that U.S. industrial resources can be expanded to supply the necessary quantities of insecticides, materials and equipment for the entire malaria eradication program. Considering that other industrialized nations are also capable of providing insecticides, materials and equipment, there is a considerable margin of safety.

The proposed program is also administratively feasible. The internal organizational structures of ICA in Washington and the U.S. Operations Missions abroad are able in their present form to support malaria eradication programs in those countries having ICA missions. Working through the multilateral agencies will relieve the necessity of instituting new ICA programs in all but a very few countries.

### IV. RESULTS OF ERADICATION

Benefits: The benefits to be gained from the proposed program are intensely practical and will advance the general welfare of the United States as well as that of the nations immediately affected. A world-wide program to eliminate the world's greatest single cause of sickness and death will:

- 1) help countries and peoples to become stronger, economically as well as physically, through the release of additional effective human energy.
- 2) make possible the opening up of additional arable land for economic development - thus reducing, in some nations, the imbalance between population growth and productive resources.

- 3) improve the environment for more production of goods and services and for investment of capital, both local and foreign.

- 4) encourage political stability by enhancing confidence that progress can be made through existing governmental institutions.

- 5) assist in progress toward the world-wide political objectives of the United States by alleviating the distress of many thousands of people.

- 6) demonstrate our deep interest in the welfare and human dignity of individual men and women throughout the world.

Examples: The following examples bear witness to the benefits listed above:

Ceylon - The malaria eradication project in Ceylon has opened a wide area of land to economic use. In 1946, the annual malaria incidence was 41.2% (2,750,000 cases in a population of 6,700,000). The malaria eradication campaign now covering the affected two-thirds of the island began in 1947. By 1954, the incidence had been reduced to 0.45% (37,500 cases in a population of 8,385,000) and over 200 square miles of jungle land has been brought under irrigation, and settled by 91,000 previously landless people.

India (the Terai) - Until 1949, attempts to settle and develop parts of the Terai region in northern India were fruitless, owing to the high incidence of malaria. At that time malaria control was begun. As malaria disappeared in the area under control over a four-year period, new settlement increased the population by 73% (from 167,000 to 284,000); the area of cultivated land increased by 400% (from 38,800 acres to 162,000 acres), with the value of land rising from nil to between 200 and 300 rupees per acre; production of food grains rose by 130% (from 1,551,000 maunds to 2,094,000 maunds); industrial

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### IV. RESULTS OF ERADICATION (cont'd)

undertakings (especially sugar and vegetable oil mills) rose in number from 11 to 29; construction of a hydroelectric plant brought electric power to villages; and many new homes and schools were built.

Greece - In Greece, the nationwide malaria control program conducted between 1946 and 1951, reduced malaria incidence from an annual average of about 2,000,000 cases (30% of total population) to an estimated 10,000 cases in 1950, adding at least 30,000,000 man-days a year to the economy. Due in large part to the opening of new land, through malaria control, annual rice production rose from 5,000 tons to 15,000 tons between 1948 and 1955.

Before the malaria control campaign, Greece spent \$1,200,000 annually (85% from scarce foreign exchange) to buy one-fifth of the world's quinine supply. After control, this medical care expenditure was no longer necessary, and the Greek Government disbanded its quinine purchasing unit.

The Philippines - In the Philippines during 1945 and 1946, malaria incapacitated approximately 25% of the total national labor force of 8,200,000 for five to ten days per year, and in many instances for longer periods, resulting in an estimated loss of 20,000,000 man-days of labor annually. During 1946-50, the joint U.S.P.H.S.-Philippines Public Health Rehabilitation Program undertook malaria control throughout the island of Negros (population 1,500,000) and in selected areas elsewhere. On Negros, there was, by 1949, an 85% drop in the incidence of malaria, i.e., from 26.47% of the population to 3.75%; a reduction in daily absenteeism among grade school children from 50% to 3%; a reduction in estimated man-days lost in industries on Negros from 33% of industrial labor force daily to between 2% and 4% daily; and an estimated increase in the work capacity of labor to the point where a 70-man output per day in 1949 was equal to a 100-man-day output in 1946.

The Government of the Philippines is now opening up new areas on the island of Mindanao for settlement. Firms making bids to build highways on the island reduced their bids by one-third after assurance that their workers would be

protected by effective malaria control measures. By the end of 1954, 4,600 families had been settled and the program is continuing.

In summary, malaria eradication would be a concrete, relatively inexpensive means of implementing the high goals announced by the President in a speech given in 1953:

"The fruit of success in all these tasks would present the world with the greatest task - and the greatest opportunity - of all. It is this: the dedication of the energies, the resources, and the imaginations of all peaceful nations to a new kind of war. This would be a declared, total war, not upon any human enemy, but upon the brute forces of poverty and need."

Resultant Increase in Population - The argument of population increase has been advanced against initiation of such programs as the one herewith proposed to eradicate malaria. Briefly stated, the proponents of this view would argue that malaria eradication should not be undertaken since it will result in larger populations in many areas assumed to be already over-populated.

It should be realized that "overpopulation" is a relative term - relative in relation to the ability of an area to sustain the population. It has been amply and repeatedly demonstrated that the existence of widespread preventable debilitating disease represents one of the most significant deterrents to the increase in the ability of a people and an area to sustain and improve itself - in terms of adequate food production, economic development, or trade. In other words, a "well" area can support many more people than a "sick" area. In addition, the people of a sick area are a dependent people in contrast to people of a well area who become a non-dependent and usually an independent people. Finally, it must be recognized that the present existence of over-population of dependent sick areas in the absence of public health measures is one of the best evidences of the falsity of the concept that over-population

## NON-REGIONAL

### IV. RESULTS OF ERADICATION (cont'd)

is merely due to public health activities such as malaria eradication.

The following excerpt from the report of the WHO Malaria Conference for the Western Pacific and Southeast Asia regions which was held in the Philippines in 1953 is believed to be particularly illuminating:

"The Conference noted that the question of population pressure is exceedingly involved and that its equation with the three main variables of people, energy, and food, is vastly more complex than any present formulation. The Conference agreed that no one knows or can accurately predict what total population the world can support if potential supplies of energy are utilized properly. Moreover, no one can have the necessary prescience or moral authority to decide from which areas malaria control should be withheld for the sake of a presumed benefit that a higher death rate might bring to a community. The Conference emphasized that malaria control is not an end in itself but is to be integrated with other public activities designed to foster community welfare. The Conference believed that where the disease is prevalent, a most important first step towards a sound population policy, a more adequate food supply, and a balanced human ecology, is the elimination of malaria."

NON-REGIONAL

ICA BILATERAL ANTIMALARIA PROGRAMS  
(Thousands of Dollars)

TABLE 1

	To Convert Control Programs To Eradication FY 1958			Malaria Eradication Estimates Beyond FY 1958				Total
	Control Programs	Needed to Convert	Total FY 1958	1959	1960	1961	1962	
<b>FAR EAST</b>	4,820	179	4,999	3,669	2,856	2,501	2,586	16,611
Cambodia	50	15	65	155	221	221	306	968
Indonesia	3,160	0	3,160	2,500	1,605	1,000	1,000	9,265
Laos	250	50	300	225	30	30	30	615
Philippines	515	0	515	0	0	0	0	515
Taiwan	0	114	114	89	0	0	0	203
Thailand	15	0	15	0	0	0	0	15
Vietnam	830	0	830	700	1,000	1,250	1,250	5,030
<b>NESA</b>	6,833	2,113	8,946	13,713	13,156	11,158	7,814	54,787
Afghanistan	0	0	0	0	0	0	0	0
Egypt	0	0	0	0	0	0	0	0
Ethiopia	850	0	850	500	1,000	1,000	1,000	4,350
India*	5,035	1,465	6,500	11,000	9,000	5,000	0	31,500
Iran	0	400	400	400	200	100	0	1,100
Iraq	14	0	14	35	75	100	100	324
Israel	0	0	0	0	0	0	0	0
Jordan	0	0	0	100	100	150	50	400
Liberia	77	85	162	143	141	168	134	748
Libya	35	0	35	35	40	40	30	180
Nepal	322	163	485	500	600	600	500	2,685
Pakistan	500	0	500	1,000	2,000	4,000	6,000	13,500

\* Due to size and complexity of the problem, conversion from control to eradication in India may extend beyond FY 1958.

NON-REGIONAL

ICA BILATERAL ANTIMALARIA PROGRAMS  
(Thousands of Dollars)

TABLE 1  
(continued)

	To Convert Control Programs To Eradication FY 1958			Malaria Eradication Estimates Beyond FY 1958				Total
	Control Programs	Needed to Convert	Total FY 1958	1959	1960	1961	1962	
<u>LATIN AMERICA</u>	236	2,139	2,375	2,375	2,375	2,400	2,400	11,925
*Special Grant		2,000	2,000	2,000	2,000	2,000	2,000	10,000
Bolivia	100		100	100	125	150	150	625
Brazil								
British Guiana								
Chile								
Colombia								
Costa Rica								
Cuba								
Dominican Republic								
Ecuador								
El Salvador								
Guatemala								
Haiti	75		75	75	50	50	50	300
Honduras	11	139	150	150	150	150	150	750
Jamaica								
Mexico								
Panama								
Paraguay	50		50	50	50	50	50	250
Peru								
Surinam								
Uruguay								
Venezuela								

\* Grant funds to be made through the existing bilateral programs. Not to be confused with the Grant to PASO.

NON-REGIONAL

ICA BILATERAL ANTIMALARIA PROGRAMS

RESUME OF TABLE 1  
(Thousands of Dollars)

	To Convert Control Programs To Eradication FY 1958			Malaria Eradication Estimates Beyond FY 1958				Total
	Control Programs	Needed to Convert	Total FY 1958	1959	1960	1961	1962	
FAR EAST	4,820	179	4,999	3,669	2,856	2,501	2,586	16,611
NESA	6,833	2,113	8,946	13,713	13,156	11,158	7,814	54,787
LATIN AMERICA	236	2,139	2,375	2,375	2,375	2,400	2,400	11,925
<b>TOTAL</b>	<b>11,889</b>	<b>4,431</b>	<b>16,320</b>	<b>19,757</b>	<b>18,387</b>	<b>16,059</b>	<b>12,800</b>	<b>83,323</b>

NON-REGIONAL

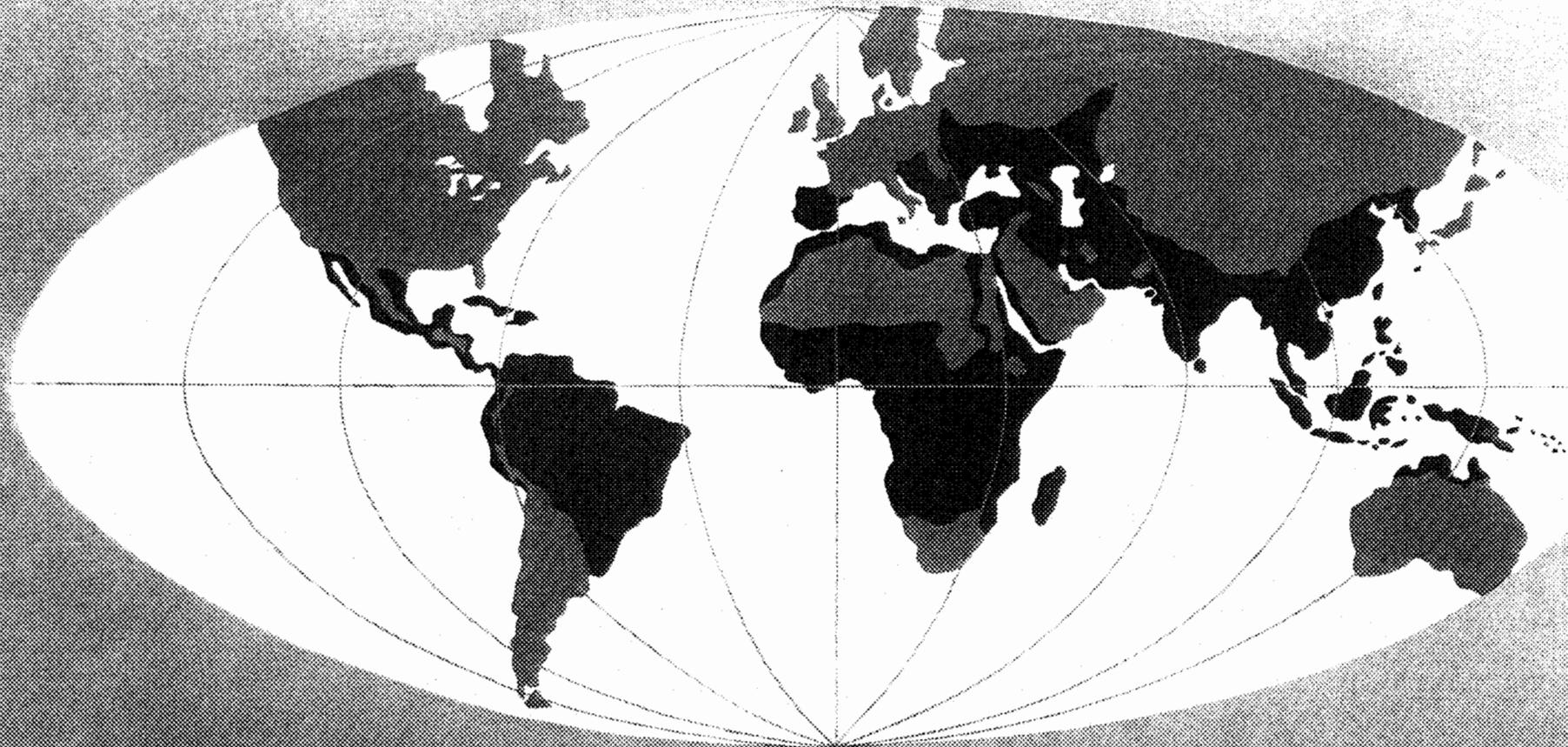
ESTIMATED FUNDING ALL SOURCES FOR MALARIA ERADICATION  
BY FISCAL YEAR  
(In Millions of Dollars)

Table 2

	FY 1956 Programs	FY 1957 Programs	Future Requirements						Average Annual Rate 1958-1962
			1958	1959	1960	1961	1962	Total	
60 Nations of Free World* (Exclusive of U.S.)	44.0		61.0	69.0	72.0	76.0	47.2	325.2	65.0
WHO	1.1		2.0	2.0	2.0	2.0	2.0	10.0	2.0
UNICEF	6.6		8.0	8.0	8.0	4.0	4.0	32.0	6.4
ICA									
Bilateral Programs	11.9	8.7	16.3	19.8	18.4	16.1	12.8	83.4	16.7
Special Grant to WHO			5.0	2.0	3.0	4.0	3.0	17.0	3.5
Special Grant to PASO		1.5	2.0	3.0	2.0	1.0		8.0	1.6
Total			23.3	24.8	23.4	21.1	15.8	108.4	
Loan Capital PL 480 and/or other Sources			12.9	8.9	5.8	7.0	5.0	39.6	7.5
GRAND TOTAL	63.6		107.2	112.7	111.2	110.1	74.0	515.2	

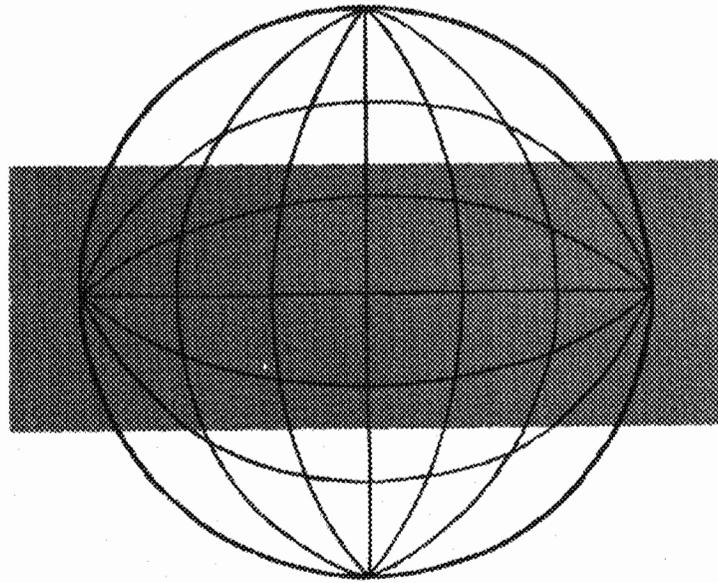
\* Figures do not in all cases coincide with U.S. fiscal years.

# WHERE MALARIA IS FOUND ...



# MALARIA CAUSES ILLNESS....

---



world population

▶ 2,650,000,000

people in malarious areas

▶ 1,070,000,000

---

**1955 CASES**

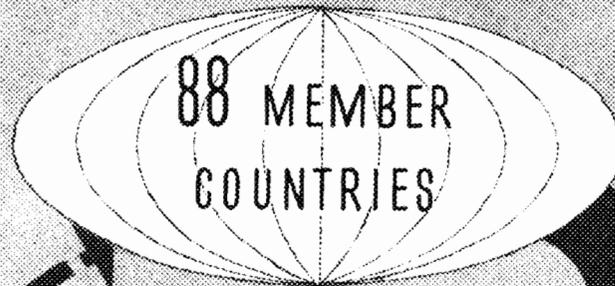


200,000,000

# MALARIA ERADICATION



W.H.O.



*furnishing:*

SKILLS  
KNOWLEDGE  
CONTRIBUTIONS

Intercountry Planning and Cooperation

Clearing House for Technical Information

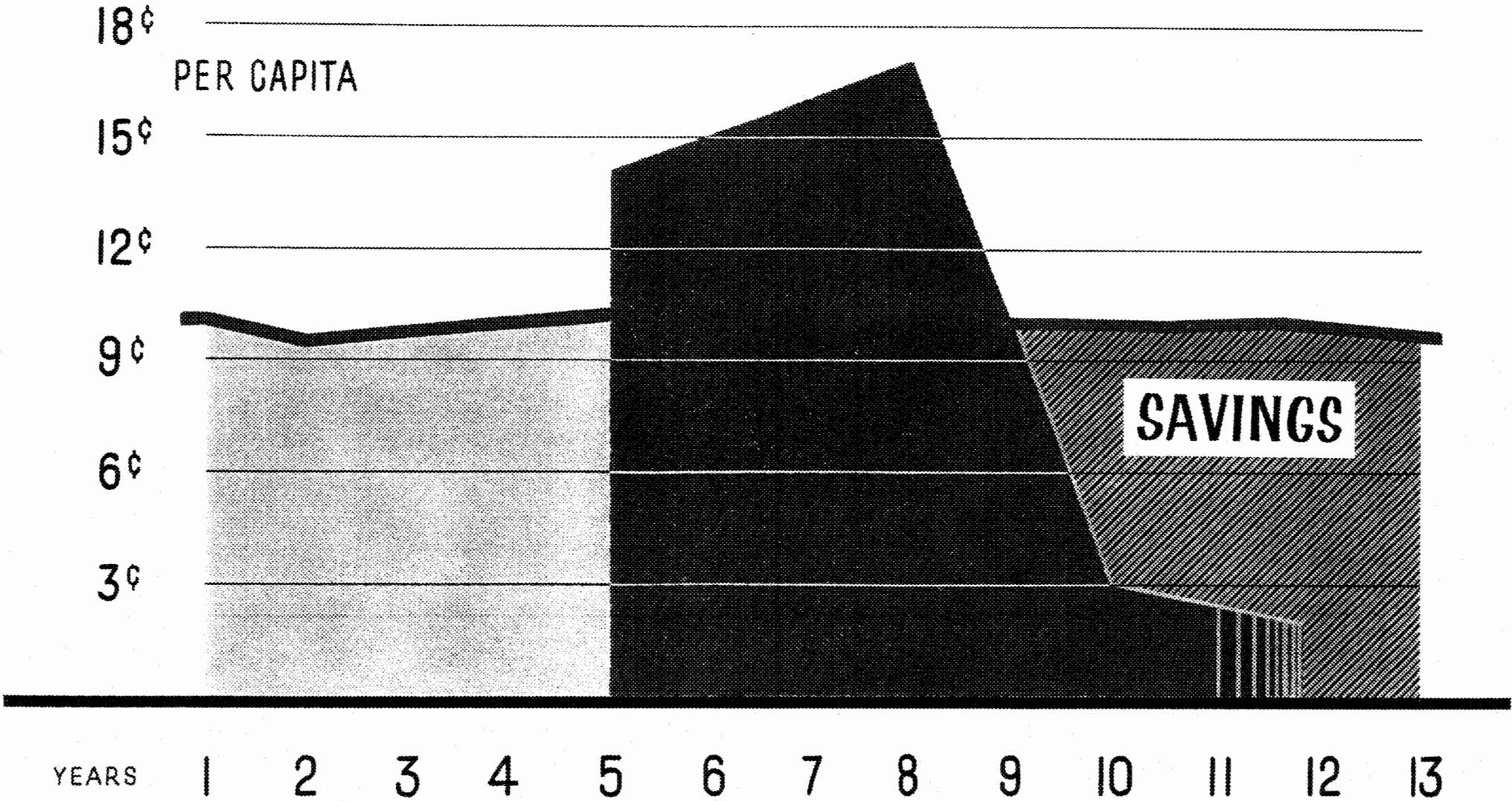
Establishing World Wide Standards

Provides Technical Assistance

# CONTROL PROGRAM COSTS

VS

# ERADICATION PROGRAM COSTS



NON-REGIONAL

Special Programs, Other Than Military

NOTE: Funds for this function in subsequent fiscal years are provided in funds made available to the Commodity Credit Corporation.

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands)					
	Cumul. thru FY 1956	FY 1957			
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57
Obl.					XXX
Exp.					
SUMMARY OF PROGRAM (\$ IN THOUSANDS)					
	FY 1956	FY 1957		Proposed FY 1958	
	12,386	-		-	
DETAIL OF PROGRAM					
<p>Ocean Freight P.L. 480</p> <p>Agricultural Surplus Commodities</p>					

NON-REGIONAL

Investment Guaranty Program

The Investment Guaranty Program has as its objective the encouragement of U.S. private enterprise to participate abroad in achieving the purposes of the Mutual Security Act. Through this program, the U.S. Government makes available, for a fee, insurance protection for private investment against the risks of inconvertibility of foreign currency receipts and loss through expropriation, confiscation or war. The insurance is available for the protection of new investments in any foreign country with which the U.S. has formally agreed to institute the program. Through Dec. 31, 1956, agreements which permit the operation of the guaranty insurance provisions had been completed with 31 countries — 13 in Europe, nine in Latin America, four in the Far East, and five in the Near East. Continuing efforts are being made to negotiate agreements with other countries in which investors have expressed an interest.

The Mutual Security Act of 1956 amended the MS Act of 1954 to extend the Investment Guaranty Program until June 30, 1967, increase the guaranty issuing authority to \$500 million, provide for a fractional reserve system, and broaden the coverage of the guaranties to include losses "by reason of war." Provision was also made for the separation of the Investment Guaranty Program from the Informational Media Guaranty Program.

During July-Dec. 1956, 11 contracts totaling \$6.2 million were issued on a fractional reserve basis. It is estimated that the ultimate net cost to the U.S. under those contracts will not exceed \$1.7 million. These 11 contracts brought the total number issued since the inception of the Investment Guaranty Program to 144, providing protection totaling \$123.5 million for investments in a variety of industrial and commercial projects in 15 countries. One hundred nine of these contracts, amounting to \$92.5 million, were for convertibility insurance. The remainder insured against expropriation. Total fees collected as of the end of Dec. 31, 1956, amounted to \$1.7 million, an increase of \$103,144 since June 30, 1956. No claims for payments under investment guaranty contracts have yet been made.

Increased investor interest in the program was reflected in the volume of applications received during the first six months of the fiscal year — a total of \$237.7 million. Applications pending on Dec. 31, 1956, reached a new high of \$510.1 million and represented proposed investments in projects in 24 countries.

ESTIMATED OBLIGATIONS AND EXPENDITURES (\$ in thousands)					
	Cumul. thru FY 1956	FY 1957			
		7/1/56 to 2/28/57	3/1 to 6/30/57	Total	Unexpended 6/30/57
Obl.	91,473	13,607	21,393	35,000	XXX
Exp.	-	-	-	-	201,083
SUMMARY OF PROGRAM					
	FY 1956	FY 1957	Proposed FY 1958		
	20,227	9,436*	24,264*		
DETAIL OF PROGRAM					
Investment Guaranties Issued Through December 31, 1956					
Area	Convertibility	Expropriation	Total		
Europe	80,682	23,924	104,606		
Near East	3,858	-	3,858		
Africa	-	-	-		
South Asia	480	240	720		
Far East	7,163	6,605	13,768		
Latin America	297	247	544		
Total	92,480	31,016	123,496		
*Represents estimated obligations to cover "probable ultimate net cost to the United States" of estimated total guaranties to be issued as authorized under Section 413(f) of the Mutual Security Act of 1954, as amended.					

NON-REGIONAL

INVESTMENT GUARANTIES ISSUED

THROUGH DECEMBER 31, 1956

(\$ in thousands)

Country	Convertibility	Expropriation	Total
Belgium	72	60	132
China	3,199	2,841	6,040
Denmark	183		183
France	7,933	100	8,033
Germany	6,407	9,942	16,349
Guatemala	247	247	494
Italy	47,563	12,084	59,647
Japan	1,372	1,372	2,744
Netherlands	3,655	1,738	5,393
Pakistan	480	240	720
Peru	50		50
Philippines	2,492	2,242	4,734
Thailand	99	150	249
Turkey	3,858		3,858
United Kingdom	14,870		14,870
<b>Total</b>	<b>92,480</b>	<b>31,016</b>	<b>123,496</b>

APPLICATIONS PENDING

DECEMBER 31, 1956

(\$ in thousands)

Country	Convertibility	Expropriation	Total
Austria	2,235	2,000	4,235
Belgium	50	35	85
Bolivia	6,600	6,600	13,200
China	6,135	6,135	12,270
Colombia	10,236		10,236
Costa Rica		28	28
Denmark	1,063	800	1,863
Ecuador	148		148
France	31,191	11,782	42,973
French West Africa	65,000	65,000	130,000
Germany	31,066	42,494	73,560
Greece	10,420	8,770	19,190
Guatemala	925	625	1,550
Haiti	1,000	4,000	5,000
Israel	100	100	200
Italy	23,405	18,265	41,670
Japan	2,938	958	3,896
Jordan		6,000	6,000
Netherlands	2,485	1,034	3,519
Pakistan	3,000	3,300	6,300
Peru	15,374		15,374
Philippines	4,749	2,900	7,649
Spain	2,540	1,142	3,682
Thailand	2,050	475	2,525
Turkey	94,350		94,350
United Kingdom	10,601		10,601
<b>Total</b>	<b>327,661</b>	<b>182,443</b>	<b>510,104</b>